

ITEM FOR FINANCE COMMITTEE

**HEAD 155 – GOVERNMENT SECRETARIAT :
INNOVATION AND TECHNOLOGY COMMISSION
Subhead 700 General non-recurrent
New Item “Hong Kong Design Centre”**

Members are invited to approve a new commitment of \$100 million over five years for supporting the operation of the Hong Kong Design Centre.

PROBLEM

We need to further strengthen our support for design and innovation, and promote the wider use of design and innovation in industries through supporting the operation of the Hong Kong Design Centre (HKDC).

PROPOSAL

2. The Commissioner for Innovation and Technology (CIT), with the support of the Secretary for Commerce, Industry and Technology (SCIT), proposes to create a new commitment of \$100 million to support the operation of HKDC over five years to promote the importance of design and innovation.

JUSTIFICATION

3. In a globalised world economy, it is increasingly difficult for enterprises to compete on price. Innovation and design play an increasingly important part in adding and creating value to products and services, in order to compete in the world marketplace.

4. The Government has been promoting design and innovation to enhance the competitiveness of our products and services. Our objective is to promote industry understanding of the importance of design and innovation as a means to enhance competitiveness, and how to integrate them into business and industrial processes. We hope, through such efforts, our industries will move up the value chain by switching the production mode from original equipment manufacturing (OEM) to original design manufacturing (ODM) and thence original brand manufacturing (OBM).

DesignSmart Initiative

5. To strengthen our support for design and innovation, we set up the DesignSmart Initiative (DSI) with a funding commitment of \$250 million in June 2004. The DSI comprises two programmes – the Design Support Programme and the InnoCentre Programme.

6. Under the Design Support Programme, \$180 million was set aside to finance projects in four categories, namely, design research, design-business collaboration, design professional continuing education, and general support activities. To date, 76 projects with a total funding support of \$69 million have been approved, including nine projects (\$44 million) undertaken or to be undertaken by HKDC.

7. Under the InnoCentre Programme, \$70 million was set aside for setting up a one-stop shop for creating and sustaining a cluster of high value-added design activities. This Programme is developed and delivered jointly by HKDC and Hong Kong Science and Technology Parks Corporation (HKSTPC). The funding includes \$45 million to support the operation of HKDC on a time-limited basis, and \$25 million for HKSTPC to run an incubation programme for design-related start-ups.

Achievements by HKDC so far

8. Most Hong Kong designers operate as small enterprises with limited in-house resources to engage in business development and professional upgrading. HKDC, with the support of its member Associations and other industry and educational partners, has been playing a synergetic role to promote design by providing an infrastructure platform to undertake activities which would otherwise not have been possible.

9. Since its establishment in 2001, HKDC has made significant headways in its cause –

- (a) *positioning Hong Kong as the region's prime design hub* – HKDC since 2002 has been holding an annual flagship project (Business of Design Week, BODW). The BODW is now the largest annual design event in Asia and one of the leading design events in the world, despite its short history. High calibre speakers and respected participants from design and academic spheres, government and private sectors, local and overseas, come to this annual event to share their experiences and visions for the future of brand, design and innovation. BODW 2005 and 2006 have each attracted some 50 000 attendees and visitors to its conferences, seminars, workshops and exhibitions, including a fair number of them coming from the Mainland and other parts of the region. With a unique focus on the intricate relationship between business and design, BODW has become an internationally regarded platform for networking, business sharing and knowledge building. Each year BODW is held in conjunction with the Hong Kong Trade Development Council (HKTDC)'s World Small and Medium Enterprise (SME) Expo to provide maximum business matching opportunities between design professionals and SMEs of the region;
- (b) *promoting design excellence and awareness* – HKDC organises various award schemes to commend achievements in different areas of design, viz. the Design for Asia Award, the Design Leadership Award and the World's Outstanding Chinese Designer Award. These awards have become prestigious recognitions in the design sector. The InnoCentre has also held events like Piemonte Torino Design Exhibition and Design For Asia Awards Exhibition;
- (c) *showcasing Hong Kong's design talent* – HKDC has over the years organised numerous activities to showcase Hong Kong's design talent. Notably, the InnoCentre has staged the Hall of Fame Design & Build Competition, the Mega Box Fashion Show and Exhibition, Young Design Talent Exhibition, Hong Kong Designers Association Members' Show, Better Living Exhibition, Open Day of the Design Incubation Programme and Fashion Show. HKDC has also undertaken media projects such as a documentary TV series on design and the publication "Designed in Hong Kong";

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- (d) *educating designers, students and the business/industry community* – Apart from BODW, HKDC has organised smaller-scale on-going seminars, workshops and conferences to, on the one hand, promote awareness of the value of design and use of design to the business/industry communities and, on the other, upgrade the business and design expertise of design professionals and students. Major projects include PolyU Design Week 2004, Design Education Week 2005, Reinventing with Design 2006 and Icograda Design Week 2006. It also has taken on more advanced professional continuing education programmes like the Master Class for Jewellery Design Professionals 2006, in which a group of practising designers were sent to Europe for extensive training and design and cultural exposure. HKDC also actively collaborates with the Hong Kong Polytechnic University and the Vocational Training Council (Hong Kong Design Institute) to develop joint programmes, as well as with the Hong Kong Federation of Youth Groups to expose high school students to design;
- (e) *incubation of design start-ups* - Through joint efforts with HKSTPC, HKDC has provided professional input to the revamping of the Tech Centre building into the InnoCentre with features suitable for design tenants and incubating design start-ups (e.g. exhibition areas, resource centre and catwalk facilities). It also provides professional input to the admission of tenants and incubatees to the InnoCentre and coaching of the latter. To date the InnoCentre has admitted 14 design companies as tenants and 19 design start-ups as incubatees in various fields including fashion, graphic, architecture, product design, film, etc.; and
- (f) *promoting, outreaching and international networking* – An important element of the various activities above is to outreach to the business/industrial and design communities on the Mainland and other parts of the world, to promote Hong Kong's own design talent as well as Hong Kong as a platform for different parties to engage design as an economic activity, and to seek collaboration opportunities in designers' professional upgrading. Notably, HKDC has since 2004 been working with Consulate Generals and adopted national themes at BODW (Sweden, Scandinavian countries, the United Kingdom and Italy so far) to develop longer-term collaboration relationships. It is expected that the Netherlands and France may likely be featured in 2008 and 2009. Separately, Style Hong Kong 2005 brought Hong Kong designers to Guangzhou to explore business opportunities. The China Business for Designers Manual seeks to equip Hong Kong designers with business knowledge of the Mainland market.

/Enclosure

Encl. 1 Enclosure 1 sets out the key projects that have been undertaken by HKDC so far.

10. In Hong Kong's further economic development, design will remain an integral part of our innovative capacity that helps our industries move up the value chain and cope with global competition. HKDC will continue to have a key role to play as our strategic partner to champion the cause. HKDC will need to consolidate and build on its initial results, take a more structured, sustained approach and exploit the InnoCentre premises to the full, to promote wider business and public sector application of design, upgrade the design capability of our industries, and cultivate a design and creativity culture in the community.

Three-year Business Plan

11. After five years of operation, HKDC conducted a major strategic review in 2006 to map its way forward. A three-year business plan for 2007-10 has been drawn up. The plan aims to cultivate a wider and more strategic use of design whereby design goes beyond form and aesthetics to function, process, communications and strategy. It seeks to instil new thinking that design is as relevant to product as to environments, communications, services and customer experiences; that design and design management skills have to be augmented in order to be competitive; that designers have to work more closely with other professionals in providing strategic and customer-centric solutions to clients; and that the public sector has a key role to play in the wider use of design.

12. To achieve these aims, HKDC will work through the InnoCentre and beyond, further collaborate with local, Mainland and international partners, and establish itself as the focal point on design know-how and network. Major initiatives have been mapped out in the following areas –

- Design for Designers
- Design for Business
- Design for the Public Sector
- Design for General Public
- Raise the Profile of Hong Kong as a Design Hub

Encl. 2 An indicative list of the initiatives to be undertaken in the coming three years is at Enclosure 2.

13. It is pertinent to note that many parties in Hong Kong are also involved in promotion of design albeit from different perspectives according to their own mandates. These include the HKTDC, the Hong Kong Productivity Council, the HKSTPC, the Hong Kong Polytechnic University, the Vocational Training Council (Hong Kong Design Institute) and many professional bodies. To create synergetic effect, HKDC will collaborate and coordinate with them through long-term strategic partnership relations. An essential part of HKDC's main strategy in the years to come is to continue to play the role of sourcing high quality input and collaborators from within and outside Hong Kong; establishing networks for Hong Kong design professionals with design users; developing and incubating promotional and educational programmes for various target groups; and expanding its strategic partnership network.

14. On the basis of the three-year business plan, HKDC will each year draw up an annual programme and budget for implementation. In the light of the operating experience and feedback from the industries and community, the three-year business plan will be refined and rolled forward on an annual basis.

FINANCIAL IMPLICATIONS

15. It is estimated that a non-recurrent allocation of \$100 million over a period of five years from 2007-08 is required to support HKDC's basic operation, which will include manpower, overhead and general administration as well as some basic activities. As far as manpower is concerned, HKDC would need a complement of about 25 staff to run its basic operation. Headed by a Chief Executive Officer who is underpinned by a Chief Operating Officer, a good mix of managerial, professional and supporting staff will cover the key functions of administration, marketing communications, programme planning, education, research etc.. Temporary staff will also be recruited on a project-by-project basis. An indicative organisation chart is at Enclosure 3. As regards basic activities, they include those which will lay a firmer foundation for HKDC to make further developments in the years ahead, such as programme planning and development; networking activities on the Mainland and overseas; website and database development; educational seminars, workshops and classes; designer-business networking events, etc..

Encl. 3

16. Based on HKDC's three-year business plan, the first year operational funding requirement of HKDC will be about \$25 million, so as to further build up its capacity and capabilities and to enhance promotional activities. The funding requirements in the ensuing years are expected to gradually decrease, as HKDC builds up its brand name and revenue generating capability. An indicative income and expenditure budget for 2007-08 to 2011-12 is provided at Enclosure 4. The estimates for the first three years are based on HKDC's three-year business plan while the estimates for the 4th and 5th years are indicative projections based on the first three years' estimates.

Encl. 4

17. As in the past, HKDC will separately apply for funding support from the Design Support Programme of the DSI for its major projects, such as large-scale exhibitions and conferences which go beyond the basic operational activities set out in paragraph 15 above. For 2007-08, it is currently planned that such applications will include BODW 2007, Creation 9707 (for the 10th Anniversary of the establishment of the Hong Kong Special Administrative Region) and a new TV series on design. According to HKDC's three-year business plan, the amount of support required from the DSI will be in the range of \$15 to \$20 million for each of the next three years. In accordance with the established procedures for operating the DSI, CIT will consider HKDC's applications, as for applications by any other organisation, on the basis of the merits of each application with the advice of a panel of assessors drawn from a pool of officials, professionals, industrialists, businessmen, designers and academics.

18. To encourage HKDC to build up its revenue generating capability and to seek more income from industries and other sources for its long-term development, we will, as a start, provide Government funding to support only 90% of the expenditure of its basic operation as per the budget approved by the HKDC Board of Directors (on which CIT is a member - see paragraphs 21 to 25 below on Control and Review Mechanism), and HKDC needs to generate income and solicit sponsorship to cover the remainder¹. The exact amount of Government funding will be provided on a deficiency grant basis (i.e., income eventually generated from non-Government sources which is over and above the 10% requirement will go towards reducing Government funding; Government will not top up any shortfall in achieving this income requirement nor any expenditure over the approved budget). The total amount of Government funding provided during the five-year period from 2007-08 to 2011-12

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¹ Separately, for projects supported by the Design Support Programme of the DSI (except those under the Design-Business Collaboration Scheme), the established rules are that an applicant is required to secure industrial/commercial sponsorship of at least 10% of the total project cost. CIT may impose a higher sponsorship requirement on a case-by-case basis.

inclusive will be subject to the overall commitment of \$100 million. Any unused portion of the Government funding upon expiry of the five-year funding period or the termination of the Funding Agreement (see paragraph 23(f) below) will lapse and be returned to Government.

19. The Government does not plan to provide recurrent subvention to HKDC upon depletion of the \$100 million commitment. HKDC should enhance its income generating capacity and seek contributions and support from the trade with a view to operating on a self-financing basis as early as possible. CIT, as Controlling Officer, will regularly review HKDC's income stream and plans to progressively raise the 10% income requirement.

20. The current operation of HKDC is principally being supported by funding under the InnoCentre Programme of the DSI (see paragraph 7 above). Of the total funding of \$45 million earmarked, \$31 million has already been disbursed for operations until end June 2007. We propose that, upon the approval of the new operational funding of \$100 million and subject to the signing of the Funding Agreement, we will provide financial support to HKDC from the proposed funding instead of the InnoCentre Programme. The existing Funding Agreement governing the InnoCentre Programme of the DSI will be terminated, and the remaining funds under the InnoCentre Programme will be ploughed back to the DSI.

CONTROL AND REVIEW MECHANISM

Board of Directors

21. Since its establishment in 2001, HKDC has been governed by a Board of Governors and a Board of Directors, with members mainly decided by the five founding designer associations. To improve governance, HKDC in March 2007 merged the two Boards into a Board of Directors with a balanced composition comprising representatives from the relevant design-related industrial and business sectors and professions², as well as two government officials viz. CIT and Deputy Secretary for Home Affairs. Apart from representatives of the five designer associations, appointment of other members to the Board is now subject to the approval of the SCIT. This would ensure a balanced representation of stakeholders and an independent overview on HKDC's operation. The composition of the new Board is at Enclosure 5.

Encl. 5

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² From design/cultural/creative sectors, business/industry sectors, professional/academic sectors, and industry support organisations.

22. The Board is responsible for steering and overseeing HKDC's operations, and drawing up and reviewing its Corporate Governance Manual. The Board is in the process of setting up dedicated committees to oversee business development, educational programmes, and finance and administration matters. This governing structure will develop and implement appropriate programmes, monitor resource deployment and oversee observation of good corporate governance practices. It will also review HKDC's performance and map out a longer-term business model beyond the five-year Government funding period. Government Directors on these bodies will, among other things, help ensure proper use of the public funding.

Funding Agreement

23. The Innovation and Technology Commission (ITC) will disburse funds to HKDC subject to necessary safeguards and funding requirements as set out in a Funding Agreement to be concluded between HKDC and ITC. To monitor and control the funding to be disbursed to HKDC, we will include the following in the Agreement –

- (a) unless with Government approval, there should be no change in the appointment arrangements for the Board of Directors (paragraph 21 above) during the Government funding period to ensure a balanced representation of stakeholders;
- (b) HKDC will be required to submit to CIT annually, before the submission of the annual plan, a three-year business plan, and roll it over every year. The plan should set out the strategic targets of HKDC, the use of Government funding with defined time frame, missions, deliverables, performance indicators, staffing structures and a system to interface with stakeholders;
- (c) HKDC will be subject to various controls on its operation such as submission of annual plan, budgets and audited accounts for Government approval, performance indicators and assessment, acceptance of the quarterly/annual operational reports and financial statements by CIT before disbursement of funds on a quarterly basis, prior Government approval for non-budgeted items and over 30% variation between categories of expenditure, compliance with corporate governance manual, and value-for-money checks by the Audit Commission if required by Government;

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- (d) HKDC will be required to build up and enhance its revenue stream with a view to achieving self-financing as soon as possible. CIT may set and revise an income target from time to time which HKDC has to meet;
- (e) disbursement of the five-year Government funding will be subject to a review and exit mechanism (see paragraph 25 below). For example, if CIT considers that HKDC is unlikely to be operationally or financially self-sustainable within a reasonable period of time, HKDC may be required to draw up a timely exit plan to take care of its operation without further public funding support;
- (f) HKDC will not be allowed to keep and retain any unspent Government funding as reserve. Any unspent balance of the Government funding, including any surplus income generated from such funding, has to be returned to Government after expiry of the five-year funding period or if HKDC ceases business before that; and
- (g) the operation and programmes of HKDC funded by Government must be kept in a specific account distinct and separate from that for operation not funded by Government (covering, for example, any HKDC liabilities out of non-Government-funded operation and expenditure in a Government funded project over and above the approved Government funding and not otherwise covered by other project income). The Government will not assume any responsibility for the liabilities and expenditures in the non-Government funded account; HKDC has to seek separate donations and other incomes to cover such liabilities and expenditures³.

Review of Performance

24. HKDC will institute a system to measure and evaluate the effectiveness of its programme, such as conducting regular tracking surveys on design awareness and standard in Hong Kong, and exploring with other organisations to conduct benchmarking study on the economic/social benefits brought about by design and innovation. Other quantitative key performance indicators will include the revenue stream of HKDC, number of participants in HKDC events, number of visitors to the

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³ Over the years HKDC has accumulated a deficit from its operation. Such a deficit is being serviced by a bank facility. The deficit and bank facility will not be met by Government's operational funding and will remain separate in the non-Government funded account. HKDC has been embarking on a donation and sponsorship solicitation exercise to cover the deficit, and is making progress.

HKDC website, size of HKDC's database on designers, number of international design awards won by Hong Kong, etc.. HKDC will report to CIT its operation, cashflow position and performance as measured against a set of performance indicators in the annual report. Government will provide input to this performance evaluation system.

25. Apart from conducting annual reviews on its performance, HKDC is required to conduct a major review in the fourth year of the five-year funding period to evaluate its overall performance, strategy and financial position. The results of the review would enable the Government to assess whether HKDC could be operationally and/or financially self-sustainable at the end of the five-year funding period. HKDC is expected to operate on a self-financing basis as early as possible and Government does not plan to provide recurrent subvention to HKDC upon depletion of the \$100 million commitment. HKDC may be required to draw up a timely exit plan if it is unlikely to be financially self-sustainable within a reasonable period of time.

PUBLIC CONSULTATION

26. In drawing up its three-year business plan for 2007-10, HKDC has widely consulted the design profession, user industries, industry support organisations, the academia and the Government, and taken on board their views.

27. The ITC consulted the Legislative Council Panel on Commerce and Industry on the proposal on 17 April 2007. Members supported in principle the proposal, and were interested in HKDC's promotional activities overseas, its efforts to raise industries' awareness of intellectual property (IP) protection, and the Government's financial support for SMEs under the Design Support Programme of DSI. On promotional activities, HKDC has been pursuing vigorously overseas partnership through its activities, such as the BODW (paragraph 9(f) above), and opportunities to showcase Hong Kong's design capabilities outside Hong Kong in collaboration with parties like HKTDC. HKDC has also compiled a business manual for local designers and IP protection is covered therein (paragraph 9(f) above). Efforts on this front will continue. As regards SMEs, direct financial assistance is provided to them under the Design-Business Collaboration Scheme⁴ of the DSI, with over 50 projects approved to date. HKDC will complement the efforts through promotional activities and infrastructural development such as setting up of a comprehensive database on Hong Kong designers for access by SMEs and other users.

/BACKGROUND

⁴ The Design-Business Collaboration Scheme aims to encourage SMEs to utilise design to add value to their products or services. Local design companies wishing to collaborate with local SMEs could apply for funding support under the Scheme, which is normally given as a grant up to 50% of the approved project cost or \$100,000, whichever is the lower.

BACKGROUND

28. HKDC is a non-profit making infrastructure organisation established in 2001 to further the development of design. It is a company limited by guarantee, with the Hong Kong Designers Association; Chartered Society of Designers, Hong Kong; Interior Design Association Hong Kong; Hong Kong Fashion Designers Association; and the Hong Kong Federation of Design Associations as members (like shareholders in the case of a company limited by shares). The objectives of HKDC are to, among other things, promote design as a value-added activity and integration of design into mainstream business processes, which are in line with the Government's policy on the promotion of design and innovation. HKDC has since its inception been Government's main partner in promoting design. To support its initial operation, the Government provided a one-off funding of \$10 million to it as seed money in 2001.

29. The Chief Executive announced in his 2006-07 Policy Address on 11 October 2006 that the Government planned to earmark \$100 million over five years for HKDC to further assist our trades and industries to make full use of their designs and build their brand names.

Commerce, Industry and Technology Bureau
May 2007

Key Projects of Hong Kong Design Centre Limited

Project Title	Year	Collaborating Parties	Objective	Outcome
1. Business of Design Week 2002	2002	Hong Kong Trade Development Council, International Designers Network, China Industrial Design Association	To create awareness of HKDC; to provide a platform for the convergence of business and design; to integrate the multi-discipline of all the fields of design and services; to promote design utilisation as a cutting edge tool for profitability and competitiveness by SMEs; to foster the highest professional design standards among Hong Kong's design; to find solutions and opportunities to help rejuvenate Hong Kong.	A total of 3 000 delegates from the design, business and academic communities of 14 countries attended the BODW seminars and IdN My Favourite Conference. 42 companies/organisations took part in the exhibition.
2. China Business for Designers Manual	2002-2005	The Hong Kong Polytechnic University	To help Hong Kong designers develop business in the Mainland, and to establish connections with firms and designers in the Mainland.	The Manual included a Directory of Hong Kong Designers, a Directory of Mainland Designers and other useful information.

3. Business of Design Week 2003	2003	Hong Kong Trade Development Council	To expose design as a business tool for benefits of local designers and business communities; to develop Hong Kong as a regional design hub and to obtain international recognition as a source of innovative and creative excellence.	Over 2 000 delegates for the 4-day conferences, with 5% from overseas countries. 82% of the audience rated the conference sessions as good or above and 80% indicated willingness to participate again. 55 organisations and some 5 000 visitors participated in the 4-day exhibitions.
4. Poly U Design Week	2004	The Hong Kong Polytechnic University, Delft University of Technology, IDEO(USA), ECCO(USA)	To discuss on the management of product innovation in the 21 st century.	Over 160 participants registered for the seminar.
5. TV documentary: Design for Hong Kong	2004	Radio Television Hong Kong	To illustrate how design is integrated with the whole value chain of industries; how it adds value; how it solves problems, etc.	An eight-episode TV series “Design for Hong Kong” produced by RTHK was aired in the TVB Jade during September to November 2004, attracting on average some 1.2 million viewers. The series was later broadcasted again at Cable News Channel 1.

6. Business of Design Week 2004	2004	Hong Kong Trade Development Council	To anchor HKDC as a major promoter of design in the international arena; to provide a platform for the convergence of business and design; to integrate design and services; to promote design utilisation; and to foster design standards.	Over 30 000 visitors/delegates. Some 63% of the delegates showed interest in participating again in next BODW, and some 65% of visitors satisfied with the exhibition.
7. Design Education Week 2005	2005	The Hong Kong Polytechnic University, Hong Kong Institute of Vocational Education	To illustrate how design can help traditional industries in Hong Kong and PRD to be more competitive; and to encourage the increased use of local design by manufacturers.	Some 500 delegates for the conference, symposium and workshop and some 500 visitors for the exhibition. Some 80% of visitors/delegates considered the contents good and would participate in HKDC events in future.
8. Style Hong Kong	2005	Hong Kong Trade Development Council	To showcase Hong Kong's creativity and design capacity at three cities in the Pearl River Delta	96% of exhibitors agreed that similar event should be organised in the Mainland and 87% indicated willingness to participate again. 53% of visitors found the event very useful and about 90% of them expressed willingness to visit similar events in future.

9. Business of Design Week 2005	2005	Hong Kong Trade Development Council, Hong Kong Science & Technology Parks Corporation, The Hong Kong Polytechnic University	To encourage and promote design excellence; to establish Hong Kong as a design hub in the international arena; and to add value to Hong Kong's economy.	Over 45 000 visitors/delegates. Some 67% of the delegates showed interest in participating again in future BODW, 71% found the conference content inspiring, and 80% expressed overall satisfaction. The event attracted 163 media reports.
10. Icograda Design Week	2006	International Council of Graphic Design Associations (Icograda), The Hong Kong Polytechnic University, Hong Kong Institute of Vocational Education	Icograda is a world body for professional graphic design and visual communication. Icograda Design Week takes place in various parts of the world and Hong Kong was chosen as the city for the event in 2006. The event aims to set creative standards for graphic design and visual communication, and educate and inspire the public.	Over 700 participants (local and international) for workshop/lectures and over 1 000 visitors for the exhibitions. 85% of participants found the events worth attending, 80% found the theme appropriate, and 80% found the speakers professional.

11. Master Class for Jewellery Design	2006	University of Central England, Vocational Training Council	To strengthen and extend the skills and knowledge in design of existing professionals, and to open their eyes and minds to better their career development.	20 selected participants received intensive training at University of Central England Birmingham, with eye-opening tour at Basel, Milan and London. Seminars and workshops followed upon their return from UK, attracting 91 participants. Exhibition of their artworks further attracted 1 000 visitors. Feedback from the 20 participants very positive, and most found the course very inspiring and professional.
12. Reinventing with Design 2006	2006	The Hong Kong Polytechnic University, Hong Kong Institute of Vocational Education	To share experience on how companies may shift from OEM to ODM and OBM, and to build more networking opportunity.	Over 300 delegates for the conference and 37 participants for the workshop. The project also included a PRD visit and other networking activities. Some 97% of delegates found the event valuable use of time and the speakers informative. Over 80% found new contacts in the event.

13. Business of Design Week 2006	2006	Hong Kong Trade Development Council, Hong Kong Science & Technology Parks Corporation, The Hong Kong Polytechnic University, Hong Kong Institute of Vocational Education	To encourage and promote design excellence; to establish Hong Kong as a design hub in the international arena; to add value to Hong Kong economy; and to provide a platform for business matching and promote local design industry.	Over 45 000 visitors/delegates. Overall satisfaction of delegates on the conference organisation was 5.29 on a 7-point scale. Some 900 students attended the workshops and 90% expressed that they would participate again at the next BODW. The event attracted 185 media reports.
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Indicative Initiatives under the First Three-year Business Plan

Design for Designers

- Set up a comprehensive on-line database and publish a biennial directory of Hong Kong design firms
- Revamp the HKDC website as a portal on design know-how and network
- Organise workshops and master classes to augment the standard of the design profession
- Establish a Design Resource Centre
- Publish Guides to Design Management
- Publish design research and case studies to facilitate knowledge transfer
- Groom young design talents to become creative entrepreneurs
- Recognise award-winning designers and companies
- Facilitate multi-disciplinary collaboration amongst designers and other professions
- Develop networks and partnerships with Mainland and overseas design firms, design associations, design promotion and education institutes

Design for Business

- Organise seminars and workshops on the business value of design and its application
- Publish Guides to Design Management and case studies
- Offer customized corporate training on the management of design

Design for the Public Sector

- Organise a Senior Official Design Forum
- Conduct design policy research
- Offer design thinking workshops to government departments and quasi-government organisations
- Introduce design awards for the public sector

Design for General Public

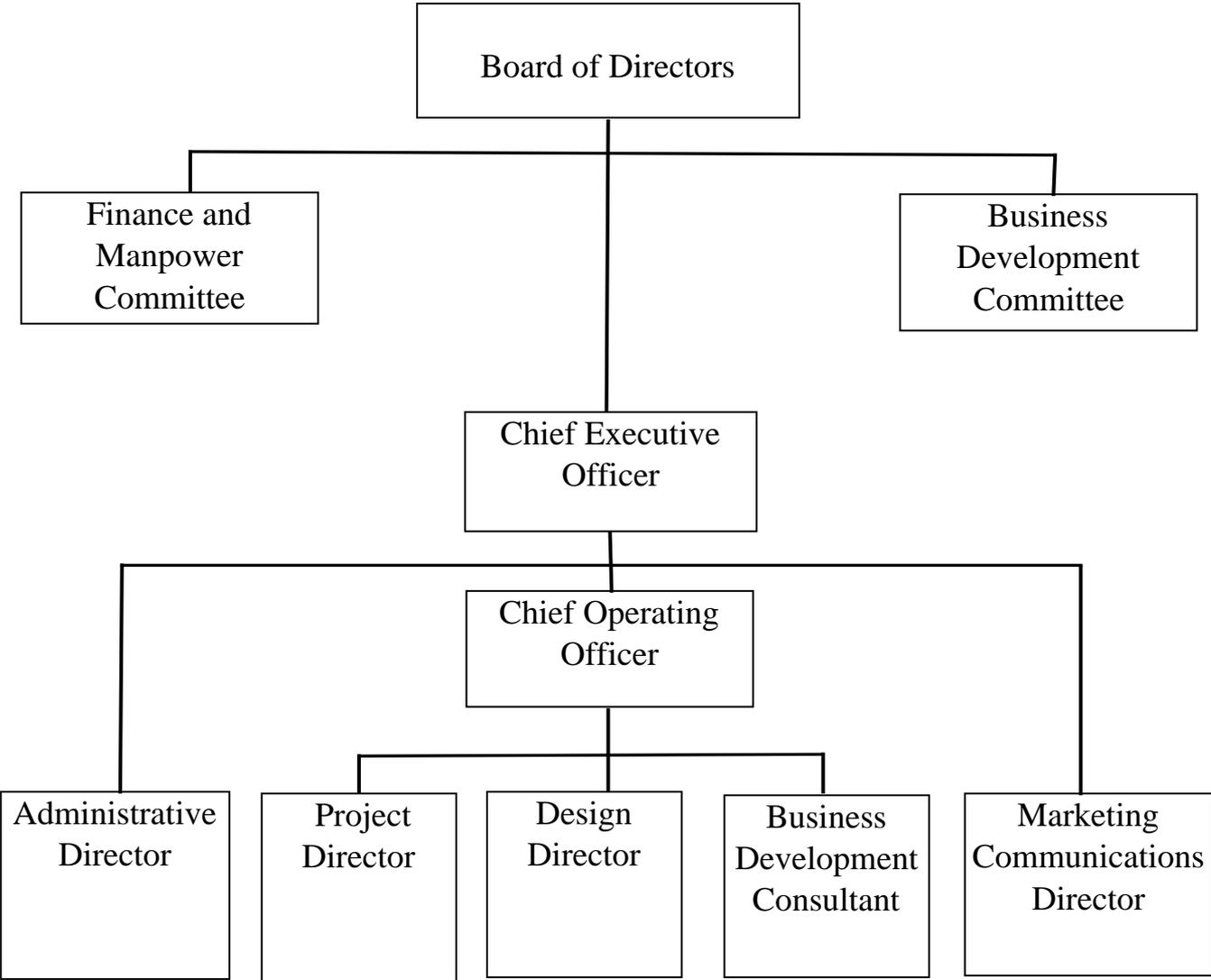
- Revamp the Friends of HKDC *
- Enhance the design awareness of the public through an integrated marketing communications programme, including the mass media and other event promotions
- Organise design courses, summer camps and overseas tours
- Offer summer student internship at the HKDC

Raise the Profile of Hong Kong as a Design Hub

- Broaden the appeal and maximize the impact of BODW
- Publish a biennial “Designed in HK” and on-line stories on good Hong Kong design
- Organise international roadshows to promote Hong Kong as a design hub
- Mount Hong Kong Design Showcase at overseas trade/design fairs
- Place advertorials in international design magazines

* Friends of HKDC is a tool in canvassing public support to the cause of design promotion. By paying membership fees, individual and corporate members enjoy discounts in HKDC events, goods and services.

Indicative Organisation Chart of HKDC based on the Three-year Business Plan



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Indicative Income and Expenditure from 2007-08 to 2011-12 [#]

	2007-08 \$ million	2008-09 \$ million	2009-10 \$ million	2010-11 \$ million	2011-12 \$ million
(a) Expenditure					
(i) staff	10.0	10.5	11.0	11.6	12.2
(ii) administration	2.8	3.4	3.6	3.8	4.0
(iii) activities not funded by DesignSmart Initiative *	15.3	11.7	11.0	10.2	9.4
(iv) major projects	21.2	19.7	19.7	19.7	19.7
Total	49.3	45.3	45.3	45.3	45.3
(b) Income					
(i) proposed new funding from the Government	24.8	21.0	19.1	18.1	17.0
(ii) DesignSmart Initiative	19.2	16.6	15.6	14.1	12.4
(iii) sponsorship from industry and other income	5.3	7.7	10.6	13.1	15.9
Total	49.3	45.3	45.3	45.3	45.3

[#] The estimates for the first three years are based on HKDC's three-year business plan while the estimates for the 4th and 5th years are indicative projections based on the first three years' estimates.

* Including programme planning and development; networking activities on the Mainland and overseas; website and database development; educational seminars, workshops and classes; designer-business networking events; etc.

Board of Directors of Hong Kong Design Centre Limited

- Chairman** : Hon Victor Lo
Chairman and Chief Executive, Gold Peak Industries (Holdings) Ltd.
- Vice Chairmen** : Mr Freeman Lau
Secretary General, Hong Kong Federation of Design Associations Ltd.
- Mr Kelvin Koo
Chairman, The Chartered Society of Designers, Hong Kong
- Members** : Mr Eddie Yu
Chairman, Hong Kong Designers Association
- Mr Kinney Chan
Chairman, Interior Design Association (HK) Ltd.
- Mr Kevin Yeung
Chairman, Hong Kong Fashion Designers Association Ltd.
- Hon Selina Chow
Non-executive Director, Pok Nar Li Co. Ltd.
- Mr Roy Chung
Managing Director, Techtronic Industries Co. Ltd.
- Mr Carlos Genardini
Ex Chief Executive Officer, Hong Kong Science and Technology Parks Corp.
- Prof Lorraine Justice
Head and Swire Chair Professor of Design, The Hong Kong Polytechnic University
- Mr Frederick Lam
Executive Director, Hong Kong Trade Development Council

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