



Ocean Grand Holdings Limited

海 域 集 團 有 限 公 司

Herbert Hui, J.P.
Deputy & Vice Chairman

許浩明 太平紳士
副 主 席

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Mr. Patrick Chan
Acting Secretary
Commission on Strategic Development
13/F., West Wing Central Government Offices
Lower Albert Road
Hong Kong

Dear Patrick,

I refer to our Economic Development and Economic Cooperation with the Mainland Committee meeting on Monday and would like to congratulate the Administration on a very focused and to-the-point session.

With the benefit of listening to the views of my learned fellow members, I would like to set out my thoughts on the subject as follows :-

1. The idea of promoting the development of creative industries is a sound one. Apart from capitalizing on and enhancing Hong Kong's reputation as an international city, creative home grown industries enable Hong Kong to continually diversify its business profile while maintaining a cutting edge position in terms of the latest technological developments. Hopefully, this will lead to the development of businesses which are firmly based in the Hong Kong market rather than heavily dependent upon or based in overseas markets, thereby strengthening Hong Kong's economy.
2. The successful development of creative industries will also create job opportunities for Hong Kong and is consistent with Hong Kong's position in value added high level businesses and services. Crucially important is the development of indigenous creative industries, adding effectively another pillar to Hong Kong's economy.

香港夏慤道十八號海富中心第一期二十八樓二八零五室

Rm 2805, 28/F., Admiralty Centre Tower 1, 18 Harcourt Rd., Hong Kong

Tel 電話 (852) 2520 7288 Fax 傳真 (852) 2861 3466 E-mail 電子郵件 contact@ogholdings.com

Website 網址 <http://www.ogholdings.com>

3. I believe there is a consensus amongst members that this is a worthwhile initiative but it is time for the Government to translate words into action. Action which must be from the top down in terms of the Government machinery and action which must be coordinated within the different branches of Government. Action should also be unambiguous and unequivocal.

4. Although I am not from a creative industry background, it is a fact that for businesses to be developed successfully, there must be a cohesive and effective strategy to ensure that creative industries have a fighting chance in terms of obtaining adequate financing from the market. I would be worried if the Government intends to finance this initiative out of its internal financial resources.

5. The most commonly referred-to examples of countries with successful implementation of creative industries have one thing in common ... an ability to ensure that there is a healthy network of venture capitalists, angel investors and stock markets to complement the fund raising and financial requirements of these industries, such as Nasdaq in the US and AIM in the UK. If not, then, very early on, the Government needs to consider how these creative industries intend to finance themselves first as start ups and, later on, on an ongoing basis. My observation from serving on various boards including the Hong Kong Science and Technology Park and Cyberport is that, while Hong Kong may not lack the talent needed to develop some of these creative industries, it is frankly an uphill battle to attract the much needed financiers (e.g. the venture capitalists) who are crucial in rolling out these creative industries and enabling them to develop into mature industries. The encouragement of a capital market for listed closed-end funds (which are the type of funds most likely to invest venture capital) would also be a welcome and long overdue initiative. Unlike other markets such as London, there are relatively few closed-end funds listed on the Hong Kong Exchanges and this capital raising sector has yet to be developed.

6. Finance is essential to the development of all industries. In Hong Kong we have the GEM Board, the future of which is currently the subject of a discussion paper issued last month by the Hong Kong Exchanges. It is essential for the growth of creative industries that Hong Kong achieves a solution for an effective second board (for example along the lines of the London AIM market) which creates a vibrant and liquid market for raising capital for creative industries and encourages venture capital and angel funding by providing a viable exit strategy

for investors. I would submit that if we are to be serious about developing creative industries, we need to take a hard look at why our GEM Board is not as successful as it ought to be. Contrast the examples of countries where there are successful creative industries like the US and the UK and you will more often than not find a successful fund raising entity for these industries like NASDAQ and AIMS and also a burgeoning venture capital. Can it be that while servicing the financial needs for Mainland companies can be very lucrative for the securities industry and comparatively safe for securities regulators, we have become too narrow in our outlook and overly committed in our allocation of available resources ?

7. On a separate note, Education, in terms of the curriculum in schools, the resources and emphasis on creative and independent learning and development in Hong Kong should be evaluated. "Creative Industries" require levels of education and confidence which should be promoted at all levels of our education system - from primary school to tertiary education. The EMB and FSTB initiatives in promoting the importance of Continuous Professional Development is a step in the right direction, particularly in freeing the mindset of people for the purposes of embracing and accepting new ideas and concepts. Developing creative industries should go hand in hand with equipping people with more dynamic and contemporary skillsets. Such efforts on the education front needs to be well coordinated with the development of initiatives for creative industries.

8. On a final note, in terms of sourcing talented people from creative industries, a very effective means to do so could be to actively source and identify the different types of talented professionals from the Mainland and, through a robust Immigration Policy, encourage them to settle down in a world city like Hong Kong.

If there are any queries to the above, please do not hesitate to contact me at

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Andrew', with a long horizontal stroke extending to the right.