

The Chinese University of Hong Kong Center for Entrepreneurship
Draft Annual Report for July 2010 to June 2011

This is a preliminary draft of the sixth annual report of The Chinese University of Hong Kong Center for Entrepreneurship (CfE) distributed to the Advisory Board of the CfE. Following completion of the fiscal year of the CfE on June 30th we will complete an account summary, amend this draft and submit the report to the Asia Pacific Institute of Business in September 2011.

The report reviews our activities over the past year, outlines our staffing, governance and financing and seeks advice concerning our initiatives.

I. Review of Activities

The CfE was established to understand, document and promote entrepreneurship. Although we are a research center located in the Faculty of Business Administration, our mandate is interdisciplinary and outward-reaching, including entrepreneurship promotion through education and practice. We believe that higher education should instill in students an entrepreneurial spirit, inspiring their search for value and their actions to organize businesses to create value – both economic and social.

A. Research

Thirty-three years into China's re-opening and 14 years into Hong Kong re-integration into China, the central role of entrepreneurship in our economic and social development is clear. Yet research on entrepreneurship in China – an applied research area with immature data sets in a relatively new discipline – presents substantial challenges to tenure-track faculty under pressure to publish in globally recognized academic periodicals. The CfE aims to become a platform for high quality research. We hope to attract those directly affiliated with the center, faculty members throughout CUHK and scholars from other institutions to investigate questions of value to practitioners while meeting the standards of the global community of scholars.

1. Case Research on Design Entrepreneur in Hong Kong.

This year saw the successful completion by Kevin Au and Bernard Suen of a set of eight cases sponsored by the Hong Kong Design Centre that investigated Hong Kong's creative typology. Their cases investigate, describe and analyze the eight types of design entrepreneur: artist, apprentice, consultant, merchant, thought leader, enterprise builder and platform host. The cases video introductions are available in both Chinese and English through the publication *Design Entrepreneurship in Hong Kong Roadmaps & Case Studies* CUHK CfE ISBN 978-988-99198-7-0 and on the website <http://www.hkdesign.org/research/content.php?nid=14>. Five of the cases have

been published by the Richard Ivry business school through which they are being distributed on the Harvard Business Publishing website.

2. Chinese Biennial Private Enterprises Survey Tracking Study

Professor Dai Jianzhong visited the CfE on two occasions (in November 2010 and April 2011) for a total of four weeks to convert into electronic format a decade-long survey tracking private enterprises in China. We are currently in the final stages of completing work on that data set. It will form a proprietary sub-sample of the 2000 – 2010 biennial data base of the *National Survey of Private Enterprises*. This work gives us access to the firm level simple background, organizational, financial and personal survey data of over 3,000 randomly selected firms from all provinces of China in each of 2000, 2002, 2004, 2006, 2008 and 2010 as well as proprietary access to a declining sample of 944 firms (in 2000) dropping to some 250 firms (in 2010) giving reasons for the firms' exit from the sample. We have formed a team of six researchers – Kevin Au, Dai Jianzhong, Echo Ding, Oliver Rui, Shen Na and Hugh Thomas to investigate a number of issues concerning Chinese entrepreneurship. We intend to publish a popular monograph while the researchers pursue their independent academic research on the data.

3. Entrepreneurship Education in East Asia

The final draft of *Entrepreneurship Education in East Asia* edited by Hugh Thomas and Donna Kelly of Babson College to be published by Edward Elgar, has been approved for publication. The book, which is a compendium of research papers from Roundtable of Entrepreneurship Education Asia 2009, Global Entrepreneurship Monitor and the World Economic Forum will be published by December 2011.

4. Alumni Entrepreneurs

We held a forum and press conference on March 8th to announce the results of the Alumni Census of Entrepreneurs (ACE), sponsored by the Knowledge Transfer Office (KTO) of CUHK. Louis Leung, Kevin Au and Mingles Tsoi led the forum. The summary results and the full research will be published commercially. We are currently in negotiations to publish the stories of CUHK entrepreneurs in a book tentatively entitled 中大創業人 - 從香港到世界的企業國度.

5. Models of New Enterprise Formation and Growth funded by the National Social Sciences Fund of China (project #73732004).

In partnership with Prof Zhang Yuli, Vice Dean of the Business School of Nankai University, this study large-scale, longitudinal study of new firm formation, being conducted in eight urban areas of China, will investigate the factors that initiate, hinder, and facilitate the emergence and development of new ventures in China. Initial research will be presented in a conference in Nankai University in July 2011.

B. Teaching

The CfE is not a teaching unit of CUHK, so we have no mandate to deliver courses on entrepreneurship and we can receive no income from delivering CUHK courses. However, our members – particularly Kevin Au, KF Wong, Wilton Chau and Bernard Suen – teach entrepreneurship courses in several departments and faculties; we have promoted the development of entrepreneurship programs, and our activities are referenced by other units in CUHK. Teaching entrepreneurship is difficult: it is a highly applied, inter-disciplinary activity requiring substantial interaction with the community. Expanded use of professors of practice, hiring academics with expertise and interest in entrepreneurship and drawing on the resources of the business community are critical to developing a successful teaching platform at CUHK

1. CUHK Programs

The MBA Concentration in Entrepreneurship has risen to become the second most popular concentration (after Finance) since it was opened in 2009. The undergraduate entrepreneurship minor was also implemented in 2009. We will find out only this coming year the popularity of the entrepreneurship minor because undergraduate minors are only declared upon graduation. In the forthcoming new campus in Shenzhen, due to be launched in 2012, Entrepreneurship and Innovation Management is currently shortlisted as one of eight proposed specializations in the Faculty of Business Administration. So entrepreneurship is increasingly important to teaching at CUHK.

CfE Executive Board members taught entrepreneurship modules in the General Education courses offered by United College, New Asia College and Chung Chi College. Shaw College implemented a full General Education course this year. Implementing a university-wide full credit General Education course would be highly desirable.

In cooperation with CUHK MBA Programs, members of the CfE coordinate practicum projects for MBAs where the MBAs work in teams with a company on a specific project for course credit. This year entrepreneurship projects supervised by Wilton Chau and Hugh Thomas included working with young companies to secure expansion financing and developing intellectual protection strategies for a start-up.

2. CUHK Entrepreneurship Week September 9th to 13th, 2010

The CfE jointly with the Faculty of Engineering's Center for Innovation and Technology (CINTEC) held CUHK Entrepreneurship Week from September 9th to 16th. During the week, we featured the research from ACE, invited prominent entrepreneurs to come to campus to lecture, promoted our business plan competitions and introduced the university and government programs available to students to help them in their entrepreneurial endeavors. ACE research was highly

visibly displayed in posters at Entrepreneurship Week events. See Appendix 1 for the Entrepreneurship Week 2010 schedule of events. KTO has funded the CfE and CINTEC for a second CUHK Entrepreneurship Week to take place from Sept 12th to 16th, 2011. We will also host some activities during Global Entrepreneurship Week in November 2011.

3. Hong Kong Design Smart Initiative (DSI)

The CfE continues to co-organize with the Hong Kong Design Centre the *Entrepreneurship for Design & Creative Business Certificate Programme*. This summer, the program in its fifth intake, will run from 25 June to 17 Sept 2011 for seven sessions scheduled on alternate Saturdays plus a one-day visit to Pearl River Delta – hence the program is called the 7+1 program. Run by Kevin Au and Bernard Suen at the InnoCentre in Kowloon Tong, the program uses the cases referred to under Research (section A-1) above. See the program introduction at the Hong Kong Design Center website <http://www.hkdc.hk/eblast/20110415/back/home.htm>.

C. Practice

The CfE fosters entrepreneurship among students through our CUHK-wide start-up business plan competition, the Vice-Chancellor's Cup of Student Entrepreneurship (VCCE), two Hong Kong wide competitions that we run – Hong Kong Social Enterprise Challenge (HKSEC) and the Cyberport Creative Mico Fund Young Entrepreneur Program (CCMF) – and local, national and international competitions in which our students represented CUHK. This year, we continued our support of the Hong Kong Business Angel Network and launched a consulting service to incubatees in the Hong Kong Science and Technology Parks Corporation (HKSTPC).

1. Vice Chancellors Cup of Student Entrepreneurship (VCCE)

With the support of the Committee for the Advancement of Student Innovation and Entrepreneurship (CASIE) and KTO, the CfE runs VCCE. This year, 87 bachelors, masters and doctoral students from 21 programs across six faculties in CUHK competed. The first place team, Diabetics Retinopathy, a mixed Faculty of Medicine and Faculty of Business Administration team supervised by Professor Benny Zee went on to represent CUHK at the Venture Labs Investment Competition in Austin Texas, where they won the E. Craig Nemeck Achievement Challenge Austin Ventures Challenge Award with a cash prize of US\$1000. (see <http://www.mootcorp.org/>). The second place team, Preventing the Preventables under the supervision of Professor Juliana Chan, also won the best social mission award at the Hong Kong Social Enterprise Challenge. The third place team, Studyfreely.com (<http://www.studyfreely.com/>), from the New Media Program in the Faculty of Social Science has rolled out a website to help middle school students with their studies without requiring them to pay high-priced tutoring fees. Their plan also won a cash award at the

Asia Venture Labs Investment Competition in Bangkok. For further information on VCCE 2011 see Appendix 2.

2. Hong Kong Social Enterprise Challenge (HKSEC) 2010

Mingles Tsoi led, for the fourth consecutive year, the Hong Kong-wide competition HKSEC (see <http://www.hksec.hk>). Since its establishment in 2007, over 2,200 students and fresh graduates have participated in HKSEC. As in past years, members of the two winning teams are offered internships that help them implement the team's social enterprise plan. The internship scheme involves each member of each winning team receiving in staged payments up to \$48,000 in cash against successful completion of milestones on the plan to implement the social venture. This year the two winning teams, selected at the Grand Final held on February 19th, 2011, were JoinU from The University of Hong Kong and ATB Auto Art, from Poly U. Winning teams from last year, True Colours (Baptist U and City U) and ICE (Hong Kong U) continue to run their social ventures. Funding for HKSEC came from a \$1.2 million grant from the Home Affairs Bureau of the Hong Kong Government. For more information on HKSEC see Appendix 3

3. Cyberport Creative Mico Fund Young Entrepreneur Program (CCMF)

The CfE is implementing the Cyberport Creative Mico Fund Young Entrepreneur Program CCMF (see <http://www.cyberportcup.org/>), being held from May August 2011 under the sponsorship of the Hong Kong Cyberport Management Company Limited and with the support of the Hong Kong Information Technology Joint Council and the Shenzhen–Hong Kong Union for Promotion Science & Technology. Under the program, which was introduced to us through CINTEC, 25 Hong Kong and 25 Shenzhen teams of students and recent graduates form teams based on starting internet related companies. Hong Kong and Shenzhen teams merge to form joint teams, and each of up to 10 winning joint teams is awarded up to \$100,000 subject to their launching its planned company. The program is dedicated to help realize the tremendous potential for Pearl River Delta to become a world-class information, telecommunications and computing cluster.

4. The Little China Challenge Cup

Working with Wong Kam Fai and KY Leung of CINTEC, the CfE sent two teams to the Seventh China Entrepreneurship Challenge Cup in Changchun, Jilin to represent CUHK from September 25th to 30th, 2010. CUHK teams took both gold and silver awards in the Hong Kong and Macao. BA undergraduate student Jack Cheng and engineering masters student Derek Yu under the supervision of Professor Yam Yeung won gold for their Food Waster Recycling Social Enterprise while MBA students Jet Li and Justin Chan and engineering masters student Liu Ke under the supervision of Engineering Professor Jack Lee won silver for their Mobile Phone Video Sharing Platform. Jack Cheng is currently implementing his social venture. Financing for

participation travel and accommodation was provided by a grant from KTO. Press clippings from the China Challenge Cup are found in Appendix 4.

5. **The Hong Kong Business Angels Network**

The CfE supports the Hong Kong Business Angel Network (HKBAN), an early stage venture equity funding platform led by the Hong Kong Science and Technology Parks Corporation with the cooperation of the major universities of Hong Kong. Wilton Chau, Mingles Tsoi and Kevin Au actively participated in HKBAN's formation and design and have been instrumental in bringing companies to the HKBAN sessions. HKBAN is a non-profit organisation limited by guarantee and supported by HKSTP. Wilton Chau and Kevin Au are currently Deputy Chairman and Treasurer of HKBAN respectively.

6. **Hong Kong Science and Technology Parks Corporation (HKSTPC) Incubatee Business Plan Consultancy Services**

HKSTPC awarded the CfE the contract to provide advisory services to its incubatees. Wilton Chau is leading the initiative with support from Mingles Tsoi. The principal investigator is Hugh Thomas. The service involves two phases: phase 1 involves understanding and making recommendations on the business plan of the incubatees and discussing these recommendations with the founders. The second phase involves identifying high potential incubatees and providing them with in-depth business plan consultation and advising on fund-raising. We won the bid in early August and the contract was negotiated and signed by the Technology Licensing Office (Alice Ngan) in mid September. So far about one third of the eligible approximately 100 incubatees have taken the service and four companies have moved on to phase two.

II. Governance and Management

The members of the Executive Board for 2010-11 were:

Kevin Au, Associate Professor, Department of Management and Associate Director of Full Time MBA Programmes.

Kin Man Chen, Associate Professor, Department of Sociology and Director of the CUHK Centre for Civil Society Studies

Louis Leung, Associate Professor in the School of Journalism and Communication and Director of the Centre for Communications Research at CUHK.

Hugh Thomas, Associate Professor, Department of Finance (Director)

K. F. Wong, Associate Dean (External Affairs) of the Faculty of Engineering, professor in the Department of Systems Engineering and Engineering Management, and the director of CINTEC.

Benny Zee, Assistant Dean of Research for the Faculty of Medicine, Director of the Centre for Clinical Trials in the School of Public Health,

The Executive Board officially met three times during the year in September 22, 2010, November 22, 2010 and March 8, 2011. The minutes are in Appendix 5. The members of the Executive Board also met numerous times unofficially and conducted several postal votes.

Members of the Executive Board are appointed by the APIB Management Board. T.J. Wong, Chairman of the APIB Management Board and also Dean of the Faculty of Business Administration sends the appointment emails. As Executive Board membership carries no tangible reward and can involve substantial work, it falls to the Director of the CfE to identify those who will be effective and gracious enough to accept the appointment.

Late in 2010, well after the 2010 annual report was written, Chen Kin-men joined the Executive Board. His work in social entrepreneurship in his research and his work at the Center for Civil Society greatly enhanced the ability of the CfE to develop and will help coordination with the I-CARE program mooted by the Vice Chancellor in April 2011 and initiatives in promoting corporate social responsibility being pursued by the BA Faculty members.

This coming year, Louis Leung is stepping down after continuous CfE Executive Board service since 2006. Louis was instrumental in coordinating entrepreneurship programs in the School of Journalism and Communication with those in Engineering and BA as well as providing expert assistance through his Center for Communication Research in our Global Entrepreneurship Monitor and Alumni Census of Entrepreneurs.

Robert Lee, who in 2010-11 was an external member on the Advisory Board, has indicated he will accept a position on the Executive Board. Robert's shift reflects his change from CUHK "outsider" (bringing his business expertise to advise the CfE) to "insider" (teaching courses and running the Center for Business Innovation and Globalization, a Shenzhen Based service center to promote and implement MBA programs in Shenzhen). We welcome Robert's expertise as a seasoned entrepreneur, scholar and teacher.

The Advisory Board contains two ex-officio internal advisors – the Pro-Vice Chancellor of CUHK whose duties include responsibility for technology transfer and the head of the administrative office in charge of technology licensing. The Advisory Board also contains three external advisors.

In 2010-11, the members of the Advisory Board were

Robert Lee, Founder and CEO, Achievo Corporation

Alice Ngan, Director, Technology Licensing Office, CUHK

Henry Wong, PVC, PVC in Charge of Research

Anthony Wong, One Laptop per Child China Director

Yuelong Zhu, Founder and Director, Magier Company (深圳美企鹅公司)and

We deeply appreciate the help that Anthony Wong gave us since his appointment in 2008, particularly in planning our conference with Stanford University, REE Asia, and in advising us

with respect to educating us about the technopreneurship policies of the SAR. We also give our sincere thanks to Zhu Yuelong for his strong support in promoting our Alumni Census of Entrepreneurs to our Shenzhen FMBA alumni. We also appreciate the strong support that Alice Ngan gave VCCE students from the Technology Licensing office and before that the Research and Technology Office, support that predates the founding of the CfE.

The incoming members of the Advisory Board are

Vincent Chan, Founder and CEO, Spring Capital; Co-President of the Hong Kong Venture Capital Association

Rosetta Fong Sut Sam, Founder and CEO, CEO Executive Director, Convoy Financial Services Holdings Limited

Sharon Tam, Manager, Knowledge Transfer Office, CUHK

Camille Tang, Founder and CEO ConvenientPower HK Limited

Henry Wong, Professor of Chemistry, PVC in Charge of Research CUHK

Our founding director, Professor Chua Bee-leng, now Director of HIBEAM, a platform for helping Hawai'i startup businesses, continues to be in frequent contact with us, offering valuable advice and insights. This coming September, Bee-leng will lead Hawai'i Tech Asia, a delegation of Hawai'i tech companies to Hong Kong to implement a memorandum of understanding between the CUHK Center for Clinical Testing, the CfE and HIBEAM.

Wilton Chau, Managing Director, QLeap Asia, a venture capital firm specializing in early stage investment, continues as an honorary post-doctoral research fellow carrying the title of "Project Director". Wilton leads our initiatives with HKSTPC, including HKBAN and our bit for consulting to incubates. He is also a highly rated instructor in the MBA program, teaching two courses related to entrepreneurship *Venture Capital and Private Equity* and *New Venture Business Plan Project*.

Li Yan, is an Honorary Post Doctoral Research Fellow at the Center for Entrepreneurship. She is conducting a number of projects with David Ahlstrom, Velamuri Ramakrishna and Neal Ashkanasy on the psychology of entrepreneurship.

Mingles Tsoi continues as a honorary research associate carrying the title Project Officer for social ventures. His has responsibilities to manage HKSEC and the census of alumni, in which capacities he is employed on a part time basis.

Bernard Suen continues as honorary research associate, carrying the title of Project Officer for new media. Bernard has been active in the CfE in the 7+1 Hong Kong Design Institute Program, the DSI case research initiative and the CCMF Program.

Richard Tong is honorary research associate, carrying the title of Project Officer for family business.

The day-to-day activities of the Center continue to be run by Rosanna Lo Wing Shan, Project Officer. Rosanna is sponsored 50 percent by the university and 50 percent by the BA Faculty. HKSEC 2009 is administered by Jamie Wong Wing Shuen for the second year. This year she is

joined by Odelia Chui Chi Kwan. Eric Leung Ho Yin continues his work on the Chinese Biennial Private Enterprises Survey Tracking Study, maintaining the website and providing research assistance. Serna Gu Xu provides support on the 7+1 program, CCMF and other activities. Kelvin Yuen has worked on a part time basis to upgrade the CfE website <http://entrepreneurship.baf.cuhk.edu.hk/> making the posting of content by our staff easier. Our two full time Summer Junior Research Assistants, Emily Chan Long-nam and Waselle, are helping implement the CCMF Program, bringing the number of full time employees at the CfE to six and part-timers who are based at the CfE to three. As we have desk space for nine, our quarters are essentially fully used, making it difficult to accommodate any visitors. Fortunately, the ample meeting rooms in the Cheng Yu Tong building afford temporary relief, but if the CfE expands from his current activities, we will face space constraints.

The exemplary optimism, enthusiasm, commitment and professionalism of the CfE staff – both part-time members – is a delight for me and all those inside and outside CUHK who work with the CfE. I hope that we can continue to enjoy such a stimulating and rewarding environment.

III. Financing

Over the last year the expenses of the CfE have been financed by a combination of external grants, internal funding, course and conference fees, and donations. The fiscal year closes on June 30th, so we have yet to compile our actual financial statements. But a brief review of our accounts shows that we are in a better position financially than we ever have been since the CfE was founded. Our net income for the year 2010-2011 year will exceed \$2.3 million while our expenditures will be around \$2.2 million. Our planned expenditures for much of the coming year for such projects as HKSEC, CCMF, Entrepreneurship Week, the Alumni Network, etc. are prefunded, leaving us with a cash balance net of contractual payment commitments of \$1.33 million. Netting off commitments for existing projects and compensation for expected renewal of contracts for staff, we are left with a surplus of available funds today of approximately \$170,000.

Knowledge transfer and entrepreneurship – both for profit and social – and are increasingly the mission of the Faculty of Business Administration and CUHK. I feel lucky to be in the CfE at this exciting time. But I also feel the huge gap between the CfE's modest resources and the needs of the evolving strategy. I sincerely welcome the reader's ideas and help.

Yours truly

Hugh Thomas, Director
June 2011

Appendix 1: Entrepreneurship Week

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CUHK Entrepreneurship Week 2010.mht

Appendix 2: Vice Chancellor's Cup of Student Entrepreneurship 2011

In the Vice Chancellor's Cup of Student Entrepreneurship (VCCE) students plan profitable new ventures. But the winners of VCCE 2011, held on Saturday 26th February at the CUHK Town Center, had clear social missions as well. Diabetes detection and prevention and affordable, accessible education were the winning themes.

Top honors went to MBA candidates Helen HOUNG, Miranda Li Meilun, Drake Lin Teh Tao and Damian Ng Man Chun and School of Public Health and Primary Care PhD candidate Li Qing for their plan *Diabetics Retinopathy Digital Screening Service*. Supervised by Professor Benny Zee, Associate Dean of the Faculty of Medicine, the team plans to roll out a service to reduce blindness from diabetes based on software to detect, analyze and interpret digital photographs of eye's retina, substantially reducing the cost and time while increasing the accuracy of diagnosis. The team won \$5,000 and the opportunity to present their plan at the Venture Labs Investment Competition in Austin Texas in May this year.

While *Diabetics Retinopathy* focuses on diagnosis of a diabetes complication, *8765 Preventing the Preventables* – the first runner up and winner of \$3,000 – plans to use a proprietary database and diagnostic tools to find and persuade those at risk to change their lifestyles, thereby preventing such complications from occurring. The database and tools are developed by a team led by supervisor, Professor Juliana Chan of CUHK's Hong Kong Institute for Diabetes and Obesity. *8765* explains that the Hospital Authority and doctors are critical to the diagnosis and treatment of illness but currently nobody cares about those at risk during the 8,765 hours that they are not in consultation with a doctor. MBA candidates Jeff Yu Jian Feng, Harry Wu Xi, Benjamin Chiang Pei and Sally Chau and School of Journalism and Communication Masters Candidate Reona Hu Luyi wish to change that, a mission for which they also won the 'Best Social Mission' award in the Hong Kong-wide Social Enterprise Challenge held one week before VCCE 2011.

The second runner up winning \$1,000 was Studyfreely.com. The team has rolled out a website to help middle school students with their studies without requiring them to pay high-priced tutoring fees. Studyfreely.com already has over 100 free instructional videos: check out the website! Although their portal is currently not generating revenue, the team, under the supervision of Professor Sung Yun Wing, Chairman of the Economics Department, will rely on advertising once a critical mass is achieved in video postings and site visits. Studyfreely.com will represent CUHK at the Asia Venture Challenge 2011 Competition to be held in Bangkok later this month.

Travewithchildren.com.hk won the Outstanding Presentation Award. Four masters candidates in the Faculty of Social Science New Media program, Emily Lee Mei Kum, Florence Lai Hoi Yan and Marco Lo Hiu Ming and River Jiang Ying, under the supervision of Bernard Suen, Project Director at the Center for Entrepreneurship, presented their plan for rolling out a website integrating information on travelling with children for middle - class, young Chinese parents in Hong Kong.

This Year, 87 bachelors, masters and doctoral students from 21 programs across six faculties – Arts, Business Administration, Engineering, Medicine, Science and Social Science – competed in VCCE. Of the 12 semi-finalist teams, half were mixed teams with members coming from different faculties, a factor which judges say increases venture feasibility. Finalist judges Anthony Au, Director of Future Success, Andrew Davis, Associate Director General of InvestHK, Norris Lam, President of Forbes Private Capital Group Asia, Wilson Wan, MD and Head of Leveraged and Structured Finance at BOCI and Allen Yeung, Vice President of Hong Kong Science and Technology Parks Corporation encouraged the students, winners and runners up alike, to persevere in realizing their entrepreneurial dreams.

Appendix 3: Hong Kong Social Enterprise Challenge Semi-Finalists and Grand Final

Appendix 4: Press Clippings from the China Challenge Cup

Appendix 5: Minutes for the Executive Board Meetings