

**SME Development Fund (SDF)/
Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund)
(Organisation Support Programme) (OSP)**

Final Report on Approved Project

Project ref. no. : D15 001 006
Project title : To sustain the growth and development of the Hong
Kong aviation supply chain in the emerging
Low-Cost Carrier (LCC) market
Period covered : From 01/10/2015 to 31/03/2017
(dd/mm/yy) (dd/mm/yy)

1. Project Details

(Please mark with "*" if any of the following project details is different from that in the project proposal appended to the project agreement.)

Project Summary (in about 150 words)

Low-Cost Carriers (LCC) that offers affordable fares is highly developed in North America and booming in Asia Pacific. The growing popularity of LCC has led many full-service airlines to launch subsidiaries offering flight options with limited services. The emergence of budget carriers should not only further increase the demand for aircraft, but also component supplies and peripheral services to support the operation. Hong Kong part and service suppliers should grab the opportunity to tap into the supply chain of this emerging LCC market.

Traditional airlines place a lot of importance on the supplier's brand and track record to fulfill their brand promise. In the aftermarket, traditional airlines also tend to purchase OEM (original equipment manufacturer) parts rather than replacement parts.

On the contrary, the business model of LCC is based on simplification and they proactively look for new suppliers for low cost solutions. Comparing with traditional full-service airlines, LCC do not have a compact group of internal suppliers, but purchase most services and products from the open market (except for few core services). This on one hand increases the market volume for airline suppliers and on the other hand enforces further competition amongst suppliers and thus generates further cost reductions.

With the aim to promote the products and service offerings by Hong Kong companies to the emerging LCC market, a *Global Promotion Campaign* will be carried out within this project. The promotion campaign will promote the capabilities of the Hong Kong Companies to LCC in China, Asia Pacific and North America. A *Comprehensive LCC Seminar* will also be conducted to introduce business opportunities emerged from LCC and their purchase criteria, which are entirely different from their full-service counterparts.

Project Objective(s) (in about 80 words)

To promote the products and service offerings by Hong Kong companies to the emerging Low-Cost Carriers market in China, Asia Pacific and North America.

To equip Hong Kong companies with the knowledge and market information of the LCC market.

Grantee/Collaborating Organisation/Implementation Agent

Grantee : Hong Kong Aviation Industry Association Limited (HKAIA)
SAE International (Hong Kong) Limited
Hong Kong Critical Components Manufacturers Association Limited (HKCCMA)
Hong Kong Auto Parts Industry Association Limited (HKAPIA)
Collaborating Organisation(s) : Hong Kong Surface Finishing Society Limited (HKSFS)
Implementation Agent(s) : Hong Kong Productivity Council

Key Personnel

	<u>Name</u>	<u>Company/Organisation</u>	<u>Tel No. & Fax No.</u>
Project Co-ordinator :	Angus CHEUNG	Hong Kong Aviation Industry Association Limited	(852)2788-5589 (852)2788-6169
Deputy Project Co-ordinator :	Samson SUEN	Hong Kong Productivity Council	(852)2788-5552 (852)2788-6169

Project Period

<u>Commencement Date</u> (day/month/year)	<u>Completion Date</u> (day/month/year)	<u>Project Duration</u> (No. of months)
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As stated in project agreement	<u>01/10/2015</u>	<u>31/03/2017</u>	<u>18 months</u>
Revised (if applicable)	_____	_____	_____

2. Summary of Project Results

Project Deliverables

(Please list out the project deliverables as stated in the project proposal appended to the project agreement and provide details related to the actual result achieved for each of them.)

	Project deliverable	Quantifiable target number	Actual result achieved	Reasons for not achieving the target, if applicable
a)	“Hong Kong Pavilion”	Around 50 products and services offerings will be showed in each Pavilion	52 products and services offerings were showed at Aviation Festival Asia	
			56 products and services offerings were showed at Aviation Festival Americas	
			60 products and services offerings were showed at China International Aviation & Aerospace Exhibition	
		Estimated space: around 48sqm	48 sqm at Aviation Festival Asia	
			36 sqm at Aviation Festival Americas	Event organizer was only able to offer either 36 sqm or 18 sqm booth size to HKAI A.
			54 sqm at China International Aviation & Aerospace Exhibition	Event organizer was only able to offer 54sqm booth size to HKAI A.
		1 special committee to supervise the selection of exhibiting companies.	1 special committee was formed	
b)	Match Making Event	Around totally 50 company representatives will be invited to attend three trade shows	24 company representatives attended the event at Aviation Festival Asia	
			17 company representatives attended the event at Aviation Festival	

			Americas	
			20 company representatives attended the event at China International Aviation & Aerospace Exhibition	
c)	Interviews with participating companies of Aviation Trade Shows	1 article	1 article	
d)	Comprehensive LCC seminar	120 participants	83 participants	The total number of registered participants and walk-in participants was 103. Reason of low attendance rate is due to the insufficient promotion period for the seminar because of the late confirmation from the invited oversea speaker. HKAIA has taken several actions to attract more participants such as sending circular mail to members, sending eDM to related trade associations and supporting organizations. Besides, HKAIA has sent the reminder to all registered participants before the seminar to prevent no-show situation.
		6 hours	6 hours	

Details of the deliverables (e.g. date, duration, venue, speaker, topic discussed, etc.)

(Please list out in table format if necessary.)

- The “Hong Kong Pavilion” in Singapore, America and China were completed. There were 52, 56 and 60 products and services offerings were showed in Pavilion in Singapore, America and China respectively. A special committee, consisting of members from the applicant, collaborating organisations and industry, was set up to supervise the selection of exhibiting companies in a fair & transparent manner.
 - “Hong Kong Pavilion” and Match Making Event at Aviation Festival Asia
 Location: Suntec Singapore Convention & Exhibition Centre, Singapore
 Booth No.: C06
 Date: 23-24 February 2016
 Space: 48 sqm
 - “Hong Kong Pavilion” and Match Making Event at Aviation Festival Americas
 Location: Hilton Miami Downtown, Miami, Florida, US
 Booth No.: #1
 Date: 24-25 May 2016
 Space: 36 sqm
 - “Hong Kong Pavilion” and Match Making Event at China International Aviation & Aerospace Exhibition
 Location: Airshow Center, Zhuhai, China
 Booth No.: H6F4-2
 Date: 1-6 Nov 2016
 Space: 54 sqm
- Match Making Events in Singapore, America and China were arranged and completed. There were 24, 17 and 20 company representatives attended the event at Aviation Festival Asia, Aviation Festival Americas and China International Aviation & Aerospace Exhibition respectively.
- The interviews with participating companies of the “Hong Kong Pavilion” and match making events were conducted. Their experiences sharing and visitor’s feedback were consolidated in an article “Survey Report”. The article was compiled as PDF format and distributed through HKAIA’s network and its own website to the aviation industry.

4. Comprehensive LCC seminar was held on 24th June 2016 at Theatre 3, HKPC Building. The duration of the seminar was 6 hours exclude the tea breaks and lunch break. An oversea speaker from Taiwan and local speakers were invited to deliver the presentations for providing comprehensive knowledge and market information to product/service provider. The seminar covered the development of LCC in Taiwan and Hong Kong such as procurement strategy, quality and safety for cost saving solution, regulations & requirements and advanced manufacturing technologies for fuel-saving solutions. The followings are the details of topic and speaker:
- “LCC Procurement Strategy & Quality and Safety for Cost Saving Solution & Experience Sharing”
 - Mr. Kevin Kuo – Tiger Airways Holdings Limited
 - Mr. Simon Wu – Hong Kong Express Airways Limited
 - “Regulations for approval of PMA parts”
 - Mr. Y P Tsang – Civil Aviation Department
 - “Experience Sharing for the First Hong Kong Parts Manufacturing Approval”
 - Prof. Jackson Ho – Sealtech Company Limited
 - “Advance Material and Manufacturing Technology”
 - Ms. Angie Cheng – Hong Kong Productivity Council
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Milestones (in chronological order)

(# Please indicate if the milestone is completed (C), deferred (D) or not achieved (N). If it is deferred, please indicate the revised completion date. For those milestones which are deferred or not achieved, please also provide the reasons under item 2.4.)

<u>Milestone</u> (as set out in the approved project proposal appended to the project agreement)	<u>Original target completion date</u>	<u>Revised completion date</u> (if applicable)	<u>Status</u> (C/D/N) #
<ul style="list-style-type: none"> • To line up various companies from different sectors in the Hong Kong aviation industry for forming the pavilion participating group. 	30/11/15		C
(a) <ul style="list-style-type: none"> • To research on the updates and best practices of the LCC market in order to develop the seminar. • To identify and invite speakers to deliver the seminar. • To promote and invite participants to the seminar. 	31/01/16	24/06/16	D
(b) To organize the seminar. <ul style="list-style-type: none"> • To design “Hong Kong pavilion” at Aviation Festival Asia (Feb 2016). • To invite Hong Kong companies to join the match making event organized at Aviation Festival Asia. • To identify different aviation sectors and line up potential companies in Asia Pacific region to the match making events. 	28/02/16		C
To set up and manage the exhibition area of “Hong Kong pavilion” at Aviation Festival Asia.			
(c) <ul style="list-style-type: none"> • To design “Hong Kong pavilion” at Aviation Festival Americas (June 2016). • To invite Hong Kong companies to join the match making event organized at Aviation Festival Americas. • To identify different aviation sectors and line up potential companies in North America to the match making events. • To set up and manage the exhibition area of “Hong Kong pavilion” at Aviation Festival Americas. 	30/06/16		C
(d)			

<ul style="list-style-type: none"> • To design “Hong Kong pavilion” at China International Aviation & Aerospace Exhibition (Nov 2016). • To invite Hong Kong companies to join the match making event organized at China International Aviation & Aerospace Exhibition. • To identify different aviation sectors and line up potential companies in China to the match making events. • To set up and manage the exhibition area of “Hong Kong pavilion” at China International Aviation & Aerospace Exhibition. 	30/11/16		C
<p>(e)</p> <ul style="list-style-type: none"> • To conduct interviews with participating companies and compose an article. • To disseminate the deliverables and results of the project. 	31/03/17		C
<p>(f)</p>			
<p>(g)</p>			

Future Plan for Promoting the Project Deliverables (Nil if not applicable)
