

[English Translation]

One Song Echoes in Nine Continents

Interview of Mr. Eric Yung -- CEO of Playnote Limited (<http://www.playnote.com>)

We have heard good news about Hong Kong's IT Industry December of last year. In the 2012 APICTA, Hong Kong received 5 grand and 7 merit awards. Hong Kong performed the best among 11 countries and regions in Asia-Pacific.

Among the 5 grand winners from Hong Kong, only two companies are mobile application development companies: Cherrypicks and Playnote. Cherrypicks is one of the largest app developers in Hong Kong. Its CEO, Jason Chiu, is an expert in public presentation. Since Cherrypicks won awards at the 2012 HKITCA, it is no surprise that Cherrypicks won an award in an international competition.

Playnote was started 2 years ago and launched its first product less than a year ago. The company received one grand award (Startup Company) and one merit award (e-Learning). This situation is just like new talent in the music industry, with only one published song, it can receive the best new talent award as well as the best ten songs of the year. People will be curious to see whether this new mobile app entrepreneur, Eric Yung, a talented singer, will be similar to Mr. Khalil Fong (a famous Hong Kong popstar) or Mr. Wilfred Lau who worked very hard for many years to finally become a famous singer in Hong Kong.

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Eric, 37, graduated in 1997 from Hong Kong University of Science and Technology (HKUST) with a bachelor degree in Electronic Engineering with first class honors. He received three more degrees afterward: Master of Philosophy in Electrical and Electronic Engineering from HKUST (2000), Bachelor degree of Law from the University of London (2007) and Master of Business Administration from HKUST (2010). Though getting many degrees may not be a great achievement, Eric does not only have professional knowledge in engineering, law and business management, he is also a professional musician. He received a Grade 8 in piano performance by the Associated Board of Royal Music Schools (ABRSM) of England and is a member of the Composer and Author Society of Hong Kong (CASH). He has worked as an orchestra conductor and opera tenor. Eric is very unique.

Conflicts between information technology and music?

It comes as a surprise to learn than a Hong Kong IT guy also knows music. The level of surprise is similar to that of when we learn that the "strongest fighter in the universe," Donnie Yen (a famous fighting movie actor), also knows how to play piano.

"In Hong Kong there are very few people who know both programming and music," Eric said. "I have been told that it is because there is conflict between IT and music."

This is true. Programming is about logic and is handled by the left side of the brain. Music is about emotion and is handled by the right side of the brain. Conflict will arise when both programming and music are in interest. However, I believe this is not the real reason. A couple hundred thousand Hong Kong children learned piano. If only ten percent of these children continue to learn and study IT at a university, the number of people who know programming and music will be huge already. However, in Hong Kong, very few people have jobs in both the IT and music industry; less so for a job in IT and music, as an IT musician. These kinds of people in Hong Kong can be counted on two hands, Eric said.

Eric said his talent in music is not great. "I started learning piano at the age of 6 but only achieved Grade 8 after 13 years. That is not an impressive result." He studied conducting and opera performance afterward. At the time, orchestra performance could not recruit enough people and he decided to give it a try. It was actually an accident. In Hong Kong, many people learn piano just because they want to benefit from it and gain rewards. When children are promoted to secondary school and need to study for public exams, both parents and children stop learning.

"Those who have achieved Grade 8 performance should be able to play any song when they receive a piece of music for the first time. However, how many people do you know who have achieved this level and can really do that? Most of them can only play the pieces for the exam well." Eric does not stop the learning halfway through and this allowed him to achieve more than others.

Running a company in small scale until it takes off

AURALBOOK is musical education software. It provides a digital ear and artificial intelligence to analyze performances of students' singing, clapping, etc. This can help students to self-learn and prepare for professional music exams organized by the Associated Board of Royal Music Schools (ABRSM) and the Australian Music Examination Board (AMEB), etc.

AURALBOOK was released at the beginning of 2012 and officially launched in mid 2012. After 6 months, there were more than 60,000 users. The software can be downloaded for free though it only provides a small set of questions. To receive extra practice and questions, students must pay a fee. There are similar questions in the market in the form of traditional books and CDs. If there are no guidelines from a teacher, the student cannot learn much by self-learning. The purpose of AURALBOOK is to fulfill this demand. The price point is similar to the traditional market (only HKD\$100-200 per 60 questions). It is very competitive. However, the question is, is this market big enough?

Eric is quite confident it is. He said, just counting professional ABRSM exams, there are 600,000 exam candidates around the world per year. Among these candidates, 100,000 are from Hong Kong and the demand is very stable. The interface of

AURALBOOK is in English because Eric is focusing on a global market. Although Playnote offers a Cantonese version for the Hong Kong market, among the 60,000 registered users, most are from overseas.

Eric is really not a normal musician. He understands a company's business model and market performance. His music background led him to the road of entrepreneur.

When Eric was studying for his Master of Philosophy in Electrical and Electronic Engineering at HKUST, some professors wanted to develop a digital music product. Eric was the only one in the school who knew music so he joined the team and became one of the founding shareholders of the company, Perception Digital (HKEX: 01822). After ten years, the company was listed in HKGEM in 2009 and listed on the main board later. During this period, Eric studied for his MBA and law degree in order to know how to run a business. All of this gave Eric the foundation to start Playnote.

Currently, there are only a few programming personnel in Playnote. The other staff members are part time, mainly students from music departments at universities, not programmers. On one hand, Eric needs IT people to develop products based on his ideas and on the other hand, he needs musicians to develop content. Furthermore, this operational model can benefit financial aspects, as this can control costs in a good way.

"You can calculate the expenses for recruiting a number of 'post-80' programmers easily." Playnote is also a member of the incubation program in Hong Kong Science Park. The office is located in Hong Kong Science Park where rent is inexpensive. Playnote was founded in 2010. Eric provided the startup funding and plans to run the company with a low budget for now.

"The most exciting thing for an IT Entrepreneur is to let the company 'explode' (which means the product can capture a significant share of the market and is widely used). However, many companies must "die" before they can "explode." The most important thing is to make sure the company survives before it explodes." He feels confident about the company and waits patiently.

How to win in APICTA?

After Eric received the grand award in APICTA, he wrote an article in the Hong Kong Economic Journal (the leading financial newspaper in Hong Kong) in order to share his experience. Eric believes, in the "Startup Company" category, the judge will use these four rules to make a decision:

1. Products and services entry barrier: If the company owns a patent or technology that cannot be copied easily, the score will be higher.
2. Different than existing product or service: Whether the product or service can be developed or delivered at a significantly lower cost or whether the product can be easily distinguished with an existing one.

3. Business model: Whether the model can be scaled-up easily to reach a bigger market. Companies that take external products cannot fit this requirement, as they must increase cost before they can increase income.

4. Composition of team: Whether the team consists of experts from various areas, including finance, marketing, engineering, etc. as opposed to only one area.

Eric thinks the most important factor is not listed above. The most important factor is whether the presenter can make the judge understand the company in a 20 minute presentation. He said that some companies' presentation slides are full of words but he showed an MBA style presentation which was full of graphics and was very clear. One other point that set apart Playnote was that during his presentation, he demonstrated the functionality of AURALBOOK. He clapped and sang during the presentation. Within a minute, he had the judge's attention.

Eric would like to thank Herman Lam, CEO of Hong Kong Cyberport and Agnes Mak, Executive Director of the Hong Kong productivity council, who both mentored him during the competition. They spent an hour listening to his presentation and gave him comments about how to improve.

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