

(Unclassified version with commercially sensitive or confidential information and Members' names removed)

BDC 22/2012 (Revised)

**Revised Minutes of the 49th Meeting of the
Business Development Committee held at 2:00p.m.
on Tuesday, 13 November 2012 in the Boardroom,
2nd Floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

Present : Chairman - Mr. Clement Chen Cheng-jen, BBS, JP

Members - Dr. Cliff Chan Chok-ki
Ir Daniel Cheng Man-chung, MH, JP
Mr. Jimmy Kwok Chun-wah, MH, JP
Dr. Delman Lee
Mrs. Agnes Mak, MH, JP
Mr. Frank Tsang
Mr. Jack Yeung Chung-kit

Absent with Apologies : Mrs. Katherine Ngan Ng Yu-ying, JP

In attendance from HKPC :

Mr. Tony Lam	Director, Corporate Services
Mr. Leo Lam	Director, Business Innovation
Mr. Joseph Poon	Director, Technology Development
Mr. Jonathan Ho	General Manager, Corporate Communications
Mr. Alfonso Tam	Chief Manager, Council Secretariat
Ms. Miranda Yeap	Senior Manager, Council Secretariat

Welcome

The Chairman welcomed Mr. Frank Tsang, Assistant Commissioner for Innovation and Technology who attended the meeting for the first time.

Confirmation of Minutes (BDC 16/2012)

The Minutes of the 48th Meeting held on 3 July 2012 had been circulated to Members and there were no requests for amendments. The Minutes were taken as read, confirmed and signed by the Chairman.

I. Matters Arising

II. Report on HKPC's Mainland Subsidiaries (WFOEs and JVs) (BDC 18/2012)

2. Invited by the Chairman to report, [redacted] briefed the meeting on the strategic development and operating results for the period from 1 April 2012 to 30 September 2012 of the three Wholly Foreign Owned Enterprises (WFOEs), Shenzhen SZ-HK Productivity Foundation Co., Ltd. (SZJV) and Chongqing-Hong Kong Productivity Promotion Centre Co. Ltd. (CQJV) as well as their way forward.

3. In gist, the Mainland subsidiaries had recorded a loss of RMB45K during the reporting period, mainly as a result of shouldering the salary expenses of three experienced HKPC staff seconded to WFOEs with effect from May 2012 to help enhance corporate governance. Following the departure of the ex-General Manager, Mainland and Business Management and a subsequent restructuring of the Business Innovation Branch, Mainland operation was now directly under the leadership of Director of Business Innovation until a suitable candidate for the post of General Manager, Mainland had been successfully recruited.

4. WFOEs would continue to focus their services to support the following three business strategies:

- (i) Integrated Transformation and Innovation;
- (ii) Low Carbon and Environmental Protection; and
- (iii) Achieving International and National Benchmark

to be supported by five business enhancement initiatives:

- (i) Strengthening Subject Division Support;
- (ii) Pursuing Centre of Excellence;
- (iii) Boosting Integrated services;
- (iv) Boosting Training Business; and
- (v) Developing Strategic Partnerships.

The WFOEs and the SZJV and CQJV would be repositioned with different business focus as outlined in para. 5 of the paper in terms of its strengths and market ability to avoid duplication of roles and overlapping of resources.

5. In reply to [redacted], [redacted] said that HKPC's role in SAP (Systems Applications Products) training with external partners (e.g.

IBM, Oracle, Epicor etc.) was that of a business, rather than technical, consultant. HKPC's involvement was invited essentially on account of our trusted neutral role and extensive industry network and knowledge. Hence, our participation should not raise concerns regarding competition with the private sector.

6. In response, [redacted] said that it would still be prudent for HKPC to be mindful that its participation in training activities related to a popular application software like SAP should always be transparent and not limited to a particular partner or company. [redacted] agreed that prudence was always advisable. But [redacted] pointed out that there was currently a great demand for SAP related training and services, so it was unlikely that the market could be satisfied by any one single service provider and hence there was no need to be overly worried about competition related criticism directed at HKPC when HKPC was not taking the role of a technical consultant in its cooperation with external parties.

7. In reply to [redacted], [redacted] said that there would be continual collaboration with the Chongqing government and relevant authorities on environmental protection projects. Following ED's recent visit to Nan Chang (南昌), there would also be liaison and dialogue with the Nan Chang authorities. ED would probably visit Chongqing again in January 2013 to follow up on the ten agreements and MOUs signed in Chongqing last year.

[redacted] said that there was a growing trend for Hong Kong entrepreneurs, SMEs included, to explore opportunities beyond the PRD. [redacted] suggested that guidance to SMEs on how to set up business in Chongqing and other Mainland localities through a mentorship arrangement would address their urgent needs. This would also help to create lasting partnerships with the SMEs and clear any misunderstanding that HKPC might be competing with them at all. In agreement, [redacted] said that closer cooperation with various Mainland associations would also be helpful in creating a good understanding of the local business culture.

8. In response to [redacted] enquiry on any hurdles hindering target delivery in the Mainland and any need for extra policy support from the Council,

[redacted] It was anticipated that this situation would improve with a clear business strategy and business focus set out to stop the bleed and optimize business opportunities. But success in business performance would also hinge on effective localization to build up strong marketing skills and project delivery capability for the WFOEs in the longer run.

To this end, the training up of local WFOE staff would be supported by the introduction of the Mainland Trainee Consultant Induction Programme and the Talent Development Programme to enable WFOE employees to undergo six-month secondment training in Hong Kong to understand HKPC's business, gain more exposure and familiarize themselves with good corporate governance. said that closer cooperation with NGOs and the industrial/trade associations would also facilitate the development of strategic partnerships which would be vital to developing the business of WFOEs.

9. and shared the belief that, to take forward the business of the WFOEs, HKPC must let industry know clearly on how the WFOEs could help them pursue their business objectives. Apart from consultancy services, training, testing, designated support programmes, information on Mainland government funding schemes and facilities support were also needed, especially for the SMEs. also agreed with on the importance of collaboration with NGOs and associations. In addition, advised that, for practical considerations, the programmes to groom promising fresh graduates must be supplemented by the employment of experienced professionals up front to facilitate cooperation with HKPC and other external bodies to market and deliver services.

10. The meeting noted the progress update and the way forward for WFOEs, SZJV and CQJV and supported the budget and the 3-year forecast for 2013/14 – 2015/16 of the WFOEs as set out in Appendix 1 of the paper.

III. Report on Projects for Government Funding Schemes (April – October 2012) (BDC 19/2012)

11. Invited by the Chairman to report, reported that during the period of April to October 2012, HKPC was involved in 20 government funded projects, including projects funded by Innovation and Technology Fund (ITF), SME Development Fund (SDF), Professional Services Development Assistance Scheme (PSDAS) and the Branding, Upgrading and Domestic Sales (BUD) Programme. The total funding approved amounted to \$46.9M.

12. took the opportunity to explain the drop in the success rate of HKPC's applications in Government Funding Schemes. e.g. SME Development Fund, PSDAS etc. A number of proposals were not supported by vetting committee members as they considered that the particular industry sector was too small to be worthy of support or the proposal was too forward looking and would benefit only a small group. said that HKPC should be the

pioneer in new business areas to lead the market and transfer tested technologies and business models to SMEs. added that, as a tactic, it was important to present proposals in layman terms, especially on the “why, what and how”, rather than focusing on technical jargons, to engage the vetting committee members effectively. thanked Members for their advice.

said that HKPC’s proposals were often innovative in nature and focused on introducing new technologies and business models ahead of the market, it was most important to ensure clear understanding by the vetting committee members who had very different backgrounds.

13. Members noted the report.

IV. Interim Performance Review of Completed ITF Projects (BDC 20/2012)

14. Members noted the interim performance review of one ITF project which was completed within budget, namely:

“Development of High Power Pulsed Plasma Magnetron Sputtering for Thick Coating”.

V. Final Performance Review of Completed ITF Projects (BDC 21/2012)

15. Members noted the final performance review of four ITF projects, namely:

- (a) Development of Reactive Hybridization SOL-GEL Technology on Extra Hard and Non-stick Silicon Coating as an Alternative to Teflon Coating for Cookware;
- (b) Development of a Lab-dip System for CO₂ Waterless Dyeing;
- (c) Design and Development of Implantable Artificial Finger Joints for Biological Repair; and
- (d) Development of a Vacuum Assisted Low Injection Speed High Pressure Casting Technology for Magnesium Vehicle Wheels.

16. Members noted the paper.

VI. Any Other Business

(A) Attendance Record of BDC Members

17. Members noted the attendance record in 2012 tabled at the meeting. The Chairman encouraged Members to attend future meetings.

(B) 2013 Meeting Schedule

18. Members noted the proposed 2013 BDC Meeting Schedule tabled at the meeting, as follows:

Meeting	Date and Time
50 th BDC meeting	5 March 2013 (Tuesday) 2:30pm
51 st BDC meeting	16 July 2013 (Tuesday) 2:30pm
52 nd BDC meeting	5 November 2013 (Tuesday) 2:30pm

19. Members noted that the Secretariat would stick to the schedule unless circumstances warranted otherwise. In that event, the meetings would be scheduled within a period of one week before or after the original targeted dates to fit Members' schedules.

VII. Date of Next Meeting

20. It was agreed that the date of the next meeting was scheduled for 5 March 2013 at 2:30pm.

21. There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned at 3:30p.m.