

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

BDC 5/2014 (Revised)

**Revised Minutes of the 53rd Meeting of the
Business Development Committee held at 2:30p.m.
on Tuesday, 11 March 2014 in the Boardroom,
2nd Floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

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

Members – Mr. Jimmy Kwok Chun-wah, BBS, MH, JP
Mr. Leung Kwong-chuen
Mrs. Agnes Mak Tang Pik-yee,, MH, JP
Mrs. Katherine Ngan Ng Yu-ying, JP
Mr. Frank Tsang
Dr. Jack Yeung Chung-kit

Absent with Apologies : Ir Daniel Cheng Man-chung, MH, JP
Dr. Delman Lee

In attendance from HKPC :

Mr. Tony Lam	Director, Corporate Services
Mr. Joseph Poon	Director, Technology Development
Mr. Jonathan Ho	General Manager, Corporate Communications
Mr. Alfonso Tam	Chief Manager, Council Secretariat
Ms. Gillian Luk	Senior Manager, Council Secretariat

Confirmation of Minutes (BDC 19/2013 Revised)

The Revised Minutes of the 52nd Meeting held on 5 November 2013 had been circulated to Members and there were no further requests for amendments. The Minutes were taken as read, confirmed and signed by the Chairman.

I. Matter Arising

1. Invited by the Chairman, _____ said that the Business Development Committee (BDC) approved by circulation on 6 January 2014 the commercialization arrangements for the following technologies developed by HKPC:

- (a) Automatic Engine Idlestop and Supplementary Air Conditioning System;
- (b) Greywater Recycling Membrane System;
- (c) AquaSed System;
- (d) Envirowash System; and
- (e) Advanced Design of a Non-radioactive and User-friendly Optical Imaging System for Skin Application (Optical Imaging System).

2. Separately, _____ said that the licensee of a previous commercialization case had withdrawn its application. The company applied in early 2013 for licensing of an invisibLED lighting technology developed by HKPC for two applications: retail and office lighting. A non-exclusive license to the company was subsequently approved by the BDC in June 2013. The license fee was \$60,000 per application. In October 2013, the company gave a written notice to withdraw its application due to sudden change in its business operation in Thailand. HKPC would continue to promote the invisibLED to other potential licensees. In response, _____ said that, to facilitate Members' consideration of proposed commercialization deals in future, the Management should also provide information on the mode and price of previous commercialization deals of the same technologies, where applicable.

3. In reply to _____, _____ said that the aim of HKPC's commercialization activities should primarily be targeted at promoting the wider application of market ready technologies for commercial exploits by industry rather than profit for HKPC. With regard to the pricing of technologies for commercialization, _____ supported the Management's view that while professional technology evaluation services could be engaged, it was best to let the market decide what it was prepared to pay in an open competitive process because where there was a difference in opinion on the value of a technology by a technology evaluation professional and the market, it would be difficult to decide whether professional advice should prevail over what the market was prepared to pay, or vice versa. This could potentially put a commercialization deal on hold. Moreover, the value of commercialization deals by HKPC so far did not seem to justify the use of expensive independent

technology evaluation service which was probably more suitable for technologies with breakthrough and large scale commercial applications.

4. said that return on investment was not the most important consideration of the Government in supporting the commercialization of ITF project deliverables. The Government's focus was to promote the development of more technologies and products that were close to the market which could be commercialized by the industry. It would be preferable to let the market decide what it was prepared to pay. On promotion, said that the Management could make gainful use of the regular HK-INC consultation sessions for focused briefing and targeted promotion of specific technologies and products for relevant associations and clusters of companies.

agreed with and said that it was important to set a low threshold to attract private sector interest in commercialization instead of letting project deliverables sitting idle. Given that the main aim of HKPC's commercialization activities was to bring market ready technologies to industry for early commercial exploits, the Management could even consider a staged or delayed payment schedule to attract potential commercialization partners.

5. Summarizing Members' views, said that, apart from promotion on the HKPC website, seminars, open invitation for expression of interest and regular open house sessions on commercialization, there should also be merit for the Management to arrange focused marketing of specific technologies for commercialization for target associations and clusters of companies.

said that a commercialization corner was being set up at LG1 of the HKPC Building and regular visits could be arranged for different associations to promote market ready technologies that were relevant to their trade. To help create wider industry awareness and interest, the commercialization function was now put under the Corporate Communications Division (CCD) to provide focused and professional promotional and marketing support in this area.

II. 2013/14 Annual Report and 2014/15 Annual Plan of APAS Division (BDC 2/2014)

6. Invited by the Chairman, introduced the paper and briefed Members on the 2013/14 annual report and 2014/15 annual plan of the APAS Division (APAS).

said that the selected candidate for the General Manager post failed to report duty in March 2014 as agreed. Since two rounds of recruitment had been held to fill the post without success, consideration was

now being given to assigning a General Manager from HKPC with suitable background to double across for the post of GM/APAS. Supplementing, said that apart from providing the necessary leadership to steer the division, especially in reviewing the technology roadmap of APAS and plan for the way forward, it was anticipated that the arrangement would generate savings in manpower cost which could be deployed to recruiting middle-level technical staff to enhance APAS' R&D capability. The Management would discuss the detailed arrangement with ITC.

7. agreed that there was an urgent need to review and set out a clear technology roadmap for APAS to provide a basis to build up and strengthen its R&D capability. This was crucial to enable APAS to conduct more projects on its own which was important for its further development into a focal point for driving applied R&D in automotive parts and accessory systems. Without this, it was difficult for APAS to develop a more aggressive and forward looking R&D programme.

8. In reply to , said that ITC was working to promote the application of R&D outcomes in the public sector through the Public Sector Trial Scheme (PSTS). Quoting the example of the project on automatic engine idlesstop and supplementary air conditioning system, said that if the system had been successfully adopted for use on government vehicles, it would help tremendously to test out market readiness to commercially exploit the system. In response, said that the PSTS had seen some encouraging results since its implementation. When considering whether to give priority to local companies in government contracts, there was a need to take into account the requirements of relevant government bureaux/departments and World Trade Organization (WTO) rules on Agreement on Government Procurement.

9. In reply to , said that APAS's advanced equipment had been procured primarily for projects to support specific R&D work rather than being intended as revenue generating investment, hence the limited income generated by such equipment.

10. said that it was important for HKPC to maintain equipment that met the latest and emerging needs of industry, and the Management should, whenever possible, liaise with suppliers to build into the procurement contracts cost effective options for continuous equipment upgrading and renewal. In response, said that this was already being pursued as a standard feature of HKPC's procurements. said that there

was a tendency for divisions to keep pieces of obsolete equipment until all their residual income generating capacity had been exhausted. But as continuous equipment upgrading and renewal was part and parcel of the capability building process to enable HKPC to lead the market, a stock take of HKPC's equipment was being conducted and a holistic plan for the disposal, upgrading, replacement and acquisition would be mapped out taking account of operation and industry needs.

11. Members noted the 2013/14 Annual Report and 2014/15 Annual Plan of APAS and supported their submission to ITC in line with the funding agreement for APAS.

III. Report on Projects for Government Funding Schemes (April 2013 – January 2014) (BDC 3/2014)

12. Members noted the position of HKPC's involvement in Government projects up to January 2014, as follows:

- (a) Innovation and Technology Fund (ITF): 12 approved projects;
- (b) SME Development Fund (SDF): 8 approved projects;
- (c) Professional Services Development Assistance Scheme (PSDAS): 2 approved projects;
- (d) CreateSmart Initiative: 1 approved project; and
- (e) The BUD Fund (Organization Support Programme): 9 approved projects.

13. Separately, Members noted the Management's commitment to ensure accurate and educated cost estimates for government projects and supported the Management's decision not to accept any cost cut proposals without corresponding reduction in the scope and deliverables of projects, or HKPC would simply decline acceptance of the invitation to implement such projects. Members also noted that the Council and Committee Chairmen had been fully briefed on this and supported the Management's stance.

IV. Final Performance Review of Completed ITF Project (BDC 4/2014)

14. Members noted the final performance review of one completed ITF project, namely "Develop a Patentable Smart Multi-adhesive-carrying-rollers Lamination System to Upgrade the Local Intimate Apparel Industry".

V. Report on HKPC Senior Management Visit to Germany and Britain (BDC 1/2014)

15. said that led a visit to 11 leading R&D institutions and enterprises in Germany and Britain during 26 October to 2 November 2013. The visit was joined by DT, six General Managers and Principal Consultants from the Technology Development Branch, as well as the CEO of HKRITA. The aim of the visit was to:

- (a) benchmark the technological development of institutes and renowned enterprises in Europe, then formulate strategies and direction for local manufacturing industry development;
- (b) explore new design, material, production, automation, environmental, automotive and nano technologies;
- (c) drive international cooperation and transfer of new technologies to Hong Kong; and
- (d) study the business and operation model of application-oriented international R&D institutes.

During the visit, the delegation met with senior executives of the following 11 leading R&D institutions and enterprises:

In Germany

- (a) KUKA Group (robot and automated production system manufacturer);
- (b) Fraunhofer ISC (material technology institute);
- (c) Institute for Sanitary Engineering, Water Quality and Solid Waste Management (ISWA) (research and training institute);
- (d) Powertrain Electrification Portion @ Bosch Group (automobile power train system developer and manufacturer);
- (e) Fraunhofer IPT (machining, processing and mechatronics technology institute);
- (f) IKV (plastic and rubber technology institute);
- (g) BMW Museum (automobile museum showing BMW's technical achievement);

In Britain

- (h) Begbroke Science Park, University of Oxford (institute on water and solid treatment technologies);
- (i) Ricardo's Midlands Technical Center (vehicle systems engineering and manufacturer of driveline and transmission systems);

- (j) PDD London Studio (integrated industrial and engineering design house);
and
- (k) London Centre for Nanotechnology (nano material, biochemical and environmental technology institute).

16. said that the visit was fruitful and various follow-up initiatives were being pursued, including MOUs signed with three German institutes, four follow up visits to Hong Kong by subject experts, a joint ITF application, consignment of a robotic arm to HKPC to demonstrate and promote integrated automation, two study missions and three NTTS courses. HKPC was also in discussion with these German and British institutes to explore further collaboration opportunities.

17. said that such visits and exchanges would help HKPC build up an information and resource centre on the latest technological developments and R&D results from around the world which would in turn further the development of HKPC into a technology hub to provide technical support and create business opportunities for Hong Kong industry. agreed with

 and said that such visits should be conducted on a regular basis so that HKPC could provide a useful linkage to help keep Hong Kong industry abreast with the latest technological, product and material development from around the world which was important to enhancing their competitiveness continuously.

18. thanked Members for their support. But pointed out that the R&D scene in Europe was very different from, and more vibrant than, that in Hong Kong, notably in the presence of sponsorship from the private sectors and the availability of subject professors and PhD students to conduct R&D for both basic research and continuous enhancement of existing R&D results. In this connection, HKPC would see if it was opportune to explore avenues to facilitate our R&D work in closer cooperation with the private sectors and the universities.

19. Members noted the visit to Germany and Britain and the various follow up initiatives and potential areas for collaboration being pursued and explored by HKPC.

VI. Any Other Business

(A) Appointment of Mentors for ITF Projects

20. Members agreed to the appointment of Mr. Leung Kwong-chuen and Ir Daniel Cheng as the respective mentors for the two new ITF projects initiated by HKPC, namely: “Innovation and Technology and Various Industries Microfilm Competition” and “Development of an Innovative Compact 2-stage Membrane-coupled Anaerobic Digestion System for Decentralized Treatment of Food Waste to Generate Biogas”.

(C) Attendance Record

22. Members noted their attendance record in 2013 tabled at the meeting.

VII. Date of Next Meeting

23. It was agreed that the next meeting would be held on 15 July 2014 at 2:30pm.

24. There being no other business, the meeting was adjourned at 4:30pm.