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confidential information and Members' names removed)**

**BDC 13/2018 (Revised)**

**Revised Minutes of the 66<sup>th</sup> Meeting of the  
Business Development Committee held at 2:30 p.m.  
on Tuesday, 10 July 2018 in the Board Room,  
2<sup>nd</sup> Floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

**Present :** Chairman – Mr. Emil Yu Chen-on, JP

Members – Mr. Mohamed Din Butt  
Mr. Alan Cheung  
Mr. Felix Chow Bok-hin  
Mr. Bryan Ha Kwok-fung  
Mr. Paul Poon Wai-yin  
Prof. Tam Kar-yan, MH

**In Attendance from HKPC :**

Dr. Lawrence Cheung	Director, Technology Development
Mr. Edmond Lai	Director, Business Development
Mr. Gordon Lo	Director, Business Management
Ms. Flora Li	General Manager, Human Resources and Facility Management
Ms. Vivian Lin	General Manager, Finance and Procurement
Ms. Gillian Luk	Senior Manager, Council Secretariat
Ms. Olivia Poon	Manager, Council Secretariat

**Welcome**

The Chairman welcomed Mr. Edmond Lai, Director, Business Development of HKPC, who attended the meeting for the first time. The Chairman also welcomed Ms. Gillian Luk, Senior Manager, Council Secretariat of HKPC.

**New Service Introduction**

Invited by the Chairman, Members were led by the Management to tour new

industry support facilities of HKPC, including the Invention Centre and Atomic Layer Deposition and Gas Atomization for metal 3D printing equipment.

*(The meeting resumed at 3:10 p.m.)*

## **I. Confirmation of Minutes (BDC 7/2018 Revised)**

1. The Revised Minutes of the 65<sup>th</sup> Business Development Committee (BDC) meeting held on 13 March 2018 had been circulated to Members and there were no further requests for amendments. The Revised Minutes of the meeting were taken as read, confirmed and signed by the Chairman.

## **II. Three-year Strategic Plan of HKPC for 2019/20-2021/22 (BDC 8/2018)**

2. Invited by the Chairman, briefed Members on the Three-year Strategic Plan for 2019/20-2021/22 (Strategic Plan). The Strategic Plan was anchored on the Smart City and Smart Manufacturing concept in the continual pursuit of the 10 strategic themes approved by the Council in April 2016 to complement government policy and support the local industry to seize opportunities in re-industrialization and Greater Bay Area development. To this end, HKPC would focus on Industry 4.0 (i4.0) as the enabler to drive re-industrialization, digital manufacturing and innovation as HKPC's signature support to industry. The Invention Centre to be inaugurated in October 2018 would spearhead HKPC's i4.0 initiatives to accelerate industry adoption of innovative technologies through key support in smart products and service invention, time-to-market development and prototyping. To better prepare the organization to implement the strategic directions in the next 3 years, HKPC undertook a Goal and Objective setting exercise in early 2018 to ensure corporate-wide awareness of the common goals set and align team efforts towards building the necessary foundation to take forward the Strategic Plan.

3. Members discussed the Strategic Plan and their views were summarized below:

- (a) to convince SMEs to invest and make the leap to upgrade their operation to i4.0, business cases should be compiled to demonstrate the benefits that could be derived from i4.0 adoption;

- (b) not all overseas experience and product/technology standards were relevant to local circumstances. Hence, localized and industry-specific i4.0 solutions should be developed to meet the needs of Hong Kong enterprises which varied from sector to sector;
- (c) based on the German experience, to more effectively promulgate i4.0 in the local community, consideration could be given to setting up a structured and closely-knit platform with mandate from the government and comprising enterprises, academic institutions and supporting organizations like HKPC, to lead and coordinate efforts to promote i4.0 on multiple fronts. In this respect, HKPC could champion initiatives in smart manufacturing while others could work on other aspects of i4.0; and
- (d) HKPC had a clear mandate to drive i4.0 in Hong Kong, with its programmes and activities in fostering industrial R&D and advanced manufacturing often cited in government policy papers like the Budget (I&T section and HKPC's section in the Controlling Officer's Report) and LegCo papers (on the subjects of re-industrialization, industry upgrading etc.), and with its Council Chairman being a member of the Committee on Innovation, Technology and Re-industrialization which advised the Government on matters relating to the promotion of I&T development and re-industrialization in Hong Kong.

4. In response, \_\_\_\_\_ said that the Invention Centre would perform the function, among others, of creating business cases to help companies enhance innovation and develop customized solutions to implement i4.0. The Smart Industry One consortium, launched in March 2018 with the endorsement of around 30 local companies which were at the forefront of i4.0 implementation in Hong Kong, was aimed to be a cross industry platform to facilitate experience and information exchange and set business cases for enterprises to see for themselves the do's and don'ts in upgrading their operation. The collaboration with Fraunhofer IPT was a starting point for HKPC to embark on the i4.0 support journey and HKPC would continue to look for suitable solutions from other internationally renowned research institutions, with the ultimate goal of developing Hong Kong's own i4.0 business model. While there were many market players providing i4.0 support, HKPC's focus was on smart manufacturing initially to provide needed support in high value activities like R&D, product design, prototyping, testing and compliance and pilot run etc. and also to play a role of matchmaking for suppliers when needed.

5. After discussion, Members agreed to recommend for the Council's approval

the Three-year Strategic Plan of HKPC for 2019/20-2021/22 as outlined at Appendix 2 of the paper. Members also noted the proposed exit of one service in 2019/20, namely conventional chimney emission monitoring service, as the service was mature.

6. Members supported the suggestion of \_\_\_\_\_ to the Management to hold a briefing session on i4.0 for Council Members.

[Post meeting note: the briefing session was held after the Council meeting on 25 July 2018.]

### **III. Report on HKPC's Mainland Subsidiaries (BDC 9/2018)**

7. Invited by the Chairman, \_\_\_\_\_ introduced the paper and briefed Members on the business progress of the Mainland subsidiaries of HKPC during the period October 2017 to May 2018.

8. \_\_\_\_\_ asked whether the 2018/19 budget of WFOEs and JVs would be reviewed having regard to their actual financial performance in 2017/18. In response, \_\_\_\_\_ said that business in 2017/18 was affected by the closure of GZWFOE and fewer projects approved under the Dongguan TURN Programme which was a major income source of WFOEs. With the General Manager, Mainland on board in June 2018 to station in Shenzhen to take charge of local business development, and possible expansion of the Dongguan TURN Programme which was being actively discussed with Bureau of Commerce of Dongguan City, it was envisaged that WFOEs would yield a better financial result in 2018/19. Their first quarter performance in 2018/19 had already surpassed that of the same period in 2017/18.

9. \_\_\_\_\_ enquired about the incorporation of HKPC Shenzhen Innovation and Technology Centre (the Centre) as a non-commercial body (非編制的事業單位) and the capital investment arrangement. In response, \_\_\_\_\_ said that compared to wholly foreign owned enterprises, non-commercial bodies had the benefits of larger business scope, closer connection with local government and more flexibility in operation like being eligible for application for government funding programmes. As for capital investment, the funds for setting up the Centre came mainly from the Mainland partner and HKPC's contribution was in the form of manpower resource rather than cash injection. Hence, the issue of taking back capital investment from the Centre to Hong Kong was not expected to arise.

10. Members noted the business progress of the Mainland subsidiaries as contained in the paper. Members also noted the completion of the liquidation process for GZWFOE in December 2017 and that the company was officially closed.

#### **IV. Report on Commercial Research and Development (CRD) (BDC 10/2018)**

11. Members noted the progress of CRD projects as of 31 May 2018, including:

- (a) the promotion and prospection of the deliverables of 20 completed CRD projects via media interviews, seminars, visits and training workshops for commercialization;
- (b) the on-going implementation of another 17 CRD projects; and
- (c) the generation of 12 client and ITF projects based on these CRD projects findings and deliverables.

#### **V. Report on Projects for Government Funding Schemes (February – May 2018) (BDC 11/2018)**

12. Members noted the position of HKPC's projects under various government funding schemes between February and May 2018, as follows:

- (a) Innovation and Technology Fund (ITF): 8 projects were approved for \$17.5M, of which 3 received formal approval letters in June 2018;
- (b) SME Development Fund (SDF): 5 projects were approved for \$11.2M; and
- (c) The BUD Fund (Organization Support Programme): 3 projects were approved for \$11M.

13. Members also noted HKPC's secretariat support to several government funding schemes, including:

- (a) Enterprise Support Programme (ESP) of the BUD Fund;
- (b) Cleaner Production Partnership Programme;
- (c) Retail Technology Adoption Assistance Scheme for Manpower Demand Management; and
- (d) Recycling Fund.

## **VI. Final Performance Review of Completed ITF Projects (BDC 12/2018)**

14. Members noted the final performance review of 3 completed ITF projects, as follows:

- (a) Development of a High Pressure Processing System to Produce High Quality Safe Food for Local Restaurants and High Risk Groups (e.g. Elderly);
- (b) Development of a Visible Light Photo-catalytic Antimicrobial & VOCs Removal Coating Using Upconversion Materials; and
- (c) Cultivating of Hong Kong Secondary School Student on Innovative Use of 3D Printing Technology.

## **VII. Any Other Business**

### **(A) Inno Space - Key Performance Indicators (KPIs)**

15. Invited by the Chairman, informed Members that the KPIs to assess the effectiveness of Inno Space's work/activities had been classified according to Inno Space's 4-C objectives (i.e. Complete, Complement, Connect and Community), as follows:

<b>Objective</b>	<b>KPI</b>
<u>Complete</u> – To offer a complete service from idea to industry (i2i service)	(i) number of safety training held (ii) number of Inno Prototype workshops held (iii) number of enquiries received
<u>Complement</u> – To maximize HKPC's strengths to complement other makerspace set ups	(iv) number of partner organizations
<u>Connect</u> – To connect and build a new ecosystem for start-ups and entrepreneurs	(v) number of events held (vi) number of visitors
<u>Community</u> – To build a community in support of the reindustrialization in Hong Kong	(vii) number of members recruited

16. also informed Members that since opening to late June 2018, Inno Space had received over 9,900 visitors and recruited over 240 members to facilitate the building up of a start-up community in Hong Kong. In line with

the strategy set for the first year of operation, Inno Space would focus on holding more public events and joint activities with partner organizations, such as Maker Faire and Maker Chef events, in the coming months to attract more visitors and enhance public awareness. In response, thanked the team led by for the effort made in holding the many activities under Inno Space which would draw increased attention and generate more feedback to take forward the work of Inno Space.

**(B) Attendance Record**

17. Members noted their attendance record in 2018 tabled at the meeting.

**VIII.Date of Next Meeting**

18. It was agreed that the next meeting would be held on 13 November 2018 at 2:30 p.m.

19. There being no other business, the meeting was closed at 4:15 p.m.