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and Members' names removed)**

BDC 10/2019 (Revised)

**Revised Minutes of the 68th Meeting of the
Business Development Committee held at 9:30a.m.
on Tuesday, 19 March 2019 in the Board Room,
2nd Floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

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

Members – Mr. Mohamed D. Butt
Ms. Clara Chan Yuen-shan, MH
Miss Kathy Chan Nap-sze (Assistant
Commissioner for Innovation and
Technology (Funding Schemes),
representing Ms. Annie Choi, JP,
Commissioner for Innovation and
Technology)
Mr. Alan Cheung
Mr Paul Poon Wai-yin
Prof. Tam Kar-yan, MH

Absent with Apologies: Mr. Felix Chow Bok-hin

In Attendance from HKPC :

Dr. Lawrence Cheung	Director, Technology Development
Mr. Edmond Lai	Director, Digital
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. Katty Yeung	Senior Manager, Corporate Communications (Agenda Item VI only)
Ms. Olivia Poon	Manager, Council Secretariat

Welcome

The Chairman welcomed Ms. Clara Chan Yuen-shan and Miss Kathy Chan Nap-sze, Assistant Commissioner for Innovation & Technology (Funding Schemes), Innovation and Technology Commission, who attended the meeting for the first time.

Vote of Appreciation

The Chairman suggested, and Members agreed, to record a vote of appreciation to Mr. Bryan Ha Kwok-fung for his contribution during his tenure as Member.

I. Confirmation of Minutes (BDC 19/2018 Revised)

1. The Revised Draft Minutes of the 67th Business Development Committee (BDC) Meeting held on 13 November 2018 had been circulated to Members and there were no further requests for amendments. The Minutes of the meeting were taken as read, confirmed and signed by the Chairman.

II. Establishment of Hong Kong Artificial Intelligence and Robotics Technology Research and Applications Development Center (BDC 1/2019)

2. Invited by the Chairman to introduce the paper, briefed Members on the detailed proposal for setting up the Hong Kong Artificial Intelligence and Robotics Technology Research and Applications Development Centre (the Research Centre) together with RWTH Aachen Campus (RWTH) at the AIR@InnoHK cluster at the Hong Kong Science Park (Science Park) under the InnoHK initiative of the Government.

3. said that the proposal was submitted to ITC on 26 February 2019 as a preliminary plan to meet the deadline set by the Innovation and Technology Commission (ITC). Subject to any comment from the BDC and the Council, the proposal would be revised for formal submission. Based on the initial feedback

from ITC, consideration would be given to narrow the programme area of the Centre to focus on manufacturing-related technologies to leverage the strengths of HKPC and RWTH. In any case, the final arrangements for setting up the Research Centre would be subject to future demands by the InnoHK Steering Committee which oversaw the establishment of research clusters at the Science Park.

4. After discussion, Members endorsed the funding proposal for the Council's approval with the comment that in the further discussion with RWTH, consideration should be given to work out:

- (a) details of the IPRs ownership and benefit sharing arrangement among HKPC, RWTH, the Centre and other partners involved in the R&D endeavours and commercialization process of the Centre; and
- (b) the chairmanship and decision-making arrangements for the Board of Directors, having regard to the proposed Board composition of 3 representatives each from HKPC and RWTH which might give rise to a deadlock situation, particularly over potentially contentious issues like research direction setting, project selection and outsourcing of project work etc.

III. Ownership Change in Mainland Joint Ventures (BDC 2/2019)

5. Invited by the Chairman, briefed Members on the proposals for HKPC to:

- (a) close a joint venture in Chongqing, namely Chongqing-Hong Kong Productivity Promotion Centre Co. Ltd. (CQJV); and
- (b) enter into discussion with the partner of another joint venture in Shenzhen, namely Shenzhen SZ-HK Productivity Foundation Co. Ltd. (SZJV), for Shenzhen WFOE to acquire the partner's 35.06% shareholding in SZJV.

6. said that the closure of CQJV was expected to have minimal impact on HKPC's on-going support to Hong Kong enterprises in the Mainland, given the current inactive status of the company and HKPC's various local platforms like

the WFOEs and the new centre in Futian. As for SZJV, the plan was to finance the share acquisition from dividend payment by the company to Shenzhen WFOE. Hence, there would be no need for payment from HKPC to the holding company of Shenzhen WFOE i.e. Productivity (Holdings) Limited.

7. Continuing, said that arrangement had been made for the Finance Committee (FC) to review the financial implications of the proposals for the 2 JVs at its 65th meeting to be held on 19 March 2019. Subject to the BDC's support and any comment from the FC, HKPC would proceed to seek the approval of the Board of Productivity (Holdings) Limited on the proposals.

8. said that HKPC valued the operation in Shenzhen as a strategic base to help Hong Kong enterprises explore opportunities in the Greater Bay Area and for HKPC to deepen support as a key development strategy, hence the share acquisition proposal for SZJV to become a wholly owned company of Shenzhen WFOE.

9. After discussion, Members agreed to the proposals for HKPC to close CQJV and enter into discussion with the partner of SZJV for Shenzhen WFOE to acquire its 35.06% shareholding in SZJV. Members also advised the Management to obtain professional guidance on the necessary procedures to take forward the proposals, such as capital verification before asset transfer.

[Post-meeting note: The proposed closure of CQJV was approved by the Board of Productivity (Holdings) Limited by paper circulation on 26 March 2019.]

IV. Greater Bay Area Strategy

10. Members noted a presentation by on the strategic initiatives of HKPC to capitalize on the opportunities brought by the Greater Bay Area Outline Development Plan of the Mainland government to support Hong Kong enterprises operating in the area (Appendix 1).

V. Cooperation with Futian District People’s Government to Establish HKPC Shenzhen Innovation and Technology Centre (Futian) (BDC 3/2019)

11. Invited by the Chairman, briefed Members on the status of HKPC’s collaboration with the Futian District People’s Government of Shenzhen Municipality to establish the HKPC Shenzhen Innovation and Technology Centre (Futian) (the Centre) in the Shenzhen Futian Free Trade Zone as detailed in the paper.

12. Members noted that the Centre would be set up as a 事業單位, or a public institution led by the Mainland government with state-owned assets according to the charter for the Centre (Appendix of paper). Based on this setup, HKPC would:

- (a) be one of the two organizing units of the Centre responsible for its management and operation. There would be no requirement for HKPC to inject money as capital into the Centre;
- (b) provide contribution in kind (e.g. licence of trade mark rights) as 開辦資金 for the Centre; and
- (c) be able to withdraw from 事業單位 by serving a 3-month written notice per the exit clause in the Centre’s charter.

13. said that having regard to the Hong Kong accounting standard on consolidation accounting and considering the control and ownership criteria therein, the accounts of the Centre would not be consolidated into HKPC’s group accounts for reporting. Arising from the no consolidation arrangement, there was a need to revise the Three-year Forecast for 2019/20-2021/22 of HKPC’s Mainland entities by taking out the estimates made for the Centre. Members noted the revised forecast as contained in a powerpoint presentation by (Appendix 2).

14. Members noted the status update on setting up the Centre in cooperation with the Futian District People’s Government.

VI. HKPC Corporate Brand Revitalisation Exercise (BDC 4/2019)

15. Members noted a presentation by on a corporate brand revitalisation exercise taken by HKPC in 2019.

VIII. 2019/20 Annual Plan and 2018/19 Annual Report of Automotive Parts and Accessory Systems R&D Centre (BDC 6/2019)

20. Members noted a presentation by on the 2019/20 Annual Plan and 2018/19 Annual Report of the Automotive Parts and Accessory Systems R&D Centre (APAS) for submission to ITC, in line with the funding agreement with the Government.

21. Members also noted that HKPC would submit a proposal to the BDC on the renaming of APAS and update to its technology roadmap after consulting the newly-appointed APAS Subgroup of ITF Research Projects Assessment Panel.

IX. 2018/19 Progress Report and 2019/20 Annual Plan of Inno Space (BDC 7/2019)

22. Members noted a presentation by on the progress report of Inno Space for 2018/19 and the annual plan for 2019/20.

23. Members noted that, while continuing with the mission to support the start-up community in Hong Kong, Inno Space would seek to nurture local talents to help start-ups realize their inventions. This would be by way of STEM education promotion to connect students with technology application and build their mindset towards R&D, creativity and collaboration. In this connection, Inno Space had incorporated STEM education into its objectives with an expanded service portfolio as below:

- (a) to bridge classroom STEM education with real world technology applications;
- (b) to help schools build STEM laboratories and train teachers to facilitate effective learning of students; and

- (c) to support start-ups, makers and designers to take their innovations from idea to industry.

X. Report on Projects for Government Funding Schemes (April 2018 – January 2019) (BDC 8/2019)

24. Members noted that between April 2018 and January 2019, 36 projects with HKPC's involvement had been approved under the respective government funding schemes, as follows:

- (a) Innovation and Technology Fund (ITF) - 17 projects were approved for \$31.5M;
- (b) SME Development Fund (SDF) [merged into Trade and Industrial Organisation Support Fund in October 2018] - 11 projects were approved for \$28.4M;
- (c) The BUD Fund (Organization Support Programme) [merged into Trade and Industrial Organisation Support Fund in October 2018] – 5 projects were approved for \$16.7M;
- (d) Environment and Conservation Fund (ECF) - 2 projects were approved for \$2M; and
- (e) Professional Services Advancement Support Scheme (PASS) - 1 project was approved for \$0.2M.

25. Members also noted HKPC's secretariat support to the following government funding schemes as outlined in paragraphs 21 to 27 of the paper:

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

XI. Final Performance Review of Completed ITF Projects (BDC 9/2019)

26. Members noted the final performance review of 9 completed ITF projects, as follows:

- (a) Development of Low Cost Smartphone-based Optical Coherence Tomography (OCT) for Nondestructive and Contact Free Materials Analysis;
- (b) Development of Vacuum Close-coupled Supersonic Inert Gas Atomization (VCSIGA) System for Production of Quality Metal Powder;
- (c) Research and Development of Key Technologies of Intelligent Grinding and Polishing Robotics System for Eyewear Industry;
- (d) Development of Economical Electrochromic Glass with Light Transmission Control and Heat Block for Automotive Applications;
- (e) Development of LED Freeform Light Plate for Automotive Rear Lamp;
- (f) Development of Matrix LED Automotive Headlamp;
- (g) Develop a Knowledge Based 3D Shoe Design, Patterning & Mass Customization System to Strengthen the New Product Development Capability - Phase II;
- (h) To Develop an Innovative Turn-key Solution for Design and Manufacturing of High Precision Automotive Worm Gear Cutting Tools; and
- (i) Innovation Development of Hybrid Moulding Technologies with Effective Adhesion/Bonding Mechanism for the Production of Carbon Composite Auto Parts.

XII. Any Other Business

(A) Appointment of Mentor for ITF Project

27. Members agreed to appoint as the mentor of a newly approved ITF project, namely Refinement of Hong Kong Certification Scheme for Chinese Materia Medica.

(B) Attendance Record

28. Members noted their attendance record in 2018 as shown on iPads provided at the meeting.

XIII.Date of Next Meeting

29. Members noted that the next meeting would tentatively be held on 16 July 2019 at 3:00 p.m.

30. There being no other business, the Chairman thanked Members for their attendance and the meeting was closed at 11:25 a.m.