

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

BDC 19/2013 (Revised)

**Revised Minutes of the 52nd Meeting of the
Business Development Committee held at 4:30p.m.
on Tuesday, 5 November 2013 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 - Ir Daniel Cheng Man-chung, MH, JP
Dr. Delman Lee
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 : Mr. Jimmy Kwok Chun-wah, BBS, MH, JP

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 14/2013 Revised)

The Revised Minutes of the 51st Meeting held on 16 July 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. 2013/14 Mid-Term Report of APAS Division (BDC 15/2013)

1. Invited by the Chairman, said that the Automotive Parts and Accessory Systems R&D Centre Ltd. was merged with HKPC on 1 November 2012. According to the funding agreement with the Government, HKPC should prepare a mid-term report covering the first six months of each financial year on the APAS Division (APAS) for submission to the Innovation and Technology Commission (ITC). then briefed Members on the progress at APAS which was summarized in sections A and B of the paper. In terms of performance in its R&D programme, the total pledged industry sponsorship for the 12 projects approved under APAS since 2011/12 to September 2013 was equivalent 37.5% of the total cost of these projects. This exceeded the target of 20% set by the Government for the period 2011/12 to 2015/16. Separately, pending ITC's formal approval of four new project proposals, the total number of new projects in 2013/14 would be eight, closely meeting the target of ten for the year. Financially, total expenditure was about 48% below the budget, largely on account of lower salary payment arising from the unfilled GM/APAS and other posts. In this connection, said that another round of recruitment exercise for the GM/APAS post was launched in August 2013 and two candidates had been short listed for panel interview.
2. In reply to , said that when the new GM/APAS came on board, the R&D roadmap and the required staffing support of APAS would be reviewed and fine tuned. However, in terms of the organization structure of APAS, it was agreed with the ITC that there was a need to ensure a useful degree of stability and continuity of the Centre during its initial period of operation after the merger and to introduce changes gradually.
3. Members noted and supported the submission of the 2013/14 Mid-Term Report on the APAS Division at the Appendix of the paper to the ITC.

II. Report on Projects for Government Funding Schemes (April - September 2013) (BDC 16/2013)

4. Invited by the Chairman, introduced the paper and briefed Members on HKPC's involvement in government funding schemes during April to September 2013.

7. In reply to , said that government funded projects were delivered by HKPC's existing staff in the main. However, additional project staff could also be recruited on a need basis to assist in project implementation, subject to the estimated budget provision being included in the project proposal and approved by the funding department. The employment of these staff was tied to the duration of the project(s) for which they were recruited. As government projects currently only accounted for around 12% of HKPC's overall income, it was not anticipated that an increase in the numbers of these projects approved in a particular year would have a significant impact on staff loading.

8. Members noted the latest position of HKPC's involvement in government funded projects.

III. Interim Performance Review of Completed Innovation and Technology Fund (ITF) Projects (BDC 17/2013)

9. Members noted the interim performance review of one completed ITF project, namely "Development of Industry-scale Plasma Treatment System for Wool/Cashmere Knitwear to Minimize Pilling" which had been completed within budget.

IV. Final Performance Review of Completed Innovation and Technology Fund (ITF) Projects (BDC18/2013)

10. Members noted the final performance review of one completed ITF project, namely "Development of High Power Pulsed Plasma Magnetron Sputtering for Thick Coating".

V. Any Other Business

(A) Use of Reserve

11. Invited by the Chairman, said that the Management would propose to the Finance Committee and Council to use HK\$5M from HKPC's reserve to procure a high precision 5-axis vertical machine to enhance the core competence of HKPC in higher degree precision polynomial and advanced freeform optics components machining. The aim was to provide one-stop

consultancy service on advanced machining to manufacturers, especially SMEs, who now had to resort to overseas suppliers in the US, UK and Japan for service support which was undesirable as it would significantly increase both the product development cost and time, thereby undermining the competitiveness of these companies. Enhanced support in advanced machining services would also lower the technology entry barrier for Hong Kong manufacturers to develop their ODM/OBM business. The proposed facility would benefit various high precision and high value adding industry sectors with growth potential, in particular, the optics and automotive, biomedical devices and telecommunications and photonics sectors. Seven related trade and industry associations were positive about HKPC's proposal and they would formalize their support in writing.

12. supported the proposal but advised that the Management should ascertain the following prior to seeking the endorsement of the Finance Committee:

- (a) that the proposed machine and related set up was not available in Hong Kong, especially the universities and the VTC. In this connection, DT confirmed that prior checking had been conducted and the proposed machine was not available in Hong Kong; and
- (b) that the capacity of the proposed machine would cater to different job requirements for handling work pieces of different sizes to ensure a wide range of applications for different industry sectors and products. The Management was advised to strategize and select a suitable machine.

13. said that it would also be useful for the Management to provide more information on the market need and the size of the industry sectors that would benefit from this investment when submitting the proposal to the Finance Committee.

14. After discussion, Members supported the Management to seek the endorsement of the Finance Committee for the proposal to utilize HK\$5M from HKPC's reserve to procure a high precision 5-axis vertical machines to meet industry needs.

(B) Attendance Records of BDC Members

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

(C) 2014 Meeting Schedule

16. Members noted the proposed 2014 BDC Meeting Schedule tabled at the meeting, as follows:

Meeting	Date and Time
53 rd BDC meeting	11 March 2014 (Tuesday) 2:30pm
54 th BDC meeting	15 July 2014 (Tuesday) 2:30pm
55 th BDC meeting	11 November 2014 (Tuesday) 2:30pm

VI. Date of Next Meeting

17. It was agreed that the next meeting would be held on 11 March 2014 at 2:30pm.

18. There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned at 5:40pm.