

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

BDC 21/2009 (Revised)

**Revised Minutes of the 40<sup>th</sup> Meeting of the  
Business Development Committee held at 9:30a.m.  
on Monday, 9 November 2009 in Conference Room 1,  
2<sup>nd</sup> Floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

**Present :** Chairman - Dr. The Hon. Samson Tam Wai-ho, JP

Members - Prof. Cliff Chan Chok-ki  
Ms. Cheung Lai-ha  
Mr. Davey Chung  
Mr. Wilson Fung  
Mr. Jimmy Kwok Chun-wah, MH, JP  
Mr. Cliff Sun Kai-lit, BBS, JP  
Dr. Daniel Yip Chung-yin

**Absent with Apologies:** Mr. Lo Foo-cheung, JP

**In attendance from HKPC:**

Mr. Edmund Sung	Director, Business Consulting
Mr. Tony Lam	Director, Corporate Services
Mr. Joseph Poon	Director, Technology Development (Acting)
Mr. Jonathan Ho	General Manager, Corporate Communications
Mr. Alfonso Tam	Principal Consultant, Corporate Services
Mr. Steve Kong	Senior Consultant , Corporate Services

**Welcome**

The Chairman welcomed Mr. Tony Lam, Director of Corporate Services and Mr. Joseph Poon, Acting Director of Technology Development, HKPC who attended the meeting for the first time.

## **Confirmation of Minutes (BDC 16/2009)**

The Minutes of the 39<sup>th</sup> Meeting held on 17 July 2009 had been circulated to Members and there was no request for amendments. The Minutes were taken as read, confirmed and signed by the Chairman.

### **I. Matters Arising**

#### **(A) Quality Elderly Services Scheme (QESS)**

1. Invited by \_\_\_\_\_ to report, \_\_\_\_\_ said that the Quality Elderly Services Scheme (QESS) had received satisfactory response from the elderly care industry. As of to date, 31 service providers had applied for the scheme of which 16 had obtained the certification.

2. \_\_\_\_\_ commented that the QESS would help improve the management standards of the elderly care industry at large. That said, \_\_\_\_\_ asked if the fees charged by the scheme could be a concern of the industry and, for that matter, of the consumers. In response, \_\_\_\_\_ said that the Hong Kong Health Care Federation (HKHCF) initiated the scheme on a non-profit basis. To encourage more service providers to join the scheme, HKPC had successfully negotiated with HKHCF to reduce the fee level.

\_\_\_\_\_ said that there might be room for further fees reduction if a critical mass had been reached.

3. In response to \_\_\_\_\_ enquiry, \_\_\_\_\_ said that the advice of \_\_\_\_\_ that the working conditions of employees, covering areas such as occupational safety and health, compliance with the Employment Ordinance, staff training and communication, had been incorporated into the assessment guidelines of the scheme.

#### **(B) Quality Automotive Services Scheme (QASS)**

4. \_\_\_\_\_ reported that a 12-month proposal to set up the Quality Automotive Services Scheme (QASS) was submitted to the SME Development Fund (SDF) in June 2009. The objective of the proposal was to develop and

implement a pilot project for a proposed certification scheme of quality automotive service companies, including retail, repair and maintenance, and beauty care services, as well as a registration scheme for qualified individual personnel of the related services. The SDF Vetting Committee however considered the proposal quite ambitious and advised that it would be more practical if the project would focus on one or two project initiatives, such as compiling best practices and organizing education programmes to improve the professional standards and practices of the industry as a first step. Taking into account the comments of the SDF Vetting Committee, a revised proposal would be submitted which would be considered by the SDF Vetting Committee in mid-December 2009.

5. In reply to                      enquiry,                      said that while the original plan involved application for funding of HK\$1.2M, the proposed funding for the revised initiative was in the region of HK\$0.8M to HK\$0.9M.

6.                      said that the “Hong Kong Q-Mark Product Scheme” of the Federation of Hong Kong Industries (FHKI) had proven to be successful over the past 31 years.                      envisaged that mutual benefits could be generated from the cooperation between HKPC’s proposed QASS and FHKI’s “Q-Mark Product Scheme” if the QASS was intended to be a sustainable business in the long run.

7. In reply to                      comments,                      said that details of the QASS programme were still under discussion with the relevant trade associations. HKPC would first focus on best practices development and related training for the industry. Whether the initiative could become a sustainable business depended very much on the steer of the relevant trade associations and the feedback to the scheme. As an implementation agent, HKPC would not bear any commercial risks so involved. Having said that,                      welcomed any cooperation opportunities between the QASS and FHKI’s “Q-Mark Product Scheme”.

8.                      concurred that HKPC should capitalize on opportunities for synergy and cooperation with other organizations in promoting such schemes, for example in brand name collaboration, experience sharing and technical support.

## **II. Report on HKPC's Mainland Subsidiaries (WFOEs and JVs) (BDC 17/2009)**

9. introduced the paper and said that there was significant improvement in the financial performance of the WFOEs. In 2008/09, income of the 3 WFOEs was HK\$18.5M with a profit of HK\$2M. For 2009/10 (up to 30 September 2009), income was HK\$7.6M with a profit of HK\$0.4M. The total accumulated loss of WFOEs since inception in 2003/04 was narrowed from HK\$2.8M in 2007/08 to HK\$167,757 as at 30 September 2009. Riding on the TURN scheme of HKPC, WFOEs had secured a project on industry upgrading in Xiaolan of Zhongshan (中山小欖) and a 2-year Dongguan TURN programme to assist 600 Hong Kong manufacturers in Dongguan in upgrading their business practices. said that as forward planning, WFOEs would continue to promote the Xiaolan model and DG TURN programme to other major cities in the PRD.

10. Continuing, reported that since its inception in November 2007, the Shenzhen SZ-HK Productivity Foundation Co., Ltd. (SZJV) had established 5 marketing platforms covering Cleaner Production Partnership Programme (CP3), TURN, digital entertainment, business management excellence and training, and an environmental and electronics laboratories for support to the Hong Kong manufacturers in the region. said that SZJV had recorded an accumulated operating gain of HK\$0.3M from inception to 30 September 2009. For the first half of 2009/10 (up to 30 September 2009), SZJV earned an income of HK\$2.5M with a profit of HK\$0.1M. As on the way forward, said that in 2010/11, the focus of SZJV would be on upgrading of traditional industrial clusters, digital entertainment and vocational training, quality award consultancy, cleaner production, product design and branding. said that SZJV would also help introduce the results of the R & D Centres to manufacturers in Shenzhen to enhance their product development capability.

11. also reported on the latest progress of the Chongqing-Hong Kong Productivity Promotion Centre Co. Ltd. (CHPPCCL). said that the CHPPCCL was set up as a joint venture company between the Chongqing Productivity Promotion Centre and GZWFOE in 2004 to capture the opportunities of CEPA and Pan-PRD Regional Co-operation Framework Agreement. During 2004 to 2008, CHPPCCL had brought 15 projects amounting to RMB0.6M to GZWFOE. It had also served as a

facilitator/marketing agent for HKPC and GZWFOE and helped secure 14 projects totaling HK\$1.4M for services to clients in Chongqing. There was an accumulated loss of RMB0.06M for CHPPCCL during 2005-2008, of which RMB0.02M (40%) was accrued to GZWFOE in accordance with share holding distribution. As regards future planning, said that GZWFOE would initiate discussion on securing more consultancy projects and applying the fees so earned to offset the balance (RMB0.64M) of GZWFOE's share of paid-up capital and reviewing the business model of CHPPCCL for long-term sustainability.

12. In reply to enquiry, said that HKPC had devoted much effort in approaching the local R & D Centres on helping them to promote their R & D results to manufacturers in the PRD via the WFOE platforms. said that a new proposal on the subject would soon be submitted to the Government to further promote this initiative.

13. said that HKPC should fully capitalize on the intangible assets of the WFOEs, namely the strong local networks to benefit the Hong Kong manufacturers in the PRD at large.

14. said that in parallel with the common phenomenon of localization of business operations in the PRD for keeping operating costs down, HKPC should make good use of its established brand name and maintain its core competence to expand its business in the PRD.

15. In response, said that while the local networking capability was mainly built up by the WFOEs, core technological competence was still maintained by HKPC. As for Chongqing, it was difficult for HKPC to scale up the service there as support from Hong Kong was too costly. said that the business model of CHPPCCL was part and parcel of an outdated Pan-PRD strategy and the Management would critically review this business model.

16. noted and concurred that while focusing on the PRD, HKPC should also keep a close eye on the trend of moving northward by Hong Kong manufacturers in recent years.

17. responded that HKPC's strategy would be focusing its services on the PRD. However, in the event of withdrawal from the

Chongqing JV, HKPC and the WFOEs would continue to extend support to Hong Kong manufacturers beyond the PRD on project basis.

18. Noting the significant improvement in the financial performance of the WFOEs, Members supported the present business model whereby the WFOEs acted as the networking and marketing arm and HKPC provided the expertise and technical support for project delivery. Members also agreed that the WFOEs should provide a platform, via HKPC, to market the research results of the ITF R & D Centres. Members also noted that while HKPC should maintain a primary focus on the PRD, it should carefully consider the extension of support to those companies operating beyond the PRD, particularly in the longer term.

### **III. Report on Projects for Government Funding Schemes (April – October 2009) (BDC 19/2009)**

33.                                reported that during the first 7 months of 2009/10, HKPC was involved in 18 newly approved projects, including projects funded by ITF, SDF, PSDAS, DesignSmart and CreateSmart schemes. Continuing,                                said that for the ITF scheme, 11 projects had been approved during the period and this was already higher than the total number of projects supported in 2007/08 and 2008/09. However, the success rate had been diluted by the larger number of proposals submitted which had in turn led to a higher number of proposals not supported.                                further explained that the submission of a larger than usual number of projects was made with the encouragement of the Government at a time when Hong Kong was badly hit by the financial tsunami and that the Government was keen to create jobs. HKPC had also dutifully checked with ITC experts before submission.

34.                                said that while the reason for the higher rejection rate was

understandable, HKPC should perhaps devote more efforts in convincing the vetting committee members in order to raise the success rate.

35. commented that the vetting committee members might consider that HKPC should enrich the innovative contents of its project proposals.

36. suggested that HKPC's project proposal could focus more on the research content and innovation in that whether existing technologies/products already existed in the market. In this connection, suggested that HKPC should try to seek greater collaboration with local universities.

37. considered that collaboration between HKPC and the local universities could generate win-win results and hence conducive to facilitating higher success rates in securing government funded projects.

38. In response, reported that to ensure effective and meaningful participation in projects for government funding schemes, a robust assessment system of proposals had been adopted internally, further scrutiny of proposals would be exercised and control of project cost would be managed.

also emphasized that it would be important for HKPC to develop application-oriented technologies for the industry such that HKPC could usefully serve the industry. said that HKPC should not seek to develop technologies purely for the sake of developing innovative technologies.

#### **IV. Interim Performance Review of Completed ITF Projects (BDC 20/2009)**

39. introduced the paper which contained the interim performance review of one ITF project which was completed within budget.

#### **V. Any Other Business**

##### **(A) Attendance Record of BDC Members**

40. Members noted their attendance record, tabled at the meeting, since their first

appointment to the Business Development Committee.

**(B) 2010 Meeting Schedule**

41. Members noted the proposed 2010 BDC Meeting Schedule which was tabled at the meeting, as follows:

<b>Meeting</b>	<b>Date and Time</b>
41 <sup>st</sup> BDC Meeting	16 March 2010 (Tuesday) 2:30pm
42 <sup>nd</sup> BDC Meeting	20 July 2010 (Tuesday) 2:30pm
43 <sup>rd</sup> BDC Meeting	2 November 2010 (Tuesday) 2:30pm

42. Members noted that the Secretariat would stick to the schedule unless circumstances warranted the 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.

**VI. Date and Venue of Next Meeting**

43. It was agreed that the date of the next meeting was scheduled for 16 March 2010 at 2:30p.m. and the venue of the next meeting be left open.

44. There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned at 11:05a.m.