

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

P.C. 9/2014 (Revised)

**Revised Minutes of the 125th Meeting of the Hong Kong Productivity Council
held at 2:30p.m. on Wednesday, 26 March 2014 in the Board Room
2nd floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

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

Members – Mr. Albert Au Siu-cheung
Ir Daniel Cheng Man-chung, MH, JP
Mr. Jimmy Kwok Chun-wah, BBS, MH, JP
Mr. Daniel Lai, BBS, JP (representing Miss Susie Ho, JP)
Miss Lam Kam-yi
Mr. Adolph Leung, JP (representing Mrs. Helen Chan, JP)
Mr. Leung Kwong-chuen
Mr. Leung Yam-shing
Prof. Helen Meng Mei-ling
Dr. David Ng Tai-chiu
Dr. Dennis Ng Wang-pun, BBS, MH
Mr. Victor Ng, MH
Mrs. Katherine Ngan Ng Yu-ying, JP
Dr. Elizabeth Shing Shiu-ching, BBS, JP
Mr. Sin Kai-ming, MH
Ms. Linda So (representing Mr. Kenneth Mak, JP)
Ms. Marilyn Tang Yin-lee
Miss Janet Wong, JP
Mr. Patrick Wong Chi-kwong
Dr. Jack Yeung Chung-kit

Absent with Apologies: Dr. Delman Lee
Mr. Byron Ng, JP

In Attendance from the Innovation and Technology Commission:

Mr. Frank Tsang

In Attendance from HKPC:

Mrs. Agnes Mak Tang Pik-ye, MH, JP	Executive Director
Mr. Tony Lam	Director, Corporate Services
Mr. Joseph Poon	Director, Technology Development
Mr. Jonathan Ho	General Manager, Corporate Communications
Mr. Edmond Che	General Manager, Finance and Procurement
Ms. Lilian Ho	Acting General Manager, Corporate Human Resources & Administration
Mr. Alfonso Tam	Chief Manager, Council Secretariat
Ms. Gillian Luk	Senior Manager, Council Secretariat

Welcome

The Chairman welcomed Mr. Patrick Wong Chi-kwong and Ms. Lilian Ho, Acting General Manager, Corporate Human Resources & Administration 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. Andrew Mak Yip-shing, JP for his contribution to HKPC during his tenure as Council Member.

Congratulation

Members congratulated the Chairman who was named an Industry Fellow of the University of Warwick.

Confirmation of Minutes (P.C. 30/2013)

The Minutes of the 124th Council Meeting held on 29 November 2013 had been circulated to Members and there were no request for amendments. The Minutes were taken as read, confirmed and signed by the Chairman.

III. Report on HKPC Senior Management Visit to Germany and Britain (P.C. 4/2014)

6. Invited by the Chairman, _____ 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 the Branch Director, 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).

7. said that some of the organizations visited operated on a funding model similar to that of HKPC, but their R&D ventures were greatly assisted by 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. 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. At its meeting held on 11 March 2014, the Business Development Committee had advised that such visits and exchanges should be held regularly as they 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.

8. said that HKPC had a mission to lead the market to meet the emerging needs of industry continuously. There was therefore a rightful role for HKPC to create a common platform to promote R&D exchanges and act as a technology resource centre for the effective dissemination and transfer of the latest in technological research results for gainful adaptation by industry.

9. said that there were benefits for HKPC to follow up with the contacts established during its visits with a view to introducing the latest technological developments to the local industry. The Management should be mindful of the difficulties and complications of pursuing multi-lateral collaboration with too many counterparts at the same time. Holding a similar view, said that, rather than aiming big from the beginning, it was advisable for HKPC to be focused on selected areas for study before linking up with appropriate collaboration partner(s). Council members should also be suitably involved for advice on the content and structure of such collaborations.

10. said that the idea of a common platform was primarily borne out of a need to have a technology resource hub for dissemination and promotion purposes. This would provide a useful home base for industry to access the latest technologies and R&D results from around the world for commercial application. In response, said that a one-stop technology resource hub would 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. said that an important feature of the technology hub would be an IP platform providing ready access to the patented R&D results from around the world for industry's own pursuance. said that HKPC's newly established commercialization corner, named T2B (Technology to Business) Corner, was already serving this purpose on a local basis. But had doubts that companies and R&D institutes from other countries would be receptive to the idea of participating in an IP platform in Asia to begin with.

11. said that the information hub idea was already happening in the IT territory. Under the ICT Industry Coordinating Working Group of OGCIO, of which HKPC was a member, both bi-lateral and multi-lateral exchanges and collaborations (for example, certification) were being productively pursued. The recent visit to the super computer in Guangzhou had proved to be a real eye opener and testified to the usefulness of such exchanges.

12. said that the suggestion of a common platform was first and foremost to meet the needs of industry to stay competitive with the latest technological, product and material development from around the world. It should be operated with minimal resource implications and sustained with contributions from the lead partners, such as the industry associations. said

that the Management could explore the feasibility of seeking ITF funding support to establish the platform. asked if the platform should be open to all companies interested to be listed, instead of companies visited by HKPC only to avoid the perception of giving endorsement to individual companies. In response, said that the platform was essentially an open resource hub for all to participate, and there should not be major concerns as to favouritism or conflict of interest issues. In agreement, said that as long as the information provided was factual and there was no endorsement of individual companies or organizations, there should not be major conflict of interest issues. added that the General Support Programme of the ITF could be considered to provide funding support for the start-up phase of the platform but not the recurrent funding for its long-term operation.

13. said that an open technology resource platform would be useful to all and the universities could also gainfully pursue R&D work via such linkage with international companies and R&D institutes.

14. said that the business model to facilitate effective technology transfer was very advanced in European countries and the US, from a platform to support R&D on a sustainable basis to assistance in venture start ups. Useful reference should be made to these overseas models which could not be successfully implemented without support of the government and related bodies. This was especially important, in the long run, to attract students to pursue studies in technology R&D for industry application who would be assured of job opportunities and security.

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

IV. Progress Report from the Audit Committee (P.C. 5/2014)

16. Members noted the report from the Audit Committee on matters considered at its 29th meeting held on 6 March 2014.

V. Progress Report from the Business Development Committee (P.C. 6/2014)

17. Members noted the report from the Business Development Committee on matters considered at its 53rd meeting held on 11 March 2014.

VI. Progress Report from the Finance Committee (P.C. 7/2014)

18. Members noted the report from the Finance Committee on matters considered at its 50th meeting held on 18 March 2014.

VII. Progress Report from the Staffing Committee (P.C. 8/2014)

19. Members noted the report from the Staffing Committee on matters considered at its 47th meeting held on 4 March 2014.

VIII. Any Other Business

(A) "T2B" (Technology to Business) Corner

20. said that a commercialization corner, the "T2B Corner", had been established within the Centrepoin in LG1 of the HKPC Building to introduce to industry the R&D results and deliverables by HKPC which were ready for commercialization. invited Members to visit the "T2B Corner" after the meeting.

(B) New Initiative on Promotion of Innovation and Technology

21. said that a comprehensive review of the ITF with proposed improvement measures was supported by the Legislative Council Panel on Commerce and Industry at its meeting in February and March 2014 and briefed Members on the following improvement measures that would have a bearing on HKPC:

- (a) intensifying efforts to promote the application of R&D outcomes in the public sector to provide more opportunities for the public sector to act as a proving ground for R&D results and facilitate their subsequent commercialization by the private sector. There were two improvement measures, namely, waiving the industry sponsorship requirement for projects initiated by government bureaux/departments and statutory bodies to encourage more projects in the public sector, and raising the funding ceiling for PSTS projects from 30% to 50%;
- (b) extending the scope of funding of ITF to provide stronger support to downstream R&D and commercialization activities to cover the following activities: development engineering/system integration, large scale process optimization, compliance testing and clinical trials, licensing of third party IP and industrial design;

- (c) setting up an Enterprise Support Scheme (ESS) to replace the Small Entrepreneur Research Assistance Programme (SERAP) to encourage more private sector investment in R&D with no restriction on company size, and increase the funding ceiling from HK\$6M to HK\$10M without the need for fund recoupment; and
- (d) setting up a new Technopreneurship Grant Scheme (TGS) to provide funding to six designated universities to encourage students and professors to start technology business and bring R&D results from campus to the real world, lower threshold and provide incentive to encourage relevant graduates to stay in the I&T sector, and encourage more technology start-ups for fresh impetus to the innovation ecosystem.

(C) Attendance Record of Council Members

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

IX. Date of Next Meeting

23. The next meeting was tentatively scheduled on 30 July 2014 at 2:30pm.
24. There being no other business, the Chairman thanked Members for their attendance and the meeting was adjourned at 4:10pm.