

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

**BDC 25/2019 (Revised)**

**Revised Minutes of the 70<sup>th</sup> Meeting of  
the Business Development Committee of  
the Hong Kong Productivity Council  
held at 3:00p.m. on Friday, 15 November 2019  
via Teleconference**

- 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. Rebecca Pun, JP, Commissioner for Innovation and Technology)  
Mr. Felix Chow Bok-hin  
Mr. Alan Cheung  
Mr. Paul Poon Wai-yin
- Absent with Apologies :** Prof. Tam Kar-yan, MH

**In Attendance from HKPC:**

- |                     |                                     |
|---------------------|-------------------------------------|
| Dr. Lawrence Cheung | Chief Innovation Officer            |
| Mr. Edmond Lai      | Chief Digital Officer               |
| Ms. Flora Li        | Chief People and Culture Officer    |
| Ms. Vivian Lin      | Chief Financial Officer             |
| Ms. Gillian Luk     | Senior Manager, Council Secretariat |
| Ms. Olivia Poon     | Manager, Council Secretariat        |

**Special Arrangement for the Meeting**

The Chairman said that in light of the traffic disruption near the Kowloon Tong district, the Business Development Committee (BDC) meeting was held via teleconference. He thanked Members for calling in to join the meeting and their cooperation during the arrangement.

## **Declaration of Interest**

The Chairman reminded Members to declare interest should they observe any direct/pecuniary interest in any matter to be discussed at the meeting.

### **I. Confirmation of Minutes (BDC 18/2019)**

1. The Draft Minutes of the 69<sup>th</sup> Meeting of the BDC held on 16 July 2019 had been circulated to Members and there were no requests for amendments. The Minutes were taken as read and confirmed and the Secretariat would arrange signing of the Minutes by the Chairman.

### **II. Matter Arising**

#### Update on the Establishment of Hong Kong Industrial Artificial Intelligence and Robotics Centre

2.           said that the Council approved by circulation on 11 November 2019 for HKPC to incorporate a company limited by guarantee to operate the Industrial Artificial Intelligence and Robotics Centre (the Centre) to be set up at the research cluster of AIR@InnoHK at the Hong Kong Science Park. HKPC would be the sole founder member of the company and would enter into formal contractual agreement with RWTH Aachen Campus to confirm the terms of partnership in setting up and running the Centre.

3.           said that the company incorporation documents had been formally submitted to a legal firm with a view to completing the process in December 2019 so that funding and lease agreement could be signed for fitting out to start at the premises allocated for the Centre. It was targeted for the Centre to commence operation in April 2020.           said that detailed funding and operation arrangements for the Centre were being finalised with the Innovation and Technology Commission (ITC). Based on ITC's comment, the funding proposal had been revised for the Centre to focus on applications in manufacturing.

4. Members noted the progress update.

### **III. 2020/21 Targets for Key Performance Indicators (KPIs) (BDC 19/2019)**

5. Invited by the Chairman to introduce the paper, said that the proposed KPI targets for 2020/21 were largely the same as the adopted targets for 2019/20, having regard to the subdued economic forecast. Of the 10 KPIs with variance from the 2019/20 targets, highlighted the following KPIs whose proposed targets had a greater degree of variance from that of 2019/20:

- (a) target for “total external income” to increase from \$433M to \$452M or by 2%, based on a healthy number of orders on hand with sufficient backlog built for execution in 2020/21;
- (b) target for “number of patent/licence/royalty” to surge by 36% from 11 to 15 having regard to the recent recommendation by the Audit Commission on setting realistic and challenging targets for commercialisation of new products or technologies for effective performance management;
- (c) target for “number of R&D projects – on-going projects” to move up by 25% from 80 to 100 in view of a healthy stock of projects in the pipeline;
- (d) target for “number of consultancy projects accepted” to reduce by 29% from 840 to 600 ;
- (e) target for “income from training courses” to adjust downwards from \$11.3M to \$10.5M or by 7% due to the subdued economic forecast and the expected more prudent approach of companies in spending on training ; and
- (f) target for “income from manufacturing support projects” to reduce by 3% from \$26.1M to \$25.2M as slowdown in the business was being felt due to the economic headwind and some pressure on this line of business in the following year was expected.

6. said that the Director of Audit’s report on HKPC in November 2019 had made some comments on the KPIs, some of which had been addressed in the paper. ITC would work in partnership with HKPC to review the KPIs as a whole before HKPC submitted the proposal to the BDC and Council for consideration.

7. Members agreed with that the review should be undertaken as soon as possible so that a clear direction could be available at the beginning

of the next financial year to steer HKPC's effort towards areas which were effective to further its mission and relevant to its prevailing service focus. Members also agreed with suggestion that pending the completion of the KPI review, the KPI targets proposed for 2020/21 in the paper should be treated as "interim" targets only for inclusion in the 2020/21 Programme and Estimates when the latter was submitted to the Council for approval.

8. said that ITC would give full support to HKPC to conduct the review and expressed the hope to receive HKPC's proposal on the revised KPIs soon so that the two parties could work together and the new set of KPIs could be in force from 2020/21 onwards.

9. After discussion, Members endorsed the proposed "interim" targets for KPIs for 2020/21 for inclusion in the Annual Programme and Estimates of 2020/21 to be submitted to the Council for approval. Members also requested the Management to submit a proposal on the revised KPI framework for consideration by the BDC and the Council in their next round meetings to be held in March 2020 with a view to implementing the revised KPIs as early as practicable.

#### **IV. 2019/20 Half-yearly Progress Report of Inno Space (BDC 20/2019)**

10. Invited by the Chairman, briefed Members on the progress of Inno Space during the first half of 2019/20 in terms of membership drive, achievements made against key performance targets, STEM education, a new initiative of STEM Network and financial performance.

11. referred to the Director of Audit's Report on HKPC issued in November 2019 which made recommendations about Inno Space. asked about the actions taken and future steps to ensure the sustainable operation of the centre. replied that in undertaking to set up Inno Space, HKPC was prepared to run the centre on a long-term and self-recovery basis. While the nascent years of Inno Space were dedicated to building up momentum and promoting public awareness, the next stage would see Inno Space proactively launching training programmes, pushing forward the membership drive and exploring programmes with income and sponsorship opportunities. Promotion effort would continue at the same time to increase utilisation of equipment installed.

12. Supplementing, said that to reach out to new potential members and build network with start-ups, more activities were in the pipeline, a

case in point being an open house to be held in December 2019. Leveraging the advanced equipment installed and in response to industry demand, Inno Space had taken up the social mission to nurture STEM talents via a variety of programmes like workshops, advisory service, centralised STEM solution service, technology updates and tours etc. All these initiatives were aimed at providing more value add services under Inno Space while giving impetus to improving its financial viability at the same time.

13. observed a need to stimulate the interest of secondary school students in STEM-related areas for the purpose of building up a versatile and diverse pool of talents to meet different manpower needs of local industries. said that while Inno Space should continue to make an effort in identifying revenue sources, it was worthwhile to pursue the social mission of STEM education in support of future industry development in Hong Kong. hoped that the Government would consider giving more support to Inno Space so that its programmes could benefit more youngsters instead of driving financial performance alone.

14. referred to 7 workshops held by HKPC recently for associations which had a high participation rate. said that under the umbrella of HKPC which upholds a non-profit-making social mission and was in a niche position to lead the general public to acquire knowledge about the latest technology trends and machinery, Inno Space should organise more experimental STEM activities to help the younger generation integrate and apply knowledge and skills across STEM disciplines.

15. After discussion, Members noted the progress report of Inno Space for April-September 2019.

## **V. Report on HKPC's Mainland Subsidiaries (BDC 21/2019)**

16. Invited by the Chairman, briefed Members on the business progress of the Mainland subsidiaries, with highlights on the latest development under the HKPC Shenzhen Innovation and Technology Centre (Futian) which had started operation, a Greater Bay Area (GBA) seminar series which had received very good response from Hong Kong companies looking to explore domestic sales opportunities, and signing of a cooperation agreement with the Pingshan district which would bring opportunities to extend WFOEs' business in training and consultancy to Pingshan. said that while the financial performance in the first half of 2019/20 was affected by the suspension of the Dongguan TURN programme, steps were being taken to catch up on the annual target set.

The 3-year forecast of WFOEs for 2020/21-2022/23 estimated a steady growth in income.

17. In response to about the status of the Dongguan TURN programme, said that the Dongguan authority gave official approval in early November 2019 for another round of the programme to start. An MOU would be signed in the following week on HKPC and WFOEs' support of the programme. It was anticipated that the programme would be open to application in a few weeks' time and the WFOEs were gearing up to tap the business opportunities therein.

18. Members noted the progress report on the Mainland subsidiaries.

#### **VI. 2019/20 Mid-Term Report of Automotive Platforms and Application Systems R&D Centre (BDC 22/2019)**

19. Invited by the Chairman, briefed Members on the KPI performance and major R&D projects of Automotive Platforms and Application Systems R&D Centre (APAS) during the first half of 2019/20.

20. referred to the 2 R&D projects on electric minibus and stressed the need to address the technical challenges which had prevented previous industry attempts to develop commercially viable products that suited local road conditions. In response, said that the projects were supported by industry collaborators which had given a lot of input to the specifications required for the planned project deliverables. Together with another project on e-charging and a consultancy study on minibus electric network, APAS was in close communication with industry players and government departments on related developments. The aim was to provide not only a solution, but a series of measures, to tackle industry's pain points in the process.

21. Members noted the 2019/20 mid-term report of APAS.

#### **VII. Report on Projects for Government Funding Schemes (April – September 2019) (BDC 23/2019)**

22. Members noted that between April and September 2019, 21 projects with HKPC's involvement had been approved under the respective government funding schemes, as follows:

(a) ITF: 10 approved projects for \$20.3M;

- (b) Trade and Industrial Organisation Support Fund (TSF): 7 approved projects for \$18.6M;
- (c) Environment and Conservation Fund (ECF): 2 approved projects for \$1.9M;
- (d) Professional Services Advancement Support Scheme (PASS): 1 approved project for \$0.9M; and
- (e) Sustainable Fisheries Development Fund (SFDF): 1 approved project for \$3.4M.

23. Members also noted HKPC's secretariat support to several government funding schemes, as follows:

- (a) BUD Fund;
- (b) Cleaner Production Partnership Programme (CPPP);
- (c) Retail Technology Adoption Assistance Scheme for Manpower Demand Management (ReTAAS);
- (d) Recycling Fund – Enterprise Support Programme and Industry Support Programme; and
- (e) Chinese Medicine Development Fund.

25. Separately, Members noted an SME One Fund Fair held in September 2019 to give SMEs and startups one-stop access to about 50 funding schemes of the Government and public organisations of Hong Kong and local governments in the GBA. The event was a key activity under HKPC's 8 support initiatives to help Hong Kong SMEs and start-ups meet challenges arising from the economic downturn. The event was well received with over 5,000 participants. The participating government departments and funding organisations reported increased numbers of enquiries after the event. For the BUD Fund of which HKPC was the secretariat, the number of applications in the quarter ending September 2019 had risen by 30% thanks to promotion under the event.

### **VIII. Final Performance Review of Completed ITF Projects (BDC 24/2019)**

26. Members noted the final performance review of 2 completed ITF projects, as follows:

- (a) Development of Low-cost Atmospheric Pressure Plasma Enhanced Coating Process for Advanced Ceramic Thin Film Hard Coat in Large-

scale Manufacturing of High Value Added Products; and

- (b) Development of an Intelligent Robot Capture System with Ability to Recognise Positions of Objects in Three-Dimensional Space.

## **IX. Any Other Business**

### **(A) "Four-in-One" Integrated Services**

27. Members noted the report by \_\_\_\_\_ that the SME One of HKPC would join force with 3 other SME centres<sup>1</sup> in Hong Kong to provide "four-in-one" integrated services for SMEs to obtain the necessary information on funding schemes for enterprises. The objective was to help SMEs identify local funding schemes that best fit their needs. Separately, a dedicated service team would be set up by HKPC with funding from the Trade and Industry Department to provide SMEs with support on funding scheme applications. Under the project, the service team would reach out to SMEs by visiting local trade and industrial associations to promote funding schemes and provide enterprises with advisory service on funding applications.

### **(B) Attendance Record**

28. Members noted their attendance record for 2019 as circulated together with the meeting agenda and papers by emails on 8 November 2019 and 14 November 2019.

### **(C) 2020 Meeting Schedule**

29. Members noted the tentative 2020 BDC meeting schedule as below:

Meeting	Date and Time
71 <sup>st</sup> BDC meeting	17 March 2020 (Tuesday) 3:00pm
72 <sup>nd</sup> BDC meeting	21 July 2020 (Tuesday) 3:00pm
73 <sup>rd</sup> BDC meeting	13 November 2020 (Friday) 3:00pm

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<sup>1</sup> The 3 SME centres are the SUCCESS of the Trade and Industry Department, the SME Centre of the Hong Kong Trade Development Council, and TecONE of the Hong Kong Science and Technology Parks Corporation.



**X. Date of Next Meeting**

30. It was agreed that the next meeting would tentatively be held on 17 March 2020 at 3:00pm.

31. There being no other business, the meeting was closed at 4:20 pm.