

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

**P.C. 21/2017 (Revised)**

**Revised Minutes of the 135<sup>th</sup> Meeting of the Hong Kong Productivity Council  
held at 2:30p.m. on Wednesday, 26 July 2017 in the Board Room  
2<sup>nd</sup> floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

**Present:** Chairman – Mr. Willy Lin Sun-mo, SBS, JP

Members – Prof. John Chai Yat-chiu, JP  
Mrs. Helen Chan, JP (Government Economist)  
Mr. Cheuk Wing-hing, JP (Permanent Secretary for  
Innovation and Technology)  
Mr. Alan Cheung  
Ms. Annie Choi Suk-han, JP (Commissioner for  
Innovation and Technology)  
Mr. Felix Chow Bok-hin  
Mrs. Hedy Chu, JP (Deputy Director-General of Trade and  
Industry)  
Mr. Wilson Fung Ying-wai  
Ms. Mandy Kwok Man-yee  
Miss Lam Kam-yi  
Ms. Amy Lee Sau-king  
Dr. Delman Lee  
Mr. Leung Kwong-chuen  
Mr. Li Hoi  
Miss Mabel Li, JP (Deputy Commissioner for Labour)  
Dr. Dennis Ng Wang-pun, BBS, MH  
Prof. Tam Kar-yan, MH  
Mr. Sunny Tan  
Mr. Patrick Wong Chi-kwong  
Mrs. Carrie Yau Tsang Ka-lai, GBS, JP  
Ms. Karmen Yeung Ka-yin  
Mr. Emil Yu Chen-on, JP

**In Attendance from the Innovation and Technology Commission:**

Mr. Johann Wong Chung-yan, JP  
Mr. Bryan Ha Kwok-fung

**In Attendance from HKPC:**

Mrs. Agnes Mak Tang Pik-yee, MH, JP      Executive Director  
Dr. Lawrence Cheung                              Director, Technology Development  
Mr. Gordon Lo                                        Director, Business Management

Ms. Vivian Lin	General Manager, Finance and Procurement (Item IV only)
Ms. Flora Li	General Manager, Human Resources and Administration (Items VI-VIII only)
Mr. Stanley Chu	Head, Internal Audit and Risk Management (Item IX only)
Mr. Alfonso Tam	Chief Manager, Council Secretariat
Ms. Gillian Luk	Senior Manager, Council Secretariat
Ms. Wendy Ip	Senior Manager, Compensation and Benefits (Items VI-VIII only)
Ms. Ling Pang	Manager, Compensation and Benefits (Items VI-VIII only)

## **Congratulations**

The Chairman congratulated Prof. Tam Kar-yan on being awarded the Medal of Honour (M.H.) and Mr. Emil Yu Chen-on on being appointed to be Justice of Peace (J.P.) on 30 June 2017.

### **I. Confirmation of Minutes (P.C. 9/2017 Revised)**

1. The Revised Minutes of the 134<sup>th</sup> Council Meeting held on 29 March 2017 had been circulated to Members and there were no further requests for amendments. The Revised Minutes of the meeting were taken as read, confirmed and signed by the Chairman.

### **II. Matter Arising**

#### **(A) HKPC's Participation in Various Industry, Trade and Technology Organizations/Committees (ITTOs)**

2. Invited by the Chairman,            said that, at Members' request, a review had been conducted with regard to the need or otherwise for any approval procedure to be adopted with regard to staff who on their own volition, acquired certain appointment to sit on the committees, boards and/or panels of ITTOs by virtue of their professional expertise. The review had been completed and the Management had come to a decision that under such circumstances, approval by the Branch Director was required for staff at grade 4 to 6 whereas for staff at grade 1 to 3, it would suffice for the General Manager to be informed of such appointment by the staff concerned. The arrangement had been incorporated into the relevant standard practice and announced to staff in June 2017.

### **III. Three-year Strategic Plan of HKPC for 2018/19-2020/21 (P.C. 10/2017)**

3. introduced the paper and said that the existing Three-year Strategic Plan was anchored on two focus areas, namely Smart City and Smart Industry, with 12 business development corporate goals (corporate goals) identified along 10 strategic themes, as approved by the Council in July 2016. The Management considered that this strategic framework was still valid especially in supporting the Hong Kong-Shenzhen-Macau Bay Area and the One Belt One Road initiatives. HKPC would continue to pursue the 2017/18-2019/20 strategic plan with some adjustment to the target deliverables of the 12 corporate goals for sharper focus. Separately, after further consultation with industry through a wide array of activities during the first 5 months of 2017, 2 new corporate goals were identified in the area of “Smart Industry”, as follows:

- (a) Applications of Intelligent Technologies and Solutions (*under strategic theme of Smart Services/Products*); and
- (b) Inno Space and Prototyping (*under strategic theme of Re-industrialization*).

4. said that the 14 corporate goals with their target sectors and their planned deliverables in the current year (2017/18) and the next 3 years (2018/19-2020/21) were summarized at Appendix 1 of the paper. The target deliverables to be achieved in 2017/18 had been enriched and preparatory work for implementation had commenced. A report on the status of such implementation would be submitted under the 2018/19 Programme and Estimates paper in November 2017.

5. said that support to Hong Kong’s reindustrialization would be central to HKPC’s strategic plan. then briefed Members on the key examples of HKPC’s development work in support of this cause and the benefits to the industry sectors, including the automatic liquid chilling system for commercial master kitchen, the high pressure processing system for food pasteurization, smart streetlamps for the Highways Department, and the electric vehicle charging solution for multiple level and quick charging.

6. said that the consultancy study on Smart City Blueprint for Hong Kong commissioned by the Office of the Government Chief Information Officer (OGCIO) had recently been completed and a blueprint for Hong Kong would be announced in 2018. The report of the consultancy study covered smart city development plans under six themes, namely: Smart Economy, Smart Environment, Smart Government, Smart Mobility, Smart Living and Smart People. HKPC could make useful reference to the report for inspiration in mapping out complementary initiatives to contribute to the overall Smart City agenda. said that the Smart Pole was one of the smart government initiatives proposed by the consultancy study to provide multidisciplinary functionality across the city. This was a good example of how a coordinated approach would provide opportunities to optimise the results and benefits with HKPC’s smart

streetlamps being developed for the Highways Department. The same would also apply to HKPC's Smart Industry initiatives as collaboration with other organizations, such as the Science Park, would ensure that issues would be attended to in their overall perspective for optimal impact. suggested that HKPC could visit tenants of the Industrial Estates for the purpose of identifying and meeting their technological needs.

7. In response, said that the study report did provide useful insights and was pleased that some of HKPC's suggestions to the study consultant had been taken account of in the report. said that HKPC would play a useful role in the development and application of the enabling technologies and act as a bridge between the sectors and the government in helping to drive this Smart City and Smart Industry agenda. TecONE set up at the Science Park was one such collaboration initiative. The ultimate aim was for HKPC to assist industry and businesses to create value competitively over time (與民創富).

9. Members approved the Three-Year Strategic Plan of HKPC for 2018/19-2020/21, including the corporate goals as outlined in Appendix 2 of the paper, as supported and recommended by the BDC at its meeting on 18 July 2017. Members also noted that the strategic plan would be reflected, as appropriate, in the Three-year Forecast for 2018/19-2020/21 to be submitted to the Council in November 2017.

#### **IV. Annual Accounts for the Year 2016/17 (P.C. 11/2017)**

10. Invited by the Chairman, briefed Members on the financial result of HKPC and said that the external income for the year was \$447.3M which was higher than the budget by \$17.9M or 4.2%. On the expenditure side, total expenditure came to \$407M which was \$50.5M or 11% less than the budget. With expenditure carefully controlled, total surplus for the year amounted to \$44.4M including a provision of \$10.7M for Variable Pay (VP).

12. After discussion, Members approved the Annual Accounts for the year 2016/17 which had also been considered by the Audit Committee at its 42<sup>nd</sup> meeting held on 22 June 2017 with no adverse comment, and endorsed by the FC at its 60<sup>th</sup> meeting held on 12 July 2017.

#### **V. Annual Review of HKPC Activities in 2016/17 (P.C. 15/2017)**

13. Members noted and approved the Annual Review of HKPC for 2016/17 as contained in the paper.

14. said that in drawing up the targets for the KPIs in 2018/19 for the Council's approval in November 2017, attention would be given to an overall review of HKPC's training business having regard to the market as well as the reduced training facilities at the HKPC Building as a result of new space requirement arising from new initiatives such as the MIT Hong Kong Innovation Node and Inno Space.

**VII. 2017/18 Pay Review for Executive Director, Consultants and Below (P.C. 13/2017)**

18. Invited by the Chairman to report, introduced the paper and briefed Members on the proposed 2017/18 market pay trend adjustment for the Executive Director and Consultants and below who had yet to come under the new pay structure.

19. After discussion, Members approved the proposed 2017/18 pay adjustment for:

- (a) staff under the non-Performance Pay System (Non-PPS) at 1.88% for top and senior level and 2.94% for middle and general level in line with the proposed 2017/18 pay adjustment for the Civil Service; and
- (b) staff under the Performance Pay System (PPS) at 3.27%, 3.44%, 3.8% and 3.54% for top, senior, middle and general level respectively, based on the weighted average of the data available in 5 pay trend surveys in the market and the proposed 2017/18 pay trend adjustment of the Civil Service.

The above proposed 2017/18 pay adjustment, as set out in detail in paragraphs 4 to 6 of the paper, was endorsed by the Staffing Committee at its 57<sup>th</sup> meeting held on 4 July 2017. In line with the established practice, Members agreed that the pay adjustment should take retrospective effect from 1 April 2017.

20. In giving the approval to the above proposed 2017/18 pay adjustment, Members noted that the proposed pay adjustment would be subject to the proposed 2017/18 Civil Service pay adjustment pending approval by the Legislative Council and the Government's subsequent approval of HKPC's proposed pay adjustment under section 6 of the HKPC Ordinance.

#### **IX. Reappointment of Auditor (P.C. 16/2017)**

24. Invited by the Chairman, introduced the paper which sought Members' approval for the reappointment of Ernst & Young, based on its satisfactory performance in 2016/17, as the group auditor of HKPC and its subsidiaries for the financial year 2017/18 which was the second year of service under the contract with Ernst & Young.

25. After discussion, Members approved the reappointment of Ernst & Young as the group auditor for HKPC and its subsidiaries for the financial year 2017/18 subject to a maximum audit and tax services fee of as previously approved by the Council at its 132<sup>nd</sup> meeting on 27 July 2016.

#### **X. Progress Report from the Audit Committee (P.C. 17/2017)**

26. Members noted the report from the Audit Committee on matters considered at its 42<sup>nd</sup> and 43<sup>rd</sup> meetings held on 22 June 2017 and 13 July 2017 respectively.

#### **XI. Progress Report from the Business Development Committee (P.C. 18/2017)**

27. Members noted the report from the Business Development Committee on matters considered at its 63<sup>rd</sup> meeting held on 18 July 2017.

#### **XII. Progress Report from the Finance Committee (P.C. 19/2017)**

28. Members noted the report from the Finance Committee on matters considered at its 60<sup>th</sup> meeting held on 12 July 2017.

#### **XIII. Progress Report from the Staffing Committee (P.C. 20/2017)**

29. Members noted the report from the Staffing Committee on matters considered at its 57<sup>th</sup> meeting held on 4 July 2017.

#### **XIV. Any Other Business**

##### **(A) HKPC 50<sup>th</sup> Anniversary Commemorative Programme**

30. Invited by the Chairman, briefed Members on the latest progress of the HKPC 50<sup>th</sup> Anniversary Commemorative Programme, as follows:

- (a) a launch cocktail cum spring reception was held on 14 February 2017;
- (b) an international conference on the theme “Smart Future: A Global Perspective” would be held on 21 September 2017 at the Hong Kong Convention and Exhibition Centre together with a showcase on HKPC’s services and technologies relevant to the Smart City and Smart Industry agenda;
- (c) the Productivity Summit (第十一屆寰宇生產力論壇) originally planned for 23 September 2017 at the HKPC Building would not be pursued because of difficulties in obtaining sponsorship and the withdrawal of Taiwan from the summit;
- (d) a commemorative booklet with augmented reality (AR) application would be published in September 2017;
- (e) a reunion dinner for past Council Chairmen, Members and Executive Directors would be held on 20 September 2017 and speakers for the international conference would also be invited to join; and
- (f) anniversary ties and scarves had been produced for Members, guests and staff.

31.           said that the international conference would be a meaningful flagship event of the anniversary programme and urged Members to attend as far as possible. In reply to           ,           said that the conference speakers had already been requested to give their consent to HKPC to film the event for non-commercial purposes. HKPC had also requested the speakers to provide synopsis or summary of their talks for the conference.

**(B) Hong Kong Secondary School Students and HKPC Set Guinness World Record with Mega 3D-Printed Victoria Harbour Display**

32.           said that HKPC and local secondary school students set a new Guinness World Record on “The Largest Display of 3D-Printed Sculptures” in a single venue with a mega Victoria Harbour model to commemorate the 20<sup>th</sup> Anniversary of the HKSAR. Mrs. Carrie Lam, Chief Executive of the HKSAR, officiated the lighting ceremony on 16 July 2017. The record-setting team comprised more than 600 representatives from the 119 semi-finalist school teams, HKPC 3D-printing experts, and local architect and chief advisor of the competition Mr. Sidney Tang. The record-setting feat also marked the finale of the “Hong Kong Secondary Schools 3D Printing Design Competition” which was organized by HKPC with funding support from the Innovation and Technology Fund of the HKSAR Government, and support of the Education Bureau, various education groups and industry associations.

### **(C) Attendance Record of Council Members**

33. Members noted their attendance record in 2017 tabled at the meeting.

### **XV. Vote of Appreciation to the Executive Director**

34. The Chairman said that ED would retire in October 2017 and thanked her on behalf of Members for her dedicated service and contribution to HKPC over the years. ED said that she was very much honoured to have been at the driving seat of Hong Kong's leading industry support and technology transfer organization. She thanked Members for their guidance and unfailing support through the years, especially at difficult times. The Chairman and Members thanked ED and wished her all the best in her future endeavours.

### **XVI. Date of Next Meeting**

35. The next meeting was tentatively scheduled on 29 November 2017 at 2:30pm.

36. There being no other business, the Chairman thanked Members for their attendance and the meeting was closed at 5:10pm.