

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

**P.C. 25/2019 (Revised)**

**Revised Minutes of the 141<sup>st</sup> Meeting of the Hong Kong Productivity Council  
held at 10:00 a.m. on Friday, 6 September 2019 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, GBS, JP

Members – Prof. John Chai Yat-chiu, JP  
Mr. Alan Cheung  
Ms. Joyce Cheung Chung-sze (Principal Economist,  
representing Mr. Andrew Au Sik-hung, JP, Government  
Economist)  
Ms. Annie Choi Suk-han, JP (Permanent Secretary for  
Innovation and Technology)  
Mr. Felix Chow Bok-hin  
Mr. Wilson Fung Ying-wai (attendance via tele-  
conferencing)  
Ms. Mandy Kwok Man-yee  
Ms. Amy Lee Sau-king  
Ms. Juan Leung Chung-yan, MH  
Miss Mabel Li Po-yi, JP (Deputy Commissioner for  
Labour)  
Miss Leanne Ma Nian-en (Acting Assistant Director-  
General of Trade and Industry, representing Ms.  
Salina Yan Mei-mei, JP, Director-General of Trade  
and Industry)  
Mr. Paul Poon Wai-yin (attendance via tele-conferencing)  
Ms. Rebecca Pun Ting-ting, JP (Commissioner for  
Innovation and Technology)  
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

**Absent with Apologies:** Ms. Clara Chan Yuen-shan, MH  
Mr. Li Hoi  
Dr. Allen Shi Lop-tak, BBS, MH, JP

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

Mr. Ivan Lee Kwok-bun, JP  
Miss Kathy Chan Nap-sze

**In Attendance from HKPC:**

Mr. Mohamed D. Butt	Executive Director
Dr. Lawrence Cheung	Chief Innovation Officer
Mr. Edmond Lai	Chief Digital Officer
Mr. Stanley Chu	Head, Audit and Risk Management Office (Agenda Item IX only)
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

**Safety Video**

A safety video was shown to Members about the safety measures in the HKPC Building.

**Rescheduling of Meeting**

thanked Members for attending the meeting, which was rescheduled from 31 July 2019 due to tropical cyclone warning No. 8.

**Welcome**

The Chairman welcomed Ms. Annie Choi Suk-han, Permanent Secretary for Innovation and Technology; Ms. Rebecca Pun Ting-ting, Commissioner for Innovation and Technology; and Miss Leanne Ma Nian-en, Acting Assistant Director-General of Trade and Industry, to the meeting.

**Congratulations**

The Chairman congratulated Ms. Juan Leung Chung-yan on being awarded the Medal of Honour (M.H.) on 1 July 2019.

## **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. Members noted that the reminder arrangement was a friendly measure being applied from this round of Council and Standing Committee meetings to help Members meet the declaration requirement under the Code of Conduct for Council Members.

## **Tour after Council Meeting**

The Chairman invited Members to join a tour of the newly renovated facilities in HKPC after the meeting, which included the two brand new theme galleries of “Living@HKPC” and “Digital@HKPC”.

### **I. Confirmation of Minutes (P.C. 12/2019 Revised)**

1. The Revised Draft Minutes of the 140<sup>th</sup> Council Meeting held on 27 March 2019 had been circulated to Members and there were no further requests for amendments. The Revised Draft Minutes of the meeting were taken as read, confirmed and signed by the Chairman.

### **II. Matters Arising**

#### **(A) Paper Circulations Since Last Meeting**

2. Invited by the Chairman, \_\_\_\_\_ said that Members were informed by circulation via Council Paper P.C. 11/2019 on 17 April 2019 of HKPC’s new logo design, as well as Council Paper P.C.13/2019 on 13 June 2019 of an IT Consultancy Services Advancement Programme undertaken by HKPC to support IT upgrading of NGOs over 5 years.

3. \_\_\_\_\_ said that Members also approved by circulation on 6 August 2019 the appointment of \_\_\_\_\_ as a director of the Board of Productivity (Holdings) Ltd. (PHL). The appointment took effect on 21 August 2019 upon approval by the Permanent Secretary for Innovation and Technology (PSIT). Separately, PSIT’s approval was obtained on 21 August 2019, after consulting the Chairman of HKPC (Technology) Holdings Ltd. (HKPCT) on 27 July 2019, to appoint \_\_\_\_\_ to the Board of HKPCT.

(B) Establishment of Artificial Intelligence and Robotics Centre at AIR@InnoHK

4. briefed Members on the vetting status of HKPC's proposal to set up an artificial intelligence and robotics centre (the centre) at the AIR@InnoHK Research Cluster at the Hong Kong Science Park. Members noted.

**III. Annual Review of HKPC Activities in 2018/19 (P.C. 16/2019)**

6. Invited by the Chairman, showed a video to Members on the achievements of HKPC in 2018/19 and the recent few months. then briefed Members on the major hits made by HKPC in 2018/19, including .

7. also shared with Members the areas that HKPC needed to work on, based on the performance in 2018/19, including .

8. Members noted and approved the Annual Review of HKPC Activities for 2018/19 as contained in the paper.

**IV. Annual Accounts for the Year 2018/19 (P.C. 15/2019)**

9. Invited by the Chairman, introduced the paper and briefed Members on the financial performance of HKPC, excluding Automotive Parts and Accessory Systems R&D Centre (APAS), in 2018/19. said that external income reached \$464.5M, exceeding budget by 7% and rising 3% from a year ago. The strong growth was fueled by business in Industry 4.0 and Enterprise 4.0. Value add in 2018/19 was \$280.3M, which was 8% over budget and 3% over 2017/18, contributed by strong order growth. On the expenditure side, staff emoluments were below budget . Other expenses recorded the same level of variance from budget, due to lower depreciation and building running cost etc. Overall, a surplus of \$80.3M was achieved, compared to the budgeted surplus of \$7.1M, which represented a 2% growth year-on-year. The Management was closely monitoring the financial situation in 2019/20 to ensure that budget provisions made could be fully utilised for the benefit of industry.

11. After discussion, Members approved the Annual Accounts for the year 2018/19, which had been considered by the Audit Committee (AC) at its 50<sup>th</sup> meeting held on 16 July 2019 with no adverse comment, and endorsed by the Finance Committee at its 66<sup>th</sup> meeting held on 23 July 2019.

### **VIII. Three-year Strategic Plan of HKPC for 2020/21-2022/23 (P.C. 14/2019)**

22. Invited by the Chairman, introduced the paper by showing a new corporate video with the revamped branding of HKPC and its new in house-developed technologies to disseminate the message that HKPC was dedicated to support enterprises with practical, down-to-earth solutions. then briefed Members on the Three-year Strategic Plan for 2020/21-2022/23 (Strategic Plan), which was premised on the directions set by the Council in terms of vision, mission and 10 strategic themes. said that in the design of implementation strategies, HKPC conducted a Voice of Industry exercise in the first few months of 2019 to gauge industry views through 18 sessions with associations including 5 HK-INC's. Aiming for smart city development, re-industrialisation and industry upgrading through advanced manufacturing adoption, HKPC would delve into the realm of smart living and digital transformation to develop technologies and services in 12 focus areas targeting the needs of industry. SMEs would remain the principal service target of HKPC as it continued to support the government policy direction to upgrade local industries for future growth.

23. referred to the question sent in by in writing before the meeting about whether HKPC had any plan to do more work in youth engagement. said that one of the 12 focus areas in the Strategic Plan, namely STEM and Education, had been on the radar of HKPC for some time to build talents for industry development. The pilot programmes were well received with momentum built up. Apart from continuing the STEM programmes, HKPC would seek to provide internship opportunities in the coming years for youngsters to obtain practical experience.

24. said that as HKPC aligned its strategies with the industry trend towards innovation and technology development, a clearer positioning and sharpened work focus emerged from the Strategic Plan . It would be important for the Management to cascade the strategic direction down the organisation to ensure that the pledged initiatives could be delivered.

25. Continuing with report, said that based on review of HKPC's internal expertise and market demand situation, the regulatory-related services on medical devices would be exited to focus resources on Gerontechnology and wearable device-related support.

26. then shared with Members a package of 8 support measures in place to help SMEs navigate trade conflicts and economic headwinds:

- (a) implementation of the BUD Fund to help SMEs tap into ASEAN and Mainland markets to diversify risks and develop new opportunities;
- (b) promotion of the TURN programmes by Mainland municipal governments for businesses to upgrade and transform;
- (c) participation in the Reindustrialisation and Technology Training Programme (RTTP) by the Government to meet the training needs of enterprises in Industry 4.0, Enterprise 4.0 and smart production;
- (d) ASEAN seminar series to help enterprises expand sales and production overseas. 8 seminars had been held and a handbook was under preparation to introduce the regional countries to SMEs;
- (e) INC Invention Centre (THE HATCH) as incubator to facilitate SMEs to transform from Original Equipment Manufacturers (OEMs) to Original Brand Manufacturers (OBMs);
- (f) one-stop information support via SME One;
- (g) organisation of the first-in-Hong Kong SME One Fund Fair in September 2019 to gather close to 50 government funding schemes in Hong Kong and Greater Bay Area under one roof to facilitate SMEs to access funding sources; and
- (h) buy-3-get-1-free summer offer for corporate training programmes held under the HKPC Academy to enhance SME's staff competence.

27. also briefed Members on the latest development in SME One, which was going to join force with 3 other industry support centres to launch a “four-in-one” integrated funding scheme inquiry and referral service from 1 October 2019.

28. After discussion, Members approved the Three-Year Strategic Plan of HKPC for 2020/21 to 2022/23, as supported and recommended by the Business Development Committee at its 69<sup>th</sup> meeting held on 23 July 2019. Members also noted that the Strategic Plan would be reflected, as appropriate, in the Three-year Forecast for 2020/21-2022/23 to be submitted to the Council in November 2019.

(Post-meeting note: In response to the latest market situation, HKPC announced four immediate concessions for SMEs and start-ups on 16 September 2019. The 4 concessions, taking effect from 16 September 2019 till 31 March 2020, include:

- 30% off the list price of labour portion for R&D and consultancy services (excluding consultancy services under government funding schemes);
- 30% off the list price of labour portion for testing services;
- 30% off the HKPC venue charges; and
- “Buy-3-get-1-free” incentive to extend for all corporate training courses.)

## **IX. Appointment of External Auditor (P.C. 24/2019)**

29. Invited by the Chairman, introduced the paper, which sought

Members' approval for the appointment of BDO Limited as the group auditor of HKPC and its subsidiaries for five financial years from 1 April 2019 to 31 March 2024.

30. Members approved the appointment of BDO Limited as the group auditor for HKPC and its subsidiaries for five financial years from 1 April 2019 to 31 March 2024 .

**X. Report from the Audit Committee (P.C. 20/2019 Revised)**

31. Members noted the report from the Audit Committee on matters considered at its 50<sup>th</sup> meeting held on 16 July 2019.

**XI. Report from the Business Development Committee (P.C. 21/2019)**

32. Members noted the report from the Business Development Committee on matters considered at its 69<sup>th</sup> meeting held on 23 July 2019.

**XII. Report from the Finance Committee (P.C. 22/2019)**

33. Members noted the report from the Finance Committee on matters considered at its 66<sup>th</sup> meeting held on 23 July 2019.

**XIII. Report from the Staffing Committee (P.C. 23/2019)**

34. Members noted the report from the Staffing Committee on matters considered at its 63<sup>rd</sup> meeting held on 16 July 2019.

**XIV. Any Other Business**

(D) Attendance Record of Council Members

38. Members noted their attendance record in 2019 as shown on iPads provided at the meeting.

**XV. Date of Next Meeting**

39. Members noted that the next meeting was tentatively scheduled on 3 December 2019 at 9:30 a.m.

40. There being no other business, the Chairman thanked Members for their attendance and the meeting was closed at 11:15 a.m.