

Revised Minutes of the 127th Meeting of the Hong Kong Productivity Council held at 2:30p.m. on Wednesday, 26 November 2014 in the Board Room 2nd floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon

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

Members – Mr. Albert Au Siu-cheung, BBS
Ir Daniel Cheng Man-chung, MH, JP
Miss Susie Ho, JP
Mr. Jimmy Kwok Chun-wah, BBS, MH, JP
Miss Lam Kam-yi
Dr. Delman Lee
Mr. Leung Kwong-chuen
Mr. Leung Yam-shing
Mr. Adolph Leung, JP (representing Mrs. Helen Chan, JP)
Mr. Byron Ng, JP
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. Marilyn Tang Yin-lee
Ms. Belinda Wong (representing Mr. Kenneth Mak, JP)
Miss Janet Wong, JP
Mr. Patrick Wong Chi-kwong

Absent with Apologies: Prof. Helen Meng Mei-ling
Dr. Jack Yeung Chung-kit

In Attendance from the Innovation and Technology Commission:

Mr. Frank Tsang

In Attendance from Hay Group (Item I only):

Ms. Lilian Lam

In Attendance from HKPC:

Mrs. Agnes Mak Tang Pik-ye, MH, JP	Executive Director
Mr. Tony Lam	Director, Corporate Services
Mr. Gordon Lo	Director, Business Management
Mr. Joseph Poon	Director, Technology Development

Mr. Jonathan Ho	General Manager, Corporate Communications
Dr. Lawrence Cheung	General Manager, Automotive & Electronics (Item IV only)
Ms. Lilian Ho	General Manager, Human Resources & Administration (Items I & II only)
Ms. Vivian Lin	Acting General Manager, Finance and Procurement (Item III only)
Mr. Alfonso Tam	Chief Manager, Council Secretariat

Welcome

The Chairman welcomed Ms. Belinda Wong of Trade and Industry Department who attended the meeting for the first time.

Confirmation of Minutes (P.C. 23/2014 Revised)

The Revised Minutes of the 126th Council Meeting held on 30 July 2014 had been circulated to Members and there were no further requests for amendments. The Revised Minutes were taken as read, confirmed and signed by the Chairman.

III. Programme and Estimates of HKPC for 2015/16 and Three-Year Forecast 2015/16 - 2017/18 of HKPC Income and Expenditure (P.C. 26/2014)

1. introduced the paper and briefed Members on the strategic framework for the forecast for 2015/16 to 2017/18 which was anchored on a four pronged strategy, namely, scaling up platforms to support industries, creating values for SMEs, sharpening HKPC's core competencies and developing strategic partnership. Under this strategic framework, HKPC would continue to pursue 12 business development corporate goals which had commenced in 2014/15. In this connection, briefed Members on the planned development for these corporate goals in 2015/16, as follows:

- (a) market demand study report on green product/green process and manufacturing automation for the textile and apparel sector (strategy 1: scaling up platforms) - a comprehensive report with a main focus on green product, green process and manufacturing automation would be compiled for dissemination by mid-2015. We would also set up a business model to capitalize on the new business opportunities in the production of advanced functional fibrous products. Separately, HKPC would also target to establish manufacturing capabilities for nano fibres and their applications, for example, for healthcare and medical products;

- (b) software testing certification scheme for the software testing sector (strategy 1: scaling up platforms) - a documented certification scheme would be launched in mid-2015 and the software testing services would be extended from end users to independent software vendors (ISVs) and systems integrators (SIs) to help them improve the quality of their software products;
- (c) best practice model for the retail sector (strategy 2: creating value for SMEs) - HKPC would seek to apply the best practice model for our major strategic account clients and build up success cases for sharing and promotion both in Hong Kong and the PRD;
- (d) roadmap on technology development for the surface technology sector (strategy 2: creating value for SMEs) - to follow up on the launch of the roadmap, HKPC would explore the integration of micro sensor and micro-fabrication technology for high value-added products, for example, micro-needle integrated with image sensors for skincare applications, optical sensing platform for detection of bacteria, pathogens and toxins;
- (e) Conformal Cooling Technology Centre (strategy 2: creating value for SMEs) - apart from promoting the newly open centre, HKPC would also develop another complementary technology, hybrid powder layer compaction manufacturing (LCM) for close-to-3D conformal cooling, to offer a wider range of services to meet new and changing market needs;
- (f) best practice model for food lifecycle management (strategy 3: sharpening core competencies) - following up on the best practice model, HKPC would conduct research with a view to developing a consultancy toolkit on food safety and hygiene management as well as a quick testing methodology for raw food material analysis which would be promoted with the newly developed disinfection technology for industry adoption;
- (g) clinical trial protocol compliance model for the biomedical and healthcare sector (strategy 3: sharpening core competencies) - a one-stop clinical trial support service model was being developed to help manufacturers evaluate the safety and effectiveness of their medical devices to maximize commercialization potential. HKPC would also develop new consultancy services on good clinical practices for medical and health devices;
- (h) toolkit of ISO 50001 for the construction sector (strategy 3: sharpening core competencies) - the toolkit would enhance the knowledge of the construction sector in the ISO 50001 standard and training materials on energy management would be promoted;
- (i) accreditation of PTI under Qualification Framework (strategy 3:

sharpening core competencies) - it was planned to submit the application in 2015 and the target was to achieve accreditation for offering QF-recognized certificate programmes at Level 5;

- (j) Lab Test One (strategy 4: developing strategic partnership) - HKPC would continue to promote the link-up of testing facilities available in Hong Kong and to broaden partnership with R&D partners for joint promotion and provision of testing services;
- (k) TecONE (strategy 4: developing strategic partnership) - an on-line marketing campaign would be launched in 2015 to further promote TecONE as the one-stop service centre of technologies for SMEs; and
- (l) partnership with European R&D institutes (strategy 4: developing strategic partnership) - this would include demonstration of the industrial robot and the development of technical solutions in 3D processing for industries with the KUKA Group (Germany); the development of production technology on high strength light weight automotive parts and material technology with Fraunhofer-Institute of Production Technologies (Germany); R&D with Begbroke Science Park of Oxford University (Britain) on enhanced biological treatment of textile bleaching and dyeing effluent; and the development of HKPC's own fluidized bed pilot unit to recover phosphorus from industrial wastewater based on the process developed by the Institute for Sanitary Engineering, Water Quality and Solid Waste Management (Germany).

2. said that the pursuance of these business development corporate goals in 2015/16 would be an important capability building journey. Implementation of these goals would also strategically position HKPC for enhanced interaction with industries and local and overseas R&D institutes to strengthen our services to meet the new and emerging needs of Hong Kong's industries.

3. Following on report on the strategic framework, briefed Members on the financial forecast for the period, as invited by the Chairman.

 said that compared to the revised budget for 2014/15, external income for 2015/16 would increase by about 6%. Expenditure was estimated to increase by 4%. The I/E ratio was estimated to be 69% excluding depreciation for the ERP system. In terms of value-added, it would increase by 7.7%. Taking the three-year forecast period as a whole, external income would increase by 12% while expenditure was estimated to rise by 9%, and the I/E ratio would increase from 69% to 71%.

5. said that the Management had taken a whole host of cost control measures. Therefore, the business managers must be encouraged to create more business opportunities and launch niche services capitalizing on their unique expertise on a continuous basis.

6. said that , the Management could consider the merits of an overall examination of the job descriptions of various ranks with a view to maintaining a team of staff whose skills would closely match with corporate needs on a longer term basis. In agreement, said that, as an example, senior secretaries were very experienced and, given the right training, they would be able to qualify for professional ranking positions.

7. After discussion, Members approved:

- (a) HKPC's Three-year Forecast for 2015/16 - 2017/18;
- (b) the detailed Programme and Estimates of HKPC for 2015/16 which included the overall staff establishment of 695 (including the APAS Division of which the establishment size was 33) endorsed by the Staffing Committee at its 49th meeting held on 4 November 2014; and
- (c) the revised KPIs and proposed targets for 2015/16 (appendix 3 of the paper) for approval by ITC.

8. Separately, Members also noted the Three-Year Forecast of WFOEs for 2015/16-2017/18 which did not form part of HKPC's income and expenditure forecast for the purpose of subvention requirement.

IV. Report on Industry Study on EV Adoption in Hong Kong (P.C. 27/2014)

9. introduced the paper and briefed Members on the findings of a study conducted by HKPC on electric vehicle (EV) adoption in Hong Kong. The study was a follow up on an Industry Network Cluster (INC) consultation session on Green Mobility conducted on 28 June 2013 which revealed a number of issues that would significantly stifle the growth of a local EV industry on the one hand and the wider adoption of EVs by the public on the other. Desktop research on the strategies on EV adoption in other countries and interview with local EV stakeholders were conducted. A total of 13 recommendations were made in five key areas, namely (a) facilitation of an overall government role in promoting EV adoption, (b) EV charging infrastructure, (c) human capital development, (d) type approval, and (e) safe disposal of EV batteries. The recommendations were listed out in detail under paragraph 6 of the paper. The full report could be made available to Members

upon request.

10. Members noted the industry study on EV adoption. Members supported the recommendations.

V. Report on HKPC Senior Management Visit to Australia (P. C. 28/2014)

11. said that led a visit to Australia during 17 to 22 August 2014. The aim of the visit was to explore potential partnership with renowned Australian research institutes and universities in the areas of automotive, advanced materials, advanced manufacturing and water treatment. During the visit, the HKPC delegation met with senior executives of the following 11 leading universities, R&D institutes, industry support enterprise and government department:

- (a) Monash University;
- (b) The Commonwealth Scientific and Industrial Research Organisation (CSIRO) Material Science and Engineering;
- (c) AutoCRC;
- (d) The Royal Melbourne Institute of Technology (RMIT) University – Advanced Manufacturing Precinct, School of Aerospace, Mechanical and Manufacturing Engineering;
- (e) Advanced Composite Structures Australia Pty. Ltd. (ACS Australia);
- (f) Deakin University – Institute for Frontier Materials;
- (g) CSIRO (Geelong Technology Precinct);
- (h) Australian Department of Industry;
- (i) Australian National University – Mechanical, Materials and Manufacturing Group;
- (j) Australian Wool Innovation Limited; and
- (k) University of Wollongong.

12. said that the visit was fruitful and various follow-up initiatives were being explored or pursued. In the area of automotive, there would be cooperation opportunity in the next generation of lithium battery and management system and its adoption in the electrification of vehicles. For water treatment, we would explore the market potential in Hong Kong and the Mainland in drainage sludge reduction with energy and phosphorus recovery and recycling. For advanced materials, the focus would be on the adoption of carbon composite for various product applications and advanced nano fiber for different function coating applications. As for advanced manufacturing, we would explore the transfer and adoption of the composite joining technology and MEMS/NEMS sensors to support 3-D printing and flexible roll forming, laser deposition/cutting, composite joining and low temperature coating said that the HKPC delegation had also been introduced to the Computer Assisted

Virtual Environment (CAVE) 2 system developed by the Monash University which was a next-generation immersive hybrid 2D and 3D virtual reality environment. In Hong Kong, CAVE2 may find its application in complicated civil engineering design works, architectural design, medical research and scenario based training. HKPC would explore the feasibility of setting up a similar facility by first gauging the potential demand by industry.

13. said that research must be followed up by technology and industry players for their fruitful commercial application, otherwise the research results would risk ending up as merely classroom materials.

14. said that the VTC might have an interest in the subject of augmented reality and the CAVE2 system of the Monash University. said that the VTC could consider the merits and feasibility of submitting an ITF funding application in partnership with HKPC to introduce the system to Hong Kong.

15. Members noted the visit to Australia and the various follow up initiatives and potential areas for collaboration being pursued and explored by HKPC.

VI. Progress Report from the Audit Committee (P.C. 29/2014)

16. Members noted the report from the Audit Committee on matters considered at its 32nd meeting held on 6 November 2014.

VII. Progress Report from the Business Development Committee (P.C. 30/2014)

17. Members noted the report from the Business Development Committee on matters considered at its 55th meeting held on 11 November 2014.

VIII. Progress Report from the Finance Committee (P.C. 31/2014)

18. Members noted the report from the Finance Committee on matters considered at its 52nd meeting held on 18 November 2014.

IX. Progress Report from the Staffing Committee (P.C. 32/2014)

19. Members noted the report from the Staffing Committee on matters considered at its 49th meeting held on 4 November 2014 and a special meeting held on 13 November 2014.

X. Any Other Business

(A) HKIoD Director of the Year Award 2014

20. informed Members that the HKPC Council had been selected as the awardee for the “Directors of the Year Awards 2014” under the category of “Statutory/Non-profit-distributing Organizations Board” organized by the Hong Kong Institute of Directors (HKIoD) and the HKPC Council was also awarded “Recognition of Excellence in Board Diversity”. thanked Members for their guidance on HKPC matters through the years and said that the Chairman would like to invite all Members to the HKIoD’s annual dinner on 9 December 2014 when the award to the HKPC Council would be presented.

(C) Attendance Record of Council Members

22. Members noted their attendance record in 2014 tabled at the meeting.

(D) 2015 Meeting Schedule

23. Members noted the proposed 2015 Council Meeting Schedule tabled at the meeting, as follows:

Meeting	Date and Time
128 th meeting	25 March 2015 (Wednesday) 2:30pm
129 th meeting	29 July 2015 (Wednesday) 2:30pm
130 th meeting	25 November 2015 (Wednesday) 2:30pm

XI. Date of Next Meeting

24. It was agreed that the date of the next meeting be scheduled on 25 March 2015 at 2:30pm.

25. There being no other business, the Deputy Chairman thanked Members for their attendance and the meeting was adjourned at 6:10pm.