

**Revised Minutes of the 130<sup>th</sup> Meeting  
of the Hong Kong Productivity Council  
held at 2:30p.m. on Wednesday, 25 November 2015 in the Board Room  
2<sup>nd</sup> floor, HKPC Building, 78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

**Present:** Chairman – Mr. Stanley Lau Chi-ho, SBS, MH, JP

Members – Prof. John Chai Yat-chiu, JP  
Mr. Cheuk Wing-hing, JP  
Ms Annie Choi Suk-han, JP  
Mr. Felix Chow Bok-hin  
Miss Lam Kam-yi  
Dr. Delman Lee  
Mr. Adolph Leung, JP (representing Mrs. Helen Chan, JP)  
Mr. Leung Kwong-chuen  
Mr. Leung Yam-shing  
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, MH, JP  
Mr. Sin Kai-ming, MH  
Ms. Marilyn Tang Yin-lee  
Ms. Belinda Wong (representing Mr. Kenneth Mak, JP)  
Mr. Patrick Wong Chi-kwong  
Dr. Jack Yeung Chung-kit

**Absent with Apologies:** Mr. Albert Au Siu-cheung, BBS  
Ir Prof. Daniel Cheng Man-chung, MH, JP  
Prof. Helen Meng Mei-ling

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

Mr. Johann Wong, JP  
Mr. Rayson Chan

**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. Stanley Chu  
Mr. Jonathan Ho

Head, Internal Audit and Risk Management  
General Manager, Corporate Communication  
& Marketing

Ms. Lilian Ho

General Manager, Human Resources &  
Administration

Ms. Vivian Lin  
Mr. Alfonso Tam  
Ms. Gillian Luk

General Manager, Finance and Procurement  
Chief Manager, Council Secretariat  
Senior Manager, Council Secretariat

## **Welcome**

The Chairman welcomed Mr. Cheuk Wing-hing, Permanent Secretary for Innovation & Technology and Ms. Annie Choi Suk-han, Commissioner for Innovation and Technology who attended the meeting for the first time.

## **Vote of Appreciation**

The Chairman suggested, and Members agreed, to record a vote of appreciation to Ms. Susie Ho Shuk-ye for her contributions to HKPC during her tenure as Council Member.

## **Confirmation of Minutes (P.C. 24/2015)**

The Minutes of the 129<sup>th</sup> Council Meeting held on 29 July 2015 had been circulated to Members and there were no requests for amendments. The Minutes of the 129<sup>th</sup> Council Meeting were taken as read, confirmed and signed by the Chairman.

## **I. Matter Arising**

### **(A) Recruitment for the Post of Director, Technology Development**

1. Invited by the Chairman, said that Mr. Joseph Poon Wing-sang, the incumbent Director, Technology Development would retire on 1 April 2016 after serving HKPC for over 29 years, including a 2-year post-retirement service. Members were informed by circulation of paper on 28 October 2015 that the recruitment for the post would be conducted by open recruitment where applications from external and internal candidates would be invited at the same time. The recruitment advertisement was posted on 31 October 2015 with a deadline for application by 14 November 2015. The applications received were now being reviewed and interview of suitable candidates by the selection panel would be arranged.

#### **IV. Programme and Estimates of HKPC for 2016/17 and Three-Year Forecast 2016/17 - 2018/19 of HKPC Income and Expenditure (P.C. 28/2015)**

14.                   then briefed Members on the strategic framework for the forecast exercise and said that 9 corporate goals were identified in 2015 and they were in different stages of front end preparation work for service launch in 2016/17. The current status of these goals and how they would be pursued in the context of the 2016/17 Programme and Estimates were set out at Appendix 4 of the paper. In preparation for the setting of corporate goals for the next Three-Year Strategic Plan, several areas had been identified for development in 2016/17, including:

- (a) Smart transport and security;
- (b) Big data adoption;
- (c) Industrial wastewater treatment technology;
- (d) IP trading;
- (e) Intelligent business automation;
- (f) Advanced food processing technology; and
- (g) Advanced composite material manufacturing.

Due process would be conducted through consultation with industry stakeholders and associations, communication with existing clients and project partners and intra-corporation discussion to ascertain the appropriateness of pursuing these areas as corporate goals. Meanwhile, HKPC would look to organizing events (in the form of symposiums, conferences etc.) of international standing in 5 focus areas supported by the Business Development Committee at its 58<sup>th</sup> meeting held on 10 November 2015, namely: Industry 4.0, 中國製造 2025, intelligent robotics, eBus and environmental management. The target was to hold these events in the coming year or so to expand HKPC's networks, source new technologies and promote HKPC's services and standing.

15. With regard to the Key Performance Indicators (KPIs) for HKPC,                   said that the set of KPIs had been revised from 30 to 22 with the Council's approval at its 127<sup>th</sup> meeting held on 26 November 2014. Further to the discussion at the 129<sup>th</sup> Council meeting held on 29 July 2015 on how meaningful individual KPIs were in measuring HKPC's performance, a review was conducted in consultation with the Innovation and Technology Commission (ITC) and the following changes would be adopted starting from 2016/17:

- (a) to revise the presentation format of KPIs by dividing the 22 KPIs into 12 core KPIs and 10 other KPIs;
- (b) to introduce a new core KPI of "total external income" to provide a clear indication of HKPC's overall financial performance; and

- (c) to modify the existing KPI of “percentage of customers reporting productivity increase” to “a score of 7.5 or above out of 10 in terms of productivity gain by clients” to closely reflect the outcome and effectiveness of consultancy projects for clients.

The revised set of KPIs, as agreed with the ITC, containing 23 indicators presented in 2 parts, as well as the proposed targets for 2016/17, were laid out at Appendix 5 of the paper.

16.                    said that for planning purpose, the paper also contained the forecasts for the Mainland subsidiaries and the APAS Division which did not form part of HKPC’s income and expenditure for the purpose of subvention requirement. On the operation of the WFOEs, a structural review was being led by the Council Chairman with a view to consolidating HKPC’s Mainland subsidiaries as the current mode of operation via 3 WFOEs in different locations within the PRD was difficult and might not speak business savvy.

17. Members were then briefed by                    on the financial estimates and forecast. On the overall forecast, external income was estimated to increase by 15% from \$429.4M in 2016/17 to \$494M in 2018/19, while expenditure was estimated to increase by 11.3%. The income/expenditure ratio was estimated to increase from 69% in 2016/17 to 71.3% in 2018/19. A small budget surplus (\$3.2M) for 2016/17 was budgeted and negative financial results were forecasted for 2017/18 (HK\$3.4M) and 2018/19 (HK\$4.8M).

18. With regard to the estimates for 2016/17,                    said that total income for 2016/17 came to \$429.4M while total expenditure was projected to be \$622.1M. The income/expenditure ratio for 2016/17 was estimated at 69%.

19. In reply to                    ,                    said that under the Memorandum of Administrative Arrangement signed by HKPC with the Government in 2003, the Management was required to present the Three-year Forecast of HKPC for the Council’s approval. Supplementing,                    said that the forecast for 2017/18 and 2018/19 was indicative forecast rather than detailed estimates. The forecast would be reviewed in the context of conducting the detailed estimates for these years.

20.                    referred to the proposed KPI targets related to fee-charging training activities (no. of courses launched and no. of trainees attending) and said that there might be room to review and raise these targets having regard to industry’s need for training support in relation to reindustrialization, retooling and adding value, etc. Similarly, the proposed KPI target for “no. of people attended events/networking activities for associations/non fee-charging seminars” should also be reviewed given that HKPC had traditionally performed quite well in this

area. In response, said that these KPI targets would be reviewed and the revised targets would be circulated to Members for approval.

(Post-meeting note: The 2016/17 performance targets for the 3 KPIs mentioned in paragraph 20, together with the target for another KPI on income from training courses, had been revised upwards and the revised paper on Programme and Estimates was circulated to Council Members on 9 December 2015 for approval by 16 December 2015.)

21. said that staff emolument was the largest expenditure item and should be carefully controlled as an otherwise minor percentage change could translate into a substantial financial requirement, especially in the light of the small surplus for 2016/17 and the deficits for the following 2 years. Apart from the pricing review, the SAP system should be fully utilized to enable closer monitoring of project progress for early revenue generation, and to enhance project management generally and support business planning. In response, said that timely updating of project information on the SAP system was being closely monitored. In addition, project performance of divisions was now being reviewed on a monthly basis.

23. After discussion, Members approved:

- (a) HKPC's Three-Year Forecast for 2016/17-2018/19 as endorsed by the Finance Committee at its 55<sup>th</sup> meeting held on 17 November 2015;
- (b) the detailed Programme and Estimates of HKPC for 2016/17, as endorsed by the Finance Committee at its 55<sup>th</sup> meeting held on 17 November 2015, which included the overall staff establishment of 695 (including the APAS Division of which the establishment size is 33) as endorsed by the Staffing Committee at its 52<sup>nd</sup> meeting held on 3 November 2015; and
- (c) the proposed enhancement to the KPIs starting from 2016/17 and the proposed targets for 2016/17 at Appendix 5 of the paper subject to a review of the 3 KPI targets for 2016/17 discussed under paragraph 20 above.

Separately, Members also noted the Three-Year Forecast of Mainland subsidiaries for 2016/17-2018/19 which does not form part of HKPC's income and expenditure forecast for the purpose of subvention requirement.

## **VI. Code of Conduct for Council Members (P.C. 30/2015)**

29. Invited by the Chairman, introduced the paper and said that in response to higher public expectations on integrity and probity of the public sector, the Chief Executive in his 2014 Policy Agenda pledged to enhance clean governance in the public sector through ICAC's assistance to public bodies in reviewing their corporate code of conduct. In October 2014, ICAC compiled the "Sample of Code of Conduct for Members of Public Bodies" to facilitate public bodies establishing their corporate codes of conduct. At the 33<sup>rd</sup> meeting of the Audit Committee held on 18 March 2015, the Corruption Prevention Department of ICAC made a presentation of their "Sample Codes of Conduct for Public Bodies" and the Audit Committee agreed that the Internal Audit and Risk Management Office would customize a Code for HKPC based on the ICAC sample code. The objective of the Code was to communicate HKPC's values and standards of behavior for the Council Members to adhere to in the discharge of their duties of the Council in a way that contributed to the welfare of its key stakeholders. As a public body promoting the increased productivity of the industries, placing the best interest of the public in the foremost position was the prime value of HKPC. The Code would promote a culture that encouraged Members to internalize the principles of integrity, impartiality, accountability and diligence. It would also provide a framework for determining appropriate actions and making appropriate decisions for situations which Members commonly encountered such as advantages and entertainment offered, conflict of interest foreseen etc. Specifically, it included five major categories: Prevention of Bribery, Conflict of Interest, Misuse of Official Position, Confidentiality of Information and Indebtedness.

30. Members approved the HKPC Code of Conduct for Council Members for adoption as contained in the Annex of the paper which was endorsed by the Audit Committee at its 36<sup>th</sup> meeting held on 11 November 2015, subject to incorporation of comment that "to an average person" be added at the beginning of bullet point 5 under paragraph 17 of the Code.

## **VII. HKPC 50<sup>th</sup> Anniversary Commemorative Programmes (P.C. 31/2015)**

31. Invited by the Chairman, briefed members on the planning for the 50<sup>th</sup> Anniversary Commemorative Programmes in 2017 as outlined in the paper.

32. Members supported the Management's plan to use the approach adopted in celebrating the 45<sup>th</sup> anniversary in 2012, namely the planning of the commemorative programmes in 2017 would be guided by a solid, pragmatic and practical approach to:

- (a) take this timely opportunity to promote HKPC's unique statutory position and support services to the business and industry community in Hong Kong;

- (b) enhance the general public's understanding of HKPC's vision and mission, and vast array of applied R&D expertise; and
- (c) celebrate HKPC's achievements over the past five decades in supporting the industry with its wide range of stakeholders.

Members also agreed with \_\_\_\_\_ that the commemorative programmes would not include large-scale luxurious entertainment-type of events.

33. Members also supported the Management's proposal to establish a steering committee to be chaired by the Council Chairman with the following functions:

- (a) to provide high level steering for the planning and execution of the commemorative programmes to be implemented in 2017; and
- (b) to oversee the Management to ensure the commemorative programmes would be executed in accordance with the perceived direction, time line and financial framework.

**IX. Progress Report from the Business Development Committee (P.C. 33/2015)**

36. Members noted the report from the Business Development Committee on matters considered at its 58<sup>th</sup> meeting held on 10 November 2015.

**X. Progress Report from the Finance Committee (P.C. 34/2015)**

37. Members noted the report from the Finance Committee on matters considered at its 55<sup>th</sup> meeting held on 17 November 2015.

**XI. Progress Report from the Staffing Committee (P.C. 35/2015)**

38. Members noted the report from the Staffing Committee on matters considered at its 52<sup>nd</sup> meeting held on 3 November 2015.

**XII. Any Other Business**

**(A) Attendance Record of Council Members**

39. Members noted their attendance record in 2015 tabled at the meeting.

**(B) 2016 Meeting Schedule**

40. Members noted the proposed 2016 Council meeting schedule tabled at the meeting, as follows:

<b>Meeting</b>	<b>Date and Time</b>
131 <sup>st</sup> meeting	27 April 2016 (Wednesday) 2:30pm
132 <sup>nd</sup> meeting	27 July 2016 (Wednesday) 2:30pm
133 <sup>rd</sup> meeting	30 November 2016 (Wednesday) 2:30pm

**XIV. Date of Next Meeting**

41. It was agreed that the date of the next meeting was scheduled for 27 April 2016 at 2:30pm.

42. There being no other business, the Chairman thanked Members for their attendance and the meeting was closed at 6:00pm.