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information and Members' names removed)**

F.C. 11/2017 (Revised)

**Revised Minutes of the 60th Meeting of the Finance Committee
held at 2:30p.m. on Wednesday, 12 July 2017
in the Board Room, 2nd Floor, HKPC Building
78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

Present : Chairman - Mr. Wilson Fung Ying-wai

Members - Prof. John Chai Yat-chiu, JP
Mr. Felix Chow Bok-hin
Mr. Bryan Ha Kwok-fung
Mr. Adolph Leung, JP
(representing Mrs. Helen Chan, JP)
Mrs. Agnes Mak Tang Pik-yee, MH, JP
Dr. Dennis Ng Wang-pun, BBS, MH
Ms. Karmen Yeung Ka-yin

In attendance from HKPC :

Dr. Lawrence Cheung	Director, Technology Development
Mr. Gordon Lo	Director, Business Management
Ms. Vivian Lin	General Manager, Finance and Procurement
Mr. Alfonso Tam	Chief Manager, Council Secretariat
Ms. Olivia Poon	Manager, Council Secretariat

I. Confirmation of Minutes (F.C. 4/2017 Revised)

1. The Revised Minutes of the 59th Meeting of the Finance Committee (FC) held on 21 March 2017 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. Annual Accounts for the Year 2016/17 (F.C. 6/2017)

3. 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).

6. then briefed Members on the financial result of the WFOEs and SZJV (including SZTI) for 2016/17 as detailed in paragraphs 7-8 of the paper. Members noted that the financial result of DG WFOE had been adversely affected by the slow down in the approval of projects for the Dongguan TURN Programme. As regards GZ WFOE, the financial loss was largely due to the liquidation cost incurred for closing its operation.

7. Members endorsed for the Council's approval the Annual Accounts of HKPC for the year ended 31 March 2017 which had also been considered by the Audit Committee at its 42nd meeting on 22 June 2017 with no adverse comments. Members also noted the 2016/17 financial results (paragraph 9 of the paper) of the Automotive Parts and Accessory Systems R&D Centre (APAS Division) which was separately and fully funded by the Government.

VI. Financial Performance of HKPC for the First Quarter of 2017/18 (April - June 2017) (F.C. 9/2017)

17. Invited by the Chairman, introduced the paper which set out the financial performance of HKPC and its branches for the period from April to June 2017. During the period, HKPC's total fee income was \$112.1M, which was lower than the budget by \$0.3M (or 0.3%). The external income was in line with the budget. Total expenditure was \$99.4M, or 12.2% less than the budget. The financial result for the period was more than the budget by \$6.2M. During the same period, the balance of the provision for staff annual leave was reduced by 26.2% to \$8.4M as at June 2017, while the balance of the number of staff annual leave days with financial implication was also reduced from 6,335 to 4,835 or by 23.7%.

18. In reply to on the financial and business position of the WFOEs in the first quarter, said that China's One Belt One Road and the Bay Area initiatives presented WFOEs with increased business opportunities for innovation and technology development. In this connection, said that the BDC would consider at its coming meeting in July 2017 the proposal to establish a new institute in Shenzhen Futian Free Trade Zone. This initiative would present more opportunities for HKPC and the WFOEs to sustain continuous development in applied research and development, and to cooperate with the professional institutes in the Mainland.

[Post meeting note: The BDC supported HKPC's plan to establish the Institute in the Futian Free Trade Zone at its 63rd meeting held on 18 July 2017.]

19. Members noted the financial performance of HKPC and its branches for the period April to June 2017.

VII. Quarsterly Report on HKPC's Funds (F.C. 10/2017)

20. Members noted that as at 30 June 2017, HKPC's cash balance was \$287M. The actual bank interest income earned by HKPC for the period was \$0.5M, representing an average return rate of 0.4%, which was higher than the 0.02% average interest rate for savings accounts offered by major banks in Hong Kong.

21. In reply to on the uptrend of interbank interest, undertook to examine the actual bank interest income of HKPC's time deposits in banks during the reporting period. advised that for future reporting, a list of fixed deposits with the banks and the interest earned should be included in the paper.

[Post meeting note: Members were informed by circulation on 20 July 2017 that the actual interest income earned by HKPC from July 2016 to June 2017 was \$0.5M, representing an average return rate of 0.7% for the funds put in time deposits. The return rate would be 0.4% if the base included total available funds at banks. Details on the interest to be earned from the time deposits currently placed at the respective banks have also been provided.]

22. Members noted the quarterly report on HKPC's funds.

VIII. Any Other Business

(A) Attendance Record of FC Members

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

IX. Date of Next Meeting

24. It was agreed that the date of the next meeting was scheduled for 21 November 2017 at 2:30pm.

25. There being no other business, the Chairman thanked Members for their attendance and the meeting was closed at 4:40pm.