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F.C. 3/2018 (Revised)

**Revised Minutes of the 62nd Meeting of the Finance Committee
held at 2:30p.m. on Tuesday, 20 March 2018
in the Board Room, 2nd Floor, HKPC Building
78 Tat Chee Avenue, Yau Yat Chuen, Kowloon**

Present : Chairman - Mr. Wilson Fung Ying-wai

Members - Mr. Mohamed Din Butt
Prof. John Chai Yat-chiu, JP
Mr. Adolph Leung, JP
(representing Mrs. Helen Chan, JP)
Ms. Karmen Yeung Ka-yin

Absent with Apologies : Mr. Felix Chow Bok-hin
Dr. Allen Shi Lop-tak, BBS, MH, JP
Mr. Bryan Ha Kwok-fung

In attendance from Innovation and Technology Commission:

Mr. B.S. Yeung Senior Manager, Innovation and Technology Fund

In attendance from HKPC :

Dr. Lawrence Cheung Director, Technology Development
Mr. Gordon Lo Director, Business Management
Mr. Flora Li General Manager, Human Resources and Facility Management
Ms. Vivian Lin General Manager, Finance and Procurement
Mr. Alfonso Tam Chief Manager, Council Secretariat
Ms. Gillian Luk Senior Manager, Council Secretariat
Ms. Olivia Poon Manager, Council Secretariat

Welcome

The Chairman welcomed Dr. Allen Shi Lop-tak as Member of the Finance Committee and Mr. Mohamed Din Butt who attended the meeting for the first time.

Vote of Appreciation

The Chairman suggested, and Members agreed, to record a vote of appreciation to Dr. Dennis Ng Wang-pun for his contribution during his tenure as Member.

I. Confirmation of Minutes (F.C. 17/2017 Revised)

1. The Revised Minutes of the 61st Meeting of the Finance Committee held on 21 November 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.

II. Financial Performance of HKPC for the Year of 2017/18 (April 2017 - January 2018) (F.C. 1/2018)

2. Invited by the Chairman, introduced the paper which set out the financial performance of HKPC, excluding Automotive Parts and Accessory Systems (APAS) R&D Centre, for the period from April 2017 to January 2018. During the period, HKPC's total fee income was \$390.9M, which was more than the budget by \$16.1M (or 4.3%). Value added was \$201.8M, or \$11.5M (5.4%) less than the budget. Total expenditure was \$333.5M, or \$43.6M (11.6%) less than the budget. The surplus for the period was more than the budgeted surplus by \$36.2M. During the same period, the balance of the provision for staff annual leave was reduced by 35.3% to \$6.4M as at the end of January 2018, while the balance of the number of staff annual leave days with financial implication was also reduced from 5,703 to 3,820, or by 33%.

5. As regards the APAS's financial performance, Members noted that APAS was merged with HKPC as one of its divisions in 2012 to optimize synergy between HKPC and APAS and to achieve higher cost-effectiveness. Despite the merger, the operation of the APAS was separately funded by the Government with separate accounting and auditing in accordance with the agreement with the Government.

6. Members noted the financial performance of HKPC for the period April 2017 to January 2018.

III. Quarterly Report on HKPC's Funds (F.C. 2/2018)

7. Members briefed Members that HKPC's cash balance was \$273M as at 31 January 2018. The actual bank interest income earned by HKPC for the period was \$0.7M, representing an average return rate of 1.1%, which was higher than the 0.01% average interest rate for savings accounts offered by major banks in Hong Kong. The return rate would be 0.7% if the base included total available cash in banks. Details of the interest to be earned from the time deposits currently placed at the respective banks were given at Annex II of the paper.

8. Members noted that for better risk management, HKPC was reviewing the distribution of funds among the banks to avoid the concentration of the available funds with a particular bank, including the Government's disbursement for its funded projects.

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

IV. Any Other Business

(B) Attendance Record of FC Members

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

V. Date of Next Meeting

12. It was agreed that the date of the next meeting was scheduled for 17 July 2018 at 2:30pm.

13. There being no other business, the Chairman thanked Members for their attendance and the meeting was closed at 3:00pm.