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

### F.C. 6/2016 (Revised)

# Revised Minutes of the 56<sup>th</sup> Meeting of the Finance Committee held at 2:30p.m. on Tuesday, 19 April 2016 in the Board Room, 2<sup>nd</sup> Floor, HKPC Building <u>78 Tat Chee Avenue, Yau Yat Chuen, Kowloon</u>

Present :	Chairman	-	Mr. Victor Ng, MH
	Members	-	Mr. Wilson Fung Ying-wai 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
Absent with Apologies :			Mr. Felix Chow Bok-hin
In Attendance :			HKPC Chairman - Mr. Stanley Lau Chin-ho, SBS, MH, JP
In Attendance from the ITC :		<u>ITC</u> :	Mr. B.S. Yeung
In attendance from HKPC : Dr. Lawrence Cheung			Director, Technology Development
Mr. Tony Lam		-8	Director, Corporate Services
Mr. G	ordon Lo		Director, Business Management
Mr. Jo	nathan Ho		General Manager, Corporate Communication and Marketing
	ivian Lin		General Manager, Finance and Procurement
	fonso Tam		Chief Manager, Council Secretariat
Ms. O	livia Poon		Manager, Council Secretariat

### **Welcome**

<u>The Chairman</u> welcomed Mr. Wilson Fung Ying-wai, Mr. Bryan Ha Kwok-fung, Innovation and Technology Commission representative, and Dr. Lawrence Cheung, Director of Technology Development, HKPC who attended the meeting for the first time.

## **Vote of Appreciation**

<u>The Chairman</u> suggested, and Members agreed, to record a vote of appreciation to Dr. David Ng Tai-chiu for his contribution during his tenure as Member.

## I. <u>Confirmation of Minutes</u> (F.C. 17/2015 Revised)

The Revised Minutes of the 55<sup>th</sup> Meeting of the Finance Committee held on 17 November 2015 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.

# IV. <u>Financial Performance of HKPC for the Year of 2015/16 (April 2015 - March 2016)</u> (F.C. 4/2016)

7. Invited by the Chairman, said that for the year 2015/16, HKPC's total fee income was \$413.6M, which was higher than the budget by \$7.2M (or 1.8%). Total expenditure was \$405M, or 7.6% less than the budget. The financial result for the period was more than the budget by \$16.8M. During the same period, the balance of the provision for staff annual leave was reduced by 7.7% to \$13.9M as at 31 March 2016, while the balance of the number of staff annual leave days with financial implication was also reduced from 7,379 to 6,412, or by 13.1%.

8. said that the value added was lower than the budgeted figure despite higher income for the period. In reply, said that value added was sensitive to project nature and that R&D projects would tend to have a deflating effect on value added. While the budgeted figure was not met, value added for 2015/16 was higher than that for 2014/15 in dollar terms. Value added was an important financial performance indicator and the Management would keep a close watch to ensure that it would continue to improve over time.

9. With regard to enquiry on the underspending for building related works, said that such expenditure was not suppressed purposely to enhance financial results and the slower spending was on account of reasons beyond HKPC's control, for example, the quoted prices for works being lower than the estimates, delivery beyond 31 March 2016, slower scheduling of certain works on account of the need to conduct piping layout audit prior to obtaining quotations.

10. said that direct project expenditure relative to external income should be controlled. In agreement, said that direct project expenditure, especially variances from the estimates, should be closely monitored for each project on the SAP system. further commented that the accuracy of the project expenditure budget could be improved by giving reference to the in-progress projects on the SAP system. In said the trend of direct project expenditure was response, indeed under close watch by the Management. However, the time gap from budgeting to actual project implementation would mean that certain degree of fluctuation would be unavoidable despite efforts at ensuring accuracy in budgeting.

12. <u>Members</u> noted the financial performance of HKPC for 2015/16. Members also noted the 2015/16 financial performance of the APAS Division which was separately funded by ITF.

# II. <u>Quarterly Report on HKPC's Funds</u> (F.C. 5/2016)

13. <u>Members</u> noted that as at 31 March 2016, HKPC's cash balance was \$261M. The actual bank interest income earned by HKPC for the period was \$0.44M, representing an average return rate of 0.50%, which was higher than the 0.01% average interest rate for savings accounts offered by major banks in Hong Kong. <u>Members</u> also noted that no investment had been made in Bonds/Notes and Certificates of Deposits which were added to the investment framework of HKPC after approval by the Financial Secretary in June 2015. This was because these products so far offered a lower rate of return and flexibility than time deposit.

# III. Any Other Business

# (A) Attendance Record of FC Members

14. <u>Members</u> noted their attendance record in 2015 tabled at the meeting.

# IV. Date of Next Meeting

15. It was agreed that the date of the next meeting was scheduled for 19 July 2016 at 2:30pm.

16. There being no other business, <u>the Chairman</u> thanked Members for their attendance and the meeting was closed at 3:50pm.