

財經事務及庫務局  
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FINANCIAL SERVICES AND THE  
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來函檔號 Your Ref. : CB4/PAC/R65

4 January 2016

Mr Anthony Chu  
Clerk to the Public Accounts Committee  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central  
Hong Kong

Dear Mr Chu,

**Public Accounts Committee**  
**Consideration of Chapter 5 of the Director of Audit's Report No. 65**  
**Operation of Hongkong Post**

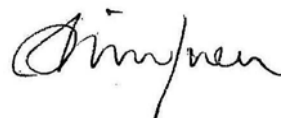
I refer to your letter dated 22 December 2015.

In the last review of the target rate of return on fixed assets for the Post Office Trading Fund ("POTF") in 2011, reference was made to a number of overseas companies or organisations in the post and delivery industry. As mentioned in ~~our letter dated 9 December 2015~~ <sup>Appendix 51</sup>, one of the factors in setting the target rates of return on fixed assets for trading funds is the equity beta coefficient which reflects the level of risk faced by the relevant industry. Given that there was no other listed company in the local post and delivery service industry in Hong Kong, our consultant has then made reference to the beta values of the following overseas companies or organisations –

<b>Company / Organisation</b>	<b>Market</b>	<b>Beta Value (as at end of October 2011)</b>
Deutche Post DPW	Germany	0.74
FedEx	United States	1.17
Freightways	New Zealand	0.52
Pos Malaysia	Malaysia	0.42
PostNL PNL	Netherlands	0.76
Singapore Post	Singapore	0.18
UK Mail UKM	United Kingdom	0.12
UPS	United States	0.40

In line with the methodology of adopting the median of the relevant beta values for calculating the equity beta coefficient for trading funds, the consultant had adopted the estimate of 0.47, i.e.  $(0.42+0.52)/2$ , for POTF in the last review.

Yours sincerely,



(Alvin Yuen)  
for Secretary for Financial Services  
and the Treasury

c.c. Secretary for Commerce and Economic Development (Fax: 2588 1421)  
Postmaster General (Fax: 2868 0046)  
Director of Audit (Fax: 2583 9063)