

立法會
Legislative Council

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Finance Committee of the Legislative Council

Minutes of the 37th meeting
held in Conference Room 1 of the Legislative Council Complex
on Friday, 8 October 2021, from 3:00 pm to 5:07 pm

Members present:

Hon CHAN Kin-por, GBS, JP (Chairman)
Hon CHAN Chun-ying, JP (Deputy Chairman)
Hon Tommy CHEUNG Yu-yan, GBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, SBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBM, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Steven HO Chun-yin, BBS, JP
Hon Frankie YICK Chi-ming, SBS, JP
Hon YIU Si-wing, SBS
Hon MA Fung-kwok, GBS, JP
Hon CHAN Han-pan, BBS, JP
Hon LEUNG Che-cheung, SBS, MH, JP
Hon Alice MAK Mei-kuen, BBS, JP
Hon KWOK Wai-keung, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Elizabeth QUAT, BBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP
Hon POON Siu-ping, BBS, MH

Ir Dr Hon LO Wai-kwok, GBS, MH, JP
Hon CHUNG Kwok-pan
Hon Jimmy NG Wing-ka, BBS, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai, JP
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan, JP
Dr Hon Pierre CHAN
Hon CHEUNG Kwok-kwan, JP
Hon LUK Chung-hung, JP
Hon LAU Kwok-fan, MH, JP
Hon Kenneth LAU Ip-keung, BBS, MH, JP
Hon Vincent CHENG Wing-shun, MH, JP
Hon Tony TSE Wai-chuen, BBS, JP

Members absent:

Hon Abraham SHEK Lai-him, GBS, JP
Hon Michael TIEN Puk-sun, BBS, JP
Dr Hon CHIANG Lai-wan, SBS, JP

Public officers attending:

Miss Cathy CHU Man-ling, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Miss CHAN Cheuk-yin, Jennie	Principal Executive Officer (G), Financial Services and the Treasury Bureau (The Treasury Branch)
Dr CHUI Tak-yi, JP	Under Secretary for Food and Health
Mr Chris FUNG Pan-chung	Principal Assistant Secretary for Food and Health (Health) 3
Mr Derek LAI Chi-kin	Principal Assistant Secretary for Education (Higher Education)
Mr Louis LEUNG Sze-ho	Deputy Secretary-General (1), University Grants Committee Secretariat

Mr Stephen IP Shing-tak	Chief Technical Adviser (Subvented Projects), Architectural Services Department
Dr Bernard CHAN Pak-li, JP	Under Secretary for Commerce and Economic Development
Ms Betty HO Siu-ping, JP	Deputy Secretary for Commerce and Economic Development (Commerce and Industry) 3
Mr Paul CHENG Ching-wan	Principal Assistant Secretary for Home Affairs (Recreation and Sport) 1
Mr YEUNG Tak-keung, JP	Commissioner for Sports, Home Affairs Bureau

Other persons attending:

Professor Gabriel M LEUNG	Dean, Li Ka Shing Faculty of Medicine, The University of Hong Kong
Professor CHAN Ying-shing	Associate Dean (Development and Infrastructure), Li Ka Shing Faculty of Medicine, The University of Hong Kong
Mr K. L. TAM	Director of Estates, The University of Hong Kong
Mr Jason LUK Chi-sau	Assistant Director (Estates Office), The University of Hong Kong
Mr Clement CHAN	Chief Executive Officer, HKMC Insurance Limited
Ms Irene MOK	Vice President (SME Financing Guarantee Scheme Operations), HKMC Insurance Limited
Dr Trisha LEAHY, BBS	Chief Executive, Hong Kong Sports Institute
Mr Tony CHOI	Deputy Chief Executive, Hong Kong Sports Institute
Dr Raymond SO	Director (Elite Training Science and Technology), Hong Kong Sports Institute
Dr Daniel LEE	Associate Director (Elite Training Science and Technology), Hong Kong Sports Institute
Ms Monita HO	Associate Director (Estate Office), Hong Kong Sports Institute

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

Staff in attendance:

Miss Bowie LAM

Council Secretary (1)1

Miss Queenie LAM

Senior Legislative Assistant (1)2

Mr Frankie WOO

Senior Legislative Assistant (1)3

Miss Yannes HO

Legislative Assistant (1)7

Action

The Chairman reminded members of the requirements under Rule 83A and Rule 84 of the Rules of Procedure.

2. In respect of the public works items to be considered at this meeting, the Chairman declared that he was a Director and the Chief Executive Officer of Well Link Insurance Group Holdings Limited. He was also a Director of Well Link General Insurance Company Limited and Well Link Life Insurance Company Limited, both under the Well Link Insurance Group.

Item 1 — FCR(2021-22)71

**RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 8 SEPTEMBER 2021**

EC(2021-22)19

HEAD 92 — DEPARTMENT OF JUSTICE

Subhead 000 Operational expenses

3. The Chairman advised that this item invited the Finance Committee ("FC") to approve the recommendation of the Establishment Subcommittee ("ESC") made on 8 September 2021 on EC(2021-22)19 - Creation of two supernumerary posts of one Deputy Principal Government Counsel (DL2) and one Assistant Principal Government Counsel (DL1) in the Department of Justice to take forward the new policy initiatives under "Vision 2030 for Rule of Law", and to cope with the increased workload arising from new and existing projects. Members noted that no member had requested separate voting on this item at the FC meeting.

Voting on FCR(2021-22)71

4. At 3:01 pm, the Chairman put item FCR(2021-22)71 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

**Item 2 — FCR(2021-22)72
RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 15 SEPTEMBER 2021**

PWSC(2021-22)29

**HEAD 708 — CAPITAL SUBVENTIONS AND MAJOR SYSTEMS
AND EQUIPMENT**

54QJ — New facilities building of the Hong Kong Sports Institute

5. The Chairman advised that this item invited FC to approve the recommendation of the Public Works Subcommittee ("PWSC") made on 15 September 2021 on PWSC(2021-22)29 – **54QJ** - New facilities building of the Hong Kong Sports Institute. Members noted that no member had requested separate voting on this item at the FC meeting.

Voting on FCR(2021-22)72

6. At 3:02 pm, the Chairman put item FCR(2021-22)72 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

**Item 3 — FCR(2021-22)74
RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 8 SEPTEMBER 2021**

EC(2021-22)18

**HEAD 33 — CIVIL ENGINEERING AND DEVELOPMENT
DEPARTMENT**

Subhead 000 Operational expenses

7. The Chairman advised that this item invited FC to approve the recommendation made by ESC on 8 September 2021 on EC(2021-22)18 – Creation of two supernumerary posts of one Government Engineer (D2) and one Chief Engineer (D1) in the Civil Engineering and Development Department to lead the Kai Tak Office for the co-ordination and implementation of on-going and upcoming projects in and around the Kai

Tak Development. Members noted that no member had requested separate voting on this item at the FC meeting.

Voting on FCR(2021-22)74

8. At 3:03 pm, the Chairman put item FCR(2021-22)74 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

**Item 4 — FCR(2021-22)75
RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 15 SEPTEMBER 2021**

PWSC(2021-22)30

HEAD 703 — BUILDINGS

Support — Others

193GK — Kwun Tong Composite Development Project

HEAD 707 — NEW TOWN AND URBAN AREA DEVELOPMENT

Transport

**206TB — Enhancing Connectivity near MTR Kwun Tong Station
with Elevated Landscaped Pedestrian Deck**

9. The Chairman advised that this item invited FC to approve the recommendation made by PWSC on 15 September 2021 on PWSC(2021-22)30 – **193GK** - Kwun Tong Composite Development Project; and **206TB** - Enhancing Connectivity near MTR Kwun Tong Station with Elevated Landscaped Pedestrian Deck. Members noted that no member had requested separate voting on this item at the FC meeting.

Voting on FCR(2021-22)75

10. At 3:04 pm, the Chairman put item FCR(2021-22)75 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

**Item 5 — FCR(2021-22)76
RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 17 SEPTEMBER 2021**

PWSC(2021-22)31

HEAD 703 — BUILDINGS

Education — Primary

355EP — A 30-classroom primary school at Site KT2c, Development at Anderson Road, Kwun Tong

11. The Chairman advised that this item invited FC to approve the recommendation made by PWSC on 17 September 2021 on PWSC(2021-22)32 – **363EP** – A 30-classroom primary school at Site KT2c, Development at Anderson Road, Kwun Tong. Members noted that no member had requested separate voting on this item at the FC meeting.

Voting on FCR(2021-22)76

12. At 3:05 pm, the Chairman put item FCR(2021-22)76 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

Item 6 — FCR(2021-22)77

RECOMMENDATION OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 17 SEPTEMBER 2021

PWSC(2021-22)32

HEAD 703 — BUILDINGS

Education — Primary

363EP — A 24-classroom primary school at Au Pui Wan Street, Fo Tan, Sha Tin

13. The Chairman advised that this item invited FC to approve the recommendation of PWSC made on 17 September 2021 on PWSC(2021-22)32 – **363EP** - A 24-classroom primary school at Au Pui Wan Street, Fo Tan, Sha Tin. Members noted that no member had requested separate voting on this item at the FC meeting.

Voting on FCR(2021-22)77

14. At 3:05 pm, the Chairman put item FCR(2021-22)77 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

Item 7 — FCR(2021-22)78

RECOMMENDATION OF THE PUBLIC WORKS SUBCOMMITTEE MADE ON 17 SEPTEMBER 2021

PWSC(2021-22)33
HEAD 707 — NEW TOWNS AND URBAN AREA DEVELOPMENT
Transport — Roads
873TH — Boardwalk underneath the Island Eastern Corridor

15. The Chairman advised that this item invited FC to approve the recommendation made by PWSC on 17 September 2021 on PWSC(2021-22)33 – **873TH** - Boardwalk underneath the Island Eastern Corridor. Members noted that no member had requested separate voting on this item at the FC meeting.

Voting on FCR(2021-22)78

16. At 3:06 pm, the Chairman put item FCR(2021-22)78 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

Item 8 — FCR(2021-22)73
RECOMMENDATION OF THE PUBLIC WORKS
SUBCOMMITTEE MADE ON 17 SEPTEMBER 2021

PWSC(2021-22)34
HEAD 708 — CAPITAL SUBVENTIONS AND MAJOR SYSTEMS
AND EQUIPMENT

Universities

The University of Hong Kong

67EG — Construction of a new academic building on an extension site east of No. 3 Sassoon Road

17. The Chairman advised that this item invited FC to approve the recommendation made by PWSC on 17 September 2021 on PWSC(2021-22) – the upgrading of part of **67EG** to Category A as **68EG** entitled "Construction of a new academic building on an extension site east of No. 3 Sassoon Road – Consultancy Study" at an estimated cost of \$56 million in money-of-the-day prices. PWSC had spent about 17 minutes on discussion of this item and some members had requested that this item be voted on separately at the FC meeting.

Healthcare professionals

18. Mr Tony TSE expressed support for the current proposal on account of the need to provide more trained healthcare professionals to meet service demands. Noting that in the 2019-20 to 2021-22 triennium, the

Government had further increased the number of healthcare-related University Grants Committee-funded first-year-first-degree ("FYFD") annual intake of the University of Hong Kong ("HKU") by 57 places, Mr Tony TSE considered the increase far from sufficient.

19. In response, Under Secretary for Food and Health ("USFH") said that the increase of 57 places was only a short-term target. Student intake would further increase when other short, medium and long-term works projects for enhancing healthcare-related teaching facilities in the universities were completed for commissioning.

20. Dr Priscilla LEUNG expressed support for the current proposal and stated the following views:

- (a) scientific and medical research was of paramount importance to society and the dedication of researchers to their work was indeed admirable;
- (b) some members of the public might have formed a negative view on the medical and healthcare sector due to the involvement of some of their members in the social unrests in 2019; and
- (c) it was time for medical and healthcare personnel to focus on and excel in their profession so as to regain and reinforce public trust in them.

Public consultation and concerns of the local community

21. Regarding the amendment to the land use of the site, which would be considered by the Town Planning Board ("TPB") shortly, Mr Tony TSE considered that the use of green belt sites with relatively low ecological value might be necessary for meeting important development needs.

22. Mrs Regina IP sought HKU's response to the concerns of some residents in Pokfulam about the emission of hazardous substances from the proposed building which would be predominantly used for laboratory purpose. She also enquired on the types of animals being kept in the laboratories for experiments.

23. In this regard, Dean, Li Ka Shing Faculty of Medicine, The University of Hong Kong ("Dean, LKS Faculty of Medicine, HKU") advised that:

- (a) the new academic building would be equipped with laboratories for research and teaching purposes, taking up about 60% of its floor area;
- (b) no contagious emission would arise from the operation of teaching laboratories designated for anatomy, biochemistry, pathology and histology;
- (c) pursuant to HKU's long-standing practice to adhere to stringent safety standards, the laboratories of the Faculty of Medicine researching on bacteria, virus, parasites etc. had all along been operated strictly in accordance with statutory regulations and international standards;
- (d) the two high containment (PC3) laboratories, which had carried out researches on viruses, maintained a very good track record and had not caused any single incident posing hazard to residents in the vicinity;
- (e) the animal laboratories operated by the Faculty, which did not involve non-human primates, were the only and first such animal research facilities in Asia to have received international accreditation; and
- (f) while animals under experiment were safely kept in the laboratories, the real threat and nuisance caused to residents was the presence of wild boars in the neighbourhood.

24. Mrs Regina IP was concerned about the location of the proposed building on a hilly site, as well as its impacts on ecology, air ventilation, vista and traffic in the neighbourhood. Whilst noting that the proposed development would strengthen synergy with existing medical teaching facilities, Mr Martin LIAO enquired on measures taken to mitigate any adverse environmental impact.

25. Dean, LKS Faculty of Medicine, HKU advised that in the light of concerns raised by nearby residents, HKU had applied to TPB to defer consideration of the amendment plan for two weeks. He also highlighted the following measures which had been/would be taken:

- (a) to enhance air ventilation and mitigate the visual impact of the development, the original design had been thrice revised and a staggering design concept was adopted for disposition

of the building into four small blocks. The proposed development might be further sunken for about 5 metres;

- (b) to enhance the wind environment of the proposed development and its surrounding, design features such as permeable podium design, breezeway formulation and building setback from adjacent roads would be implemented;
- (c) to provide a green environment, trees would be planted along Pokfulam Road, on the podium, terraces and roofs of the proposed development. Some of the future garden facilities would be open to the public;
- (d) there were two vehicular ingress/egress points provided for the proposed academic building. According to the Traffic Impact Assessment conducted for the project, the traffic impact induced by the proposed development would not cause any significant impact to the surrounding road network;
- (e) upon completion of the development, a barrier-free pedestrian network connecting Victoria Road, Northcote Close and Pokfulam Road would be created while all buildings at the Sassoon Road campus would be linked by elevated walkways, connecting bus stops and Queen Mary Hospital ("QMH") and providing convenience to members of the public; and
- (f) meetings had been held with Ebenezer School & Home for the Visually Impaired and Caritas WU Cheng-chung Secondary School and they were in support of the project.

26. Ir Dr LO Wai-kwok expressed support for the current proposal so as to increase training facilities for healthcare professionals. He considered that the provision of a barrier-free pedestrian network and public access to some of the facilities would hopefully reduce the local community's opposition to the project.

27. Mr CHEUNG Kwok-kwan said that according to residents of Royalton II, HKU's reply of 26 July 2021 had not fully addressed their concerns, including their request to relocate laboratories which would not be used for teaching purpose. Mr CHEUNG urged HKU to maintain ongoing dialogue with affected residents. Dean, LKS Faculty of Medicine, HKU further advised as follows:

- (a) TPB received about 2 670 submissions of comments on the amendment plan submitted by HKU, of which over 2 000 letters supported the project on account of its benefits to Hong Kong's healthcare system. Organizations stating their support included the Hospital Authority, Our Hong Kong Foundation and nearly all patient concern groups. Of the 650 letters raising objection, 480 were of identical format and contents but signed by different persons;
- (b) the Faculty's research laboratories had contributed remarkably to Hong Kong's capability to respond to the outbreak of Coronavirus Disease-19 ("COVID-19") and in the production of reagents for use by Hong Kong and some 70 countries;
- (c) additional space for teaching facilities was badly needed as the projected intake of FYFD students in medicine and nursing in 2022 was 598, almost three times the intake of 253 in 2002;
- (d) the proposed site had been chosen with due consideration to its physical linkages with other teaching facilities along Sassoon Road and its close proximity to QMH, the Faculty's teaching hospital;
- (e) relocation of medical research laboratories to other remote sites was not feasible as it was critical to conduct research work involving the use of clinical specimens from QMH in close proximity to the cutting-edge research platforms at Sassoon Road; and
- (f) HKU would maintain dialogue with stakeholders and would consult nearby residents on the proposed detailed design for the project in due course.

28. On Mr CHEUNG Kwok-kwan's concerns about laboratory safety and possible hazards posed to nearby residents, Dean, LKS Faculty of Medicine, HKU said that laboratory safety at HKU had been well-tested during critical periods:

- (a) as a result of stringent security measures, no laboratory in HKU campus had been broken into during the social unrests in 2019; and

- (b) all along, existing research laboratories at Sassoon Road had carried out experiments on contagious viruses including COVID-19, producing positive and beneficial outcomes without causing any adverse effect on the neighbourhood.

Timetable for the project

29. Mr Jeffrey LAM expressed support for the current proposal and considered that relevant works should be expedited to facilitate early completion of the new academic building. On the timetable for the project, Dean, LKS Faculty of Medicine, HKU and USFH advised that:

- (a) in accordance with existing procedures, the Government had proposed to carry out pre-construction activities on the project, including a technical services consultancy, site investigation works and a quantity surveying consultancy;
- (b) the feasibility of expediting relevant works would be looked into when preparing the detailed design; and
- (c) it was estimated that the studies would take about 12 to 15 months. Thereafter, funding approval would be sought for the construction works in 2023 with a tentative completion date of late 2027/early 2028.

30. In reply to Mr CHEUNG Kwok-kwan's enquiry, Dean, LKS Faculty of Medicine, HKU said that TPB's deliberation on HKU's amendment plan had been rescheduled to late-November 2021. Undertaking pre-construction activities in parallel would help save time for implementation of the project.

31. Given the strong objection from affected residents, Mrs Regina IP was concerned about the way forward, in case the amendment plan was not approved by TPB. Dean, LKS Faculty of Medicine, HKU assured members that:

- (a) HKU and the Government would make every effort to explain the project to TPB. The public support received and funding approval, if given by FC, would facilitate favourable consideration by TPB; and
- (b) in taking forward the project, HKU would maintain close dialogue with stakeholders and residents in the vicinity.

Voting on FCR(2021-22)73

32. At 4:01 pm, the Chairman put item FCR(2021-22)73 to vote. At the request of members, the Chairman ordered a division. The Chairman declared that 28 members voted in favour of and no members voted against the item, and two members abstained from voting. The votes of individual members were as follows:

For:

Mr Tommy CHEUNG Yu-yan	Mr Jeffrey LAM Kin-fung
Mr WONG Ting-kwong	Ms Starry LEE Wai-king
Dr Priscilla LEUNG Mei-fun	Mr WONG Kwok-kin
Mr Frankie YICK Chi-ming	Mr YIU Si-wing
Mr MA Fung-kwok	Mr CHAN Han-pan
Mr LEUNG Che-cheung	Ms Alice MAK Mei-kuen
Mr KWOK Wai-keung	Mr Christopher CHEUNG Wah-fung
Ms Elizabeth QUAT	Mr Martin LIAO Cheung-kong
Mr POON Siu-ping	Ir Dr LO Wai-kwok
Dr Junius HO Kwan-yiu	Mr Holden CHOW Ho-ding
Mr SHIU Ka-fai	Mr Wilson OR Chong-shing
Dr Pierre CHAN	Mr CHAN Chun-ying
Mr LUK Chung-hung	Mr LAU Kwok-fan
Mr Vincent CHENG Wing-shun	Mr Tony TSE Wai-chuen

(28 members)

Abstained:

Mrs Regina IP LAU Suk-yee Ms YUNG Hoi-yan
(2 members)

33. The Chairman declared that the item was approved.

Item 9 — FCR(2021-22)79

**HEAD 152 — GOVERNMENT SECRETARIAT: COMMERCE AND
ECONOMIC DEVELOPMENT BUREAU
(COMMERCE, INDUSTRY AND TOURISM
BRANCH)**

Subhead 700 General non-recurrent

Item 833 SME Financing Guarantee Scheme – Guarantee Products

34. The Chairman advised that this item invited FC to approve an increase in loan guarantee commitment under the SME Financing Guarantee

Scheme ("SFGS") by \$35 billion from \$183 billion to \$218 billion, thereby resulting in an increase in the expected maximum expenditure by \$3 billion from \$33.72 billion to \$36.72 billion. The Administration had consulted the Panel on Commerce and Industry on the proposal at the meeting on 21 September 2021.

Loan guarantee commitment and expenditure of SME Financing Guarantee Scheme

35. The Deputy Chairman, Mr Holden CHOW, Mr WONG Ting-kwong and Mr SHIU Ka-fai expressed support for the proposal. The Deputy Chairman enquired why the proposed increase of \$35 billion in loan guarantee commitment would be used interchangeably under the three guarantee products (i.e. 80% Guarantee Product, 90% Guarantee Product and Special 100% Guarantee Product) ("the three guarantee products") under the SFGS instead of being devoted to the Special 100% Guarantee Product which had a larger number of applications.

36. Chief Executive Officer, HKMC Insurance Limited ("HKMCI") advised that, as at September 2021, while most of the applications were for the Special 100% Guarantee Product, a considerable number of enterprises still applied for the other two guarantee products. To meet the needs of different enterprises, it was therefore recommended that the loan guarantee commitment proposed to be increased could be used interchangeably under the three guarantee products.

37. Mr YIU Si-wing requested the Administration to explain how it calculated the increase in loan guarantee commitment and expenditure. He was of the view that with the gradual improvement of the economic environment, the default rate might turn out lower than expected, and enquired whether the expenditure could be reduced. Mr Tony TSE enquired about the use of the expenditure.

38. Under Secretary for Commerce and Economic Development ("USCED") explained that the Government had made reference to the number of past applications for SFGS, and considering that currently the loans guaranteed under the SFGS had accounted for more than 80% of the approved commitment, and if the application period of the Special 100% Guarantee Product was extended by six months to 30 June 2022, which would align the application period with that of the other two guarantee products, the remaining commitment at present would exhaust before 30 June 2022, so it was necessary to increase the loan guarantee commitment.

39. USCED added that the expenditure covered, among others, the originating and servicing fees payable to lending institutions participating in the SFGS, and the necessary out-of-pocket expenses to be incurred by HKMCI which managed the SFGS, etc. The Government projected the increase in expenditure based on SFGS's past default data, etc. Although the current default rate of the Special 100% Guarantee Product was only 0.14%, most enterprises which had been offered loans were still at the stage of principal moratorium, and the default rate would naturally looked rather low for now; in order to make a reasonable estimate for expenditure, the default rate of Special 100% Guarantee Product was currently assumed to be 25%. Since the administrative fee of SFGS was not high, it was expected that most of the increase in expenditure would go to provision for defaults. Besides, with many loans approved earlier repaid in full, corresponding reserved provision for defaults could be released to offset the expenditure. It was therefore estimated that the expenditure would only increase by \$3 billion.

Principal moratorium arrangement

40. Mr Holden CHOW was concerned that SFGS's default rate might soar if a large number of enterprises had their principal moratorium arrangements expired within the same period, and were incapable of repayment. As the tourism industry (including the coach trade) had long been hampered by the COVID-19 pandemic, and the economy had not yet fully recovered, rendering it difficult for enterprises to have the liquidity for principal repayment, Mr YIU Si-wing considered that the Government should extend the principal moratorium arrangement for loan cases in industries with special operational difficulty under the pandemic. Mr YIU also believed that without government policy support, lending institutions might not offer leniency to cases failing to make timely repayment. He suggested the Government instruct lending institutions to flexibly deal with cases of arrears in industries with special difficulties.

41. USCED advised that, considering that enterprises might face repayment pressure after the expiry of principal moratorium, the Hong Kong Monetary Authority ("HKMA") and lending institutions maintained close contact with different industries to understand the needs of various trades and provide appropriate support. Lending institutions might flexibly handle cases that failed to repay the principal, including providing such enterprises with other support proposals.

Default rate and control mechanism

42. In response to Mr WONG Ting-kwong's enquiry, USCED advised that the actual default rates of the Special 100% Guarantee Product, 90% Guarantee Product and 80% Guarantee Product were 0.14%, 0.26% and 3.76% respectively. Mr WONG and Mr Tony TSE considered the default rates low and the situation acceptable, and suggested the Government continue to provide resources in helping enterprises tide over the economic hardship brought about by the pandemic.

43. Mr SHIU Ka-fai enquired why the 80% Guarantee Product had relatively higher default rate. USCED advised that the 80% Guarantee Product was launched as early as 2012, and the other two guarantee products were launched in 2019 or later. Therefore, the cumulative number of loan cases approved by the latter two and the default amounts were lower.

44. Mr SHIU Ka-fai and Mr Tony TSE enquired how the Administration monitored the SFGS to prevent abuse or fraud. USCED advised that lending institutions would review enterprises applying for loans, followed by HKMCI's verification of applications submitted by lending institutions to ensure that enterprises were qualified for participating in the SFGS. The Government and HKMCI would also liaise closely with law enforcement agencies to strictly monitor the implementation of SFGS to prevent abuse or fraud.

Target beneficiaries of Special 100% Guarantee Product

45. Mr Tony TSE was concerned that the Special 100% Guarantee Product might not benefit some professional service sectors whose turnover was not calculated on a fixed income basis. USCED responded that the maximum loan amount for eligible enterprises (including related companies) under the Special 100% Guarantee Product was the total amount of employee wages and rents for 18 months (with a ceiling of \$6 million). For applicants without rented offices or employees, proxy was made to 50% of the highest monthly net income of the enterprises from January 2019 to June 2020 multiplied by 18.

Voting on FCR(2021-22)79

46. At 4:30 pm, the Chairman put item FCR(2021-22)79 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

Item 10 — FCR(2021-22)80

**HEAD 53 — GOVERNMENT SECRETARIAT :
HOME AFFAIRS BUREAU**

Subhead 700 General non-recurrent

New item "Injection into the Arts and Sport Development Fund (Sports Portion) for the Sports Science and Research Funding Scheme"

47. The Chairman advised that this item invited FC to approve a new commitment of \$150 million for injection into the Arts and Sport Development Fund ("ASDF") (Sports Portion) for the Sports Science and Research Funding Scheme ("the Scheme"). Members noted that the Panel on Home Affairs ("HA Panel") had spent about 1 hour 7 minutes on discussion of the funding proposal.

48. At the invitation of the Chairman, Mr LEUNG Che-cheung, Chairman of the HA Panel, reported that at the meeting held on 27 September 2021, members supported the submission of the proposal to FC, but raised the following concerns:

- (a) whether sufficient resources had been deployed to prepare elite athletes for and participate in major sports events including the 15th National Games to be held in 2025;
- (b) Hong Kong Sports Institute ("HKSI"), universities, research institutions and commercial organizations should strengthen collaboration in the development of high-performance gear;
- (c) to promote the development of the sports industry in Hong Kong, the Government should take steps to obtain patent rights for publicly-funded research deliverables; and
- (d) HKSI should improve career and professional advancement opportunities for sports medicine staff for the purpose of retaining their service.

Need for the proposed funding and its intended use

49. Mr Tony TSE remarked that the outstanding performance of Hong Kong athletes at recent events such as the Tokyo Olympic Games could help foster a sense of national identity among the people of Hong Kong. Noting that the existing ASDF (Sports Portion) had a balance of over \$2 billion, Mr TSE questioned the need for the proposed injection, and whether the

future use of the fund would be reported to the Legislative Council ("LegCo") to facilitate monitoring.

50. In response, Commissioner for Sports, Home Affairs Bureau ("C for S, HAB") advised that:

- (a) the existing balance of ASDF had already been earmarked for various uses. In order not to affect the funding of existing items, it was necessary to set up a dedicated funding scheme for sports science and research;
- (b) in the absence of a dedicated funding scheme, funding for research projects would have to be sought from other sources, such as the Innovation and Technology Fund in the case of the wind tunnel project; and
- (c) members could monitor the financial position of ASDF from its Annual Reports tabled at LegCo.

51. Mrs Regina IP expressed appreciation to the athletes, sports associations and related parties for their tireless effort and outstanding achievements. Mrs IP and Mr Tony TSE were concerned about the sustainability of the proposed funding for the Scheme. In response, C for S, HAB and Chief Executive, HKSI ("CE, HKSI") advised that:

- (a) the proposed injection from the Government and the Hong Kong Jockey Club Charities Trust totaling \$300 million would finance initiatives to better prepare local athletes for the 2022 Hangzhou Asian Games and Asian Para Games, the 2024 Paris Olympic Games and Paralympic Games, as well as the 15th National Games to be held in 2025; and
- (b) depending on actual circumstances and Hong Kong's performance in upcoming major events, additional funding beyond 2025 might be sought if necessary.

52. Mr CHUNG Kwok-pan enquired about the proposed use of the \$300 million, and whether it would be evenly distributed among different service centres of HKSI. The Deputy Chairman expressed support for the current proposal and sought information on:

- (a) the funding priority, if any, for the three areas (namely commissioning of research, purchase of equipment and

software applications and improvements to athletes' gear) covered by the Scheme; and

- (b) the measurable performance indicators for the projects under the Scheme.

53. In this connection, C for S, HAB and CE, HKSI responded that:

- (a) HKSI would work closely with "national sports associations" and other relevant organizations including universities and research institutions on how best to take forward the main areas pertaining to elite sports development and there was no pre-determined priority;
- (b) instead of even distribution to all service centres, a cross-disciplinary approach would be adopted in the allocation of funding, with input from the Head Coaches of various elite sports; and
- (c) measurable performance indicators were usually project-specific. The significant reduction in aerodynamic resistance, for example, was a performance indicator for the use of wind tunnel and application of aerodynamics technology.

54. Ms Elizabeth QUAT appreciated the outstanding achievements of Hong Kong athletes in major sports events and expressed strong support for the current proposal. She was concerned whether all sports items would be able to benefit from the research funding. In this regard, CE, HKSI and C for S, HAB highlighted that:

- (a) nowadays, sports science and sports medicine were widely deployed by the sports sector to enhance the performance and competitiveness of athletes; and
- (b) with the proposed funding, HKSI would be in a position to initiate researches that could best serve the interest of athletes in collaboration with partner institutions.

55. On other possible sources of funding for sports, Mr CHUNG Kwok-pan asked whether consideration would be given to enlisting support from the commercial sector. C for S, HAB replied in the affirmative and supplemented that:

- (a) part of the funding for the research project on the use of wind tunnel was provided by a commercial enterprise on a matching basis;
- (b) as a result of the outstanding accomplishments of local athletes at major sports events, quite a number of commercial sponsorships had been received; and
- (c) Home Affairs Bureau and HKSI would continue efforts to encourage the commercial sector to provide greater financial support for sports and sports-related scientific researches.

Research and manpower needs of the sports sector

56. Noting the relatively small number of elite athletes in Hong Kong, the Deputy Chairman asked whether it would be necessary to collect information from the Mainland and other places outside Hong Kong to form a wider data base for research projects. Mrs Regina IP sought further information on the research plans ahead.

57. C for S, HAB and CE, HKSI informed members that:

- (a) there had been ongoing collaboration between the sports sectors of Hong Kong and the Mainland, while data on international trends in sports development were collected from time to time; and
- (b) upon funding approval, HKSI would embark on preparatory work and engage with partners including universities and research institutions to consider worthwhile research projects. An expert committee would also be set up in HKSI to advise on the applications under the Scheme;

58. Mr Vincent CHENG declared that he was a Director of the Board of HKSI. While concurring with the need to strengthen sports science and sports medicine, Mr Vincent CHENG considered it equally important for HKSI to strengthen its planning for professional manpower. Mr MA Fung-kwok expressed strong support for the current proposal. In the face of keen competition for professional personnel from the private sector, Mr MA stressed that HKSI should improve career and professional advancement opportunities in order to retain experienced professionals specialized in sports science and medicine. C for S, HAB took note of the members' concerns and said that HKSI would examine its manpower plans and needs in preparing its strategic plan for the next five years.

Promoting the development of the sports industry

59. Mr MA Fung-kwok sought further information on plans and measures, if any, to promote sports professionalism and development of the sports industry, such as the prospect of developing Hong Kong into an international centre for sports medicine. C for S, HAB advised that:

- (a) HKSI had all along played a key role in enhancing the professional standards of personnel engaging in sports science and sports medicine, such as collaboration with the Hong Kong Polytechnic University in the provision of physiotherapy to elite athletes; and
- (b) Hong Kong was one of the places renowned for treatment of sports injuries in the region.

60. Noting the suits of the Hong Kong Cycling Team made from special fabric developed in collaboration with an enterprise, Mr CHUNG Kwok-pan enquired about the feasibility of industrializing locally developed sports products. In this regard, C for S, HAB said that:

- (a) special gears were tailor-made for individual elite athletes. To maintain their edge in sports competitions, special gears such as suits would usually be used exclusively by the athletes at the initial stage; and
- (b) if the special gear was considered suitable for general users, the researchers concerned would explore collaboration with manufacturers to commercialize the product and make it widely available in the market.

Voting on FCR(2021-22)80

61. At 5:07 pm, the Chairman put item FCR(2021-22)80 to vote. The Chairman declared that the majority of the members present and voting were in favour of the item. The item was approved.

62. The meeting ended at 5:07 pm.