



中華人民共和國香港特別行政區政府總部教育局
Education Bureau

Government Secretariat, The Government of the Hong Kong Special Administrative Region
The People's Republic of China

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31 July 2013

Mr. Daniel SIN
Clerk to Finance Committee
Legislative Council
1 Legislative Council Road
Central, Hong Kong

Dear Mr. Sin,

**Finance Committee
Start-up Loan for Post-secondary Education Provider**

At the Finance Committee (FC) meeting on 21 June 2013, the Administration was requested to provide information on approved applications for extension of loan repayment period under the Start-up Loan Scheme (SLS). The relevant information is provided as follows –

Before 2008, self-financing institutions which borrowed interest-free loans under the SLS had to repay their loans within 10 years without extension. It was noted that some institutions had to reserve a significant portion of the tuition fees received (being their main source of income) in the first 10 years for loan repayment, leaving fewer resources for programme delivery and quality enhancement. To relieve the burden on institutions and to enable them to devote more resources to improving the quality of teaching and learning, the Administration recommended and FC approved in May 2008 that existing borrowing institutions at that time with proven financial difficulties should be allowed to apply for an extension of the loan repayment period to up to 20 years. The outstanding loans however will be subject to interest payment at the no-gain-no-loss rate after the first 10 years.

At the meeting on 5 February 2010, the FC further approved an extension of the loan repayment period from no more than 10 years to no more than 20 years for institutions borrowing loans after May 2008 for constructing new college premises, subject to proven financial difficulties, payment of first five repayment instalments and interest at the no-gain-no-loss rate after the interest-free period in the first 10 years.

As at 30 June 2013, eight institutions had applied for extension of repayment period in relation to 10 approved start-up loans, of which details are listed at **Annex**. Each application was considered by the independent Vetting Committee on its own merits, including the financial position of the institution and its proposal to redeploy resources saved on quality enhancement measures. On the recommendation of the Vetting Committee, the former Secretary for Education approved all applications for the extension of loan repayment period, with a view to relieving the financial burden of institutions and enabling them to devote more resources to improving the quality of teaching and learning.

Yours sincerely,



(Ms Pecvin Yong)
for Secretary for Education

**List of Loans Approved of Extension in Repayment Period
under the Start-up Loan Scheme for Post-secondary Education Providers
(as at 30 June 2013)**

	Borrowing Institution [Operator]	Premises	Date of Approval of Loan	Loan Amount (\$)	Outstanding Loan Amount (\$)	Annual Repayment (\$)		Date of Final Repayment
						Before Extension in Repayment Period	After Extension in Repayment Period ^[1]	
1.	Lingnan University (LU) [The Community College at LU]	Constructing new buildings in Tuen Mun Main campus	7 Dec 2001	205,735,000	75,436,164	20,573,500	6,857,834	2 Apr 2024
2.	Hong Kong Baptist University (HKBU) [School of Continuing Education, HKBU]	Constructing a new campus in Shek Mun, Shatin	27 Jun 2003	359,200,000	223,502,220	35,920,000	15,964,445	2 Feb 2027
3.	Caritas-Hong Kong [Caritas Bianchi College of Careers]	Constructing a new campus in Tseung Kwan O	27 Jun 2003	188,000,000	150,400,000	18,800,000	9,400,000	2 Jan 2029
4.	The Chinese University of Hong Kong-Tung Wah Group of Hospitals Community College (CUTW) ^[2]	Constructing a new campus in Mongkok	5 Dec 2003	346,050,000	215,320,000	34,605,000	15,380,000	3 Jan 2027
5.	City University of Hong Kong (CityU) [Community College of CityU]	Constructing new buildings in its Kowloon Tong main campus	24 Jun 2005	599,500,000	425,960,524	59,950,000	28,397,369	16 Aug 2013 ^[3]
6.	Po Leung Kuk [HKU SPACE Po Leung Kuk Community College]	Constructing new buildings in its Headquarters in Causeway Bay	24 Jun 2005	254,000,000	203,200,000	25,400,000	12,700,000	30 Jan 2029
7.	The University of Hong Kong (HKU) [HKU School of Professional and Continuing Education]	Purchasing and renovating a commercial premises in North Point	7 Dec 2001	176,124,000	36,579,600	17,612,400	4,064,400	8 Mar 2022
		Constructing a new campus in Kowloon Bay	27 Jun 2003	279,256,000	173,759,288	27,925,600	12,411,378	28 Sep 2026

	Borrowing Institution [Operator]	Premises	Date of Approval of Loan	Loan Amount (\$)	Outstanding Loan Amount (\$)	Annual Repayment (\$)		Date of Final Repayment
						Before Extension in Repayment Period	After Extension in Repayment Period ^[1]	
8.	The Hong Kong Polytechnic University (PolyU)	Constructing a new campus in Hunghom	27 Jun 2003	424,714,000	339,771,200	42,471,400	21,235,700	28 Nov 2028
	[Hong Kong Community College, PolyU]	Constructing a new campus in West Kowloon	4 Mar 2005	458,100,000	389,385,000	45,810,000	22,905,000	30 Sep 2029

Notes:

1. In addition to the annual repayment, institutions are required to pay interests at the no-gain-no-loss rate, currently pitched at 1.395%, starting from the 11th year of the repayment period.
2. Upon planned closure of CUTW in August 2013, the loan will be transferred to the Tung Wah Group of Hospitals.
3. CityU applied for early repayment of the start-up loan, and the loan is expected to be repaid in full in August 2013.