

**立法會**  
***Legislative Council***

LC Paper No. FC176/17-18

(These minutes have been  
seen by the Administration)

Ref : FC/1/1(17)

**Finance Committee of the Legislative Council**

**Minutes of the 36<sup>th</sup> meeting**  
**held at Conference Room 1 of the Legislative Council Complex**  
**on Tuesday, 2 May 2017, at 4:45 pm**

**Members present:**

Hon CHAN Kin-por, BBS, JP (Chairman)  
Hon Michael TIEN Puk-sun, BBS, JP (Deputy Chairman)  
Hon James TO Kun-sun  
Hon Abraham SHEK Lai-him, GBS, JP  
Hon Tommy CHEUNG Yu-yan, GBS, JP  
Prof Hon Joseph LEE Kok-long, SBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon LEUNG Kwok-hung  
Hon Claudia MO  
Hon Steven HO Chun-yin, BBS  
Hon Frankie YICK Chi-ming, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing, BBS  
Hon MA Fung-kwok, SBS, JP  
Hon CHAN Chi-chuen  
Hon LEUNG Che-cheung, BBS, MH, JP  
Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Dr Hon Helena WONG Pik-wan  
Hon IP Kin-yuen  
Dr Hon Elizabeth QUAT, JP  
Hon Martin LIAO Cheung-kong, SBS, JP

Hon POON Siu-ping, BBS, MH  
Dr Hon CHIANG Lai-wan, JP  
Hon CHUNG Kwok-pan  
Hon Andrew WAN Siu-kin  
Hon CHU Hoi-dick  
Hon Jimmy NG Wing-ka, JP  
Hon LAM Cheuk-ting  
Hon Holden CHOW Ho-ding  
Hon SHIU Ka-fai  
Hon Wilson OR Chong-shing, MH  
Dr Hon Pierre CHAN  
Hon CHAN Chun-ying  
Hon Tanya CHAN  
Hon LUK Chung-hung  
Hon LAU Kwok-fan, MH  
Hon Kenneth LAU Ip-keung, MH, JP  
Dr Hon CHENG Chung-tai  
Hon Jeremy TAM Man-ho  
Hon Nathan LAW Kwun-chung  
Dr Hon YIU Chung-yim  
Dr Hon LAU Siu-lai

**Members absent:**

Hon LEUNG Yiu-chung  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon WONG Ting-kwong, SBS, JP  
Hon Starry LEE Wai-king, SBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon Mrs Regina IP LAU Suk-yee, GBS, JP  
Hon Charles Peter MOK, JP  
Hon CHAN Han-pan, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung  
Hon Dennis KWOK Wing-hang  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon Alvin YEUNG  
Dr Hon Junius HO Kwan-yiu, JP  
Hon HO Kai-ming

Hon SHIU Ka-chun  
Hon YUNG Hoi-yan  
Hon CHEUNG Kwok-kwan, JP  
Hon HUI Chi-fung  
Hon KWONG Chun-yu

[According to the Judgment of the Court of First Instance of the High Court on 14 July 2017, LEUNG Kwok-hung, Nathan LAW Kwun-chung, YIU Chung-yim and LAU Siu-lai have been disqualified from assuming the office of a member of the Legislative Council, and have vacated the same since 12 October 2016, and are not entitled to act as a member of the Legislative Council.]

**Public officers attending:**

Ms Elizabeth TSE Man-yee, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Ms Carol YUEN, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Alfred ZHI Jian-hong	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr James LAU, JP	Under Secretary for Financial Services and the Treasury
Mr Paul WONG	Principal Assistant Secretary for Financial Services and the Treasury (Financial Services) 6

**Clerk in attendance:**

Ms Anita SIT	Assistant Secretary General 1
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**Staff in attendance:**

Mr Derek LO	Chief Council Secretary (1)5
Ms Ada LAU	Senior Council Secretary (1)7
Mr Raymond SZETO	Council Secretary (1)5
Mr Frankie WOO	Senior Legislative Assistant (1)3
Ms Michelle NIEN	Legislative Assistant (1)5

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**Item No. 3 — FCR(2017-18)2**  
**CAPITAL INVESTMENT FUND**  
**NEW HEAD — ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**New Subhead — "Capital Subscription in the Asian Infrastructure Investment Bank"**

The Finance Committee ("FC") continued with the deliberation on item FCR(2017-18)2.

Pros and cons of joining the Asian Infrastructure Investment Bank

2. Mr Holden CHOW was in support of Hong Kong joining the Asian Infrastructure Investment Bank ("AIIB"). He considered that the Administration could make use of Hong Kong's membership in AIIB as a full member to encourage government bodies or non-government organizations to enhance economic cooperation and communication with the more developed regions in Central Asia.

3. Mr Michael TIEN expressed support for Hong Kong joining AIIB. In his view, AIIB could help realize the vision of the Belt and Road Initiative and bring to Hong Kong financial and professional services development opportunities. Mr Christopher CHEUNG asked whether Hong Kong's membership in AIIB could attract more institutions to raise funds in Hong Kong.

4. Mr LAU Kwok-fan expressed support for Hong Kong joining AIIB. He enquired about the role of Hong Kong after joining AIIB.

5. Dr Fernando CHEUNG queried that there were insufficient justifications for Hong Kong to join AIIB and there were not many advantages, and that Hong Kong would have minimal influence in AIIB. In his view, the public money earmarked for capital subscription should be used on other livelihood projects. Mr LEUNG Kwok-hung expressed similar views and held that the AIIB concept was unclear.

6. Mr Tommy CHEUNG enquired about the correlation between the amount of capital subscription and the advantages of Hong Kong joining AIIB.

7. Dr Fernando CHEUNG was worried that AIIB might continue to ask Hong Kong to increase its capital subscription.

8. Regarding members' concerns over the pros and cons of Hong Kong joining AIIB, Under Secretary for Financial Services and the Treasury ("USFST") responded as follows:

- (a) as for Dr YIU Chung-yim's questions raised at the last meeting in respect of the risks associated with the bonds issued by AIIB and the reasons for Hong Kong to join AIIB when Hong Kong was already a member of the Asian Development Bank ("ADB"), the bonds issued by AIIB were mainly denominated in US dollars and were less vulnerable to the volatility of the Asian bond market. AIIB, as a multilateral institution, would have its own credit rating and its bonds should be able to secure a better yield. Moreover, the objectives of AIIB and ADB were different. The major objective of ADB was to provide support for poverty alleviation work in the Asia Pacific Region, while the ASEAN Infrastructure Fund mentioned by Dr YIM was a dedicated fund established by ADB and the 10 member nations of the Association of Southeast Asian Nations (ASEAN) to support the region's infrastructure development needs. Therefore, there was no contradiction between Hong Kong's membership in AIIB and in ADB;
- (b) AIIB was one of the few multilateral financial institutions in which Hong Kong could become a full member as a non-sovereign entity. Hong Kong's membership in AIIB with its own role was a good demonstration of the working of the "one country, two systems" principle;
- (c) the number of shares to be subscribed by Hong Kong was based on its Gross Domestic Product. In the view of the Administration, Hong Kong should fully take up the number of shares it was supposed to subscribe. The shareholding of Hong Kong might have impact on the weight of its vote on major issues;
- (d) the provision earmarked for capital subscription in AIIB had no connection with other livelihood projects. The Administration injected resources into the areas of healthcare and social welfare every year;

- (e) generally speaking, a multilateral financial institution would request its members to increase their capital subscription in case of liquidity deficiencies. However, to date, no multilateral financial institution had ever requested its members to increase their capital subscription or called on its members' callable subscriptions. Hong Kong would have to make payment for its callable shares of \$4.8 billion upon AIIB's request. If, subsequent to this payment, AIIB still requested Hong Kong to increase its capital subscription, Hong Kong could choose not to accede to such request and simply allow its shares to be diluted;
- (f) the Administration would, through the Belt and Road Office, promote economic cooperation and communication with Central Asian countries, brief them on Hong Kong's competitive edge over other places, and encourage these countries to invest in Hong Kong;
- (g) the shareholding of Hong Kong, though relatively small, was conducive to strengthening Hong Kong's communication with other members and its bid for AIIB to set up a sub-office in Hong Kong; and
- (h) the Administration believed that if the economic situation in the countries and regions assisted by AIIB could be improved, Hong Kong would also benefit from such development. Moreover, AIIB might bring about infrastructure development opportunities, and Hong Kong enterprises could make gains by bidding for AIIB projects.

Arrangements for joining AIIB

9. Mr Jimmy NG, Mr LAU Kwok-fan and Mr Christopher CHEUNG expressed concern over the financial arrangements for the paid-in shares of \$1.2 billion and the callable shares of \$4.8 billion. They enquired when AIIB would call on Hong Kong's callable shares of \$4.8 billion and whether the Administration could choose not to make the payment.

10. Mr Jimmy NG asked whether AIIB's sub-office, if set up in Hong Kong, would be authorized to approve loan applications. If the answer was in the affirmative, whether there would be a cap on the amount of loan that could be approved.

11. Mr CHU Hoi-dick sought the Administration's response to his concerns on AIIB's Environmental and Social Framework, as raised in his earlier written questions.

12. Mr CHU Hoi-dick enquired whether the Administration would follow the practice adopted for joining ADB and introduce legislation on Hong Kong's membership in AIIB to the Legislative Council ("LegCo") for its approval. He pointed out that there had been a previous case in which Loans (Asian Development Bank) Ordinance (Cap. 271) was enacted for similar purpose.

13. Regarding members' concerns over the arrangements for joining AIIB, USFST responded as follows:

- (a) according to AIIB's Articles of Agreement, the authority to approve loan applications was vested in AIIB's Board of Directors. Therefore, the sub-offices of AIIB would not have the authority to approve loans;
- (b) Hong Kong must first join AIIB before it could participate in the discussion of AIIB's Environmental and Social Framework in the capacity of a full member; and
- (c) as for the legal framework for joining AIIB, the relevant subsidiary legislation was gazetted in May last year. It was then tabled in LegCo to go through the legislative procedure. With regard to the legislation mentioned by Mr CHU, its main objective was to provide a legal framework for Hong Kong to raise loans from ADB. However, as the Administration had no intention to raise loans from AIIB, there was no need for it to enact similar legislation.

Paper on this agenda item

14. Mr CHAN Chi-chuen pointed out that there were discrepancies between the Chinese and English versions of the Administration's paper FCR(2017-18)2. The discrepancies were as follows:

- (a) while the second line of the heading in the Chinese version was "新分目：亞洲基礎設施投資銀行", the English heading was rendered as "New Head—Asian Infrastructure Investment Bank". However, "Head" should be "總目" and "Subhead" should be "分目"; and

- (b) while the third line of the heading in the Chinese version was "新項目：認繳亞洲基礎設施投資銀行的股本", the English heading was rendered as "New Subhead—Capital Subscription in the Asian Infrastructure Investment Bank". However, "Subhead" should be "分目" and "Item" should be "項目".

15. Mr CHAN Chi-chuen requested the Administration to clarify the above discrepancies and withdraw its paper, which should be tabled again for FC's consideration after amendment.

16. The Chairman sought clarification from the Administration and declared that the meeting be suspended for five minutes. The meeting was suspended at 5:39 pm.

17. The meeting resumed at 5:45 pm.

18. At the request of the Chairman, Permanent Secretary for Financial Services and the Treasury (Treasury) ("PSFST(T)") clarified that the wording in the English version was correct and there were mistakes in the Chinese translation. Therefore, the heading of the item should read:

Chinese version	English version
新總目：亞洲基礎設施投資銀行 新分目：認繳亞洲基礎設施投資銀行的股本	New Head: Asian Infrastructure Investment Bank New Subhead: Capital Subscription in the Asian Infrastructure Investment Bank

19. PSFST(T) pointed out that these were typographical errors and the contents of the paper were not affected.

20. Clerk to Finance Committee pointed out that the aforesaid remarks made by the Administration were consistent with the use of the two expressions ("Head" and "Subhead") in Volume II of the Budget on fund accounts.

21. The Chairman ruled that, given that the inconsistencies were a result of typographical errors, he accepted the amendment made by the Administration on the spot so that FC could continue with its deliberation on the item.



22. Mr CHAN Chi-chuen queried that according to the established practice adopted for Council meetings, where there was a discrepancy between the Chinese and English versions of an amendment proposed to be moved by a Member, the amendment would be ruled as unintelligible and inadmissible under Rule 57(4)(e) of the Rules of Procedure. He considered that the Chairman should follow the practice adopted for Council meetings, and the papers submitted by the Administration should receive the same treatment. Dr Fernando CHEUNG also spoke to query that the Chairman had deviated from an established practice in making the ruling.

23. Dr CHENG Chung-tai said that there were no express provisions that empowered the Chairman to allow the Administration to amend its papers at the meeting.

24. Clerk to Finance Committee pointed out that there had been precedents in which the Administration, at the request of members made at FC meetings, verbally amended the papers on agenda items on the spot.

25. The Chairman said that his ruling was final. He remarked that, in view of the large number of outstanding items on the agenda, he would not adjourn the discussion on this agenda item simply because there were typographical errors in the papers concerned. Mr LEUNG Kwok-hung criticized the Chairman's decision.

#### Order at meeting

26. At 6:00 pm, Mr LEUNG Kwok-hung moved under paragraph 39 of the Finance Committee Procedure that discussion on item FCR(2017-18)2 be adjourned. The Chairman thereupon proposed the question on the motion to adjourn the discussion on item FCR(2017-18)2.

27. Mr LEUNG Kwok-hung introduced his motion.

28. Mr LEUNG Kwok-hung spoke and branded a government official present at the meeting as a "dickhead". The Chairman ruled that it was an offensive expression and requested him to withdraw it. Mr LEUNG Kwok-hung refused to withdraw the expression. The Chairman ruled that Mr LEUNG's conduct was grossly disorderly and ordered him to leave the conference room. Mr LEUNG Kwok-hung refused to leave and protested loudly in his seat.

29. At 6:02 pm, the Chairman declared that the meeting be suspended. He requested Secretariat staff to act on his order by asking Mr LEUNG Kwok-hung to leave the conference room.

30. The meeting resumed at 6:16 pm. The Chairman reiterated that the expression used by Mr LEUNG Kwok-hung was offensive and insulting. He maintained his ruling as it was inappropriate to use that expression. He called on other members to return to their seats so that Secretariat staff might act on his order. A number of members continued to stay around in the vicinity of Mr LEUNG Kwok-hung's seat and refused to return to their own seats. The Chairman declared that the meeting had to end prematurely due to failure to restore order at meetings. He also condemned all those members who had left their seats to ring Mr LEUNG Kwok-hung, which had made it impossible for Secretariat staff to act on the Chairman's order.

31. The meeting ended at 6:18 pm.

Legislative Council Secretariat  
9 March 2018