

立法會
Legislative Council

LC Paper No. FC179/17-18

(These minutes have been
seen by the Administration)

Ref : FC/1/1(19)

Finance Committee of the Legislative Council

**Minutes of the 39th meeting
held at Conference Room 1 of the Legislative Council Complex
on Friday, 12 May 2017, at 3:00 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 LEUNG Yiu-chung
Hon Tommy CHEUNG Yu-yan, GBS, JP
Prof Hon Joseph LEE Kok-long, SBS, JP
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon WONG Ting-kwong, SBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon CHAN Hak-kan, BBS, JP
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP
Hon WONG Kwok-kin, SBS, JP
Hon Mrs Regina IP LAU Suk-yee, GBS, 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 CHAN Han-pan, JP
Hon LEUNG Che-cheung, BBS, MH, 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
Hon Christopher CHEUNG Wah-fung, SBS, JP
Dr Hon Fernando CHEUNG Chiu-hung
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
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon Alvin YEUNG
Hon Andrew WAN Siu-kin
Hon CHU Hoi-dick
Hon Jimmy NG Wing-ka, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon HO Kai-ming
Hon LAM Cheuk-ting
Hon Holden CHOW Ho-ding
Hon SHIU Ka-fai
Hon SHIU Ka-chun
Hon Wilson OR Chong-shing, MH
Hon YUNG Hoi-yan
Dr Hon Pierre CHAN
Hon CHAN Chun-ying
Hon Tanya CHAN
Hon CHEUNG Kwok-kwan, JP
Hon HUI Chi-fung
Hon LUK Chung-hung
Hon LAU Kwok-fan, MH
Hon Kenneth LAU Ip-keung, MH, JP
Dr Hon CHENG Chung-tai
Hon KWONG Chun-yu
Hon Jeremy TAM Man-ho
Hon Nathan LAW Kwun-chung
Dr Hon YIU Chung-yim
Dr Hon LAU Siu-lai

Members absent:

Hon Abraham SHEK Lai-him, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Charles Peter MOK, JP
Dr Hon Helena WONG Pik-wan
Hon CHUNG Kwok-pan

[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
Ms Jeanne FUNG	Assistant Secretary for Financial Services and the Treasury (Financial Services) 6
Mr John LEE Ka-chiu, PDSM, PMSM, JP	Under Secretary for Security
Mr Andrew TSANG Yue-tung	Principal Assistant Secretary for Security
Mr Stanley CHUNG Siu-yeung	Assistant Commissioner of Police (Crime)
Mr Anthony TSANG Ching-fo	Senior Superintendent (Cyber Security and Technology Crime Bureau), Hong Kong Police Force
Dr Frank LAW Yuet-wing	Superintendent (Cyber Security and Technology Crime Bureau), Hong Kong Police Force

Clerk in attendance:

Ms Anita SIT

Assistant Secretary General 1

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

Action

Item No. 1 —FCR(2017-18)2

CAPITAL INVESTMENT FUND

NEW HEAD —ASIAN INFRASTRUCTURE INVESTMENT BANK

New Subhead —"Capital Subscription in the Asian Infrastructure Investment Bank"

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

2. The Chairman said that the Finance Committee ("FC") would continue with the deliberation on the creation of a commitment of HK\$6 billion for Hong Kong's subscription to shares in the Asian Infrastructure Investment Bank ("AIIB") (comprising HK\$1.2 billion for paid-in shares and HK\$4.8 billion for callable shares). The Chairman advised that at the previous four meetings, FC had already spent more than six hours on the discussion of the item. He directed that at today's meetings, members might each speak on the item for the last round for not more than three minutes.

The operation of the Asian Infrastructure Investment Bank and its monitoring mechanism

3. Mr Jeremy TAM enquired about AIIB's project approval mechanism, and how the Hong Kong Government could reflect views to AIIB on its policies and projects.

Admin

4. Dr KWOK Ka-ki expressed dissatisfaction with the Chairman's direction that members could only speak on the item for the last round. Dr KWOK asked whether the Administration had put in place any measure to ensure the adoption of clean practices regarding the use of AIIB funds. He requested the Administration to provide members with a paper detailing AIIB's policies to ensure transparency on the use of funds and project handling, as well as to prevent corruption.

5. Under Secretary for Financial Services and the Treasury ("USFST") advised that:

- (a) according to AIIB's Articles of Agreement, the Board of Directors ("BoD") was responsible for the daily operation of AIIB, including the oversight of projects, the use of funds, the formulation of AIIB's policies, as well as the vetting of all loan applications; AIIB had also established a policy on the disclosure of information;
- (b) AIIB had worked with other multilateral development banks ("MDBs") on a number of projects, and stringent monitoring was exercised by MDBs according to their respective anti-corruption policies;
- (c) the sovereign states of the loan projects were required to sign declarations or agreements with AIIB on the anti-corruption practices to be adopted; and
- (d) Hong Kong could reflect its views on AIIB's policies and projects through the Director representing the constituency to which Hong Kong belonged. In this regard, Hong Kong could join the China constituency and be represented by its Director.

Cost and benefits of Hong Kong joining AIIB

Callable shares

6. Ms Claudia MO considered that as AIIB's current credit rating lagged behind those of other MDBs such as the World Bank and the Asian Development Bank ("ADB"), it could not compete favourably with these MDBs in terms of attracting capital. She queried the validity of the Administration's claim that the possibility of Hong Kong having to pay the \$4.8 billion for its callable subscriptions in future was rather remote.

7. Mr Kenneth LEUNG asked about the way in which the respective commitments of AIIB members would be calculated in case AIIB needed to call on its members' callable subscriptions to raise funds in future, and the item under which Hong Kong's \$4.8 billion callable capital would be credited. Mr WU Chi-wai asked whether Hong Kong could, after injecting the paid-in capital, refuse to pay the callable capital in future; and if so, with what consequences.

8. USFST said that:

- (a) it was expected that AIIB would bring benefits to Hong Kong's economy and society as a whole;
- (b) if AIIB needed to call on its members' callable subscriptions, their respective commitments would be calculated in proportion to the number of shares held by them; and
- (c) in the case of Hong Kong, the callable shares would be charged as a "contingent liability" under the Head of "ASIAN INFRASTRUCTURE INVESTMENT BANK" under CAPITAL INVESTMENT FUND.

Benefits of Hong Kong joining AIIB

9. Mr WONG Ting-kwong, Ir Dr LO Wai-kwok and Mr Christopher CHEUNG spoke in support of the item. Ir Dr LO considered that economic benefits aside, AIIB-financed projects would facilitate cultural exchanges among member countries. Speaking in support of the item, Mr YIU Si-wing asked how Hong Kong's membership in AIIB and its bid for AIIB to set up a sub-office here could benefit our four pillar industries, namely trading and logistics, tourism, financial services, as well as professional and producer services, in terms of expanding their scope of development.

10. Mr CHU Hoi-dick spoke against the item. He held that even if Hong Kong was not a member of AIIB, the competitiveness of local companies in bidding for service contracts under AIIB-financed projects would remain intact. He therefore considered that Hong Kong's membership in AIIB would not bring additional benefits.

11. Mr WU Chi-wai enquired how Hong Kong would stand to benefit from its membership in AIIB through capitalizing on our advantages in financial and legal services. Referring to service procurement for AIIB-financed projects in particular, he asked how Hong Kong's membership in AIIB could help ensure that priority consideration would be given to local professional services, especially the field of legal services. Mr Alvin YEUNG asked how Hong Kong's membership in AIIB would facilitate Hong Kong in striving to become a mutually-agreed mediation centre in AIIB-financed projects.

12. Dr YIU Chung-yim declared that he had undertaken consultancy work for ADB in 2009. Dr YIU suggested that the Administration could evaluate whether Hong Kong should join AIIB by considering the investment return and risks involved, with reference made to the overall demand for infrastructure in Asia in future. Dr YIU opined that even if the factor of direct return was to be excluded, the Administration should also work out, in a scientific manner, the risks and benefits that would be brought to local society by Hong Kong's status as an AIIB member. Dr LAU Siu-lai requested that quantitative indicators be used to illustrate the benefits of joining AIIB. Mr LEUNG Yiu-chung was of the view that the Administration had failed to explain clearly the actual benefits for Hong Kong after joining AIIB. He opined that other member countries might have joined AIIB out of political considerations.

13. USFST advised that:

- (a) one of AIIB's tasks was to assist developing economies in promoting economic growth, and the expected benefits of Hong Kong's membership in AIIB had already been set out in paragraph 3 of FCR(2017-18)2;
- (b) when approving sovereign-backed loans, AIIB must enter into agreements with the sovereign states concerned on the professional services required, including the arbitration mechanism. In the course of negotiating such agreements, Hong Kong could suggest to AIIB that Hong Kong be included as one of the options for mediation centres mutually agreed by both parties;
- (c) the Administration would strive to promote Hong Kong's professional services on different occasions. For instance, during the Belt and Road Forum, the Administration would introduce Hong Kong's professional services to the attending delegations with display boards;

- (d) after Hong Kong had joined AIIB, the Governor representing Hong Kong would have a say on AIIB's policy formulation in the constituency concerned;
- (e) AIIB-financed projects would have a positive impact on Hong Kong's economy. If Hong Kong's bid for the setting up of an AIIB's sub-office here was successful, the role of Hong Kong's professional services sector in providing project-related treasury management services could be enhanced; and
- (f) according to AIIB's recent estimates on the overall demand for new infrastructure in Asia, through 2030, such investment would amount to US\$2.7 trillion per annum, while ADB's estimates over the same period was US\$1.7 trillion per annum.

Admin

14. Mr Kenneth LEUNG sought information on ADB-financed projects with participation of Hong Kong companies.

15. USFST advised that up to end-2015, Hong Kong's companies and consultants had been awarded US\$961.97 million in procurement contracts on ADB-financed projects since 1970. The Administration did not have information on specific projects.

Motions proposed by members under paragraph 37A of the Finance Committee Procedure

16. At 3:52 pm, FC started to vote on whether the motions proposed by members under paragraph 37A of the Finance Committee Procedure ("FCP") ("37A motions") would be proceeded forthwith. At the request of members, the Chairman ordered a division. After the Chairman had declared that the question on the first 37A motion be proceeded forthwith was negatived, Mr Michael TIEN moved a motion under FCP 47 that in the event of further divisions being claimed in respect of any motions under the same agenda item, FC should proceed to each of such divisions immediately after the division bell had been rung for one minute.

17. The Chairman proposed the question and directed that each member might speak once on the motion for not more than three minutes.

18. Mr LEUNG Kwok-hung, Mr WU Chi-wai, Dr KWOK Ka-ki, Mr LEUNG Yiu-chung, Dr YIU Chung-yim, Ms Claudia MO, Dr Fernando CHEUNG, Mr CHAN Chi-chuen, Mr CHU Hoi-dick, Dr LAU Siu-lai and Mr Nathan LAW spoke against the motion. Members generally used the speaking time given for this motion to express their views and concerns about Hong Kong's membership in AIIB, including the Administration's failure to provide a clear analysis of the return and risks involved, the transparency of AIIB's policies, as well as the relevant diplomatic and political considerations. They also considered that it was too early for the Chairman to direct that members could only speak on the item for the last round. Dr CHEUNG pointed out that the operation of those MDBs that were similar to AIIB had exacerbated the disparity between the rich and the poor in aided countries. When speaking on the motion, Mr WU Chi-wai requested the Administration to provide the following information:

Admin

- (a) the Administration's policies to enhance and emphasize Hong Kong's advantages in financing and arbitration services; and
- (b) in the event of AIIB requesting Hong Kong to make payment for its callable subscriptions, whether a mechanism was in place to allow Hong Kong (including the Legislative Council) to review the matter, and what the consequences would be if Hong Kong refused to make such payments.

19. The Chairman put the motion to vote. At the request of members, the Chairman ordered a division. The motion was carried. The votes of individual members were set out in the **Annex**.

20. FC continued to vote on whether these 37A motions would be proceeded forthwith. The voting results were as follows —

Members proposing the motions	Motion numbers	Motions be proceeded forthwith or not
Mr Nathan LAW Kwun-chung	0002, 0003, 0004, 0005, 0006	No
Mr CHU Hoi-dick	0007, 0008, 0009	No
Dr Fernando CHEUNG Chiu-hung	0010, 0011, 0012, 0013	No

Voting on FCR(2017-18)2

21. At 4:52 pm, the Chairman put the item to vote. At the request of members, the Chairman ordered a division, and the division bell was rung for one minute. The Chairman declared that 36 members voted in favour of and 10 members voted against the item. Two members abstained from voting. The votes of individual members were as follows —

For:

Mr Tommy CHEUNG Yu-yan
Mr WONG Ting-kwong
Mr CHAN Hak-kan
Mr WONG Kwok-kin
Mr Steven HO Chun-yin
Mr WU Chi-wai
Mr MA Fung-kwok
Mr LEUNG Che-cheung
Ms Alice MAK Mei-kuen
Mr Christopher CHEUNG Wah-fung
Mr Martin LIAO Cheung-kong
Mr Dr LO Wai-kwok
Dr Junius HO Kwan-yiu
Mr LAM Cheuk-ting
Mr SHIU Ka-fai
Mr CHAN Chun-ying
Mr HUI Chi-fung
Mr LAU Kwok-fan
(36 members)

Mr Jeffrey LAM Kin-fung
Ms Starry LEE Wai-king
Dr Priscilla LEUNG Mei-fun
Mr Michael TIEN Puk-sun
Mr Frankie YICK Chi-ming
Mr YIU Si-wing
Mr Charles Peter MOK
Mr Kenneth LEUNG
Mr KWOK Wai-keung
Dr Elizabeth QUAT
Mr POON Siu-ping
Mr Jimmy NG Wing-ka
Mr HO Kai-ming
Mr Holden CHOW Ho-ding
Mr Wilson OR Chong-shing
Mr CHEUNG Kwok-kwan
Mr LUK Chung-hung
Mr Kenneth LAU Ip-keung

Against:

Mr LEUNG Kwok-hung
Mr CHAN Chi-chuen
Mr CHU Hoi-dick
Dr CHENG Chung-tai
Dr YIU Chung-yim
(10 members)

Ms Claudia MO
Dr Fernando CHEUNG Chiu-hung
Mr SHIU Ka-chun
Mr Nathan LAW Kwun-chung
Dr LAU Siu-lai

Abstain:

Mr KWOK Ka-ki
(2 members)

Mr Alvin YEUNG

22. The Chairman declared that the item was approved.

Item No.2 — FCR(2017-18)3

**RECOMMENDATION OF THE ESTABLISHMENT
SUBCOMMITTEE MADE ON 21 FEBRUARY 2017**

EC(2016-17)23

HEAD 122 —HONG KONG POLICE FORCE

Subhead 000 —Operational expenses

23. The Chairman advised that the item sought approval of the recommendation of the Establishment Subcommittee ("ESC") made at its meeting held on 21 February 2017, i.e. the recommendation on EC(2016-17)23 concerning the creation of a post of Chief Superintendent of Police in the Hong Kong Police Force ("HKPF") to head the Cyber Security and Technology Crime Bureau with effect from the date of approval by FC. An ESC member requested that the item be voted separately at an FC meeting.

24. Mr Alvin YEUNG asked whether additional channels such as online reporting would be provided by HKPF to facilitate the reporting of cyber crimes by victims. Mr YEUNG stated that when victims of cyber crimes went to police stations to seek help personally, their cases were often rejected by frontline police officers on the grounds that the lost property was irrecoverable.

25. Under Secretary for Security advised that HKPF would follow up on reports made by any persons against suspected commission of criminal offences. The possibility of recovering the property involved was not a factor for consideration in determining whether HKPF would accept the case or not. In this connection, frontline officers would be reminded to maintain good communication with members of the public when handling their crime reports. Assistant Commissioner of Police (Crime) confirmed that members of the public could report a crime online via the HKPF website. He invited Mr Alvin YEUNG to contact the Administration if follow-up action was required for individual cases.

26. The meeting ended at 5:01 pm.

Legislative Council Secretariat

9 March 2018

點名表決 DIVISION: 2
日期 DATE: 12/05/2017
時間 TIME: 04:38:44 下午 PM

動議 MOTION: 動議其後就相同議程項目下任何議案或待議議題進行點名表決時，委員會須在點名表決鐘聲響起一分鐘後進行點名表決
Motion that in the event of further divisions being claimed of any motions or questions under the same agenda item, the Committee do proceed such divisions immediately after the division bell has been rung for one minute

動議人 MOVED BY:

出席 Present : 48
投票 Vote : 47
贊成 Yes : 35
反對 No : 12
棄權 Abstain : 0
結果 Result : 通過 Passed

個別表決如下 THE INDIVIDUAL VOTES WERE AS FOLLOWS:

議員	MEMBER	投票	VOTE	議員	MEMBER	投票	VOTE
陳健波	CHAN Kin-por	出席	PRESENT	葉建源	IP Kin-yuen		
涂謹申	James TO			葛珮帆	Dr Elizabeth QUAT	贊成	YES
梁耀忠	LEUNG Yiu-chung	反對	NO	廖長江	Martin LIAO	贊成	YES
石禮謙	Abraham SHEK			潘兆平	POON Siu-ping	贊成	YES
張宇人	Tommy CHEUNG	贊成	YES	蔣麗芸	Dr CHIANG Lai-wan	贊成	YES
李國麟	Prof Joseph LEE			盧偉國	Ir Dr LO Wai-kiok	贊成	YES
林健鋒	Jeffrey LAM	贊成	YES	鍾國斌	CHUNG Kwok-pan		
黃定光	WONG Ting-kwong	贊成	YES	楊岳橋	Alvin YEUNG	反對	NO
李慧琼	Starry LEE	贊成	YES	尹兆堅	Andrew WAN		
陳克勤	CHAN Hak-kan	贊成	YES	朱凱迪	CHU Hoi-dick	反對	NO
梁美芬	Dr Priscilla LEUNG	贊成	YES	吳永嘉	Jimmy NG	贊成	YES
黃國健	WONG Kwok-kin	贊成	YES	何君堯	Dr Junius HO	贊成	YES
葉劉淑儀	Mrs Regina IP			何啟明	HO Kai-ming	贊成	YES
謝偉俊	Paul TSE			林卓廷	LAM Cheuk-ting	贊成	YES
梁國雄	LEUNG Kwok-hung	反對	NO	周浩鼎	Holden CHOW	贊成	YES
毛孟靜	Claudia MO	反對	NO	邵家輝	SHIU Ka-fai	贊成	YES
田北辰	Michael TIEN	贊成	YES	邵家臻	SHIU Ka-chun		
何俊賢	Steven HO	贊成	YES	柯創盛	Wilson OR	贊成	YES
易志明	Frankie YICK	贊成	YES	容海恩	YUNG Hoi-yan		
胡志偉	WU Chi-wai	贊成	YES	陳沛然	Dr Pierre CHAN		
姚思榮	YIU Si-wing	贊成	YES	陳振英	CHAN Chun-ying	贊成	YES
馬逢國	MA Fung-kwok	贊成	YES	陳淑莊	Tanya CHAN		
莫乃光	Charles Peter MOK			張國鈞	CHEUNG Kwok-kwan	贊成	YES
陳志全	CHAN Chi-chuen	反對	NO	許智峯	HUI Chi-fung		
陳恒鑽	CHAN Han-pan	贊成	YES	陸頌雄	LUK Chung-hung	贊成	YES
梁志祥	LEUNG Che-cheung	贊成	YES	劉國勳	LAU Kwok-fan	贊成	YES
梁繼昌	Kenneth LEUNG			劉業強	Kenneth LAU	贊成	YES
麥美娟	Alice MAK	贊成	YES	鄭松泰	Dr CHENG Chung-tai	反對	NO
郭家麒	Dr KWOK Ka-ki	反對	NO	鄭俊宇	KWONG Chun-yu		
郭偉強	KWOK Wai-keung	贊成	YES	譚文豪	Jeremy TAM		
郭榮鏗	Dennis KWOK			羅冠聰	Nathan LAW	反對	NO
張華峰	Christopher CHEUNG	贊成	YES	姚松炎	Dr YIU Chung-yim	反對	NO
張超雄	Dr Fernando CHEUNG	反對	NO	劉小麗	Dr LAU Siu-lai	反對	NO
黃碧雲	Dr Helena WONG						

秘書 CLERK

