

LegCo Panel on Financial Affairs
Follow-up to informal meeting on 7 January 2005

Research report on Management of Government Investment Incomes

List of information to be provided by the Administration

1. Publication of information on Government investment and investment incomes
 - (a) The “Accounts of the Government” for each financial year is normally tabled at the Legislative Council (LegCo) in November each year. It contains information about the General Revenue Account (GRA) and other accounts, such as the Capital Investment Fund and the Capital Works Reserve Fund. Given that the details of Government investments in various bodies and the investment incomes are not provided in GRA and other accounts, please advise whether the relevant information are published by the Government on a regular basis and the channels available for LegCo Members and the public to access the information.
 - (b) To facilitate LegCo Members and the public to have a comprehensive understanding of Government investments in various bodies and the investment incomes, please provide the relevant information on a consolidated basis by completing the attached **Tables 1 to 4**. Please also provide the rates of return on Government investments in each of the individual bodies set out in **Table 1** for 1999-2000, 2000-01, 2001-02, 2002-03 and 2003-04.

2. Plough-back of Government investment incomes into the General Revenue Account
 - (a) For Kowloon-Canton Railway Corporation (KCRC), Airport Authority (AA) and Hong Kong Science and Technology Parks Corporation (HKSTPC) (i.e. corporations which are wholly owned by the Government), it is noted that under the respective ordinances, the Financial Secretary (FS) may direct these corporations to declare and pay to GRA a dividend of an amount specified by him. Please set out the criteria adopted by FS in determining whether or not he should exercise his power to direct such corporations to declare and pay dividends into GRA.
 - (b) For MTR Corporation Limited (MTRCL) (i.e. a corporation of which the Government is the major shareholder), please explain the mechanism and criteria for the Government to decide whether or not scrip dividends should be accepted in lieu of cash dividends.
 - (c) As regards waiver of dividends, please explain the mechanism and criteria for the Government to decide whether or not the dividends payable into GRA should be waived, and under what circumstances the Executive Council’s approval would be sought.

3. Role of public officers in ensuring the protection of Government investment incomes

Please explain in what way the public officers appointed to the Boards of the corporations such as KCRC, AA, MTRCL and HKSTPC have ensured that the Government's investment interests are protected, and whether they are required to seek Government's approval before determining whether or not they should support any recommendations submitted to the Boards on not paying dividends into GRA in a particular financial year.

4. Land granted to selected bodies and the assessment of land premia

- (a) Please respond to the views of the Hong Kong Institute of Surveyors and the academic on the application of "green field site" principle in assessing the land premia to be paid by KCRC and MTRCL (paragraphs 6.5.4 and 6.5.5 of the research report).
- (b) The land granted to KCRC for residential and commercial developments and the land granted to MTRCL for property developments are set out respectively in Appendices II and VII of the research report. Please provide the land value and land premia received in respect of each of the development projects involved.

Table 1 — Amounts of Government's investments as at end of March 2004

	Cash investments (HK\$)	Non-cash investments			
		Land granted			Other non-cash investments (please specify by item and provide details)
		Area (sq. m.)	Value (HK\$)	Land premia (HK\$)	
Airport Authority					
Asian Development Bank					
Cyberport					
Hong Kong Science and Technology Parks Corporation					
Hong Kong International Theme Parks Limited					
International Exhibition Centre Holdings Limited					
Kowloon-Canton Railway Corporation					
MTR Corporation Limited					
New Hong Kong Tunnel Company Limited					
The Applied Research Council					
Tradelink Electronic Commerce Limited					

Table 2 — Amounts of cash dividends⁽¹⁾ received by the Government and credited into the General Revenue Account between 1999-2000 and 2003-04

	1999-2000 (HK\$)	2000-01 (HK\$)	2001-02 (HK\$)	2002-03 (HK\$)	2003-04 (HK\$)
Airport Authority					
Asian Development Bank					
Cyberport					
Hong Kong Science and Technology Parks Corporation					
Kowloon-Canton Railway Corporation					
MTR Corporation Limited					
New Hong Kong Tunnel Company Limited					
The Applied Research Council					
Tradelink Electronic Commerce Limited					

Note: (1) Please specify in brackets the amounts of cash dividends not credited into the General Revenue Account, if any.

Table 3 — Number of scrip dividends received by the Government between 1999-2000 and 2003-04 (number of shares)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Airport Authority					
Asian Development Bank					
Cyberport					
Hong Kong Science and Technology Parks Corporation					
Kowloon-Canton Railway Corporation					
MTR Corporation Limited					
New Hong Kong Tunnel Company Limited					
The Applied Research Council					
Tradelink Electronic Commerce Limited					

Table 4 — Number of bonus shares received by the Government between 1999-2000 and 2003-04 (number of shares)

	1999-2000	2000-01	2001-02	2002-03	2003-04
Airport Authority					
Asian Development Bank					
Cyberport					
Hong Kong Science and Technology Parks Corporation					
Kowloon-Canton Railway Corporation					
MTR Corporation Limited					
New Hong Kong Tunnel Company Limited					
The Applied Research Council					
Tradelink Electronic Commerce Limited					