

**立法會**  
**Legislative Council**

LC Paper No. FC247/20-21  
(These minutes have been  
seen by the Administration)

Ref : FC/1/1(27)

**Finance Committee of the Legislative Council**

**Minutes of the 28<sup>th</sup> meeting**  
**held at Conference Room 1 of the Legislative Council Complex**  
**on Friday, 11 June 2021, from 3:00 pm to 5:30 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, BBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon Steven HO Chun-yin, BBS  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon YIU Si-wing, BBS  
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

Dr Hon CHIANG Lai-wan, SBS, JP  
Ir Dr Hon LO Wai-kwok, SBS, 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  
Hon Kenneth LAU Ip-keung, BBS, MH, JP  
Dr Hon CHENG Chung-tai  
Hon Vincent CHENG Wing-shun, MH, JP  
Hon Tony TSE Wai-chuen, BBS, JP

**Members absent:**

Hon Abraham SHEK Lai-him, GBS, JP

**Public officers attending:**

Ms Alice LAU Yim, 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 Jennie CHAN Cheuk Yin	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Alfred SIT Wing-hang, JP	Secretary for Innovation and Technology
Ms Annie CHOI Suk-han, JP	Permanent Secretary for Innovation and Technology
Miss Charmaine WONG Hoi-wan, JP	Deputy Secretary for Innovation and Technology (2)
Dr CHUI Tak-yi, JP	Under Secretary for Food and Health
Miss Trista LIM Mei-yee	Principal Assistant Secretary for Food and Health (Health) 2

Mr Allen LEUNG Kin-tak	Project Director 4, Architectural Services Department
Mr Eddie LEUNG King-ho	Senior Project Manager 438, Architectural Services Department

**Other persons attending:**

Mr Peter YAN King-shun	Chief Executive Officer, Hong Kong Cyberport Management Company Limited
Mr Adonis LEE Kok-ming	Chief Financial Officer, Hong Kong Cyberport Management Company Limited
Mr Boris LO Chi-heng	Project Director, Hong Kong Cyberport Management Company Limited
Dr David SUN	Hospital Chief Executive, North District Hospital, Hospital Authority
Dr Chris TSANG	Chief Manager (Planning and Commissioning), Kowloon West Cluster, Hospital Authority
Mr Donald LI	Chief Manager (Capital Planning), Hospital Authority
Mr Andrew WONG	Chief Project Manager (Capital Projects)1, Hospital Authority

**Clerk in attendance:**

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

Miss Bowie LAM	Council Secretary (1)1
Mr Frankie WOO	Senior Legislative Assistant (1)3
Miss Yannes HO	Legislative Assistant (1)7

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Action

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

**Item 1 — FCR(2021-22)29  
RECOMMENDATION OF THE PUBLIC WORKS  
SUBCOMMITTEE MADE ON 20 MAY 2021**

**PWSC(2021-22)12**

**HEAD 703 — BUILDINGS**

**Health — Hospitals**

**116MH — The development of Chinese Medicine Hospital in  
Tseung Kwan O**

**Health — Others**

**1MZ — The establishment of Government Chinese Medicines  
Testing Institute in Tseung Kwan O**

2. The Chairman advised that this item sought the approval of the Finance Committee ("FC") for the recommendation of the Public Works Subcommittee ("PWSC") made at its meeting on 20 May 2021 regarding PWSC(2021-22)12, i.e. upgrading of 116MH — "The development of Chinese Medicine Hospital in Tseung Kwan O" and 1MZ — "The establishment of Government Chinese Medicines Testing Institute in Tseung Kwan O" to Category A at estimated costs of \$8,620 million and \$2,005 million in money-of-the-day ("MOD") prices respectively. No member had requested that the recommendation be voted on separately at the FC meeting.

3. In relation to the recommendations of PWSC to be considered at today's meeting, the Chairman declared that he was a Director and the Chief Executive Officer of Well Link Insurance Group Holdings Limited, and also a Director of Well Link General Insurance Company Limited and Well Link Life Insurance Company Limited, both under the Well Link Insurance Group.

Voting on FCR(2021-22)29

4. At 3:01 pm, the Chairman put item FCR(2021-22)29 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)30  
RECOMMENDATION OF THE PUBLIC WORKS  
SUBCOMMITTEE MADE ON 20 MAY 2021**

**PWSC(2021-22)15**

**HEAD 703 — BUILDINGS**

**Recreation, Culture and Amenities — Cultural Facilities**

- 61RE — Renovation and improvement project for the Sai Wan Ho Civic Centre**  
**62RE — Facility Upgrading of Tai Po Civic Centre**  
**63RE — Renovation of Tsuen Wan Public Library**

5. The Chairman advised that this item sought the approval of FC for the recommendation of PWSC made at its meeting on 20 May 2021 regarding PWSC(2021-22)15, i.e. upgrading of 61RE — "Renovation and improvement project for the Sai Wan Ho Civic Centre", 62RE — "Facility Upgrading of Tai Po Civic Centre" and 63RE — "Renovation of Tsuen Wan Public Library" to Category A at estimated costs of \$280.6 million, \$516.5 million and \$143.8 million in MOD prices respectively. No member had requested that the recommendation be voted on separately at the FC meeting.

Voting on FCR(2021-22)30

6. At 3:02 pm, the Chairman put item FCR(2021-22)30 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)26**  
**CAPITAL INVESTMENT FUND**

**HEAD 962 — INDUSTRY**

**New Subhead "Equity in the Hong Kong Cyberport Development Holdings Limited for the Cyberport Expansion Project"**

7. The Chairman advised that this item sought the approval of FC for the Cyberport expansion project ("expansion project") regarding:

- (a) a commitment to inject \$3,834 million as equity from the Capital Investment Fund to the Hong Kong Cyberport Development Holdings Limited ("HKCDHL"); and
- (b) a guarantee by the Government for a commercial loan amounting to \$1,191 million to the Hong Kong Cyberport Management Company Limited ("HKCMCL").

The Innovation and Technology Bureau ("ITB") had briefed the Panel on Information Technology and Broadcasting on the proposal on 10 May 2021. The Panel had spent around 57 minutes on the scrutiny of the proposal.

Cyberport's financial position and financing arrangement

8. The Deputy Chairman expressed support for the expansion project to attract more quality technology companies and start-ups to set up their offices in Cyberport and foster the development of Innovation and Technology ("I&T") in Hong Kong. He pointed out that, according to the Consolidated Statement of Financial Position of HKCDHL as at 31 March 2020 (set out in Annex B to LC Paper No. CB(1)868/20-21(02)), HKCDHL had a reserve of around \$3,515 million as at March 2020, in which part of it was believed to be property revaluation reserves. That said, as shown in the discussion paper (i.e. FCR(2021-22)26), Cyberport only had a disposable reserve of about \$200 million at the moment, which was insufficient for the expansion project's development cost of around \$4,800 million. He enquired about the reasons for this. The Deputy Chairman also enquired whether the cashflow projection as stated in Enclosure 2 to the discussion paper had already taken into account securities investment of around \$700 million in 2020, and whether it could be realized and used when necessary; and the detailed financing arrangement for the expansion project.

9. In response, Secretary for Innovation and Technology ("S for IT") said that, in order to finance 80% of the construction cost, the Government proposed injecting \$3,834 million into HKCDHL, which would in turn transfer the amount to its wholly-owned subsidiary, HKCMCL, to carry out the expansion project; and the remaining 20% would be financed by a commercial loan to be taken out by HKCMCL. In determining the above financial arrangement, the main purpose was to have Cyberport bearing relevant financial responsibility while maintaining an adequate and a reasonable level of cash balance to cater for its operational needs and unforeseeable circumstances.

10. Chief Executive Officer, Hong Kong Cyberport Management Company Limited ("CEO, HKCMCL") explained that, in accordance with the cashflow projection listed in Enclosure 2 to the discussion paper, HKCMCL had an opening cash balance of \$1,210 million in 2020-2021, which already included the securities investment of around \$700 million. After deducting the non-disposable portion (including the promised investments into the Cyberport Macro Fund ("CMF"), funding for promoting e-sports development and supporting start-ups, prepaid deposits, etc.), Cyberport only had a disposable reserve of about \$200 million. HKCMCL would put the financing arrangement out to tender, and it would negotiate with the relevant financial institution on the financing proposal, in a bid to fight for the most favourable terms for Cyberport.

11. Permanent Secretary for Innovation and Technology ("PS for IT") added that the cashflow projection stated in Enclosure 2 to the discussion paper was a preliminary estimate by HKCMCL. Following the Government's previous experience in other I&T projects, it would first assess the outcome of the tendering exercise, then determine the loan amount according to actual cashflow needs, and flexibly select the most favourable financing method according to the prevailing market conditions, such as bonds or medium-term notes.

12. The Deputy Chairman advised that the cost of bond issuance was generally higher than general commercial loans, and the Administration had to strike a balance between cost and risk. He requested the Administration to provide supplementary information on HKCMCL's repayment plan and arrangement for the commercial loan of \$1,191 million for financing part of the construction cost of the expansion project and early operating expenses of Cyberport 5. In response, S for IT and CEO, HKCMCL advised that Cyberport would consider different financing instruments, including bank loans, short-term or medium-term notes, etc., and would negotiate with market stakeholders and service providers for the best proposal and repayment arrangement. The Government would reduce the interest expenses as far as possible and endeavor to find a right balance between cost and risk.

*[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC240/20-21(01) on 7 October 2021.]*

13. Mr YIU Si-wing expressed support for the item to increase the supply of space and facilities in response to the growing demand from start-ups. He enquired whether the expansion project could solely be financed by internal resources of Cyberport and a commercial loan with government guarantee, without government injection of around \$3.8 billion. Mr YIU pointed out that, according to the profit and loss summary in Annex A to the supplementary paper (LC Paper No. FC174/20-21(01)), HKCMCL recorded an unaudited operating loss (before depreciation and tax) of \$73 million in 2020-2021, and its operating expenses reached \$281 million. He enquired why the operating expenses increased during the epidemic. Dr CHENG Chung-tai enquired about the justifications for adopting the current financing arrangement and why the expansion project was not postponed against the backdrop of an operating loss on the part of HKCMCL.

14. S for IT and PS for IT responded that:
- (a) the Government's injection of around \$3.8 billion as equity from the Capital Investment Fund to HKCDHL could be seen as an investment in I&T. According to the consultancy report on "Economic Impact Assessment" in relation to the expansion project commissioned by HKCMCL, the contribution of the expansion project to Hong Kong's economy was estimated to reach around \$3.2 billion per year (including direct, indirect and induced impacts), and around 6 100 jobs would be created;
  - (b) the Government wished HKCMCL would bear its financial responsibility on the basis that it maintained a reasonable level of cash reserves (i.e. \$150 million), and considered that HKCMCL was capable to take out a commercial loan of around \$1.2 billion;
  - (c) all along, Cyberport's income from its office, retail and hotel operation, etc., had been adequate in covering its operating costs, and had recorded a surplus (ranging from over \$40 million to almost \$100 million) which was transferred to its reserve to cater for unforeseeable needs. However, under the impact of the coronavirus disease 2019 pandemic, etc., over the past two years, Cyberport's income had reduced and it was necessary to deploy the reserve to cover its daily operating expenses;
  - (d) Cyberport had provided three rounds of rental concession to its tenants and start-ups between 2019 and 2021, two rounds of which amounting to \$100 million were borne by Cyberport, so as to help small and medium enterprises ("SMEs") alleviating their pressure against the impact of such factors as the pandemic;
  - (e) as regards whether the expansion project could solely be financed through a commercial loan, the Government had already considered factors such as interest expenses when determining the financing proposal. Take the expansion of the Science Park and the development of industrial estates under the Hong Kong Science and Technology Parks Corporation as examples, the proportion of borrowing of these projects was around 20%, similar to the expansion project; and

- (f) the current capacity of the office buildings in Cyberport was already saturated, and the occupancy rates of offices and co-working space therein had hovered at high levels. The Cyberport Incubation Programme ("CIP") received applications from 649 start-ups in 2020-2021, yet owing to the limited space in the campus, only 130 of them were admitted, indicating the continuously robust demand from start-ups for admission to the campus, and the necessity for carrying out the expansion project as early as practicable.

15. Mr Tony TSE pointed out that, Cyberport had four office buildings presently, providing a total gross floor area ("GFA") of 119 000 sq m (and lettable area of around 98 000 sq m), the Administration should set out in detail Cyberport's income from office, retail leasing and hotel operation, etc., as well as explaining the reasons for its high operating expenses, so that members could have a better understanding of HKCMCL's financial position. He requested the Administration to provide the follow information regarding HKCMCL's financial position:

- (a) a breakdown of operating expenditure items;
- (b) the status of rental concession offered to tenants of office buildings and the amount of rent foregone;
- (c) general assistance and financial support (if any) offered to hotel and Arcade tenants in Cyberport; and
- (d) measures adopted to control public mission activities expenses.

[*Post-meeting note:* The supplementary information provided by the Administration was issued to members vide LC Paper No. FC240/20-21(01) on 7 October 2021.]

16. S for IT and CEO, HKCMCL explained that the unaudited public mission activities expenses of around \$190 million in 2020-2021 was spent on providing assistance to SMEs during the pandemic. Apart from considerations on commercial returns, HKCMCL had deployed quite a lot of resources on implementing public mission programmes over the years, with an aim to nurture start-ups and technological talents and promote the development of I&T ecosystem in Hong Kong through providing financial assistance and professional support, as well as various programmes and activities. The FC discussion paper in question mainly provided information related to the expansion project, and had therefore not focused on the consolidated financial position of Cyberport. S for IT advised that

the Government would provide relevant information for members' reference during annual updates to the Legislative Council ("LegCo") on Cyberport's work progress in the future. S for IT further advised that, according to the cashflow projection, HKCMCL should be able to achieve self-financing in the future and repay the loan within a reasonable time frame, obviating the need to seek further LegCo funding for the expansion project.

#### Economic benefits of the Cyberport expansion project

17. Ms Elizabeth QUAT expressed support for the item. She pointed out that the conference facility in Cyberport could only accommodate a maximum of 300 persons, which certainly was inadequate for large-scale conferences and activities. Moreover, the occupancy rate of the office buildings in Cyberport had reached a high level of 95%, rendering it necessary for an expansion to add more office space and facilities such as a hall which could accommodate around 800 persons and a data services platform, thereby further promoting local I&T development. She requested the Administration to illustrate the calculation of economic benefits of the expansion project to Hong Kong (i.e. around \$3.2 billion per year and around 6100 jobs). Mr YIU Si-wing considered that the information on economic benefits of the expansion project in the discussion paper was not specific, and requested the Administration to provide information on the estimated economic benefits (including direct and indirect benefits) that the expansion project could bring to Cyberport and its peripheral projects.

*[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC240/20-21(01) on 7 October 2021.]*

18. S for IT and CEO, HKCMCL responded that, on top of creating more space, the expansion project could also provide more smart facilities with I&T elements for use by start-ups, thus further promoting the development of I&T in Hong Kong. PS for IT added that the expansion project could create economic benefits of around \$3.2 billion per year for Hong Kong, including around \$2.1 billion of direct economic benefits, around \$700 million of indirect economic benefits (such as purchase of consumables and services by companies) and around \$300 million of induced economic benefits. S for IT and CEO, HKCMCL undertook to provide the requested supplementary information after the meeting.

Control mechanism

19. Mr Tony TSE said that while the estimated development cost of the expansion project was close to \$5 billion, the information provided by the Administration was far from detailed, making it difficult for members to know the specifics of the expansion project. As the project was not implemented in the form of public works project, he enquired how the Administration would control and exercise effective gate-keeping work to ensure proper use of public money.

20. S for IT replied that the Government would be pleased to provide information concerning Cyberport 5 for members' reference, and had already consulted the Panel on Information Technology and Broadcasting about the expansion project in May 2021, while having invited Members for a site visit to Cyberport. It would continue cooperating with LegCo on its work in the future. He continued that HKCMCL had put in place a control mechanism to monitor the expansion project via the relevant committees under the Board of Directors, and the committees concerned comprised members with different professional backgrounds. For instance, the Construction and Facilities Committee was responsible for supervising and monitoring issues related to construction, including the overall development plan of the project, budget for development, budget for facilities, facilities management and relevant consultation services, etc. Representatives of ITB had also participated in the work of the committee. As regards the tendering procedures for consultancy and works contracts, the Government's procedures and practices in public works projects would be followed as far as practicable. The Government would also report regularly to the Panel on the overall operation of Cyberport and progress of expansion works, including the arrangement for funding allocation and the company's financial position.

Financial support for start-ups provided by Cyberport and achievements of companies in Innovation and Technology

21. Mrs Regina IP queried that I&T companies' presence in Cyberport was mainly a result of low rents. She requested the Administration to provide more information, including the business nature of tenants and their achievements in I&T, etc., in order to demonstrate how Cyberport had effectively supported start-ups.

22. In response, S for IT advised that, as the flagship of Hong Kong's information and communications technology ("ICT"), Cyberport strived to promote the development of overall I&T ecosystem in Hong Kong, and had

been nurturing start-ups through financial and professional support. For example:

- (a) the "Cyberport Creative Micro Fund" ("CCMF") was launched in 2009 to provide a seed funding of \$100,000 for each selected project to help participants turn their innovative ideas into prototypes. As at March 2021, CCMF had approved a total of \$67 million to 670 projects;
- (b) the \$200 million CMF was established by the Cyberport in 2016 to provide start-ups in the campus with early financing and promote the development of venture capital ecosystem in Hong Kong. CMF had so far invested more than \$126 million in 16 companies, attracting over \$870 million of private investment;
- (c) since 2010, Cyberport's incubatees, alumni and CCMF grantees had attracted over \$15.7 billion of investment, of which 20 start-ups involved mergers and acquisitions;
- (d) in 2020-2021, Cyberport's start-ups had raised over \$2.6 billion of funding;
- (e) five Cyberport start-ups had reached "unicorn" status (i.e. companies established for less than 10 years and valued over US\$1 billion);
- (f) Cyberport currently had over 300 Fintech companies; two out of eight virtual bank licensees were members of the Cyberport community; all four companies that were granted licence of virtual insurer were also from the Cyberport community; and
- (g) during the pandemic, an incubatee admitted in 2020 completed the research and development of a 5G Epidemic Prevention Smart Robot equipped with 5G and artificial intelligence ("AI") functions, etc. within a short time.

23. Mr Holden CHOW agreed to Cyberport's direction and principle of I&T development, but considered that it should properly deliver public explanation and publicity work, such as introducing Cyberport's I&T achievements to Members and the public.

24. In response, S for IT said that the Government was pleased to share Hong Kong's achievements in I&T with Members and the public. He

quoted an example that the number of start-ups in Hong Kong increased from around 1 100 in 2014 to almost 3 400 in 2020, and the number of employees also more than quadrupled from around 2 400 to around 10 700; investment from venture capital funds in Hong Kong also increased from \$1.24 billion in 2014 to \$9.9 billion in 2019, representing an increase of over seven times.

25. PS for IT added that Cyberport was an innovative digital cluster, with numerous ICT companies and start-ups, including almost 400 Fintech companies, around 200 companies offering AI and big data related technologies, around 140 to 150 companies in e-sports and digital entertainment related sectors, as well as around 700 companies which promoted smart living. She advised that, when reporting to the relevant LegCo Panel on the annual work progress of Cyberport in the future, the Government would provide more detailed information for all Members' reference, including the progress of Cyberport 5 development; it would also arrange regular site visits for Members to I&T campus for their understanding of the actual operation and development of the campus.

Promoting collaborations in Innovation and Technology between Hong Kong and cities in the Guangdong-Hong Kong-Macao Greater Bay Area

26. Mr Jeffrey LAM expressed support for the item and considered that Cyberport, after expansion, could attract more start-ups and high-end technology companies to establish presence to dovetail with the country's technological development and drive Hong Kong's economy forward. He enquired about Cyberport's plan to promote collaborations between Hong Kong and cities in the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA").

27. S for IT responded that the National People's Congress passed the "Outline of the Fourteenth Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035" earlier, which indicated clear support for Hong Kong's development into an international I&T hub, and included the Shenzhen-Hong Kong Loop as one of the four major platforms of cooperation in GBA for the first time, which highlighted the importance and support the Central Government attached to I&T in Hong Kong. Hong Kong would spare no effort to participate in and enhance I&T collaborations with other cities in GBA and promote connections between the four areas of talents, capital, equipment and data within the region to explore broader space for Hong Kong's economic and I&T development.

28. S for IT continued that the Government was carrying out in full force the development of the Hong Kong-Shenzhen Innovation and Technology

Park ("Hong Kong-Shenzhen I&T Park") in the Lok Ma Chau Loop which covered 87 hectares of land. It was expected to construct 67 buildings and be positioned as a base for I&T research and development. He pointed out that the Hong Kong-Shenzhen I&T Park, with the Shenzhen Innovation and Technology Zone just a river apart, enjoyed a strategic locational advantage, which would facilitate the combination of Hong Kong's edge in scientific research and Shenzhen's strong capability in advanced manufacturing to create a value-adding chain that covered upstream, midstream and downstream processes, so as to leverage the complementary advantages of both sides.

29. At 3:42 pm, the Deputy Chairman took over the chair.

Nurturing Innovation and Technology talents and inspiring young people in pursuing a career in the Innovation and Technology sector

30. Mr WONG Ting-kwong expressed support for the item. He urged the Administration to improve software such as I&T ambience and education, so as to open a way for young people to pursue a career in the I&T sector and nurture I&T talents.

31. S for IT replied that the Cyberport management had been committed to enhancing publicity, including organizing activities such as I&T careers expos and I&T competitions, as well as inviting primary and secondary students to visit Cyberport to enable the younger generation to personally experience the I&T atmosphere, thereby inspiring and encouraging young people in pursuing a career in the I&T sector. He pointed out that, as at March 2021, CIP had admitted a total of 896 technology start-ups, of which around 70% had operated for three years or more after graduation; the Government would keep on providing necessary support with a view to supporting the sturdy growth of these start-ups.

32. Ir Dr LO Wai-kwok expressed support for the item, but considered that the Administration had yet to account for the benefits of the expansion project which would cost almost \$5 billion. He enquired about the Administration's plan to make good use of the strong synergy generated by the Cyberport community to offer support and matching services to investors or enterprises, in order to facilitate complementary cooperation. Ir Dr LO considered that Hong Kong could refer to the experience of Israel and devise supporting and financing schemes for enterprises, so as to promote the development of the I&T sector.

33. S for IT noted Ir Dr LO Wai-kwok's opinions and advised that many enterprises opted to set up offices in Cyberport, which was a State-level

Scientific and Technological Enterprise Incubator and a digital technology park, in order to make use of its network to help raise capital and attract talents. Cyberport offered co-working space where an array of activities was held from time to time for enterprises to learn from and support each other, in a bid to leverage the specialties and services of different enterprises. Apart from CCMF, Cyberport had also launched a series of subsidy schemes to offer appropriate support for start-ups to cater for their needs in different development stages, including:

- (a) since the launch of the Cyberport Accelerator Support Programme in 2014, Cyberport had funded 116 incubatees and alumni to participate in local, Mainland and overseas accelerator programmes;
- (b) the Government had announced in the 2021-2022 Budget that Cyberport would inject an additional \$200 million into CMF and extend its scope to cover Series B or later stage investments to enable more promising start-ups to further develop; and
- (c) Cyberport introduced the Overseas/Mainland Market Development Support Scheme in the fourth quarter of 2018 under which a financial subsidy up to \$200,000 was provided to start-ups to assist them in conducting market research and promotion, participating in trade fairs outside Hong Kong, expanding into overseas/Mainland markets and attracting investors; Cyberport had approved 60 applications so far.

The cost and facilities of the new office building

34. Mr Tony TSE and Mr LUK Chung-hung were concerned about the high cost of up to \$60,000 to \$70,000 per sq m for the new office building in Cyberport, and enquired whether the new office building would be a Grade A office building, and whether the Administration could adopt a modest design to minimize the cost. Mr LUK also enquired about the qualifications for becoming a tenant of Cyberport.

35. S for IT clarified that the total development cost of the Cyberport expansion project was estimated to be \$4,792 million in MOD prices, including around \$4,300 million for constructing a new office building as Cyberport 5, and around \$300 million for enhancement of waterfront park and works beyond the new office building. The new office building would provide a GFA of 86 770 sq m, with a construction cost of around \$3.6 billion at 2020-2021 price, i.e. a construction cost of over \$40,000 or so per sq m or

around \$4,000 per sq ft. He advised that, where circumstances allow, the Government would try every means to save cost.

36. CEO, HKCMCL advised that the new office building could be considered as a Grade A office building; HKCMCL had a mechanism under which the leasing committee would assess rental applications as companies had to fulfill certain criteria in order to be admitted to the campus, including the presence of I&T elements, so as to help promote the development of digital technology ecosystem. The mechanism had been effective over the years.

37. Dr CHENG Chung-tai enquired why Cyberport did not have sufficient space. He requested the Administration to provide supplementary information in terms of statistics such as the size of enterprises tenants in office buildings in Cyberport and years of using the offices and co-working space, and to explain how it would ensure turnover of offices and co-working space with a view to continuously introducing and nurturing new start-ups.

*[Post-meeting note: The supplementary information provided by the Administration was issued to members vide LC Paper No. FC240/20-21(01) on 7 October 2021.]*

38. CEO, HKCMCL explained that tenants in Cyberport could be categorized into three types, i.e. office tenants, co-working space tenants and start-ups admitted to the Technology Centre through CIP. Start-ups admitted to the Technology Centre through CIP could make use of the office space in the Entrepreneurship Centre in Cyberport within the first two years of CIP, and were required to release the office space in the Entrepreneurship Centre upon completion of CIP to a new batch of start-ups; these enterprises could opt to continue renting offices or co-working space in the Cyberport campus to expand their business. Co-working space had terms of use under which tenancies of one to 12 months were granted; leasing terms of office space were determined with reference to general office tenancies and market rents, and were to be renewed every two to three years. S for IT reiterated that CIP received applications from 649 start-ups in 2020-2021, yet only 130 of them were admitted, indicating that the demand from start-ups for admission to the campus was still robust, rendering it necessary for Cyberport to increase space and setting up a turnover system.

39. Mr Tony TSE pointed out that, according to paragraph 25 of the discussion paper, some members expressed concerns on traffic and visual impact of the project when the then District Development and Housing Committee of the Southern District Council was consulted in May and

July 2019, and the Administration therefore reduced the building height of the new office building by one storey. He enquired whether the overall floor space of the new office building was reduced as a result. He believed that the Administration should encourage other enterprises outside the campus to make use of the facilities in Cyberport, including the multi-function hall, so as to properly utilize the resources in Cyberport. S for IT replied that the overall floor space in the new office building had not been reduced. The height of the entire office building was reduced by around 3 m in total.

40. Dr CHENG Chung-tai was worried that the expansion project would become a commercial project, and enquired about the ratios of retail shops and food and beverage facilities in the new office building. He continued that local residents were concerned whether Cyberport would tighten the management of the waterfront park after completing the expansion project. He also enquired whether the management policy and size of the waterfront park would change. Ms Elizabeth QUAT considered that the Cyberport waterfront park covered an extensive area and the expansion project only occupied a minor portion, and with enhancement works in place to improve the environment and facilities of the park, there should not be much impact on the public.

41. In response, S for IT advised that the estimated GFA of the new office building was around 66 000 sq m, and the major facilities would include offices, co-working space, a multi-function hall and a data services platform, etc. The ancillary facilities would occupy less than 10% of GFA, i.e. 5 900 sq m. The expansion project would be around 6.4 hectares in size, and would only involve construction of a new office building at a waterfront site of approximately 1.6 hectares northwest of the waterfront park outside the existing Cyberport Arcade. After expansion, the site would provide around 10 000 sq m of public space. Therefore, the public space available would not be reduced, and more ancillary facilities and amenities would even be provided for the public. PS for IT added that public space would include the ground level and first and second floors of the new office building for the people's convenience.

42. Mr Tony TSE considered that the Administration should bring into full play the synergy between the new office building, the hotel, the Arcade and the waterfront park. He enquired about the details of the automated car parking system in Cyberport and the estimated number of parking spaces; and, in relation to paragraph 8 of the discussion paper, what measures Cyberport had adopted to attract multi-national corporations to set foot at the campus. S for IT advised that the Cyberport management would strive to ensure complementary effects and synergy between different facilities in the

campus. He added that Cyberport's carpark would offer 198 parking spaces with automated car parking system to optimize the use of space; overseas companies in Cyberport accounted for over 10% of existing companies in the campus, and the Government would keep on attracting overseas enterprises to set up offices in the campus.

43. CEO, HKCMCL added that the Hong Kong Government promoted I&T in collaboration with numerous countries/regions, such as entering into the Fintech Bridge Agreement with the United Kingdom Government to promote cooperation on fostering financial innovations between the two places; signing a Memorandum of Understanding ("MoU") with Thailand; and signing a MoU in Tokyo with the Mizuho Financial Group of Japan to strengthen support for start-ups in both places in terms of investment and market exploration. The cooperation projects above aimed to attract promising start-ups to establish operation in Hong Kong, while broadening Cyberport's international network simultaneously to offer on-site support to Cyberport start-ups aspiring to make a foray into markets overseas. HKCMCL would keep on promoting its work in this respect in the future.

#### Other concerns

44. Ms YUNG Hoi-yan expressed support for the item and commended the introduction of automated car parking system in Cyberport's carpark for the convenience to people's daily life. She suggested the Government play the role as a facilitator to encourage and support public and private institutions in adopting blockchain technology, thereby providing a one-stop platform via such mobile apps as LeaveHomeSafe or iAM Smart to assist vaccinated persons in joining their preferred lucky draw activities and create incentives for using these mobile apps in a bid to restore public confidence in the Government and technology.

45. S for IT advised that the LeaveHomeSafe Mobile App had already recorded 4.5 million downloads. Using LeaveHomeSafe was conducive to increasing the public's alertness in the fight against epidemic and cultivating a habit of recording their whereabouts, thereby more effectively supporting the Centre for Health Protection in contact tracing and epidemiological investigations when confirmed cases were found, so as to expeditiously cut the transmission chains. The Government would keep optimizing various mobile apps and exploring various means to store vaccination records in different tools, so as to facilitate the public's presentation of such records for entry to certain premises or their participation in lucky draws, bringing convenience to the people.

Voting on FCR(2021-22)26

46. The Deputy Chairman declared that he was an advisor of the Bank of China (Hong Kong) Limited. Mr LAU Kwok-fan declared that he was a director of HKCMCL.

47. At 4:50 pm, the Deputy Chairman put item FCR(2021-22)26 to vote. The Deputy 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)32  
RECOMMENDATION OF THE PUBLIC WORKS  
SUBCOMMITTEE MADE ON 12 MAY 2021**

**PWSC(2021-22)9  
HEAD 703 — BUILDINGS  
Health—Hospitals**

**3MI — Expansion of North District Hospital  
114MH — Expansion of Lai King Building in Princess Margaret  
Hospital**

48. The Deputy Chairman advised that this item sought the approval of FC for the recommendation of PWSC made at its meeting on 12 May 2021 vide PWSC(2021-22)9 regarding:

- (a) upgrading of part of 3MI — "Expansion of North District Hospital", as 5MI, entitled "Expansion of North District Hospital — site formation and foundation works", to Category A at an estimated cost of \$2,141million in MOD prices; and
- (b) upgrading of part of 114MH — "Expansion of Lai King Building in Princess Margaret Hospital" as 117MH, entitled "Expansion of Lai King Building in Princess Margaret Hospital — site formation and foundation works", to Category A at an estimated cost of \$408.4 million in MOD prices.

The remainder of 3MI and 114MH would be retained in Category B. Some members requested that the recommendation be voted on separately at the FC meeting. PWSC had spent around 1 hour 33 minutes on the scrutiny of the proposal. The Administration had also provided an information paper.

Buffer wards and bed facilities

49. Mr Michael TIEN advised that PWSC discussed the funding proposal (i.e. PWSC(2021-22)9) submitted by the Administration at the meeting held in May 2021, and the proposal included the construction/redevelopment of three hospitals. He suggested and was supportive of the Administration expeditiously submitting the remaining New Acute Hospital ("NAH") project at Kai Tak Development Area ("KTDA") for FC's scrutiny, so that relevant works could be commenced as soon as possible in response to the long-term rising demand for healthcare services and facilities. He pointed out that certain experts told him that the healthcare system in Hong Kong required 30% more beds to deal with the demand for hospitalization during influenza seasons; on the basis of a present supply of 30 000 beds throughout the territory and an addition of around 15 000 beds to be provided under the First and Second Ten-year Hospital Development Plans ("HDPs"), 13 500 beds would be needed for buffer, otherwise patients might need to receive treatment along ward corridors during influenza seasons, which would be far from satisfactory. Mr TIEN enquired when the Administration would expect to achieve the above target and the respective number of buffer beds to be provided upon completion of the proposed projects concerning the Lai King Building ("LKB") in Princess Margaret Hospital ("PMH") and the North District Hospital ("NDH").

50. Under Secretary for Food and Health ("USFH") agreed that hospitals needed more beds to meet hospitalization demand during surge periods (such as winter influenza season), and therefore hospitals needed sufficient room for extra beds for buffer when necessary. New design standards would be adopted for new hospitals, under which the space to be occupied by each bed would increase from 5.5 sq m to 9 sq m, and the number of beds to be accommodated in each cubicle would increase from six beds to eight beds (i.e. an increase of around 30%), so as to satisfy the demand for hospitalization during influenza seasons. The Hospital Authority had also prepared devices for measuring blood pressure and vital signs, etc., to cater for the needs during surge periods. USFH advised that service delivery mode of hospitals and demand for hospitalization would change over time, for example, hospitalization was not necessary for certain diseases, and technological advancement also help reduce the length of stay for inpatients. The Hospital Authority would review public demand for hospital services from time to time.

51. Chief Manager (Capital Planning), Hospital Authority ("CM (Capital Planning), HA") added that each six-bed cubicle in new hospitals would have eight sets of facilities, including oxygen supply and electric sockets, etc., to enable provision of required facilities shortly when extra beds were needed,

thereby improving the treatment of inpatients. That said, the new design standards above were not applicable to certain cubicles (such as single-bed or double-bed rooms). He clarified that the estimated requirement of an addition of 30% beds during influenza seasons likely referred to acute beds. Under the two Ten-year HDPs, it was projected that around 6 000 more buffer beds could be provided in hospitals throughout Hong Kong during surge periods. CM (Capital Planning), HA advised that, being an acute hospital in the New Territories East Cluster ("NTEC"), NDH was expected to provide around 1 500 additional beds after project completion, which would mean around 450 buffer beds; LKB in PMH, not being an acute hospital, mainly offered long-term hospitalization and ambulatory services, and the policy of buffer wards was not applicable.

### Works progress of the First Ten-year Hospital Development Plan

52. Mr Tony TSE was concerned that quite a lot of projects under the First Ten-year HDP were still at stages of design, site formation and foundation works, including the proposed expansion of NDH and LKB in PMH. He enquired whether the Administration had targeted to complete the works under the First Ten-year HDP within 10 years, whether the Administration was satisfied with the progress of such projects and whether the Administration had assessed if the \$200 billion earmarked for the First Ten-year HDP was adequate.

53. In response, CM (Capital Planning), HA advised that:

- (a) the Government announced in the 2016 Policy Address that a dedicated provision of \$200 billion would be earmarked for the implementation of the First Ten-year HDP for carrying out 16 projects, including the construction of a NAH and the redevelopment and expansion of 11 existing hospitals; and the overall works were not required to complete in 10 years;
- (b) the projects were in good progress at the moment; the Government targeted to complete the whole expansion project of LKB in PMH in 2026, and the whole expansion project of NDH in 2028;
- (c) the designing of hospitals was relatively complex, for example, NAH at KTDA would have 21 000 rooms, each of which would have different layouts and facilities, and thus considerable time was required; the Government would carry out foundation or basement excavation works, etc., in tandem with the design process, thereby shortening the construction time; and

- (d) most projects under the First Ten-year HDP were about to complete the designing stage, and had already proceeded to the construction stage; and a few projects under the Second Ten-year HDP had gradually commenced preparation.

Construction cost

54. Mr Tony TSE was concerned about the rather hefty total cost of \$1.5 billion for site works and site formation works, piling works, excavation and lateral support works, as well as pile cap construction and basement slab works and relevant construction works of the proposed NDH expansion. Considering the site location on a slope, he enquired whether the Administration had planned to level the slope.

55. Mr YIU Si-wing enquired about the respective site areas and floor space of the two expansion projects of LKB in PMH and NDH, and whether the related construction costs were comparable to similar hospitals.

56. CM (Capital Planning), HA replied that the Government planned to level most of the slopes within the NDH expansion site, which would involve substantial works, and the site formation, piling, excavation and lateral support works, etc., would therefore incur relatively higher costs; the NDH site would cover an area of around 5 hectares, coupled with an adjacent site of around 3 hectares in size reserved for expansion, the total site would be around 8 hectares in size; the new office building would have 19 floors with a GFA of around 400 000 sq m. The site of LKB in PMH was smaller, which would be around 2 hectares in size; after expansion, the GFA would increase from 20 000 sq m at present to 100 000 sq m; the original height limit of the existing building was seven floors, and the Town Planning Board had approved the Government's application to increase the height of the expanded building to 12 floors, so, including the two basement floors, the building would have 14 floors in total after expansion.

Long-term healthcare needs

57. Dr CHENG Chung-tai advised that, according to the information from the Planning Department, the population in the North District would increase from 317 600 in 2019 to 421 500 in 2028, a growth of around 33%. He enquired whether the extra 1 500 beds in NDH was planned on the basis of the population in the district or the size restriction of the site. He was also concerned that the expanded NDH might attract Hong Kong people residing in the border area to seek medical services at the hospital, overloading its capacity. He enquired whether the Administration had

assessed or considered reviewing afresh the division of hospital clusters in this regard.

58. Mr YIU Si-wing enquired whether future distribution of beds would be rearranged in light of the actual needs and local demand, as well as the major types of beds.

59. In reply, CM (Capital Planning), HA said that:

- (a) the existing facilities in NDH could not cope with the increasing service demand, nor were they able to meet the quality service standards of today, so the Government proposed the NDH expansion to meet the long-term healthcare needs in NTEC;
- (b) the planning for hospitals was done on the basis of the cluster, and the Government would also take into account the demand from other districts in NTEC in the course of planning, including the situations in Tai Po and Shatin, as well as considering cross-border demand for healthcare services. In fact, cross-border demand for medical treatment had long existed, which overstretched the service capacity in NDH, rendering the expansion necessary;
- (c) under the First and Second Ten-year HDPs, service supply and the number of beds in NTEC (including Shatin, Tai Po and the North District) would increase; the Government would review the situation after the two Ten-year HDPs and conduct planning in respect of the service demand then; and
- (d) under the First Ten-year HDP, the Government would first commence the expansion of LKB in PMH, and planned to redevelop PMH under the Second Ten-year HDP. The number of beds after redevelopment would increase from today's 1 600-1 700 beds to 2 400-3 000 beds, so there should be enough beds to handle the service demand in Kowloon West Cluster upon the completion of the two Ten-year HDPs.

60. USFH also responded that, in terms of hardware, the Government would continue adding more beds and facilities through expanding and redeveloping existing hospitals or new hospitals, while making proper allocation and arrangement in accordance with the prevailing service demand.

Healthcare manpower arrangement

61. Mr YIU Si-wing was concerned whether the number of doctors and other healthcare manpower in Hong Kong could increase concurrently with the rise in the number of beds. USFH replied that the Government paid close attention to the shortage in manpower for the healthcare profession, and conducted manpower planning once every three years. Take doctors as an example, the places in two university medical schools in Hong Kong had gradually increased from 420 between the 2012/13 and 2015/16 school years to the present level of over 500. More than 2 000 medical students were expected to graduate over the next five years. Moreover, legislative amendments were on the cards to allow non-locally trained Hong Kong doctors to return and practise locally, which should alleviate the doctor shortage in Hong Kong. The Government would also consider adding more places in healthcare training to enhance manpower for nurses and other allied healthcare professionals.

Transport ancillary measures

62. As LKB in PMH was located on a hilltop, linked by only one minibus route to and from the Lai King Mass Transit Railway Station, while some services would be moved to the expanded LKB during the redevelopment of PMH main compound, Dr CHENG Chung-tai was concerned that the expected surge in the number of service users would weigh down the traffic in the district. He requested the Administration to introduce relevant transport ancillary and alleviation measures, including minibus services and pedestrian walkway facilities, etc.

Voting on FCR(2021-22)32

63. Dr CHENG Chung-tai requested a division for the proposal of "Expansion of Lai King Building in Princess Margaret Hospital — site formation and foundation works". The Deputy Chairman put item FCR(2021-22)32 to vote in two parts.

*(a) Expansion of North District Hospital — site formation and foundation works*

64. At 5:24 pm, the Deputy Chairman put this part of the proposal to vote. The Deputy Chairman declared that the majority of the members present and voting were in favour of this part of the proposal. The proposal was approved.

(b) *Expansion of Lai King Building in Princess Margaret Hospital — site formation and foundation works*

65. At 5:24 pm, the Deputy Chairman put this part of the proposal to vote and ordered a division. The Deputy Chairman declared that 23 members voted in favour of and one member voted against this part of the proposal, and no member abstained from voting. The votes of individual members were as follows:

*For:*

Mr Jeffrey LAM Kin-fung	Mr WONG Ting-kwong
Mrs Regina IP LAU Suk-yee	Mr Michael TIEN Puk-sun
Mr Steven HO Chun-yin	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	Ms Elizabeth QUAT
Mr POON Siu-ping	Ir Dr LO Wai-kwok
Mr CHUNG Kwok-pan	Mr Holden CHOW Ho-ding
Mr SHIU Ka-fai	Mr Wilson OR Chong-shing
Ms YUNG Hoi-yan	Mr LUK Chung-hung
Mr LAU Kwok-fan	Mr Vincent CHENG Wing-shun
Mr Tony TSE Wai-chuen	
(23 members)	

*Against:*

Dr CHENG Chung-tai  
(1 member)

66. The Deputy Chairman declared that this part of the proposal was approved.

67. The meeting ended at 5:30 pm.