

**For discussion
on 4 July 2025**

**Legislative Council Panel on Education
Start-up Loan for the Hong Kong Metropolitan University**

Purpose

This paper consults Members on the Government's proposal to seek the approval of the Finance Committee (FC) to provide a loan of \$1,317.48 million to the Hong Kong Metropolitan University (HKMU) under the Start-up Loan Scheme (SLS) for post-secondary education providers from the Loan Fund to cover part of the development costs of the proposed new campus at Sheung Shing Street in Ho Man Tin (the proposed Campus) for the operation of full-time locally-accredited self-financing post-secondary programmes at the sub-degree level or above.

Background

2. In order to promote the healthy and sustainable development of the self-financing post-secondary education sector in parallel to the publicly-funded sector, the Government has introduced various targeted support measures including, inter alia, SLS to provide interest-free loans to self-financing non-profit-making post-secondary education providers in meeting their start-up costs, including purchasing, renting or building campuses, developing hostels, as well as enhancing teaching and other ancillary facilities. SLS was approved by FC in July 2001 with an initial commitment of \$5 billion. Since then, the commitment for SLS was increased in 2010 and 2012 with the approval of FC, bringing the total commitment to \$9 billion.

3. Generally speaking, loans borrowed under SLS shall be repaid in ten equal annual instalments after the final drawdown, while institutions borrowing loans after May 2008 for constructing new campuses may apply for an extension of the repayment period from ten years to no more than 20 years, subject to proven financial difficulties and the payment of the first five

repayment instalments and interest at the no-gain-no-loss rate after the interest-free period of the first ten years. To protect the interest of the Government, the Education Bureau (EDB) requires the borrower for start-up loans to provide collateral to fully secure the loan, such as mortgage of landed properties, assignment of receivables, charge over deposit, charge over securities, bank guarantee, etc.

4. Applications under SLS are assessed by an independent vetting committee established under EDB, namely the Sub-committee on Support Measures (the Sub-committee) under the Committee on Self-financing Post-secondary Education (CSPE)¹. The terms of reference and membership of the Sub-committee are at **Annex A**. In considering the applications, the Sub-committee will take into account a host of relevant factors, including the track record of the applicant, the proposed use of the loan, the estimated project costs, and the financial viability, which are set out at **Annex B**. Since the introduction of SLS, a total number of 40 loans to 18 institutions, amounting to about \$7,682.5 million in total, have been approved by FC or the Secretary for Education (SED) under delegated authority² as appropriate. A list of the approved loans is at **Annex C**. As at 31 May 2025, a total loan amount of about \$7,682.5 million was drawn and a total of about \$4,915.2 million was repaid, with an outstanding loan balance of about \$2,767.3 million.

5. In pursuance of the announcement in the Chief Executive's 2023 Policy Address, EDB launched a new round of SLS in December 2024, with a view to supporting self-financing institutions to develop and improve campuses in support of more teaching activities. The initiative forms part of the package of measures to support Hong Kong's development into an international post-secondary education hub by leveraging the flexibility and diversity of the self-financing sector.

¹ Applications under SLS were previously assessed by the former Vetting Committee for the Allocation of Sites and Start-up Loan for Post-secondary Education Providers, the functions of which were subsumed under the Sub-committee following the revamp of CSPE in November 2019.

² As approved by FC in July 2001 (vide FCR(2001-02)30), SED can approve applications at or below \$15 million under delegated authority.

Justifications

6. HKMU is the only self-financing institution in Hong Kong established by the Government under the HKMU Ordinance (Cap. 1145). It was first established as the Open Learning Institute of Hong Kong in 1989, with the unique mission of providing opportunities for higher education by means of open learning, and subsequently acquired a university title to become The Open University of Hong Kong in 1997. In support of the Government's policy objective of broadening post-secondary education articulation pathways for young people, HKMU has begun offering full-time face-to-face post-secondary programmes since 2001 and gradually evolved from primarily a distance learning institution to a full-fledged university. In recognition of its significant development, The Open University of Hong Kong (Amendment) Ordinance 2021 was enacted to give effect to its retitling to HKMU from 1 September 2021.

7. In the 2024/25 academic year (AY), HKMU offers a total of about 140 full-time locally-accredited self-financing post-secondary programmes, including 17 sub-degree, 79 undergraduate, 37 taught postgraduate, and six research postgraduate programmes, in addition to a wide variety of part-time and distance learning programmes. At present, the total full-time student enrolment of HKMU is about 18 000, with about 16 000 students located at its Ho Man Tin campuses and about 2 000 students located at the Kwai Hing learning centre of its Li Ka Shing School of Professional and Continuing Education. In terms of full-time undergraduate enrolment, HKMU is now the fifth largest local university and is the largest self-financing institution.

8. HKMU has all along been the Government's close partner on various fronts, particularly in respect of the development of Hong Kong into an international post-secondary education hub, and the promotion of vocational and professional education and training (VPET) through the strategy of fostering industry-institution collaboration and diversified development. Among others, in pursuance of the initiative announced in the Chief Executive's 2023 Policy Address, HKMU went through the stringent quality assurance procedures and became the first university of applied sciences (UAS) in Hong Kong in March 2024. It also serves as the Secretariat of the Alliance of UAS established in November 2024 to embark on joint promotion and strengthen collaboration with stakeholders. Furthermore, HKMU has been proactive in

pursuing internationalisation and attracting more non-local students in response to the policy objective of developing Hong Kong into an international post-secondary education hub. The enrolment of non-local students at HKMU has more than doubled in recent years from about 2 600 in the 2021/22 AY to about 6 000 in the 2024/25 AY.

9. In the latest round of SLS, HKMU has submitted an application for a start-up loan of \$1,550 million to fund half of the development costs of its proposed Campus on a land site located at Sheung Shing Street, Ho Man Tin. The location map of the proposed Campus and the three existing purpose-built campuses (including Main Campus, Jockey Club Campus (JCC), and Jockey Club Institute of Healthcare (IOH)) of HKMU in Ho Man Tin is at **Annex D**. The area of the site concerned is about 3 530 m². HKMU proposes to construct an academic complex of 19 storeys plus a basement thereat with a total gross floor area (GFA) of about 31 770 m² and a maximum student capacity of 3 200 students. The total construction cost is estimated to be about \$3,100 million. The conceptual design and list of facilities of the proposed Campus are at **Annex E**. HKMU plans to put the new campus into operation by late August 2028.

10. At present, the total GFA of HKMU's existing campuses at Ho Man Tin is about 72 858 m². Based on the current full-time student population of about 16 000 accommodated at the campuses, the average space provision per student is only around 4.6 m², which is notably lower than the norm for the campuses of self-financing institutions granted under EDB's Land Grant Scheme (LGS), i.e. ranging from 6 m² to 12 m². With the projected growth in the student population by about 2 300 to 18 300 in the 2034/35 AY, the space shortage is anticipated to worsen. After the proposed Campus is put into operation, the total GFA of HKMU's campuses will increase to 104 628 m² and the space provision per student will correspondingly increase to around 5.7 m². Thus, the proposed Campus is considered to be conducive to addressing the imminent space shortage challenges facing HKMU and enhancing the learning environment of its students.

11. Upon completion of the proposed Campus, HKMU plans to operate thereat two Higher Diploma (HD) and six undergraduate programmes as listed at **Annex F**. The proposed programmes are generally consistent with HKMU's strategic positioning as a UAS. For instance, the Bachelor of Business

Administration (Hons) in Sports and Recreation Management programme, which is an applied degree programme subsidised under the Study Subsidy Scheme for Designated Professions / Sectors (SSSDP), is planned to be housed at the proposed Campus. HKMU also plans to operate various programmes in its niche area of Healthcare at the proposed Campus, such as “Nursing”, “Diagnostic Radiography”, and “Medical Laboratory Science”, which are mostly subsidised under SSSDP as well. In particular, the proposed Campus is positioned as a “Hub for Community Health and Wellness”, featuring, among others, a clinic that plays the dual role of providing work-based training opportunities for students and serving the local community.

12. Furthermore, there would be significant synergy between the proposed Campus and the existing campuses of HKMU in the vicinity. The site of the proposed Campus is located strategically at the intersection of two existing campuses of HKMU, namely the main campus and IOH. HKMU plans to build two footbridges connecting the three campuses, which will materially improve the accessibility and connectivity of its campuses for students and staff. The footbridges will also be open for public use with a view to enhancing pedestrian safety.

13. Taking into consideration the pertinent factors outlined above and the vetting criteria of SLS, the Sub-committee has recommended that HKMU’s loan application be approved, but at a lower amount of \$1,317.48 million, which is the remaining balance of SLS. In this connection, we recommend seeking the approval of FC for granting a **start-up loan of \$1,317.48 million to HKMU**.

14. For reference, HKMU has been approved three loans under SLS, the details of which are as follows –

- (a) a start-up loan of \$120 million in 2005 for covering 70% of the development costs of the new buildings at its Ho Man Tin campus, which has been fully repaid;
- (b) a start-up loan of \$317 million in 2011 for funding half of the development costs of a new purpose-built campus (i.e. JCC) at a site in Ho Man Tin granted under LGS. So far, \$221.9 million has been repaid; and

- (c) a start-up loan of \$400 million in 2018 for funding half of the construction costs of IOH and the loan repayment will commence in November 2025.

The final repayments of the two outstanding loans are scheduled for 2028 and 2034 respectively³. As at 31 May 2025, the total outstanding balance for the two loans was \$495.1 million. The loan repayment record of HKMU has been satisfactory. HKMU has also provided sufficient security for the loan as endorsed by the Sub-committee and has demonstrated a healthy financial position to support the loan repayment.

Financial Implications

15. Subject to the construction schedule of HKMU, the tentative loan disbursement schedule is as follows –

FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	Total
(\$ million)	(\$ million)	(\$ million)	(\$ million)	(\$ million)
242.25	667.66	359.97	47.60	1,317.48

Based on the loan repayment schedule approved by FC set out in paragraph 3 above, the interest foregone⁴ for granting the above loan, with a repayment period of ten years, will be around \$425.40 million based on the assumption that loan will be drawn down in accordance with the above schedule. There are no recurrent financial implications.

³ In 2020 and 2022, FC approved two one-off interest-free deferrals of loan repayment under SLS, each for a period of two years, with a view to easing the cash flow concerns of the borrowing institutions amid the COVID-19 epidemic (vide FCR(2020-21)2 and FCR(2021-22)82 respectively). HKMU accepted both rounds of the deferred loan repayment arrangement for both loans.

⁴ The interest foregone is calculated based on the fixed rate of return for the investment portfolio of 4.4% applied to fiscal reserves placed with the Exchange Fund in 2025.

Way Forward

16. Subject to Members' views, we intend to submit the proposal to FC for approval in September 2025.

Education Bureau
June 2025

**Committee on Self-financing Post-secondary Education
Sub-committee on Support Measures**

Function

To examine and assess applications from institutions under the Land Grant Scheme, Start-up Loan Scheme, Self-financing post-secondary Education Fund and any other support schemes that the Secretary for Education sees fit.

Membership (as at 31 May 2025)

Chairman

Ms Carrie LEUNG Ka-lai, MH

Members

Mrs Cindy CHOW LOK Mei-ki

Ms Florence CHUNG Wai-yee

Ms Jacqueline Alee LEUNG, JP

Professor PONG Ting-chuen

Professor Julia TAO LAI Po-wah

Mr Rex WONG Siu-han, JP

Ms WONG Siu-ling

Ir Andrew YOUNG Meng-cheung

Ir Professor Richard YUEN Kwok-kit

Principal Assistant Secretary (Further Education)

Vetting Criteria for the Start-up Loan Scheme

- (a) The applicant's organisation and management structure, and track record in delivering post-secondary education services in alignment with community needs and relevant government policies;
- (b) Proposed use of the loan;
- (c) The estimated development or refurbishment costs; and
- (d) Financial viability of the application.

Annex C

List of Loans Approved under the Start-up Loan Scheme

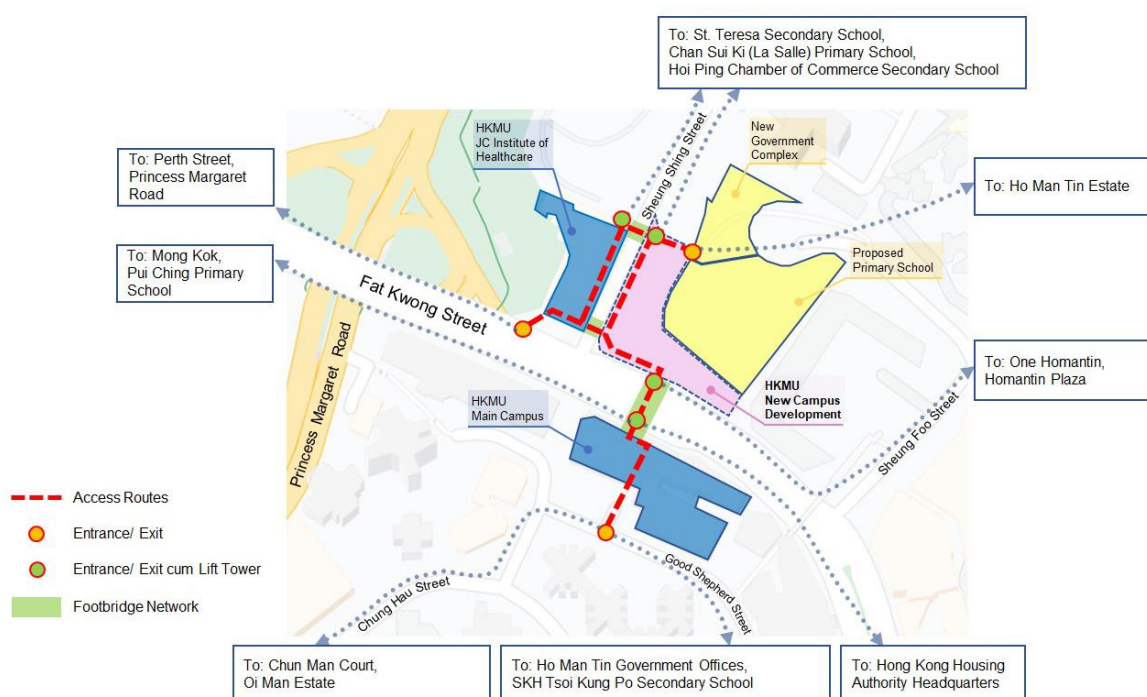
Loan No.	Applicant	Premises	Loan Amount	Date of Approval
1	The University of Hong Kong (for HKU School of Professional and Continuing Education)	Renting and renovating a commercial premises in Wan Chai	\$35,402,000	7 Dec 2001 by Finance Committee (FC)
2	The University of Hong Kong (for HKU School of Professional and Continuing Education)	Purchasing and renovating a commercial premises in North Point	\$176,124,000	7 Dec 2001 by FC
3	Hong Kong Baptist University (for School of Continuing Education)	Purchasing and renovating a commercial premises in Kowloon Tong	\$86,201,000	7 Dec 2001 by FC
4	The Hong Kong Polytechnic University (for Hong Kong Community College)	Renting and renovating the Professional Complex at the Hung Hom campus	\$32,700,000	7 Dec 2001 by FC
5	Lingnan University (for its Community College)	Renting and renovating commercial premises in Tuen Mun and Causeway Bay	\$10,597,000	7 Dec 2001 by FC
6	Lingnan University (for its Community College)	Constructing new buildings in the Tuen Mun campus	\$205,735,000	7 Dec 2001 by FC
7	The Hong Kong Institute of Education (for School of Continuing and Professional Education)	Renting and renovating a commercial premises in Tai Kok Tsui	\$15,000,000	26 Mar 2002 by the then Secretary for Education and Manpower (SEM)
8	The Chinese University of Hong Kong (for School of Continuing and Professional Studies)	Purchasing and renovating a commercial premises in Central	\$135,274,000	26 Apr 2002 by FC
9	Caritas-Hong Kong (for Caritas Bianchi College of Careers)	Renting and renovating a commercial premises at MTR Kowloon Station	\$15,000,000	21 Jun 2002 by the then SEM
10	City University of Hong Kong (for its Community College)	Renting and renovating a commercial premises in Kowloon Bay	\$44,756,000	21 Jun 2002 by FC
11	Vocational Training Council (for School of Business and Information Systems)	Constructing new buildings in the Tsing Yi campus	\$266,400,000	21 Jun 2002 by FC
12	International Education and Academic Exchanges Foundation Company Limited (for Hong Kong Institute of Technology)	Renting and renovating commercial premises in Cheung Sha Wan and Tsim Sha Tsui	\$7,148,000	30 Dec 2002 by the then SEM
13	Education and Learning Institute (Hong Kong) Limited (for Hong Kong Learning Community College)	Renting and renovating a commercial premises in Causeway Bay	\$4,000,000	4 Mar 2003 by the then SEM
14	The University of Hong Kong (for HKU School of Professional and Continuing Education)	Constructing a new campus in Kowloon Bay	\$279,256,000	27 Jun 2003 by FC

Loan No.	Applicant	Premises	Loan Amount	Date of Approval
15	Hong Kong Baptist University (for School of Continuing Education)	Constructing a new campus in Shek Mun	\$359,200,000	27 Jun 2003 by FC
16	Caritas-Hong Kong (for Caritas Bianchi College of Careers)	Constructing a new campus in Tseung Kwan O	\$188,000,000	27 Jun 2003 by FC
17	The Hong Kong Polytechnic University (for Hong Kong Community College)	Constructing a new campus in Hung Hom	\$424,714,000	27 Jun 2003 by FC
18	The Chinese University of Hong Kong-Tung Wah Group of Hospitals Community College	Constructing a new campus in Mong Kok	\$346,050,000	5 Dec 2003 by FC
19	The Hong Kong Polytechnic University (for Hong Kong Community College)	Constructing a new campus in West Kowloon	\$458,100,000	4 Mar 2005 by FC
20	City University of Hong Kong (for its Community College)	Constructing new buildings in the Kowloon Tong campus	\$599,500,000	24 Jun 2005 by FC
21	Po Leung Kuk (for HKU SPACE Po Leung Kuk Community College)	Constructing new buildings in the Headquarters in Causeway Bay	\$254,000,000	24 Jun 2005 by FC
22	The Open University of Hong Kong	Constructing new buildings in the Ho Man Tin campus	\$120,000,000	24 Jun 2005 by FC
23	HKCT Group Limited (for Hong Kong College of Technology)	Renting and renovating a commercial premises in Hung Hom	\$10,875,000	3 Jan 2006 by the then SEM
24	Hang Seng School of Commerce (for Hang Seng Management College)	Constructing a new building in the Siu Lek Yuen campus	\$32,400,000	24 Mar 2006 by FC
25	The Chinese University of Hong Kong (for School of Continuing and Professional Studies)	Renting and renovating a commercial premises in Central	\$22,743,000	24 Mar 2006 by FC
26	Hong Kong Arts Centre (for Hong Kong Art School)	Renovating a vacant government premises in Shau Kei Wan	\$5,500,000	16 Feb 2009 by the Secretary for Education (SED)
27	HKCT Group Limited (for Hong Kong College of Technology)	Renovating a vacant government premises in Ma On Shan	\$29,000,000	19 Jun 2009 by FC
28	The University of Hong Kong (for HKU School of Professional and Continuing Education)	Renovating a vacant school premises in Pok Fu Lam	\$40,344,000	19 Jun 2009 by FC
29	Chu Hai College of Higher Education	Constructing a new campus in Tuen Mun	\$350,000,000	19 Jun 2009 by FC
30	The Open University of Hong Kong	Constructing a new campus in Ho Man Tin	\$317,000,000	28 Jan 2011 by FC
31	Hang Seng School of Commerce (for Hang Seng Management College)	Constructing a new building in the Siu Lek Yuen campus	\$308,000,000	28 Jan 2011 by FC
32	International Education and Academic Exchanges Foundation Company Limited (for Hong Kong Institute of Technology)	Renovating a vacant school premises in Sham Shui Po	\$11,000,000	21 Feb 2011 by SED

Loan No.	Applicant	Premises	Loan Amount	Date of Approval
33	The Chinese University of Hong Kong (for School of Continuing and Professional Studies)	Renovating a vacant government premises in Tseung Kwan O	\$40,000,000	11 May 2012 by FC
34	Caritas-Hong Kong (for Caritas Institute of Higher Education)	Constructing a new campus in Tseung Kwan O	\$300,000,000	13 July 2012 by FC
35	Vocational Training Council (for Technological and Higher Education Institute of Hong Kong)	Constructing a new campus in Chai Wan	\$670,000,000	13 July 2012 by FC
36	Hong Kong Arts Centre (for Hong Kong Art School)	Renovating campuses in Chai Wan and Shau Kei Wan	\$2,500,000	2 May 2013 by SED
37	Hang Seng School of Commerce (for Hang Seng Management College)	Constructing an academic and administrative building, a sports and student amenities centre and a student hostel in the Siu Lek Yuen campus	\$800,000,000	21 June 2013 by FC
38	HKCT Group Limited (for Hong Kong College of Technology and HKCT Institute of Higher Education)	Renovating a vacant government premises in Ma On Shan	\$30,000,000	7 Feb 2014 by FC
39	Chu Hai College of Higher Education	Constructing a new campus and a student hostel in Tuen Mun East	\$250,000,000	20 Mar 2015 by FC
40	The Open University of Hong Kong	Constructing a new campus in Ho Man Tin	\$400,000,000	19 Jan 2018 by FC
Total Loan Amount approved:			\$7,682,519,000	

Remark: Shaded items denote the loans which have been fully repaid.

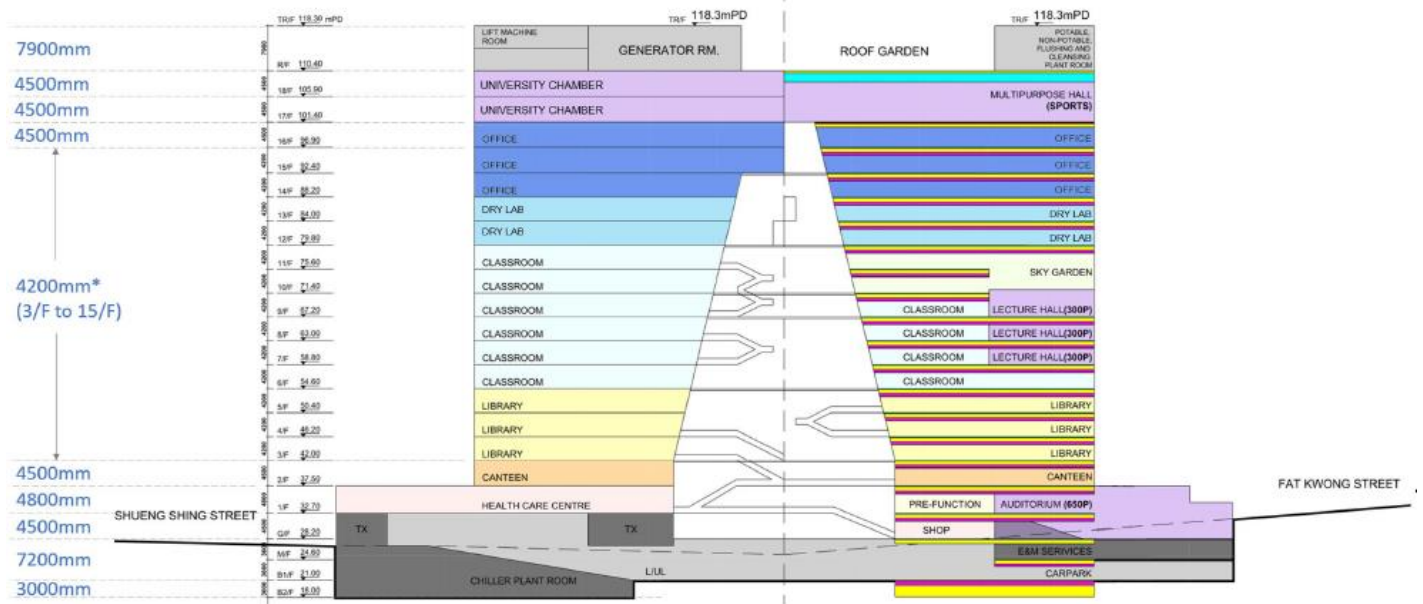
**Location of Campuses of the Hong Kong Metropolitan University
in Ho Man Tin**



For identification purpose only

Conceptual Design and List of Facilities of the Proposed Campus

Conceptual design



List of facilities

Facilities		Gross Floor Area (m²)
(a)	Teaching facilities (including classrooms, lecture theatres, and laboratories)	5 940
(b)	Learning support and student services (including library, multi-purpose hall, auditorium, learning common, and university chamber)	10 105
(c)	Administrative support and community services (including office, bank and shop*, child development centre / health centre*, canteen*, and carpark#)	6 496
(d)	Others (including circulation)	9 229
	Total	31 770

Remarks:

* available for public use

available for public use during non-office hours

Annex F

Programmes Proposed to be Operated by the Hong Kong Metropolitan University at the Proposed Campus

1. Bachelor of Science (Hons) in Diagnostic Radiography*
2. Higher Diploma in Nursing Studies (General Health Care)
3. Higher Diploma in Nursing Studies (Mental Health Care)
4. Bachelor of Social Sciences (Hons) in Psychology
5. Bachelor of Science (Hons) in Medical Laboratory Science
6. Bachelor of Education (Hons) in Early Childhood Education (Leadership and Special Educational Needs)
7. Bachelor of Business Administration (Hons) in Sports and Recreation Management
8. Bachelor of Business Administration (Hons) in Sports and eSport Management

** New programme to be launched in the 2026/27 AY.*