

LCQ14: Repair and maintenance of public rental housing

Following is a question by the Hon Chan Hak-kan and a written reply by the Secretary for Housing, Ms Winnie Ho, in the Legislative Council today (March 27):

Question:

The Hong Kong Housing Authority (HA) provides various repair services for its public rental housing (PRH) through different programmes, including the Total Maintenance Scheme (TMS) (i.e. proactively inspecting the in-flat conditions of PRH units aged 10 years or above and providing comprehensive repair services), and the Comprehensive Structural Investigation Programme (CSIP) (i.e. conducting detailed inspections of PRH estates that are approaching or over 40 years of age to ascertain whether the buildings are structurally safe, and assessing the repair programmes required for sustaining the buildings concerned for 15 years or more and their cost effectiveness). In this connection, will the Government inform this Council:

(1) of the average (i) actual inspection costs and (ii) repair costs of the PRH units for which TMS was completed in each of the past five financial years, and set out in the table below a breakdown by the age of the buildings concerned;

Age of building		Financial year				
		2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Above 10 years to fewer than 20 years	(i)					
	(ii)					
20 years to fewer than 30 years	(i)					
	(ii)					
30 years or above	(i)					
	(ii)					

(2) in respect of the PRH estates for which inspections and repairs were completed under CSIP in the past five financial years, of the average repair expenditure for each unit;

(3) in respect of the PRH estates for which the second cycle of CSIP has been completed, whether it has assessed if the buildings concerned can be sustained in good condition for 15 years or more after undergoing the relevant works, and if the cost effectiveness of the relevant works can meet expectations; and

(4) in respect of the three PRH estates for which redevelopment was recently

completed (i.e. Shek Kip Mei Estate Phases 3, 6 and 7, Tung Tau Estate Phase 8, as well as Pak Tin Estate Phases 7, 8 and 11), of the respective average costs of the redevelopment works (including demolition, land formation and foundation works) for each unit in each of the estates?

Reply:

President,

My reply to the question raised by the Hon Chan Hak-kan is as follows:

(1) The Total Maintenance Scheme (TMS) is a rolling programme implemented by phases for public rental housing (PRH) under the Hong Kong Housing Authority (HA). Since its launch in 2006, three phases have been completed. The fourth phase commenced in 2023/24. The past five financial years, i.e. from 2018/19 to 2022/23, fall under the third phase. During the said period, the average repair cost for TMS per rental unit and the age distribution of the relevant PRH estates are as follows:

Phase	Average Repair Cost (\$)	Number of Estates	Age of Estates	Age Distribution of Estates (%)
Entire period of the Third Phase (2016/17-2022/23)	2,200	109	Less than 20 years	9 per cent
			Over 20 years to less than 30 years	12 per cent
			30 years or above	79 per cent

Apart from the above repair cost, the average inspection cost was around 20 per cent of the repair cost.

(2) In the past five financial years, the average repair cost for the PRH estates with inspections and repairs completed under the Comprehensive Structural Inspection Programme (CSIP) was about \$1,600 per unit.

(3) The second cycle of CSIP was launched in late 2018 and is expected to be completed by 2032. For those PRH estates with inspection and repair works completed under the second cycle of CSIP, the relevant buildings can be sustained in good condition for at least 15 years. The cost-effectiveness of the repair works has met the expectations.

(4) The last three redevelopment projects completed include Shek Kip Mei Estate Phases 3 and 7 (completed in 2018/19), Shek Kip Mei Estate Phase 6 (completed in 2019/20), Tung Tau Estate Phase 8 (completed in 2019/20), Pak

Tin Estate Phases 7 and 8 (completed in 2020/21), and Pak Tin Estate Phase 11 (completed in 2021/22).

The HA approved the relevant building contracts of the above-mentioned projects in 2016/17 and 2017/18. For these two financial years, the average construction cost per unit (Note) of PRH/Green Form Subsidised Home Ownership Scheme (GSH) based on the cost of building tenders approved by the HA are set out below:

Financial Year	i ¹ / ₄ ^ \$ '000 i ¹ / ₄ %
2016/17	860
2017/18	800

Note: The average construction cost per PRH/GSH unit, including demolition, site formation and foundation, is calculated based on the cost of building tenders approved by the HA in the financial year. As the number of building tenders approved by the HA and other factors such as scale and design of the projects, as well as market conditions are different in each financial year, the average construction cost for each financial year varies.

LCQ19: Operation of funds under Government

Following is a question by the Hon Mrs Regina Ip and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (March 27):

Question:

It is learnt that currently, a number of different funds established under the SAR Government are operating in the form of seed capital fund, and the investment returns are used to support the specific purposes of those funds. In this connection, will the Government inform this Council:

- (1) of the respective current surplus positions of individual funds;
- (2) whether various policy bureaux have set target rates of investment return for the funds under their purviews; if so, of the details and the respective actual rates of investment return of individual funds in the past five years; if not, the reasons for that, and whether relevant strategies will be formulated in the future;

(3) in respect of individual funds, (i) the investment managers engaged and (ii) the respective percentages of money placed with the Hong Kong Monetary Authority, foreign investment companies and local investment companies among the capitals;

(4) of the criteria adopted by the Government for engaging investment managers for those funds; and

(5) when signing contracts with investment managers, whether the Government has included terms allowing the Government to dismiss those managers who do not meet the target rates of investment return; if so, of the details; if not, the reasons for that, and whether relevant terms will be included in the future?

Reply:

President,

Currently, there are 17 funds set up under Government departments which are operated in the form of seed capital fund and segregated from the government account. These funds are under the charge of various bureaux, and make use of investment returns to support their specific purposes for meeting the specific policy objectives of individual bureaux.

Parts (1) to (3) of the question concern, in respect of individual funds, the surplus positions, the target rates of investment return, the actual rates of investment return of the funds in the past five years, the investment managers engaged and the percentage shares of funds managed by different investment managers. After consultation with the Education Bureau, the Culture, Sports and Tourism Bureau, the Home and Youth Affairs Bureau, the Labour and Welfare Bureau, the Environment and Ecology Bureau and the Security Bureau, we have prepared the required information at Annex.

As regards parts (4) and (5) of the question, generally speaking, the bureau responsible for a particular fund would, taking into account factors such as the background of fund establishment and scale of the fund, consider whether to set up an investment committee under the fund. The committee comprises representatives from the relevant bureaux and departments, as well as those from the finance and professional sectors, etc. The investment committee has to consider various risk factors in investment and put in place corresponding risk management measures (including diversification of risks). One of the duties of the investment committee is to select investment managers based on the following criteria:

(i) the investment managers' standing, including their credit ratings, compliance and internal controls;

(ii) the investment managers' investment track records;

(iii) the investment managers' specific expertise and experience, as well as appropriate support (including information systems, research teams,

professional customer services and investment market networks spanning different times zones across the world); and

(iv) the level of fees charged.

The committee would conduct periodic meetings to review whether the performance of the investment managers is in compliance with the investment strategies and target set for the fund concerned. A contract for engagement of an investment manager for a particular fund would include a provision stipulating that the fund may, if necessary, dismiss the investment manager upon giving a prescribed period of notice without assigning any reason. If necessary, the committee may replace investment managers according to the selection criteria mentioned above.

LCQ18: Consolidating Hong Kong's position as an art trading centre

Following is a question by the Hon Jeffrey Lam and a written reply by the Secretary for Culture, Sports and Tourism, Mr Kevin Yeung, in the Legislative Council today (March 27):

Question:

Hong Kong enjoys the country's support for developing into an East-meets-West centre for international cultural exchange. There are views pointing out that Hong Kong, being located at the centre of Asia and benefiting from financial, legal and logistical advantages, together with its low rates of import and export taxes on artworks, is one of the major art trading centres in the world. In this connection, will the Government inform this Council:

(1) whether it knows the current total numbers of auction houses, galleries and art galleries in Hong Kong that are respectively internationally-based, Mainland-based and locally-based;

(2) whether it has compiled statistics on the number of relevant auctions held in Hong Kong (both online and offline) in each of the past five years;

(3) of the total import and export values of (i) artworks, (ii) collectors' pieces and (iii) antiques, as well as their respective percentages in the total external trade value in each of the past five years;

(4) of the contribution made to the Gross Domestic Product by the trading of artworks, collectors' pieces and antiques, as well as the number of jobs created, in the past five years; and

(5) whether the authorities have put in place measures to support the staging of arts exhibitions and the establishment of operations by more auction houses in Hong Kong, so as to seize the opportunities of the growing art market and consolidate Hong Kong's position as Asia's art trading hub?

Reply:

President,

Regarding the question raised by the Hon Jeffery Lam, I reply as follows:

(1) and (2) According to the statistics of the Census and Statistics Department (C&SD), the number of establishments in the art, antiques and crafts domain of the cultural and creative industries in Hong Kong was about 6 870 in 2022. The Government does not have a detailed breakdown of the number of establishments related to auction houses, galleries and art galleries, as well as the statistics on the number of auctions held in Hong Kong.

(3) According to the statistics of C&SD, the total trade value of works of art, collectors' pieces and antiques, as well as its percentage of total trade of goods in the past five years (i.e. 2019 to 2023) are as follows:

Year	Total trade (HK\$ million)	Percentage of total trade of goods
2019	58,495	0.7 per cent
2020	33,600	0.4 per cent
2021	66,591	0.6 per cent
2022	88,371	0.9 per cent
2023	105,465	1.2 per cent

C&SD does not have detailed breakdown of statistics under the grouping of works of art, collectors' pieces and antiques respectively.

(4) C&SD is still compiling relevant statistics for 2022 and beyond. From 2019 to 2021, the value added and number of persons engaged in the art, antiques and crafts domain of the cultural and creative industries in Hong Kong are as follows:

Year	Value added (HK\$ million)	Number of persons engaged (rounded to the nearest ten)
2019	18,677	31 940
2020	14,662	28 880
2021	16,574	27 590

(5) Hong Kong has a strategic location in Asia as well as strong cultural foundations and a competitive edge in the commercial sector. With the support of the National 14th Five-Year Plan, the Government is committed to promoting Hong Kong as an East-meets-West centre for international cultural exchange. In recent years, a number of large-scale arts and cultural facilities, including the M+ Museum and the Hong Kong Palace Museum in the West Kowloon Cultural District (WKCD), have come into operation, providing more opportunities for the arts sector to organise more local and international arts and cultural activities.

The Government has strived to create a comprehensive ecosystem for the arts, culture and creative industries. Currently, Hong Kong is the home to a number of globally acclaimed galleries, auction houses and art fairs. Among them, Art Basel Hong Kong has become an international event for visual arts since its debut in Hong Kong in 2013. Phillips Auctioneers also set up its new Asia headquarters in WKCD last year. In addition, Hong Kong's low tax rate and thriving art fairs have attracted art lovers from all over the world to participate in Hong Kong's art trading events. These qualities have contributed to the emergence of Hong Kong's art trading and auction market, making Hong Kong one of the world's top three art trading centers.

To attract and support international and large-scale arts and cultural events, including arts fairs to be held in Hong Kong, the Culture, Sports and Tourism Bureau officially launched the Mega Arts and Cultural Events (ACE) Fund in 2023. It targets mega arts and cultural events organised by the private sector or non-governmental organisations in Hong Kong, with a view to developing Hong Kong into an arts and cultural metropolis. Among the approved events, Art Basel Hong Kong 2023 and 2024, Ink Asia 2023, as well as Art Central 2023 and 2024 are examples of art fairs. These fairs bring together hundreds of international galleries, attracting tens of thousands of collectors, industry players and visitors from Hong Kong and abroad, further fostering the development of Hong Kong's vibrant art market.

The Government will continue to give play to the advantage of Hong Kong as a melting pot of Chinese and Western cultures, actively attracting renowned cultural and museum organisations from the Mainland and overseas to Hong Kong, with a view to consolidating Hong Kong's status as international art trading centre and fostering Hong Kong's development as an East-meets-West centre for international cultural exchange.

EDB announces enhanced Language Proficiency Requirement for teachers

The Education Bureau (EDB) today (March 27) announced the arrangements regarding the enhanced Language Proficiency Requirement (LPR) for English and

Putonghua teachers of primary and secondary schools with effect from the 2024/25 school year.

From the 2024/25 school year onwards, the written and speaking assessments of the Language Proficiency Assessment (LPA) will be replaced by the International English Language Testing System (IELTS) (Academic Module) and the Test of Proficiency in Putonghua conducted by the State Language Commission. For the specific requirements, please refer to the EDB Circular Memorandum No. [74/2024](#). The Classroom Language Assessment (CLA) conducted by the EDB will be continued and its application details will be released on the EDB website in due course.

With the implementation of the enhanced measures, the written and speaking assessments of the LPA jointly conducted by the EDB and the Hong Kong Examinations and Assessment Authority will cease to be offered from the 2024/25 school year. Teachers who have attained the relevant results in the written and speaking assessments and the CLA of the LPA and met the LPR will continue to be recognised.

The LPR policy has been implemented since 2000. The purpose of the policy is to enhance the quality of education by ensuring that all English and Putonghua teachers possess at least basic language proficiency. The policy has been implemented for over 20 years, and the overall language proficiency of English and Putonghua teachers has been improving. Taking into account the concerns from the education sector and stakeholders, the latest trends of education development, students' learning needs and schools' needs for deployment of human resources, the EDB has reviewed the arrangements of the LPR policy and formulated enhanced measures.

For more details about the LPR policy, please visit the EDB website (www.edb.gov.hk/lpr).

LCQ8: Promoting development of artificial intelligence

Following is a question by Dr the Hon Johnny Ng and a written reply by the Secretary for Innovation, Technology and Industry, Professor Sun Dong, in the Legislative Council today (March 27):

Question:

The Financial Secretary indicated in the Budget delivered last month that the first phase facility of the Artificial Intelligence (AI) Supercomputing Centre (AISC) in Cyberport was expected to start operating within this year at the earliest, and the computing power of the AISC was

expected to reach 3 000 petaFLOPS by early 2026 at the soonest, with the scale of such power being equivalent to the capacity of processing nearly 10 billion images in one hour. In addition, the Government will allocate \$3 billion for the launch of a three-year AI Subsidy Scheme to support universities, research institutes and enterprises to, among others, leverage the AISC's computing power and strengthen the cyber security and data protection of the AISC. Regarding promoting the development of AI, will the Government inform this Council:

(1) as the Financial Secretary has indicated in the 2023-2024 Budget that \$3 billion will be earmarked to promote the development of facilities in relation to AI, quantum technology, etc, and attract leading innovation and technology (I&T) talents, research teams and enterprises from the Mainland and overseas to Hong Kong, thereby promoting cross-sectoral research co-operation, how the aforesaid funding was used in the past year, and whether it has assessed the effectiveness of the relevant work, including the number of world-class I&T enterprises, talents as well as research and development projects attracted to Hong Kong, and their names in a list (set out in a table);

(2) given that the projected computing power of the AISC can only reach 3 000 petaFLOPS, while some experts estimate that the demand for supercomputing capacity in Hong Kong will rapidly increase to 15 000 petaFLOPS within the next few years and the computing power of the AISC can hardly be expected to cope with such demand, whether the authorities have formulated corresponding plans in advance to tie in with the rapid development of I&T in Hong Kong, such as setting up additional supercomputing centres;

(3) whether it has assessed if the provision of \$3 billion for implementing the AI Subsidy Scheme is adequate, and whether the authorities will provide additional funding in a timely manner as appropriate; and

(4) given the changes in geopolitical situation, many regions have imposed trade restrictions on China in recent years in respect of technology items (e.g. the passage of the CHIPS and Science Act of 2022 by the United States (US) which strictly restricts the export of chips to chip companies in China, as well as the tightening of restrictions on investment in specified technology areas by the US last year), whether the Government has assessed if Hong Kong's relevant technology trade and AI technology development have been affected as a result, and whether it has implemented corresponding counter measures, so as to maintain its own advantages while integrating into the overall development of the country?

Reply:

President,

Regarding the question from Dr the Hon Johnny Ng, our reply is as follows:

(1) As announced in the 2024-25 Budget, the Government will implement the Frontier Technology Research Support Scheme to assist the eight funded

universities, on a matching basis, to procure facilities and conduct research projects spearheaded by top-notch researchers from the Mainland and overseas, covering various fields such as artificial intelligence (AI), quantum information, integrated circuit, clinical medicine and health, and genome technology and biotechnology. The Government will allocate \$3 billion from the previously earmarked funding to take forward the initiative. The Government is studying the details and specific arrangements of the support scheme and plans to consult the concerned institutes within this year, and will then consult the Legislative Council.

(2) Cyberport is now actively making preparations for the establishment of an AI Supercomputing Centre (AISC). The first phase facility is expected to commence operations in the second half of 2024 at the earliest. Upon the completion of the Cyberport 5 expansion, the second phase facility of the AISC will be able to provide a computing power of 3 000 petaFLOPS in early 2026 at the earliest.

Upon the commissioning of Cyberport's AISC, the Government will explore how to further meet Hong Kong's medium-to-long term demand for computing power with reference to the local AI ecosystem and latest technological development, including the feasibility of promoting the development of more advanced computing power facilities.

(3) Proposed in the 2024-25 Budget, the Government will allocate \$3 billion to launch a three-year AI Subsidy Scheme with the objectives of (i) supporting local universities, research institutes and enterprises, etc, to leverage the AISC's computing power and achieve scientific breakthroughs; (ii) strengthening the AISC's cybersecurity and data protection; and (iii) promoting the local AI ecosystem through training, promotion and educational activities, etc. The proposed funding is expected to provide significant support to the industry in leveraging the computing power facilities, attracting talent, enterprises and research projects in Mainland and overseas to Hong Kong, as well as promoting local AI and data science development. We plan to evaluate the overall operation and effectiveness of the Subsidy Scheme when the AISC comes into full operation in 2026.

(4) The Hong Kong Special Administrative Region (HKSAR) Government has been striving to promote innovation and technology (I&T) development in Hong Kong. Against the backdrop of a complicated and volatile environment of international competition, the best ways to ensure the sustainable I&T development in Hong Kong are to integrate into the overall national development, to strengthen our own I&T system and to consolidate our edge as an international city. With the support of our country, the HKSAR Government has every confidence in developing Hong Kong into an international I&T centre.

As a highly international city, Hong Kong's I&T sector has been successful in attracting funds, enterprises, technologies and talents from different regions around the world. When conducting procurement and launching products, Hong Kong's I&T sector would typically not rely on or target at a single market. The HKSAR Government has also been encouraging enterprises to adopt a diversified marketing strategy to attract investments from various

places around the world, so as to reduce dependence on a specific market. At the same time, we have been taking forward the sustainable development of Hong Kong's I&T ecosystem by strengthening our research and development capabilities, allocating more resources on I&T, and enhancing the supporting infrastructure, etc, including the above-mentioned funding schemes to support frontier technological research and the AI development. Impact of any unilateral policies implemented by individual country will under no circumstances waver our determination in developing Hong Kong into an international I&T centre. The HKSAR Government will continue to closely monitor the matter and respond with appropriate measures.