Abstract  Ever since its establishment in 1911, The University of Hong Kong has relied on government funding. The Asian financial crisis caused serious government budget deficits and funding for higher education was sharply reduced. Both the government and the university realized that it was crucial to seek external private support. Within the university, many realized that reliance on the government meant survival but not growth. Philanthropists, in particular Li Ka-shing, became the target of fundraisers. In 2005, he made a very generous gift of HK$1 billion to the university; in turn, the university named the medical faculty after him. This stirred up a storm as critics accused the university of selling off its “ancestral shrine.” This controversy subverted the original intent of the gift, but despite this, the philanthropist’s support of the university continued. Today, the university has forged an East-West Alliance consisting of leading global institutions that had benefited from Li’s generosity, and high-level exchanges are conducted on this platform.

Appeal for Private Funding Brings Billion-Dollar Gift

The years between the signing of the Sino-British Joint Declaration in 1984 and the handover in mid-1997 were tumultuous. For many, it marked the search for a new home overseas, with roughly 20% of the population leaving before the handover. But for those who remained, the last decade of British rule turned into a period of excitement and great prosperity. The transitional period was a testing time for the middle class, many of whom chose to migrate, as well as for the colonial business establishment. Thus, Jardine Matheson, which had set up its headquarters in Hong Kong in 1842 with the birth of the British colony, shifted its domicile to Bermuda in 1984 in a striking demonstration of its lack of confidence in the colony’s future under Chinese sovereignty. Similarly, the Hong Kong and Shanghai Banking Corporation set up a London-headquartered holding company, HSBC Holdings, in 1991. Its Hong Kong operations thus became a subsidiary of the London holding company before the colony returned to Chinese rule.
In this period of declining British influence, the Chinese business elite in Hong Kong thrived. Local Chinese businessmen such as Y.K. Pao and Li Ka-shing were beginning to take over old British hongs. In 1979, Li acquired Hutchison Whampoa, a British firm with roots extending back to the nineteenth century. Pao in the 1980s obtained control of the Hong Kong and Kowloon Wharf and Godown Co. Ltd. And, in 1985, he also took over control of Wheelock Marden, another old British company established in the mid-nineteenth century. The development of Chinese entrepreneurs had previously been inhibited because financing was difficult to obtain and the Hong Kong Stock Exchange, established in 1914, was reluctant to allow the listing of new local companies, a situation which eventually led to a proliferation of locally controlled stock exchanges, giving Hong Kong the appearance of a town in the wild west where anything goes. It wasn’t until the mid-1980s that legislation was adopted to set up a unified exchange.

The impending change in sovereignty led Chinese officials in Beijing, who wanted to ensure Hong Kong’s economic prosperity post-1997, to cultivate successful local entrepreneurs. Key business people were appointed to important positions on China-established bodies such as the Basic Law Drafting Committee. It was striking that many of those honored by the Chinese had previously also been honored by the British, such as industrialist T.K. Ann, who was awarded an OBE, and shipping magnate Y.K. Pao, who had been knighted by the British. Both men were made vice chairmen of the drafting committee.

Britain committed itself to maintaining Hong Kong’s prosperity and stability during the transition years and China pledged to cooperate. The result was an economic boom. This was characterized by a rise in conspicuous consumption, symbolized by the opening of Club Volvo in 1986, which claimed to be the “biggest Japanese-style nightclub in the world.” China, as promised, gave its cooperation to maintaining the colony’s prosperity. Two Chinese officials took part in the ribbon-cutting to launch the gaudy nightclub: Li Chuwen (李儲文), vice director of the New China News Agency, China’s unofficial representative body in Hong Kong, and Wang Guangying (王光英), chairman of China’s Everbright Group and vice chairman of the Chinese People’s Political Consultative Conference. In addition to its 1,000 “hostesses,” Club Volvo also attracted customers by using an electric Rolls-Royce to escort them into the 1.6-acre club from the front entrance.¹

One sign of economic growth was the increase in the number of listed companies, which quadrupled from 1984, when the Joint Declaration was signed, to 486,997 in 1997. Even Club Volvo tried, but failed, to get a listing. Property prices went up and up, reaching stratospheric heights, as did the stock market. Both were at all-time highs by 1997. Per capita GDP stood at US$27,330 (HK$213,174) in 1997, higher than that in Britain (US$24,803), the colonial power.²

¹ Kristof D. Nicholas, “Hong Kong’s Hottest Hot Spot,” The New York Times, 11 October 1987.
² World Bank.
The festivities on June 30, 1997 lasted well into the next day when the British crown colony was transformed into a Special Administrative Region of the People’s Republic of China. However, by sheer coincidence, on July 2, Thailand floated its currency, the baht, as it was unable to support its peg to the US dollar. With that, the Asian financial crisis was launched, with a wave of currency devaluations in Southeast Asia and Japan, causing a slump in stock markets and a drop in other asset values. Hong Kong was able to maintain its own peg to the US dollar despite speculative attacks by billionaire financier George Soros and others, with the government risking its reserves to prop up the stock market to defend the currency. Soros subsequently praised Hong Kong for having thwarted him successfully.

**Post-1997 Recession: Markets Down, Unemployment Up**

But Hong Kong could not escape the economic impact of the financial crisis. The property market plummeted as the real estate bubble popped. The fall in home prices put many people in the position of paying off mortgages for homes that were worth only a fraction of their former value. The price decline continued for six years, leading to an almost 70% drop of nominal home prices.

Inevitably, the stock market bubble, too, was pricked and share prices plummeted. At the same time, unemployment soared. All this meant a fall in the value of assets. By 2001, per capita GDP had dropped to US$25,230 (HK$196,794).

The government experienced a sharp fall in revenue. The Financial Secretary, in his 2017–18 budget speech, recalled: “We experienced five years of fiscal deficits, which depleted 40%, or over HK$180 billion of our fiscal reserves, leaving these at a level equivalent to only 13 months instead of 28 months of government spending.” Instead of the buoyant economy that marked the pre-handover years, Hong Kong’s economy became marked by years of recession after the return to Chinese rule.

Even five years after the handover, the economic outlook remained dismal. Tung Chee-hwa, the Chief Executive, said in his 2003 policy address: “The economic situation we are facing is severe and unprecedented in decades. First, despite the recent signs of economic recovery, deflation over the past 50 months has accumulated to 13%, and there is no indication that it will disappear in the short term. Confidence in local investment and consumption has suffered. For some, incomes have continued to drop. Second, people’s wealth has shrunk with declining asset values, with some facing the hardship of negative equity. These distressing

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3William Barnes, “Thais float baht in new bid to boost economy,” *South China Morning Post*, 3 July 1997.

4Dennis Eng, “Soros praises HK for blocking his dollar ‘attacks’,” *South China Morning Post*, 16 June 2009.

5World Bank.

6Hong Kong Financial Secretary Paul Chan’s Budget Speech, 2017–18, delivered on 22 February 2017.
consequences have become more obvious in recent years. Third, economic contraction and restructuring have led to changes in the employment structure and resulted in increasing unemployment, a prime concern of the community. Despite a slight improvement in recent months, unemployment remains far too high. Lastly, the substantial reduction in government revenue and rising public expenditure have resulted in increasing fiscal deficits in the past few years. As a result, our fiscal reserves have been sharply reduced. This is beginning to affect our credit ratings. If not dealt with properly, the stability of our financial system could be jeopardized.”

**Chief Executive Emphasizes Education**

However, throughout these difficult years, the government insisted that its support for education remained undiminished. On July 1, 1997, when he gave a speech to celebrate the establishment of the Hong Kong Special Administrative Region of the People’s Republic of China, Chief Executive Tung Chee-hwa emphasized the importance of education. In the presence of President Jiang Zemin and Premier Li Peng, the newly inaugurated Chief Executive said: “Education is the key to the future of Hong Kong. It provides a level playing field for all, and the human resources required for further economic development. Our education system must cater for Hong Kong’s needs, contribute to the country, and adopt an international outlook. It should encourage diversification and combine the strengths of the east and the west. We shall draw up a comprehensive plan to improve the quality of education, and inject sufficient resources to achieve this goal.”

Three months later, when he delivered his first policy address, the Chief Executive expanded on his thoughts on education. “Tertiary education accounts for about one-third of our total budget on education,” he said. “The tertiary sector has now entered a period of consolidation following its rapid expansion over the past decade. I have asked the University Grants Committee and the tertiary institutions to build upon existing strengths and invest in state-of-the-art facilities so as to provide programs which will be recognized internationally for their excellence” (Fig. 15.1).

The following year, he returned to the theme of education and promised to increase government spending to HK$44 billion annually, despite the “economic strain” that Hong Kong was under. In 1999, even though the Chief Executive bemoaned the Asian financial turmoil, confessing that “the scale and speed of its impact was much greater than expected and unmatched in the past 50 years,” he boldly declared that “it is our target to provide quality education in Hong Kong.”

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7 Chief Executive Tung Chee-hwa’s 2003 Policy Address, “Capitalizing on Our Advantages, Revitalizing Our Economy,” delivered on 8 January 2003.

8 Chief Executive Tung Chee-hwa’s speech, “A Future of Excellence and Prosperity for All,” 1 July 1997.

9 Chief Executive Tung Chee-hwa’s 1997 Policy Address, delivered to Provisional Legislative Council on 8 October 1997.

10 Chief Executive Tung Chee-hwa’s 1998 Policy Address, delivered on 7 October 1998.
adding: “The Administration will provide its share of resources for education and ensure their efficient allocation.”

These were not empty words. Government support for education did continue to increase, despite the adverse impact the economic recession was having on its revenues. Thus, in 2000, Chief Executive Tung pledged in his policy address that Hong Kong would greatly increase the number of senior secondary school graduates who pursue tertiary education. “In developed countries and some major cities in Asia, up to 60% of senior secondary school graduates pursue tertiary education,” the Chief Executive said. “For Hong Kong, however, the rate is just about half that, not only are we lagging far behind, but we are failing to meet the needs of a knowledge-based economy. It is imperative that we catch up. Our objective is that within ten years, 60% of our senior secondary school leavers will receive tertiary education.”

The following year, when he delivered the 2001 policy address, Chief Executive Tung pledged: “Regardless of Hong Kong’s economic situation, you can rest assured that in the next five to ten years spending on education will continue to increase year after year. Our tertiary, secondary and primary education will become better and better, and the trend for lifelong learning will become even stronger.” By his fifth year in office, total government expenditure on education was $48.72 billion, which was 3.7% of GDP or 21% of total government expenditure.

However, notwithstanding the overall increased expenditure for education, funds for higher education were, in fact, being trimmed. This was in part due to the predecessor colonial government, which decided that tertiary education was entering a “consolidation phase” and some reduction was possible without affecting the quality of education. In December 1996, when plans were laid for the 1998–2001 triennium, the decision was made to freeze student numbers in the eight tertiary institutions within the ambit of the University Grants Committee. Since fund allocations were tied to student numbers, it meant, in effect, a ceiling on funding. “We agree with the UGC’s recommendation that the number of first-year, first-degree places should remain constant at 14,500 full-time-equivalent, i.e. some 18% of the 17–20 age group,” the Education and Manpower Branch said in a paper submitted to the Legislative Council Panel on Education. Moreover, the government decided on a reduction in student unit cost “of slightly more than 3% per annum, i.e. a total of 10% reduction in unit cost by the end of the 1998–2001 triennium without detriment to quality.” Thus, a 10% reduction over three years had to be absorbed by the universities.

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11 Chief Executive Tung Chee-hwa’s 1999 Policy Address, delivered on 6 October 1999.
12 Chief Executive Tung Chee-hwa’s 2000 Policy Address, delivered on 11 October 2000.
13 Chief Executive Tung Chee-hwa’s 2001 Policy Address, delivered on 10 October 2001.
14 Tak-wai Tse, Deborah, “The Fundraising Culture in Tertiary Institutions: The Case of HKU” (A dissertation submitted in part-fulfilment of the Master of Public Administration Program, The University of Hong Kong, 2008).
15 “Panel on Education (Papers) 20 Dec. 1996, Education and Manpower Branch, 18 December 1996.
16 Ibid.
And Then, a Pay Cut

Another blow came when the Financial Secretary, Antony Leung, delivered the budget address in March 2002. The Financial Secretary disclosed government plans to cut civil service pay, an almost unheard of development. Besides, the Basic Law, Hong Kong’s mini-constitution, appeared to guarantee that civil servants would, after 1997, enjoy “pay, allowances, benefits and conditions of service no less favorable than before.” A cut in civil service pay would directly impact tertiary institutions since the remuneration of academic staff was linked to that of the civil service.

“Given our serious fiscal position, I have assumed in the Medium Range Forecast, for financial planning purposes, that civil service pay will be cut by 4.75% and the salary-related portions of subventions to the various organisations will also be reduced by the same rate,” the Financial Secretary said. Ultimately, the government enacted legislation to cut civil service pay. It won a challenge in court of its authority to take such action. Tertiary educational institutions, such as the University of Hong Kong, had to reduce the pay of their staff accordingly (Fig. 15.2).

Recalling the early years of the twenty-first century, Alice Lam Lee Kiu-yue, then chair of the University Grants Committee, which advises the government on the development and funding of higher education in Hong Kong, had this to say: “Around the time of the millennium, the developed world was bracing for financial challenges and economic instability. Hong Kong was not spared; by 2003, the UGC-funded institutions were struck by the prospect of a 10% cut in government funding …. The funding cut in 2003 stressed the institutions greatly as well as the committee. There was a lot of unhappiness” (Fig. 15.3).

This unhappiness was expressed in a joint letter by the eight UGC-funded institutions written by C.F. Ng, President and Vice-Chancellor of Hong Kong Baptist University and Convenor of the Heads of Universities Committee, or HUCOM, to the Secretary-General of the University Grants Committee, Mr. Peter Cheung. The letter was written in response to an invitation from the LegCo Panel on Education seeking a response to the government’s plan to cut funding by an average of 10%.

President Ng began by declaring: “We fully understand and recognize that in the present economic situation, the tertiary institutions will be affected by the Government’s desire to reduce the budget deficit. Our primary concern, however, relates to the impact of the severity of the cuts that are likely to be imposed in a very short period of time.” He then set forth the grievances of the eight tertiary institutions involved:

17 HKU Financial Secretary Antony Leung’s Budget Address, delivered on 6 March 2002.
18 The Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China, Article 100.
19 Alice LAM LEE Kiu-yue, “Moving Ahead through Matching Grants,” University Grants Committee 50th Anniversary Album. University Grants Committee, 2015.
“The overall cuts for 2004–05 will in fact be much greater than the recently announced 10% reduction in the UGC Block Grant, which will not include the 3% salary reduction that the Government has decided to introduce,” the letter said. “The tertiary institutions may therefore in a single year face a reduction of at least 13%. It is also not clear whether the proposed 10% cut will incorporate the reduction that will result from the loss of student places following the withdrawal of Government funding support for most TPG [taught post-graduate] and sub-degree programmes and the plans to reduce significantly the FYFD [first year, first degree] numbers of some institutions. (Although we believe that a 10% cut of the Block Grant should already incorporate any cut resulted from a reduction of student numbers as student number is a major element in calculating the Block Grant).

“On top of all these, the Government has decided to withdraw the Home Finance Scheme in its ‘delinking proposals’ (despite the fact that we are told that the delinking will be ‘cost-neutral’). It has also been indicated that further significant reductions would occur in the next triennium (2005–08), but the precise scale of this exercise is unknown. The full-scale and severity of these cuts, which have only recently become apparent, and the speed with which they will be introduced will make it extremely difficult for us to plan for the necessary changes and this will affect the viability of the tertiary education sector.”

The letter concluded by again expressing understanding for the government’s desire to reduce the budget deficit. However, it warned, the severe cuts contemplated “will have extremely negative effects on our capacity to help the Government to achieve its goal of investing in education so as to transform Hong Kong into a knowledge-based society.”

Eight Institutions Issue Joint Statement

A few months later, the eight tertiary institutions affected issued a joint public statement voicing their distress:

“We are greatly saddened by the Government’s decision to further reduce spending on education notwithstanding the fact that it has recognized that support for this sector is vital for Hong Kong’s future. We are particularly dismayed by the fact that only two years ago in his 2001 Policy Address, the Chief Executive affirmed that ‘despite the pressure of economic downturn on public finances, our resolve to invest in education is unshaken. Regardless of Hong Kong’s economic situation, you can rest assured that in the next five to ten years spending on education will continue to increase year after year’.

“At present, the Government spends a relatively low proportion of GDP on education as a whole in terms of Hong Kong’s level of economic development and provides restricted access to higher education. Hong Kong will never achieve its goal of becoming a world-class international city if it continues to reduce investment in education since, in the final analysis, it is educated people who are our greatest asset. Over the last twenty years, the higher education sector in particular has made a significant and important

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20 C.F. Ng, President and Vice-Chancellor, Hong Kong Baptist University, Convenor, HUCOM, to Peter Lee, April 1, 2003, Secretary-General, University Grants Committee.
contribution to Hong Kong’s development and stability. One of the key features of our society that distinguishes it from others in Asia is that we possess a system of higher education that is of international standard. Nevertheless, it is becoming clear that the scale of the existing and planned cutbacks, through a wide variety of means, will result in approximately 50% reduction of the spending on the sector over a period of less than a decade if indeed there is a further deep cut in the forthcoming triennium.

“No organizations let alone universities can cope with such a magnitude and pace of budget cuts without compromising quality seriously. We fully appreciate that the universities, along with other publicly funded organizations whose remuneration packages have been historically linked to those of the civil service, require restructuring to match the changing economic environment. However, we are distressed by the fact that while the Chief Executive committed to increase spending in education, the Government should impose such a deep cut in funding for the universities. The current strategy of isolating higher education and using it as the major target to achieve savings is not only short-sighted and politically expedient, but will also result in Hong Kong losing its place as one of the leading providers of higher education in East Asia and its future as a knowledge economy.”

Fortunately for all parties concerned, the cuts in government funding were to a large extent mitigated by a new policy proposed by the University Grants Committee in 2002. Among its final recommendations for higher education in 2002, the UGC urged

“The Government to consider the increased use of matching grants and other incentives to generate additional momentum for private sector participation in supporting higher education.”

This proposal was accepted by the government. The UGC also urged universities to set up institutional advancement offices to raise funds. The fact that the UGC had to ask universities to set up offices to raise funds showed just how unprepared some of them were for such activities. At the University of Hong Kong, however, there was already an existing institution, the Hong Kong University Foundation, established in 1995 by the then vice-chancellor, Professor Wang Gungwu, whose purpose was to raise funds from the private sector. As early as 1998, Wang Gungwu asked K.M. Cheng, a pro-vice-chancellor, to concentrate on fund-raising. “He was very far sighted,” Cheng said. From then on, there was always someone at a very senior level whose job it was to develop relations with the private sector with the aim of raising funds (Fig. 15.4).

In his 2003–04 Budget Speech, the Financial Secretary moved to implement the matching grant concept. He asserted: “A developed knowledge-based economy requires world-class universities to nurture talent. Many world-renowned tertiary institutions make use of private donations to enhance university education. To encourage universities in Hong Kong to be more proactive fund-raisers, the Government will set up a $1 billion fund to award matching grants to universities which succeed in securing private donations for purposes other than the

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21 Press release by Chairman UGC, “UGC’s Final Recommendations,” 2002, HKSAR government.

22 Interview with K.M. Cheng, 27 February 2017.
construction of campus buildings.” In his speech, the Financial Secretary also raised the ceiling for tax-exempted donations to approved charitable organizations—such as universities—from 10% of assessable income or profits to 25%. These twin moves were designed to encourage private funding of universities.

At a press conference the same day, the Financial Secretary expanded on what he had in mind. “I believe that the recommendation to set up a matching fund for donations to universities for non-capital works is in the right direction, in the sense that we really want Hong Kong people to give more to society. After all, Hong Kong’s tax rate is very low and Hong Kong people have a tradition of giving as well, but in order to encourage them to do more, having this matching fund will hopefully encourage more of our citizens to donate more money to universities, which is critical in developing Hong Kong as a knowledge economy.”

**A $1 Billion Matching Grant Scheme Set Up**

In June 2003, the government established a $1 billion Matching Grant Scheme. This meant that, if the eight institutions were able to make full use of the scheme, they would gain a total of $2 billion in additional resources during an academic year, of which the government would provide half. This compared to the efficiency savings of about $1.1 billion that the higher education sector was required to deliver in the 2004–05 academic year. This move towards approaching the private sector for funds was a major shift, both for the universities and for Hong Kong.

However, the initial reaction from the universities was not too positive. As Mrs. Lam said, “In the beginning, the new measure hardly brought comfort to the institutions, for whom the idea of soliciting donations was akin to something alien. Little did anyone know that the scheme would prove to be highly successful in creating a culture of philanthropy here.”

As a result of the matching grant scheme, the eight institutions combined managed to raise more than $1 billion, making them eligible for $1 billion in matching support from the government. “In 2004,” Mrs. Lam said, “it seemed as if the funding cut had not happened at all.” The University of Hong Kong did extremely well. In the first year of the scheme, of the $1 billion put up by the government, the University was able to claim $250 million in matching grants—the highest amount permitted by the government.

The matching grant scheme came at a time when the chairman of the University Council was Victor Fung. Coming from the American tradition, Fung found to his surprise that Hong Kong University was almost totally reliant on government fund-

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23 HKSAR Financial Secretary Antony Leung’s Budget Speech 2003–04, delivered on March 5, 2003.

24 Press conference by HKSAR Financial Secretary Antony Leung, 5 March 2003.

25 Quote by Alice LAM LEE.
ing. “I thought it was important not to be a completely public university,” he said. “I moved the university towards a big effort to fundraising. We wanted to change the proportion of funding. I got senior management thinking that way, and the Council was that way, and the government encouraged us to be that way.”

The Council chairman asked for a thorough review of university governance and management by a blue-ribbon panel consisting of Professor John Niland, former vice-chancellor of the University of New South Wales, Professor Neil Rudenstine, former president of Harvard University, and Chief Justice Andrew Li. The review was completed in early 2003 and Niland, its convenor, wrote in a covering letter when the overall report was issued: “HKU is a fine institution, and from our discussions with stakeholders we firmly believe that its strategic intent to be counted among the top twenty-five universities in the world is achievable if pursued with purpose. We hope that our report will contribute to this purpose.”

The report itself covered a wide scope on issues facing the university. Its section on resources and resourcing had this to say: “There are worldclass universities and there are, regrettably, impoverished universities in the world; we know of no truly great university that is also impoverished. The resources and resourcing do matter—they matter profoundly. Yet what government in the world seriously contemplates funding education, or for that matter health care and social welfare provisions, to the ideal level needed? There are inevitably strong competing demands for limited public resources overall, and within the education sector pressures for the education budget will very likely push more resources to the nursery, primary and secondary sectors. And this phenomenon of intra-sector rebalancing in a general context of funding shortfalls is by no means unique to Hong Kong. Against this background, and in the interest of higher education at large, HKU must work with individual donors and companies to secure private sources of funding. Like other international universities of high standing, HKU will also need to engage actively in broad-based philanthropic fund raising activities to boost its income, particularly for student scholarships and support of research. For Hong Kong to become a knowledge based economy, industries and the corporate sector must be encouraged through effective and carefully designed partnerships to invest in the discovery and transmission of knowledge. An environment of assurance for business and industrial partners and individual benefactors that the resources they channel to the University will be handled professionally and effectively, and with probity, is absolutely critical.”

Fung was convinced that “at some point, we should become less and less dependent on public funding.” He began to move the university towards developing a strong fundraising arm. The government’s budget cut, he said, accounted for only a part of his thinking. “We wanted to increase the importance of private funds and, eventually, to maybe even move to a private university.”

The matching grants scheme was a sign that the government was at long last taking action to encourage tertiary institutions to seek outside funding and engaging with the private sector to do its part. It certainly coincided with the long-held desire

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26 Interview with Victor Fung, 22 February 2017.
27 John Niland, Convenor, Review Panel on University Governance and Management, to Dr. Victor K.K. Fung, Chairman of Council, The University of Hong Kong, 7 February, 2003.
within the university to be free of total dependence on the government and to be able to grow, not just survive.

Actually, there had been proposals from time to time to privatize universities. In 2001, the year that Fung became Council chairman, Fanny Law, Permanent Secretary for Education and Manpower, disclosed in October that the Hong Kong Government intended to privatize public universities so as to reduce the financial burden on government and to achieve flexibility on the performance of education institutions (Fig. 15.6).

*Privatization of University Explored*

Even before that, when Professor Patrick Y.C. Cheng was vice-chancellor of the University of Hong Kong (1996–2000), he explored the possibility of privatizing the university. “A government-funded university will never be able to excel,” he explained. “We, the management team, thought somehow we could privatize Hong Kong University. We asked the UGC if they could buy us out, then you don’t have to give us money any more.” Part of his thinking was to triple fees, to $150,000. “The middle class can easily afford it,” he said. Professor Cheng approached the entrepreneur and philanthropist Li Ka-shing, who was known for his interest in education and who, in 1980, had set up the Li Ka Shing Foundation as his vehicle for charitable contributions. “Li Ka-shing agreed to donate a billion,” Cheng said. However, when Cheng left office abruptly in September 2000 in the aftermath of the Robert Chung scandal where infringement of academic freedom was alleged, the matter was put in abeyance while a global hunt for a successor was mounted. In the interim, Ian Davies, one of the founding members of the Faculty of Dentistry in 1983, served as vice-chancellor. Davies did not pursue the privatization idea. However, the possibility of a $1 billion donation was still in the air within the University. In fact, according to Cheng, after he announced his resignation, he received a phone call from Li who told the departing vice-chancellor that he would not make the donation to the University for the time being since he didn’t know who his successor would be. But within the university a very large donation from Hong Kong’s richest man was still seen as very much a live possibility.

Many years later, in 2017, the Li Ka Shing Foundation, asked about the Patrick Cheng episode, explained the thinking of Mr. Li when approached by the then vice-chancellor. “The global environment at the time was becoming very competitive, and Mr. Li understood the rationale behind the proposed privatization, which he believed would have been important in helping HKU maintain its competitiveness, and it would have been good for the future of Hong Kong,” the foundation said. “Mr. Li believed that the then-existing structure may not have been sufficient to propel

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28 Sham Lai Shan Lisa, “Whether the Marketization of Education is Good or Bad,” the *Hong Kong Manager*, Vol. 3, 2007.

29 Interview with Patrick Y.C. Cheng, 3 February 2017.

30 Ibid.
HKU to the forefront of a knowledge-based economy. We do not know what happened after that, but we respected VC Cheng’s decision. Nothing was mentioned of it again that we know of.”

The search for a new vice-chancellor took two years. In the end, Victor Fung successfully pulled off a coup and recruited Professor Lap-chee Tsui, a world-renowned geneticist whose team had identified the gene that causes cystic fibrosis, to serve as Vice-Chancellor of the University of Hong Kong. To bring such an eminent scientist to Hong Kong was no mean achievement. Dr. Fung courted Professor Tsui in Toronto, in Shanghai and in Hong Kong. “I thought we needed a person like Lap-chee,” Fung said. “It was a big selling job for me to convince him to come and take up the job full time.”

As it was, Lap-chee had been approached by other people in the University about heading up its new Genome Research Center. Professor Paul Tam wooed the geneticist by inviting him to dinner and ordered a steamed garoupa, knowing that it was his favorite dish. “He really enjoyed his meal,” Professor Tam recalled. “While he was munching on the fish, I explained the Genome Research Center project to him and asked him to head it.” At that time, many people saw genomic research as the cutting edge of medicine. The University of Hong Kong felt that it needed to catch up. “We were still riding tricycles when people were already developing massive transport systems,” Paul Tam explained. “We had to get our act together to develop genomics in the faculty. We were only newcomers to the field, but Lap-chee was a pioneer. He had discovered the cystic fibrosis gene, so it was obvious that he would be the ideal person to head it.”

That was evidently a memorable meal. According to Lap-chee, “Paul Tam was the one who actually lured me into the position with a piece of steamed fish. He ordered a gorgeous garoupa for just the two of us. I had a piece and he finished the rest.”

Some $130 million had been allocated to the Genome Research Center and, while Lap-chee felt that was a good start, he had doubts whether it could be sustained since, in Hong Kong, “there are no research funding agencies that can sustain anything of that magnitude.” He proposed that instead of working full time, he would spend 50% of his time in Hong Kong and, as long as the center would pay his living and travel expenses, he would not draw a salary. He then spoke to his research institute in Toronto and reached an agreement on staying on half time. But it never happened. Before he started to work at the Genome Research Center, he was approached by headhunters. “Victor and I spoke,” he recalled, “so the ideas coincided, everything he said was so brilliant. We can be a good team. I’m a practical person. I’ll do the work. I’ll organize the University.”

And so, instead of being half time director of the Genome Research Center, Lap-chee became full-time vice-chancellor of the University. However, he also wanted to maintain his link with the center. “I knew he wouldn’t be able to devote his time to the center, as much as he would like to,” Paul Tam explained. “I became deputy director. We had a steering committee to make sure there are other people. When the center was reasonably well established, we passed the baton.”

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31 Email communication from the Li Ka Shing Foundation, 4 May 2017.
32 Interview with Paul K.H. Tam, 7 February 2017.
33 Interview with the then vice-chancellor Lap-chee Tsui on 13 January 2017.
When Lap-chee Tsui assumed office as vice-chancellor, the complete sequencing of the human genome, likened in importance to the Apollo moon landing project, was nearing its end. But he, and the Genome Research Center, was just in time to play a part in the International HapMap Project, which aimed to develop a haplotype map of the human genome. It involved researchers from America, Europe, Africa and Asia. The Hong Kong HapMap Group was a partner of the Chinese HapMap Consortium. Led by Tsui, who acted as principal investigator, it contributed to the mapping of 2.5% of the whole human genome. The Chinese University of Hong Kong and the Hong Kong University of Science and Technology were also involved, in addition to the University of Hong Kong.

The HapMap project, which Paul Tam called the second generation human genome project, had a different focus than the first. In the first human genome project, it was discovered that all people shared 99.9% of a common code. “But you and I also differ, and the difference lies in that 0.1%,” said Tam, who was co-principal investigator in Hong Kong. “If I want to identify why you have diabetes and I have hypertension, this provides a shortcut.” All the sequencing was done at the Genome Research Center at Hong Kong University.

University Pay Structure Delinked from Civil Service

When he first became chairman of the University Council, Victor was surprised to discover that university salaries were tied to the civil service pay structure, “with the Vice-Chancellor at the salary level of the Chief Secretary.” He worked at delinking it and, in November 2002, the government delinked the pay structure of universities from that of the civil service.

Lap-chee was fully in accord with Victor’s idea that the University needed to do much more in terms of fundraising. After all, coming from North America, he realized that Hong Kong grants were very small and didn’t pay the salary of the researcher, only that of the research assistant. As long as the government is paying the salaries, he knew, growth would be limited. Not long after Lap-chee assumed office, he was told by Patrick Cheng about his previous discussion with Li Ka-shing regarding a possible $1 billion donation. Many people in the higher echelons of the University had heard that the tycoon had agreed in principle to donate $1 billion. So this bit of information was in the back of Lap-chee’s mind from his earliest days as vice-chancellor. From his standpoint, that money was for the University’s general development, not for any particular faculty.

Lap-chee knew the philanthropist personally. The geneticist had been involved in a lot of activities of the Li Ka Shing Foundation. In 2000, he was a visiting professor at Shantou University Medical School, which was largely supported by the foundation. He was also an invited speaker that year at the Shantou medical school. The following year, he was again invited to be a speaker at the 5th National Telemedicine Education Symposium at the school. After Tsui was appointed vice-chancellor, Li was one of the first to congratulate him.

After he became vice-chancellor, Lap-chee took every opportunity to keep Li informed of University events, including the development of the new campus to the
west and what was happening with the Faculty of Medicine. But he did not at any time propose a specific project for Mr. Li to fund.34

However, the Dean of the Medical Faculty, Lam Shiu-kum, known universally as S.K., took it upon himself to act. His wife, Winnie, had a relative named Bill Chan, a businessman trained as a doctor, who was a close friend and golfing buddy of the tycoon. With his help, S.K. managed to make an appointment to see Li Ka-shing. Without informing the vice-chancellor or, indeed, anyone else within the University, S.K. went boldly to Li Ka-shing’s office on August 12, 2003 for a chat, during which he made a 15-minute power-point presentation. “I presented a vision,” S.K. said. “I presented the whole thing, and then I went away. I just talked to Mr. Li about the medical school, what we wanted to do, what we have done, how good we are and where we want to go. Then I went away.”35 One person present on that occasion was K.S. Lo, former chairman of the Hospital Authority. Recalling the event more than 13 years later, he said, “Professor S.K. Lam talked about the HKU medical school’s achievements, including some plans on the Human Genome projects.”36

In his power-point presentation, S.K. began with Dr. Sun Yat-sen, the father of modern China, who graduated from the Hong Kong College of Medicine for Chinese in 1892, part of the first graduating class of just two. Dr. Sun led the movement to overthrow China’s last imperial dynasty, which resulted in the establishment of the Republic of China in 1912, coinciding with the opening of the University of Hong Kong. The Sun quotation reads: “World progress is like a tidal wave. Those who ride it will prosper, and those who oppose it will perish.”37

S.K. then went on to set the scene: Hong Kong, China and Asia. The world, he said, is entering the period of globalization. He emphasized the developed world’s technology and the developing world’s potential, pointing out that China had grown at 10% a year for 20 years. Within 10 years, he said, Hong Kong will be fully integrated into the mainland, especially the Pearl River Delta. The development of biomedial technology, he said, was the Hong Kong Government’s long-term goal. Hong Kong, he declared, was entering the knowledge economy era. He then quoted Li Ka-shing to himself, describing knowledge as requiring far-sighted vision coupled with the profound investigation of all things.

Only after having laid the political, historical, geographical and philosophical groundwork did the dean begin to broach the topic of the Faculty of Medicine at the University of Hong Kong. He introduced its new medical curriculum, which abandoned the traditional system of teaching to adopt a problem-solving approach. The emphasis, he made clear, was on learning by the students rather than teaching by the professors, whose role was to guide the students and to inspire them.

One major topic was something that he loved to talk about, building world medicine in Asia, in particular, building it in the University of Hong Kong. He displayed

34 Ming Pao, May 7, 2005, A15.
35 Interview with Lam Shiu-kum, 21 December 2016.
36 Personal communication, K.S. Lo, 31 December 2016.
37 From the Power-point copy, provided by S.K. Lam.
one slide showing a map of Asia, with Hong Kong at the center, with concentric circles illustrating how many countries were within three or four hours’ flying time from Hong Kong.

He spoke about health issues peculiar to Asia and Asians and the ageing problem, as well as the region’s rapid modernization. He described both Hong Kong University and the Chinese University of Hong Kong as outstanding, providing top-class medical services, and described Hong Kong as a meeting point between East and West. He described the twenty-first century as the biomedical century and advocated an evidence-based approach to both western and Chinese medicine. He talked about the planned Human Research Institute. He placed much emphasis on genomic research and its links to a variety of other fields, including molecular research, medical physics, cellular biology, chemistry, pharmacology, computer science, medical engineering and the University’s Pasteur Research Center. He quoted a Chinese saying to the effect that if it were not for its tributaries, the Yangtze would not be a mighty river.

S.K. closed by showing a couple of slides. One depicted Chief Executive Tung Chee-hwa visiting the HKU Genome Center and receiving a briefing from Vice-Chancellor Lap-chee Tsui. The other showed a visit by Premier Wen Jiabao to the University earlier that year. Although Professor Yuen Kwok-yung was standing next to the premier, it was Dean S.K. Lam who held a microphone in his hand, explaining how the University was able to be the first to identify the SARS virus. Throughout the 15 minute presentation, S.K. did not mention money. But money was no doubt on the minds of everyone present.

To S.K., money was important because, in his words, “with money you can get people, with people you get education and research. I had only 200 teachers.” That number is very small compared to other well known institutions. “Just look at any famous medical school,” he said, “they’ll have 1,000 people. I talked to the vice-chancellor about this many times. Of course, we have honorary teachers, but honorary teachers don’t do research. To a medical school, research is most important, and you need people for that.”

**The Dean Delivers a Lecture, And Plants a Seed**

The dean made a strong case for the medical faculty, focusing on its potential role of turning Hong Kong into a medical hub, and of the role that Hong Kong was capable of playing within China and in Asia generally. After the dean’s departure, K.S. Lo told Li Ka-shing that he should donate more to Hong Kong since he had already donated a lot to U.S. and U.K. medical institutions. Lo liked the fact that Hong Kong University was starting on genome and stem cell projects and he said these areas would be very important in medicine. So a seed had been sown. It would take more than a year for it to sprout.

S.K. did not inform the vice-chancellor about what he had done. A member of the senior management team who preferred anonymity said it was unimaginable to him that a dean would on his own take such an action for fundraising purposes.
However, within the medical faculty, the reaction was quite different. S.P. Chow—who was Faculty Board chairman during Lam’s deanship—when asked if it was unusual for a dean to act on his own without informing the vice-chancellor, responded: “No, no, no, this is quite usual. The medical school always takes things on our own. If we depended on the university central, things would never happen. If you leave us alone without obstructing us, that’s all we ask for.”

After the Hong Kong government began its matching funds scheme, Hong Kong University piggybacked on this by launching an endowed professorship scheme. Under the scheme, the donor would provide $10 million which, when matched by the university, meant a $20 million endowed professorship, with the principal generating almost a million dollars a year. This proved attractive to potential donors who, the university realized, were interested in supporting excellence, not in covering deficits. Many senior professors realized that reliance on government funding could not be the university’s long-term direction. After all, looking around the world, the most successful universities were in the U.S., and they were by and large private universities. They realized that an institution such as Harvard Medical School, with several thousand professors, dwarfed Hong Kong University, with its 200 teachers in the Faculty of Medicine.

The endowed professorships scheme, launched in 2004, was a university-wide policy but it was particularly well suited for the medical faculty. “There are so many grateful patients,” Professor S.P. Chow explained. “Do you want to support this professor who saved your life?” The answer, of course, would be yes.

One of the first endowed professors was Raymond Liang, who was awarded the S.H. Ho ‘Endowed Professorship’ in Haematology and Oncology on 26 April 2005. Other recipients of endowed professorships included Lau Chu-pak, the William Mong Professor in Cardiology; Sin Chow-yiu, the Hon-Yin and Suet-Fong Chan Professor in Chinese; Felix F. Wu, the Philip K.H. Wong Wilson K.L. Wong Professor in Electrical Engineering; Lam Shiu-kum, the Simon K.Y. Lee Professor in Gastroenterology; Lo Chung-mau, the Chin Lan-Hong Professor in Hepatobiliary and Pancreatic Surgery, and Yuen Kwok-yung, the Henry Fok Professor in Infectious Diseases. One exception to the trend of a single donor was the Rosie T.T. Young Professor in Endocrinology, named after the former dean and pro-vice-chancellor. It was funded by 89 of her former students, colleagues and friends in recognition of her contributions to the university.

The university’s ability to raise funds from the private sector was tested severely by the government’s decision to change the academic structure to a system of three-year junior secondary, three-year senior secondary and four-year university. Before this, the university provided three years of undergraduate education and freshmen came after seven years in secondary school. This change meant that universities would have to accept a 33% increase in student numbers with proportionate increases required for classrooms, dormitory space and academic staff.

Members of the university’s senior management team, including the vice-chancellor, pro-vice-chancellors, the registrar and the finance director, put their heads together. They decided that three additional academic buildings were required, for arts, social sciences and law, plus additional student residences. The proposal
was submitted to the government, which agreed to only fund it partially. The university had to raise something like $3 billion on its own.

Naturally, to raise such huge sums, the University approached the city’s biggest tycoons, all of whom were property developers. In return for a huge grant, it was decided, the university could name the new campus after the donor. C.F. Lee, a provost-chancellor, was charged with the fundraising. Because of these duties, he met some of Hong Kong’s wealthiest men, including Li Ka-shing, Cheng Yu-tung and Lee Shau-kee. Interestingly, while they were all willing to give large amounts to the university, none accepted the offer of having the campus named after him. And so, today, it is known simply as the Centennial Campus.

The government’s matching funds policy announced in 2003 and the university’s own endowed professorships scheme the following year underlined their common move towards soliciting support from the private sector. It released pent-up sentiment within the Faculty of Medicine, where many senior professors had realized that the university, if it was to grow, simply could not continue to rely solely on government funding. The dean of the Faculty of Medicine, Professor S.K. Lam, endowed with an entrepreneurial mind, was brimming with ideas on the road ahead for the medical school. At the opening ceremony of the new Faculty of Medicine Building at 21 Sassoon Road on April 29, 2002, he delivered a grandiloquent speech highlighting the faculty’s achievements. “For 115 years, this medical school has been a place where tradition thrives alongside the most revolutionary of ideas,” he said, alluding to the Hong Kong College of Medicine for Chinese and its most prominent graduate, Dr. Sun Yat-sen. “We envision that following the breakthroughs in human and microbial genome technologies, the twenty-first century will be a biomedical century. … We will churn out new scientists, new discoveries, new drugs, new patents, new spin-off companies, new industries, new jobs, but importantly a new holistic medicine to serve mankind.” 38 The speech was reproduced in the faculty newsletter as a message from the dean, a vehicle that S.K. used during his tenure to highlight the successes of the medical school and the opportunities that lay ahead.

In the September 2003 issue of the newsletter, there was an announcement of the award of the Li Ka Shing Prize for outstanding graduate work. That year, the prize was given for a PhD thesis and for an MPhil thesis in two different groups of faculties. Those prizes illustrate Mr. Li’s longstanding relationship with the University. They stem from 1990 when he made a contribution of $35 million to develop the Chong Yuet Ming Buildings in memory of his late wife, Madam Chong Yuet-ming, who had studied liberal arts at Hong Kong University and had loved her alma mater. At the suggestion of the university, some of the funds were used to create the Li Ka Shing Prize. Even before that, in the early 1980s, Mr. Li had started to support the University’s academic program. But there were no specific requests for major funding until the turn of the century.

S.K. Lam also expounded on another issue—the need for the University to diversify its sources of income. “This medical school has been living on different pots of

38 Dean’s Message, Medical Faculty News, Vol. 7, Issue 2, 2002.
money coming from the same source, the government,” he wrote in 2005. “And it has been a rather easy life. All we need to do is to distribute the money fairly and spend it properly. For over a hundred years, living in the shadow of the government has become a way of life. We size our dreams to fit the size of the pots.”

But, he said, things have to change. “Today, this medical school can no longer depend on the government as its sole financier, if we want to compete internationally,” he declared. “Knowledge creation and extension, i.e. research output and impact, remains the yardstick of international excellence. The picture of Pasteur or Jenner working alone in his laboratory and creating world wonders has long gone. It is now team of teams, convergence of expertise, and synergism of multiple disciplines that count. It is technology infrastructure and people capacity that matter. In the end, money speaks.”

He pointed out that in the U.S., dependency of medical schools on government subsidies represents about a third of their revenues. Even in the United Kingdom, “where university subsidies are traditionally derived totally from the government, the government portion of revenue now represents only around 20% and 30% of the total revenues in Imperial College and Cambridge schools of medicine, respectively.” And in Sweden, a socialistic country, “Karolinska and Uppsala medical schools are 49% and 40% respectively dependent on government. All top medical schools maintain their competitiveness through external funding.”

Turning to Hong Kong University, the dean said, “In the last seven years, this medical school faced a budget reduction of close to 25%. In 2004, we managed to switch from close to 100% dependency on government to 87%. Our objective is to decrease this drastically, thereby expanding our teaching and research staff to the critical level needed by top international schools.”

“The crux of any university is its human capital,” the dean explained in one message. “Top medical schools of the world like Harvard, Johns Hopkins, and Washington all have over 2,000 full time teachers, and champion Harvard has 7,617. In fact, the teaching force of the world’s top ten medical schools (in research output) has grown by an average of 4% to 5% a year for many years. They have arrived at today’s eminence through years of growth in human capital.”

In Hong Kong, however, the number of full-time teachers at the two local medical schools “has remained static at around 180 to 200 for many years.” Worse, “it is likely to drop because the government is reducing the annual intake of medical students from 170 to 125 for each school. Each teaches about 750 medical students on a 5-year curriculum; interestingly, the top ten medical schools have a similar teaching load of between 460 and 880.” Thus, the world’s best medical schools have more than ten times the full-time teachers as Hong Kong medical faculties, but teach more or less the same number of students. That means that “they do a lot more research than the local schools and are truly research-led universities.” By comparison, “the two local institutions are at best research-oriented teaching-based medical schools.”

39 Dean’s Message, Medical Faculty News, Vol. 10, Issue 2, 2005.
40 Ibid.
41 Dean’s Message, Medical Faculty News, Vol. 11, Issue 1, 2006.
A Call for Papers

In the new environment of both government and university encouraging a move to seek new funding sources, Dean Lam asked for papers to point the way to the future. One paper, written in 2005 jointly by three senior professors—S.P. Chow, Raymond Liang and William Wei—discussed the human resource policy framework of the Faculty of Medicine. “The Faculty of Medicine aspires to become one of the top 25 medical schools of the world in 5 years and one of the top 10 in 10 years,” the paper began. “For the Faculty to attain its goal it must acquire the critical mass of quality staff that would bring it to the projected level of excellence in research output and education. This will imply that the miniature size of its staff pool has to expand significantly and the human resource structure to evolve from the traditional British model of rigidity to one with flexibility in staff recruitment, development and retaining, which is more similar to the American model of those of Harvard, Mayo, or Johns Hopkins.”

What is involved, the three professors said, is no less than a paradigm shift. They wrote: “The current human resource model of the Faculty is predominantly a traditional British model that relies on government money as the single source of major funding…. Given this financial model, the development of the Faculty therefore is virtually at the mercy of the fiscal condition of the government and its policy priorities. The Faculty’s plan to double, or even triple its manpower is unachievable in the midst of budget cut if its human resource policy remains unchanged.”

What the three professors proposed was a change from a single medical center, namely, Queen Mary Hospital, which is a public hospital, to a “twin tower” model comprising a public pillar and a private pillar. “The public pillar will be the Queen Mary Hospital and the cluster hospitals, while the private pillar will consist of a private teaching hospital, an ambulatory care center annexed to it, and a specialist outpatient clinic in town.”

“This private pillar,” the professors said, “which is supposed to operate under a limited company of the University/Faculty, will eventually emerge as another major income generating entity with financial independence from the public-funding body. It will ensure steady in-flow of resources to support the R & D of the Faculty, and in the longer-run, the establishment of a technology transfer center for applied and tradable research.”

“In a nut shell,” the paper concluded, “this model will enable the Faculty to attain its desired growth in terms of manpower through two channels: a new source of income to employ more people, and a system to mobilize the existing expertise.”

42 S.P. Chow, R.H.S. Liang, William Wei, “A Human Resource Policy Framework for the Faculty of Medicine.” Archives of the Li Ka Shing Faculty of Medicine.
A Meeting with Li Ka-shing

In pursuit of developmental funds for the University, Jack So, Chairman of the Campus Development and Planning Committee, requested a meeting with Li Ka-shing to discuss HKU’s campus development plans. The meeting was held in Mr. Li’s office on February 22, 2005. The Vice-Chancellor, Professor Lap-chee Tsui, and the Dean of the Faculty of Medicine, Professor S.K. Lam, were also present. It stands to reason that the vice-chancellor would be invited to a meeting to discuss the University’s campus development plans but it was odd that the dean of the medical faculty should have been present if the idea was solely to discuss the new campus, since the medical faculty is located on Sassoon Road and not involved in the western development project. Dean Lam’s presence, it seems clear, resulted from a decision by Li Ka-shing himself and probably reflected the influence of the presentation he had made on the work of the faculty 18 months previously. Jack So insists that he merely set up the meeting and exchanged pleasantries and was not involved in discussion of any serious issues. However, the Li Ka Shing Foundation says that the meeting was requested by Jack So “to discuss HKU’s campus development plans” and “VC Tsui and Dean Lam also joined the meeting.” The foundation referred to the three men as forming a “delegation.”

According to the foundation, “Dean Lam spoke about the Faculty of Medicine’s achievements and future development plans, and outlined the University’s need for funding support.” As for the vice-chancellor, he “added that a significant gift at this juncture would kick-start a culture of giving and enlarge the pool of support for local universities.”

The foundation added: “Mr. Li agreed, and committed immediately to making a donation as it was the right thing, and an important thing, to do. In Mr. Li’s mind, the education system in Hong Kong at the time was not strong enough to sustain our global position amidst competition from China and overseas. Medical research and education, particularly at HKU, was one of Hong Kong’s unique strengths, and Mr. Li firmly believed that the development and accumulation of intellectual capital in cutting-edge industries such as the life sciences was a vital foundation for economic growth. He was confident that a major donation to HKU would help realize the Faculty of Medicine’s innovative and transformative initiatives and bring fruitful and meaningful opportunities to Hong Kong and to the world.”

The account did not mention the amount offered by Mr. Li. But S.K. Lam vividly recalls that the philanthropist held up ten fingers and said, “10 yi,” (using the Chinese word for 100 million) meaning a billion dollars. Mr. Li had evidently been thinking deeply about what he could do to help Hong Kong face increasingly tough competition and had decided that the best thing to do was to help the University, in particular, to assist the medical faculty to realize its dreams and, in this way, help the University, Hong Kong and the world.

43 Personal communication from Jack So, 5 May 2017.
44 Personal communication from Li Ka Shing Foundation, 4 May 2017.
As to how the idea of naming the Faculty of Medicine after the philanthropist came about, the foundation’s account had this to say: “The delegation was encouraged and suggested the naming of the Faculty of Medicine.” That is to say, the idea was proposed then and there by a member of the delegation—Jack So, Lap-chee Tsui or S.K. Lam. Former Vice-Chancellor Tsui, who acknowledges his memory is hazy on some details, said, “It wasn’t me who came up with the idea, and when the proposal was made on the naming, I said I had to consult the Council.”

S.K. Lam, asked if he had suggested naming the faculty after its benefactor, denied it vociferously: “It’s not my idea. I absolutely deny this. I had no power, even if I liked it.” He said the naming “was sort of a mutual understanding and the University made the decision. The faculty has no power.”

Asked whether the naming idea had originated with him, Jack So responded, “I was not involved in the detailed discussion after setting up the meeting.” Jack So’s nonparticipation is confirmed by both the former vice-chancellor and the former dean.

It is no doubt true, as S.K. Lam pointed out, that the faculty had no power to decide on naming. Only the University Council had the power. And, in the end, it was the University Council that made the decision to name the Faculty of Medicine after its benefactor, Li Ka-shing. Yet, Dean Lam’s 2003 visit to Mr. Li and the pitch he made then for the faculty was clearly an attempt to win the goodwill of Mr. Li if he one day decided to make a donation to the University. Interestingly, Professor S.P. Chow, former Faculty Board chairman, recalls a particular conversation that he had with S.K. Lam. “I remember him asking me once,” Professor Chow said, “if someone gave us a big sum of money, do you think we can name the faculty after him?”

In any event, despite the vice-chancellor’s desire for funds for the centennial campus, Mr. Li made it clear at that crucial meeting and in subsequent statements that one of his key interests was to fund the medical faculty and, as the Li Ka Shing Foundation said, he hoped that a major donation to the university would “help realize the Faculty of Medicine’s innovative and transformative initiatives.” Thus, it was the donor’s desire that a major chunk of the money should go to the faculty. Sooner or later, the University would be faced with the decision of how to respond to such a huge gift. Naming the faculty after the donor would have been a natural option for it to consider, since the faculty was the major beneficiary. There were few other options. After all, the main building at the faculty had already been named. So, regardless of who came up with the idea on February 22, 2005, the naming option would have surfaced in due course and, in all likelihood, adopted.

According to the foundation, Mr. Li had hoped that the contribution would have an added dimension of “engineering the development of a meaningful and fruitful core competence for Hong Kong, advancing the frontiers of science and bringing forth new economic opportunities.” The foundation added: “It was never about the naming. Regrettably, as things transpired, public discussion of the donation veered off in a direction that was superficial with no in-depth thought.”

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45 Interview with Lap-chee Tsui.
46 Interview with S.P. Chow, 26 January 2017.
The foundation, of course, is right. The naming issue was a distraction. The tycoon—philanthropist might have been disappointed that public discussion, instead of focusing on such serious issues as developing Hong Kong’s core competence, advancing the frontiers of science and unleashing economic opportunities, degenerated into a mindless outpouring of negativity over the naming of the faculty, but his support for the university continued.

The first thing Professor Tsui did after returning to the University from the meeting with Mr. Li was to inform the council chairman, Dr. Victor Fung, of the billion-dollar donation offer. “We thought we were getting a donation with no strings attached,” Victor Fung said, “and then it was kind of channeled.” And the inducement to channel to the medical school, he said, was: “Why don’t we name the faculty after you?”

Li Ka-shing’s ‘Third Son’

The February 2005 meeting came shortly after Li Ka-shing had provided a rare interview in which he talked at length about his foundation, which he called his third son, in addition to Victor and Richard. Speaking of his legacy, he said: “Even if I leave it all to my two sons, it doesn’t make that much of a difference to them. But by leaving it to my third son, many more people will be able to benefit and feel the difference.” So his plan was to give a third of his assets to charity.

He explained how he came to think of his foundation as his third son this way: “I was tossing and turning one night. The next day, when I was having dinner with my family, I told them that I have a third child. They fell silent. They were shocked and thought that I had finally lost it. Actually it was an epiphany. If I had a third child, wouldn’t I want to build a solid foundation for his future? By treating my private foundation as my third son, I could allocate more assets to it and enable it to benefit more people. I hope our 1.3 billion compatriots can understand this reasoning because our Chinese tradition is to pass on our wealth from one generation to the next. But if we can use our wealth to benefit society, then everyone will be happier.”

In addition to talking about his “third son,” Li also disclosed the thrust of his charitable donations. “Right now I am spending much of my attention on education and healthcare for those in need,” he said. “It makes me happy and I hope to contribute even more because I know that with a well-managed operation, the Foundation can continue to do good work on a sustainable basis, even after I’m gone.” Education and healthcare were exactly what the University of Hong Kong and its medical faculty delivered.

The Li Ka-shing gift was announced by Vice-Chancellor Tsui in New York on May 5, 2005, while he was speaking at the Yale Club. A press release issued by the university began: “The president of Hong Kong University, Hong Kong’s oldest and most prestigious institution of higher education, said today the Li Ka-shing

47 Interview with Victor Fung, 22 February 2017.
48 “The Third Son Also Rises,” Yazhou Zhoukan, 6 February 2005.
Foundation will donate HK $1 billion (US $128 million) to help fund the university’s emerging role as a key player in China’s economic growth and global dealings.” It continued: “In remarks to HKU alumni and business and community leaders, Lap-Chee Tsui said he was delighted, really overjoyed by the news and thanked Li Ka-shing, chairman of global conglomerate Hutchison Whampoa Ltd. and Asia’s most prominent philanthropist, for his commitment to research and education.”

The next day, Li Ka-shing was widely quoted in the Hong Kong press. In an interview with Ming Pao, he said he hoped through his grant to raise the academic level of Hong Kong University and said that the Faculty of Medicine was a major project. He said he had full confidence in the university’s future development and that the investment of $1 billion into the university would “be very beneficial to Hong Kong and would raise the academic level of Hong Kong.” He termed education and medicine the two pillars of Hong Kong.50 Ming Pao also interviewed Lap-chee Tsui and asked him if he thought the huge grant from Mr. Li would deter giving by other donors. Tsui said he did not think so. “People who donate to the university don’t do so because we are poor,” he said, “but because they want to help us to help society.” Giving to the university is not disaster relief, he said. People give because they see the university’s performance and identify with excellence.

Consultation with the Faculty

On May 3, two days before the vice-chancellor’s announcement in New York of the Li gift, Liza Tang, the faculty secretary, sent out a memo to the 23 members of the Dean and Heads Advisory Committee of the Faculty of Medicine to inform them of a meeting on Saturday, May 7. On the agenda was an unusual item, “Donations and naming rights,” followed by the explanation – “To discuss the principles of receiving donations and giving of naming rights.” The meeting, held two days after Lap-chee Tsui’s announcement in New York, heard a presentation from the Dean on the principles of fundraising and different ways of giving recognition to the benefactors as appropriate. S.K. Lam, as part of his presentation, said that “fundraising is realizing the Top 10 Dream,” that is, that the medical school would be among the top 10 in the world in 10 years. He pointed out that the $1 billion gift was historically the largest donation received by Hong Kong University and it was in recognition of excellence as well as investment into the future of Hong Kong. The naming, he said, was for recognition of the gift, with no strings attached, and was a sign of the partnership between the university and Li Ka-shing (Fig. 15.7).

The dean also provided information on foreign medical schools that had been named after their donors, such as the Pritzker School of Medicine of the University of Chicago, named as early as 1968, Weill Cornell Medical College at Cornell University; the Keck School of Medicine at the University of Southern California,

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49 “Hong Kong University unveils major gift from leading philanthropist,” The University of Hong Kong press release, May 5, 2005.
50 Ming Pao, 7 May 2005. p. A14.
the David Geffen School of Medicine at UCLA, the Feinberg School of Medicine at Northwestern University, and the Roy J. and Lucille A. Carver College of Medicine at the University of Iowa. Outside the United States, there was the Michael G. DeGroote School of Medicine at McMaster University in Canada, and in Asia, Singapore had named the Yong Loo Lin School of Medicine of the National University of Singapore.

With the question of propriety of naming a medical school after its donor settled by references to numerous such instances overseas, the question shifted to whether the naming was appropriate for the amount being donated by Mr. Li. The only donation that was larger than that being offered was the US$200 million received by UCLA in 2002. The Singapore donation was $60 million, or about half of the Li gift. So naming the faculty for a US$128 million gift seemed appropriate. The idea was endorsed by the members of the Dean and Heads Advisory Committee. Four days later, on May 11, Dean Lam sat down and wrote a letter to Mr. Li. In the letter, S.K. Lam expressed the profound gratitude of the entire faculty for the “unprecedented generous donation.” He also explained that, due to a prior commitment to attend an academic event in Chicago called “Digestive Disease Week” at which he was a speaker, he would be unable to accompany Dr. Victor Fung, Chairman of the University Council, and Vice-Chancellor Lap-chee Tsui when they called on Mr. Li the following Wednesday, May 18. The dean said that Associate Dean Raymond Liang would take his place (Fig. 15.8).

This letter makes it clear that, at least as of May 11, the university had already made its decision on accepting the Li gift and how to recognize his generosity. May 18 was the day the Council was to meet to make a formal decision. The Council met at 10 a.m. and, subsequently, the university made the following announcement:

“Following reports two weeks ago that the University of Hong Kong received pledge from the Li Ka Shing Foundation for a benefaction of HK$1 billion, HKU announced today (May 18) that its Council, at a meeting held this morning, formally accepted the donation.

“The Council at the same time resolved unanimously to propose to the donor that the Faculty of Medicine be named the HKU Li Ka Shing Faculty of Medicine. This is to recognize the generosity of Mr Li and his Foundation as well as the wish of the donors to support, in addition to the general development of the University, research and academic activities in medicine. The decision of the Council has the support of the Faculty of Medicine and the Senate.

“The Chairman of the HKU’s Council, Dr Victor Fung, said after the Council meeting, ‘The naming of the Faculty of Medicine is a recognition not only of the generosity of Mr Li and the Li Ka Shing Foundation, but also of the achievements and contributions of the HKU Medical Faculty in the past and a commitment to its future endeavours. Mr Li has always had the utmost regard for the HKU and its medical school and this will be a strategic partnership of excellence, between a premier institution and an outstanding philanthropist. This will definitely bring HK’s higher education to a new plane of development and enhance its leading position in Asia.

“The Vice-Chancellor Professor Lap-Chee Tsui added, ‘This naming of a Faculty is unprecedented in the University and sets a new milestone of close collaboration between higher education and the community in Hong Kong’.”

51 “HKU Proposes Naming its Medical School as Li Ka Shing Faculty of Medicine,” The University
The announcement referred to the Council decision having the support of the Faculty of Medicine. As we have seen, the members of the Dean and Heads Advisory Committee had met and evidently given their support on May 7. But the faculty as a whole had not been consulted. However, at 8 a.m. on May 18, that is, two hours before the Council met, an extraordinary Faculty Board meeting was held. S.K. Lam was not present because of his Chicago commitment. S.P. Chow, the board chairman, presided. The vice-chancellor, Lap-chee Tsui, met with the faculty staff. For some reason, the minutes of the Board of the Faculty of Medicine are silent on what transpired at the meeting. The way Lap-chee remembered it, “S.K. Lam was supposed to be there answering questions” but because he wasn’t there, “I had to face the faculty; it was like a Legco hearing. I was put into a lot of agony. It was a very stressful situation. I was put in front of the firing squad, so to speak.”

Clearly, it was a traumatic experience for him to tell faculty members that the University had decided to name the faculty after Li Ka-shing in return for the billion-dollar donation. “I still remember the setting,” Lap-chee said. “I was put against the window, with a whole room full of people.” However, in the end, it wasn’t so bad. He said that while some of the people were really skeptical, there were others who were supportive. S.P. Chow himself talked about the morale of the staff. “I said, ‘Do you know how much we staff sacrificed? How much each one can make in private practice? Each one will make 10 times, 100 times their pay, that’s how much these people are giving to the University’.”

Professor Grace Tang, a former dean, also remembered some details of the meeting. “There was more silence than protest,” she said, “and it could be taken as support.” The meeting was not stormy and no vote was taken. She herself said to Lap-chee, “Vice-Chancellor, I know donations are important for the development of the Faculty and HKU and are hard to come by, but the way it is solicited [through naming] will generate unhappiness and dissent.”

The Council’s offer to name the Faculty of Medicine after Li Ka-shing was accepted by the businessman and philanthropist. Very quickly, however, opposing voices were raised by alumni who didn’t like the new name. The loudest voice was that of a member of the Legislative Council, Dr. Kwok Ka-ki, who represented the Medical Functional Constituency and who had graduated in 1985. He spearheaded the opposition campaign, launching such activities as a signature campaign, holding a press conference on May 23 and a sit-in at the faculty on June 19. There was extensive media coverage and the issue was discussed on radio phone-in programs. But some protesters expressed gratitude to the donor for his generous support of the University.

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of Hong Kong press release, May 18, 2004.

52 Private communication from Grace W.K. Tang, February 8, 2017.

53 Patsy Moy, “Doctors in name row over $1b HKU gift from Li,” South China Morning Post, May 22, 2005.
Alumni Criticize ‘Selling Off an Ancestral Shrine’

Critics of the university called the naming of the faculty “selling the medical school cheaply.” Kwok called on the head of the university, Vice-Chancellor Lap-chee Tsui, to resign. Dr. Tse Hung-hing, a senior pediatrician, went even further and likened it to selling off an ancestral shrine. “Even someone who squanders his family fortune would not sell off his ancestral shrine,” he was quoted as saying. “The title of the Faculty of Medicine is our ancestral shrine.” He added: “It is a misfortune that some people in our university have been blindfolded by money.” The emotional tirades and outbursts were surprising, coming from people who were part of the professional elite. The most dramatic thing the protesters did—and the most hurtful—was to hold a memorial service on the street outside the medical faculty on New Year’s Day when the naming came into effect to mourn the “death” of the old Faculty of Medicine.

The university was under siege and responded by setting up a war room where its members met every morning to decide whether responses should be made to allegations and news reports. The university’s strategy was to contain the incident as much as possible rather than to stir things up. Also, senior management, remembering how allegations of suppression of academic freedom had resulted in Patrick Cheng’s resignation, decided to protect Lap-chee, keeping him from the front lines. While the vice-chancellor did meet with critics, the bulk of the work of dealing with the media was done by pro-vice-chancellor C.F. Lee and, on the faculty side, by Raymond Liang, the associate dean.

The university did not want to fan the flames. It attempted to set the record straight by explaining that the naming was not equivalent to “selling” the faculty, and that the university, not its benefactor, would continue to be in charge of the medical school. It provided assurances that the tycoon’s companies would not benefit financially from the commercialization of any medical research. It also provided names, dates and figures showing how medical colleges overseas had also been named for benefactors. And it saw to it that doctors who supported the move appeared on media programs and that their letters, too, appeared in the press. The general strategy was to fight the emotional firestorm with calmness and rationality rather than being combative.

There were sympathizers of the university. The *Asian Wall Street Journal* published an editorial under the headline “Disgruntled Doctors” pointing out that Li Ka-shing’s generosity, instead of earning him a little gratitude, had “made him the

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54 “HKU names outsider as new medical school dean,” *South China Morning Post*, February 21, 2008.
55 Patsy Moy, “Doctors refuse to bow to Li Ka-shing faculty,” *South China Morning Post*, May 24, 2005.
56 *Sing Tao Daily*, January 2, 2006.
57 Interview with C.F. Lee, 23 February 2017.
target of a virulent campaign by some of its alumni.” The editorial concluded with two salient paragraphs:

“[O]nly the ignorant or the biased would fail to give him [Li] credit for his generosity. Like many a state-financed education system, Hong Kong’s universities are falling behind in global terms and desperately need to start emulating the American system of vigorously encouraging private sector donations.

“Mr. Li’s generosity has kick-started that process with other Hong Kong tycoons almost certain to follow in his wake. And doctors who complain about recognizing his generosity are perhaps not giving enough thought to where the doctors of the future will be trained, and how well.”58

The concluding paragraph was especially prescient. The critics were blinded by their own emotions and put forward what today would be called “alternative facts,” such as that in the United States benefactors were not honored until after their death. The extraordinary size of the Li benefaction did, indeed, trigger a tide of donations from other tycoons who understood the wisdom of giving to educational institutions. As Victor Fung said: “It completely changed the level of donations to Hong Kong University. We changed the whole culture of the community. We got huge participation even from the graduating class.”59 As a result of a $500 million pledge from Stanley Ho in late 2005, solicited personally by Victor, even donations as small as $100 were matched under the “Stanley Ho Alumni Challenge,” which promised to match, dollar for dollar, up to $100 million a year for five years. So, if a new graduate donated $100, the university would receive $200.

Part of the reason for the outcry was that naming a faculty after a donor, while common abroad, had never happened in Hong Kong before, although it had happened in neighboring Singapore. After all, a culture of giving was only just beginning to emerge in the territory. The psychological pressure was great on the donor as well, since the critics were not only calling on the University to rescind its naming decision but were also calling on Mr. Li not to accept the naming offer.

A Letter from Li Ka-Shing

On June 20, Mr. Li addressed a letter to the vice-chancellor, in which he very candidly spoke of his own feelings:

“I must admit that the rude remarks which have been thrown at the University have hurt me deeply, though I believe that in these reckless and unruly times, one is only more noble to uphold correct principles. Please do not worry about how the sniping is affecting me. Knowing my cause and believing that I have served society to the best of my ability as a man, a citizen and a businessman, I am glad to tell you that I am still a happy man.”

58 “Disgruntled Doctors,” The Asian Wall Street Journal, May 29, 2006.

59 Victor Fung interview.
He then explained why he had decided to accept the university’s offer to name the Faculty of Medicine after him even though he had previously declined offers of naming from institutions that had benefited from his philanthropy:

“Those who do not know me might mistake my support to Hong Kong University as an act of vanity. I have indeed asked myself if I have declined to have my name associated with over eighty percent of the projects over the past three decades, why then am I unchanged in my decision to this naming? The answer in my heart is simple: Hong Kong is the place I call home. The University’s Faculty of Medicine shares the same mission and dedication to the pursuit of excellence that I do. I firmly believe that this process is beneficial to Hong Kong.”

He talked about the need to nurture a new environment in Hong Kong and predicted that “the public-private partnership that is well practiced internationally—and which encourages philanthropy and promotes the welfare of universities around the world—will become more dignified and understood here at home.”

Then came a very significant paragraph, one that showed his thinking about the role he could play in Hong Kong’s development:

“These few years, I have lent support to leading universities to set up three major medical research centers in UK, USA and Canada to the amount of HK$800 million. In addition to the research that will be accomplished in these facilities, it is my hope that they would also serve as a platform for international exchange for our medical students here at home. The mutual achievement will enhance Hong Kong’s core-competitiveness.”

That is to say, even while giving to foreign medical institutions, he thinks about how such grants can provide opportunities for Hong Kong medical students, allowing them to have exchanges with the best medical researchers in various fields in the world and thus widen their horizon.

In conclusion, he wrote: “Many people know that I call the Li Ka Shing Foundation my third son. I joke with my friends that it is my third son who will continue forever my lifelong devotion to education and medical causes. He will spend his inheritance on projects that are beneficial to Hong Kong, our nation and mankind. The great joy I take in being an entrepreneur is that wealth can create social value. Together we, and all your dedicated colleagues, will take this new step forward and work for the bright future of Hong Kong.”

On the same day as the Li Ka-shing letter, the university issued a statement hoping to bring closure to the entire episode. It said: “The naming of the Faculty of Medicine after Mr. Li Ka-shing has attracted considerable discussions and a heated debate is not totally unexpected, because faculty naming by itself represents a paradigm shift for many in Hong Kong.” However, the statement said, while the University embraces a rich diversity of opinion, “facts that have been distorted or misunderstood must be rectified.” It concluded: “Indeed, there have been a lot of debates on the naming and

60 “Li Ka-shing to accept naming honour, despite ‘hurtful sniping’,” Development and Alumni Affairs Office, University of Hong Kong. Parts of letter were quoted in the South China Morning Post, June 21, 2005.
the University has repeatedly attempted to explain and clarify the issue in the past weeks. Perhaps it is now time for the episode to end”\textsuperscript{61} (Fig. 15.9).

Neither the university nor the faculty ever attempted to survey the alumni but anecdotal evidence suggests that, besides a vocal minority, the muted majority also held strong feelings regarding both the naming and the lack of transparency in the process that brought it about, with little consultation with the staff and none with the alumni. Hong Kong’s changing economic structure may also have been a factor. In the past, Mr. Li, nicknamed “Superman”, was admired as a role model, with young people thinking that if he could lift himself by his own bootstraps, they could do the same. But, by the early years of the twenty-first century, with a widening gap between rich and poor, there was an increasing sense that the extremely wealthy inhabited a world different from the rest of society. Despite the passage of more than a decade, feelings remain strong among some alumni—very much including those who were not vocal opponents at the time—many of whom still harbor a sense of disappointment with the name change and a feeling of alienation.

Now, more than a dozen years after the incident, what is the standing of the faculty in the eyes of young people? Judging from the graduating secondary class each year, it seems that medicine continues to be highly attractive as a career and, of the two medical schools in Hong Kong, admission to the one at the University of Hong Kong is still highly prized. In 2015, 10 years after the naming saga, 11 students in Hong Kong had a perfect score in the secondary school examination. Of these, eight opted to study medicine. And of the eight, seven joined the University of Hong Kong’s Li Ka Shing Faculty of Medicine.\textsuperscript{62} This suggests that the naming of the faculty has not had a deterring effect on young people seeking to pursue a career in medicine.

Meanwhile, Mr. Li and the Li Ka Shing Foundation continued their work. In June 2005, Robert J. Birgeneau, Chancellor of UC Berkeley, announced a US$40 million gift from the foundation to establish a research center focusing on creating solutions to today’s major health problems. In recognition of Li’s generosity, the university decided to name the new facility the Li Ka-Shing Center for Biomedical and Health Sciences.\textsuperscript{63} Li himself said: “I am a firm believer in the spirit of public-private partnership, and I am excited by the advanced work Berkeley is undertaking. The work and research being done there will result in phenomenal benefits to mankind.”

That same day, \textit{Ming Pao} published a front-page article on the grants that Mr. Li had made and was planning to make to other major institutions. It quoted Solina Chau, Director of the Li Ka Shing Foundation, on projects in the works and the

\textsuperscript{61} Statement from The University of Hong Kong, press release of The University of Hong Kong, June 20, 2005.

\textsuperscript{62} \textit{South China Morning Post}, 10 August, 2015.

\textsuperscript{63} Robert Sanders, “$40 million gift from Li Ka Shing Foundation boosts health science research,” UC Berkeley press release, June 23, 2005.
significance for Hong Kong and its students. One grant in the pipeline was a gift of $25 million Canadian dollars to the medical school of a major Canadian university, which was not identified. That turned out to be St. Michael’s Hospital of the University of Toronto, which would establish the Li Ka Shing Knowledge Institute in 2011.64 The paper published a map showing major institutions that had benefited from the largesse of the Hong Kong entrepreneur. These included world-famous institutions such as Cambridge University in the United Kingdom and the Pasteur Institute in France. The paper said that the foundation, through its grants, had successfully established a global research network in the United States, Canada, United Kingdom, the Chinese mainland and Hong Kong consisting of top-notch biomedical researchers.

The purpose of Li Ka-shing’s donations, Ming Pao reported, was to assist the institutions concerned achieve even more breakthroughs in areas such as cancer and influenza research and thereby benefit mankind. As for the significance to Hong Kong, Ms. Chau said that every time Mr. Li gives a grant to an overseas institution, he voices the hope that they will allow qualified Hong Kong researchers to participate in relevant work. This way, she said, these grants provide leverage to researchers in Hong Kong’s two medical schools to have exchanges with the best medical researchers in the world.65

S.K. Lam, knowing that Mr. Li wanted to support the medical faculty, reveled in his victory. At the time the US$128 million donation was the second largest in the world to a medical school, exceeded only by a US$200 million donation to the UCLA medical school in 2002. That gift resulted in the naming of the David Geffen School of Medicine at the University of California at Los Angeles.

S.K. had worked mightily not to enrich himself but to enable the faculty to perform at a higher level. Yet, even so, his triumph was short-lived. In early 2007, he submitted his resignation, 17 months before the expiration of his term, amid reports that the university was conducting an investigation into the procedures for billing of private patients.66 A year later, he was charged with fraud, misconduct in public office and theft involving over HK$4 million between June 2003 and January 2007.67 This came as a shock to many of his colleagues, who had known him as a man who volunteered his medical services in northern Guangdong between 1994 and 1999 to take care of patients without financial reward. His team then performed a record 2,500 procedures on villagers with gastrointestinal problems. He instigated groundbreaking research on stomach cancer in the region.68 His trial in Hong Kong ended in 2009 when the former dean pleaded guilty to charges of misconduct in public office. He admitted to pocketing about HK$4 million in university donations.

64 Emily Jackson, “Hong Kong billionaire’s $25 million benefits St. Mike’s,” The Star, October 18, 2011.
65 Ming Pao, June 20, 2005, front page.
66 South China Morning Post, March 8, 2007.
67 China Daily, May 24, 2008.
68 “Making Medical History” in Growing with Hong Kong: The University and Its Graduates–The First 90 Years, (Hong Kong: Hong Kong University Press, 2002).
Prosecutors decided not to proceed on 33 other counts of fraud against Lam.\textsuperscript{69} He was sentenced to 25 months in prison.\textsuperscript{70} This was the biggest scandal in the history of the Faculty of Medicine. Another scandal, in the 1990s, involved not a criminal trial but a civil suit alleging plagiarism brought by two members of the faculty against a third.\textsuperscript{71}

\textit{Impact of the Li Grant}

Gradually, the public outcry against the naming of the faculty died down, though many alumni still felt deeply resentful. The faculty name was formally changed to the Li Ka Shing Faculty of Medicine at the beginning of 2006, and funds from the foundation began flowing to the university and the medical faculty. These funds were instrumental in propelling the exponential growth and development of the Faculty of Medicine through supporting the expansion of both research infrastructure and human infrastructure. The faculty has since then embarked upon initiatives of strategic importance resulting in regionally and globally recognized high impact and visible achievements in research, education and clinical service.

The donation has been the major enabling fund to support the establishment as well as continuous development of the faculty core facilities, which are critical research infrastructure to support the work of the faculty’s researchers. Perhaps even more significantly, the signal donation acted as a catalyst to motivate the faculty to seek out other sources of funding, some rather major, such as the University’s Centenary Recruitment Plan, and substantial support from non-UGC block grant sources, such as research grants by local, national and overseas funding authorities.

According to the faculty, the donation has provided a steady stream of financial support to the development of the following Strategic Research Themes through the respective research centers and platforms:

\begin{itemize}
  \item Cancer
  \item Heart, Brain, Hormone and Healthy Aging
  \item Infection and Immunology
  \item Influenza
  \item Public Health
\end{itemize}

\textsuperscript{69} \textit{China Daily}, September 2, 2009.

\textsuperscript{70} \textit{South China Morning Post}, September 4, 2009.

\textsuperscript{71} Dr. Lam Tai-hing was sued by Dr. Linda Koo and Professor John Ho, who alleged that Lam had plagiarized a questionnaire on Hong Kong women’s lung cancer. Dr. Lam lost in the court of first instance in 1992 and again in the court of appeal in 1993 and ordered to pay damages. Vice Chancellor Wang Gungwu then initiated “procedures for the termination of the appointment of a teacher for ‘good cause’,” which involved an investigation by a high-ranking university committee. In an unexpected twist, the investigation cleared Dr. Lam. Vice-Chancellor Wang then said there were no grounds for dismissing Lam from his post.
– Reproduction, Development and Growth
– Stem cell
– Genomics

Over the last decade, the faculty has received numerous prestigious designations of research excellence and is now the host to three University Grants Committee Areas of Excellence, eight UGC Theme-based Research Schemes, four State Key Laboratories, and one World Health Organization Collaborating Center and one WHO Reference Laboratory.

Moreover, the medical faculty, which received the bulk of Mr. Li’s donation to the university, has grown faster than the university as a whole. In human resources terms, while the university grew by close to 39% in the decade from 2005–06 to 2015–16, the faculty expanded by 61% in that period. The increase in manpower has helped both teaching and research of the faculty. The additional academic staff was very much needed as a result of the vastly increased teaching load associated with increase in student numbers, development of new programs and more small group and student-centered teaching.

**East-West Alliance Established**

The road for Hong Kong researchers paved by Li Ka-shing through his grants to outstanding overseas institutions did indeed come into being. Less than a year after the Li Ka-shing grant was provided, Hong Kong University established what it called the East-West Alliance of leading research universities, which had all been recipients of the Li Ka Shing Foundation’s generosity. Biomedical experts from these institutions met at the University of Hong Kong, and, in a planning meeting on April 2 and 3, 2006, identified four key areas on which to focus: cancer and stem cell; infection and immunology; aging and imaging; and knowledge transfer and translation. These were the areas on which a ground-breaking international conference on biomedical sciences would focus in an international conference on biomedical sciences to be held the following year, they announced. The four founding members of the alliance, besides the University of Hong Kong, were the University of California, Berkeley; the University of Cambridge, and the University of Toronto.

The following year, there was a formal inauguration of the East-West Alliance. By that time, membership had grown, with the addition of the Chinese University of Hong Kong, University of Manitoba, Shantou University and Stanford University. The inaugural meeting on April 14 and 15, 2007 at the University of Hong Kong included a signing ceremony of a memorandum of understanding involving these renowned research-led institutes, all of which had received support from the

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72 “East-West Alliance of World’s Leading Research Universities Marks First Milestone,” HKU press release, April 3, 2006.
Li Ka-shing Foundation. “This common thread and relationship have created a new platform for inter-institute exchange,” they declared.73

After the formal inauguration of the East-West Alliance, it grew as more universities became beneficiaries of Li Ka-shing’s largesse. Thus, in 2010, when the Li Ka-shing Institute of Virology was established at the University of Alberta, a university press release said: “With the establishment of the Li Ka-shing Institute of Virology, the U of A joins the East-West Alliance, a global network of medical education and research funded by LKSF.”74 In 2014, the University of Hong Kong hosted, on behalf of the Li Ka Shing Faculty of Medicine, the “2014 East-West Alliance Global Symposia.” Today, the EWA’s member institutions include the Chinese University of Hong Kong, Shantou University, Stanford University, St. Michael’s Hospital/University of Toronto, Technion Israel Institute of Technology, University of Alberta, University of California/Berkeley, University of California/San Francisco, University of Cambridge, The University of Hong Kong, University of Manitoba, University of Oxford and the University Medical Center Groningen/University of Groningen.

Thus, the well laid plans of Li Ka-shing to establish a network of medical research institutions have borne fruit. Hong Kong’s educational institutions, not just the University of Hong Kong, are now recognized as contributors to global medical research.

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73 “Pinnacle of Global Medical Collaboration: Signing of MOU and Inaugural Meeting of the East-West Alliance,” HKU press release, April 14, 2007.

74 Ileiren Poon, “Historic gift will place University of Alberta virology research on a whole new level,” Office of Marketing and Communication, University of Alberta, 23 April 2010.
**Fig. 15.1** Chief Executive Tung Chee-hwa gave reassurances year after year of the government’s support for higher education, despite a deficit budget. Courtesy CPAO, HKU

**Fig. 15.2** Financial Secretary Antony Leung announced in the legislature plans to cut civil servants’ salaries, which meant cutting salaries of university staff also. 
*Growing with Hong Kong—The University and Its Graduates: The first 90 Years. HKUA*
Fig. 15.3  Alice Lam Lee Kiu-yue, chair of the University Grants Committee, said that the 2003 funding cut depressed institutions greatly but a matching fund proposal eased the impact of the cut. Courtesy Medical Faculty, HKU

Fig. 15.4  Professor Wang Gungwu, as Vice-Chancellor, took steps to diversify the university’s sources of funding. Growing with Hong Kong—The University and Its Graduates: The first 90 Years. HKUA
**Fig. 15.5** Victor Fung, during his years as chairman of the University Council (2001–2009), moved the university towards fundraising from the private sector so as not to be too dependent on the government. Courtesy CPAO, HKU

**Fig. 15.6** Fanny Law, as permanent secretary for education and manpower, tried to privatize universities so as to reduce the financial burden on government. *Growing with Hong Kong—The University and Its Graduates: The first 90 Years.* HKUA
Fig. 15.7  Then dean S.K. Lam lobbied hard for much of the $1 billion donation to go to the Faculty of Medicine, which was named after Li Ka-shing. Courtesy, Medical Faculty, HKU

Fig. 15.8  Li Ka-shing meeting with Council Chairman Victor Fung and Vice-Chancellor Lap-chee Tsui on May 18, 2005, after the University offered to name the medical faculty after the philanthropist, who offered a HK$1 billion donation. Courtesy, Li Ka Shing Foundation
Li Ka-shing visited the Faculty of Medicine in November 2005 and had a picture taken with faculty members. Courtesy Medical Faculty, HKU