

## Head 79 — INVEST HONG KONG

**Controlling officer:** the Director-General of Investment Promotion will account for expenditure under this Head.

<b>Estimate 2001–02</b> .....	<b>\$70.4m</b>
<b>Establishment ceiling 2001–02</b> (notional annual mid-point salary value) representing an estimated 41 non-directorate posts at 31 March 2001 rising by 11 posts to 52 posts at 31 March 2002.....	<b>\$26.1m</b>
In addition there will be an estimated three directorate posts at 31 March 2001 and at 31 March 2002.	
<b>Capital Account commitment balance</b> .....	<b>\$12.0m</b>

### Controlling Officer's Report

#### Programme

##### Investment Promotion

This programme contributes to Policy Area 6: Commerce and Industry (Secretary for Commerce and Industry).

#### Detail

	1999–2000 (Actual)	2000–01 (Approved)	2000–01# (Revised)	<b>2001–02 (Estimate)</b>
Financial provision (\$m)	—	—	45.3	<b>70.4 (+55.4%)</b>

# The revised estimate for 2000–01 represents the provision required for the nine months from 1 July 2000 to 31 March 2001.

#### Aim

2 The aim is to attract and retain inward investment to Hong Kong, and maintain and develop Hong Kong's position as a leading location for internationally mobile investment.

#### Brief Description

3 Invest Hong Kong was set up on 1 July 2000 to spearhead Hong Kong's efforts to attract inward investment. It offers solution-oriented investment promotion, facilitation, and aftercare services to ensure that overseas investors have all the support required to establish or expand operations in Hong Kong. Invest Hong Kong adopts a proactive inward investment promotion strategy by focusing on business sectors where Hong Kong has an edge over other Asian cities and by taking a proactive marketing approach with specific target companies. In addition, it is strengthening its aftercare service with a view to retaining and expanding investments already made, and fostering product development to increase Hong Kong's attractiveness and competitiveness, particularly in targeted sectors. Currently, the targeted sectors are financial services, trade related services, transportation, telecommunications, media and multi-media, business and professional services, information technology, technology (especially electronics and biotechnology), and tourism and entertainment.

4 In 2000, Invest Hong Kong launched an image building programme to publicise Hong Kong's investment environment and the department's own corporate identity. In addition, it reviewed the structure of non-directorate support staff, the resources deployed on investment promotion in the overseas desks, and the broad framework of relationship between Invest Hong Kong Head Office, the Government's Economic and Trade Offices and the Trade Development Council's overseas offices.

5 The key performance measures in respect of investment promotion are:

#### Indicators

	1998 (Actual)	1999 (Actual)
In-flow of foreign direct investment into Hong Kong amount at market value (bn\$).....	114.4	179
Hong Kong's share of foreign direct investment inflows into South, East and South-East Asia (%).....	17	24

## Head 79 — INVEST HONG KONG

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	1999@ (Actual)	2000@ (Actual)	2001 (Estimate)
number of pursuable new leads.....	—	—	<b>100</b>
number of projects generated from aftercare service .....	—	—	<b>100</b>
number of projects pursued .....	—	—	<b>200</b>
number of projects completed .....	—	—	<b>50</b>

@ The figures for 1999 and 2000 are not available because these indicators are introduced from 1 January 2001.

### *Matters Requiring Special Attention in 2001–02*

6 During 2001–02, Invest Hong Kong will:

- host the 2001 FORTUNE Global Forum in May;
- continue to promote the corporate identity and image of Invest Hong Kong through various public relations opportunities and activities; and
- operate under the new mode and implement various business plans to be agreed with the Economic and Trade Offices and Trade Development Council overseas offices.

## Head 79 — INVEST HONG KONG

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### ANALYSIS OF FINANCIAL PROVISION

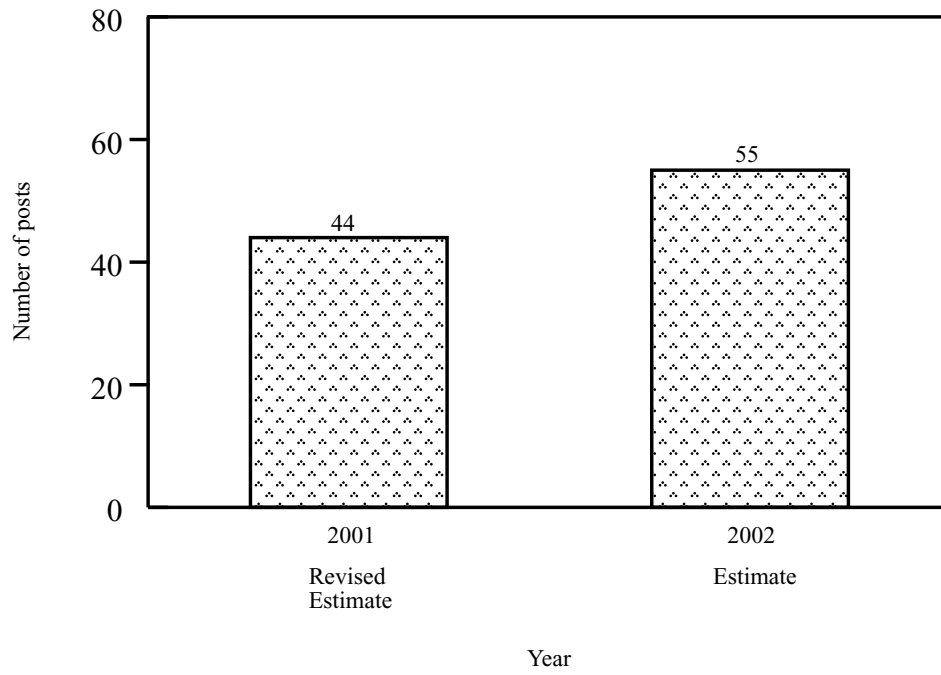
<b>Programme</b>	1999–2000 (Actual) (\$m)	2000–01 (Approved) (\$m)	2000–01# (Revised) (\$m)	<b>2001–02 (Estimate) (\$m)</b>
Investment Promotion.....	—	—	45.3	<b>70.4 (+55.4%)</b>

# The revised estimate for 2000–01 represents the provision required for the nine months from 1 July 2000 to 31 March 2001.

#### **Analysis of Financial and Staffing Provision**

Provision for 2001–02 is \$25.1 million (55.4%) higher than the revised estimate for 2000–01. This is mainly due to the full-year provision for the expenditure under this programme and the creation of 11 permanent posts to strengthen investor relations and support functions.

*Changes in the size of the establishment  
(as at 31 March)*



## Head 79 — INVEST HONG KONG

Sub-head (Code)	Actual expenditure 1999-2000	Approved estimate 2000-01	Revised# estimate 2000-01	Estimate 2001-02
	\$' 000	\$' 000	\$' 000	\$'000
<b>Recurrent Account</b>				
000	Operational expenses .....	—	—	21,143
	Total, Recurrent Account.....	—	—	21,143
<b>Capital Account</b>				
II — Other Non-Recurrent				
700	General other non-recurrent.....	—	—	11,957
724	Investment promotion (block vote).....	—	—	12,180
	Total, Other Non-Recurrent .....	—	—	24,137
	Total, Capital Account.....	—	—	24,137
	Total Expenditure.....	—	—	45,280
		<u>          </u>	<u>          </u>	<u>          </u>
		<u>          </u>	<u>          </u>	<u>          </u>

# The revised estimate for 2000-01 represents the provision required for the nine months from 1 July 2000 to 31 March 2001.

## Head 79 — INVEST HONG KONG

### Details of Expenditure by Subhead

The estimate of the amount required in 2001–02 for the salaries and expenses of the Invest Hong Kong is \$70,366,000. This represents an increase of \$25,086,000 over the revised estimate for 2000–01.

#### Recurrent Account

2 Provision of \$46,326,000 under *Subhead 000 Operational expenses* is for the salaries and allowances of staff of the Invest Hong Kong and its other operating expenses. The increase of \$25,183,000 (119.1%) over the revised estimate for 2000–01 is mainly due to full-year provision for the activities undertaken by the new department and the creation of 11 posts in 2001–02 to strengthen investor relations and support functions. Management and control of the department's operational expenses takes the form of a one-line vote. The controlling officer is given flexibility in the virement of funds within the subhead to facilitate the achievement of greater efficiency and enhanced productivity.

3 As a vote-funded department, the department is subject to establishment control. The establishment at 31 March 2001 will be 43 permanent posts and one supernumerary post. It is expected that 11 posts will be created in 2001–02. Subject to certain conditions, the controlling officer may under delegated powers create or delete non-directorate posts during 2001–02, but the notional annual mid-point salary value of all such posts must not exceed \$26,080,000.

4 An analysis of financial provision under *Subhead 000 Operational expenses* is as follows:

	1999–2000 (Actual) (\$' 000)	2000–01 (Original Estimate) (\$' 000)	2000–01# (Revised Estimate) (\$' 000)	2001–02 (Estimate) (\$'000)
Personal emoluments				
- Salaries .....	—	—	14,772	32,490
- Allowances .....	—	—	425	664
Departmental expenses				
- General departmental expenses .....	—	—	5,946	13,172
	—	—	21,143	46,326

# The revised estimate for 2000–01 represents the provision required for the nine months from 1 July 2000 to 31 March 2001.

5 Subject to the cash-limited ceiling of \$46,326,000 which will not be increased in the course of the year except for increases to the personal emoluments portion in line with the civil service pay adjustment, the controlling officer may deploy funds freely to meet requirements under each of the various expenditure components. The Administration will provide to Finance Committee quarterly financial reports showing actual spending and any redeployment of funds within *Subhead 000 Operational expenses* based on the above analysis.

#### Capital Account

##### Other Non-Recurrent

6 Provision of \$15,000,000 under *Subhead 724 Investment promotion (block vote)* is for expenditure incurred on the production of investment promotion publications and audio-visual materials; overseas advertising campaigns; participation in international fairs and exhibitions, organisation of seminars and missions; and other promotion-related expenses arising from services to potential investors. This represents an increase of \$2,820,000 (23.2%) over the revised estimate for 2000–01. This is mainly due to increased activities following the change from a geographical-based operation to one based on target economic sectors.

## Head 79 — INVEST HONG KONG

### Capital Account

#### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2000	Revised estimated expenditure for 2000–01	Balance
			\$' 000	\$' 000	\$' 000	\$' 000
700		<i>General other non-recurrent</i>				
	002	Consultancy on implementation and work plan for Invest Hong Kong.....	4,000	—	3,960	40
	003	Hosting the FORTUNE Global Forum.....	6,000	—	2,500	3,500
	004	Launch Brand Building Programme.....	10,000	—	3,497	6,503
	005	Web site design and development.....	2,000	—	1,200	800
	555	Setting-up expenses for Invest Hong Kong .....	2,000	—	800	1,200
		Total.....	<u>24,000</u>	<u>—</u>	<u>11,957</u>	<u>12,043</u>