

# **CAPITAL INVESTMENT FUND**

## CAPITAL INVESTMENT FUND

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### Memorandum Note

On 1 April 1990, the Legislative Council established the Capital Investment Fund by Resolution for the purpose of financing investments in the Mass Transit Railway Corporation (which became MTR Corporation Limited on 30 June 2000), the Kowloon-Canton Railway Corporation, the Hong Kong Housing Authority, the New Hong Kong Tunnel Company Limited and such other bodies as the Finance Committee may specify. On 6 November 1991, the Legislative Council passed an amendment to the Resolution to include provisions for government borrowings to be credited to the Fund and for repayments, and payments of interest and expenses relating to such borrowings, to be made from the Fund.

2 The Resolution provides, *inter alia*, that—

- (a) the Fund be administered by the Financial Secretary who may delegate his power of administration to other public officers;
- (b) there be credited to the Fund—
  - (i) all sums received by way of repayment of any loan or advance made from the Fund under sub-paragraph (c) below;
  - (ii) subject to the Mass Transit Railway Ordinance (Cap. 556) and the Kowloon-Canton Railway Corporation Ordinance (Cap. 372), all sums received by way of interest or dividend or under profit-sharing arrangements on the investments, loans or advances under sub-paragraph (c) below;
  - (iii) such appropriations from the general revenue as may be approved by the Legislative Council for the purpose of the Fund;
  - (iv) all sums received from the sale or other disposal of all or part of any investment made under sub-paragraph (c) or (e) below;
  - (v) all sums received by way of interest or dividend on money invested under sub-paragraph (e) below;
  - (vi) all such other sums as may be received for the purpose of the Fund; and
  - (vii) sums borrowed under section 3 of the Loans Ordinance (Cap. 61) where the resolution of the Legislative Council approving the borrowing so stipulates;
- (c) the Financial Secretary may expend moneys from the Fund for the purpose of—
  - (i) meeting the liabilities assumed, under terms and conditions already approved as at 31 March 1990 by the Finance Committee;
  - (ii) financing loans, advances and investments (including investments by way of waived land premium, donated works or other benefits (other than cash)) to or in such persons as may be approved by the Finance Committee, in accordance with such terms and conditions as may be specified by the Finance Committee; and
  - (iii) repaying or, where appropriate, paying the principal and interest of and expenses incurred in relation to sums borrowed under section 3 of the Loans Ordinance (Cap. 61) where the sums have been credited to the Fund;
- (d) the Director of Accounting Services shall, under the authority of a funds warrant issued by the Financial Secretary, pay from the Fund such sums as may be required to meet expenditure from the Fund;
- (e) the Financial Secretary may, in his discretion, authorise the investment of moneys forming the unexpended balance held in the Fund at any time in interest-bearing securities in such manner as he may determine; and
- (f) the Financial Secretary may from time to time transfer from the Fund to the general revenue any balance held in the Fund which is not in his opinion reasonably required for the purpose of the Fund.

3 The revised payments for 2004–05 are estimated at \$6,766,283,000. The payments for 2005–06 are estimated at \$5,802,159,000. It is estimated that a net sum of \$2,000,000,000 will be transferred from the general revenue in 2005–06.

4 The revised receipts for 2004–05 are estimated at \$8,404,076,000 which include \$6,000,000,000 received from the Airport Authority as a result of its capital restructuring. The receipts for 2005–06 are estimated at \$2,692,388,000.

5 The following notes supplement the estimates of payments and receipts in respect of approved commitments.

### Head 951—Housing

#### *Hong Kong Housing Authority*

6 On 31 August 1994, the Hong Kong Housing Authority and the Government signed a supplemental agreement to the then existing financial arrangements. The supplemental agreement took effect from 1 October 1994. Under the supplemental agreement, part of the Government capital investment amounting to \$13,488,797,000 became non-interest-bearing permanent capital. The capital injections made previously under the financial arrangements totalling \$10,000,000,000 together with the closing balance of \$2,795,588,000 in the Home Ownership Fund making a total of \$12,795,588,000 were converted into a loan capital bearing interest at 5% per annum on the reducing balance. The Authority has been repaying this loan capital over 14 years since the quarter ended 31 December 1994. It is estimated that the Authority will have repaid \$8,720,913,000 by 31 March 2005.

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7 Under the terms of the prevailing financial arrangements between Government and the Authority, the latter shares equally with the Government the overall surplus from the operation of commercial facilities in public rental estates and Home Ownership courts. The total receipts from this source and interest on loan capital in 2004–05 and 2005–06 are expected to be \$964,107,000 and \$978,319,000 respectively.

### Head 957—Kowloon-Canton Railway Corporation

8 The Kowloon-Canton Railway Corporation was incorporated under the Kowloon-Canton Railway Corporation Ordinance (Cap. 372) on 24 December 1982. The assets, rights and liabilities of the then existing railway were vested in the Corporation on 1 February 1983 in accordance with section 7 of the Ordinance. On 27 February 1998, the Finance Committee approved a commitment to inject equity of \$29,000,000,000 into the Corporation to allow major works on Kowloon-Canton Railway West Rail (Phase I) to proceed. On 3 April 1998, the Financial Secretary specified the initial authorised capital of the Corporation to be \$2,120,000,000 based on the book value of all assets vested in it and ordered an increase in the authorised capital of the Corporation from \$2,120,000,000 to \$34,000,000,000. The approved equity of \$29,000,000,000 had been fully drawn by the Corporation by 31 March 2000.

9 On 26 May 2000, the Finance Committee approved a commitment to inject equity of up to \$8,500,000,000 into the Corporation to allow major works on the Kowloon-Canton Railway Ma On Shan to Tai Wai Rail Link and the Kowloon-Canton Railway Extension from Hung Hom to Tsim Sha Tsui to proceed. On 2 March 2001, the Financial Secretary ordered an increase in the authorised capital of the Corporation from \$34,000,000,000 to \$42,500,000,000 and on the same date, a sum of \$8,000,000,000 was injected as equity into the Corporation.

10 Cash dividends received from the Corporation are credited into the General Revenue Account in accordance with the provisions of the Kowloon-Canton Railway Corporation Ordinance (Cap. 372). The Corporation has distributed \$620,000,000 as dividend for the year 2003 to the Government in December 2004.

### Head 962—Industry

#### *Hong Kong Science and Technology Parks Corporation*

11 The Hong Kong Science and Technology Parks Corporation (HKSTPC) was established on 7 May 2001 under the Hong Kong Science and Technology Parks Corporation Ordinance (Cap. 565) through the merger of the Hong Kong Industrial Estates Corporation, the Hong Kong Industrial Technology Centre Corporation and the Provisional Hong Kong Science Park Company Limited. Upon the establishment of the HKSTPC, all rights, obligations, assets and liabilities of the aforesaid merging entities were vested in the HKSTPC in accordance with section 37 of the Ordinance and the entities dissolved. The authorised capital of the HKSTPC was \$1,863,397,594, which is equal to the value of the net assets in respect of all assets and liabilities vested in the HKSTPC on the same day.

12 On July 2001, the Finance Committee approved a commitment to inject \$2,435,000,000 as equity and to provide \$1,043,000,000 as a loan to the HKSTPC to enable it to proceed with the construction of the Science Park Phase 2. On 14 January 2005, the Financial Secretary ordered an increase in the authorised capital of the Corporation from \$1,836,397,594 to \$4,271,397,594 in order to accommodate the equity injection, which is to be made by phases to meet the expenditure on construction work. The first injection of \$370,403,000 was made in 2004–05 and \$940,300,000 is expected to be required in 2005–06. The loan will be drawn as required after the equity has been fully injected.

#### *Applied Research Fund*

13 On 13 December 1991, the Finance Committee approved a sum of \$200,000,000 for the setting up of an Applied Research and Development Scheme to provide funding for worthwhile applied industrial research and development projects. On 11 December 1992, the Finance Committee approved revised terms and conditions for operating the Scheme, whereby government investment in projects funded under the Scheme should be by way of equity participation in the recipient companies or a loan or a combination of both, and that a private limited company wholly owned by the Government should be formed to hold and manage the Government's investments.

14 In February 1993, a private company called the Hong Kong Applied R&D Fund Company Limited was established to administer the Scheme. It was renamed as The Applied Research Council Company Limited in May 1995, and subsequently as The Applied Research Council in June 1996. The Government had injected sums totalling \$175,000,000 into the Council from the Capital Investment Fund by 1997–98.

15 On 27 March 1998, the Finance Committee approved the merger of the Scheme with the Co-operative Applied Research and Development Scheme, set up in 1995 with a one-off grant of \$50,000,000 from the Government, to become the Applied Research Fund and the consequential variation to the terms and conditions of the \$175,000,000 equity originally injected into The Applied Research Council. It also approved a grant of \$525,000,000 to The Applied Research Council for financing applied research and development projects and a change in The Applied Research Council's mode of operation.

### Head 965—Asian Development Bank

16 On 6 September 1967, the Finance Committee approved funds required to enable Hong Kong to become a member of the Asian Development Bank. On 28 March 1969, US\$8 million was subscribed to the Bank's capital stock, of which US\$4 million was paid up and the balance of US\$4 million would remain as callable shares. On 26 April 1972, the Finance Committee approved the subscription of US\$12 million to the first general capital increase

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of the Bank of which US\$2.4 million was paid up and US\$9.6 million remained as callable shares. On 1 June 1977, the Finance Committee approved the subscription of \$151,650,000 to the second general capital increase of the Bank, of which \$15,165,000 was paid up and the remaining \$136,485,000 remains on call. On 21 May 1986, the Finance Committee approved the subscription of \$331,810,000 to the third general capital increase, of which \$16,608,000 was paid up and the remaining \$315,202,000 remains on call.

17 On 24 June 1994, the Finance Committee approved an increase of \$18,470,000 (US\$2.33 million) in financial commitment for the subscription by Hong Kong to the fourth general capital increase of the Bank, amounting approximately to \$1,054,700,000 (US\$135.18 million). The increase in financial commitment is for the paid-in portion of the additional shares and the remaining \$1,036,230,000 (US\$132.85 million) will be a contingent liability in respect of the additional callable shares. The paid-in portion has been settled by three instalments. The first and second instalments of \$6,008,568 and \$6,000,420 were paid by 31 March 1996 and the last instalment of \$6,016,000 was paid by 31 March 1997.

18 The total number of shares subscribed by Hong Kong since joining the Bank in March 1969 is 19 270 shares, comprising 1 350 paid-up shares and 17 920 callable shares.

19 The callable shares will be subject to call only as and when required by the Bank to meet its financial obligations. Since Hong Kong became a member of the Bank, there has not been a call on the callable shares subscribed by Hong Kong, which have remained a contingent liability of the Government. As of 30 November 2004, the contingent liability was \$2,140,488,448. This amount will vary with changes in exchange rates. On 10 December 1995, the Central People's Government issued a letter of guarantee to the Bank guaranteeing Hong Kong's financial obligations to the Bank after 1 July 1997.

### Head 967—MTR Corporation Limited (formerly Mass Transit Railway Corporation)

20 The Mass Transit Railway Corporation was established in 1975 under the Mass Transit Railway Corporation Ordinance (Cap. 270) with an authorised capital of \$2,000,000,000. To enable the Corporation to draw on equity for the construction of railways including the Airport Railway, the Government increased the authorised capital of the Corporation several times between 1981 and 1995 to \$32,700,000,000. With the Finance Committee's approval, a total of \$32,188,100,000 had been paid in as capital injections to the Corporation by 31 March 1997.

21 The Financial Secretary announced in his Budget Speech on 3 March 1999 the intention to privatise the Mass Transit Railway Corporation. On 26 April 2000, MTR Corporation Limited (MTRCL) was incorporated. The Mass Transit Railway Ordinance (Cap. 556) came into effect on 30 June 2000 and on that day, the entire property, rights and liabilities of the Mass Transit Railway Corporation were vested in the MTRCL. On 12 September 2000, the authorised share capital of the MTRCL was reduced to \$6,500,000,000 divided into 6 500 000 000 shares of \$1.00 each. Later that month, immediately before the Initial Public Offering (IPO) of MTRCL shares, 5 000 000 000 shares, being the entire issued capital, were issued to the Government. Of these, 1 150 000 000 shares were then sold to retail and institutional investors. Following the IPO, the MTRCL issued cash and scrip dividends to shareholders, including the Government. The Government also distributed shares under Employee Share Grant to eligible employees of the MTRCL in October 2001. Two tranches of loyalty bonus shares were also allocated to eligible MTRCL shareholders in 2001 and 2002. After these transactions, the Government holds approximately 76% of the entire issued share capital of the MTRCL.

22 The Government has undertaken to remain the largest shareholder of the MTRCL and to continue to hold the legal and beneficial interest in not less than 50% of the ordinary share capital of the MTRCL and not less than 50% of the voting rights at general meetings of the MTRCL for at least 20 years from the date of listing.

23 The Government has agreed to waive its claim for \$798,000,000 (at net present value on 1 January 2002) of dividends that would otherwise be payable by MTRCL to Government in the next few years as financial support to the Penny's Bay Rail Link under the Project Agreement entered between the Government and MTRCL on 24 July 2002. In 2002–03 and 2003–04, Government waived its claim to \$219,100,000 and \$675,000,000 of dividends respectively. A further \$37,000,000 was waived in 2004–05.

24 There is no specific proposal at present which requires the MTRCL to raise additional equity from its shareholders. However, if the MTRCL were to seek to raise equity finance from shareholders, the Financial Secretary Incorporated on behalf of the Government would provide equity capital to the MTRCL pro rata its shareholding in the MTRCL where the Government considered it appropriate, subject to the approval of the Finance Committee.

25 Cash dividends received from the MTRCL are credited into the General Revenue Account in accordance with the provisions of the Mass Transit Railway Ordinance (Cap. 556).

### Head 969—Airport Authority

26 On 29 June 1990, the Finance Committee approved a commitment of \$20,000,000 as an advance to the Provisional Airport Authority to finance its establishment and initial operation. On 13 July 1990, the Finance Committee approved an additional advance of \$760,000,000 to enable the Authority to commission the airport master plan consultancy and to establish a major works site at Chek Lap Kok for subsequent use by the major reclamation contractor. On 19 July 1991, 27 November 1992, 18 June 1993 and 21 January 1994, the Finance Committee approved four further increases in this commitment, of \$6,550,000,000, \$6,699,000,000, \$562,000,000 and \$1,671,000,000 respectively, to enable the Authority to meet its full contractual commitments and associated expenses for the airport site preparation contract and some urgent work items, 13 critical design packages and head office expenses up to 31 March 1995.

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27 On 1 July 1994, the Finance Committee approved a further increase in commitment of \$15,184,000,000 for major works items at the new Airport and for additional head office expenses up to 31 March 1995 to cope with increased project workload and to maintain the expansion of commercial and operational planning and development activities. On 27 January 1995, the Finance Committee approved a further commitment of \$5,202,000,000 for further major works items, bringing the total approved commitment to \$36,648,000,000. On 14 July 1995, the Finance Committee approved the conversion of the total authorised advance to the Provisional Airport Authority into a commitment to inject that amount of equity into the Airport Authority once it was established. The total authorised advance of \$35,553,600,000 up to 1 December 1995 was converted into equity upon the formal establishment of the Authority on that date. The remaining \$1,094,400,000 was injected into the Airport Authority as equity by 31 March 1997, through cash payment of \$816,160,699 and conversion of initial debt of \$278,239,301 due to the Government into equity.

28 The Legislative Council passed a resolution on 16 June 2004 to reduce the authorised share capital of the Airport Authority under Section 23(6) of the Airport Authority Ordinance (Cap. 483) by an amount of \$6,000,000,000 to \$30,648,000,000. In accordance with the resolution, a total of \$6,000,000,000 was credited into the Capital Investment Fund on 15 September 2004 and the shares previously issued at par by the Airport Authority representing a value of the same amount were cancelled on the same day. Other cash dividends received from the Airport Authority totalling \$380,000,000 were credited into the General Revenue Account in accordance with the provisions of the Airport Authority Ordinance (Cap. 483).

### Head 971—Tradelink Electronic Commerce Limited

29 On 24 July 1992, the Finance Committee approved a commitment of \$187,000,000 to buy up to 48% of the issued capital of Tradelink Electronic Commerce Limited to finance the provision of a community electronic trading service. Subsequently, the Government bought 48% of the issued capital of the company for \$56,125,000.

30 On 31 May 1996, the Finance Committee approved the reduction of the above commitment by \$130,875,000 and also approved a convertible loan of \$425,000,000 to the company. The loan operates on a revolving basis with a credit limit of \$425,000,000 for a period that is coterminous with Government's Operating Agreement with the company. In December 1997, the Government converted \$5,000,000 of the loan drawn into shares in the company at par value. As at 31 March 2003, the Government's capital injection in the company was \$61,125,000. There has been no drawdown of the loan in 2003–04. The Government's Operating Agreement with the company expired on 31 December 2003 and there will be no further drawdown of the loan.

### Head 972—Trading Funds

#### *Companies Registry*

31 On 30 June 1993, the Legislative Council passed a Resolution for the establishment of the Companies Registry Trading Fund with effect from 1 August 1993. Under the Resolution, net assets valued at \$415,160,000 were appropriated to the trading fund on its establishment. Of this amount, \$138,460,000 is contribution to trading fund capital and the balance of \$276,700,000 is a loan from the shareholder to be repaid by ten annual instalments of \$27,670,000 starting from 1 August 1994. The Companies Registry Trading Fund fully repaid the loan on 1 August 2003.

32 On 16 July 1993, the Finance Committee approved a commitment of \$20,000,000 to provide a loan to meet the trading fund's cash flow requirements in the early years of its operation. The loan operates as an overdraft facility with a credit limit of \$20,000,000. There has been no drawdown of the loan in 2003–04. The loan commitment expired on 2 August 2003 and there will be no further drawdown of the loan.

33 On 7 December 2001, the Finance Committee approved a commitment of \$150,000,000 to provide a loan to the Companies Registry Trading Fund to enable the Companies Registry to proceed with the implementation of an Integrated Companies Registry Information System. The trading fund is to draw the loan as and when necessary from 2002–03 to 2004–05 and repay the loan by five equal annual instalments beginning on the first anniversary of the date of the final drawdown, or on 31 March 2006, whichever is the earlier. Due to the healthy financial position of the Companies Registry, no drawdown of the loan was made.

#### *Land Registry*

34 On 30 June 1993, the Legislative Council passed a Resolution for the establishment of the Land Registry Trading Fund with effect from 1 August 1993. Under the Resolution, net assets valued at \$354,900,000 were appropriated to the trading fund on its establishment. Of this amount, \$118,300,000 is contribution to trading fund capital and the balance of \$236,600,000 is a loan from the shareholder to be repaid by ten annual instalments of \$23,660,000 starting from 1 August 1994. The Land Registry Trading Fund fully repaid the loan on 1 August 2003.

#### *Office of the Telecommunications Authority*

35 On 10 May 1995, the Legislative Council passed a Resolution for the establishment of the Office of the Telecommunications Authority Trading Fund with effect from 1 June 1995. Under the Resolution, net assets valued at \$212,400,000 were appropriated to the trading fund on its establishment as contribution to trading fund capital.

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### *Post Office*

36 On 19 July 1995, the Legislative Council passed a Resolution for the establishment of the Post Office Trading Fund with effect from 1 August 1995. Under the Resolution, net assets valued at \$3,001,400,000 were appropriated to the trading fund on its establishment. Of this amount, \$2,101,000,000 is contribution to trading fund capital and the balance of \$900,400,000 is a loan from the shareholder to be repaid by ten annual instalments of \$90,040,000 starting from 1 August 1996. It is estimated that the Post Office Trading Fund will have repaid \$810,360,000 by 31 March 2005.

### *Electrical and Mechanical Services Trading Fund*

37 On 26 June 1996, the Legislative Council passed a Resolution for the establishment of the Electrical and Mechanical Services Trading Fund with effect from 1 August 1996. Under the Resolution, net assets valued at \$1,009,400,000 were appropriated to the trading fund on its establishment. Of this amount, \$706,600,000 is contribution to trading fund capital and the balance of \$302,800,000 is a loan from the shareholder to be repaid by ten annual instalments of \$30,280,000 starting from 1 July 1997. It is estimated that the Electrical and Mechanical Services Trading Fund will have repaid \$242,240,000 by 31 March 2005.

38 On 12 July 1996, the Finance Committee approved a commitment of \$150,000,000 to provide a loan to the Electrical and Mechanical Services Trading Fund. The loan operates as an overdraft facility with a credit limit of \$150,000,000. The trading fund is to draw the loan as and when necessary and repay any outstanding balance in full by 31 July 2006. It is estimated that the trading fund will not draw down the loan in 2004–05 and 2005–06.

### *Interest Rate*

39 The trading funds will pay interest on any outstanding loan balance at a rate equal to the average of the best lending rates quoted by the note-issuing banks.

### **Head 973—Tourism**

40 On 26 November 1999, the Finance Committee approved a commitment to inject \$3,250,000,000 as equity and to provide \$5,619,000,000 as a loan from the Capital Investment Fund to Hongkong International Theme Parks Limited (HKITP) to allow HKITP to proceed with the development and operation of Hong Kong Disneyland (HKD). The Finance Committee also approved a non-cash investment of \$4,000,000,000 in subordinated equity by the Capital Investment Fund representing land premium for the HKD Phase I site in Lantau Island. The subordinated equity shares can be converted to ordinary shares progressively during the life of HKD depending on operating performance.

41 HKITP is a joint venture company owned by the Government and The Walt Disney Company for the purpose of developing and operating HKD. The \$3,250,000,000 equity injection will entitle the Government to a 57% shareholding in HKITP. As at 31 March 2004, a total of \$1,229,608,000 had been injected as equity into HKITP. In 2004–05 and 2005–06, the Government injections are expected to be \$1,237,850,000 and \$782,542,000 respectively. The loan of \$5,619,000,000 plus capitalised interest must be completely repaid within 25 years of HKD Phase I opening starting from the eleventh year after such opening. As at 31 March 2004, loans totalling \$2,125,000,000 had been provided to HKITP. In 2004–05 and 2005–06, the loan drawdowns are expected to be \$2,139,000,000 and \$1,355,000,000 respectively.

### **Head 974—Urban Renewal Authority**

42 The Urban Renewal Authority (URA) was established on 1 May 2001 under the Urban Renewal Authority Ordinance (Cap. 563) to replace the Land Development Corporation in implementing the Government's urban renewal programme. Under the Ordinance, urban renewal includes the redevelopment of dilapidated buildings, promoting the rehabilitation of older buildings, and the preservation of buildings of historical, cultural or architectural interest. The main policy objective is to improve the environment of the older urban areas and the living conditions of the residents therein.

43 On 21 June 2002, the Finance Committee approved a commitment of \$10,000,000,000 for injection as equity into the URA to enable it to implement the urban renewal programme. The equity would be injected into the URA in phases over the five financial years from 2002–03 to 2006–07. As at 31 March 2005, a total of \$6,000,000,000 has been injected into the URA. It is expected that another \$2,000,000,000 will be injected in 2005–06.

### **Head 975—International Exhibition Centre at Hong Kong International Airport**

44 On 20 December 2002, the Finance Committee approved a commitment to inject \$2,000,000,000 from the Capital Investment Fund to partly finance the construction cost of the International Exhibition Centre (IEC) at Hong Kong International Airport, in exchange for equity in the centre. The Government's contribution will be injected in phases in light of the expenditure pattern of the construction work. In the event that the full \$2,000,000,000 equity is not required towards the construction cost of the first phase, the balance will be deferred and applied to any subsequent phase.

45 The Government and the Airport Authority (AA) have formed IEC Holdings Limited (Holdings) as their investment vehicle for the project. In August 2003, the Government and the AA entered into agreements with Dragages et Travaux Publics (HK) Limited, Yu Ming Investments Limited and Yu Ming Investment Management Limited

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(collectively referred to as Joint Venture Partners) and subsequently established a joint venture company, Hong Kong IEC Limited. The Government and AA, through their shareholding in Holdings, respectively hold 76.5% and 10% of shares in Hong Kong IEC Limited, while the Joint Venture Partners hold 13.5%. The 13.5% investment of the Joint Venture Partners represents 15% of the construction cost of the IEC. In exchange for its 10% equity stake in the joint venture, AA will provide the land for the IEC development. Hong Kong IEC Limited will own the IEC for a 25-year franchise period, be responsible to carry out, monitor and supervise the IEC project, and appoint the contractor and operator. It is expected that the first phase of the IEC will be completed for full operation by the first quarter of 2006.

**46** It is estimated that the injections of Government's equity in 2004–05 and 2005–06 are \$1,019,030,000 and \$724,317,000 respectively.

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**(Payments)**

Sub-head (Code)	Approved commitment	Actual expenditure to 31.3.2004	Revised estimate 2004-05	<b>Estimate 2005-06</b>
	\$'000	\$'000	\$'000	<b>\$'000</b>
<b>Investments/Loans</b>				
<b>Head 957—Kowloon-Canton Railway Corporation</b>				
111	West Rail Phase I .....	29,000,000	29,000,000	—
121	Ma On Shan to Tai Wai Rail Link and Kowloon-Canton Railway Extension from Hung Hom to Tsim Sha Tsui.....	8,500,000	8,000,000	—
	<i>Head 957: total</i> .....	37,500,000	37,000,000	—
<b>Head 962—Industry</b>				
<b>Hong Kong Science and Technology Parks Corporation</b>				
102	Equity in the Hong Kong Science and Technology Parks Corporation .....	2,435,000	—	370,403
112	Loan to the Hong Kong Science and Technology Parks Corporation .....	1,043,000	—	—
	<i>Head 962: total</i> .....	3,653,000	175,000	370,403
<b>Applied Research Fund</b>				
121	Investment in applied industrial research and development projects .....	175,000	175,000	—
	<i>Head 962: total</i> .....	3,653,000	175,000	370,403
<b>Head 965—Asian Development Bank</b>				
101	Shares in Asian Development Bank .....	87,688	87,243	—
	<i>Head 965: total</i> .....	87,688	87,243	—
<b>Head 967—MTR Corporation Limited</b>				
101	Purchase of equity in former MTRC .....	8,544,236	8,488,100	—
112	Airport Railway .....	23,700,000	23,700,000	—
	<i>Head 967: total</i> .....	32,244,236	32,188,100	—
<b>Head 969—Airport Authority</b>				
101	Purchase of equity in Airport Authority ..	36,648,000	36,648,000	—
	<i>Head 969: total</i> .....	36,648,000	36,648,000	—
<b>Head 971—Tradelink Electronic Commerce Limited</b>				
102	Loan for Tradelink Electronic Commerce Limited .....	425,000	200,000	—
	<i>Head 971: total</i> .....	425,000	200,000	—



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### (Payments)

Sub-head (Code)	Approved commitment	Actual expenditure to 31.3.2004	Revised estimate 2004-05	Estimate 2005-06
	\$'000	\$'000	\$'000	\$'000
<b>Investments/Loans</b>				
<b>Head 972—Trading Funds</b>				
101	Loan to Companies Registry loan for working capital revolving loan§ .....	20,000	—	—
	term loan.....	150,000	—	—
106	Loan to Electrical and Mechanical Services Trading Fund loan for working capital§ .....	150,000	—	—
	<i>Head 972: total</i> .....	320,000	—	—
<b>Head 973—Tourism</b>				
101	Equity in Hongkong International Theme Parks Limited .....	3,250,000	1,229,608	1,237,850
102	Loan to Hongkong International Theme Parks Limited .....	5,619,000	2,125,000	2,139,000
	<i>Head 973: total</i> .....	8,869,000	3,354,608	3,376,850
				<b>782,542</b>
				<b>1,355,000</b>
				<b>2,137,542</b>
<b>Head 974—Urban Renewal Authority</b>				
101	Equity injection into the Urban Renewal Authority .....	10,000,000	4,000,000	2,000,000
	<i>Head 974: total</i> .....	10,000,000	4,000,000	2,000,000
				<b>2,000,000</b>
<b>Head 975—International Exhibition Centre at Hong Kong International Airport</b>				
101	Equity in the International Exhibition Centre .....	2,000,000	256,645	1,019,030
	<i>Head 975: total</i> .....	2,000,000	256,645	1,019,030
				<b>724,317</b>
				<b>724,317</b>
	<b>Transfer to General Revenue</b> .....	—	—	1,700,000
				—
	<b>Total (Payments)</b> .....	131,746,924	113,909,596	8,466,283
				<b>5,802,159</b>

§ Actual expenditure to 31.3.2004 represents the net amount of outstanding loans as at that date.

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**(Receipts)**

Sub-head (Code)	Actual receipts to 31.3.2004	Revised estimate 2004-05	Estimate 2005-06	
	\$'000	\$'000	\$'000	
<b>Loan repayments</b>				
<b>Head 951—Housing</b>				
<b>Hong Kong Housing Authority</b>				
211	Loan.....	7,680,568	1,040,345	<b>1,092,833</b>
	<i>Head 951: total</i> .....	<u>7,680,568</u>	<u>1,040,345</u>	<u><b>1,092,833</b></u>
<b>Head 971—Tradelink Electronic Commerce Limited</b>				
202	Loan for Tradelink Electronic Commerce Limited loan.....	195,000	—	—
	conversion of loan to equity .....	5,000	—	—
	<i>Head 971: total</i> .....	<u>200,000</u>	<u>—</u>	<u>—</u>
<b>Head 972—Trading Funds</b>				
201	Loan to Companies Registry loan for appropriated assets .....	276,700	—	—
	loan for working capital revolving loan# .....	—	—	—
	term loan .....	—	—	—
202	Loan to Land Registry loan for appropriated assets .....	236,600	—	—
205	Loan to Post Office loan for appropriated assets .....	720,320	90,040	<b>90,040</b>
206	Loan to Electrical and Mechanical Services Trading Fund loan for appropriated assets .....	211,960	30,280	<b>30,280</b>
	loan for working capital#.....	—	—	—
	<i>Head 972: total</i> .....	<u>1,445,580</u>	<u>120,320</u>	<u><b>120,320</b></u>
	<i>Loan repayments: total</i> .....	<u>9,326,148</u>	<u>1,160,665</u>	<u><b>1,213,153</b></u>
	<b>Dividends, interest and other receipts from investments/loans .....</b>	—	7,228,710§	<b>1,429,535</b>
	<b>Interest on deposits and bank balances.....</b>	—	14,701	<b>49,700</b>
	<b>Transfer from General Revenue.....</b>	—	—	<b>2,000,000</b>
<b>Total (Receipts) .....</b>		<u><u>9,326,148</u></u>	<u><u>8,404,076</u></u>	<u><u><b>4,692,388</b></u></u>

# Actual receipts to 31.3.2004 are not shown as the item is a revolving loan.

§ Including \$6,000,000,000 received from the Airport Authority.

## CAPITAL INVESTMENT FUND

### Movement of the Account

	Actual				Revised Estimate	Estimate
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
	\$m	\$m	\$m	\$m	\$m	\$m
OPENING BALANCE	3,307	1,754	4,265	3,757	3,931	<b>3,868</b>
Expenditure	8,103	305	2,940	4,253	6,767	<b>5,802</b>
Revenue	2,950	2,816	2,432	2,427	8,404	<b>2,692</b>
Surplus/(Deficit) before Transfer from GRA	(5,153)	2,511	(508)	(1,826)	1,637	<b>(3,110)</b>
Net Transfer (to)/from GRA	3,600	—	—	2,000	(1,700)	<b>2,000</b>
Surplus/(Deficit) after Transfer from GRA	(1,553)	2,511	(508)	174	(63)	<b>(1,110)</b>
CLOSING BALANCE	1,754	4,265	3,757	3,931	3,868	<b>2,758</b>

### Expenditure Analysis

	Actual				Revised Estimate	Estimate
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
	\$m	\$m	\$m	\$m	\$m	\$m
Investments/Loans						
Hong Kong Housing Authority	—	—	—	—	—	—
Kowloon-Canton Railway Corporation	8,000	—	—	—	—	—
Hong Kong Science and Technology Parks Corporation	—	—	—	—	371	<b>940</b>
Applied Research Fund	—	—	—	—	—	—
Asian Development Bank	—	—	—	—	—	—
MTR Corporation Limited	—	—	—	—	—	—
Airport Authority	—	—	—	—	—	—
Tradelink Electronic Commerce Limited	—	—	—	—	—	—
Trading Funds	—	—	—	—	—	—
Tourism	103	305	940	1,997	3,377	<b>2,138</b>
Urban Renewal Authority	—	—	2,000	2,000	2,000	<b>2,000</b>
International Exhibition Centre at Hong Kong International Airport	—	—	—	256	1,019	<b>724</b>
Additional Commitments	—	—	—	—	—	—
<b>Total Expenditure</b>	<b>8,103</b>	<b>305</b>	<b>2,940</b>	<b>4,253</b>	<b>6,767</b>	<b>5,802</b>

## CAPITAL INVESTMENT FUND

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### Revenue Analysis

	Actual				Revised Estimate	Estimate
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
	\$m	\$m	\$m	\$m	\$m	\$m
Loan repayments	1,028	1,067	1,113	1,161	1,161	<b>1,213</b>
Dividends, interest and other receipts from investments/loans	1,688	1,693	1,239	1,245	7,228	<b>1,429</b>
Interest on deposits and bank balances	234	56	80	21	15	<b>50</b>
<b>Total Revenue</b>	2,950	2,816	2,432	2,427	8,404	<b>2,692</b>