

## Head 79 — INVEST HONG KONG

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

**Estimate 2012–13**..... **\$113.7m**

**Establishment ceiling 2012–13** (notional annual mid-point salary value) representing an estimated 33 non-directorate posts as at 31 March 2012 and as at 31 March 2013 ..... **\$17.3m**

In addition, there will be an estimated two directorate posts as at 31 March 2012 and as at 31 March 2013.

### Controlling Officer's Report

#### Programme

##### Investment Promotion

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

#### Detail

	2010–11 (Actual)	2011–12 (Original)	2011–12 (Revised)	<b>2012–13 (Estimate)</b>
Financial provision (\$m)	108.8	110.6	112.1 (+1.4%)	<b>113.7</b> (+1.4%)
				(or +2.8% on 2011–12 Original)

#### Aim

2 The aim is to attract and assist overseas, Mainland and Taiwan companies to set up, retain and expand their operations in Hong Kong and to promote Hong Kong's advantages as the leading international business location in Asia.

#### Brief Description

3 Invest Hong Kong's mission is to spearhead Hong Kong's efforts to attract and retain foreign direct investment. It promotes the business sectors and industries where Hong Kong has a comparative edge. Invest Hong Kong places emphasis on attracting companies with the potential to contribute to Hong Kong's economic development, and encouraging them to locate their regional headquarters and strategic functions in Hong Kong to access opportunities on the Mainland and elsewhere in Asia.

4 In 2011, Invest Hong Kong conducted over 5 000 meetings with target companies in key geographic markets. It also placed particular focus on encouraging companies from the Mainland and Taiwan and important emerging markets such as Russia, India and South America to set up operations in Hong Kong. In close collaboration with partners primarily from the Pearl River Delta region, it conducted joint promotion seminars in overseas markets to promote the combined advantages of Hong Kong and the Mainland. The marketing campaign, aimed at attracting Mainland privately-owned enterprises to Hong Kong, continued with promotion in Hebei, Tianjin, Qingdao, Changsha, Ningbo, Kunming and Guangzhou. The Department continued its collaboration with the Financial Services and the Treasury Bureau in key financial markets including London, New York, Zurich, Geneva and Luxembourg to promote Hong Kong as China's global financial centre.

5 Invest Hong Kong provides one-to-one advisory service to support companies throughout the planning and execution of their expansion in Hong Kong. The Department continues to strengthen its aftercare support service to companies already established in Hong Kong.

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6 The key performance measures are:

### *Indicators*

	2008 (Actual)	2009 (Actual)	<b>2010 (Actual)</b>
inflow of foreign direct investment into Hong Kong amount at market value (\$ billion) .....	464.3	406.1@	<b>552.2β</b>
Hong Kong's share of foreign direct investment inflows into South, East and South-East Asia (%) .....	21.0§	21.7§	<b>23.7</b>

@ The decrease was mainly attributable to the significant increase in equity transactions in 2008 which has led to a higher base of comparison. The amount of inter-company debt transactions was also reduced in 2009.

β The increase was mainly attributable to the operating profits of Hong Kong enterprises retained as reinvested earnings and the substantial amount of inter-company debt transactions.

§ The figure has been amended in accordance with the World Investment Report after the preparation of the 2011–12 Estimates.

	2010 (Actual)	2011 (Actual)	<b>2012 (Estimate)</b>
no. of projects pursued.....	1 286	1 276	<b>1 305</b>
no. of projects completed^.....	284	303	<b>310</b>

^ A completed project refers to an investment project resulting in an overseas, Mainland or Taiwan company setting up or expanding its business in Hong Kong with the assistance of Invest Hong Kong.

### *Matters Requiring Special Attention in 2012–13*

7 During 2012–13, Invest Hong Kong will:

- continue to strengthen co-operation with the Economic and Trade Offices as well as organisations promoting Hong Kong overseas and on the Mainland, such as the Hong Kong Trade Development Council, Science Park and Cyberport, and collaborate with the new Hong Kong Economic, Trade and Cultural Office to promote Hong Kong in Taiwan;
- continue with investment promotional efforts, in particular on the Mainland, in Taiwan and other emerging markets such as Southeast Asia, Russia, India, the Middle East and South America;
- continue the joint overseas marketing activities with Pearl River Delta cities;
- further strengthen aftercare support to companies already established in Hong Kong; and
- continue organising integrated marketing campaigns with an emphasis on the financial services sector.

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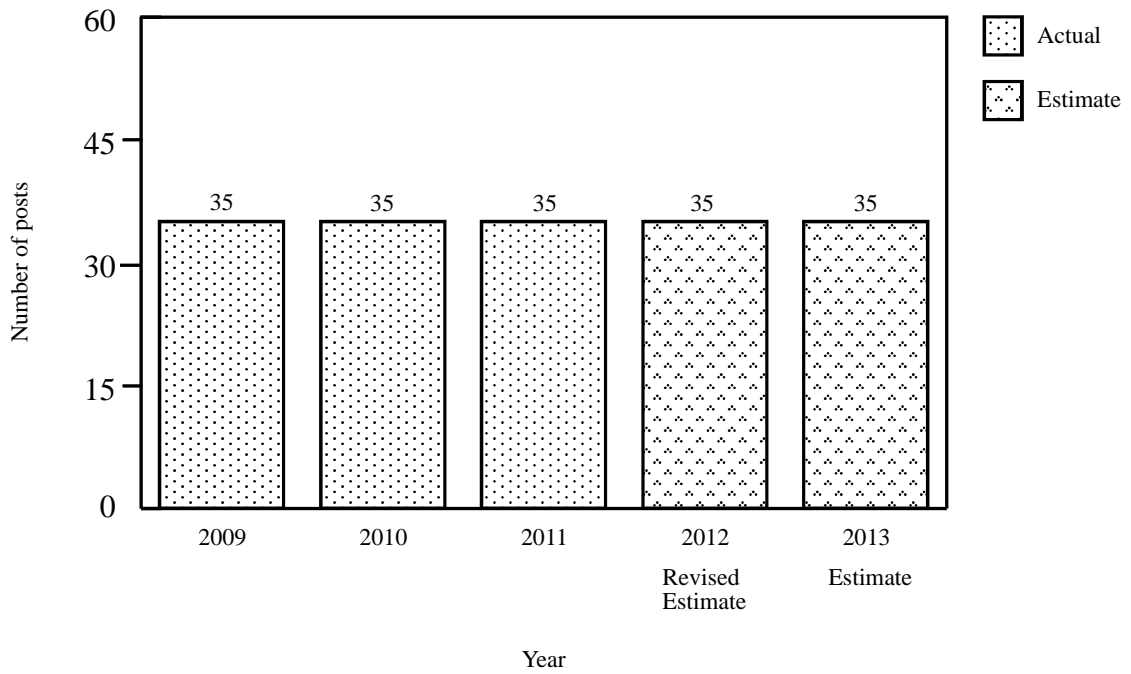
### ANALYSIS OF FINANCIAL PROVISION

<b>Programme</b>	2010–11 (Actual) (\$m)	2011–12 (Original) (\$m)	2011–12 (Revised) (\$m)	2012–13 (Estimate) (\$m)
Investment Promotion .....	108.8	110.6	112.1 (+1.4%)	113.7 (+1.4%)
				(or +2.8% on 2011–12 Original)

#### Analysis of Financial and Staffing Provision

Provision for 2012–13 is \$1.6 million (1.4%) higher than the revised estimate for 2011–12. This is mainly due to the increased provision required for sustaining the momentum of investment promotion work and increase in salary provisions arising from staff changes.

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



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Sub-head (Code)	Actual expenditure 2010–11	Approved estimate 2011–12	Revised estimate 2011–12	<b>Estimate 2012–13</b>
	\$'000	\$'000	\$'000	<b>\$'000</b>
<b>Operating Account</b>				
Recurrent				
000 Operational expenses .....	82,934	110,647	112,064	<b>113,679</b>
Total, Recurrent .....	<u>82,934</u>	<u>110,647</u>	<u>112,064</u>	<u><b>113,679</b></u>
Non-Recurrent				
General non-recurrent .....	25,837	—	—	—
Total, Non-Recurrent .....	<u>25,837</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total, Operating Account .....	108,771	110,647	112,064	<b>113,679</b>
Total Expenditure .....				
	<u>108,771</u>	<u>110,647</u>	<u>112,064</u>	<u><b>113,679</b></u>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2012–13 for the salaries and expenses of Invest Hong Kong is \$113,679,000. This represents an increase of \$1,615,000 over the revised estimate for 2011–12 and of \$4,908,000 over actual expenditure in 2010–11.

#### *Operating Account*

##### Recurrent

**2** Provision of \$113,679,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of Invest Hong Kong.

**3** The establishment as at 31 March 2012 will be 35 permanent posts. No change in establishment is expected in 2012–13. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2012–13, but the notional annual mid-point salary value of all such posts must not exceed \$17,310,000.

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

	2010–11 (Actual) (\$'000)	2011–12 (Original) (\$'000)	2011–12 (Revised) (\$'000)	<b>2012–13 (Estimate) (\$'000)</b>
Personal Emoluments				
- Salaries .....	20,326	20,245	21,652	<b>22,142</b>
- Allowances .....	130	137	147	<b>143</b>
- Job-related allowances.....	—	1	1	<b>1</b>
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	24	26	24	<b>21</b>
- Civil Service Provident Fund contribution .....	1	—	8	<b>35</b>
Departmental Expenses				
- General departmental expenses .....	62,453	90,238	90,232	<b>91,337</b>
	82,934	110,647	112,064	<b>113,679</b>