

## Head 79 — INVEST HONG KONG

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

<b>Estimate 2006–07</b> .....	<b>\$106.1m</b>
<b>Establishment ceiling 2006–07</b> (notional annual mid-point salary value) representing an estimated 33 non-directorate posts as at 31 March 2006 and as at 31 March 2007 .....	<b>\$14.6m</b>
In addition, there will be an estimated two directorate posts as at 31 March 2006 and as at 31 March 2007.	
<b>Commitment balance</b> .....	<b>\$94.1m</b>

### Controlling Officer's Report

#### Programme

##### Investment Promotion

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

#### Detail

	2004–05 (Actual)	2005–06 (Original)	2005–06 (Revised)	<b>2006–07 (Estimate)</b>
Financial provision (\$m)	103.6	106.2	106.2 (—)	<b>106.1</b> (–0.1%)
				(or –0.1% on 2005–06 Original)

#### Aim

2 The aim is to attract and retain foreign direct investment and to maintain and develop Hong Kong as the leading international business location in Asia.

#### Brief Description

3 Invest Hong Kong was set up on 1 July 2000 to spearhead Hong Kong's efforts to attract foreign direct investment. It offers solution-oriented investment promotion, facilitation, and aftercare services to ensure that external investors have all the support required to establish or expand operations in Hong Kong. Invest Hong Kong adopts a pro-active investment promotion strategy by focusing on business sectors where Hong Kong has an edge over other Asian cities and by taking a pro-active marketing approach with specific target companies. Currently, the targeted sectors are financial services, consumer, retail and sourcing (formerly known as trade related services), transportation, telecommunications, media and multi-media, business and professional services, information technology, technology (especially electronics and biotechnology), and tourism and entertainment. Since 2004, Invest Hong Kong has broadened external representation to cover new markets and strengthened the representation in markets already covered. It has also enhanced the Mainland Investment Promotion Units and services offered to Mainland investors, including a "One-Stop Service" facility.

4 In 2005, Invest Hong Kong continued to arrange visits overseas and to the Mainland and Taiwan to call on companies with an interest in Hong Kong; hosted and participated in major international and regional events to promote inward investment, such as BusinessWeek's 9th Annual CEO Forum, Cable and Satellite Broadcasting Association of Asia's annual convention and the World 3G Congress; organised or participated in targeted overseas seminars and events to raise Hong Kong's profile, inform potential investors about Hong Kong's advantages - especially the benefits associated with the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) - in order to promote Hong Kong as an investment destination; produced or updated general publications, including "The Greater Pearl River Delta" and "CEPA Benefits" and placed articles or advertised in major sector-specific media reaching target industries and markets. The Department commissioned a new TV commercial and arranged for its screening in major worldwide markets as part of our branding efforts.

5 The key performance measures are:

#### Indicators

	2002 (Actual)	2003 (Actual)	2004 (Actual)
in-flow of foreign direct investment into Hong Kong amount at market value (\$ billion).....	75.5	106.3	265.1

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	2002 (Actual)	2003 (Actual)	2004 (Actual)
Hong Kong's share of foreign direct investment inflows into South, East and South-East Asia (%).....	11.2	14.4#	24.7

# The figure has been updated after the preparation of the 2005–06 Estimates.

	2004 (Actual)	2005 (Actual)	2006 (Estimate)
no. of projects pursued .....	807	963	996
no. of projects completed^.....	205	232	240

^ A completed project refers to an investment project resulting in a foreign/Mainland/Taiwan company setting up or expanding its business in Hong Kong. Only those companies which have acknowledged in writing the assistance rendered by Invest Hong Kong in the investment process are included.

### *Matters Requiring Special Attention in 2006–07*

6 During 2006–07, Invest Hong Kong will:

- continue to promote the corporate identity and image of the Department through various public relations opportunities and activities;
- implement various business plans in co-operation with the overseas and the Mainland Economic and Trade Offices and Hong Kong Trade Development Council's offices outside Hong Kong;
- increase activities on investment promotion both internationally, and in the Mainland and Taiwan; and
- increase joint overseas marketing activities with Pearl River Delta cities; and increase promotion of CEPA in overseas markets.

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### ANALYSIS OF FINANCIAL PROVISION

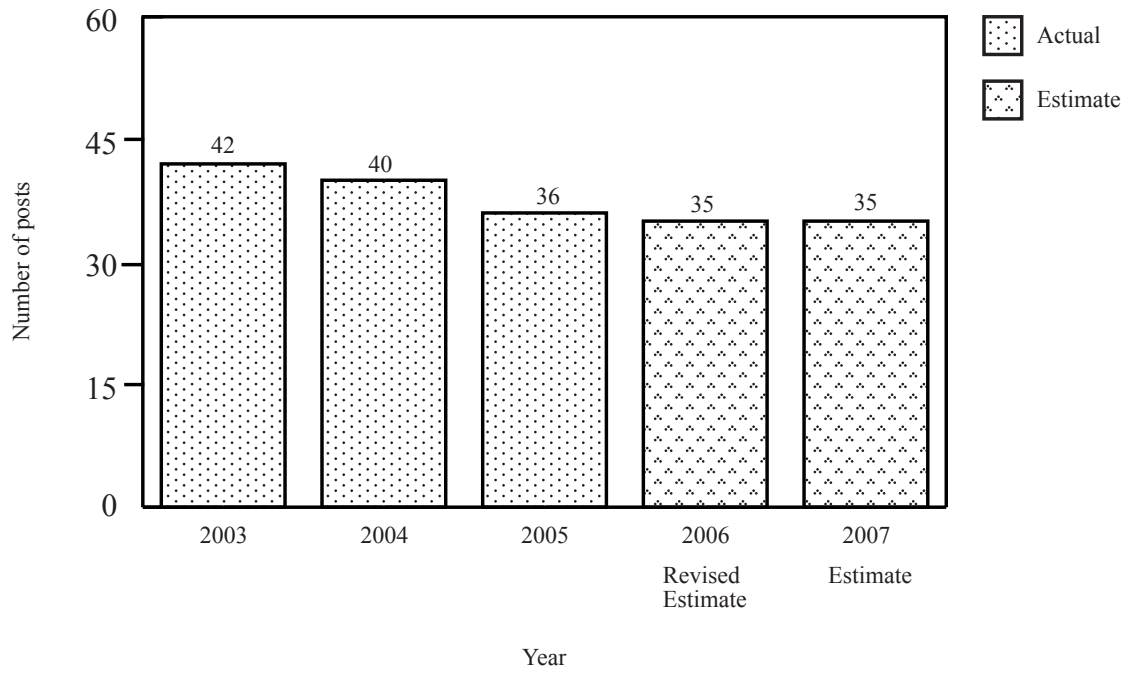
<b>Programme@</b>	2004-05 (Actual) (\$m)	2005-06 (Original) (\$m)	2005-06 (Revised) (\$m)	2006-07 (Estimate) (\$m)
Investment Promotion .....	103.6	106.2	106.2 (—)	106.1 (-0.1%)
				(or -0.1% on 2005-06 Original)

@ Of the \$1 billion provision for the implementation of the economic relaunch campaign under the former Programme (2): Economic Relaunch, a total expenditure of \$648.9 million was spent on the 84 approved activities in 2003-04 and 2004-05. The actual expenditure on economic relaunch is \$103.8 million in 2004-05 and there is no cash flow carried forward to 2005-06. The whole campaign has been concluded.

#### Analysis of Financial and Staffing Provision

Provision for 2006-07 is \$0.1 million (0.1%) lower than the revised estimate for 2005-06.

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



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Sub-head (Code)	Actual expenditure 2004–05	Approved estimate 2005–06	Revised estimate 2005–06	<b>Estimate 2006–07</b>	
	\$'000	\$'000	\$'000	<b>\$'000</b>	
<b>Operating Account</b>					
Recurrent					
000	Operational expenses .....	45,216	63,683	63,683	<b>63,563</b>
	Total, Recurrent .....	45,216	63,683	63,683	<b>63,563</b>
Non-Recurrent					
700	General non-recurrent .....	141,210	42,500	42,500	<b>42,500</b>
	Investment promotion (block vote) .....	21,000	—	—	—
	Total, Non-Recurrent .....	162,210	42,500	42,500	<b>42,500</b>
	Total, Operating Account .....	207,426	106,183	106,183	<b>106,063</b>
	Total Expenditure .....	207,426	106,183	106,183	<b>106,063</b>

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### Details of Expenditure by Subhead

The estimate of the amount required in 2006–07 for the salaries and expenses of Invest Hong Kong is \$106,063,000. This represents a decrease of \$120,000 against the revised estimate for 2005–06 and of \$101,363,000 against actual expenditure in 2004–05.

#### *Operating Account*

##### Recurrent

2 Provision of \$63,563,000 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 2006 will be 35 permanent posts. No change in establishment is expected in 2006–07. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2006–07, but the notional annual mid-point salary value of all such posts must not exceed \$14,641,000.

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

	2004–05 (Actual) (\$'000)	2005–06 (Original) (\$'000)	2005–06 (Revised) (\$'000)	2006–07 (Estimate) (\$'000)
Personal Emoluments				
- Salaries .....	18,297	18,676	18,657	19,114
- Allowances .....	231	161	223	178
- Job-related allowances .....	—	1	—	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution .....	12	12	12	12
Departmental Expenses				
- General departmental expenses .....	26,676	44,833	44,791	44,258
	<u>45,216</u>	<u>63,683</u>	<u>63,683</u>	<u>63,563</u>

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### Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2005	Revised estimated expenditure for 2005–06	Balance
			\$'000	\$'000	\$'000	\$'000
<b><i>Operating Account</i></b>						
700		<i>General non-recurrent</i>				
	009	Boosting Investment Promotion Work ..	200,000	63,386	42,500	94,114
		Total .....	<u>200,000</u>	<u>63,386</u>	<u>42,500</u>	<u>94,114</u>