

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 2006–07 are estimated at \$3,124,297,000. No payment is estimated for 2007–08. It is estimated that a net sum of \$1,800,000,000 will be transferred to the general revenue in 2007–08.

4 The revised receipts for 2006–07 are estimated at \$2,298,330,000. The receipts for 2007–08 are estimated at \$2,158,377,000.

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 ending 31 December 1994. It is estimated that the Authority will have repaid \$10,962,253,000 by 31 March 2007.

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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 2006–07 and 2007–08 are expected to be \$293,445,000 and \$214,430,000 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 not distributed a dividend to the Government for the year 2005.

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 \$1,836,397,594, 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 6 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 approved equity injection had been completed in 2006–07. It is estimated that the HKSTPC will not draw down the loan in 2007–08.

Head 965—Asian Development Bank

13 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 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.

14 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.

15 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.

16 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 31 October 2006, the contingent liability was \$2,062,640,384. This amount will vary with changes in exchange rates. On 10 December 1995, the Central

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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)

17 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.

18 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.

19 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.

20 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 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.

21 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.

22 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

23 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.

24 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.

25 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 were credited into the General Revenue Account in accordance with the provisions of the Airport Authority Ordinance (Cap. 483).

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Head 971—Tradelink Electronic Commerce Limited

26 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.

27 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 to be 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.

28 In October 2005, the Government participated in the company's Initial Public Offering (IPO) exercise as the principal vendor to downsize its shareholdings in the company. Following the IPO of the company, the percentage of the Government's shareholdings in the company has been reduced to 12.3%.

Head 972—Trading Funds

Companies Registry

29 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.

Land Registry

30 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

31 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.

Post Office

32 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. The Post Office Trading Fund fully repaid the loan on 1 August 2005.

Electrical and Mechanical Services Trading Fund

33 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. The Electrical and Mechanical Services Trading Fund fully repaid the loan on 3 July 2006.

Head 973—Tourism

34 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.

35 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 entitles the Government to a 57% shareholding in HKITP. As at 31 March 2006, both the equity injection of \$3,250,000,000 and loan drawdown of \$5,619,000,000 had been completed. The loan plus capitalised interest are required to be completely repaid within 25 years of HKD Phase I opening starting from the eleventh year after such opening.

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Head 974—Urban Renewal Authority

36 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.

37 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. The equity injection was completed in 2006–07.

Head 975—International Exhibition Centre at Hong Kong International Airport

38 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) (subsequently renamed as AsiaWorld-Expo (“AWE”)) at Hong Kong International Airport, in exchange for equity in the centre. The \$2,000,000,000 equity had been injected in full as at 31 March 2006.

39 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 (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 AWE. In exchange for its 10% equity stake in the joint venture, AA provides the land for the AWE development. Hong Kong IEC Limited will own the AWE for a 25-year franchise period, was responsible for carrying out, monitoring and supervising the AWE project, and has appointed the contractor and operator. The first phase of AWE was officially opened in December 2005 and came into full operation in the first quarter of 2006.

Head 976—Digital Trade and Transportation Network Limited

40 On 17 February 2006, the Finance Committee approved a commitment of \$31,500,000 to buy up to 29.17% of the issued capital of Digital Trade and Transportation Network Limited for the launch and subsequent operation of the Digital Trade and Transportation Network System. The transaction was completed in 2005–06.

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(Payments)

Sub-head (Code)	Approved commitment	Actual expenditure to 31.3.2006	Revised estimate 2006-07	Estimate 2007-08
	\$'000	\$'000	\$'000	\$'000
Investments/Loans				
Head 957—Kowloon-Canton Railway Corporation				
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	—
Head 962—Industry				
Hong Kong Science and Technology Parks Corporation				
102	Equity in the Hong Kong Science and Technology Parks Corporation	2,435,000	1,310,703	1,124,297
112	Loan to the Hong Kong Science and Technology Parks Corporation	1,043,000	—	—
	<i>Head 962: total</i>	3,478,000	1,310,703	1,124,297
Head 965—Asian Development Bank				
101	Shares in Asian Development Bank	87,688	87,243	—
	<i>Head 965: total</i>	87,688	87,243	—
Head 967—MTR Corporation Limited				
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	—
Head 969—Airport Authority				
101	Purchase of equity in Airport Authority ..	36,648,000	36,648,000	—
	<i>Head 969: total</i>	36,648,000	36,648,000	—
Head 974—Urban Renewal Authority				
101	Equity injection into the Urban Renewal Authority	10,000,000	8,000,000	2,000,000
	<i>Head 974: total</i>	10,000,000	8,000,000	2,000,000

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(Payments)

Sub-head (Code)	Approved commitment	Actual expenditure to 31.3.2006	Revised estimate 2006-07	Estimate 2007-08
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Investments/Loans				
	Head 975—International Exhibition Centre at Hong Kong International Airport			
101	Equity in the International Exhibition Centre	2,000,000	2,000,000	—
	<i>Head 975: total</i>	<u>2,000,000</u>	<u>2,000,000</u>	<u>—</u>
	Head 976—Digital Trade and Transportation Network			
101	Purchase of Equity in Digital Trade and Transportation Network Limited	31,500	31,500	—
	<i>Head 976: total</i>	<u>31,500</u>	<u>31,500</u>	<u>—</u>
	Transfer to General Revenue	—	—	2,100,000
	Total (Payments)	<u><u>121,989,424</u></u>	<u><u>117,265,546</u></u>	<u><u>5,224,297</u></u>
				<u><u>1,800,000</u></u>

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(Receipts)

Sub-head (Code)	Actual receipts to 31.3.2006	Revised estimate 2006-07	Estimate 2007-08
	\$'000	\$'000	\$'000
Loan repayments			
Head 951—Housing			
Hong Kong Housing Authority			
211	Loan.....	9,813,746	1,148,507
	<i>Head 951: total</i>	9,813,746	1,148,507
			1,206,922
Head 972—Trading Funds			
206	Loan to Electrical and Mechanical Services Trading Fund		
	loan for appropriated assets	272,520	30,280
	<i>Head 972: total</i>	272,520	30,280
	<i>Loan repayments: total</i>	10,086,266	1,178,787
			1,206,922
	Dividends, interest and other receipts from investments/loans	—	1,088,352
	Investment income	—	31,191
Total (Receipts)		10,086,266	2,298,330
			2,158,377

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Movement of the Account

	Actual				Revised Estimate	Estimate
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	\$m	\$m	\$m	\$m	\$m	\$m
Opening Balance	4,265	3,757	3,931	4,580	2,973	47
Revenue	2,432	2,427	8,406	2,943	2,298	2,158
Expenditure	2,940	4,253	6,057	6,550	3,124	—
Surplus/(Deficit) before Transfer	(508)	(1,826)	2,349	(3,607)	(826)	2,158
Net Transfer from/(to) GRA	—	2,000	(1,700)	2,000	(2,100)	(1,800)
Surplus/(Deficit) after Transfer	(508)	174	649	(1,607)	(2,926)	358
Closing Balance	3,757	3,931	4,580	2,973	47	405

Revenue Analysis

	Actual				Revised Estimate	Estimate
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	\$m	\$m	\$m	\$m	\$m	\$m
Loan Repayments	1,113	1,161	1,161	1,213	1,179	1,207
Dividends, Interest and Other Receipts from Investments/Loans	1,239	1,245	7,230	1,692	1,088	903
Investment Income	80	21	15	38	31	48
Total Revenue	2,432	2,427	8,406	2,943	2,298	2,158

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Expenditure Analysis

	Actual				Revised Estimate	Estimate
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
	\$m	\$m	\$m	\$m	\$m	\$m
Investments/Loans						
Kowloon-Canton Railway Corporation	—	—	—	—	—	—
Hong Kong Science and Technology Parks Corporation	—	—	370	940	1,124	—
Asian Development Bank	—	—	—	—	—	—
MTR Corporation Limited	—	—	—	—	—	—
Airport Authority	—	—	—	—	—	—
Tourism	940	1,997	2,670	2,845	—	—
Urban Renewal Authority	2,000	2,000	2,000	2,000	2,000	—
International Exhibition Centre at Hong Kong International Airport	—	256	1,017	726	—	—
Digital Trade and Transportation Network Limited	—	—	—	32	—	—
Other Charges	—	—	—	7	—	—
Total Expenditure	2,940	4,253	6,057	6,550	3,124	—