

Head 79 — INVEST HONG KONG

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

Estimate 2007–08	\$107.2m
Establishment ceiling 2007–08 (notional annual mid-point salary value) representing an estimated 33 non-directorate posts as at 31 March 2007 and as at 31 March 2008	\$14.6m
In addition, there will be an estimated two directorate posts as at 31 March 2007 and as at 31 March 2008.	
Commitment balance	\$51.9m

Controlling Officer's Report

Programme

Investment Promotion

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

Detail

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	105.9	106.1	106.1 (—)	107.2 (+1.0%)
				(or +1.0% on 2006–07 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, 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 services offered to Mainland investors, including a "One-Stop Service" facility, new Investment Promotion Units (IPUs) in Beijing, Shanghai and Chengdu and an expanded IPU in Guangzhou.

4 In 2006, Invest Hong Kong continued to arrange overseas trips and visits 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 International Telecommunication Union TELECOM WORLD 2006, Cable and Satellite Broadcasting Association of Asia's annual convention, the 10th China International Fair for Investment and Trade 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's award-winning TV commercial was also screened in major worldwide markets as part of our branding efforts.

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5 The key performance measures are:

Indicators

	2003 (Actual)	2004 (Actual)	2005 (Actual)
in-flow of foreign direct investment into Hong Kong amount at market value (\$ billion).....	106.3	265.1	279.2
Hong Kong's share of foreign direct investment inflows into South, East and South-East Asia (%).....	13.9#	24.7	21.7

The figure has been updated in accordance with the World Investment Report after the preparation of the 2006–07 Estimates.

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
no. of projects pursued	963	1 170	1 189
no. of projects completed^	232	246	250

^ 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 2007–08

6 During 2007–08, 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 the CEPA in overseas markets.

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ANALYSIS OF FINANCIAL PROVISION

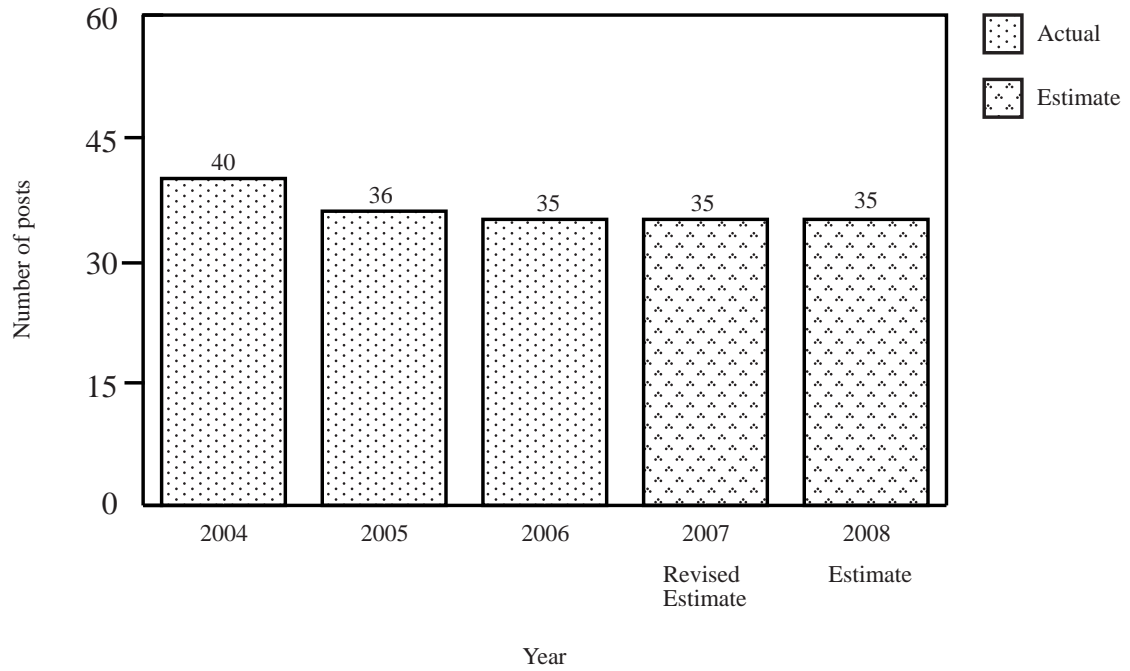
Programme	2005-06 (Actual) (\$m)	2006-07 (Original) (\$m)	2006-07 (Revised) (\$m)	2007-08 (Estimate) (\$m)
Investment Promotion.....	105.9	106.1	106.1 (—)	107.2 (+1.0%)
				(or +1.0% on 2006-07 Original)

Analysis of Financial and Staffing Provision

Provision for 2007-08 is \$1.1 million (1.0%) higher than the revised estimate for 2006-07. This is mainly due to the additional provision required for strengthening investment promotion work in the Mainland.

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



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Sub-head (Code)	Actual expenditure 2005-06	Approved estimate 2006-07	Revised estimate 2006-07	Estimate 2007-08	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	63,681	63,563	63,563	64,651
	Total, Recurrent	63,681	63,563	63,563	64,651
Non-Recurrent					
700	General non-recurrent.....	42,182	42,500	42,500	42,500
	Total, Non-Recurrent	42,182	42,500	42,500	42,500
	Total, Operating Account.....	105,863	106,063	106,063	107,151
	Total Expenditure.....	105,863	106,063	106,063	107,151

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Details of Expenditure by Subhead

The estimate of the amount required in 2007–08 for the salaries and expenses of Invest Hong Kong is \$107,151,000. This represents an increase of \$1,088,000 over the revised estimate for 2006–07 and of \$1,288,000 over actual expenditure in 2005–06.

Operating Account

Recurrent

2 Provision of \$64,651,000 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 2007 will be 35 permanent posts. No change in establishment is expected in 2007–08. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2007–08, 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:

	2005–06 (Actual) (\$'000)	2006–07 (Original) (\$'000)	2006–07 (Revised) (\$'000)	2007–08 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	18,485	19,114	18,725	18,738
- Allowances.....	193	178	178	173
- Job-related allowances	—	1	—	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	12	12	12	12
Departmental Expenses				
- General departmental expenses.....	44,991	44,258	44,648	45,727
	<u>63,681</u>	<u>63,563</u>	<u>63,563</u>	<u>64,651</u>

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2006	Revised estimated expenditure for 2006-07	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
	009	Boosting Investment Promotion Work...	200,000	105,568	42,500	51,932
		Total.....	200,000	105,568	42,500	51,932