

Head 79 — INVEST HONG KONG

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

Estimate 2009–10 **\$111.6m**

Establishment ceiling 2009–10 (notional annual mid-point salary value) representing an estimated 33 non-directorate posts as at 31 March 2009 and as at 31 March 2010 **\$16.7m**

In addition, there will be an estimated two directorate posts as at 31 March 2009 and as at 31 March 2010.

Commitment balance **\$67.1m**

Controlling Officer's Report

Programme

Investment Promotion

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

Detail

	2007–08 (Actual)	2008–09 (Original)	2008–09 (Revised)	2009–10 (Estimate)
Financial provision (\$m)	107.7	109.3	110.5 (+1.1%)	111.6 (+1.0%)
				(or +2.1% on 2008–09 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 2008, 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. The Department participated in major international and regional events to promote inward investment, such as the Cathay Pacific/Credit Suisse Hong Kong Sevens 2008, the Cable and Satellite Broadcasting Association of Asia's annual convention, the 47th OSEAL Forum, Hedge Funds World Asia and the ASEAN Ports & Shipping. Invest Hong Kong 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. The Department organised a series of 17 community programmes for foreign communities in Hong Kong. The programmes included a reception and a booklet devoted to the particular communities and proved to be a useful vehicle for providing aftercare and networking opportunities to existing investors. In addition, advertisements and articles were placed in major publications in key overseas markets to promote the advantages of investing in Hong Kong. The Department also launched two TV advertising bursts in major worldwide markets as part of its branding efforts.

Head 79 — INVEST HONG KONG

5 The key performance measures are:

Indicators

	2005 (Actual)	2006 (Actual)	2007 (Actual)
inflow of foreign direct investment into Hong Kong amount at market value (\$ billion).....	261.5	350.0@	423.9@
Hong Kong's share of foreign direct investment inflows into South, East and South-East Asia (%).....	20.1	21.6§	22.4

@ The substantial increase was attributable in part to large sum of operating profit of Hong Kong enterprises retained as reinvested earnings.

§ The figure has been amended in accordance with the World Investment Report after the preparation of the 2008–09 Estimates.

	2007 (Actual)	2008 (Actual)	2009 (Estimate)
no. of projects pursued	1 139	1 121	1 090
no. of projects completed^.....	253	257	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.

Matters Requiring Special Attention in 2009–10

6 During 2009–10, Invest Hong Kong will:

- strengthen co-operation with the overseas and the Mainland Economic and Trade Offices and Hong Kong Trade Development Council's offices outside Hong Kong;
- enhance efforts on investment promotion, particularly in new emerging markets and in the Mainland and Taiwan; and
- continue the joint overseas marketing activities with Pearl River Delta cities; and increase promotion of CEPA in overseas markets.

Head 79 — INVEST HONG KONG

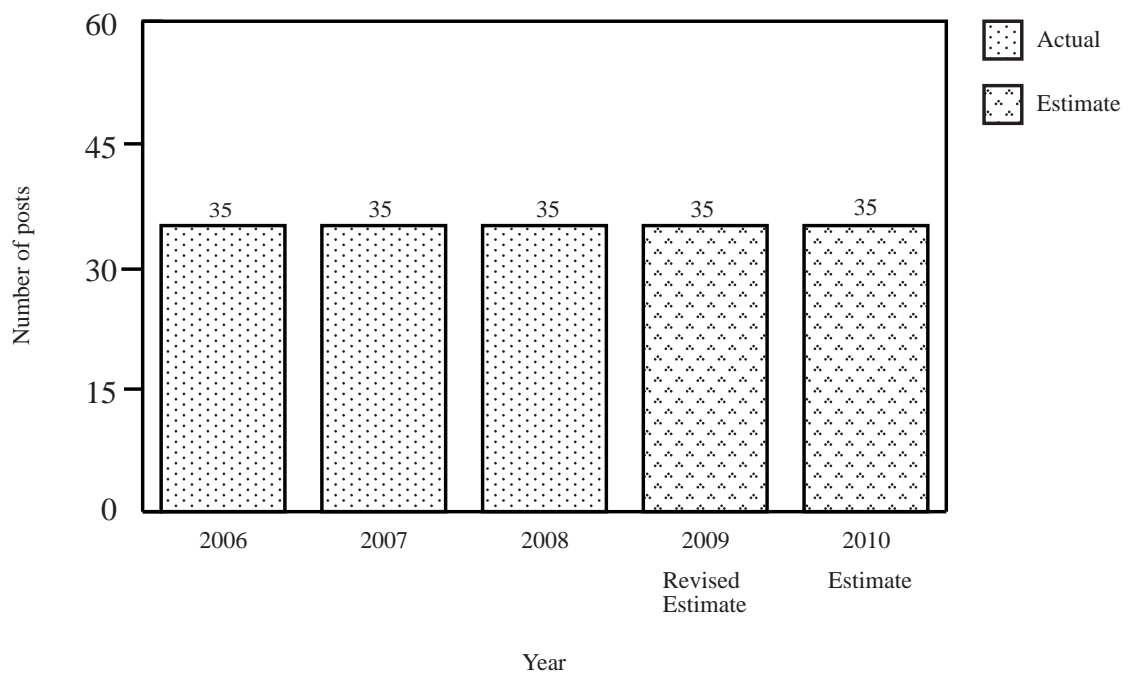
ANALYSIS OF FINANCIAL PROVISION

Programme	2007–08 (Actual) (\$m)	2008–09 (Original) (\$m)	2008–09 (Revised) (\$m)	2009–10 (Estimate) (\$m)
Investment Promotion	107.7	109.3	110.5 (+1.1%)	111.6 (+1.0%)
				(or +2.1% on 2008–09 Original)

Analysis of Financial and Staffing Provision

Provision for 2009–10 is \$1.1 million (1.0%) higher than the revised estimate for 2008–09. This is mainly due to increased salary provision for contract staff and additional operating expenses required for boosting investment promotion work.

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



Head 79 — INVEST HONG KONG

Sub-head (Code)		Actual expenditure 2007–08	Approved estimate 2008–09	Revised estimate 2008–09	Estimate 2009–10
		\$'000	\$'000	\$'000	\$'000
Operating Account					
	Recurrent				
000	Operational expenses	65,571	66,468	67,677	69,062
	Total, Recurrent	65,571	66,468	67,677	69,062
	Non-Recurrent				
700	General non-recurrent	42,114	42,839	42,839	42,500
	Total, Non-Recurrent	42,114	42,839	42,839	42,500
	Total, Operating Account	107,685	109,307	110,516	111,562
<hr/>					
	Total Expenditure	107,685	109,307	110,516	111,562

Head 79 — INVEST HONG KONG

Details of Expenditure by Subhead

The estimate of the amount required in 2009–10 for the salaries and expenses of Invest Hong Kong is \$111,562,000. This represents an increase of \$1,046,000 over the revised estimate for 2008–09 and of \$3,877,000 over actual expenditure in 2007–08.

Operating Account

Recurrent

2 Provision of \$69,062,000 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 2009 will be 35 permanent posts. No change in establishment is expected in 2009–10. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2009–10, but the notional annual mid-point salary value of all such posts must not exceed \$16,704,000.

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

	2007–08 (Actual) (\$'000)	2008–09 (Original) (\$'000)	2008–09 (Revised) (\$'000)	2009–10 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	19,433	19,713	20,911	21,232
- Allowances	135	175	186	181
- Job-related allowances	1	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution	12	12	1	—
Departmental Expenses				
- General departmental expenses	45,990	46,567	46,578	47,648
	<u>65,571</u>	<u>66,468</u>	<u>67,677</u>	<u>69,062</u>

Head 79 — INVEST HONG KONG

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2008	Revised estimated expenditure for 2008–09	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	009	Boosting Investment Promotion Work ..	300,000	190,108	42,839	67,053
		Total	300,000	190,108	42,839	67,053