

Head 79 — INVEST HONG KONG

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

Estimate 2010–11	\$105.8m
Establishment ceiling 2010–11 (notional annual mid-point salary value) representing an estimated 33 non-directorate posts as at 31 March 2010 and as at 31 March 2011	\$16.0m
In addition, there will be an estimated two directorate posts as at 31 March 2010 and as at 31 March 2011.	
Commitment balance	\$25.8m

Controlling Officer's Report

Programme

Investment Promotion

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

Detail

	2008–09 (Actual)	2009–10 (Original)	2009–10 (Revised)	2010–11 (Estimate)
Financial provision (\$m)	108.0	111.6	111.3 (–0.3%)	105.8 (–4.9%)
				(or –5.2% on 2009–10 Original)

Aim

2 The aim is to attract and assist foreign, 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 was set up in July 2000 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 2009, Invest Hong Kong proactively identified and approached hundreds of individual target companies in key geographic markets. It also placed particular focus on encouraging companies from the Mainland and Taiwan and important emerging markets to set up operations in Hong Kong. In close collaboration with partners primarily from the Pearl River Delta region, it has conducted joint promotion seminars in overseas markets to promote the combined advantages of Hong Kong and the Mainland. The nationwide marketing campaign "On Your Marks, Get-set, Go!", aimed at attracting the Mainland privately-owned enterprises to Hong Kong, continued with promotion in Jiangsu and Sichuan. The Department stepped up promotional efforts in Taiwan with a view to attracting more Taiwan companies to set up or expand their business in Hong Kong. Invest Hong Kong also refined its marketing strategy, revamped its website and channelled more of its promotion efforts into direct marketing and online advertising.

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 is also continuing to strengthen its aftercare support service to companies already established in Hong Kong.

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6 The key performance measures are:

Indicators

	2006 (Actual)	2007 (Actual)	2008 (Actual)
inflow of foreign direct investment into Hong Kong amount at market value (\$ billion).....	350.0	423.9@	464.3@
Hong Kong's share of foreign direct investment inflows into South, East and South-East Asia (%).....	21.0§	21.4§	20.3

@ 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 2009–10 Estimates.

	2008 (Actual)	2009 (Actual)	2010 (Estimate)
no. of projects pursued	1 121	1 179	1 200
no. of projects completed^	257	265	270

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

Matters Requiring Special Attention in 2010–11

7 During 2010–11, 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;
- continue with investment promotional efforts, in particular on the Mainland, in Taiwan and other emerging markets such as India, Middle East, Russia and South America;
- continue the joint overseas marketing activities with Pearl River Delta cities; and
- strengthen aftercare support with enhanced research capabilities.

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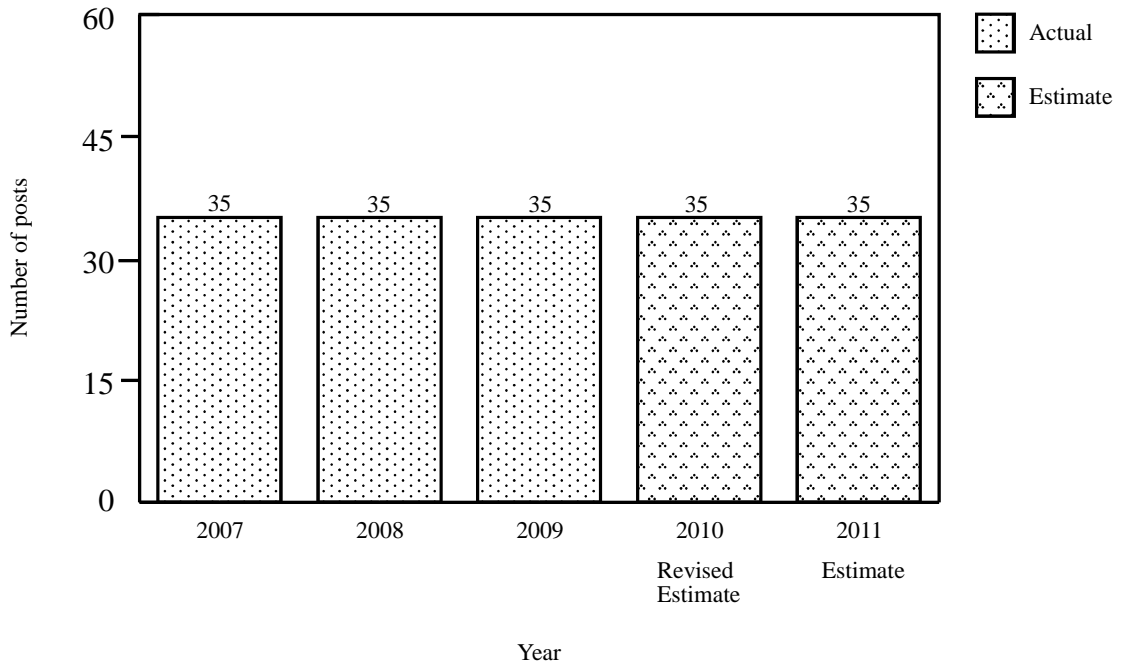
ANALYSIS OF FINANCIAL PROVISION

Programme	2008–09 (Actual) (\$m)	2009–10 (Original) (\$m)	2009–10 (Revised) (\$m)	2010–11 (Estimate) (\$m)
Investment Promotion.....	108.0	111.6	111.3 (–0.3%)	105.8 (–4.9%)
				(or –5.2% on 2009–10 Original)

Analysis of Financial and Staffing Provision

Provision for 2010–11 is \$5.5 million (4.9%) lower than the revised estimate for 2009–10. This is mainly due to a decreased cash flow requirement for a general non-recurrent item in 2010–11, partly offset by the increased provision to sustain the momentum of investment promotion work.

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



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Sub-head (Code)	Actual expenditure 2008-09	Approved estimate 2009-10	Revised estimate 2009-10	Estimate 2010-11	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	66,468	69,062	68,839	79,939
	Total, Recurrent.....	<u>66,468</u>	<u>69,062</u>	<u>68,839</u>	<u>79,939</u>
Non-Recurrent					
700	General non-recurrent.....	41,555	42,500	42,500	25,837
	Total, Non-Recurrent.....	<u>41,555</u>	<u>42,500</u>	<u>42,500</u>	<u>25,837</u>
	Total, Operating Account.....	108,023	111,562	111,339	105,776

	Total Expenditure.....	<u>108,023</u>	<u>111,562</u>	<u>111,339</u>	<u>105,776</u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2010–11 for the salaries and expenses of Invest Hong Kong is \$105,776,000. This represents a decrease of \$5,563,000 against the revised estimate for 2009–10 and of \$2,247,000 against actual expenditure in 2008–09.

Operating Account

Recurrent

2 Provision of \$79,939,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of Invest Hong Kong. The increase of \$11,100,000 (16.1%) over the revised estimate for 2009–10 is mainly due to the increased provision for sustaining the momentum of investment promotion work in 2010–11.

3 The establishment as at 31 March 2010 will be 35 permanent posts. No change in establishment is expected in 2010–11. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2010–11, but the notional annual mid-point salary value of all such posts must not exceed \$16,046,000.

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

	2008–09 (Actual) (\$'000)	2009–10 (Original) (\$'000)	2009–10 (Revised) (\$'000)	2010–11 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	20,878	21,232	21,011	20,158
- Allowances.....	142	181	179	141
- Job-related allowances	1	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	1	—	20	25
Departmental Expenses				
- General departmental expenses	45,446	47,648	47,628	59,614
	66,468	69,062	68,839	79,939

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Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2009	Revised estimated expenditure for 2009–10	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700	<i>General non-recurrent</i>					
	009	Boosting Investment Promotion Work...	300,000	231,663	42,500	25,837
		Total.....	300,000	231,663	42,500	25,837