

CAPITAL INVESTMENT FUND

CAPITAL INVESTMENT FUND

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 2001–02 are estimated at \$335,842,000. The payments for 2002–03 are estimated at \$5,555,480,000.

4 The revised receipts for 2001–02 are estimated at \$2,818,856,000. The receipts for 2002–03 are estimated at \$3,202,851,000.

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 ended 31 December 1994. It is estimated that the Authority will have repaid \$5,750,181,000 by 31 March 2002.

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7 The Authority will continue to share 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 2001–02 and 2002–03 are expected to be \$1,381,841,000 and \$811,239,000 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 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 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.

Head 962—Industry

Hong Kong Science and Technology Parks Corporation

10 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. According to section 17(1) of the Ordinance, the authorised capital of the HKSTPC is equal to the value of the net assets in respect of all assets and liabilities vested in the HKSTPC on 7 May 2001.

11 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 Science Park Phase 2. The equity will be injected in phases to meet expenditure on construction work. The loan will be drawn as required after the equity has been fully injected. It is estimated that the first injection of equity will be made in 2003–04.

Applied Research Fund

12 On 13 December 1991, the Finance Committee approved a sum of \$200,000,000 for the setting up of an Applied Research and Development Scheme to provide funding for worthwhile applied industrial research and development projects. On 11 December 1992, the Finance Committee approved revised terms and conditions for operating the Scheme, whereby government investment in projects funded under the Scheme should be by way of equity participation in the recipient companies or a loan or a combination of both, and that a private limited company wholly owned by the Government should be formed to hold and manage the Government's investments.

13 In February 1993, a private company called the Hong Kong Applied R&D Fund Company Limited was established to administer the Scheme. It was renamed as The Applied Research Council Company Limited in May 1995, and subsequently as The Applied Research Council in June 1996. The Government injected \$175,000,000 into the Council from the Capital Investment Fund by 31 March 1999.

14 On 27 March 1998, the Finance Committee approved the merger of the Scheme with the Co-operative Applied Research and Development Scheme, set up in 1995 with a one-off grant of \$50,000,000 from the Government, to become the Applied Research Fund and the consequential variation to the terms and conditions of the \$175,000,000 equity injection. It also approved a grant of \$525,000,000 to the Applied Research Council for financing applied research and development projects and a change in the Applied Research Council's mode of operation.

Head 965—Asian Development Bank

15 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.

16 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

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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.

17 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.

18 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 30 November 2001, the contingent liability was \$1,769,221,888. This amount will vary with changes in exchange rates. On 10 December 1995, the Central People's Government issued a letter of guarantee to the Bank guaranteeing Hong Kong's financial obligations to the Bank after 1997.

Head 967—MTR Corporation Limited (formerly Mass Transit Railway Corporation)

19 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.

20 The Financial Secretary announced in his Budget Speech on 3 March 1999 the proposed sale of a substantial minority of Mass Transit Railway Corporation shares through an Initial Public Offer (IPO). 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. Immediately before the IPO, 5 000 000 000 shares, being the entire issued capital, were issued to the Government. Of these, 1 150 000 000 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 the Employee Share Grant scheme to eligible employees of the MTRCL and loyalty bonus shares to eligible MTRCL shareholders in October and November 2001. After these transactions, the Government holds approximately 77% of the entire issued share capital of the MTRCL.

21 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 the listing.

22 There are no specific proposals at present which require 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.

23 Cash dividends received from the MTRCL are credited into the General Revenue Account in accordance with the provisions of the Mass Transit Railway Ordinance.

Head 969—Airport Authority

24 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.

25 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.

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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. The loan operates on a revolving basis with a credit limit of \$425,000,000 for a period that is 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. As at 31 March 2001, the Government's capital injection in the company was \$61,125,000. It is estimated that no drawdown of the loan is required in 2001–02 and 2002–03.

28 The company will pay interest monthly on any outstanding balance of the loan at a rate equal to the average of the best lending rates quoted by the note-issuing banks.

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. It is estimated that the Companies Registry Trading Fund will have repaid \$221,360,000 by 31 March 2002.

30 On 16 July 1993, the Finance Committee approved a commitment of \$20,000,000 to provide a loan to meet the trading fund's cash flow requirements in the early years of its operation. The loan operates as an overdraft facility with a credit limit of \$20,000,000. The trading fund was to draw the loan as and when necessary and repay the loan in full within ten years from 2 August 1993. It is expected that the trading fund will not draw down the loan in 2001–02 and 2002–03.

31 On 7 December 2001, the Finance Committee approved a commitment of \$150,000,000 to provide a loan to the Companies Registry Trading Fund to enable the Companies Registry to proceed with the implementation of an Integrated Companies Registry Information System. The trading fund will draw the loan as and when necessary from 2002–03 to 2004–05 and repay the loan by five equal annual instalments beginning on the first anniversary of the date of the final drawdown, or on 31 March 2006, whichever is the earlier. It is expected that the trading fund will draw down \$30,000,000 in 2002–03.

Land Registry

32 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. It is estimated that the Land Registry Trading Fund will have repaid \$189,280,000 by 31 March 2002.

33 On 16 July 1993, the Finance Committee approved a commitment of \$160,700,000 to provide a loan to the trading fund to finance part of the cost of a number of computerisation and office automation projects to improve the trading fund's services. The trading fund was to draw the loan as and when necessary from 1993–94 to 1996–97 and repay the loan over a period of five years from the date of drawdown. The Land Registry drew \$13,000,000 in 1995–96 and had fully repaid the amount by 31 March 2001.

Office of the Telecommunications Authority

34 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

35 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. It is estimated that the Post Office Trading Fund will have repaid \$540,240,000 by 31 March 2002.

Electrical and Mechanical Services Trading Fund

36 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

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\$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. It is estimated that the Electrical and Mechanical Services Trading Fund will have repaid \$151,400,000 by 31 March 2002.

37 On 12 July 1996, the Finance Committee approved a commitment of \$150,000,000 to provide a loan to the Electrical and Mechanical Services Trading Fund. The loan operates as an overdraft facility with a credit limit of \$150,000,000. The trading fund was to draw the loan as and when necessary and repay any outstanding balance in full by 31 July 2006. It is estimated that the trading fund will not draw down the loan in 2001–02 and 2002–03.

Interest Rate

38 The trading funds will pay interest on any outstanding loan balance at a rate equal to the average of the best lending rates quoted by the note-issuing banks.

Head 973—Tourism

39 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.

40 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 will entitle the Government to a 57% shareholding in HKITP. As at 31 March 2001, a total of \$92,678,000 had been injected as equity into HKITP. In 2001–02 and 2002–03, the Government injections are expected to be \$71,842,000 and \$1,224,480,000 respectively. The loan of \$5,619,000,000 plus capitalised interest must be completely repaid within 25 years of HKD Phase I opening. As at 31 March 2001, loans totalling \$20,000,000 had been provided to HKITP. In 2001–02 and 2002–03, the loan drawdowns are expected to be \$264,000,000 and \$2,116,000,000 respectively.

Additional Commitments

41 A sum of \$2,185,000,000 will be provided in 2002–03 to allow for additional commitments that may be identified during the course of the year.

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(Payments)

Sub-head (Code)	Approved commitment	Actual expenditure to 31.3.2001	Revised estimate 2001-02	Estimate 2002-03
	\$'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	—	—
112	Loan to the Hong Kong Science and Technology Parks Corporation.....	1,043,000	—	—
Applied Research Fund				
121	Investment in applied industrial research and development projects.....	175,000	175,000	—
	<i>Head 962: total</i>	3,653,000	175,000	—
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 971—Tradelink Electronic Commerce Limited				
102	Loan for Tradelink Electronic Commerce Limited.....	425,000	200,000	—
	<i>Head 971: total</i>	425,000	200,000	—

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(Payments)

Sub-head (Code)	Approved commitment	Actual expenditure to 31.3.2001	Revised estimate 2001-02	Estimate 2002-03
	\$'000	\$'000	\$'000	\$'000
Investments/Loans				
Head 972—Trading Funds				
101	Loan to Companies Registry loan for working capital revolving loan§	20,000	—	—
	term loan	150,000	—	30,000
102	Loan to Land Registry loan for working capital.....	13,000	13,000	—
106	Loan to Electrical and Mechanical Services Trading Fund loan for working capital§.....	150,000	—	—
	<i>Head 972: total</i>	333,000	13,000	30,000
Head 973—Tourism				
101	Equity in Hongkong International Theme Parks Limited	3,250,000	92,678	71,842
102	Loan to Hongkong International Theme Parks Limited	5,619,000	20,000	264,000
	<i>Head 973: total</i>	8,869,000	112,678	335,842
	Additional Commitments	—	—	2,185,000†
Total (Payments)				
	119,759,924	106,424,021	335,842	5,555,480

§ Actual expenditure to 31.3.2001 represents the net amount of outstanding loans as at that date.

† Subject to Finance Committee's approval.

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(Receipts)

Sub-head (Code)		Actual receipts to 31.3.2001	Revised estimate 2001-02	Estimate 2002-03
		\$'000	\$'000	\$'000
Loan repayments				
	Head 951—Housing			
	Hong Kong Housing Authority			
211	Loan	4,854,333	895,848	941,488
	<i>Head 951: total</i>	<u>4,854,333</u>	<u>895,848</u>	<u>941,488</u>
	Head 971—Tradelink Electronic Commerce Limited			
202	Loan for Tradelink Electronic Commerce Limited			
	loan.....	195,000	—	—
	conversion of loan to equity.....	5,000	—	—
	<i>Head 971: total</i>	<u>200,000</u>	<u>—</u>	<u>—</u>
	Head 972—Trading Funds			
201	Loan to Companies Registry			
	loan for appropriated assets.....	193,690	27,670	27,670
	loan for working capital			
	revolving loan#.....	—	—	—
	term loan.....	—	—	—
202	Loan to Land Registry			
	loan for appropriated assets.....	165,620	23,660	23,660
	loan for working capital	13,000	—	—
205	Loan to Post Office			
	loan for appropriated assets.....	450,200	90,040	90,040
206	Loan to Electrical and Mechanical Services Trading			
	Fund			
	loan for appropriated assets.....	121,120	30,280	30,280
	loan for working capital#	—	—	—
	<i>Head 972: total</i>	<u>943,630</u>	<u>171,650</u>	<u>171,650</u>
	<i>Loan repayments: total</i>	<u>5,997,963</u>	<u>1,067,498</u>	<u>1,113,138</u>
	Dividends and interest on investments/loans	—	1,694,924	1,016,263
	Interest on deposits and bank balances	—	56,434	73,450
	Transfer from General Revenue	—	—	1,000,000
Total (Receipts)		<u><u>5,997,963</u></u>	<u><u>2,818,856</u></u>	<u><u>3,202,851</u></u>

Actual receipts to 31.3.2001 are not shown as the item is a revolving loan.

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Movement of the Account

	Actual				Revised Estimate	Estimate
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
	\$m	\$m	\$m	\$m	\$m	\$m
OPENING BALANCE	2,599	6,368	1,152	3,307	1,754	4,237
Expenditure	119	20,545	8,510	8,103	336	5,556
Revenue	3,888	6,329	2,665	2,950	2,819	2,203
Surplus/(Deficit) before Transfer from GRA	3,769	(14,216)	(5,845)	(5,153)	2,483	(3,353)
Transfer from GRA	—	9,000	8,000	3,600	—	1,000
Surplus/(Deficit) after Transfer from GRA	3,769	(5,216)	2,155	(1,553)	2,483	(2,353)
CLOSING BALANCE	6,368	1,152	3,307	1,754	4,237	1,884

Expenditure Analysis

	Actual				Revised Estimate	Estimate
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
	\$m	\$m	\$m	\$m	\$m	\$m
Investments/Loans						
Hong Kong Housing Authority	—	—	—	—	—	—
Kowloon-Canton Railway Corporation	—	20,500	8,500	8,000	—	—
Hong Kong Science and Technology Parks Corporation	—	—	—	—	—	—
Applied Research Fund	24	—	—	—	—	—
Asian Development Bank	—	—	—	—	—	—
MTR Corporation Limited	—	—	—	—	—	—
Airport Authority	—	—	—	—	—	—
Tradelink Electronic Commerce Limited	95	45	—	—	—	—
Trading Funds	—	—	—	—	—	30
Tourism	—	—	10	103	336	3,341
Additional Commitments	—	—	—	—	—	2,185
Total Expenditure	119	20,545	8,510	8,103	336	5,556

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Revenue Analysis

	Actual				Revised Estimate	Estimate
	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03
	\$m	\$m	\$m	\$m	\$m	\$m
Loan repayments	971	826	1,179	1,028	1,068	1,113
Dividends and interest on investments/loans	2,779	2,677	1,426	1,688	1,695	1,016
Interest on deposits and bank balances	138	340	59	234	56	74
Residual capital from						
Hong Kong IPM Manpower International Limited	—	—	1	—	—	—
Sewage Services Trading Fund	—	2,486	—	—	—	—
Total Revenue	3,888	6,329	2,665	2,950	2,819	2,203