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5 August 2004

Miss Salumi CHAN  
Clerk to Panel  
Panel on Financial Affairs  
Legislative Council  
Legislative Council Building  
8 Jackson Road, Central  
Hong Kong

Dear Miss Chan,

**Panel on Financial Affairs**  
**Follow-up for Meeting on 14 June 2004**

At the Financial Affairs Panel meeting on 14 June, the Administration undertook to provide additional information on the results of Invest Hong Kong (InvestHK)'s efforts in promoting investment in Hong Kong (paragraph 24 of the minutes of meeting). I am writing to provide the required information.

Established in July 2000, InvestHK is tasked to promote Hong Kong's many advantages as a trade, investment and business hub in Asia, and to attract inward direct investment. Its mission is to attract to and retain in Hong Kong economically and strategically important investment. It offers solution-oriented investment promotion, facilitation, and aftercare services to inward investors to ensure that companies have all the support required to establish and expand their operation in Hong Kong.

So far, InvestHK has successfully assisted more than 520 foreign and Mainland companies to set up or expand operations in Hong Kong. These projects have brought in at least HK\$11 billion and created some 8,500 jobs in Hong Kong. A summary of the results achieved by InvestHK is set out as follow –

	<u>2000</u> (July – Dec)	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u> (Jan – June)
<b>No. of projects completed*</b>	35	99	117	142	127
<b>Jobs created**</b>	347	1,504	2,075	2,456	2,110
<b>Investment amount** (HK\$ million)</b>	506	3,500	1,360	2,493	3,363

\* These represent companies assisted by Invest Hong Kong, and do not include companies set up in Hong Kong without such assistance.

\*\* As reported by the companies assisted by Invest Hong Kong themselves. Not all are willing to disclose the data.

**Annex I** presents the breakdown of projects completed by InvestHK by industry sectors. On a cumulative basis, the largest number of completed projects came from the trade related services sector. This is followed by information technology, technology, business and professional services and telecommunications. The sector which shows the greatest growth is tourism and entertainment.

In terms of geographical location, the majority of the completed projects have their parent companies in Europe, the USA or Japan. Details of their distribution are in **Annex II**. It can be seen that the Mainland has become an increasingly important source of projects. This reflects the more liberal external investment regime (“going out”) adopted by the Mainland, the strength of Hong Kong in performing the role of a springboard to the world for Mainland companies, and the strengthened efforts by InvestHK to attract investment projects from the Mainland.

There have been increasing opportunities for Hong Kong to leverage on its strategic role following China's entry into the World Trade Organisation in December 2001 and the implementation of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) since January 2004. In this regard, the Administration has injected additional resources to InvestHK commencing 2003-04 for five years to strengthen its investment promotion efforts. Accordingly, InvestHK has made use of the additional resources to expand its external representation and to strengthen its human resources in-house. These efforts enable more overseas visits to be arranged to call on foreign and Mainland companies with an interest in Hong Kong. InvestHK will continue to organise and take part in more business seminars and other appropriate forums to provide information and advice to Mainland companies planning to expand abroad, and to companies abroad interested in investing in Hong Kong and the Greater Pearl River Delta. InvestHK will also continue to sponsor and participate in major international business events with a view to raising Hong Kong's profile, informing investors about Hong Kong's many advantages and strengthening Hong Kong's position as an investment destination. Starting in 2004, InvestHK has set itself the target of facilitating the completion of some 200 investment projects per annum.

It is always difficult to forecast the results of investment promotion efforts because many variables are not within the control of InvestHK, e.g. the state of world economy. Moreover, investment projects tend to have a long lead-time. From our experience, it normally takes some 18 to 24 months before an investment project could be finalised and launched in Hong Kong.

Yours sincerely,

( Ms Ophelia Tsang )  
for Director-General of Investment Promotion

c.c. FSO (Attn: Mr TE Chi Wang)  
PS(CI) (Attn: Miss Clara Tang)

**Completed Projects by InvestHK**  
**Breakdown by Industry**

<b>Sector</b>	<b>2000*</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004**</b>
<b>FS</b>	2	9	12	15	10
<b>BPS</b>	4	7	15	15	15
<b>IT</b>	5	16	10	15	12
<b>Tech</b>	5	11	12	14	16
<b>Tel</b>	3	16	12	10	8
<b>M&amp;M</b>	-	4	2	5	1
<b>T&amp;E</b>	1	1	2	7	8
<b>TRS</b>	2	10	21	23	24
<b>Tran</b>	2	4	12	15	14
<b>Others</b>	11	21	19	23	19
<b>Total</b>	<b>35</b>	<b>99</b>	<b>117</b>	<b>142</b>	<b>127</b>

\* July – December figures

\*\* January – June figures

FS - Financial Services

BPS - Business and Professional Services

IT - Information Technology

Tech - Technology

Tel – Telecommunications

M&M - Media & Multimedia

T&E - Tourism and entertainment

TRS - Trade related services

Tran - Transportation

**Completed Projects by InvestHK**  
**Breakdown by Geographical Location**

<b>Region</b>	<b>2000*</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004**</b>
<b>Europe</b>	11	30	54	37	29
<b>USA</b>	12	36	28	35	32
<b>Japan + Korea</b>	7	24	12	29	22
<b>Mainland</b>	0	0	6	17	22
<b>Australia + NZ</b>	3	2	4	6	6
<b>Canada</b>	2	3	5	4	4
<b>Rest of Asia</b>	0	4	7	12	10
<b>Others</b>	0	0	1	2	2
<b>Total</b>	<b>35</b>	<b>99</b>	<b>117</b>	<b>142</b>	<b>127</b>

\* July – December figures

\*\* January – June figures