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3 May 2004

Miss Polly Yeung
Clerk to Panel
Panel on Commerce and Industry
Legislative Council
Legislative Council Building
8 Jackson Road, Central
Hong Kong

Dear Miss Yeung,

**Panel on Commerce and Industry
Follow-up for Meeting on 8 March 2004**

At the Commerce and Industry Panel meeting on 8 March, the Administration undertook to provide further information on a number of issues. I am writing to provide the Administration's response on these issues.

**Joint promotion with Pearl River Delta (PRD) region authorities
(paragraph 8 of the minutes of meeting)**

Invest Hong Kong (InvestHK) has been organising joint investment promotion activities together with the PRD authorities since September 2002. The primary objective of these missions is to help foreign companies better appreciate the Hong Kong – PRD interaction and better understand the advantages which make the Greater PRD an ideal place for overseas investment. Foreign companies are encouraged to set up operations (regional headquarters or regional offices) in Hong Kong and carry out manufacturing activities in the Greater PRD region, including Hong Kong where appropriate. Following the signing of the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) in June 2003, we have also highlighted the new investment opportunities arising from CEPA in our joint promotional activities.

A total of nine overseas joint promotions have been carried out with the various authorities in the PRD region. Out of these activities, InvestHK has identified a number of foreign potential investors, and has been proactively following up with them. So far, four investment projects have been successfully completed, and another 34 projects are being pursued.

From our experience, it normally takes some 18 to 24 months before an investment project could be finalised and launched in Hong Kong. Hence, the effectiveness of these joint promotional activities would be difficult to measure at the present stage. Furthermore, creating and increasing the awareness of the Greater PRD region as an investment destination is a long term process which requires ongoing promotions.

Detailed breakdown on the staffing position of companies assisted by InvestHK (paragraph 20 of the minutes of meeting)

A detailed breakdown on the staffing position of companies assisted by InvestHK, in particular those with more than 100 employees, is at **Annex I**. As explained in our paper to the Panel (CB(1)1191/03-04(03)), the information was reported by the companies on a voluntary basis. InvestHK will continue to persuade the companies receiving our assistance to reveal the requested information, bearing in mind that this is purely voluntary on the part of the companies.

Mechanism to track development of foreign and Mainland companies in Hong Kong (paragraph 20 of the minutes of meeting)

As an aftercare service, InvestHK maintains regular contacts with foreign and Mainland companies established in Hong Kong to ensure that they continue to receive adequate support for operation and future expansion. To strengthen our aftercare service, we will adopt an appropriate mechanism starting from 2005 to keep track of the development of those foreign / Mainland companies which have established their operations in Hong Kong for more than 3 years, particularly with respect to any additional capital investment and creation of jobs.

**Investment promotion work under the Relaunch Campaign
(paragraph 21 of the minutes of meeting)**

InvestHK has made use of the funding under the Relaunch Hong Kong Campaign to carry out several events for investment promotion purpose. A summary is given in **Annex II**.

Yours sincerely,

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

Encl.

c.c. Secretary for Commerce, Industry and Technology
(Attn: Miss Amy Chan)

Completed Projects by InvestHK
Breakdown by Number of Jobs Created

No. of Jobs Created	2000*	2001	2002	2003	Total
1 - 2	7	22	22	47	98
3 - 5	17	28	29	36	110
6 - 10	6	16	16	18	56
11 - 20	1	7	17	9	34
21 - 50	1	8	11	8	28
51 - 100	2	5	6	1	14
101 - 150	0	0	2	1	3
151 - 200	0	2	2	1	5
201 - 250	0	0	1	1	2
251 - 350	0	0	0	0	0
351 - 450	0	0	0	1	1
451 - 550	0	0	0	1	1
N/A**	1	11	11	18	41
Total	35	99	117	142	393

* July – December figures

** Some companies were not willing to reveal the information to InvestHK.

**Investment Promotion Activities
under the Relaunch Hong Kong Campaign**

BusinessWeek CEO Forum (5 – 6 November 2003)

InvestHK sponsored \$780,000, i.e. 50% of the fee for inviting Bill Clinton, former President of the USA, to Hong Kong as keynote speaker for the event held on 5-6 November 2003. Clinton's presence at the forum drew a large audience of business leaders and senior executives and generated a lot of local as well as international press coverage.

European Leadership Forum 2003 in Paris (1 – 2 December 2003)

InvestHK sponsored the European Leadership Forum 2003 in Paris organised by the BusinessWeek. The international event provided great opportunity to present Hong Kong's advantages as an ideal location for investment in Asia to over 300 senior European businessmen, and regain their confidence and interest in Hong Kong. The sponsorship cost \$1 million.

Forbes Global CEO Conference 2004 cum Forbes Global's 200 Best Small Companies Awards (July 2003 – September 2004)

Through sponsoring the Forbes Global's 200 Best Small Companies Award Ceremony in October 2003, InvestHK was able to network and build business relationship with the 200 winning Asian companies who were potential investors to Hong Kong. Invest Hong Kong also provides host sponsorship for Forbes Global CEO Conference to be held in Hong Kong in September 2004. Entitlements include advertising and advertorials in Forbes magazine, and participation in Forbes CEO Conference in USA and other receptions. Each conference or event is expected to attract 200-350 CEOs from around the world and attract international media attention. The advertising has wide coverage by over one million circulation in the USA and worldwide.

The estimated cost for the sponsorship is \$13,810,000.