

INVESTMENT PROMOTION AMBASSADOR NEWSLETTER



The Government of the Hong Kong Special Administrative Region

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Another Bonanza Year in 2005

2005 saw another record year for InvestHK. With your help, we assisted a total of 232 overseas, Mainland and Taiwan companies to set up or expand their business operations in Hong Kong in 2005, representing a substantial increase of 13% over our 2004 results, itself a record year. As Hong Kong wins more investment and becomes more international and rich with skills and experience, the city is becoming even more attractive to international investors.

Several esteemed international institutes testify to Hong Kong's appeal. Hong Kong has retained the position as the world's freest economy for the 12th consecutive year according to the "2006 Index of Economic Freedom" by the Heritage Foundation and Wall Street Journal. In addition, our city was selected as the overall winner of "Asian City of the Future 2005/06" by fDi Magazine (published by Financial Times Business Group) in a competition involving over 60 cities and regions in Asia Pacific.

The opening of AsiaWorld-Expo (AWE) in December 2005 marked a critical milestone for the development of Hong Kong's exhibition and related industries. As the Chairman of the holding company, I took great delight in attending AWE's first exhibition in early January. The supporting train connections from the venue to Central are impressive and make the facility very convenient. It is another enviable example of Hong Kong's showcase infrastructure.

Our Plans for 2006

Building on last year's momentum, a promising 2006 is on the horizon. We set ourselves a challenging and bullish target of winning between 240 and 250 investment projects in 2006, just about one new investment project per business day.

We hope we can count on your continuing support in the capacity of Investment Promotion Ambassadors. I would like to thank you all again and specifically, Dr Marshall Byres, Mr Kong Qingping, Mr Ronnie Chan and **Mr Jurgen Kracht** for their support at our recent events.

As another new initiative, we are systematically meeting each of you to say thank you for your help and to exchange views on how to further strengthen our joint efforts on investment promotion. These meetings will be led by a Directorate member of InvestHK. In this respect, I would like to extend my thanks to Mr Paul Lewis, Mr Vincent Cheng, Mr Nicholas Brooke and Mr Robert Ng for taking the time to share their insights with us. [We look forward to meeting the rest of you in the coming months!](#)

Wishing you all a prosperous 2006 and Year of the Dog,

Mike Rowse
Director-General of Investment Promotion
Invest Hong Kong

Another Bonanza Year in 2005

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InvestHK Exceeded Target Wins in 2005, and Posted Another Record Year

We exceeded our target of 220 projects for 2005 and achieved our best year on record by assisting 232 foreign, Mainland and Taiwan companies to set up or expand operations in Hong Kong in 2005. This represented a 13% increase over 2004.

Key details about our results are:

- The most popular source countries of investment were the US, the mainland of China and Japan.
- The most popular sectors were: consumer, retail and sourcing; business and professional services; financial services and technology.
- The Closer Economic Partnership Arrangement (CEPA) between Hong Kong and the Mainland positively influenced 27% of our clients' investment decisions in 2005.

For further details please go to the press release issued on 11 January 2006:

http://www.investhk.gov.hk/readnews.aspx?id=1451&parent_id=1061

Hong Kong's Inward Direct Investment Sustained Robust Growth for the First Three Quarters in 2005

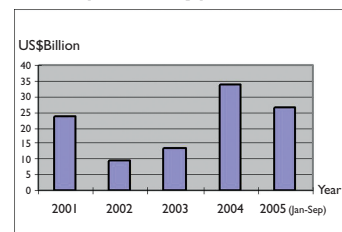
According to the preliminary Balance of Payments figures released by the Census & Statistics Department, Hong Kong's inward direct investment in the first three quarters of 2005 amounted to US\$26.7 billion. This is a 7.5% increase from the same period in 2004.

This 9 month figure is also greater than the 12 month figures for each year from 2001 to 2003. Hong Kong's popularity is anything but diminishing.

For further details please go to the press release issued on 29 December 2005:

<http://www.info.gov.hk/gia/general/200512/29/P200512290130.htm>

Hong Kong's Inward Direct Investment from 2001 to 2005 (Jan - Sep)



Hong Kong Rated as the World's Freest Economy for 12th Consecutive Year

According to the 2006 Index of Economic Freedom study released by the Heritage Foundation and Wall Street Journal (WSJ), Hong Kong topped the list, for the 12th consecutive year, among a total of 157 economies worldwide.

For further details please refer to the press release issued on 4 January 2006:

<http://www.info.gov.hk/gia/general/200601/04/P200601040104.htm>

The 2006 Index of Economic Freedom study by the Heritage Foundation / WSJ

Rank	Economy
1	Hong Kong
2	Singapore
3	Ireland
4	Luxembourg
5	Iceland

Hong Kong's Capital Markets ranked as the Best Market for Entrepreneurial Finance in Asia in 2005

According to the 2005 Milken Institute Capital Access Index, Hong Kong ranked first in Asia, and second only to the United Kingdom in a global analysis of entrepreneurs' access to capital. This Index gave a comprehensive analysis of the breadth, depth and vitality of capital markets in 121 countries worldwide and ranked them on more than 50 measurements.

For further details please refer to the announcement made on 27 October 2005:

<http://www.milkeninstitute.org/publications/publications.taf?cat=PBriefs&function=detail&ID=459>

The 2005 Milken Institute Capital Access Index

Rank	Economy
1	United Kingdom
2	Hong Kong
3	Singapore
4	United States
5	Sweden

Boosting InvestHK's Skills and Reach

2006 will see exciting growth and development of InvestHK's network in Hong Kong and beyond.

In Hong Kong we will improve our non-English language skills by engaging a part time Spanish speaker (to assist with Spain and the Latin American markets), taking on a full time Putonghua interpreter and increasing our in-house Japanese consultant's role from part time to full time.

Outside Hong Kong, we will benefit from the new Economic and Trade Offices mooted in the CE's Policy Address. The new offices in Shanghai, Chengdu and Eastern Europe will have some inward investment capacity. In addition, we plan to engage a consultant to act for InvestHK in Taiwan. Before too long, we will be able to claim a network of over 130 people based in some 27 business centres in 19 markets.

Hong Kong Remaining as the Leader for Investment Environment in Asia

InvestHK has commissioned the "2005 Global Perception Audit" which gauged Hong Kong's current and potential investors' opinions of our city's investment environment and InvestHK. The findings are illuminating.

The survey revealed that Hong Kong clearly retains the leading position in terms of overall investment environment in Asia amongst current investors. The clear winners of how people perceived our city's strengths are the established infrastructure, our status as Asia Pacific's business hub, stable rule of law, access to the Mainland market. The high cost of real estate is perceived as the biggest weakness.

Perception gap exists between current investors and potential investors since the former are better informed about Hong Kong's real business situation and thus give higher ratings for rule of law, corruption-free government, political stability, fair competition environment and freedom of press and information flow.

Keeping Track of Our Markets

In addition to undertaking the global perception survey in 2006 (like the one for 2005), we are planning to commission 5 research studies into the following specific areas:

- Sector Benchmarking Study: (1) Furniture (2) Multi-media and (3) Retail Sourcing;
- In-market Sectoral Research: (1) Brazil and (2) France

We will report key findings from these surveys to you in due course.

Investment Promotion Events with IPAs: Sep-Dec 2005

Hong Kong and Guangdong Joined Hands to Hold Mega Investment Promotion Events in North America

"**Hong Kong - Guangdong Business Conference USA 2005**" (in San Francisco on 14 October) and "**Hong Kong - Guangdong Business Forum in Canada 2005**" (in Vancouver on 24 October) were successfully held to urge North American investors to invest in the Greater Pearl River Delta (GPRD) region. The Financial Secretary, Mr Henry Tang, and the Chief Executive, Mr Donald Tsang, of the HKSAR led high-level delegations and delivered keynote addresses at the Conference and the Forum. We were honoured that, Mr Huang Huahua Governor of the People's Government of Guangdong Province also participated in this high level delegation together with them.

Around 1000 to 1100 top executives from US / Canadian companies (respectively) attended the events and showed strong interest in the business opportunities in the GPRD region. Two seminars "Capitalising on the Hong Kong Advantage" and "Hong Kong: Canada's Bridgehead in China" were organised during the events to explain the distinct advantages of Hong Kong as the strategic gateway to entering the Mainland market.

Dr Marshall Byres, Senior Advisor of Ernst & Young, accepted our invitation to deliver a speech on the topic "Hong Kong's Advantages as A Service Centre for Mainland China".

For further details of the above events, please go to the press release issued on 15 and 25 October 2005:

http://www.investhk.gov.hk/readnews.aspx?id=1345&parent_id=1061

http://www.investhk.gov.hk/readnews.aspx?id=1363&parent_id=1061



Photo shows (left) the DGIP, Mr Mike Rowse, speaking at the Hong Kong seminar in San Francisco



Photo shows (second from left) the DGIP, Mr Mike Rowse, responding to the audience at the Q&A session of the Hong Kong seminar in Vancouver.



Photo shows Dr Byres speaking at the Hong Kong seminar in San Francisco.



Photo shows (second from left) Mr Kong and (first from right) Associate Director-General, Ms Ophelia Tsang, at the seminar in Hong Kong.

Seminar for Investment Study Delegation from the Mainland

A seminar entitled "Hong Kong - the Platform for Mainland Enterprises - Dialogue with CEOs" was organised on 17 November for an investment study delegation comprising over 100 business executives and Government officials from various regions of the Mainland.

Mr Kong Qingping, Vice Chairman & President of China Overseas Holdings Ltd, was invited to share with the delegation his experience of how Hong Kong could serve as the ideal platform for Mainland enterprises' global business.

Reception Dinner for Investment Study Delegation from Shanghai

InvestHK hosted a reception dinner on 17 November to receive the investment study delegation of around 40 business executives led by Shanghai COFTEC (上海市對外經濟貿易委員會).

Mr Ronnie Chan, Chairman, Hang Lung Properties Ltd, attended this evening function and shared with the delegation his insights into doing business in Hong Kong and utilising our city as a springboard for Mainland companies' overseas expansion.



Photo shows (first from left) Mr Chan and (second from left) the DGIP, Mr Mike Rowse, at the reception dinner in Hong Kong.

Hong Kong and Fujian Jointly Promoted Pan-PRD to German Investors

Hong Kong and Fujian for the first time partnered to organise a seminar entitled "Hong Kong and Fujian: Partners for Your China Strategy" in Düsseldorf, Germany on 23 November. Over 80 senior business executives participated in the event and enjoyed enthusiastic discussions about the business potential in the Pan-PRD region.

Mr Jurgen Kracht, Managing Director of Fiducia Management Consultants, supported the event as one of the guest speakers. He provided very practical and tailored business advice to the German audience.

For further details of the event please go to the press release issued on 24 November 2005:

http://www.investhk.gov.hk/readnews.aspx?id=1411&parent_id=1061



Photo shows Mr Kracht speaking at the joint promotion seminar in Düsseldorf.



InvestHK's latest TV commercial aired on CNBC worldwide

Our new TV commercial has been airing since mid-October on CNBC worldwide.

Click on the icon to the left to view it. You may recognise some of the feature characters!

Planner (those events marked with "#" are to be confirmed)

	International events	Overseas missions by DGIP, Mr Mike Rowse	Overseas missions by Associate Director-Generals**
Jan (15-31)	<ul style="list-style-type: none"> Latin American Community Programme (18 Jan)* German Community Programme (19 Jan)* 	<ul style="list-style-type: none"> Dubai, Kuwait, Istanbul, Tel Aviv (21-27 Jan) 	<ul style="list-style-type: none"> Singapore (18-19 Jan) Mumbai, Bangalore, Kolkata (22-26 Jan) Brisbane (30-31 Jan)
Feb	<ul style="list-style-type: none"> Indian Community Programme (15 Feb)#* Mainland Community Programme* / Spring Reception (16 Feb) Cambridge Network Meeting "Why China is Important" (23 Feb) 	<ul style="list-style-type: none"> Montreal, Boston, Chicago, Los Angeles, Honolulu (20-25 Feb) 	<ul style="list-style-type: none"> Sydney (1-2 Feb) Dubai, Singapore, Thailand, Malaysia (20-24 Feb) Auckland, Sydney, Melbourne (27 Feb - 2 Mar) Jilin (28 Feb - 1 Mar)
Mar	<ul style="list-style-type: none"> Investment Promotion Seminar in Jilin (1 Mar) China Business Forum in Stockholm (9-10 Mar) Joint Promotion with Guangzhou in Stockholm (17 Mar) Rugby Sevens (31 Mar - 2 Apr) Canadian Community Programme#* Singaporean Community Programme#* Joint Promotion with Zhuhai in Florence 	<ul style="list-style-type: none"> Jilin (1 Mar) London, Paris, Amsterdam, Budapest, Stockholm (13-17 Mar) 	<ul style="list-style-type: none"> Beijing (2-3 Mar) Shanghai, Beijing (6-8 Mar) Seoul, Pusan (13-14 Mar) Italy (13-18 Mar) US East, Canada, Chicago, US West (20-24 Mar) Tokyo, Osaka (22-24 Mar)

* Our Community Receptions are events in Hong Kong that form part of our community programmes. These are ongoing campaigns intended to thank the contribution of and encourage more investment from key nationalities doing business in Hong Kong.

** InvestHK's Associate Director-Generals are Mr John Rutherford, Mr Simon Galpin, Ms Ophelia Tsang and Mr Mark Michelson.

Should you require any further information about any of the articles contained in this newsletter, or any other information about InvestHK or Hong Kong, please contact Mr David Chiu on telephone +852 3107 1098 or by email to dchiu@InvestHK.gov.hk or his deputy, Ms Priscilla Mok, at +852 3107 1045 or pmok@InvestHK.gov.hk.



InvestHK is the award-winning Government agency which promotes the many advantages of Hong Kong as a base to locate a business; and assists foreign investors to establish and develop their presence in the city. For more information, please go to www.investHK.gov.hk



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