

立法會
Legislative Council

LC Paper No. CB(1)653/20-21
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Panel on Commerce and Industry

**Minutes of meeting by videoconferencing
held on Tuesday, 26 January 2021, at 10:45 am
in Conference Room 2A of the Legislative Council Complex**

Members present : Hon CHUNG Kwok-pan (Chairman)
Hon Jimmy NG Wing-ka, BBS, JP (Deputy Chairman)
Hon WONG Ting-kwong, GBS, JP
Hon YIU Si-wing, BBS
Dr Hon CHIANG Lai-wan, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Dr Hon Junius HO Kwan-yiu, JP
Hon SHIU Ka-fai, JP
Hon CHAN Chun-ying, JP
Hon LAU Kwok-fan, MH

Members absent : Hon Jeffrey LAM Kin-fung, GBS, JP
Hon MA Fung-kwok, GBS, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Hon Martin LIAO Cheung-kong, GBS, JP

Public officers attending : Agenda item III
Innovation and Technology Bureau

Mr Alfred SIT, JP
Secretary for Innovation and Technology

Ms Annie CHOI, JP
Permanent Secretary for Innovation and Technology

Ms Sandy CHEUNG
Principal Assistant Secretary for Innovation and
Technology (1)

Education Bureau

Dr CHOI Yuk-lin, JP
Under Secretary for Education

Miss Amy CHAN
Deputy Secretary-General (2)
University Grants Committee Secretariat

Mr Ronald LING
Assistant Secretary (Higher Education)1

Agenda item IV

Commerce and Economic Development Bureau

Ms Leona LAW
Principal Assistant Secretary for Commerce and
Economic Development (Commerce and Industry)2

Invest Hong Kong

Mr Stephen PHILLIPS
Director-General of Investment Promotion

Mr Vincent TANG
Associate Director-General of Investment Promotion 3

Mr Kingston SUN
Head, Market Intelligence

Clerk in attendance: Mr Boris LAM
Chief Council Secretary (1)3

Staff in attendance : Ms Connie HO
Senior Council Secretary (1)3

Mr Joey LO
Senior Council Secretary (1)8

Mr Terence LAM
Council Secretary (1)3

Ms May LEUNG
Legislative Assistant (1)3

Miss Zoe YIP
Clerical Assistant (1)3

Action

I. Information papers issued since last meeting

(LC Paper No. CB(1)429/20-21(01) -- Information paper on the financial position of the Applied Research Fund for the period from 1 June to 31 August 2020

LC Paper No. CB(1)430/20-21(01) -- Information paper on the Independent auditor's report of the CuMask+™ project under the Anti-epidemic Fund)

Members noted the above papers issued since the last meeting.

II. Date of next meeting and items for discussion

(LC Paper No. CB(1)482/20-21(01) -- List of outstanding items for discussion

LC Paper No. CB(1)482/20-21(02) -- List of follow-up actions)

2. The Chairman suggested and members agreed that the next regular Panel meeting be rescheduled for 19 February 2021 at 10:45 am to discuss the following items proposed by the Administration –

- (a) Phase 2 of the Hong Kong Science Park ("HKSP") Expansion Programme and the latest development of HKSP and industrial estates; and
- (b) Implementation of the Free Trade Agreement and Investment Agreement between Hong Kong, China and the Association of Southeast Asian Nations.

(Post-meeting note: Members were informed under LC Paper No. CB(1)513/20-21 dated 1 February 2021 that, at the request of the Administration and with the concurrence of the Chairman, a new item "Latest development of the testing and certification industry" would be discussed at the meeting on 19 February 2021 and the discussion of the above item (a) would be deferred to the regular Panel meeting in March.)

3. The Chairman also advised that at the invitation of the Hong Kong Science and Technology Parks Corporation ("HKSTPC"), the Panel would visit HKSP in February 2021 to enable members to better understand the work of HKSP and its development plans. Members agreed that the visit be open to non-Panel Members. Members would be informed of the relevant arrangements in due course.

(Post-meeting note: Members were informed under LC Paper No. CB(1)515/20-21 dated 5 February 2021 that the site visit to HKSP would be conducted on 23 February 2021.)

III. Global STEM Professorship Scheme

(LC Paper No. CB(1)482/20-21(03) -- Administration's paper on "Global STEM Professorship Scheme")

Presentation by the Administration

4. At the invitation of the Chairman, Secretary for Innovation and Technology ("S for IT") briefed members on the Global STEM Professorship Scheme ("the Scheme") which was announced in the 2020 Policy Address to attract international renowned innovation and technology ("I&T") scholars and their research teams to work in Hong Kong. Details were set out in the Administration's paper (LC Paper No. CB(1)482/20-21(03)).

Discussion

Attractiveness of the Global STEM Professorship Scheme

5. Mr CHAN Chun-ying expressed support for the Scheme as talent was a key component of promoting I&T development. Noting that the Administration would provide subsidy up to 50% of the actual remuneration offered by the university to the awarded scholars, subject to a ceiling of \$1 million per annum for each professorship for at most five years, Mr CHAN enquired whether the remuneration package of the Scheme would be attractive to the I&T scholars who might otherwise enjoy lifetime employment in universities. Noting that the total commitment for each professorship was \$5 million (to be awarded over a period of five years) whereas the total commitment for the research team was \$4.6 million

(to be awarded over a period of three years), Mr CHAN enquired about the rationale behind the discrepancy in the subsidy period.

6. S for IT advised that the objective of the Scheme was to support the eight universities funded by the University Grants Committee in recruiting internationally renowned I&T scholars and their research teams to work in Hong Kong by providing funding for the universities in order to offer more competitive remuneration package. In addition to the remuneration of the awarded scholars and subsidy for the research teams, there would also be subsidy for setting up laboratories. The remuneration package of university professors was a matter within the autonomy of the universities. Under the Scheme, a subsidy for the remuneration of the scholars, equivalent to 50% of that offered by the university, would be provided, subject to a ceiling of \$1 million per year. Regarding the subsidy period of the research team, it was set at three years to tie in with the usual time needed for the completion of a research project. S for IT added that the total commitment of the Scheme now stood at around \$2 billion, but the Administration would consider the need to expand the Scheme if such was warranted.

7. Mr WONG Ting-kwong enquired whether there would be a predetermined proportion between the number of professorships awarded to local vis-à-vis Mainland or overseas professors. S for IT advised that the Scheme aimed to attract world-renowned scholars to engage in I&T-related teaching and research activities in Hong Kong. These scholars might be Mainland or overseas based scholars, or scholars originally based in Hong Kong who were pursuing research and development ("R&D") outside Hong Kong. The Administration would not predetermine the respective proportions of local and Mainland/overseas professors.

Research areas

8. Dr CHIANG Lai-wan enquired about the research areas in which the I&T talent pool of Hong Kong needed to be expanded. S for IT advised that the scope of research of eligible I&T scholars under the Scheme was wide, including natural sciences, applied sciences, medical and healthcare sciences, engineering, mathematics, and information and communications technology, etc.

9. Noting that there were other funding programmes under the Innovation and Technology Fund ("ITF"), Dr CHIANG Lai-wan remarked that the Scheme should focus on certain key research areas rather than a diverse array of areas, which would result in duplication of resources. Sharing a similar view, Mr YIU Si-wing said that the Scheme should focus on a number of those priority R&D areas essential to Hong Kong's future development, for example, gerontechnology, medical and healthcare sciences.

10. S for IT advised that there were a number of key areas on which Hong Kong should focus its R&D efforts. These areas included medical, biotechnology, artificial intelligence and robotics for which dedicated research clusters had been set up at the HKSP. Nevertheless, the Administration considered it desirable for basic research at the university level to be broad-based to achieve a more balanced I&T development. He added that the university concerned and the Assessment Panel of the Scheme would act as the first and second layer of screening respectively in vetting the applications. The Assessment Panel would assess each application according to factors such as its potential impact on the society.

11. Dr CHIANG Lai-wan enquired about the research focus of the Hong Kong Applied Science and Technology Research Institute ("ASTRI"). Permanent Secretary for Innovation and Technology ("PSIT") advised that the mission of ASTRI was to enhance Hong Kong's competitiveness in technology-based industries through applied research. As such, it maintained close collaboration with the industry in various areas, such as applied R&D in 5G telecommunications technology.

12. S for IT added that the Re-industrialisation Funding Scheme under ITF, which was launched in July 2020 to subsidize manufacturers to set up new smart production lines in Hong Kong, had been making progress, and a number of applications had been supported by the vetting committee. These covered areas such as medical technology, food processing and construction.

Assistance to the awarded scholars

13. Mr YIU Si-wing enquired whether incentives would be provided for outstanding R&D projects, and what measures would be taken by the Administration if private donations to the Scheme fell short of expectation. Mr SHIU Ka-fai also enquired about the progress of soliciting private donations.

14. S for IT advised that while the Scheme would not provide incentives for outstanding projects in particular, assistance would be provided for the awarded scholars in commercialization of their projects. Given the positive response to the Scheme from the private organizations approached by the Administration, the Administration was confident that sufficient private donations would be obtained.

15. Mr LAU Kwok-fan enquired how the Administration would solicit donations for the additional funding to the awarded scholars to cover the costs of setting up laboratories; and how it would assist them in the commercialization of their R&D results. Mr SHIU Ka-fai urged the Administration to increase its commitment as \$2 billion would not be sufficient for the development of R&D in Hong Kong.

16. S for IT advised that depending on the academic disciplines and research plans, individual awarded scholars might request subsidy for setting up laboratories. The Administration would solicit private donations, subject to the support given by the Assessment Panel. The universities would be responsible for providing the space for laboratories, and might top up funding for setting up laboratories. They would also be responsible for the costs of ongoing operation and development of the laboratories. S for IT added that the current-term Administration had already committed over \$100 billion to various initiatives to foster I&T development. The around \$2 billion under the Scheme was commitment on top of such initiatives.

17. Mr SHIU Ka-fai said that apart from financial subsidy, the Administration should also provide policy and technical assistance to attract more top-notch scholars to pursue R&D work in Hong Kong. Dr CHIANG Lai-wan said that to facilitate commercialization of R&D results, the Administration should foster the cooperation between the awarded scholars and entrepreneurs.

18. S for IT added that the Administration would assist the awarded scholars in commercialization of their R&D results, for example, through the Public Sector Trial Scheme, to provide funding support for production of prototypes/samples and/or conducting of trials in the public sector to facilitate and promote the commercialization of R&D results. Apart from fostering cooperation between the R&D scholars and entrepreneurs, the Administration would also assist the awarded scholars in leveraging the strength of the Guangdong-Hong Kong-Macao Greater Bay Area ("Greater Bay Area") in the commercialization of their R&D results.

Application period

19. In response to Mr YIU Si-wing's enquiry about the application cut-off date of the Scheme, S for IT advised that the Scheme aimed to award up to 100 professorships in five years. If the commitment of \$2 billion was not used up after the award of 100 professorships, the Administration would consider awarding more professorships. In the event that the commitment of around \$2 billion turned out to be insufficient for the award of 100 professorships, the Administration would explore the feasibility of other funding sources.

Assessment criteria

20. Ir Dr LO Wai-kwok expressed support for the Scheme. He enquired about the assessment criteria for different R&D areas under the Scheme. He also enquired about the composition of the Assessment Panel and whether there would be representatives from the industry. He opined that due importance should be attached to applied R&D in the assessment process.

21. S for IT advised that the Assessment Panel would adopt a merit-based approach in considering the universities' nominations. A set of stringent and objective assessment criteria would be developed by the Assessment Panel to determine the suitability of the candidates, making reference to their experiences, research capability, achievements, as well as their intended research areas, research plans, potential impact and plans for knowledge transfer, etc.

22. S for IT added that the Assessment Panel would comprise individuals from the technology sector, academics, professionals and Government representatives, etc. Panelists from the professional and technology sectors would provide input for vetting nominations according to the assessment criteria, such as the potential impact of their research and plans for knowledge transfer. The Administration would strive for a balance between the need for basic research and applied research in selecting the professors to be funded under the Scheme.

23. The Chairman enquired whether members of the Assessment Panel would include academics and professionals from all the potential research areas covered under the Scheme. S for IT said that while the Administration would strive to include academics and professionals from as many research areas as possible, relevant Government Bureaux/departments would also offer views on the research areas involved. The universities concerned would also be responsible for providing supporting information for their applications.

Monitoring

24. Mr CHAN Chun-ying enquired about the criteria to be employed to assess the effectiveness of the Scheme. Sharing a similar view, Mr WONG Ting-kwong enquired whether there would be any termination clause in the contract of the awarded scholars who had failed to meet their performance requirements.

25. S for IT advised that it would assess the performance of the awarded scholars based on the R&D results achieved and the commercialization rate of such results, etc. The universities concerned would be required to submit annual reports, which would comprise the performance appraisal of awarded scholars and the progress of using the subsidy, to the Assessment Panel. The subsidy granted to individual scholars/research team members could be terminated if there was any non-compliance with the funding requirements.

Intellectual property rights

26. Mr WONG Ting-kwong enquired about the arrangement for allocation of the intellectual property ("IP") rights of R&D results under the Scheme, and whether the Government would have a share of it given that the Scheme was financed with public money.

27. PSIT advised that the Administration would leave it to the university concerned to determine allocation of IP rights. While the policy of different universities might vary, in general the university, the faculty and the research team would each have a share in the relevant IP rights.

Summing up

28. The Chairman concluded that the Panel supported in principle the implementation of the Scheme.

IV. Findings of the survey of companies in Hong Kong with parent companies located outside Hong Kong and the survey of startups in Hong Kong

(LC Paper No. CB(1)482/20-21(04) -- Administration's paper on "Findings of the Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong and the Survey of Startups in Hong Kong"

LC Paper No. CB(1)482/20-21(05) -- Paper on the two annual surveys conducted by Invest Hong Kong prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

29. At the invitation of the Chairman, Director-General of Investment Promotion ("DGIP") briefed members on the key findings of two surveys in 2020, namely, the Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong (conducted by Invest Hong Kong ("InvestHK") in collaboration with the Census and Statistics Department ("C&SD")) and the Survey of Startups in Hong Kong (conducted by InvestHK). Details were set out in the Administration's paper (LC Paper No. CB(1)482/20-21(04)).

Discussion

Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong

30. Mr YIU Si-wing was worried about the drop in the number of companies operating as regional headquarters ("RHQs") in Hong Kong by 2.4%, from 1 541

in 2019 to 1 504 in 2020. He asked about the Administration's assessment on the future trend and its strategies to reverse the downtrend.

31. On a positive note, Dr CHIANG Lai-wan pointed out that according to the United Nations Conference on Trade and Development ("UNCTAD"), China was the world's largest recipient of foreign direct investment ("FDI") in 2020, with flows to the Asian giant rising by 4%. She enquired about the Administration's forecast on Hong Kong's FDI inflows for 2021. Given that China was one of the world's largest economies, there were increased opportunities for Hong Kong to leverage on its unique business advantages and strategic role as a two-way platform for business between the Mainland and the rest of the world. Dr CHIANG opined that InvestHK might consider suitably increasing its manpower to boost investment promotion work.

32. DGIP responded that according to the figures recently published by UNCTAD, global FDI flows shrank by 42% in 2020. The situation in Hong Kong was however relatively stable with the number of business operations in Hong Kong with parent companies located outside Hong Kong in 2020 being broadly the same as in 2019. It was believed that the stagnation in Hong Kong's inward investment in 2020 was only a temporary phenomenon primarily driven by the prolonged Coronavirus Disease-2019 ("COVID-19") pandemic. While the global economy might improve gradually in the second half of 2021, investment growth tended to lag behind the pace of economic recovery. Assuming that COVID-19 would be brought under control within this year, the volume of FDI in Hong Kong could resume growth in 2021.

33. DGIP added that the Mainland economy had staged a notable rebound from the second quarter of 2020 and investors still saw Asia as the engine of global economic growth. InvestHK also saw keen interest from international and Mainland investors in tapping the immense business opportunities brought by the Greater Bay Area development. With its strategic location, Hong Kong could serve as a springboard for overseas companies to access the Belt and Road markets as well as the Greater Bay Area. Indeed, 66% of the startups regarded "access to international/regional market" as one of the favourable factors of Hong Kong as a place for launching startups. Moreover, while China had invested a lot in the Americas including Brazil, Argentina, etc. over the years, more and more companies in the Americas now saw the need to have a presence in Asia. InvestHK would continue to identify areas where such investment flows took place and reach out to target companies to promote Hong Kong as a place for investment.

34. DGIP further advised that the Chief Executive had announced in the 2020 Policy Address the establishment of the Pan-Greater Bay Area Inward Investment Liaison Group. It enabled InvestHK and its counterparts in other cities in the

Greater Bay Area to develop holistic and joint inward investment propositions. Foreign companies would be encouraged to set up operations in Hong Kong and in parallel carry out business activities in other cities in the Greater Bay Area. InvestHK would also look into other parts of China for business opportunities and tailor make propositions for individual investors.

35. Mr CHAN Chun-ying said that according to the Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong, the number of RHQs/regional offices ("ROs")/local offices ("LOs") in the financial and banking sector fell from 1 787 in 2019 to 1 735 in 2020. He asked whether InvestHK had followed up with those RHQs/ROs/LOs which had quitted Hong Kong, with a view to formulating appropriate measures to retain FDI. Besides, noting that among the projects completed by InvestHK in 2019, around 47% and 36% of the companies concerned considered access to the Greater Bay Area and the Belt and Road markets respectively as one of the factors in their investment/expansion decisions, Mr CHAN asked about the corresponding figures in relation to projects completed in 2020.

36. DGIP responded that in many cases InvestHK/C&SD came to know concerned RHQs/ROs/LOs had left Hong Kong only when it tried to approach them for the survey. Without a contact person, it was difficult to identify the reasons of their departures. According to InvestHK's analysis, their departures might involve a wide range of issues. Some of these companies might have merged with other entities or have been acquired, whereas some might have shifted their focuses to other parts of the world. InvestHK had however engaged with companies which were known to be considering phasing out part or all of their businesses from Hong Kong, and noted that their considerations were typically commercial in substance. Some of these companies could not find the client segments in the city while others might consider relocating the businesses because of the changes in supply chain.

37. DGIP and Associate Director-General of Investment Promotion 3 ("ADGIP3") further advised that apart from the two annual surveys mentioned in the Administration's paper, InvestHK also collected views from companies which had established a presence or undergone a significant expansion in Hong Kong through InvestHK upon completion of a new or expansion investment. In 2020, around 46% and 30% of these companies considered development of the Greater Bay Area and the Belt and Road Initiative as key attractions for their investment in Hong Kong. ADGIP3 added that startups were also attracted by Hong Kong's proximity to the Mainland cities in the Greater Bay Area. Apart from that, Government's funding support was one of the key reasons for startups to establish a presence in Hong Kong.

38. Mr CHAN Chun-ying considered that InvestHK should, when meeting

potential clients, accord strong emphasis on Hong Kong's financial stability, including the stability of the Hong Kong dollar exchange rate through the Link Exchange Rate System, the robust banking system and the integrity of the equity capital market. He also asked how InvestHK collaborated with other government departments and key stakeholders to attract FDI.

39. DGIP assured members that when promoting Hong Kong around the world, InvestHK covered all the fundamental attributes of Hong Kong including those mentioned by Mr CHAN Chun-ying. In terms of collaboration, InvestHK had been working closely with other government departments and local stakeholders which varied across sectors. InvestHK worked with the Financial Services and the Treasury Bureau ("FSTB") which provided InvestHK funding to establish a dedicated Financial Technology team and would also be working with FSTB on attracting family offices. It collaborated with the Financial Services Development Council, regulators, trade associations in the financial services sector, as well as the Innovation and Technology Bureau, Innovation and Technology Commission, HKSTPC, Cyberport, Hong Kong Productivity Council, R&D Centres, local universities and business technology community in Hong Kong in the I&T sector. InvestHK also worked in close partnership with the Hong Kong Economic and Trade Offices and the Hong Kong Trade Development Council outside Hong Kong on its promotion activities.

40. Mr YIU Si-wing enquired whether Singapore had carried out similar surveys and, if so, whether the number of companies operating as RHQs/ROs/LOs in Singapore in 2020 had dropped, similar to Hong Kong's situation. DGIP replied that the Administration was not aware of similar surveys on RHQs/ROs/LOs in such detail. Nonetheless, he told members that no noticeable outflow of FDI and talents from Hong Kong to Singapore, as suggested by some of the media reports, was observed by InvestHK.

Survey of Startups in Hong Kong

41. Mr YIU Si-wing pointed out that according to the findings of the Survey of Startups in Hong Kong, the job opportunities offered by startups operating in major co-work spaces, incubators and accelerators in Hong Kong in 2020 shrank by 14% when compared to a year earlier. Noting that the number of startups operating in these premises had indeed risen by 5.5% over the same period, he asked whether the Administration had found out the reasons behind the decrease in the number of staff employed by the startups.

42. DGIP replied that as startups usually operated on a tight budget, they might have reduced cost by downsizing their operations last year in view of the tough economic environment. That might have explained why the increased number of startups did not lead to a corresponding increase in job opportunities.

43. The Deputy Chairman noted that top unfavourable factors of Hong Kong as a place for setting up business were associated with availability and cost of accommodation, be it residential or business. Given such deterrent factors, he enquired about the Administration's strategies and measures to attract FDI. Noting that the Survey of Startups had not collected views from startups on factors which had deterred them from launching in Hong Kong, the Deputy Chairman asked whether startups would similarly regard availability and cost of residential/business accommodation as top unfavourable factors. Ir Dr LO Wai-ki added that taking into account the above findings, the Administration should increase land supply and develop new core business districts, with a view to improving the living environment and increasing the supply of commercial floor space.

44. DGIP responded that the Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong was far more comprehensive than the Survey of Startups both in terms of scale and the number of questions involved. As startups were certainly more cost conscious than large companies, it was believed that if they were asked to give views on unfavourable factors of Hong Kong as a place for launching startups, their responses would be similar to the results obtained in the Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong, if not even a higher percentage of startups regarding availability and cost of residential/business accommodation as top unfavourable factors. InvestHK would nonetheless consider including such questions in the Survey of Startups in future.

45. DGIP added that amid cost concerns, InvestHK had prepared information packs to help companies get a better picture of the typical costs of operating in Hong Kong alongside highlighting the opportunities for investing in Hong Kong.

Investment promotion in the time of Coronavirus Disease-2019

46. The Chairman asked how InvestHK had maximized FDI inflows in 2020 and what sort of investment promotion activities had been organized amid travel restrictions and quarantine requirements, as well as lockdowns imposed on certain places.

47. DGIP replied that InvestHK had dynamically adjusted its strategies by leveraging digital platforms to attract and assist companies from both traditional and emerging markets to set up their businesses in Hong Kong. For example, the StartmeupHK Festival 2020 which went virtual for the first time attracted over 181 000 attendees from 97 countries/territories whereas the Hong Kong FinTech Week 2020 which was also held virtually attracted over 1.2 million viewers from over 130 economies. InvestHK's sector teams had also organized various

industry-specific or investment promotion online events and business webinars. While unable to travel abroad to meet potential clients in person, senior management of InvestHK, including DGIP, worked with its overseas colleagues to have one-to-one meetings with potential foreign investors through digital platforms. Although virtual meetings might not be as productive as face to face meetings, they still enabled InvestHK to communicate with the target clients.

Development of family office business in Hong Kong

48. The Chairman appreciated the Administration's effort in attracting individuals and financial companies to set up family offices in Hong Kong. He asked about Hong Kong's advantages in developing family office business and sought details on the work of InvestHK and its future plan on promoting Hong Kong as a place for setting up family offices, including the target geographical markets and the collaborations between InvestHK and related industries.

49. DGIP concurred with the Chairman that family office business had good development potential in Hong Kong. As a premier asset and wealth management centre, a wide range of investment products, high-potential startups/companies, good quality financial services, world-class professional services and talents were available to support the growth of family offices in Hong Kong.

50. DGIP added that following the Chief Executive's announcement of the relevant measures in the 2020 Policy Address and with funding from FSTB, InvestHK had kicked off setting up a dedicated team to connect stakeholders in the industry and catalyze further the development of family office business in Hong Kong. InvestHK would also station family office team members in Guangzhou, Beijing, Brussels, cities in the Middle East and the United States to attract high net worth individuals and financial companies to set up family offices in Hong Kong by promoting Hong Kong's advantages, such as the common law system, rule of law, its status as an international financial centre and the availability of talents. InvestHK would work closely with FSTB, regulators like the Hong Kong Monetary Authority and the Securities and Futures Commission, and industry stakeholders including lawyers, private wealth management and family offices associations in Hong Kong, the Mainland and Asia to offer one-stop services to family offices interested in establishing a presence in Hong Kong.

Confidence of foreign investors in the implementation of "One Country, Two Systems" in Hong Kong

51. Ir Dr LO Wai-kwok was pleased to note that the number of business operations in Hong Kong with parent companies located outside Hong Kong had showed a robust growth of 9.7% from 8 225 in 2017 to 9 025 in 2020, and the

number of such business operations in 2020 was broadly the same as in 2019 even under the shadow of COVID-19. The Survey of Startups further provided that 69% of the respondents regarded "business opportunity in Mainland China" as one of the favourable factors of Hong Kong as a place for launching startups. In Ir Dr LO's viewpoint, the above figures demonstrated that foreign business communities were not affected by the defamation of Hong Kong as well as the smearing of the implementation of "One Country, Two Systems" in Hong Kong by foreign politicians. Ir Dr LO sought details of InvestHK's strategies, under the prevailing international political environment, on keeping foreign business communities (in particular those in Europe and the United States) updated on the actual situation of Hong Kong. He also asked whether the business communities in Europe and the United States were confident about the implementation of "One Country, Two Systems" in Hong Kong, and whether they were still eager to invest, or continue to invest, in Hong Kong and on the Mainland.

52. DGIP responded that investors around the world were generally confident, in terms of economic outlook, in investing in Hong Kong and/or on the Mainland. He said that most of the investors put their focuses on business opportunities with only a small minority enquiring about the political situation of Hong Kong. Having said that, the uncertainties arising from geopolitical tensions did impact on investment sentiments. Some potential investors were putting investment decisions on hold or adopting a wait-and-see approach. InvestHK would continue to reach out to its partners and clients to update them on the latest situation in Hong Kong. Besides addressing questions and concerns which the companies might have, InvestHK would proactively promote Hong Kong's advantages and the business opportunities in the Greater Bay Area and in Asia.

Summing up

53. The Chairman concluded that InvestHK should step up its effort to promote Hong Kong as a favourable destination for FDI and proactively attract and assist overseas and Mainland companies to set up or expand their businesses in Hong Kong amid continuing economic uncertainties.

V. Any other business

54. There being no other business, the meeting ended at 12:38 pm.