

**For discussion
on 18 March 2014**

**LEGISLATIVE COUNCIL
PANEL ON COMMERCE AND INDUSTRY**

Promotion of Inward Investment

PURPOSE

This paper updates Members on the work of Invest Hong Kong (InvestHK) in 2013 and outlines the way forward for 2014.

BACKGROUND

2. InvestHK's mission is to spearhead Hong Kong's efforts to attract and retain foreign direct investment (FDI) and to promote Hong Kong's advantages as a leading international business hub. It prioritises its investment promotion work to support Government policy objectives, and to encourage and assist overseas, Mainland and Taiwan companies with the potential to contribute to Hong Kong's economic development to set up or expand their business operations in Hong Kong.

MAJOR ACTIVITIES AND ACHIEVEMENTS IN 2013

Attracting Target Companies in Key Geographical Markets

3. InvestHK adopts a sector-focused and market-oriented approach to proactively identify and reach out to companies in target sectors in key geographical markets. The Head Office of InvestHK works closely with its representatives in 27 global locations to attract investment from target companies. The external promotion units of InvestHK, including 14 investment promotion units (IPUs) based in the Hong Kong Economic and Trade Offices (ETOs), the Hong Kong Economic, Trade and Cultural Office (ETCO) in Taipei and the Beijing Office, as well as 13 overseas consultants in locations not covered by the IPUs, are listed at [Annex](#).

4. Through its global network, InvestHK conducted over 6 000 meetings with target companies in various overseas, Mainland and Taiwan markets in 2013, with a view to encouraging them to set up or expand their business operations in Hong Kong. InvestHK offers one-to-one support services to companies throughout their planning and implementation process. InvestHK also reaches out to strategic multinational companies already established in Hong Kong to provide them with ongoing aftercare support; to encourage them to expand their operations, and to locate their global or regional headquarters and other significant business functions in Hong Kong.

Attracting Companies in Priority Sectors to Support Government's Policy Objectives

5. In launching its investment promotion programmes and activities, InvestHK has been collaborating closely with relevant bureaux and departments and organisations to support Government's policy objectives. In 2013, InvestHK continued to accord priority to promoting business opportunities in and attracting companies from the sectors and industries where Hong Kong has competitive edge, including in particular financial services, innovation and technology, as well as creative industries sectors.

6. To promote Hong Kong as an international financial centre and China's offshore Renminbi centre, InvestHK has continued to conduct investment promotion visits in key financial markets such as London, New York, Frankfurt, Paris, Luxembourg, Tokyo, Singapore, Shanghai and Seoul. Through participating in and sponsoring international events held overseas and locally, InvestHK has reached out to a diverse range of financial companies with the potential and interest in setting up in Hong Kong. Together with the Financial Services Development Council (FSDC), InvestHK sponsored the Financial Times' "International Financial Centre Forums" held in London and Hong Kong in September and November 2013 respectively. InvestHK also actively participated in the Asian Financial Forum organised by the Hong Kong Trade Development Council (HKTDC) in Hong Kong in January 2013, the "Super Return Asia" event in September 2013 and "AVCJ Private Equity and Venture Forum" in November 2013, to reach out to leading companies in the financial services sector and professionals in private equity and venture capital industries.

7. To showcase the strengths of Hong Kong as an innovation and technology hub and attract research and development (R&D) functions, InvestHK has organised and participated in various overseas, Mainland, Taiwan and local events in partnership with relevant organisations including the Hong Kong Science and

Technology Parks Corporation (HKSTPC). InvestHK held a networking event with Hua Yuan Science and Technology Association in California in March 2013, and joint seminars with HKSTPC and Taipei Biotechnology Service and Business Trade Association in Taiwan in April 2013. InvestHK also organised technology-focused seminars in Mainland cities such as Chongqing and Wuxi in March and May 2013.

8. To sustain the momentum in showcasing Hong Kong's position as an art and creative industries hub of the region, InvestHK organised a series of road shows in Salford, Liverpool and London as well as investment promotion visits in Brussels and Berlin in April 2013 targeting companies in the creative industries sector. Sponsorship of the first "Art Basel HK" in May, the "SES Digital Marketing Conference" in September and the "Fine Art Asia" in October 2013 provided excellent opportunity for InvestHK to reach out to a diverse range of international art galleries and companies in the digital media with interest to set up operations in Hong Kong.

9. During the year, InvestHK has also continued to organise local events targeting specific sectors and markets as an integral part of its aftercare support services. These events aimed to update target companies on the developments in the priority sectors and provide them with networking opportunities.

Investment Promotion Efforts on the Mainland, in Taiwan and the Emerging Markets

10. Apart from continuing its promotion effort in attracting investment from developed markets such as the US and Europe, InvestHK also places particular emphasis on attracting more companies from the Mainland, Taiwan and key emerging markets to set up or expand business in Hong Kong.

(a) Mainland

11. The Mainland continues to be a priority market for InvestHK and remains the largest source for its investment projects. In collaboration with Mainland authorities and business associations, InvestHK has stepped up its efforts in promoting the pivotal role of Hong Kong as a platform for Mainland companies to go global, leveraging on Hong Kong's full spectrum of business advantages. These investment promotion efforts included:

- (i) continuing with the marketing campaign in high-growth Mainland cities such as Wuhan, Zhengzhou, Wuxi, Xiamen, Guangzhou, Guiyang,

Nanning, Haikou, Changsha, Dalian, Changchun and Harbin, to promote Hong Kong as an ideal launch pad for Mainland companies to go global;

- (ii) partnering with the Ministry of Commerce and other relevant local authorities such as provincial or municipal bureaux of commerce as well as local industrial and commercial organisations to conduct sector-specific seminars in financial services, innovation and technology, information and communications technology as well as the logistics sectors;
- (iii) organising the “Hong Kong-Guangdong Business Environment Promotion and Project Matching Conference”, which was attended by some 500 representatives from Mainland companies, government authorities in Guangdong, foreign consulates, chambers of commerce, associations and multi-national companies in Hong Kong, to showcase the combined advantages of Mainland and Hong Kong;
- (iv) partnering with HKTDC and other supporting organisations to participate in major trade fairs and conferences held on the Mainland, including the Expo Central China in Zhengzhou, the China Beijing International Fair for Trade in Services in Beijing, the SmartHK in Guangzhou, the China International Fair for Investment and Trade in Xiamen and the Pan-Pearl River Delta Forum in Guiyang;
- (v) organising seminars in partnership with the Guangdong, Zhaoqing and Guangzhou authorities in cities such as Berlin, Taipei and Auckland to promote the combined advantages offered by the economic integration of Hong Kong and the Pearl River Delta (PRD) region;
- (vi) organising briefings for more than fifty incoming delegations from the Mainland on Hong Kong’s investment environment; and
- (vii) placing advertisements in online media on the Mainland to reach out to a wider spectrum of Mainland companies.

(b) Taiwan

12. In 2013, InvestHK has continued its investment promotion work through its IPU in the ETCO in Taipei to attract more inward investment from Taiwan. Its work included organising promotion campaigns and seminars in partnership with

different business associations in Taiwan, and maintaining close liaison with Taiwan business organisations and businessmen in Hong Kong to support their expansion plans.

13. In April 2013, InvestHK conducted a roundtable seminar in Taipei to promote the business opportunities in the innovation and technology sector. In September 2013, a promotion seminar jointly organised with Zhaoqing was held in Taipei to highlight the opportunities of Hong Kong and the PRD region. The seminar was attended by some 300 senior executives from a wide spectrum of business sectors. InvestHK organised another roundtable seminar in November 2013 with the SMEs Association of Taoyuan County.

14. Locally, InvestHK also organised a networking reception jointly with the Far East Trade Service, Inc., Hong Kong Branch and the Taiwan Business Association (Hong Kong) Limited in November 2013 to strengthen liaison with the Taiwan business community in Hong Kong.

(c) Emerging markets

15. In 2013, InvestHK has continued its investment promotion work in the key emerging markets, including Southeast Asia, India and South America. A roundtable luncheon co-organised with the Brunei Economic Development Board and Ministry of Foreign Affairs and Trade was held in Brunei in January 2013 to highlight the strengths of Hong Kong for the Association of Southeast Asian Nations (ASEAN) companies. In addition to a networking lunch for major companies in Brazil in May 2013 to promote the business advantages of Hong Kong, InvestHK also held three seminars in Brazil, Uruguay and Argentina in August 2013.

16. Apart from hosting various promotion events, InvestHK also conducted investment promotion visits in target emerging markets in 2013 to meet with the leading companies and encourage them to set up business in Hong Kong. These markets included Brunei, Singapore, Thailand, India, United Arab Emirates, Israel, Brazil, Peru, Chile, Uruguay and Argentina. As an integral part of its aftercare service, InvestHK also organised a reception for ASEAN business communities locally in November 2013.

Attracting Startup Entrepreneurs to Hong Kong

17. To seize the opportunities brought by the rapidly growing startup sector¹ and to provide a one-stop service platform to global startups, InvestHK embarked on a worldwide initiative in June 2013 known as “StartmeupHK”. The objective of the initiative is to promote Hong Kong as a leading hub for entrepreneurship, and to encourage startups which are innovative and scalable to use Hong Kong as a launch pad to grow their businesses.

18. A series of activities have been launched under this initiative, including a website platform and an integrated social media-led marketing campaign. The StartmeupHK website was set up in June 2013 to better integrate overseas and local startups into the wider business and financial community in Hong Kong. Apart from sponsoring startup events in places like Beijing and Hong Kong, InvestHK has also staged a series of road shows and networking events in major startup hubs including London, Tel Aviv, Jerusalem, San Francisco, Austin and Silicon Valley between June and October 2013, with a view to raising awareness of Hong Kong’s position as the regional hub for startups and entrepreneurs.

19. In addition, a global Venture Programme competition was rolled out in July 2013 with over 380 entries received from 39 markets. The competition aims to provide selected entrepreneurs with the opportunity to be pitched to potential investors and business partners; to receive mentorship from business leaders, as well as to network with investment and business communities. The event culminated in the organisation of the StartmeupHK Venture Forum on 5 December 2013, which brought together twelve finalists of the competition from various countries, and leading speakers on startups from the US, UK and Israel as well as overseas and local stakeholders.

Corporate Marketing and Communications

20. In the face of increasing competition from neighbouring economies, InvestHK has continued to adopt an integrated marketing communications strategy, through advertising, social media, public relations, as well as events and publications to position Hong Kong as a prime international business location.

21. Apart from launching marketing campaigns and organising various sector-focused events, InvestHK has also participated in major international events

¹ Startups mean business ventures that are in their early to growth stage of development, i.e. generally within the first two years of establishment and with no parent company.

and regional business forums. In 2013, InvestHK sponsored and participated in a series of major events including the Asia Hedge Forum, ASEAN Leadership Forum, the Cable and Satellite Broadcasting Association of Asia Convention, the World SME Expo, as well as Business of Design Week. These events helped identify potential investors, and raise the awareness of the advantages of investing in Hong Kong and the wide range of supporting services provided to prospective investors.

Achievements of InvestHK

(a) Projects completed and job creation

22. Since its establishment in 2000, InvestHK has completed over 3 000 investment projects, supporting companies from overseas, Mainland and Taiwan to set up or expand their business operations in Hong Kong. These projects have created more than 34 900 jobs in the first year of operation or expansion of the companies.

23. In 2013, InvestHK completed a record number of 337 projects, more than triple the number of 99 projects completed in 2001. These projects involved direct investment of more than \$12.5 billion and created around 2 900 jobs within the first year of operation or expansion of the companies. The results of InvestHK's work in recent years are summarised below:

	2009	2010	2011	2012	2013
No. of projects completed*	265	284	303	316	337
Jobs created within the first year#	2 711	3 063	2 716	2 937	2 897

* A "completed" project is one where an overseas, a Mainland or Taiwan company has established a presence or undergone a significant expansion in Hong Kong. These figures represent companies assisted by InvestHK, and do not include companies set up in Hong Kong without such assistance.

As reported by the companies assisted by InvestHK themselves. Not all of the companies were willing to disclose the data.

24. Mainland remains the largest single source of investment projects of InvestHK. In 2013, InvestHK completed 71 projects related to Mainland companies, representing 21% of the total number of projects completed in the year.

Details of completed projects from the Mainland by business sector are set out below-

Sector	Number of completed projects from the Mainland in 2013
Business and professional services	5
Consumer products	4
Creative industries	5
Financial services	10
Information and communications technology	9
Innovation and technology	14
Tourism and hospitality	5
Transport and industrial	19
Total	71

(b) *Hong Kong as an ideal destination for FDI and regional operations*

25. With Hong Kong's position in the heart of Asia and as a two-way platform for business between Mainland China and the rest of the world, it continues to be a preferred destination for FDI. According to the World Investment Report 2013 released by the United Nations Conference on Trade and Development (UNCTAD), Hong Kong was the third largest FDI recipient in the world in 2012 (up from fourth in 2011), and the second in Asia after Mainland China. The ratio of the position of Hong Kong's direct investment liabilities to its GDP stood at 515% in 2012, reflecting Hong Kong's status as a leading business hub.

26. Hong Kong continues to be an attractive business destination for companies to base their operations in Asia. According to the results of the *2013 Annual Survey of Companies in Hong Kong Representing Parent Companies Located outside Hong Kong* conducted by the Census and Statistics Department in collaboration with InvestHK, Hong Kong was home to a record number of 7 449 overseas, Mainland and Taiwan companies as of June 2013. Overall, the figure represented an increase of around 2.7% when compared with that in 2012. Particularly worth-noting is that the number of companies in Hong Kong with parent companies located in Asia saw an impressive year-on-year growth of 7.8%. Together, these 7 449 companies engaged some 385 000 persons, representing around 10% of Hong Kong's overall employment. The results underscore Hong Kong's appeal as a strategic location in Asia for companies to oversee their global or regional operations.

NEXT STEPS

27. Looking ahead, InvestHK will continue with its investment promotion efforts in attracting companies to set up or expand their business in Hong Kong, with particular focus on the priority markets particularly the Mainland and ASEAN. It will also continue to conduct investment promotion activities to encourage companies from developed markets to tap into the business opportunities in the Asia-Pacific region, using Hong Kong as a base.

28. InvestHK will continue to adopt a sector-focused approach in attracting overseas, Mainland and Taiwan companies in priority sectors and industries where Hong Kong has a clear competitive edge through its global network of IPUs and overseas consultants, with an emphasis on the financial services, creative industries as well as information and communications technology sectors. Specific target industries include private equity and venture capital, digital marketing and financial technology. InvestHK plans to sponsor or participate in some major events in these sectors and conduct investment promotion visits to major overseas financial technology centres including London, New York, and Toronto.

29. On the Mainland market, InvestHK will continue to partner with the Mainland authorities to help more Mainland companies “go global”, leveraging on Hong Kong as a platform. InvestHK will work closely with the Ministry of Commerce and their representative office in Hong Kong as well as other Mainland business associations in organising seminars to reach out to more privately owned enterprises in fast-growing Mainland cities such as Tianjin, Shijiazhuang, Hefei, Nanchang, Yinchuan, Kunming, Quanzhou, Xian and Xiamen. InvestHK will also help provide networking opportunities to facilitate collaboration between companies on the Mainland and in Hong Kong to strengthen Mainland companies’ competitiveness to go global, drawing on Hong Kong’s professional and expertise services. InvestHK will continue to launch advertising programmes in the Mainland including the online media, with the focus on its one-to-one services to companies.

30. With the support of the IPU in the ETCO in Taipei, InvestHK will continue to strengthen its promotion efforts in Taiwan, including fostering closer liaison with the Taiwan business community through investment promotion visits, meetings and events. InvestHK will also continue to liaise with the representative offices of the Taiwan business associations in Hong Kong to enhance co-operation

on investment promotion and to encourage more Taiwan companies to set up in Hong Kong.

31. To further promote Hong Kong as a leading hub for startups, InvestHK will enhance its StartmeupHK website and continue with its StartmeupHK Venture Programme in 2014. InvestHK is also planning a series of road shows in places such as Israel, the UK and the Nordics, which are all hosts to a vibrant startup community.

32. To help maximise the impact of its promotion efforts, InvestHK will continue to forge close partnership with other organisations responsible for promoting Hong Kong overseas, including the ETOs, the HKTDC, Hong Kong Tourism Board, HKSTPC, Cyberport and Create Hong Kong through regular meetings and joint promotion events.

33. Locally, InvestHK will work closely with the representatives of the overseas business community in Hong Kong, including the foreign chambers of commerce and consulate generals. InvestHK will also strengthen its efforts to provide ongoing aftercare support to strategic multinational companies to encourage them to expand their businesses, as well as to locate their global or regional headquarters and other strategic functions such as R&D and treasury management functions in Hong Kong.

34. Looking forward, the global economic environment remains uncertain. This notwithstanding, with Hong Kong's sound fundamental strengths as an international financial centre and its unique position as a platform to access opportunities on the Mainland, we are positive on a continued increase in the number of companies from different business sectors investing in Hong Kong. Having regard to the current trend of investment projects, InvestHK has further increased its target of completed projects from 330 in 2013 to 350 in 2014.

ADVICE SOUGHT

35. Members are invited to note the investment promotion work of InvestHK and the progress and achievements to date.

InvestHK
Commerce and Economic Development Bureau
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Annex

InvestHK's External Promotion Units

<u>Region</u>	<u>Office Location</u>	<u>Area Covered</u>	<u>Remarks</u>
North America	New York	US East & Central	Based in New York ETO
	San Francisco	US West	Based in San Francisco ETO
	Toronto	Canada	Based in Toronto ETO
South America	Bogota	South America (except Brazil)	Consultant Company
	Sao Paulo	Brazil	Consultant Company
Europe	Berlin	Austria, Germany, Czech Republic, Hungary, Poland, Slovak Republic, Slovenia and Switzerland	Based in Berlin ETO
	Brussels	Belgium, Bulgaria, Croatia, Cyprus, Greece, Ireland, Luxembourg, Malta, the Netherlands, Portugal, Romania and Spain	Based in Brussels ETO
	Gothenburg	Nordics (Denmark, Finland, Iceland, Norway and Sweden)	Consultant Company
	Istanbul	Turkey	Consultant Company
	London	UK, Estonia, Latvia and Lithuania	Based in London ETO
	Milan	Italy	Consultant Company
	Moscow	Russia and Commonwealth of Independent States	Consultant Company
	Paris	France	Consultant Company
	Asia/ Australasia	Kuala Lumpur	Malaysia and Indonesia
Mumbai		India	Consultant Company
Osaka		West Japan	Consultant Company
Seoul		Korea	Consultant Company
Singapore		ASEAN (except Malaysia and Indonesia)	Based in Singapore ETO

<u>Region</u>	<u>Office Location</u>	<u>Area Covered</u>	<u>Remarks</u>
	Sydney	Australia and New Zealand	Based in Sydney ETO
	Tokyo	East Japan	Based in Tokyo ETO
Mainland and Taiwan	Beijing	Beijing, Tianjin, Hebei, Shandong, Liaoning, Heilongjiang, Jilin, Henan, Shanxi, Gansu, Qinghai, Xinjiang, Xizang (Tibet), Ningxia, and Inner Mongolia	Based in Beijing Office
	Chengdu	Chongqing, Sichuan, Yunnan, Guizhou, Hunan, and Shaanxi	Based in Chengdu ETO
	Guangzhou	Guangdong, Fujian, Jiangxi, Guangxi and Hainan	Based in Guangdong ETO
	Shanghai	Shanghai, Jiangsu, Zhejiang, Anhui, and Hubei	Based in Shanghai ETO
	Taipei	Taiwan	Based in Taipei HKETCO
Middle East and North Africa	Abu Dhabi	Middle East (Bahrain, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen), and North Africa (Algeria, Egypt, Libya, Morocco, Tunisia)	Consultant Company
	Jerusalem	Israel	Consultant Company