

Head 79 — INVEST HONG KONG

Controlling officer: the Director-General of Investment Promotion will account for expenditure under this Head.

Estimate 2015–16 **\$115.1m**

Establishment ceiling 2015–16 (notional annual mid-point salary value) representing an estimated 33 non-directorate posts as at 31 March 2015 and as at 31 March 2016. **\$19.8m**

In addition, there will be an estimated two directorate posts as at 31 March 2015 and as at 31 March 2016.

Controlling Officer's Report

Programme

Investment Promotion

This programme contributes to Policy Area 6: Commerce and Industry (Secretary for Commerce and Economic Development).

Detail

	2013–14 (Actual)	2014–15 (Original)	2014–15 (Revised)	2015–16 (Estimate)
Financial provision (\$m)	116.1	115.0	116.0 (+0.9%)	115.1 (–0.8%)
				(or +0.1% on 2014–15 Original)

Aim

2 The aim is to attract and assist overseas, Mainland and Taiwan companies to set up, retain and expand their operations in Hong Kong and to promote Hong Kong's advantages as the leading international business location in Asia.

Brief Description

3 Invest Hong Kong's mission is to spearhead Hong Kong's efforts to attract and retain foreign direct investment. It places emphasis on attracting companies in priority sectors with the potential to contribute to Hong Kong's economic development, and encouraging multinational companies to locate their global or regional headquarters and other strategic functions in Hong Kong to access opportunities on the Mainland and elsewhere.

4 In 2014, Invest Hong Kong conducted over 6 300 meetings with target companies in key geographic markets. It also focused on encouraging companies from the Mainland, Taiwan and emerging markets such as the Association of Southeast Asia Nations (ASEAN), to set up operations in Hong Kong. In close collaboration with partners from the Pearl River Delta region, it conducted joint promotion seminars in overseas cities such as Barcelona, San Francisco, Mexico City and Taipei to promote the combined advantages of Hong Kong and the Mainland. The marketing campaign, aimed at promoting Hong Kong as an ideal platform for Mainland companies to go global, continued with promotions in high-growth Mainland cities such as Tianjin, Chongqing, Nanjing, Quanzhou, Hangzhou and Xian.

5 In 2014, Invest Hong Kong also organised a "StartmeupHK" programme comprising an integrated social media-led marketing campaign and a venture programme to promote Hong Kong as a global hub for startups.

6 Invest Hong Kong provides one-to-one support services to companies throughout the planning and execution of their expansion in Hong Kong. The Department continues to strengthen its aftercare support service to multinational companies already established in Hong Kong.

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7 The key performance measures are:

Indicators

	2011 (Actual)	2012 (Actual)	2013 (Actual)
foreign direct investment inflow into Hong Kong (\$ billion) ..	748.2	580.9 β	596.1$@$
share of foreign direct investment inflow into Hong Kong in the overall inflow into South, East and South-East Asia (%) \S	25.5	20.4 β	20.1Ψ

β The decrease was mainly attributable to the withdrawal of equity capital in some Hong Kong enterprises which had received direct investment from abroad by multinational enterprises.

$@$ The increase was mainly attributable to the acquisitions or additions of equity capital in some Hong Kong enterprises which had received direct investment from abroad by multinational enterprises; and operating profits retained as reinvestment of earnings by Hong Kong enterprises which has received direct investment from abroad.

\S Figures of 2011 and 2012 have been amended due to revision of figures for South, East and South-East Asia in the latest issue of World Investment Report after the preparation of the 2014–15 Estimates.

Ψ The increase in the foreign direct investment inflow into other South, East, and South-East Asian economies in 2013 was relatively more significant than that into Hong Kong, resulting in a slight decrease in the percentage share of Hong Kong.

	2013 (Actual)	2014 (Actual)	2015 (Estimate)
no. of new projects generated $\#$	651	713	740
no. of projects completed \wedge	337	355	370

$\#$ New projects with the potential of becoming completed projects in the coming 18 months. It reflects Invest Hong Kong's investment promotion efforts in a particular year, discounting projects carried forward from previous years.

\wedge Investment projects each resulting in an overseas, Mainland or Taiwan company setting up or expanding its business in Hong Kong with the assistance of Invest Hong Kong.

Matters Requiring Special Attention in 2015–16

8 During 2015–16, Invest Hong Kong will:

- continue with investment promotion efforts in attracting multinational companies to set up their global or regional operations in Hong Kong, in particular on the Mainland, in Taiwan and other emerging markets such as ASEAN;
- continue to target strategic companies through its Investment Promotion Units in the Economic and Trade Offices, the Beijing Office and the Hong Kong Economic, Trade and Cultural Office in Taiwan as well as overseas consultants;
- continue to strengthen co-operation with organisations promoting Hong Kong overseas, on the Mainland and in Taiwan, such as the Hong Kong Trade Development Council, Hong Kong Tourism Board, Science Park and Cyberport;
- continue to focus investment promotion efforts on the priority sectors, with an emphasis on the financial services, creative industries as well as information and communications technology sectors;
- continue to attract global startups to set up business in Hong Kong and to promote Hong Kong as a leading hub for startups and entrepreneurship;
- continue to conduct joint overseas marketing activities in partnership with Pearl River Delta cities; and
- further strengthen aftercare support to multinational companies already established in Hong Kong.

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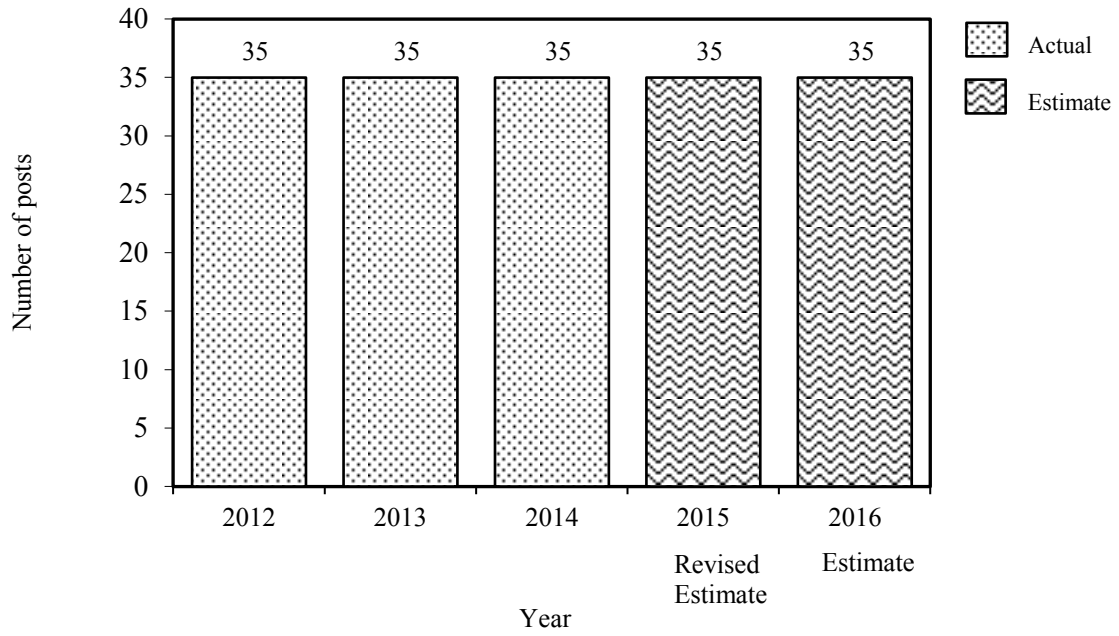
ANALYSIS OF FINANCIAL PROVISION

Programme	2013-14 (Actual) (\$m)	2014-15 (Original) (\$m)	2014-15 (Revised) (\$m)	2015-16 (Estimate) (\$m)
Investment Promotion	116.1	115.0	116.0 (+0.9%)	115.1 (-0.8%)
				(or +0.1% on 2014-15 Original)

Analysis of Financial and Staffing Provision

Provision for 2015-16 is \$0.9 million (0.8%) lower than the revised estimate for 2014-15. This is mainly due to the reduced requirement in general departmental expenses.

*Changes in the size of the establishment
(as at 31 March)*



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Sub-head (Code)	Actual expenditure 2013-14	Approved estimate 2014-15	Revised estimate 2014-15	Estimate 2015-16	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	116,135	114,967	115,999	115,139
	Total, Recurrent	116,135	114,967	115,999	115,139
	Total, Operating Account	116,135	114,967	115,999	115,139
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	Total Expenditure	116,135	114,967	115,999	115,139

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Details of Expenditure by Subhead

The estimate of the amount required in 2015–16 for the salaries and expenses of Invest Hong Kong is \$115,139,000. This represents a decrease of \$860,000 against the revised estimate for 2014–15 and of \$996,000 against the actual expenditure in 2013–14.

Operating Account

Recurrent

2 Provision of \$115,139,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of Invest Hong Kong.

3 The establishment as at 31 March 2015 will be 35 permanent posts. No change in establishment is expected in 2015–16. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2015–16, but the notional annual mid-point salary value of all such posts must not exceed \$19,836,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2013–14 (Actual) (\$'000)	2014–15 (Original) (\$'000)	2014–15 (Revised) (\$'000)	2015–16 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	22,976	23,081	23,969	24,278
- Allowances.....	132	144	177	192
- Job-related allowances.....	—	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	46	47	46	25
- Civil Service Provident Fund contribution.....	52	80	192	239
Departmental Expenses				
- General departmental expenses	92,929	91,614	91,614	90,404
	116,135	114,967	115,999	115,139