

**For discussion
on 10 February 2015**

**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 2014 and outlines the way forward for 2015.

BACKGROUND

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

MAJOR ACTIVITIES AND ACHIEVEMENTS IN 2014

Attracting Target Companies in Key Geographical Markets

3. InvestHK proactively identifies and reaches out to companies in target sectors in key geographical markets. The Head Office of InvestHK works together with its 15 investment promotion units (IPUs) based in the Hong Kong Economic and Trade Offices (ETOs), the Beijing Office, the Hong Kong Economic, Trade and Cultural Office (ETCO) in Taipei, and 14 overseas consultants in locations not covered by the IPUs (listed at Annex) to attract investment from target companies.

4. Through its global network, InvestHK conducted over 6 300 meetings with target companies in overseas, Mainland and Taiwan markets in 2014. InvestHK offers one-to-one support services to companies throughout their planning and implementation process to invest in Hong Kong. InvestHK also provides aftercare support to strategic multinational companies already established in Hong Kong to encourage them to expand 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. InvestHK collaborates closely with relevant bureaux and departments and organisations to support Government's policy objectives. In 2014, InvestHK accorded priority to promote business opportunities in and attracting companies from sectors where Hong Kong has competitive edge, including in particular financial services, information and communications technology, and creative industries sectors.

6. To promote Hong Kong as an international financial centre and an offshore Renminbi centre, InvestHK conducted investment promotion visits in key financial markets such as London, Frankfurt, Berlin, Luxembourg, Shanghai and Shenzhen. Through participating in and sponsoring international events, InvestHK has reached out to a diverse range of financial companies with the potential and interest in setting up in Hong Kong.

7. To showcase the strengths of Hong Kong as an information and communications technology hub in the region, InvestHK worked in partnership with the Hong Kong Science and Technology Parks Corporation (HKSTPC), Cyberport and other organisations to organise and participate in various overseas and local events including, for example, sponsoring the APAC Innovation Summit organised by the HKSTPC in December 2014 in Hong Kong.

8. On art and creative industries, InvestHK organised a business seminar in Berlin to promote the art development in Hong Kong, and through sponsoring art events and conferences focusing on creative industries both in Hong Kong and overseas, InvestHK reached 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 continued to organise local events targeting specific sectors and markets to update investors 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 efforts 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 Hong Kong.

(a) Mainland

11. The Mainland continues to be a priority market for investment projects. In collaboration with Mainland authorities and business associations, InvestHK has stepped up efforts in promoting Hong Kong's role as a platform for Mainland companies to go global, leveraging on Hong Kong's full spectrum of business advantages. Specifically, InvestHK has -

- (i) formed an IPU in the newly established Wuhan ETO to serve the central region of the Mainland;
- (ii) continued with the marketing campaign in high-growth Mainland cities such as Tianjin, Shijiazhuang, Hefei, Chongqing, Yinchuan, Nanjing, Quanzhou, Hangzhou, Wuxi, Guiyang and Xian;
- (iii) partnered 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 organise sector-specific seminars in financial services, information and communications technology as well as business and professional services sectors;
- (iv) partnered with Hong Kong Trade Development Council (HKTDC) and other organisations to participate in major trade fairs and conferences held in major Mainland cities;
- (v) organised seminars in partnership with the Guangdong, Zhaoqing, Jiangmen, Guangzhou and Macao authorities in cities such as Barcelona, Lyon, Taipei, Vancouver and San Francisco to promote the combined advantages offered by the economic integration of Hong Kong and the Pearl River Delta region; and

- (vi) organised briefings for more than fifty incoming delegations from the Mainland on Hong Kong's investment environment.

(b) Taiwan

12. InvestHK has continued working through its IPU in the ETCO in Taipei to attract 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.

(c) Emerging markets

13. InvestHK has continued its investment promotion work in the key emerging markets, including Israel, India and South America, and a new consultant based in Tijuana, Mexico was engaged in January 2015 to support the work.

Attracting Startup Entrepreneurs to Hong Kong

14. To capitalise on the opportunities developing in Hong Kong's fast-growing startup sector, InvestHK embarked on a worldwide initiative in June 2013 called "StartmeupHK" to promote Hong Kong as a leading hub for entrepreneurship, and to encourage innovative and scalable startups to use Hong Kong as a launch pad to grow their businesses. A series of activities were launched under this initiative, including a global business plan competition, the StartmeupHK Venture Programme, and a dedicated one-stop website called www.startmeup.hk for the local and overseas startup communities.

15. InvestHK conducted the Venture Programme again in 2014 and received 550 entries from ventures in 47 economies worldwide including Hong Kong, which represented a 40% rise. The StartmeupHK Venture Forum held on 11 November 2014 brought together winners in the competition and leading speakers from local and overseas startup ecosystems. InvestHK also invited the participation of community stakeholders such as co-working spaces, entrepreneur associations and corporations to hold more than 45 related events throughout the StartmeupHK week.

16. InvestHK staged road shows and networking events in major startup hubs including Israel, the UK, the US, France and India between May and September 2014, to raise awareness of Hong Kong's position as the regional hub for startups and entrepreneurs.

Corporate Marketing and Communications

17. InvestHK adopts 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.

18. In 2014, InvestHK sponsored and participated in a series of major international events and regional business forums including for example the Asia Hedge Forum, Art Basel, Economist Innovation Awards and Summit, etc., to help identify potential investors, and raise the awareness of the advantages of investing in Hong Kong and the supporting services provided to prospective investors.

Achievements of InvestHK

(a) Projects completed and job creation

19. Since its establishment in 2000, InvestHK has completed over 3 400 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 37 500 jobs in the first year of operation or expansion of the companies.

20. In 2014, InvestHK completed a record number of 355 projects. These projects involved direct investment of more than \$8.9 billion and created over 2 600 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	2014
No. of projects completed*	265	284	303	316	337	355
Jobs created within the first year#	2 711	3 063	2 716	2 937	2 897	2 681

* 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.

21. Mainland remains the largest single source of investment projects of InvestHK. In 2014, InvestHK completed 75 projects related to Mainland companies, representing 21% of the total number of projects completed in the year. The total number of Mainland projects completed by InvestHK by now stands over 600.

22. In order to follow up with companies that InvestHK has assisted in bringing to or expanding in Hong Kong, InvestHK contacted 311 companies in 2014 from the 956 projects completed by InvestHK between 2011 and 2013. Among the 311 contacted, 281 projects (or 90%) are still in operation. The number of staff employed by these companies at the time of contact was 3 534¹, which represents 65% increase to the number of anticipated jobs created by these companies in their first year of operation.

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

23. 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 2014 released by the United Nations Conference on Trade and Development, Hong Kong was the fourth largest FDI recipient in the world in 2013, 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 534% in 2013, reflecting Hong Kong's status as a leading business hub.

24. Hong Kong continues to be an attractive business destination for companies to base their operations in Asia. Hong Kong was home to a record number of 7 585 overseas, Mainland and Taiwan companies as of June 2014. The figure represented an increase of around 1.8% to that in 2013. Together, these 7 585 companies engaged some 405 000 persons, representing around 11% of Hong Kong's overall employment. The figures underscore Hong Kong's appeal as a strategic location in Asia for companies to oversee their global or regional operations.

¹ The figure excludes 16 companies that were unwilling to disclose the number of staff employed.

NEXT STEPS

25. In 2015, 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.

26. 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. Specific target industries include financial technology, e-commerce and maritime services.

27. 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 Mainland counterparts to reach out to more privately owned enterprises in fast-growing Mainland cities such as Wuhan, Zhengzhou, Hefei, Nanning, Lanzhou, Qinhuangdao, Fuzhou, Quanzhou, Chongqing, Jinan, Nanjing, Nanchang, Chengdu and Mianyang. 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 services. InvestHK will continue to launch advertising programmes in the Mainland including the online platforms and social media, with the focus on its one-to-one services to companies.

28. 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 in Taipei and other cities. 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.

29. 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 2015. The marketing campaign will include digital, social media and outdoor advertising in Hong Kong and key markets overseas. InvestHK will organise StartmeupHK events in Dublin, San Francisco, and Helsinki around the

time when the world's biggest startup events take place to reach out to the interested entrepreneurs.

30. 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.

31. Locally, InvestHK will continue to 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.

ADVICE SOUGHT

32. 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
Central America	Tijuana	Central America and Mexico	Consultant Company
South America	Bogota	South America (except Brazil)	Consultant Company
	Sao Paulo	Brazil	Consultant Company
Europe	Berlin	Austria, Czech Republic, Germany, 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	Based in London ETO
	Milan	Italy	Consultant Company
	Moscow	Russia, Commonwealth of Independent States (Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan) and the Baltic States (Estonia, Latvia and Lithuania)	Consultant Company

<u>Region</u>	<u>Office Location</u>	<u>Area Covered</u>	<u>Remarks</u>
	Paris	France	Consultant Company
Asia/ Australasia	Kuala Lumpur	Malaysia and Indonesia	Consultant Company
	Mumbai	India	Consultant Company
	Osaka	West Japan	Consultant Company
	Seoul	Korea	Consultant Company
	Singapore	ASEAN (except Malaysia and Indonesia)	Based in Singapore ETO
	Sydney	Australia and New Zealand	Based in Sydney ETO
	Tokyo	East Japan	Based in Tokyo ETO
Mainland and Taiwan	Beijing	Beijing, Tianjin, Hebei, Liaoning, Heilongjiang, Jilin, Gansu, Qinghai, Xinjiang, Ningxia and Inner Mongolia	Based in Beijing Office
	Chengdu	Chongqing, Sichuan, Guizhou, Xizang (Tibet), Shaanxi and Qinghai	Based in Chengdu ETO
	Guangzhou	Guangdong, Fujian, Guangxi, Hainan and Yunnan	Based in Guangdong ETO
	Shanghai	Shanghai, Jiangsu, Zhejiang, Anhui, and Shandong	Based in Shanghai ETO
	Wuhan	Hubei, Hunan, Henan, Jiangxi and Shanxi	Based in Wuhan 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