

**For discussion  
on 16 February 2016**

**LEGISLATIVE COUNCIL  
PANEL ON COMMERCE AND INDUSTRY**

**Promotion of Inward Investment**

**PURPOSE**

This paper briefs Members on the work of Invest Hong Kong (InvestHK) in 2015 and outlines the way forward for 2016.

**BACKGROUND**

2. InvestHK's mission is to attract and retain foreign direct investment (FDI) and to promote Hong Kong 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 RESULTS IN 2015**

*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 IPUs (listed at **Annex A**) to attract investment from target companies.

4. Through its global network, InvestHK conducted over 7 200 meetings with target companies in overseas, Mainland and Taiwan markets in 2015. 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 2015, 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 New York, London, Frankfurt, Berlin, Luxembourg, Tokyo, Shanghai, Shenzhen and Seoul. 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 FinTech Innovation Asia in June 2015 and the APAC Innovation Summit organised by the HKSTPC in November 2015.

8. To promote Hong Kong as an arts and creative industries hub, InvestHK worked in partnership with local and overseas organisations through participating and supporting events such as art fairs and international conferences on design, media and digital marketing. Business seminars on creative industries and design were conducted in 2015 in cities like Barcelona and Vienna to reach out to a diverse range of companies in the relevant sectors.

9. In addition, InvestHK also organised events in Hong Kong to update investors on the latest developments in selected sectors and to 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 invest in 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) partnered with the Ministry of Commerce and other relevant local authorities such as provincial or municipal departments of commerce as well as local industrial and commercial organisations to organise sector-specific seminars in the Mainland to introduce the competitive advantages of Hong Kong to local businesses. In 2015, such seminars were held in Mainland cities including Wuhan, Zhengzhou, Hefei, Nanjing, Shanghai, Nanning, Jinan, Qinhuangdao, Fuzhou, Quanzhou, Lanzhou, Mianyang and Chengdu, etc.;
- (ii) partnered with Hong Kong Trade Development Council (HKTDC) and other organisations to participate in major trade fairs and conferences held in the Mainland, for example the China International Fair for Investment and Trade in Xiamen and the China-Russia Expo in Harbin;
- (iii) organised seminars in partnership with Guangdong, Macao and Guangzhou authorities in Belt and Road economies including Singapore, Malaysia, Indonesia and the United Arab Emirates to promote the combined advantages offered by the economic integration of Hong Kong and the Pearl River Delta region; and

- (iv) organised briefings for more than 40 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 companies in Hong Kong to support their expansion plans.

***(c) Emerging markets***

13. In order to better capture the business opportunities arising from emerging markets, InvestHK started to engage a consultant in Tijuana, Mexico in January 2015 to serve the Mexican and Central American markets, and increased the consultancy days for some of the overseas consultants covering markets along the Belt and Road, e.g. Moscow, Milan and Israel.

***Attracting Startup Entrepreneurs to Hong Kong***

14. InvestHK continued its promotional efforts to startups and related stakeholders in 2015 under the StartmeupHK initiative. A week-long StartmeupHK Festival was held in January 2016 to showcase the key startup sectors where Hong Kong has distinct competitive advantages, namely financial technology (fintech), consumer Internet of things (IoT), health technology and data analytics. The startup portal hosted by InvestHK was also revamped in 2015 to include more comprehensive resources to better serve the startup community.

15. To track the growth of the startup ecosystem, InvestHK conducted its second survey in August 2015 to poll operators of the 40 major co-work space, incubator and accelerator locations in Hong Kong. The results showed that a total of 1 558 startups were registered in these premises, representing an increase of 46% or 493 startups, compared to a similar survey conducted a year ago. The number of people employed by startups also increased by 56% to 3 721.

16. InvestHK staged road shows and networking events in major startup hubs including the US, Canada, the UK, Ireland and India between May and November 2015 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 2015, InvestHK sponsored and participated in a series of major international events and regional business forums including for example the APAC Innovation Summit, Asian Logistics and Maritime Conference, RISE Hong Kong and World Business Forum etc., to help identify potential investors and to promote the advantages of investing in Hong Kong as well as the supporting services available for prospective investors.

### *Results in 2015*

#### *(a) Projects completed and job creation*

19. Since its establishment in 2000, InvestHK has completed over 3 820 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 41 200 jobs in the first year of operation or expansion of the companies.

20. In 2015, InvestHK completed a record number of 375 projects. These projects involved direct investment of more than \$10.1 billion and were able to create over 3 600 jobs within the first year of operation or expansion of the companies. The results of InvestHK's work in the past three years are summarised below-

	<b>2013</b>	<b>2014</b>	<b>2015</b>
No. of projects completed*	337	355	375
Jobs to be created within the first year#	2 897	2 681	3 641

\* 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.

A breakdown of completed projects by industry sector is at **Annex B**.

21. Mainland remains the largest single source of investment projects of InvestHK. In 2015, InvestHK completed 78 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 670.

22. In order to follow up with companies that InvestHK has assisted in bringing to or expanding in Hong Kong, InvestHK contacted 331 companies in 2015 from the 1 008 projects completed by InvestHK between 2012 and 2014. Among the 331 contacted, 288 projects (or 87%) are still in operation. The number of staff employed by these companies at the time of contact was 8 399<sup>1</sup>.

***(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 2015 released by the United Nations Conference on Trade and Development, Hong Kong was, for the first time, the second largest FDI recipient in the world in 2014 after Mainland China. FDI inflow to Hong Kong in 2014 was US\$103 billion.

24. Hong Kong continues to be an attractive business destination for companies to base their operations in Asia. According to the *2015 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 7 904 overseas, Mainland and Taiwan companies as of June 2015. The figure represented an increase of around 4.2% to that in 2014. Together, these 7 904 companies engaged some 422 000 persons, representing around 14% of the total number of persons engaged in Hong Kong as of June 2015.

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<sup>1</sup> The figure excludes 17 companies that were unwilling to disclose the number of staff employed.

## **NEXT STEPS**

25. In 2016, 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, Taiwan and key emerging markets, such as the Association of Southeast Asia Nations (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 services, transport and logistics as well as information and communications technology.

27. On the Mainland market, InvestHK will continue to partner with Mainland authorities to organise business seminars and investment promotion visits to reach out to more potential investors in fast-growing Mainland cities. To further capture the market potential in the central and western parts of the Mainland, the staffing support in Wuhan IPU will be strengthened in 2016. 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. On startups, we are evaluating the feedback received regarding the StartmeupHK Festival held in January 2016 and will plan for the activities in the 2016/17 financial year. We will also continue to sponsor and participate in key startup events both in Hong Kong and overseas, and conduct another survey on startups in August 2016.

29. 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.

30. Locally, InvestHK will continue to work closely with 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**

31. Members are invited to note the investment promotion work of InvestHK and the progress and results to date.

**InvestHK**  
**Commerce and Economic Development Bureau**  
**February 2016**



**InvestHK's External Promotion Units**

<b><u>Region</u></b>	<b><u>Office Location</u></b>	<b><u>Area Covered</u></b>	<b><u>Remarks</u></b>
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
	Rio de Janeiro	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
	Paris	France	Consultant Company

<b><u>Region</u></b>	<b><u>Office Location</u></b>	<b><u>Area Covered</u></b>	<b><u>Remarks</u></b>
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, 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 <sup>Note</sup>	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

*Note: The concerned consultant company closed down its operation in Abu Dhabi of the United Arab Emirates in June 2015. We are in the process of identifying a new consultant.*

**Breakdown of completed projects by industry sector**

<b>Sector</b>	<b>Number of projects completed</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Business and professional services (including legal services, business consulting, education and training)	39	41	44
Creative industries (including multimedia, arts, culture and sports, design services)	34	36	38
Consumer products (including garments, footwear and fashion accessories)	39	41	43
Financial services (including banking support services, asset management, insurance)	42	46	48
Innovation and technology (including electronics, environmental technology and services, medical services and equipment)	45	48	51
Information and communications technology (including software solutions, IT services, telecommunications)	36	38	40
Tourism and hospitality (including food and beverage trading and manufacturing, travel and cruise)	54	54	57
Transport and industrial (including logistics, transport, supply chain management industries)	48	51	54
<b>Total</b>	<b>337</b>	<b>355</b>	<b>375</b>