

**For discussion
on 17 July 2018**

**LEGISLATIVE COUNCIL
PANEL ON COMMERCE AND INDUSTRY**

Promotion of Inward Investment

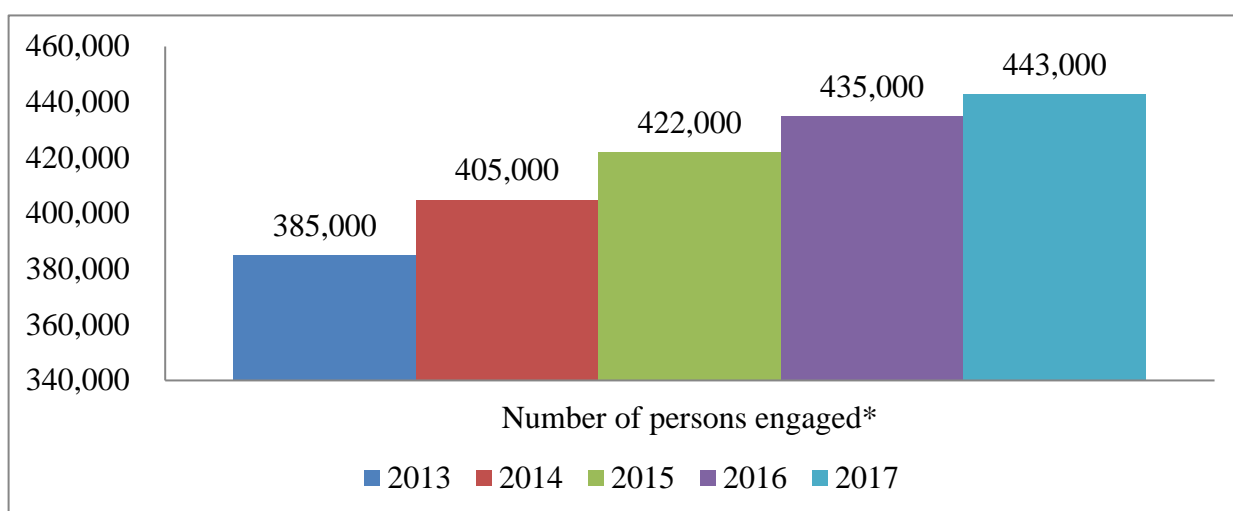
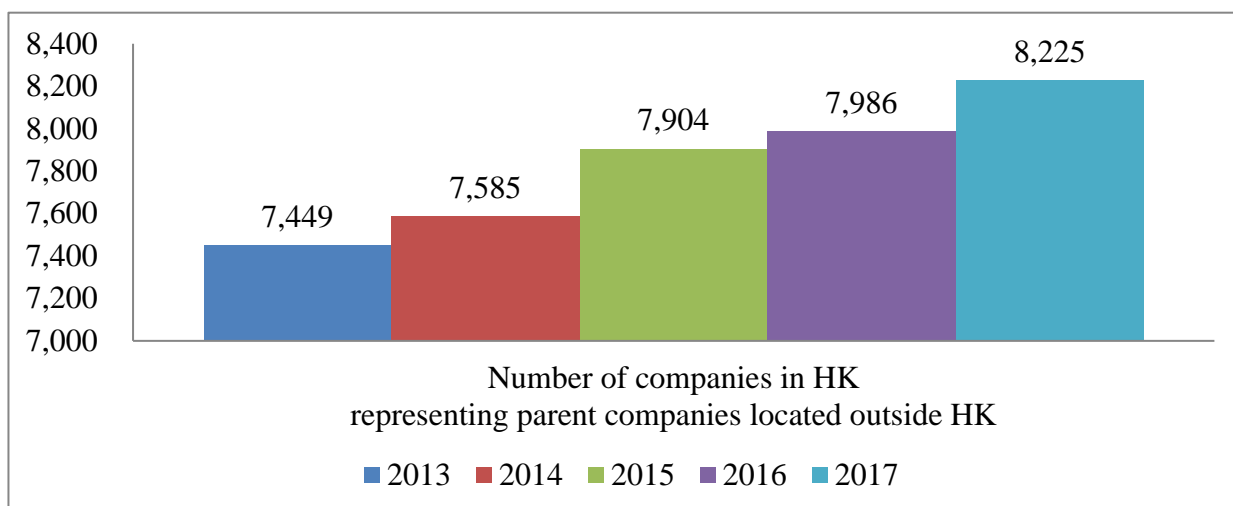
PURPOSE

This paper briefs Members on the work of Invest Hong Kong (“InvestHK”) in 2017 and outlines its work plan for 2018-19.

HONG KONG AS AN IDEAL DESTINATION FOR FOREIGN DIRECT INVESTMENT (“FDI”)

2. With Hong Kong’s position at the heart of Asia and as a two-way platform for business between the Mainland and the rest of the world, Hong Kong has been a preferred destination for FDI. According to the World Investment Report 2018 released by the United Nations Conference on Trade and Development, Hong Kong was the third largest FDI recipient in the world in 2017, after the United States (“the US”) and Mainland China.

3. According to the 2017 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 8 225 overseas and Mainland companies in 2017. Together, these 8 225 companies employed some 443 000 persons, representing around 15% of the total number of persons engaged in major economic sectors in Hong Kong. The survey results for the past five years are shown in the following charts:



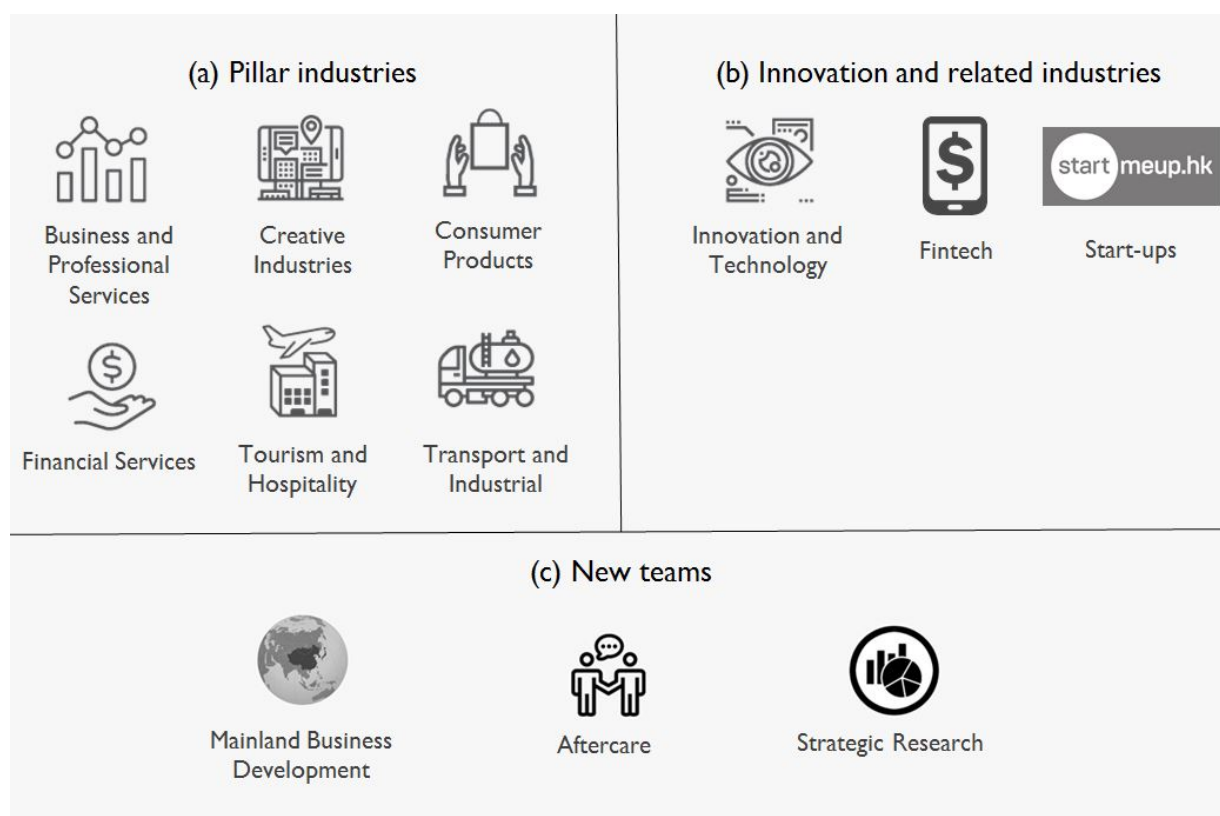
* Figures are rounded to the nearest thousand

ABOUT INVESTHK

4. InvestHK’s mission is to attract and retain FDI and to promote Hong Kong as a leading international business hub. Its strategy for promoting inward investment aligns with the Government’s overall policy objectives, including the development of innovation and technology (“I&T”), the Belt and Road Initiative, the Guangdong-Hong Kong-Macao Bay Area (“Bay Area”) development, as well as leveraging on Hong Kong’s traditional strengths. To align with these priorities, the sector teams in the Head Office of InvestHK are arranged in two main streams, namely (a) pillar industries covering six sector teams, i.e. Business and Professional Services, Creative Industries, Consumer Products, Financial Services, Tourism and Hospitality, and Transport and Industrial; and (b) innovation and

related industries covering two sector teams, i.e. I&T, and Financial Technology (“fintech”), as well as the StartmeupHK Team.

5. InvestHK has also set up a Mainland Business Development Team, a Strategic Research Team, an Aftercare Team and a maritime desk within the Transport and Industrial Team to focus and enhance investment promotion work in these areas. The promotion focus of the eight sector teams and the StartmeupHK Team is at **Annex A**.



6. InvestHK proactively identifies and reaches out to companies in the target sectors in key geographical markets. The Head Office of InvestHK works together with 15 investment promotion units (“IPUs”)¹ based in the Hong Kong Economic and Trade Offices (“ETOs”), the Beijing Office, the Hong Kong Economic, Trade and Cultural Office in Taipei, and 15 overseas consultants in key locations not covered by IPUs. The IPUs work seamlessly both with the ETOs and InvestHK Head Office. InvestHK’s Head Office sets the overall direction of promotional efforts and reviews performance of the IPUs. Heads of the ETOs

¹ The IPU in Jakarta is in the process of establishment and is expected to be in full force by Q3 of 2018. By then, there will be 16 IPUs.

handle day-to-day management of the IPU and take part in investment promotion work. InvestHK's worldwide network is shown below:



Work of InvestHK

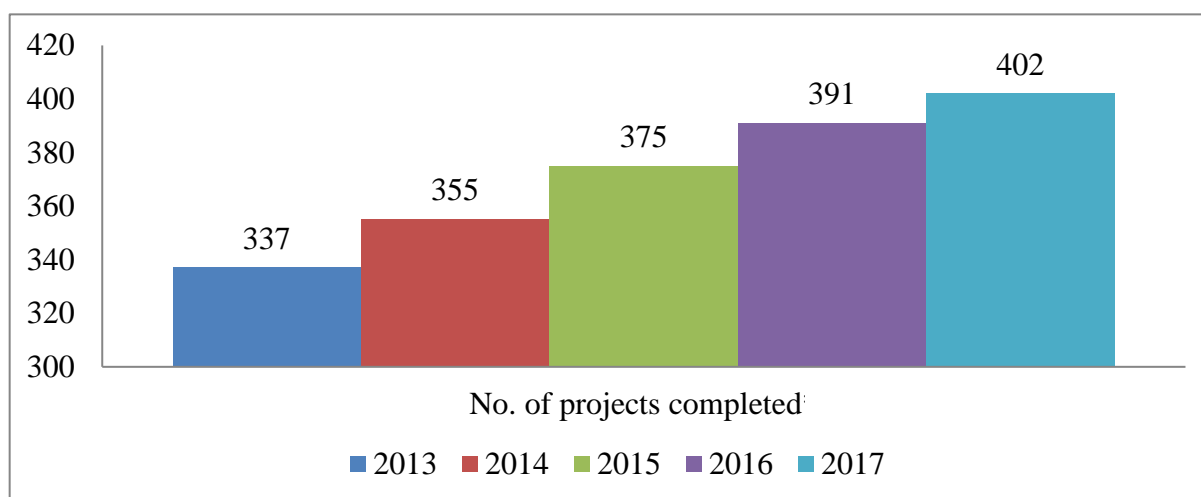
7. In identifying and reaching out to target companies, InvestHK offers to them one-stop customised support services, from the planning to implementation stages. The services offered include market intelligence, guidance on relevant laws and regulations for the sector concerned, facilitation of visa applications, advice on funding and other support schemes, contact information of banks, introduction to business partners, etc..

8. One of the important roles of InvestHK is to advise companies on Government's policies or regulations. InvestHK seeks information from relevant Bureaux/Departments ("B/Ds") or regulators, and where necessary, help line up cross-departmental meetings with the company concerned so that the company can fully take into account the requirements of the relevant Government's policies or regulations when developing its business plan and implementation details.

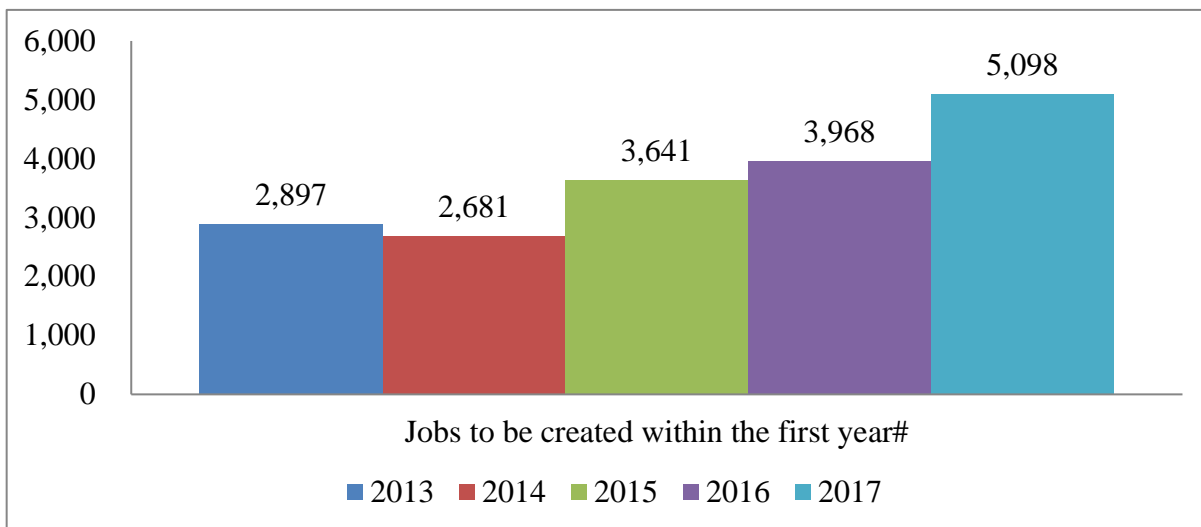
RESULTS IN 2017

9. Since its establishment in 2000, InvestHK has completed over 4 600 investment projects², supporting overseas and Mainland companies to set up or expand their businesses in Hong Kong. These projects have created more than 50 200 jobs in the first year of operation or expansion.

10. In 2017, InvestHK completed a record number of 402 projects, involving direct investment of more than \$16.6 billion and creating 5 098 jobs within the first year of operation or expansion. Of these 5 098 jobs, 2 800 (55%) were reported by the companies as top management and professional jobs. The results of InvestHK's work in the past five years are shown in the following charts. Breakdowns of completed projects by sector are at **Annex B**.

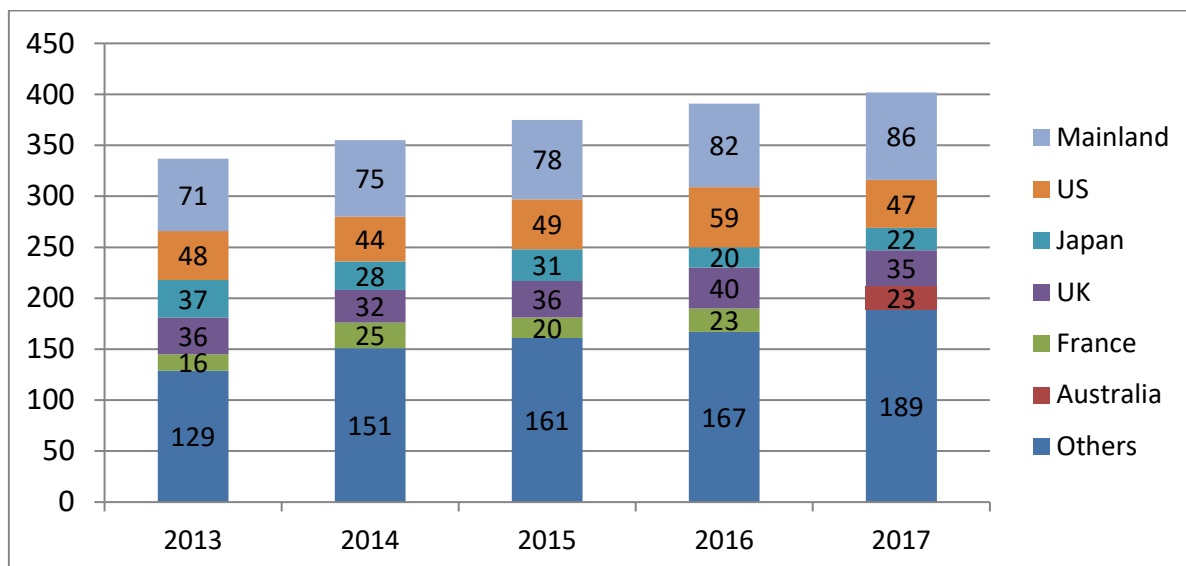


² Investment projects each resulting in an overseas or Mainland company setting up or undergoing a significant expansion in Hong Kong with the assistance of InvestHK. The figures do not include companies set up in Hong Kong without such assistance.



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

11. In 2017, InvestHK completed 86 projects related to Mainland companies, representing 21% of the total number of projects completed in the year. Other major sources of investment projects were the US (47), the United Kingdom (“the UK”) (35), Australia (23) and Japan (22). The top five source markets of investment projects completed in the past five years are shown in the following table:



12. As part of the aftercare programme for companies that InvestHK has assisted, InvestHK contacted, in 2017, 532 companies out of the 1 121 projects completed between 2014 and 2016³. Among those contacted, 479 projects (90%) were still in operation. The number of staff employed by these companies at the time of contact was 9 861⁴.

STRATEGY IN 2018-19

13. In 2018-19, InvestHK will enhance and expand its investment promotion efforts in attracting overseas and Mainland companies to set up or expand their businesses in Hong Kong.

Closer Collaboration with B/Ds, “HK Inc” and Other Partners

14. To maximise synergy and impact, InvestHK works closely with relevant B/Ds, as well as “HK Inc” members to attract and assist companies to set up or expand their businesses in Hong Kong. Key partners include the Hong Kong Trade Development Council (“TDC”), the Hong Kong Tourism Board, the Hong Kong Science and Technology Parks Corporation (“HKSTPC”), Cyberport and Create Hong Kong.

15. Working across the Government and with key stakeholders, InvestHK is taking a proactive and targeted approach in identifying and attracting specific companies to invest in Hong Kong. We work closely with relevant B/Ds and key partners as well as overseas ETOs to identify, call upon and follow up with companies in specific sectors, including the financial services, I&T and maritime sectors.

³ InvestHK has an established programme to conduct aftercare contacts with companies which have previously been supported by InvestHK and other strategic multinational companies already set up in Hong Kong to keep track of their developments and to facilitate expansion of their businesses in Hong Kong. The first aftercare contacts will be conducted within 12 to 18 months after the completion of projects, while the second aftercare contacts will be conducted within 30 to 36 months after the completion of projects.

⁴ The figure excludes 53 companies that were unwilling to disclose the number of staff employed.

16. InvestHK will also continue liaison with overseas chambers/consulates in Hong Kong to further our reach to foreign businesses, as well as to work closely with financial and professional service providers, including banks, law firms and accountancy firms. InvestHK will also continue to maintain close relationships across our overseas network with governments, chambers and trade associations.

Playing an Active Role in Major Mainland Initiatives

17. The opportunities brought by the Belt and Road Initiative and the Bay Area development are key elements of Hong Kong's inward investment proposition. They further enhance Hong Kong's role as a two-way development base for "going global" and attract foreign investment. With Hong Kong's unique business advantages, as well as its strategic location and status as an international financial, maritime and trading centre, Hong Kong is a springboard for Mainland companies to "go global" and for overseas companies to access Belt and Road markets as well as cities in the Bay Area.

18. To seize the business opportunities arising from the Belt and Road Initiative and the Bay Area development, InvestHK continues to reach out to companies through marketing campaigns, seminars and investment promotion visits. For instance:

- In February 2018, InvestHK participated in a large-scale seminar in Beijing on the Belt and Road Initiative. As a side event, InvestHK organised a business matching session with the Beijing Municipal Government to promote how Hong Kong could be used as a springboard for state-owned enterprises to "go global".
- In May 2018, InvestHK organised a "Belt and Road" roundtable meeting in Chengdu and a seminar on corporate treasury centre ("CTC") with the Hong Kong Monetary Authority in Guangzhou.
- InvestHK will organise business matching events during joint conferences to be held between the HK Government and Mainland provincial governments and in major events, such as the China International Fair for Investment & Trade to be held in Xiamen and the China International Import Expo in Shanghai. In the next few months, InvestHK will also organise investment promotion seminars in Beijing, Hefei, Shanghai, Urumqi and Xiamen.

19. In June 2018, Hong Kong, together with Guangdong and Macao, co-organised a joint promotion event in Paris to promote the business opportunities of the Bay Area development to the French business community. The event, officiated by the Chief Executive, aroused considerable interest. Joint events with Guangdong and Macao were held in Mexico City, Toronto and Seattle in November and December 2017.

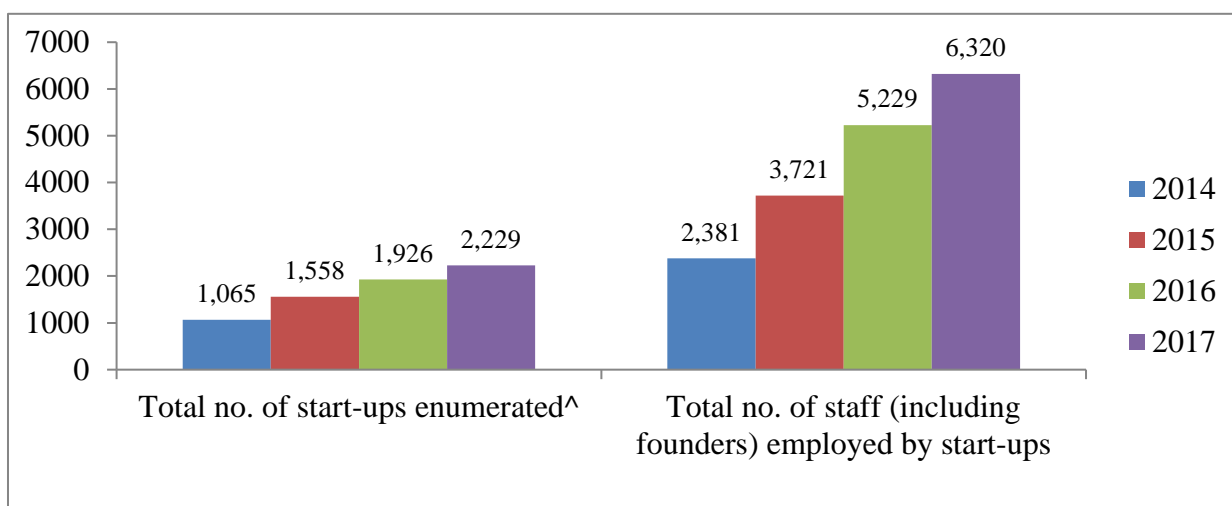
Overseas Promotion

20. InvestHK will continue with an active programme of investment promotion visits to both traditional and emerging markets. In 2018, InvestHK has so far conducted investment promotion visits to Abu Dhabi, Amsterdam, Auckland, Brussels, Copenhagen, Doha, Dubai, Dublin, Helsinki, India, Kuwait City, Lisbon, London, Paris, Riyadh, Santiago, Sao Paulo, Seoul, Stockholm, Tel Aviv, Tokyo, etc.. This complements the on-the-ground investment promotion work of the IPU and InvestHK's overseas consultants. Seminars or high-level roundtable meetings with senior executives of companies there were organised to tie in with some of these visits. For instance, a seminar on "Smart Innovative Hong Kong and the Greater Bay Area" was co-organised with Korea Trade-Investment Promotion Agency in July 2018 in Seoul.

Promoting Hong Kong as a leading hub for start-ups and entrepreneurship

21. InvestHK established the StartmeupHK programme in 2013 and set up a dedicated team in 2014 to provide a one-stop service platform to global start-ups. The programme promotes Hong Kong as a leading hub for entrepreneurship, and encourages innovative and scalable start-ups to use Hong Kong as a launch pad to grow their businesses.

22. To track the growth of Hong Kong's start-up ecosystem, InvestHK conducted its fourth survey in 2017 to poll operators of major co-work spaces, incubation and accelerator programmes in Hong Kong. As at November 2017, a total of 2 229 start-ups were operating in these premises, representing an increase of 16% (303 start-ups) over the past year. The number of people employed by these start-ups also increased by some 21% to 6 320. The survey results are shown in the following chart:

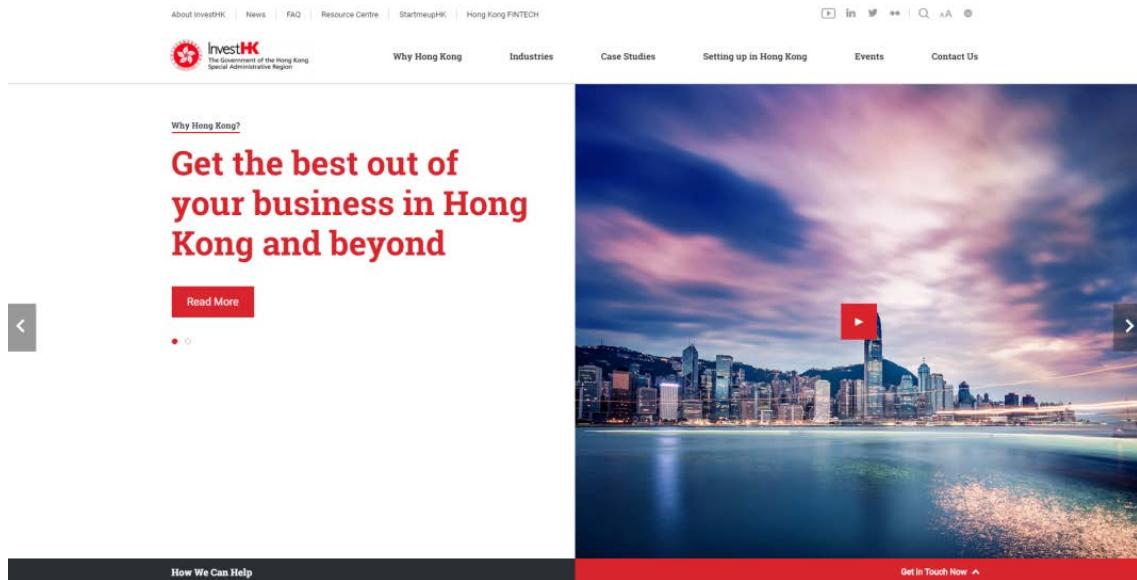


[^] The survey is conducted by InvestHK in collaboration with operators of major co-work spaces, incubation and accelerator programmes in Hong Kong to enumerate the start-ups operating in the premises of these co-work spaces, incubation and accelerator programmes. The survey, however, does not cover start-ups operating outside these premises.

23. In 2018-19, the StartmeupHK programme will actively promote Hong Kong as a vibrant start-up hub in priority areas such as artificial intelligence (“AI”) and big data, fintech, healthtech, smart city and robotics. InvestHK will stage or sponsor start-up events and roundtable meetings in cities such as Amsterdam, Helsinki, Lisbon, London, San Francisco, Toronto and Vancouver to reach out to potential entrepreneurs, innovation labs, incubator and accelerator platforms. The annual flagship StartmeupHK Festival will be held in January 2019 to showcase the vibrant environment of Hong Kong as a leading hub for start-ups.

Marketing and Social Media Communications

24. InvestHK adopts an integrated marketing communications strategy, through advertising, publications, social media, public relations activities, events, and strategic research to position Hong Kong as a prime international business location. The department has completed a major brand revamp in 2018, including the launch of a new website, new corporate video and created a more contemporary look of all its marketing collaterals.



25. InvestHK’s new website, fully responsive and mobile-friendly, was launched in March 2018. It provides a seamless platform for users on either desktop or mobile device to understand the key propositions and practical steps in setting up businesses in Hong Kong. A mobile app will be launched in Q3 2018 to provide even more easily accessible information on Hong Kong’s business environment.

26. InvestHK has also strengthened its digital marketing and social media strategy. The department opened a WeChat account in 2017 and will continue to create a wider and larger scale impact through quality content designed for Mainland audiences to raise Hong Kong’s position as an FDI destination and raise InvestHK’s brand awareness across the Mainland market.



e.weibo.com/investhk



WeChat ID: INVEST_HK
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@InvestHK



facebook.com/startmeuphk
 @StartmeupHK



hongkong-fintech.hk
 @HongKongFinTech

27. In 2017, InvestHK sponsored and participated in a series of major international events and regional business forums, such as the Art Basel, Marine Money Global, Mobile World Congress, World Forum for FDI – Shanghai, Pioneer Festival, London Technology Week, “Think Asia Think Hong Kong” in London, RISE Hong Kong, etc..



Strengthening of Aftercare Services

28. In June 2018, InvestHK set up a small dedicated team to enhance its aftercare services for overseas and Mainland companies in Hong Kong. The dedicated team is developing a structured and systematic outreach programme to help and support these companies to expand their presence in Hong Kong. InvestHK will hold strategic discussions with key investors to help them consider and evaluate new areas and opportunities for growth, including those arising from the Belt and Road Initiative, Bay Area development and I&T development. High-level conferences/roundtables, as well as one-to-one meetings, will be organised locally and in key locations such as Singapore, Sydney, Beijing, Shanghai and Shenzhen. These events will be designed to be attractive to senior executives by bringing benefits that participants would not otherwise be able to enjoy, for example networking with key decision makers from regulators or governments.

Targets for 2018

29. InvestHK aims to complete 425 projects in 2018.

ADVICE SOUGHT

30. Members are invited to note the work of InvestHK and the progress and results to date and the work plan for 2018-2019.

**Invest Hong Kong
Commerce and Economic Development Bureau
July 2018**

Promotion Focus of the Sector Teams and the StartmeupHK Team

I. Pillar Industries

(i) Business and Professional Services

By leveraging on the Belt and Road Initiative and Bay Area Development, InvestHK will further strengthen Hong Kong's status as the regional hub for a wide range of high-end business and professional services including legal, accounting, consulting, real estate, engineering, surveying, human resources, and education through our promotional efforts. InvestHK will continue to place a strong emphasis on promoting the legal sector in 2018. A business seminar was organised in Kuala Lumpur in partnership with the Malaysian Bar Council. We will join forces with the Law Society of Hong Kong, the Hong Kong International Arbitration Centre ("HKIAC") and Department of Justice ("DoJ") to participate in various overseas marketing events. In addition, InvestHK, as a member of the HKIAC Belt and Road Advisory Committee, will collaborate with DoJ in developing marketing collateral to promulgate the use of arbitration and mediation services in Hong Kong.

2. Education and training is also a major sub-sector which InvestHK will continue to develop with various marketing initiatives such as supporting EdTech Asia Summit in July 2018.

(ii) Creative Industries

3. To promote Hong Kong as a vibrant creative industries hub, InvestHK will continue its effort in attracting creative companies to set up in Hong Kong. Hong Kong has become the art and design hub in Asia with the Government's multiple initiatives and landmark projects in support of creative industries. Investment promotion initiatives for 2018 in attracting new enterprises in these areas include investment promotion trips to Australia, Japan and the Mainland. With Melbourne being the partner city of Business of Design Week in Hong Kong in 2018, InvestHK collaborated with Australian government body, Creative Victoria, by sponsoring Creative Victoria Trade Mission Information Session in Melbourne in May 2018 with a speaking engagement to promote the advantages

of Hong Kong to the design industry in Melbourne. Other initiatives in reaching out to creative industries companies include sponsoring and participating in key international events or business conferences in various sectors including art, design and media, such as Art Basel Hong Kong, CASBAA (Cable & Satellite Broadcasting Association of Asia) Convention and Business of Design Week.

(iii) Consumer Products

4. To attract and retain consumer products companies in Hong Kong, InvestHK has continued to promote the city as a centre for e-commerce, sourcing and retail operations. Overseas investment promotion seminars targeting industry players were held in Korea and Europe in 2018. Other initiatives include the sponsorship of Cosmoprof, the largest cosmetics and packaging trade show in Asia in the past years. Topical seminars were held in Hong Kong providing advice to small and medium enterprises and entrepreneurs from multiple sub-sectors within the industry, in collaboration with Hongkong Post, GS1 and international entrepreneur community. InvestHK also works closely with the Hong Kong Tourism Board in introducing Quality Tourism Services to consumer products with retail operations to facilitate brand building among visitors to prepare for future growth in Mainland and beyond.

(iv) Financial Services

5. To promote Hong Kong as an international financial centre which presents strong investment potential in a broad range of financial services including banking, asset management, insurance, venture capital and private equity, and leasing, InvestHK will continue to encourage more Mainland and overseas multinational corporations to establish their CTCs in Hong Kong by proactively reaching out to target companies through company visits and providing them with industry and policy updates.

6. InvestHK will intensify the marketing efforts to promote Hong Kong as an aircraft leasing and aviation financing hub in Asia through developing new marketing materials publicising the tax incentives offered to the aircraft leasing industry and case studies on aircraft leasing companies having been set up in Hong Kong. InvestHK will organise, sponsor or attend signature aircraft leasing and aviation finance events, such as those organised by Airline Economics Growth

Frontiers held in Dublin, Korea and Hong Kong respectively in January, March and October 2018, to generate contacts, prospects and projects and showcase the advantages of Hong Kong. Moreover, by attending and supporting AVCJ Private Equity and Venture Forum in Singapore in July 2018, InvestHK aims to target significant venture capital and private equity firms.

(v) *Tourism and Hospitality*

7. To continue to showcase Hong Kong as an international culinary hub and travel destination, InvestHK conducted investment promotion visits to New York and Toronto in late 2017 and Australia and New Zealand in June 2018. We held various seminars and roundtable meetings targeting high-quality food and travel companies. To encourage Mainland food trading companies and restaurants to “go global”, we organised seminars and meetings in Wuhan and Beijing in 2017 and will also work together with the Macao Government to conduct seminars in Sichuan in November 2018. To reinforce industry network coordination with stakeholders, InvestHK works closely with the Hong Kong Tourism Board, Tourism Commission, Vocational Training Council, Polytechnic University School of Hotel and Tourism Management, Tai Kwun and the TDC to promote Government initiatives and exchange of industry news. Other initiatives include sponsoring and supporting major events such as Natural and Organic Products Asia and Foodie’s Food Future Summit in Hong Kong, aiming to raise our profile among the international business community and generate quality leads.

(vi) *Transport and Logistics*

8. To enhance Hong Kong’s status as an international maritime centre and, in particular, to spur further growth of the maritime services cluster, InvestHK has been working closely with the Transport and Housing Bureau and the Hong Kong Maritime and Port Board (“HKMPB”) through participating in and supporting high-profile international maritime events. For instance, InvestHK joined the HKMPB’s delegation to Shanghai in December 2017 and Athens in June 2018 to promote Hong Kong’s maritime services and encourage companies to set up or expand their maritime-related functions in Hong Kong. We also partnered with the HKMPB in the organisation of the highly successful Hong Kong Maritime Week in November 2017.

9. To enhance Hong Kong's profile in the global maritime industry, InvestHK will continue to participate in major international maritime conferences and exhibitions locally and overseas, and collaborate closely with the HKMPB, TDC and Hong Kong Shipowners Association on joint promotions. InvestHK has also set up a dedicated maritime team in 2018 to strengthen promotion to attract more renowned maritime enterprises to operate in Hong Kong.

II. Innovation-related Industries

(vii) Innovation and Technology

10. To align with the Government's policy of supporting I&T development, InvestHK will continue to work closely with the Innovation and Technology Bureau, Innovation and Technology Commission, key partners including HKSTPC, Cyberport, Hong Kong Productivity Council, the five research institutes and six research local universities and the business technology community in Hong Kong, in the Mainland and overseas to help transform Hong Kong into a leading international centre for I&T. We will work with key stakeholders to organise and participate in various events in key tech hubs in the Mainland, the US, Canada, the UK, Europe, Israel, Japan, Korea, Australia and India, etc., to promote business opportunities in Big-data, information and communications technology, AI, robotics, smart manufacturing, smart city technology, biotech and bio medical technology.

11. In March 2018, InvestHK organised business roundtables in Shenzhen and Guangzhou together with HKSTPC and the Hong Kong Applied Science and Technology Research Institute to attract technology companies in the Bay Area to expand their businesses to Hong Kong. InvestHK will conduct investment promotion visits to Japan in July 2018, the Bay Area in August 2018, the Nordics in September 2018 and the US around end of 2018. InvestHK will also organise a business delegation of Mainland technology companies, including those from the Bay Area, to visit Hong Kong in September 2018.

(viii) Fintech

12. Since the establishment of the dedicated fintech team in InvestHK in September 2016, InvestHK has provided assistance to around 350 fintech start-ups. InvestHK has engaged fintech companies and communities in Australia, Europe, South America, the Mainland and the US, through duty visits and sponsoring and attending different fintech events overseas. We sponsored more than 20 fintech events in Europe, the Mainland and the US and in 2017. We have also conducted duty visits to Australia, Denmark, France, Germany, Switzerland, the UK, Beijing and Shanghai to promote Hong Kong's fintech ecosystem and the business opportunities and advantages of setting up a presence in our city.

13. In October 2017, InvestHK's annual flagship fintech event, Hong Kong Fintech Week, registered another success with some 4 000 attendees from over 50 countries and more than 300 speakers. As an extension of the Hong Kong Fintech Week series, Hong Kong Fintech Education Week was held after Hong Kong Fintech Week for the first time with participation of Hong Kong's eight universities to promote fintech to university campuses and to reflect the growing prominence of fintech in Hong Kong's education system. InvestHK also actively reached out to start-up and fintech communities overseas through attendance and sponsorship of international events, such as Finovate Spring, Money 20/20 Europe, Paris Fintech Forum, and Innovate Finance Global Summit in London, etc..

14. In 2018, InvestHK will continue its efforts to showcase Hong Kong's unique advantages in developing fintech. InvestHK will organise the third edition of Hong Kong Fintech Week, the world's first cross-border fintech event, in Hong Kong and Shenzhen in October 2018 under the Bay Area initiative. We will also continue to organise, sponsor and participate in significant fintech events.

(ix) Start-ups

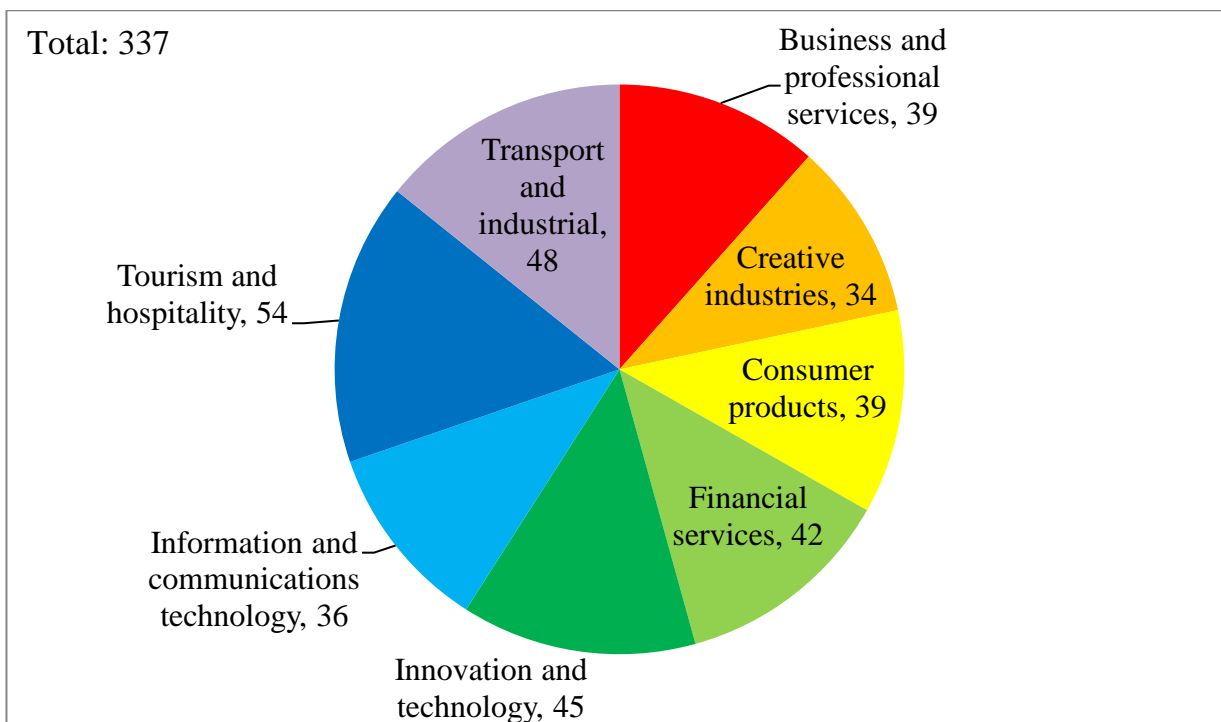
15. InvestHK continued its promotional efforts to start-ups and related stakeholders in 2017 and 2018 under the StartmeupHK initiative. In January 2018, the week-long StartmeupHK Festival was held with a series of thematic conferences and pitching events covering areas in which Hong Kong has a distinct competitive advantage, such as fintech, smart city technologies, Internet of Things, health technology as well as retail and logistics technologies. The Festival attracted over 6 000 participants. The week also showcased a number of events organised by the start-up community to promote exchanges and collaboration

between start-ups, service providers, SMEs, and corporates. These included a Start-up Job Fair which attracted over 800 attendees, Start-up Services Marketplace, investor workshops and mentorship events. To showcase the vibrant environment of Hong Kong as a leading hub for start-ups, InvestHK will create a festival in 2019 that is relevant, inspirational and useful to connect international start-up ecosystem stakeholders and the local start-up community.

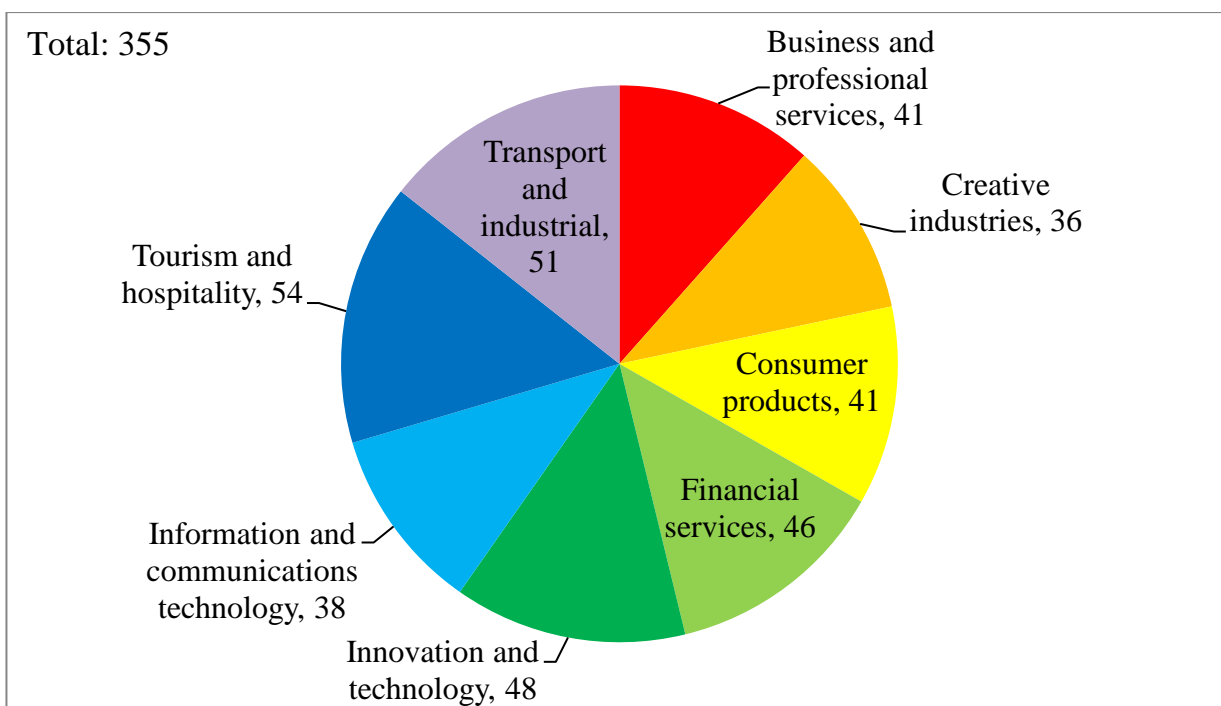
16. InvestHK will stage or sponsor start-up events and roundtables in Amsterdam, Helsinki, Lisbon, London, San Francisco, Singapore, Toronto, Vancouver and Shanghai to reach out to potential entrepreneurs, innovation labs, incubator and accelerator platforms. Tying in to the innovation agenda, InvestHK will continue to work closely with HKSTPC, Cyberport and other organisations to promote Hong Kong as a major start-up hub, paying particular attention to the promotion of the Hong Kong-Shenzhen Innovation and Technology Park at the Lok Ma Chau Loop.

Breakdowns of completed projects by sector

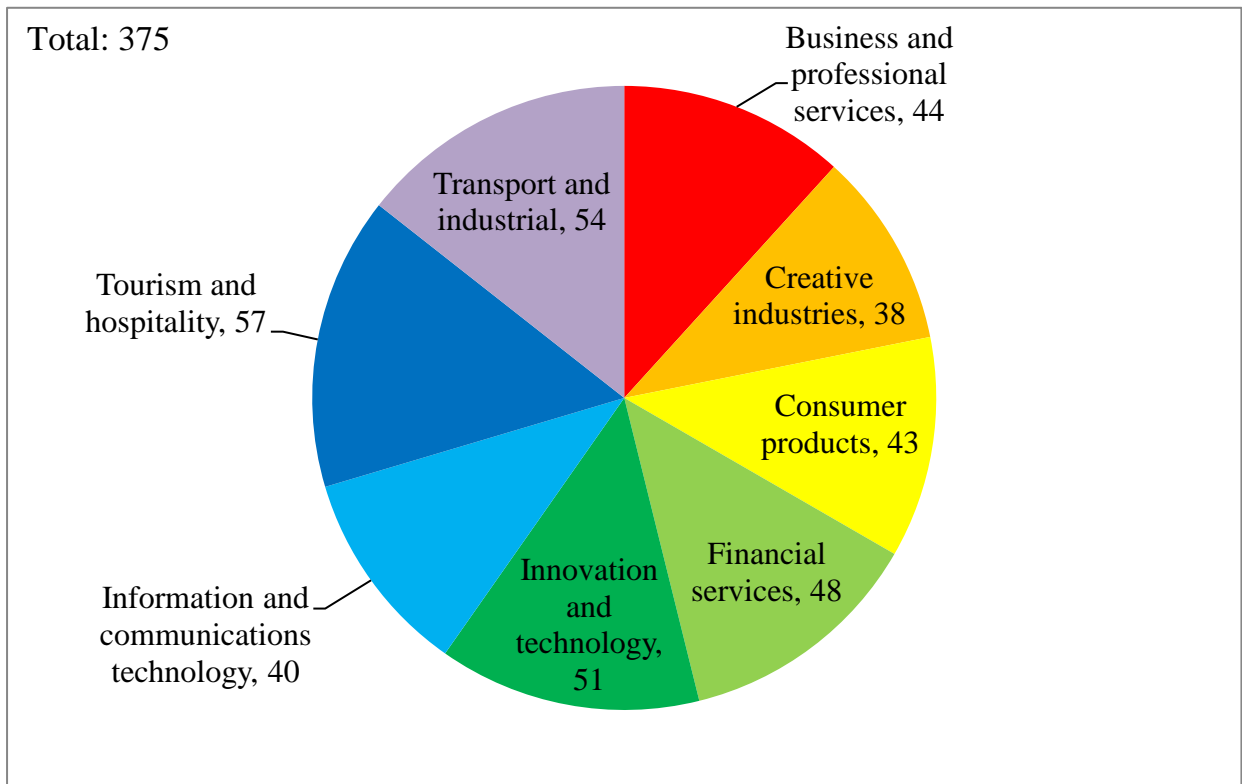
Investment projects completed in 2013



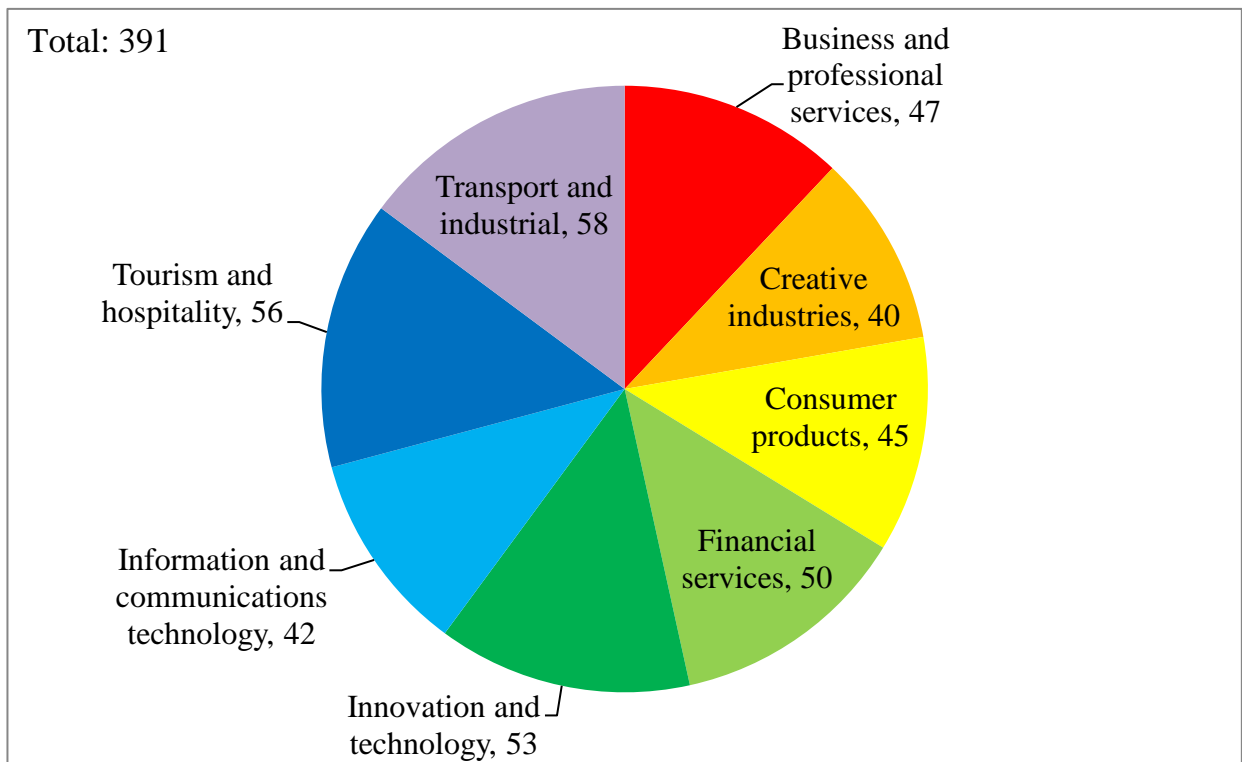
Investment projects completed in 2014



Investment projects completed in 2015



Investment projects completed in 2016



Investment projects completed in 2017

