

**立法會**  
**Legislative Council**

LC Paper No. CB(1)562/18-19(07)

Ref : CB1/PL/CI

**Panel on Commerce and Industry**

**Meeting on 19 February 2019**

**Updated background brief on promotion of inward investment**

**Purpose**

This paper provides background information on the work of Invest Hong Kong ("InvestHK") in promoting inward investment. It also provides an update on the views and concerns expressed by members of the Panel on Commerce and Industry ("the Panel") during the latest discussions on the subject.

**Background**

2. Established in 2000, InvestHK's mission is to attract and retain foreign direct investment ("FDI") and to promote Hong Kong as the leading international business hub. InvestHK prioritizes its investment promotion work to support government policy objectives, and adopts a sector-focused and market-oriented approach to proactively identify and reach out to companies in target sectors in key geographical markets.

3. InvestHK partners with clients on a long-term basis and offers free, customized and confidential services from the planning stage right through to the setup, launch and expansion of their businesses in Hong Kong. A summary of the results of InvestHK's work provided by the Administration from 2000 to 2017 is tabulated in **Appendix I**.

4. In 2017, InvestHK had representatives in 30 global locations, including 15 investment promotion units<sup>1</sup> ("IPUs") based in the Hong Kong Economic and Trade Offices ("ETO") in the Mainland and overseas, the Hong Kong Economic,

---

<sup>1</sup> Investment promotion units of the Invest Hong Kong ("InvestHK") are available in the following 15 locations:

- (a) Americas: New York, San Francisco and Toronto;
- (b) Asia Pacific: Beijing, Chengdu, Guangzhou, Shanghai, Singapore, Sydney, Taipei, Tokyo and Wuhan; and
- (c) Europe and Middle East: Berlin, Brussels and London.

Trade and Cultural Office in Taipei and the Beijing Office, as well as 15 overseas consultants<sup>2</sup> in key locations not covered by IPUs.

5. As regards the sector teams in the Head Office of InvestHK, they are arranged under 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 as well as Transport and Industrial); and (b) innovation and related industries covering two sector teams (i.e. Innovation and Technology and Financial Technology ("fintech")) and the StartmeupHK Team.

### Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong

6. Starting from the early 1990s, the Administration has been collecting information annually on companies in Hong Kong that are regional headquarters ("RHQs") and regional offices ("ROs") representing their parent companies located outside Hong Kong.<sup>3</sup> From 2001, the survey coverage has been extended to include companies in Hong Kong that are local offices ("LOs") representing their parent companies located outside Hong Kong.

7. With reference to international standard, the scope of this survey has been expanded in 2018 to cover companies with parent companies located outside Hong Kong but not representing their parent companies. As a result, this survey has been renamed as the Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong.

8. The purpose of this survey is to: (a) enumerate RHQs, ROs and LOs in Hong Kong with their parent companies located outside Hong Kong; (b) obtain basic information (e.g. the number of persons engaged, major line of business, country/territory where the parent company is located) of these companies; and (c) seek views from these companies on the attractiveness of Hong Kong as a location for setting up RHQs/ROs/LOs. The latest report was published in October 2018.

---

<sup>2</sup> InvestHK's overseas consultants are available in the following 15 locations:

- (a) Americas: Mexico City, Rio de Janeiro and Santiago;
- (b) Asia Pacific: Bangkok, Kuala Lumpur, Mumbai, Osaka and Seoul; and
- (c) Europe and Middle East: Dubai, Gothenburg, Istanbul, Jerusalem, Milan, Moscow and Paris.

<sup>3</sup> Since the disestablishment of the ex-Industry Department in 2000, the Census and Statistics Department has been conducting the Annual Survey of Regional Offices Representing Overseas Companies in Hong Kong to collect such information, at the request of InvestHK.

## Annual Start-up Survey

9. Since 2014, in order to track the growth of Hong Kong's start-up ecosystem, InvestHK has also conducted an Annual Start-up Survey in collaboration with operators of major co-work spaces, incubation and accelerator programmes in Hong Kong. This survey enumerates the start-ups operating in the premises of these co-work spaces, incubation and accelerator programmes but does not cover start-ups operating outside these premises. The findings of the 2018 Annual Start-up Survey were published in late 2018.

## **Invest Hong Kong's strategy in 2018-2019**

10. The Panel was briefed at the meeting on 17 July 2018 that InvestHK would refine further the overall Hong Kong proposition to highlight Hong Kong's particular and unique strengths, and as an investment destination to capitalize on new business opportunities arising from the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area ("the Bay Area"). InvestHK would continue with an active programme of investment promotion visits to both traditional as well as emerging markets and work closely with relevant Government departments, "HK Inc" members as well as other key partners (including the Hong Kong Trade Development Council ("HKTDC"), the Hong Kong Tourism Board, the Hong Kong Science and Technology Parks Corporation, Cyberport and Create Hong Kong) to attract and assist companies to set up or expand their businesses in Hong Kong.

11. Regarding the StartmeupHK programme, InvestHK would actively promote Hong Kong as a vibrant start-up hub in priority areas such as artificial intelligence and big data, fintech, healthtech, smart city and robotics by staging or sponsoring 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.

## **Discussions by the Panel on Commerce and Industry**

12. The views and concerns expressed by members at the meetings on 20 June 2017 and 17 July 2018 are summarized in the ensuing paragraphs.

### Attracting inward investment and support services

13. At the meeting on 17 July 2018, members opined that apart from contributing actively to the work of investment promotion, the Administration should review its policies and remove any regulatory or legal hurdles facing foreign technology companies looking to set foot in Hong Kong. Members also urged the Administration to formulate long-term land development policies to facilitate companies looking to build data centres in Hong Kong, and provide

one-stop hand-holding service to assist those interested companies.

14. The Administration advised that InvestHK would act as a conduit of communication between overseas companies and policy bureaux/regulatory authorities. The dialogue in this regard had taken great strides over the previous year. InvestHK would advise potential investors to seek their own independent legal advice when in need, and point them in the right direction when they actually did so. If the companies faced any regulatory and legal hurdles, InvestHK would reflect their problems to the relevant policy bureaux or refer them to the relevant authorities for further assistance.

15. At the same meeting, members requested the Administration to provide a list of typical issues (e.g. legal and regulatory compliance hurdles) raised by overseas and Mainland entrepreneurs, small and medium enterprises and multinationals companies when seeking to invest in Hong Kong.

16. Members also urged the Administration to formulate an action programme for promoting local professional services, including legal, arbitration, accounting and information technology, in the face of keen competition from neighbouring countries such as Singapore, and to work with members of the relevant professions in carrying out its promotion work.

17. The Administration advised that professional services were one of the major areas of focus of InvestHK. The strength of Hong Kong's professional services such as legal, accounting and engineering consultancy was much emphasized in InvestHK's promotion work in the Belt and Road Initiative and the Bay Area development. In promoting arbitration and dispute resolution services in Hong Kong, InvestHK had conducted a number of joint seminars with the Department of Justice and the Law Society of Hong Kong in Malaysia and the Mainland. The Administration would reflect the outcome of such programmes more clearly in future reports to the Panel.

#### *Impact of the trade conflict between China and the United States*

18. At the same meeting, some members were concerned about the impact of the trade conflict between China and the United States ("US") on the global investment sentiment and financial market, and enquired whether there would be any major changes in the promotion strategy of InvestHK in the face of the trade conflict between the two countries. They also enquired whether there was any change in foreign companies' interest to invest in Hong Kong, especially after two Mainland stock exchanges' barring of Mainland investors from buying shares with weighted-voting rights in Hong Kong.

19. The Administration advised that it had been watching closely the development of the China-US trade conflict and the change in global trade and investment landscape. On a more positive note, the Belt and Road Initiative would open up new investment opportunities. At the moment, there was no

direct impact on the work of InvestHK, which tended to be related to longer-term investment rather than the stock market or export-related sector, which might be more likely to be impacted in the shorter term.

#### Statistics on jobs created and income generated

20. At the meeting on 20 June 2017, members enquired whether InvestHK had compiled statistics on the number of jobs which were subsequently cut due to termination/completion of the investment projects. The Administration advised that, in order to follow up with companies that InvestHK had assisted in setting up or expanding in Hong Kong, InvestHK would survey the companies concerned at regular intervals, i.e. within 12-18 months and 30-36 months of operation. In 2016, InvestHK contacted 616 companies from the 1 067 projects completed by InvestHK between 2013 and 2015 and noted that 538 projects among the 616 contacted (close to 90%) were still in operation. The total number of staff employed by these companies at the time of contact was 9 980, which was more than the total number of staff employed by these companies upon their establishment in Hong Kong.

21. In response to members' enquiry on the amount of income generated by each of the foreign investment projects assisted by InvestHK, the Administration advised that InvestHK would not disclose information specific to each individual project without the consent of the company concerned. InvestHK did not have information on the amount of income generated by each of the completed projects indeed.

#### Selection of priority sectors

22. At the meeting on 20 June 2017, members enquired how the priority sectors for each year were selected and opined that InvestHK should also focus effort on attracting foreign investment to tap the ever-expanding global e-commerce market.

23. The Administration advised that the priority sectors were selected for the distinct competitive edge and development potential which Hong Kong possessed, taking into account the policy objectives of the Government as well as the latest global business trends. The then priority sectors included fintech, corporate treasury centres and aircraft leasing. Besides, the Administration would continue to place particular emphasis on e-commerce. According to InvestHK's Annual Start-up Survey, the number of start-ups in the e-commerce, supply chain management and logistics technology in Hong Kong had increased from 142 in 2015 to nearly 250 in mid-2016. Apart from being a major market for e-commerce, Hong Kong also served as a platform for e-commerce enterprises and start-ups from the Mainland and overseas to connect with potential buyers and suppliers.

### Scope of Invest Hong Kong's work

24. At the meeting on 17 July 2018, members enquired about the division of work among InvestHK, the overseas ETOs and HKTDC, which were involved in similar scope of work in trade and investment promotion.

25. The Administration advised that the respective scope of work of InvestHK, ETOs and HKTDC was complementary to one another and clearly defined. Whereas InvestHK's remit was focusing purely on attracting FDI, HKTDC's primary focus was to assist Hong Kong companies to do business overseas and promote Hong Kong in overseas countries. The InvestHK teams in IPUs sat within the overall ETO infrastructure. IPUs reported to the Heads of ETOs concerned on the day-to-day management and also to InvestHK which set the overall direction of promotional efforts and targets.

### **Latest position**

26. The Administration will brief the Panel on 19 February 2019 on: (a) key findings of the Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong and the Start-up Survey; and (b) the investment promotion work of InvestHK.

### **Relevant papers**

27. A list of relevant papers is in **Appendix II**.

Summary of results of Invest Hong Kong's work<sup>^</sup>

Year	No. of projects completed*	Jobs created within the first year of operation or expansion of the companies <sup>#</sup>	Investment amount (HK\$ million)
<b>2000</b> (Jul – Dec)	35	347	506
<b>2001</b>	99	1 504	3,500
<b>2002</b>	117	2 075	1,360
<b>2003</b>	142	2 456	2,493
<b>2004</b>	205	3 008	4,658
<b>2005</b>	232	2 517	8,895
<b>2006</b>	246	3 092	10,243
<b>2007</b>	253	3 130	8,387
<b>2008</b>	257	2 450	4,608
<b>2009</b>	265	2 711	4,360
<b>2010</b>	284	3 063	8,130
<b>2011</b>	303	2 716	5,060
<b>2012</b>	316	2 937	over 7,600
<b>2013</b>	337	2 897	over 12,500
<b>2014</b>	355	2 681	over 8,900
<b>2015</b>	375	3 641	more than 10,100
<b>2016</b>	391	3 968	more than 16,300
<b>2017</b>	402	5 098	more than 16,600

<sup>^</sup> Compiled from Administration's papers and website of Invest Hong Kong ("InvestHK") (<http://www.investhk.gov.hk>).

\* A completed project refers to one where an overseas, a Mainland or Taiwan company has established a presence or undergone 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.

<sup>#</sup> As reported by the companies assisted by InvestHK themselves. Not all of the companies are willing to disclose the data.

## List of relevant papers

Date of meeting	Meeting	Papers
20/6/2017	Panel on Commerce and Industry	<p>Administration's paper on "Promotion of inward investment" (<a href="#">LC Paper No. CB(1)1144/16-17(05)</a>)</p> <p>Updated background brief on promotion of inward investment prepared by the Legislative Council Secretariat (<a href="#">LC Paper No. CB(1)1144/16-17(06)</a>)</p> <p>Administration's follow-up paper on "Promotion of inward investment" (<a href="#">LC Paper No. CB(1)1414/16-17(01)</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. CB(1)1382/16-17</a>)</p>
17/7/2018	Panel on Commerce and Industry	<p>Administration's paper on "Promotion of inward investment" (<a href="#">LC Paper No. CB(1)1238/17-18(06)</a>)</p> <p>Updated background brief on promotion of inward investment prepared by the Legislative Council Secretariat (<a href="#">LC Paper No. CB(1)1238/17-18(07)</a>)</p> <p>Minutes of meeting (<a href="#">LC Paper No. CB(1)1402/17-18</a>)</p>