

Head 79 — INVEST HONG KONG

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

Estimate 2020–21 **\$161.2m**

Establishment ceiling 2020–21 (notional annual mid-point salary value) representing an estimated 36 non-directorate posts as at 31 March 2020 rising by two posts to 38 posts as at 31 March 2021..... **\$29.5m**

In addition, there will be an estimated two directorate posts as at 31 March 2020 and as at 31 March 2021.

Controlling Officer's Report

Programme

Investment Promotion

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

Detail

	2018–19 (Actual)	2019–20 (Original)	2019–20 (Revised)	2020–21 (Estimate)
Financial provision (\$m)	144.0	144.3	144.7 (+0.3%)	161.2 (+11.4%)
				(or +11.7% on 2019–20 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 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 companies already established in Hong Kong.

5 In 2019, Invest Hong Kong conducted about 7 600 meetings with target companies in key geographic markets. It also focused on encouraging companies from the Mainland, Taiwan and emerging markets including those along the Belt and Road to set up operations in Hong Kong. In close collaboration with partners from the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area), it conducted joint promotion seminars with the Guangdong Province and Macao in Tokyo to promote the combined advantages of the Greater Bay Area. The marketing campaign, aimed at promoting Hong Kong as an ideal platform for Mainland companies to go global, continued with promotions in major Mainland cities such as Changchun, Changsha, Chengdu, Chongqing, Hangzhou, Hohhot, Jinan, Kunming, Nanjing, Wuhan, Xiamen, Xian and Zhengzhou.

6 In February 2020, Invest Hong Kong organised the StartmeupHK Festival with an extended programme to promote Hong Kong as a global hub for startups and provide an opportunity for startups to meet with potential investors, business partners and other stakeholders.

Head 79 — INVEST HONG KONG

7 The key performance measures are:

Indicators

	2016 (Actual)	2017 (Actual)	2018 (Actual)
foreign direct investment inflow into Hong Kong (\$ billion)	911.2	862.6Ψ	817.1Ψ
share of foreign direct investment inflow into Hong Kong in the overall inflow into South, East and South-East Asia (%)§	26.6	23.8	21.6

Ψ The decrease in foreign direct investment inflow into Hong Kong in 2017 and 2018 was mainly attributable to the decrease in the inflow of external investment (equity or inter-company debts) from overseas and Mainland affiliated companies to Hong Kong companies.

§ Figures of 2016 and 2017 have been amended following the updated figures for South, East and South-East Asia in the latest issue of the World Investment Report.

	2018 (Actual)	2019 (Actual)	2020 (Estimate)
no. of new projects generated#.....	843	947	980
no. of projects completed^.....	436	487	490

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.

^ Investment projects each resulting in an overseas, Mainland or Taiwan company setting up or undergoing a significant expansion in Hong Kong with the assistance of Invest Hong Kong.

Matters Requiring Special Attention in 2020–21

8 During 2020–21, Invest Hong Kong will:

- strengthen global investment promotion efforts to encourage multinational companies to set up or expand their businesses in Hong Kong, in particular those from the Mainland and Belt and Road markets, so as to capitalise on the business opportunities arising from Greater Bay Area development and the Belt and Road Initiative;
- strengthen the aftercare services for overseas and Mainland enterprises and investors in Hong Kong;
- 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, Hong Kong Science and Technology Parks Corporation and Cyberport;
- continue to focus investment promotion efforts on priority sectors, with emphasis on the financial services, transport and logistics, innovation and technology as well as creative industries sectors;
- continue and expand the StartmeupHK programme to support the startup community and enhance our promotion of the Hong Kong startup ecosystem overseas and in the Mainland;
- collaborate with the Financial Services and the Treasury Bureau in promoting Hong Kong as a family office and private wealth management hub;
- collaborate with the Transport and Housing Bureau in promoting the aircraft leasing regime of Hong Kong, and Hong Kong as an international maritime centre;
- 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; and
- continue to conduct joint overseas marketing activities in partnership with Greater Bay Area cities.

Head 79 — INVEST HONG KONG

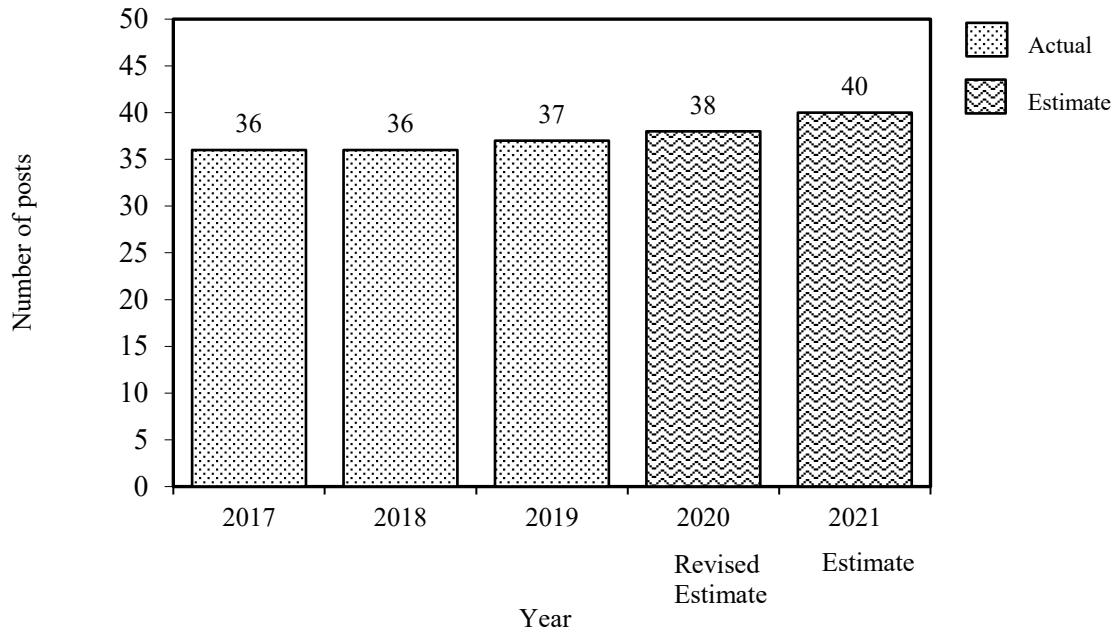
ANALYSIS OF FINANCIAL PROVISION

Programme	2018–19 (Actual) (\$m)	2019–20 (Original) (\$m)	2019–20 (Revised) (\$m)	2020–21 (Estimate) (\$m)
Investment Promotion.....	144.0	144.3	144.7 (+0.3%)	161.2 (+11.4%)
				(or +11.7% on 2019–20 Original)

Analysis of Financial and Staffing Provision

Provision for 2020–21 is \$16.5 million (11.4%) higher than the revised estimate for 2019–20. This is mainly due to the increased provisions for strengthening global investment promotion and related work, bolstering investment promotion efforts in the Greater Bay Area, enhancing support to startups and the manpower support in the Invest Hong Kong's Head Office.

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



Head 79 — INVEST HONG KONG

Sub-head (Code)	Actual expenditure 2018–19	Approved estimate 2019–20	Revised estimate 2019–20	Estimate 2020–21	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	143,986	144,307	144,693	161,178
	Total, Recurrent.....	143,986	144,307	144,693	161,178
	Total, Operating Account	143,986	144,307	144,693	161,178
<hr/>					
	Total Expenditure	143,986	144,307	144,693	161,178

Head 79 — INVEST HONG KONG

Details of Expenditure by Subhead

The estimate of the amount required in 2020–21 for the salaries and expenses of Invest Hong Kong is \$161,178,000. This represents an increase of \$16,485,000 over the revised estimate for 2019–20 and \$17,192,000 over the actual expenditure in 2018–19.

Operating Account

Recurrent

2 Provision of \$161,178,000 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 2020 will be 38 permanent posts. It is expected that there will be an increase of two posts in 2020–21. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2020–21, but the notional annual mid-point salary value of all such posts must not exceed \$29,476,000.

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

	2018–19 (Actual) (\$'000)	2019–20 (Original) (\$'000)	2019–20 (Revised) (\$'000)	2020–21 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	28,826	30,401	30,654	33,695
- Allowances	200	191	266	149
- Job-related allowances.....	—	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution	40	28	37	29
- Civil Service Provident Fund contribution	964	1,009	1,058	1,151
Departmental Expenses				
- General departmental expenses	113,956	112,677	112,677	126,153
	143,986	144,307	144,693	161,178