

Head 79 — INVEST HONG KONG

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

Estimate 2014–15 **\$115.0m**

Establishment ceiling 2014–15 (notional annual mid-point salary value) representing an estimated 33 non-directorate posts as at 31 March 2014 and as at 31 March 2015. **\$18.8m**

In addition, there will be an estimated two directorate posts as at 31 March 2014 and as at 31 March 2015.

Controlling Officer's Report

Programme

Investment Promotion

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

Detail

	2012–13 (Actual)	2013–14 (Original)	2013–14 (Revised)	2014–15 (Estimate)
Financial provision (\$m)	113.7	116.9	116.9 (—)	115.0 (-1.6%)
				(or -1.6% on 2013–14 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 In 2013, Invest Hong Kong conducted over 6 000 meetings with target companies in key geographic markets. It also focused on encouraging companies from the Mainland, Taiwan and emerging markets such as the Association of Southeast Asia Nations (ASEAN), to set up operations in Hong Kong. In close collaboration with partners from the Pearl River Delta region, it conducted joint promotion seminars in overseas cities such as Auckland, Berlin and Taipei to promote the combined advantages of Hong Kong and the Mainland. The marketing campaign, aimed at promoting Hong Kong as an ideal platform for Mainland companies to go global, continued with promotions in high-growth Mainland cities such as Wuhan, Zhengzhou, Wuxi, Guangzhou, Xiamen, Guiyang, Haikou, Nanning, Changsha, Dalian, Changchun, and Harbin.

5 Invest Hong Kong also embarked on a major "StartmeupHK" programme comprising an integrated social media-led marketing campaign and a website platform to promote Hong Kong as a global hub for startups.

6 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 multinational companies already established in Hong Kong.

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7 The key performance measures are:

Indicators

	2010 (Actual)	2011 (Actual)	2012 (Actual)
foreign direct investment inflow into Hong Kong (\$ billion) ^α	642.6	748.2 ^β	580.9[@]
share of foreign direct investment inflow into Hong Kong in the overall inflow into South, East and South-East Asia (%) [§]	24.2	24.8	20.8[@]

^α Revised description of the previous indicator “inflow of foreign direct investment into Hong Kong amount at market value (\$ billion)” as from 2014. Figures of 2010 and 2011 have been revised to align with the presentation of direct investment figures in the World Investment Report.

^β The increase was mainly attributable to the operating profits retained as reinvestment of earnings by Hong Kong enterprises which had received direct investment from abroad; and acquisitions or additions of equity capital in some Hong Kong enterprises by multinational enterprises.

[@] The decrease was mainly attributable to the withdrawal of equity capital in some Hong Kong enterprises which had received direct investment from abroad by multinational enterprises.

[§] Revised description of the previous indicator “Hong Kong’s share of foreign direct investment inflows into South, East and South-East Asia (%)” as from 2014. Figures of 2010 and 2011 have been amended due to (i) revision of figures of Hong Kong to align with the presentation of direct investment figures in the World Investment Report; and (ii) revision of figures for South, East and South-East Asia in the latest issue of World Investment Report after the preparation of the 2013–14 Estimates.

	2012 (Actual)	2013 (Actual)	2014 (Estimate)
no. of new projects generated [#]	601	651	700
no. of projects pursued [‡]	1 274	—	—
no. of projects completed [^]	316	337	350

[#] This indicator shows the number of new projects generated in a year with the potential of becoming completed projects in the coming 18 months. It is a more relevant indicator reflecting Invest Hong Kong’s investment promotion efforts in a particular year, discounting projects carried forward from previous years. This indicator has replaced the indicator “no. of projects pursued” as from 2013.

[‡] This indicator has been replaced by the indicator “no. of new projects generated” as from 2013.

[^] A completed project refers to an investment project resulting in an overseas, Mainland or Taiwan company setting up or expanding its business in Hong Kong with the assistance of Invest Hong Kong.

Matters Requiring Special Attention in 2014–15

8 During 2014–15, Invest Hong Kong will:

- continue with investment promotion efforts in attracting multinational companies to set up their global or regional operations in Hong Kong, in particular on the Mainland, in Taiwan and other emerging markets such as ASEAN;
- 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, Science Park and Cyberport;
- continue to focus investment promotion efforts on the priority sectors, with an emphasis on the financial services, creative industries as well as information and communications technology sectors;
- 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;
- continue to conduct joint overseas marketing activities in partnership with Pearl River Delta cities; and
- further strengthen aftercare support to multinational companies already established in Hong Kong.

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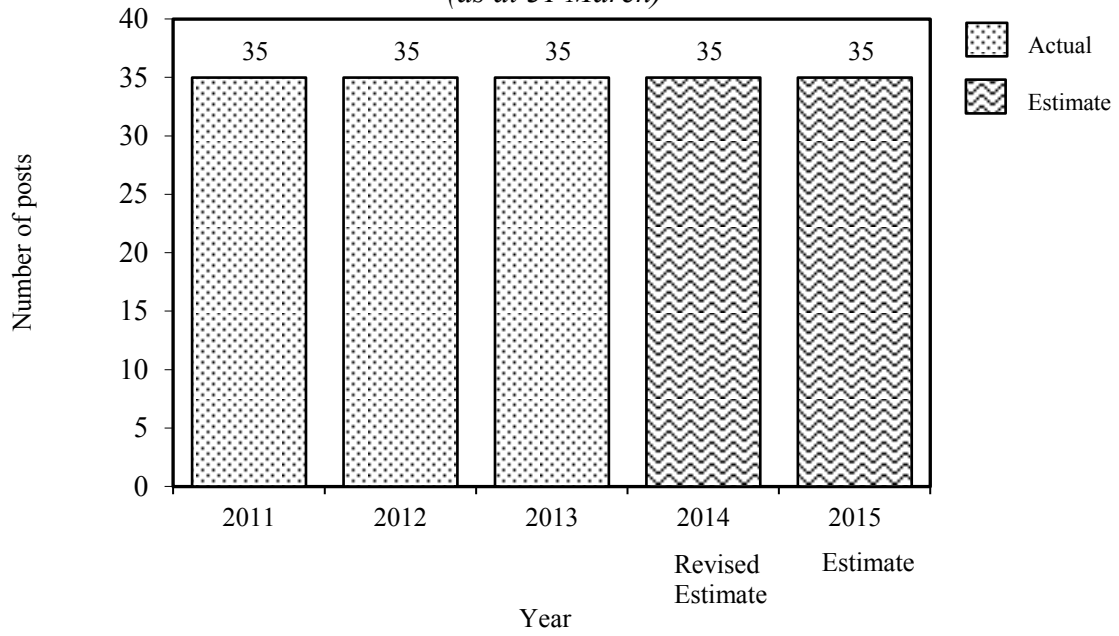
ANALYSIS OF FINANCIAL PROVISION

Programme	2012-13 (Actual) (\$m)	2013-14 (Original) (\$m)	2013-14 (Revised) (\$m)	2014-15 (Estimate) (\$m)
Investment Promotion	113.7	116.9	116.9 (—)	115.0 (-1.6%)
				(or -1.6% on 2013-14 Original)

Analysis of Financial and Staffing Provision

Provision for 2014-15 is \$1.9 million (1.6%) lower than the revised estimate for 2013-14. This is mainly due to the cessation of the requirement to fund the locally engaged non-civil service investment promotion staff in the overseas Economic and Trade Offices in Singapore, Sydney and Toronto by Head 79 – Invest Hong Kong. These staff will be funded by Head 96 – Government Secretariat: Overseas Economic and Trade Offices from 2014-15 onwards.

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



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Sub-head (Code)	Actual expenditure 2012-13	Approved estimate 2013-14	Revised estimate 2013-14	Estimate 2014-15	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	113,675	116,913	116,913	114,967
	Total, Recurrent	113,675	116,913	116,913	114,967
	Total, Operating Account	113,675	116,913	116,913	114,967
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	Total Expenditure	113,675	116,913	116,913	114,967

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Details of Expenditure by Subhead

The estimate of the amount required in 2014–15 for the salaries and expenses of Invest Hong Kong is \$114,967,000. This represents a decrease of \$1,946,000 against the revised estimate for 2013–14 and an increase of \$1,292,000 over actual expenditure in 2012–13.

Operating Account

Recurrent

2 Provision of \$114,967,000 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 2014 will be 35 permanent posts. No change in establishment is expected in 2014–15. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2014–15, but the notional annual mid-point salary value of all such posts must not exceed \$18,782,000.

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

	2012–13 (Actual) (\$'000)	2013–14 (Original) (\$'000)	2013–14 (Revised) (\$'000)	2014–15 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	22,539	22,519	22,951	23,081
- Allowances.....	121	144	144	144
- Job-related allowances.....	—	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	33	30	45	47
- Civil Service Provident Fund contribution.....	38	52	53	80
Departmental Expenses				
- General departmental expenses	90,944	94,167	93,719	91,614
	113,675	116,913	116,913	114,967