

Head 79 — INVEST HONG KONG

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

Estimate 2013–14..... **\$116.9m**

Establishment ceiling 2013–14 (notional annual mid-point salary value) representing an estimated 33 non-directorate posts as at 31 March 2013 and as at 31 March 2014 **\$18.2m**

In addition, there will be an estimated two directorate posts as at 31 March 2013 and as at 31 March 2014.

Controlling Officer's Report

Programme

Investment Promotion

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

Detail

	2011–12 (Actual)	2012–13 (Original)	2012–13 (Revised)	2013–14 (Estimate)
Financial provision (\$m)	112.1	113.7	113.7 (—)	116.9 (+2.8%)
				(or +2.8% on 2012–13 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 regional or global headquarters and other strategic functions in Hong Kong to access opportunities on the Mainland and elsewhere.

4 In 2012, Invest Hong Kong conducted over 5 500 meetings with target companies in key geographic markets. It also focused on encouraging companies from the Mainland, Taiwan and emerging markets such as Southeast Asia, to set up operations in Hong Kong. In close collaboration with partners primarily from the Pearl River Delta region, it conducted joint promotion seminars in overseas markets such as Russia, the United Kingdom and South Korea 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 Wuhan, Taiyuan, Tangshan, Xian, Nanchang, Shanghai, Xiamen and Chengdu. The Department continued its collaboration with the Financial Services and the Treasury Bureau in key financial markets including New York, Geneva, Lugano and Zurich to promote Hong Kong as China's global financial centre.

5 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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6 The key performance measures are:

Indicators

	2009 (Actual)	2010 (Actual)	2011 (Actual)
inflow of foreign direct investment into Hong Kong amount at market value (\$ billion) ^α	430.5	548.0 ^β	751.8[@]
Hong Kong's share of foreign direct investment inflows into South, East and South-East Asia (%) [§]	22.3	21.6	25.8[@]

^α Figures of 2009 and 2010 have been revised following the implementation of the latest international statistical standards in the compilation of direct investment statistics of Hong Kong since September 2012.

^β The increase was mainly attributable to the operating profits of Hong Kong enterprises retained as reinvestment of earnings and the substantial amount of inter-company debt transactions.

[@] The increase was mainly attributable to the operating profits of Hong Kong enterprises retained as reinvestment of earnings and acquisitions or additions of equity capital in some prominent resident enterprises by multinational enterprises.

[§] Figures of 2009 and 2010 have been amended due to (i) implementation of the latest international statistical standards in the compilation of direct investment statistics of Hong Kong since September 2012; and (ii) revision of the figures for South, East and South-east Asia in the latest issue of World Investment Report after the preparation of the 2012–13 Estimates.

	2011 (Actual)	2012 (Actual)	2013 (Estimate)
no. of new projects generated [#]	619	601	660
no. of projects pursued [‡]	1276	1 274	—
no. of projects completed [^]	303	316	330

[#] This is a new indicator showing the number of new projects generated in a year with potential to become 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 new indicator replaces the indicator "no. of projects pursued" as from 2013.

[‡] This indicator is replaced by the new 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 2013–14

7 During 2013–14, Invest Hong Kong will:

- continue with investment promotion efforts in attracting multinational companies to set up their regional or global operations in Hong Kong, in particular on the Mainland, in Taiwan and other emerging markets such as Southeast Asia;
- 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, education services and creative industries sectors;
- 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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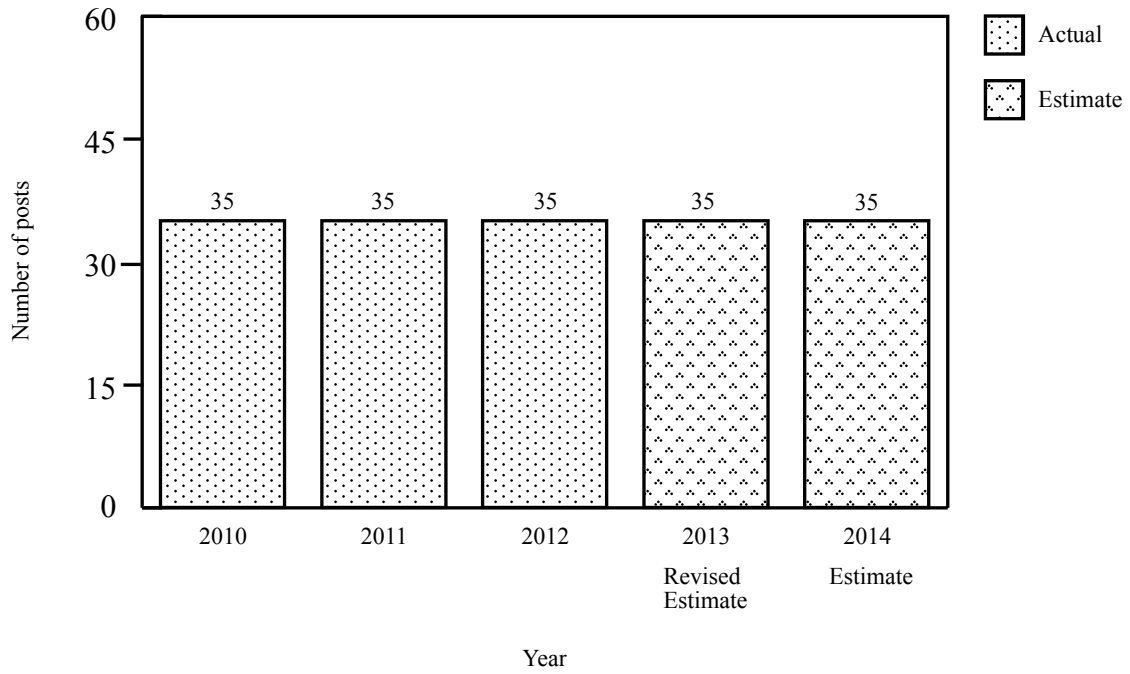
ANALYSIS OF FINANCIAL PROVISION

Programme	2011-12 (Actual) (\$m)	2012-13 (Original) (\$m)	2012-13 (Revised) (\$m)	2013-14 (Estimate) (\$m)
Investment Promotion	112.1	113.7	113.7 (—)	116.9 (+2.8%)
				(or +2.8% on 2012-13 Original)

Analysis of Financial and Staffing Provision

Provision for 2013-14 is \$3.2 million (2.8%) higher than the revised estimate for 2012-13. This is mainly due to the increased provision required for sustaining the momentum of investment promotion work.

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



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Sub-head (Code)	Actual expenditure 2011–12	Approved estimate 2012–13	Revised estimate 2012–13	Estimate 2013–14	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	112,055	113,679	113,679	116,913
	Total, Recurrent	<u>112,055</u>	<u>113,679</u>	<u>113,679</u>	<u>116,913</u>
	Total, Operating Account.....	<u>112,055</u>	<u>113,679</u>	<u>113,679</u>	<u>116,913</u>
<hr/>					
	Total Expenditure	<u><u>112,055</u></u>	<u><u>113,679</u></u>	<u><u>113,679</u></u>	<u><u>116,913</u></u>

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Details of Expenditure by Subhead

The estimate of the amount required in 2013–14 for the salaries and expenses of Invest Hong Kong is \$116,913,000. This represents an increase of \$3,234,000 over the revised estimate for 2012–13 and of \$4,858,000 over actual expenditure in 2011–12.

Operating Account

Recurrent

2 Provision of \$116,913,000 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 2013 will be 35 permanent posts. No change in establishment is expected in 2013–14. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2013–14, but the notional annual mid-point salary value of all such posts must not exceed \$18,247,000.

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

	2011–12 (Actual) (\$'000)	2012–13 (Original) (\$'000)	2012–13 (Revised) (\$'000)	2013–14 (Estimate) (\$'000)
Personal Emoluments				
- Salaries	21,642	22,142	22,707	22,519
- Allowances	131	143	143	144
- Job-related allowances.....	—	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution	24	21	30	30
- Civil Service Provident Fund contribution	7	35	40	52
Departmental Expenses				
- General departmental expenses	90,251	91,337	90,758	94,167
	112,055	113,679	113,679	116,913