

Head 79 — INVEST HONG KONG

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

Estimate 2016–17 **\$128.2m**

Establishment ceiling 2016–17 (notional annual mid-point salary value) representing an estimated 33 non-directorate posts as at 31 March 2016 rising by one post to 34 posts as at 31 March 2017 **\$21.7m**

In addition, there will be an estimated two directorate posts as at 31 March 2016 and as at 31 March 2017.

Controlling Officer's Report

Programme

Investment Promotion

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

Detail

	2014–15 (Actual)	2015–16 (Original)	2015–16 (Revised)	2016–17 (Estimate)
Financial provision (\$m)	115.9	115.1	115.9 (+0.7%)	128.2 (+10.6%)
				(or +11.4% on 2015–16 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 2015, Invest Hong Kong conducted around 7 200 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 Pearl River Delta region, it conducted joint promotion seminars in overseas cities such as Jakarta, Kuala Lumpur and Singapore 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 Beijing, Shanghai, Nanjing, Fuzhou, Xiamen, Wuhan, Zhengzhou, Hefei, Lanzhou, Mianyang and Chengdu.

5 In January 2016, Invest Hong Kong also organised a "StartmeupHK" programme to promote Hong Kong as a global hub for start-ups and provide an opportunity for start-ups to meet with potential investors, business partners and other stakeholders.

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

	2012 (Actual)	2013 (Actual)	2014 (Actual)
foreign direct investment inflow into Hong Kong (\$ billion) Δ	544.3	576.2 β	876.5β
share of foreign direct investment inflow into Hong Kong in the overall inflow into South, East and South-East Asia (%) \S	19.9	19.4 Ψ	26.2α

Δ Figures of 2012 and 2013 have been revised to align with the revised presentation of direct investment figures in the latest issue of the World Investment Report after the preparation of the 2015–16 Estimates.

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

\S Figures of 2012 and 2013 have been amended due to revision of figures for South, East and South-East Asia in the latest issue of the World Investment Report after the preparation of the 2015–16 Estimates.

Ψ The slight decrease in share of foreign direct investment inflow into Hong Kong in 2013 reflects a greater increase in inflow into other South, East, and South-East Asian economies than that into Hong Kong.

α The increase in share of foreign direct investment inflow into Hong Kong in 2014 reflects a greater increase in inflow into Hong Kong than that into other South, East, and South-East Asian economies.

	2014 (Actual)	2015 (Actual)	2016 (Estimate)
no. of new projects generated $\#$	713	749	780
no. of projects completed \wedge	355	375	390

$\#$ 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.

\wedge Investment projects each 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 2016–17

8 During 2016–17, 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 including those along the Belt and Road;
- 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 financial services, transport and logistics as well as information and communications technology sectors;
- continue to attract global start-ups to set up business in Hong Kong and to promote Hong Kong as a leading hub for start-ups 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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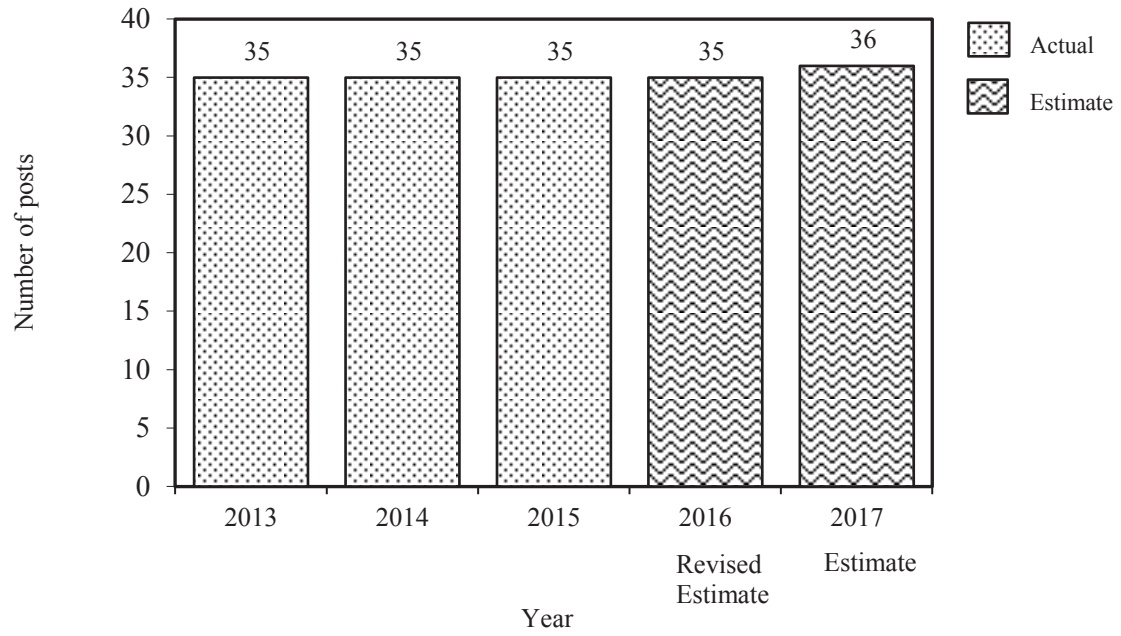
ANALYSIS OF FINANCIAL PROVISION

Programme	2014–15 (Actual) (\$m)	2015–16 (Original) (\$m)	2015–16 (Revised) (\$m)	2016–17 (Estimate) (\$m)
Investment Promotion	115.9	115.1	115.9 (+0.7%)	128.2 (+10.6%)
				(or +11.4% on 2015–16 Original)

Analysis of Financial and Staffing Provision

Provision for 2016–17 is \$12.3 million (10.6%) higher than the revised estimate for 2015–16. This is mainly due to the increased provision for the enhanced investment promotion activities in connection with the Belt and Road Initiative and to support the long-term development of Hong Kong's maritime industry. In addition, one post will be created in 2016–17.

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



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Sub-head (Code)	Actual expenditure 2014–15	Approved estimate 2015–16	Revised estimate 2015–16	Estimate 2016–17	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	115,948	115,139	115,897	128,235
	Total, Recurrent	115,948	115,139	115,897	128,235
	Total, Operating Account	115,948	115,139	115,897	128,235
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	Total Expenditure	115,948	115,139	115,897	128,235

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Details of Expenditure by Subhead

The estimate of the amount required in 2016–17 for the salaries and expenses of Invest Hong Kong is \$128,235,000. This represents an increase of \$12,338,000 over the revised estimate for 2015–16 and \$12,287,000 over the actual expenditure in 2014–15.

Operating Account

Recurrent

2 Provision of \$128,235,000 under *Subhead 000 Operational expenses* is for the salaries, allowances and other operating expenses of Invest Hong Kong. The increase of \$12,338,000 (10.6%) over the revised estimate for 2015–16 is mainly due to the increased provision for the enhanced investment promotion activities in connection with the Belt and Road Initiative and to support the long-term development of Hong Kong's maritime industry.

3 The establishment as at 31 March 2016 will be 35 permanent posts. It is expected that there will be an increase of one permanent post in 2016–17. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2016–17, but the notional annual mid-point salary value of all such posts must not exceed \$21,686,000.

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

	2014–15 (Actual) (\$'000)	2015–16 (Original) (\$'000)	2015–16 (Revised) (\$'000)	2016–17 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	24,046	24,278	24,812	25,910
- Allowances.....	165	192	238	279
- Job-related allowances.....	—	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	42	25	25	22
- Civil Service Provident Fund contribution.....	174	239	417	533
Departmental Expenses				
- General departmental expenses	91,521	90,404	90,404	101,490
	115,948	115,139	115,897	128,235