

Head 79 — INVEST HONG KONG

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

Estimate 2017–18 **\$130.7m**

Establishment ceiling 2017–18 (notional annual mid-point salary value) representing an estimated 34 non-directorate posts as at 31 March 2017 and as at 31 March 2018 **\$22.6m**

In addition, there will be an estimated two directorate posts as at 31 March 2017 and as at 31 March 2018.

Controlling Officer's Report

Programme

Investment Promotion

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

Detail

	2015–16 (Actual)	2016–17 (Original)	2016–17 (Revised)	2017–18 (Estimate)
Financial provision (\$m)	115.7	128.2	126.4 (–1.4%)	130.7 (+3.4%)
				(or +2.0% on 2016–17 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 2016, Invest Hong Kong conducted around 7 500 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 a joint promotion seminar with Guangdong Province in Paris to promote the combined advantages of Hong Kong and the Pearl River Delta. 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, Xian, Tianjin, Chongqing, Xiamen, Wuhan, Changzhou and Baotou.

5 In January 2017, 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

	2013 (Actual)	2014 (Actual)	2015 (Actual)
foreign direct investment inflow into Hong Kong (\$ billion)	576.2	876.5 β	1,351.5 Ψ
share of foreign direct investment inflow into Hong Kong in the overall inflow into South, East and South-East Asia (%) \S	19.3	26.6 α	35.0 α

β The increase in 2014 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.

Ψ The increase in 2015 was mainly attributable to some significant corporate restructuring and related merger and acquisition activities; and operating profits retained as reinvestment of earnings by Hong Kong enterprises which has received direct investment from abroad.

\S Figures of 2013 and 2014 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 2016–17 Estimates.

α The increase in share of foreign direct investment inflow into Hong Kong in 2014 and 2015 reflects a greater increase in inflow into Hong Kong than that into other South, East, and South-East Asian economies.

	2015 (Actual)	2016 (Actual)	2017 (Estimate)
no. of new projects generated#.....	749	764	800
no. of projects completed \wedge	375	391	400

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 2017–18

8 During 2017–18, 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, Hong Kong Science and Technology Parks Corporation and Cyberport;
- continue to focus investment promotion efforts on the priority sectors, with an emphasis on financial services, transport and logistics as well as innovation and 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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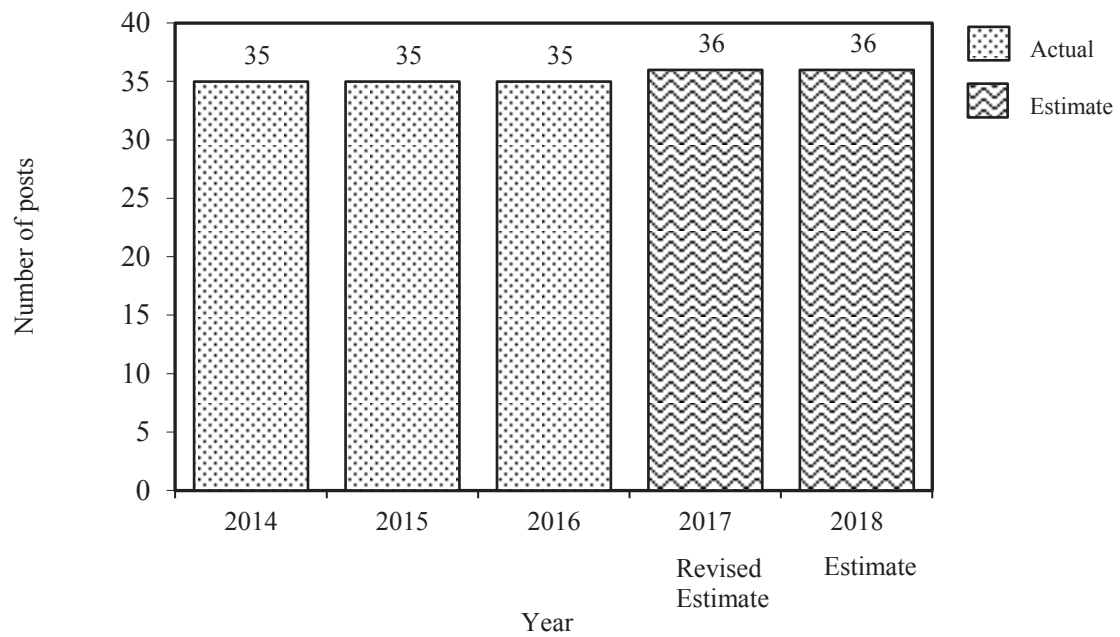
ANALYSIS OF FINANCIAL PROVISION

Programme	2015–16 (Actual) (\$m)	2016–17 (Original) (\$m)	2016–17 (Revised) (\$m)	2017–18 (Estimate) (\$m)
Investment Promotion	115.7	128.2	126.4 (–1.4%)	130.7 (+3.4%)
				(or +2.0% on 2016–17 Original)

Analysis of Financial and Staffing Provision

Provision for 2017–18 is \$4.3 million (3.4%) higher than the revised estimate for 2016–17. This is mainly due to the increased salary provisions for staff changes and salary increments for existing staff and the increased requirement in general departmental expenses.

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



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Sub-head (Code)	Actual expenditure 2015–16	Approved estimate 2016–17	Revised estimate 2016–17	Estimate 2017–18
	\$'000	\$'000	\$'000	\$'000
Operating Account				
Recurrent				
000 Operational expenses	115,681	128,235	126,368	130,697
Total, Recurrent	115,681	128,235	126,368	130,697
Total, Operating Account	115,681	128,235	126,368	130,697
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Total Expenditure	115,681	128,235	126,368	130,697
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Details of Expenditure by Subhead

The estimate of the amount required in 2017–18 for the salaries and expenses of Invest Hong Kong is \$130,697,000. This represents an increase of \$4,329,000 over the revised estimate for 2016–17 and \$15,016,000 over the actual expenditure in 2015–16.

Operating Account

Recurrent

2 Provision of \$130,697,000 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 2017 will be 36 permanent posts. No change in establishment is expected in 2017–18. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2017–18, but the notional annual mid-point salary value of all such posts must not exceed \$22,623,000.

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

	2015–16 (Actual) (\$'000)	2016–17 (Original) (\$'000)	2016–17 (Revised) (\$'000)	2017–18 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	24,631	25,910	23,839	26,606
- Allowances.....	217	279	383	182
- Job-related allowances.....	—	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	25	22	23	34
- Civil Service Provident Fund contribution.....	399	533	632	864
Departmental Expenses				
- General departmental expenses	90,409	101,490	101,490	103,010
	<u>115,681</u>	<u>128,235</u>	<u>126,368</u>	<u>130,697</u>