

Head 79 — INVEST HONG KONG

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

Estimate 2018–19 **\$139.0m**

Establishment ceiling 2018–19 (notional annual mid-point salary value) representing an estimated 34 non-directorate posts as at 31 March 2018 rising by one post to 35 posts as at 31 March 2019 **\$24.1m**

In addition, there will be an estimated two directorate posts as at 31 March 2018 and as at 31 March 2019.

Controlling Officer's Report

Programme

Investment Promotion

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

Detail

	2016–17 (Actual)	2017–18 (Original)	2017–18 (Revised)	2018–19 (Estimate)
Financial provision (\$m)	125.5	130.7	135.0 (+3.3%)	139.0 (+3.0%)
				(or +6.4% on 2017–18 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 2017, Invest Hong Kong conducted more than 7 900 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 Bay Area (Bay Area), it conducted joint promotion seminars with Guangdong Province and Macao in Mexico City, Toronto and Seattle to promote the combined advantages of the Bay Area. 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, Chengdu, Shenyang, Taiyuan, Jinan, Xiamen and Changsha.

5 In January 2018, 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

	2014 (Actual)	2015 (Actual)	2016 (Actual)
foreign direct investment inflow into Hong Kong (\$ billion)	876.5	1,351.5 ^Ψ	911.2^β
share of foreign direct investment inflow into Hong Kong in the overall inflow into South, East and South-East Asia (%) [§]	26.3	35.2	28.3

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 have received direct investment from abroad.

β The decrease in 2016 was mainly attributable to the significant increase in foreign direct investment inflow in 2015 which led to a higher base of comparison.

§ Figures of 2014 and 2015 have been amended due to revision of figures for South, East and South-East Asia in the latest issue of the World Investment Report.

	2016 (Actual)	2017 (Actual)	2018 (Estimate)
no. of new projects generated [#]	764	806	850
no. of projects completed [^]	391	402	425

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 expanding its business in Hong Kong with the assistance of Invest Hong Kong.

Matters Requiring Special Attention in 2018–19

8 During 2018–19, Invest Hong Kong will:

- strengthen investment promotion efforts to encourage multinational companies to set up or expand their businesses in Hong Kong, in particular on the Mainland, in Taiwan and other emerging markets including those along the Belt and Road, so as to capitalise on the business opportunities arising from the Belt and Road Initiative and Bay Area development;
- 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 financial services, transport and logistics, innovation and technology as well as creative industries 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; and
- continue to conduct joint overseas marketing activities in partnership with Bay Area cities.

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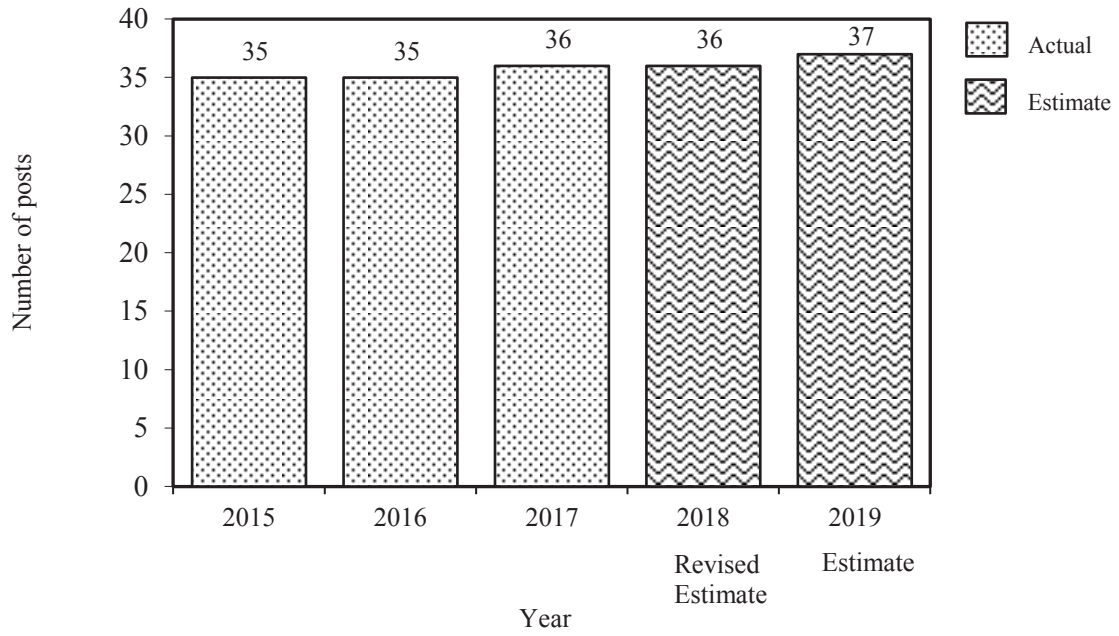
ANALYSIS OF FINANCIAL PROVISION

Programme	2016–17 (Actual) (\$m)	2017–18 (Original) (\$m)	2017–18 (Revised) (\$m)	2018–19 (Estimate) (\$m)
Investment Promotion	125.5	130.7	135.0 (+3.3%)	139.0 (+3.0%)
				(or +6.4% on 2017–18 Original)

Analysis of Financial and Staffing Provision

Provision for 2018–19 is \$4.0 million (3.0%) higher than the revised estimate for 2017–18. This is mainly due to the increased provisions for strengthening investment promotion efforts through campaigns and stepping up aftercare services with a view to attracting more enterprises to set up or expand their businesses in Hong Kong.

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



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Sub-head (Code)	Actual expenditure 2016-17	Approved estimate 2017-18	Revised estimate 2017-18	Estimate 2018-19	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses	125,539	130,697	135,017	139,008
	Total, Recurrent	125,539	130,697	135,017	139,008
	Total, Operating Account	125,539	130,697	135,017	139,008
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	Total Expenditure	125,539	130,697	135,017	139,008

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Details of Expenditure by Subhead

The estimate of the amount required in 2018–19 for the salaries and expenses of Invest Hong Kong is \$139,008,000. This represents an increase of \$3,991,000 over the revised estimate for 2017–18 and \$13,469,000 over the actual expenditure in 2016–17.

Operating Account

Recurrent

2 Provision of \$139,008,000 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 2018 will be 36 permanent posts. It is expected that there will be an increase of one post in 2018–19. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2018–19, but the notional annual mid-point salary value of all such posts must not exceed \$24,101,000.

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

	2016–17 (Actual) (\$'000)	2017–18 (Original) (\$'000)	2017–18 (Revised) (\$'000)	2018–19 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	23,368	26,606	27,063	27,672
- Allowances.....	451	182	238	177
- Job-related allowances.....	—	1	1	1
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	19	34	40	41
- Civil Service Provident Fund contribution.....	630	864	865	891
Departmental Expenses				
- General departmental expenses	101,071	103,010	106,810	110,226
	125,539	130,697	135,017	139,008