

Head 79 — INVEST HONG KONG

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

Estimate 2024–25 **\$306.5m**

Establishment ceiling 2024–25 (notional annual mid-point salary value) representing an estimated 38 non-directorate posts as at 31 March 2024 rising by three posts to 41 posts as at 31 March 2025..... **\$34.9m**

In addition, there will be an estimated two directorate posts as at 31 March 2024 and as at 31 March 2025.

Controlling Officer's Report

Programme

Investment Promotion

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

Detail

| | 2022–23 (Actual) | 2023–24 (Original) | 2023–24 (Revised) | 2024–25 (Estimate) |
|---------------------------|---------------------|-----------------------|----------------------|------------------------------------|
| Financial provision (\$m) | 226.1 | 278.2 | 285.5 (+2.6%) | 306.5 (+7.4%) |
| | | | | (or +10.2% on 2023–24 Original) |

Aim

2 The aim is to attract and assist overseas and Mainland 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 in Hong Kong, on the Mainland and elsewhere.

4 Invest Hong Kong provides one-to-one support services to companies throughout the planning and execution of their setup and expansion in Hong Kong. The Department continues to strengthen its aftercare support service to companies already established in Hong Kong, and its liaison with Mainland agencies, overseas chambers and consulates in Hong Kong to further the outreach to foreign businesses.

5 In 2023, Invest Hong Kong conducted around 9 500 meetings with target companies in key geographic markets, focusing on various priority sectors. It stepped up collaboration with relevant Mainland and overseas agencies to promote Hong Kong as the two-way platform in attracting overseas enterprises to invest on the Mainland via Hong Kong and in encouraging Mainland enterprises to make use of Hong Kong to go global, with promotion in Hangzhou, Guangzhou, Lanzhou, Urumqi, Xiamen, Zibo and Nantong. In particular, Invest Hong Kong co-organised various joint investment promotion activities in Switzerland, Germany, Italy, Australia, Chile, etc. with its counterparts to promote Hong Kong as the favourable platform for overseas enterprises to tap into the plentiful business and investment opportunities on the Mainland.

6 Invest Hong Kong organised the Wealth for Good in Hong Kong Summit on 24 March 2023 in collaboration with the Financial Services and the Treasury Bureau (FSTB) to bring together many leading influential family offices from around the world to further showcase Hong Kong's attractiveness and long-term prospects as a world-leading international asset and wealth management hub.

7 Invest Hong Kong organised the Hong Kong FinTech Week from 30 October to 5 November 2023 in collaboration with FSTB to promote financial technologies (Fintech) adoption in the city's financial services sector and create a platform for global Fintech stakeholders to exchange and connect.

8 Invest Hong Kong organised the StartmeupHK Festival from 8 to 17 November 2023 to promote Hong Kong as a global hub for startups and its ecosystem and provide opportunities for innovators and startups to meet with potential investors, business partners and other stakeholders.

9 Invest Hong Kong continued to deploy staff to support the work of the Office for Attracting Strategic Enterprises established under the Financial Secretary's Office.

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10 Foreign direct investment figures related to Hong Kong are:

| | 2020 (Actual) | 2021 (Actual) | 2022 (Actual) |
|---|-------------------|----------------------|--------------------------|
| foreign direct investment inflow into Hong Kong (\$ billion) | 1,045.0 | 1,089.7 ^Ψ | 859.0^β |
| share of foreign direct investment inflow into Hong Kong in the overall inflow into South, East and South-East Asia (%) | 28.4 [§] | 23.4 [§] | 18.4^φ |

^Ψ The increase in foreign direct investment inflow into Hong Kong in 2021 was mainly attributable to the increase in the inflow of external investment (equity or inter-company debts) from overseas affiliated companies to Hong Kong companies.

^β The decrease in foreign direct investment inflow into Hong Kong in 2022 was mainly attributable to the decrease in the inflow of external investment (equity or inter-company debts) from overseas affiliated companies to Hong Kong companies during the height of the pandemic.

[§] Figures of 2020 and 2021 have been amended following the updated figures for South, East and South-East Asia in the latest issue of the World Investment Report.

^φ The decrease in the share of foreign direct investment inflow into Hong Kong in 2022 may be partly attributed to the earlier resumption of normalcy in other countries in South, East and South-East Asia.

11 The key performance measures are:

Indicators

| | 2022 (Actual) | 2023 (Actual) | 2024 (Estimate) |
|-------------------------------------|------------------|------------------|--------------------|
| no. of new projects generated#..... | 638 | 826 | 860 |
| no. of projects completed^..... | 300 | 382 | 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.

^ Investment projects each resulting in a non-local company setting up or undergoing a significant expansion in Hong Kong with the assistance of Invest Hong Kong.

Matters Requiring Special Attention in 2024–25

12 During 2024–25, Invest Hong Kong will:

- continue to strengthen global investment promotion efforts and enhance promotion strategies to encourage multinational companies, startups, scaleups and family offices to set up or expand their businesses in Hong Kong, including those from the Mainland and Belt and Road markets, so as to capitalise on the business opportunities arising from the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) development and the Belt and Road Initiative;
- continue to strengthen its overseas and Mainland network comprising Dedicated Teams for Attracting Businesses and Talents in overseas Economic and Trade Offices and Mainland Offices as well as overseas consultants, and step up efforts to attract target strategic companies to Hong Kong;
- continue to strengthen the aftercare services for overseas and Mainland enterprises and investors in Hong Kong;
- continue and expand the StartmeupHK programme to support the startup community in Hong Kong and enhance our promotion of the Hong Kong startup ecosystem overseas and on the Mainland; and continue to attract global startups, scaleups, investors and corporate ventures to set up businesses in Hong Kong;
- continue to focus investment promotion efforts on priority sectors such as innovation and technology (I&T), financial services, family offices, Fintech, transport and logistics, as well as creative industries sectors;
- in collaboration with the Innovation, Technology and Industry Bureau, continue to bolster investment promotion and marketing efforts in the I&T sector, and enhance collaboration with key stakeholders such as the Hong Kong Trade Development Council, Hong Kong Tourism Board, Hong Kong Productivity Council, Hong Kong Science and Technology Parks Corporation, Cyberport, the five Research and Development Centres, the six research universities and their global partners in the InnoHK programme;
- in collaboration with FSTB, continue to promote Hong Kong as a leading international financial centre, Fintech hub and a family office hub, including stepping up the offering of one-stop services to family offices interested in establishing presence in Hong Kong;
- in collaboration with the Transport and Logistics Bureau, continue to promote the aircraft leasing regime of Hong Kong, and Hong Kong as an international aviation and maritime centre;

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- conduct global promotion activities across sectors and arrange events to attract leading carbon neutrality solutions and potential investors to Hong Kong, leveraging Hong Kong's commitments and business opportunities to achieving carbon neutrality before 2050;
- in collaboration with the Constitutional and Mainland Affairs Bureau, continue to strengthen the promotion of the business advantages and opportunities of the GBA development to global investors, particularly through the Pan-Greater Bay Area Inward Investment Liaison Group;
- in collaboration with the Commerce Bureau of Shenzhen Municipality, continue to conduct joint investment promotion activities on the business environment and advantages of Hong Kong and Shenzhen; and
- implement the New Capital Investment Entrant Scheme (CIES) jointly with the Immigration Department with a view to attracting more new capital to Hong Kong, strengthening the development of our asset and wealth management business, financial services and related professional services and further enriching the talent pool.

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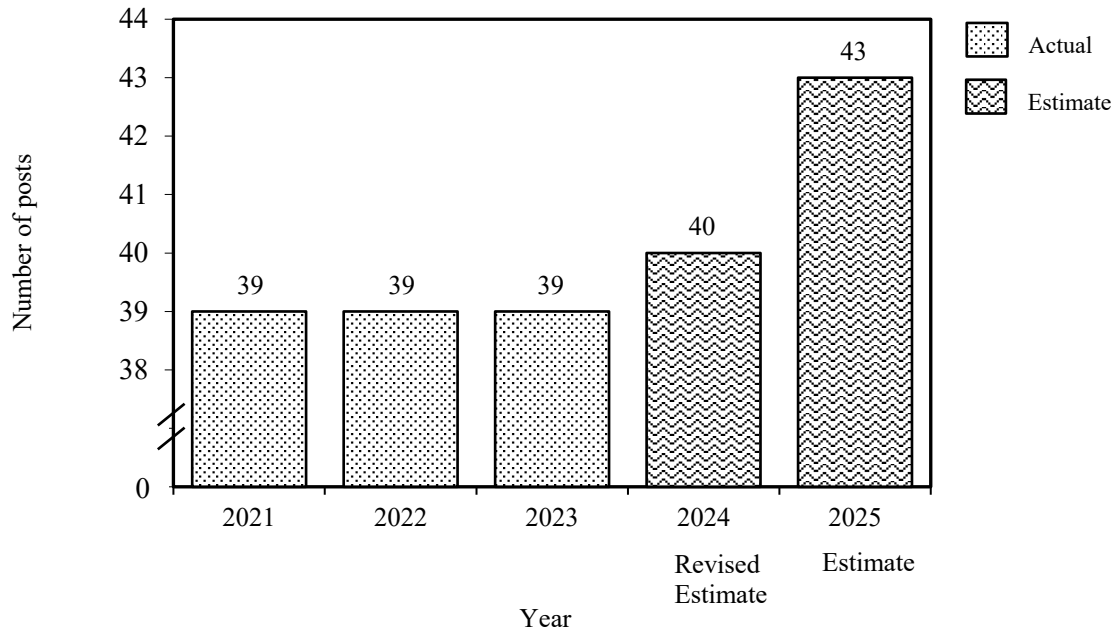
ANALYSIS OF FINANCIAL PROVISION

| Programme | 2022–23 (Actual) (\$m) | 2023–24 (Original) (\$m) | 2023–24 (Revised) (\$m) | 2024–25 (Estimate) (\$m) |
|---------------------------|---------------------------------------|---|--|--|
| Investment Promotion..... | 226.1 | 278.2 | 285.5 (+2.6%) | 306.5 (+7.4%) |
| | | | | (or +10.2% on 2023–24 Original) |

Analysis of Financial and Staffing Provision

Provision for 2024–25 is \$21.0 million (7.4%) higher than the revised estimate for 2023–24. This is mainly due to the increased provisions for implementing the New CIES, as well as engaging consultants and organising activities to strengthen investment and trade promotion work in emerging markets along the Belt and Road.

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



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| Sub-head (Code) | Actual expenditure 2022–23 | Approved estimate 2023–24 | Revised estimate 2023–24 | Estimate 2024–25 | |
|--------------------------|----------------------------------|---------------------------------|--------------------------------|-----------------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | |
| Operating Account | | | | | |
| Recurrent | | | | | |
| 000 | Operational expenses | 226,097 | 278,235 | 285,540 | 306,518 |
| | Total, Recurrent | 226,097 | 278,235 | 285,540 | 306,518 |
| | Total, Operating Account | 226,097 | 278,235 | 285,540 | 306,518 |
| <hr/> | | | | | |
| | Total Expenditure | 226,097 | 278,235 | 285,540 | 306,518 |

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Details of Expenditure by Subhead

The estimate of the amount required in 2024–25 for the salaries and expenses of Invest Hong Kong is \$306,518,000. This represents an increase of \$20,978,000 over the revised estimate for 2023–24 and \$80,421,000 over the actual expenditure in 2022–23.

Operating Account

Recurrent

2 Provision of \$306,518,000 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 2024 will be 40 posts. It is expected that there will be an increase of three posts in 2024–25. Subject to certain conditions, the controlling officer may create or delete non-directorate posts under delegated authority during 2024–25, but the notional annual mid-point salary value of all such posts must not exceed \$34,898,000.

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

| | 2022–23 (Actual) (\$'000) | 2023–24 (Original) (\$'000) | 2023–24 (Revised) (\$'000) | 2024–25 (Estimate) (\$'000) |
|--|---------------------------------|-----------------------------------|----------------------------------|--|
| Personal Emoluments | | | | |
| - Salaries | 33,796 | 35,676 | 34,507 | 40,767 |
| - Allowances | 718 | 917 | 626 | 574 |
| - Job-related allowances..... | 6 | 1 | 1 | 1 |
| Personnel Related Expenses | | | | |
| - Mandatory Provident Fund contribution | 45 | 30 | 33 | 30 |
| - Civil Service Provident Fund contribution | 1,395 | 1,632 | 1,705 | 2,332 |
| Departmental Expenses | | | | |
| - General departmental expenses | 190,137 | 239,979 | 248,668 | 262,814 |
| | 226,097 | 278,235 | 285,540 | 306,518 |