

LCQ22: The work of Invest Hong Kong

Following is a question by Dr the Hon Kennedy Wong and a written reply by the Secretary for Commerce and Economic Development, Mr Algernon Yau, in the Legislative Council today (April 10):

Question:

It has been reported that last year, Invest Hong Kong (InvestHK) assisted 382 Mainland and overseas companies to set up or expand their business in Hong Kong, representing a year-on-year increase of 27 per cent. Regarding the work of InvestHK, will the Government inform this Council:

(1) of the average asset value of the aforesaid 382 companies, and among them, the number of companies with an asset value higher than the average level; whether it has estimated the benefits brought to Hong Kong by the aforesaid companies, including the revenue brought to and the number of jobs created for Hong Kong, by their investment; if so, of the details; if not, the reasons for that;

(2) of the expenditures incurred last year by the offices established by InvestHK in 34 major commercial cities around the world (including staff salaries and allowances, as well as office rentals) (set out in a table); of the total current number of directorate and non-directorate staff in those 34 offices, and among them, the number of civil servants;

(3) given that the Government increased the provision for InvestHK by over \$50 million in the 2023-24 financial year for strengthening global investment promotion efforts on priority sectors relating to family offices, fintech and financial services, as well as innovation and technology development, of the funding and resources allocated as well as the specific implementation situation in relation to such efforts; how it monitors InvestHK's status of achieving its performance indicators (including the ways to handle the situation that such indicators are not met); whether it will consider stepping up monitoring or formulating rigid targets to enhance InvestHK's work effectiveness; if so, of the details; if not, the reasons for that; and

(4) as there are views that the work of InvestHK is similar to that of the overseas Economic and Trade Offices and the overseas offices of the Hong Kong Trade Development Council, and that the current organisational structure of InvestHK may not be the best setting in terms of resource utilisation and promotion effectiveness, whether the authorities will consider adjusting the organisational structure and functions of InvestHK, particularly enhancing its consultation and exchange work with Chinese representatives of the trade associations with good local knowledge in the member states of the Association of Southeast Asian Nations; if so, of the details; if not, the reasons for that?

Reply:

President,

On Dr the Hon Kennedy Wong's question, upon consulting the Financial Services and the Treasury Bureau (FSTB) and Invest Hong Kong (InvestHK), my reply is as follows:

(1) Through its teams based in Hong Kong, the 17 Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) based in the Mainland Offices and the overseas Hong Kong Economic and Trade Offices (ETOs), as well as 16 consultant offices in key locations not covered by the Dedicated Teams, InvestHK has all along been reaching out to a wide spectrum of companies in different sectors and industries around the world to attract and assist them to set up or expand their businesses in Hong Kong; and offering one-stop customised support services, from the planning to implementation stages.

In 2023, InvestHK completed 382 projects, an increase of 27 per cent compared with 2022. The result well exceeded the performance indicator as set out in the 2022 Policy Address (i.e. to attract at least a total of 1 130 companies to set up or expand their operations in Hong Kong from 2023 to 2025) on a pro rata basis. These projects came from all over the world, covering various sectors and companies of different sizes (including small and medium enterprises and multinational corporations). They brought in direct investment of more than \$61.6 billion and created over 4 100 jobs within the first year of operation or expansion. InvestHK does not keep information about assets of the companies concerned.

(2) InvestHK has offices in 34 major business cities around the world (including its Hong Kong head office) to attract enterprises and investment. As at April 1, 2024, the establishment of InvestHK's head office consisted of 180 posts (Note), including four directorate posts and 176 non-directorate posts. Among the 180 posts, there are 43 civil service posts, 134 non-civil service contract posts and three post-retirement service contract posts. As regards the 17 Dedicated Teams, the 79 investment promotion staff posts are all non-directorate ones. Eight of those 79 posts are civil service posts, while the remaining 71 posts are filled by locally engaged staff. As for consultant offices, the concerned consultants are engaged by means of tender exercises.

For the expenditure of InvestHK's head office, the 2024-25 estimated expenditure of \$306.5 million includes salaries (including allowances) of about \$170 million for civil servants and non-civil service contract staff at the head office. Separately, salary expenses for other investment promotion staff and other daily office operating expenses have been subsumed under the overall estimated expenditure of the Commerce and Economic Development Bureau, the Constitutional and Mainland Affairs Bureau, the FSTB and InvestHK respectively, and hence cannot be quantified separately.

(3) The additional allocation of \$51.5 million to InvestHK in 2023-24 was mainly used to strengthen global investment promotion work in key sectors

related to family offices, financial services and fintech, and innovation and technology (I&T) development. The relevant allocation was subsumed in InvestHK's overall estimated expenditure, which included salary expenses, general departmental expenses and administrative overhead expenses, and hence could not be quantified separately by key sectors.

In assisting the FSTB in promoting family offices business, InvestHK's key projects include developing a high impact marketing and public relations strategy, organising flagship events (such as the Wealth for Good in Hong Kong Summit), launching global marketing campaigns and developing various stakeholder engagement initiatives to promote Hong Kong as a family office hub. Since its establishment, the dedicated FamilyOfficeHK team has already successfully assisted 58 family offices to set up or expand their operations in Hong Kong, while over 100 family offices indicated that they were preparing or had decided to set up or expand in Hong Kong. The FamilyOfficeHK team has already established offices in Beijing, Brussels, Dubai and Singapore, and plans to increase manpower in the Mainland (such as Shanghai) to focus on promoting Hong Kong's competitiveness as a family office hub to target clients and to tell the good stories of Hong Kong. The FamilyOfficeHK team will continue to conduct various diversified and face-to-face interactive investment promotion events (such as roundtables, seminars, conferences, media interviews, and external visits) in Hong Kong, the Mainland and overseas to showcase to target clients Hong Kong's competitiveness and unique advantages as a family office hub.

Besides, InvestHK also utilised the aforementioned allocation to implement proactive and forward-looking promotion strategies at key global target markets, enhance investment promotion in the Mainland and overseas, and consolidate investment promotion efforts in key sectors such as I&T, financial services as well as fintech. For example, InvestHK has strengthened its promotion work in the I&T sector by organising and sponsoring local and overseas I&T activities, so as to attract more overseas and Mainland I&T companies to set up or expand their businesses in Hong Kong. On the fintech front, InvestHK has organised and sponsored a number of international fintech events, for instance, the Global Fast Track Programme and the Hong Kong Fintech Week.

Riding on the good performance in 2023, InvestHK will continue to make every effort in attracting overseas and Mainland enterprises to invest in Hong Kong and implement the aforesaid performance indicator as set out in the 2022 Policy Address.

(4) ETOs, overseas offices of InvestHK and the Hong Kong Trade Development Council (HKTDC) have different functions and serve different target audiences.

ETOs are the official representatives of the Hong Kong Special Administrative Region Government in countries under their purview, performing a wide range of functions. With the exception of the Geneva ETO which represents Hong Kong, China in the World Trade Organization and the Trade Committee of the Organisation for Economic Co-operation and Development, the

other ETOs handle bilateral affairs (including those on economic and trade, as well as cultural exchanges) between Hong Kong and countries under their purviews, as well as attract enterprises, investment and talents. ETOs need to conduct and organise various activities every year on external commercial relations, public relations and investment promotion, as well as proactively meet stakeholders in the host countries and the economies under their respective purview (including government officials, councillors, business communities, think tanks, media and related organisations) through different channels in order to update them on the latest situation of Hong Kong. In addition, apart from the Geneva ETO and the Washington ETO (the latter of which is mainly responsible for liaising with the political circle in the United States), the other ETOs have all set up Dedicated Teams for attracting enterprises and investment, etc, including assisting overseas companies to set up or expand their businesses in Hong Kong.

As for InvestHK and the HKTDC, they mainly serve the business community and are responsible for investment promotion and trade promotion respectively. InvestHK's consultant offices are set up in key locations not covered by the Dedicated Teams. Both InvestHK and the HKTDC are responsible for different aspects of work, and jointly contribute to consolidating and strengthening the bilateral economic and trade relations between Hong Kong and other overseas countries.

Through the Dedicated Teams, InvestHK currently leverages Hong Kong's roles as a "super-connector" and a "super value-adder", as well as collaborates with relevant organisations, chambers of commerce (including local Chinese chambers of commerce) and professional bodies, etc, to organise investment promotion activities, including meetings, conferences, roadshows, seminars and exhibitions, so as to proactively provide potential investors in the Mainland and overseas with the latest information on Hong Kong's business environment and attract Mainland and overseas enterprises to set up or expand their businesses in Hong Kong. InvestHK will continue to maintain close communication with stakeholders, including overseas chambers of commerce, to strengthen co-operation and exchanges.

Note: These posts include those that have been seconded from InvestHK to the Office for Attracting Strategic Enterprises. The seconded posts will be returned to the department in due course.