

LCQ7: Foreign companies' regional headquarters and offices in Hong Kong

Following is a question by the Hon Chan Kin-por and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (February 24):

Question:

In a survey conducted in 2020, the Census and Statistics Department successfully surveyed 9 025 regional headquarters (RHQs), regional offices (ROs) and local offices (LOs) in Hong Kong the parent companies of which were located outside Hong Kong (collectively known as foreign companies), and around 400 foreign companies did not respond. Among the foreign companies successfully surveyed, the number of RHQs and ROs totalled 3 980, which is 48 less than the figure in the 2019 survey. Besides, among the foreign companies surveyed, four per cent of them planned to phase out or relocate outside Hong Kong part or all of their business in Hong Kong, while another 21 per cent of them were uncertain about their business plans in Hong Kong. Some members of the business sector worry that the situation will deteriorate. In this connection, will the Government inform this Council:

(1) of the number of RHQs/ROs which were not enumerated in the 2020 survey but had been enumerated in the previous year; whether it knows (i) the locations of the parent companies of such RHQs/ROs, (ii) the trades in which such RHQs/ROs were engaged, and (iii) if such RHQs/ROs have terminated their business in Hong Kong (if so, of the reasons for that);

(2) whether it will proactively implement measures to retain those foreign companies which are planning or may plan to terminate their business in Hong Kong; if so, of the details; and

(3) whether it will roll out new measures to attract multinational companies to set up RHQs in Hong Kong; if so, of the details?

Reply:

President,

My reply to the three parts of the question is as follows:

(1) The Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong is jointly conducted by Invest Hong Kong (InvestHK) and the Census and Statistics Department. The 2020 survey enumerated a total number of 9 025 companies, while around 400 did not respond. This rate has been about the same as previous years.

These 400 companies which participated in the 2019 survey had either declined to take part in the 2020 survey or could not be reached during the survey period. The Government is unable to identify from companies which

could not be reached the number which might have ceased operation in Hong Kong. Indeed, the failure to reach these companies may be due to a change of addresses.

Among the some 400 companies, 135 were enumerated as regional headquarters or regional offices in the 2019 survey. According to the information collected from the 2019 survey, the parent companies of these 135 companies were located in various countries, including France, Germany, Japan, Mainland China, the United Kingdom and the United States of America. As for the line of business in Hong Kong of these 135 companies, they were mainly in the financing and banking sector, the import/export trade, wholesale and retail sector and the professional, business and education services sector.

(2) As an important part of its investment promotion work, InvestHK provides aftercare services to companies which it has previously assisted; as well as other major overseas and Mainland companies which have set up operations in Hong Kong, so as to keep track of their development and help them seize opportunities to grow, expand and create jobs in Hong Kong.

InvestHK has a dedicated team to enhance the provision of aftercare services for overseas and Mainland companies in Hong Kong. The team has developed a programme to reach out to companies in a structured and systematic manner. The programme includes holding strategic discussions with key personnel to help them consider and evaluate new areas and opportunities for growth, particularly those arising from the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) development, the Belt and Road Initiative and innovation and technology development.

InvestHK's aftercare programme also extends to meetings with the headquarters of its client companies. Such meetings affirm Hong Kong's commitment to supporting investors from outside Hong Kong and to give the senior management of the companies concerned the confidence to continue doing business in Hong Kong.

Despite the travel restrictions arising from the COVID-19 pandemic, InvestHK continues to hold conferences and round-tables via virtual platforms with senior business leaders round the world to update them on Hong Kong's business environment and Government policies. These help to retain foreign companies' interest and confidence in Hong Kong as a place for investment and doing business.

(3) InvestHK is committed to promoting Hong Kong as a prime investment destination and encouraging overseas and Mainland companies to establish operations, in particular regional headquarters and regional offices, in Hong Kong. To this end, InvestHK will continue to:

(i) strengthen global investment promotion efforts by focusing on the business opportunities arising from the Association of Southeast Asian Nations, the Greater Bay Area development and the Belt and Road Initiative;

(ii) strengthen aftercare services for overseas and Mainland companies in Hong Kong to facilitate expansion; and

(iii) focus on priority sectors such as financial services, family offices, transport and logistics, innovation and technology as well as creative industries.

In meeting the challenges of the COVID-19 pandemic, InvestHK has been dynamically adjusting its strategies by leveraging digital platforms to attract and assist companies from both traditional and emerging markets to set up their businesses in Hong Kong. In addition, the Chief Executive announced in the 2020 Policy Address the establishment of the Pan-Greater Bay Area Inward Investment Liaison Group. This set-up would enable InvestHK and its counterparts in other cities in the Greater Bay Area to develop holistic and joint inward investment propositions with a view to enhancing synergy.