

CONTROLLING OFFICER'S REPLY

CEDB151

(Question Serial No. 0405)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

According to the 2022 Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong, the total number of regional headquarters (RHQs), regional offices and local offices in Hong Kong with parent companies located outside Hong Kong was 8 978 in 2022, representing a decrease of 71 companies compared with the same period last year, and it was also the first time since 2019 that such number fell below 9 000. Among these foreign companies, 1 411 were RHQs in Hong Kong with parent companies located outside Hong Kong, representing a decrease of 46 companies compared with the same period last year. In this connection, will the Government inform this Committee of the following:

- a. Given that Hong Kong has now returned to normality and our economy has begun to recover, are there any signs of rebound in the number of foreign companies in Hong Kong?
- b. Has InvestHK made contact with the non-local companies which have removed their RHQs from Hong Kong so as to persuade them to relocate their RHQs back to Hong Kong?
- c. What are the plans of InvestHK to attract more overseas companies to set up RHQs in Hong Kong?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 14)

Reply:

Despite the global uncertainties and challenges brought about by the COVID-19 pandemic, geopolitical tensions and external economic conditions, the number of companies in Hong Kong with parent companies located outside Hong Kong (overseas and Mainland companies) stood at around 9 000 in 2022, comparable to the figures since 2018.

We have been implementing various measures over the past months to boost the confidence of overseas and Mainland companies in Hong Kong's business environment. When the

Government started relaxing anti-epidemic measures in September 2022 and organising multiple major international events in October 2022, Invest Hong Kong (InvestHK) has already stepped up its engagement efforts with overseas and Mainland companies across all sectors to gauge their sentiments, find out their concerns and needs, provide updates on Hong Kong's latest business opportunities and offer appropriate support. The full resumption of cross-boundary travel with the Mainland since February 2023 and lifting of the mask mandate from March 2023 further enabled InvestHK to bring its engagement efforts to the next level, including identifying targeted companies that might have relocated some or all of their operations from Hong Kong earlier due to COVID-19 and providing the necessary support to facilitate their businesses to return to Hong Kong.

So far, we have been seeing increased interest of potential investors from the Mainland and overseas to set up or expand their businesses in Hong Kong. While we are cautiously optimistic that the positive trend will continue alongside the improved local economy, we understand that the business sectors still have concerns about geopolitical tensions and external economic conditions.

Going forward, InvestHK will continue to reach out to a wide spectrum of companies in different sectors around the world through its teams based in Hong Kong, the Dedicated Teams for Attracting Businesses and Talents in the overseas Hong Kong Economic and Trade Offices and Mainland Offices, as well as its overseas consultants' network, with a view to attracting and assisting overseas and Mainland companies to set up and expand their businesses in Hong Kong. InvestHK will also continue to work closely with the Office for Attracting Strategic Enterprises under the Financial Secretary's Office in attracting strategic inward investments.

In addition, InvestHK will continue to strengthen its investment promotion efforts. Through its global network, and collaboration with relevant organisations, chambers of commerce, and professional bodies, etc., it will roll out an array of promotional activities around the world, including conferences, roadshows, seminars, exhibitions, etc. so as to encourage overseas and Mainland companies to set up businesses and invest in Hong Kong. These activities will provide overseas interlocutors and companies with the latest information on Hong Kong's business environment, and highlight Hong Kong's distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world under "One Country, Two Systems", as well as the immense business opportunities brought by national strategies including the National 14th Five-Year Plan, the Guangdong-Hong Kong-Macao Greater Bay Area development and the Belt and Road Initiative.

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CONTROLLING OFFICER'S REPLY

CEDB152

(Question Serial No. 0406)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

The Chief Executive has decided earlier to establish the Office for Attracting Strategic Enterprises (OASES) to be led by the Financial Secretary. It will switch to a proactive approach to attract enterprises and investment by offering strategic enterprises outside Hong Kong special facilitation measures and one-stop services, thereby proactively attracting high-potential and representative strategic enterprises from around the world. In this connection, will the Government advise this Committee on the following:

- a. Has InvestHK studied the strategies worldwide for attracting enterprises and made comparison with the past strategies used in Hong Kong?
- b. Given that OASES only focuses on individual strategic industries, will InvestHK concurrently adopt, in respect of other industries, a more proactive approach for attracting enterprises?
- c. How will InvestHK facilitate and support the work of OASES?

Asked by: Hon CHAN Kin-por (LegCo internal reference no.: 15)

Reply:

As the investment promotion agency of the Government, Invest Hong Kong (InvestHK) has been actively assisting policy bureaux in promoting the latest government policies and measures and proactively attracting foreign investments to Hong Kong. InvestHK has been keeping a close watch on the policies implemented by different economies in various sectors, for reference by relevant policy bureaux in formulating policies that best suit Hong Kong, based on which InvestHK conducts promotion to attract foreign investments. InvestHK also makes reference to the investment promotion approaches adopted by other economies and reviews its approach from time to time.

Since the Chief Executive's announcement in his Policy Address, InvestHK has been assisting in the setup of the Office for Attracting Strategic Enterprises (OASES) under the Financial Secretary's Office, including arranging officers from the department to be seconded to OASES. After the establishment of OASES in December 2022, InvestHK and OASES have been working closely with each other in attracting inward investments to Hong Kong. While OASES focuses on strategic enterprises from industries of strategic importance to Hong Kong, InvestHK focuses on enterprises from various other sectors. InvestHK's investment promotion officers in the Mainland Offices and overseas Economic and Trade Offices (ETOs) are core members of the Dedicated Teams for Attracting Businesses and Talents in the Mainland Offices and ETOs, and act as the first point of contact outside Hong Kong whenever Mainland and overseas enterprises (regardless of fields) approach them.

InvestHK has all along adopted, and will continue adopting, a proactive and targeted approach to attract enterprises from various sectors around the world. InvestHK has been allocated additional recurrent funding of around \$90 million in phases starting 2022-23. The additional recurrent provisions have been deployed to implement proactive and forward-looking promotion strategies at key global target markets, enhancing investment promotion in the Mainland and overseas, and consolidating investment promotion efforts in priority sectors such as innovation and technology, financial services and fintech. InvestHK will continue to strengthen the provision of one-stop support services to all overseas and Mainland enterprises interested in setting up or expanding their businesses in Hong Kong, as well as enhancing its global investment promotion efforts, with a view to proactively telling the good stories of Hong Kong to the international business communities.

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CONTROLLING OFFICER'S REPLY

CEDB153

(Question Serial No. 1149)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

It is mentioned in paragraph 47 of the Budget Speech the need to make better use of our unique advantages under “One Country, Two Systems” to fully grasp the Mainland’s enormous market, bring together local and overseas talents, capital and other resources, and to attain mutual benefits that can be shared by everyone and bring about better development for everyone under the operation of an open economy. When the pandemic subsides, will Invest Hong Kong (InvestHK) have any plans to launch large-scale publicity and promotional campaigns at home and abroad, showcasing to the world the image of Hong Kong as a highly open international city in the Greater Bay Area (GBA) from various perspectives such as finance, innovation and technology, culture and creativity and tourism, as well as Hong Kong’s unique advantages under “One Country, Two Systems”, with a view to attracting enterprises, investors and talent to Hong Kong? What are the plans of InvestHK and the Government’s overseas offices for taking forward the related work?

Asked by: Hon Hon LAM Kin-fung, Jeffrey (LegCo internal reference no.: 20)

Reply:

The Government attaches much importance to external engagement. As Hong Kong is back on the world stage after the lifting of various epidemic restrictions, the Government has been disseminating the latest information on Hong Kong’s development through various platforms, strengthening the promotion on the successful implementation of “One Country, Two Systems”, Hong Kong’s distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world as well as other advantages on various fronts.

Riding on the “Hello Hong Kong” campaign, Invest Hong Kong (InvestHK) will step up efforts in conducting both physical and hybrid investment promotion activities in Hong Kong as well as in major and emerging markets, such as the Association of Southeast Asian Nations, Middle East, the Americas and Europe, to show the world from multiple angles that Hong Kong, as a highly open and international city in the Guangdong-Hong

Kong-Macao Greater Bay Area (Greater Bay Area), has great achievements in various priority sectors. The annual StartmeupHK Festival and Hong Kong FinTech Week will also showcase Hong Kong as an ideal startup and fintech hub respectively.

In addition, InvestHK will continue to jointly organise a series of investment promotion events, formulate marketing messages and materials, etc., through the “Pan-Greater Bay Area Inward Investment Liaison Group” established with relevant authorities in the Mainland and Macao, to showcase the business opportunities in the Greater Bay Area, including the new opportunities in Qianhai and Hengqin, with a view to strengthening collaboration and synergy. InvestHK will also continue to collaborate with the Commerce Bureau of Shenzhen Municipality to jointly organise investment promotion activities to promote the investment opportunities of Hong Kong and Shenzhen to overseas investors.

InvestHK and the overseas Hong Kong Economic and Trade Offices (ETOs) work closely with each other in taking forward the related work. As announced in the Policy Address in October 2022, the Government has put in place new institutional setups and implement an array of new initiatives targeted at attracting enterprises, investment and talents. In December 2022, Dedicated Teams for Attracting Businesses and Talents (Dedicated Teams) were established in Mainland Offices and ETOs. Complementing the new policy and work objectives of “Competing for Talents and Enterprises”, the Dedicated Teams in the ETOs will proactively reach out and discuss with key enterprises, liaise with the world’s top 100 universities and communicate with high potential and representative strategic enterprises and talents, providing them with appropriate information and assistance. They will also proactively promote various new policies and plans to attract quality enterprises and talents through, for instance, business seminars promoting Hong Kong’s advantages and encouraging talents to pursue development in Hong Kong, holding lectures at universities to explain the employment opportunities offered by Hong Kong, and so on, to proactively attract quality enterprises to establish footholds in Hong Kong and to attract talents for developments in Hong Kong.

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CONTROLLING OFFICER'S REPLY

CEDB154

(Question Serial No. 1017)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

One of the matters requiring special attention in 2023-24 is to conduct global promotion activities across sectors and arrange events to attract leading carbon neutrality solutions and potential investors to Hong Kong, leveraging on Hong Kong's commitments and business opportunities to achieving carbon neutrality before 2050. In fact, the Government has made it clear that it will put in place measures to attract carbon neutrality solutions to Hong Kong since the last financial year.

In this connection, please advise the Committee of the following:

1. What is the outcome of Invest Hong Kong's efforts in attracting carbon neutrality solutions and potential investors to Hong Kong over the past year? Please provide the numbers of companies/potential investors attracted and the total investment amount.
2. With regard to the global promotion activities to be conducted across sectors and events to attract leading carbon neutrality solutions and potential investors to Hong Kong to be arranged in 2023-24, what are the estimated expenditure, manpower and details involved?

Asked by: Hon LIAO Cheung-kong, Martin (LegCo internal reference no.: 21)

Reply:

To contribute to our country's advancement towards the "2060 Dual Carbon Targets" in relation to carbon emissions peak and carbon neutrality and to support Hong Kong's moving towards its own carbon neutrality target before 2050, Invest Hong Kong (InvestHK) has been proactively conducting global promotion to attract overseas and Mainland carbon neutrality solution providers to Hong Kong, with a view to strengthening the capability of Hong Kong in achieving carbon neutrality. InvestHK has also been organising, in collaboration with relevant bureaux and departments, and sponsoring various promotion activities such as webinars, seminars and industry conferences in Hong Kong, the Mainland and overseas, to

engage key overseas and Mainland leading organisations in green tech, renewable energy, green finance, environmental, social, and governance, supply chain, food tech, etc., and to promote relevant government policies and Hong Kong's competitive advantages and opportunities.

With additional recurrent resources from 2022-23, 3 specialists in carbon neutrality have been recruited to join 3 major sector teams of InvestHK, namely, Technology, Innovation and Entrepreneurship; Fintech, Financial and Professional Services; and Lifestyle and Creative Industries. In 2022, 21 projects in relation to carbon neutrality with a total investment amount of \$176.4 million were completed and 20 new projects generated.

By harnessing Hong Kong's unique competitive advantages and opportunities, and aligning with the Government's policy in developing Hong Kong as an international green technology and financial centre as well as innovation and technology centre, InvestHK will conduct market research to further identify target companies in carbon neutrality, and continue to step up efforts to attract overseas and Mainland companies in relation to carbon neutrality for setting up and expanding businesses in Hong Kong in 2023-24. InvestHK will also continue to organise and support a wide range of global investment promotion activities in relation to achieving carbon neutrality such as seminars, workshops, industry conferences, trade shows, summits and roundtables, in collaboration with relevant bureaux and departments as well as international organisations, to bring greater promotional impact. For instance, the Government will organise an International GreenTech Week at the end of this year to pool together representatives, enterprises and investors from the green technology industries around the world.

The expenses involved will be subsumed under the overall estimated expenditure of InvestHK which include administrative overhead expenses and hence cannot be quantified separately.

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CONTROLLING OFFICER'S REPLY

CEDB155

(Question Serial No. 2504)

Head: (79) Invest Hong Kong

Subhead (No. & title): (-) -

Programme: (-) Investment Promotion

Controlling Officer: Director-General of Investment Promotion (Stephen PHILLIPS)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Invest Hong Kong (InvestHK) has all along been playing the specific role of attracting enterprises and investment, bringing in enterprises from within and outside the country to expand their businesses in Hong Kong. As mentioned in paragraph 97 of this year's Budget Speech, \$100 million will be allocated to InvestHK over the next 3 years for attracting more family offices to Hong Kong. In this connection, will the Government inform this Committee of the following:

- Under Head 79, the estimate for InvestHK in 2023-2024 is \$278.2 million, which is 22.7% higher than the revised estimate of \$226.7 million for last year. What are the reasons for the some 20% increase in the estimate for next year and the major uses of the increased estimate?
- With Hong Kong's full resumption of normal travel with the Mainland and the international community this year, what are the work plans and targets of InvestHK in the coming year to step up efforts to attract and retain foreign direct investment?
- The Office for Attracting Strategic Enterprises led by the Financial Secretary was established in last December. How will InvestHK co-operate and work in co-ordination with the Office, and divide the work between them in order to create synergy?
- Given that there are a significant number of heavyweight top-notch enterprises in the textiles, clothing and fashion industry in the Mainland and overseas, will InvestHK step up efforts to attract more top-notch enterprises in the industry to expand their businesses in Hong Kong, including setting up research and development centres, design centres or regional headquarters, so as to enhance the ecosystem for the industry?
- As stated in the Matters Requiring Special Attention under Head 79, the Department will, in collaboration with the Innovation, Technology and Industry Bureau, continue to bolster investment promotion and marketing efforts in the innovation and technology sector, and

enhance collaboration with key stakeholders. What are the specific collaboration plans and work?

- Dr. CHIANG Hok Lai, Jimmy, Associate Director-General of Investment Promotion, said in his remarks to the media this February that InvestHK had been focusing its investment promotion efforts in the Middle East countries such as Saudi Arabia, the United Arab Emirates, Israel, Qatar and Kuwait. What are the specific work and targets of InvestHK in assisting Hong Kong to open up target emerging markets such as the Middle East? How many Middle East enterprises are now interested in establishing a presence in Hong Kong?

Asked by: Hon TAN Sunny (LegCo internal reference no.: 40)

Reply:

Invest Hong Kong (InvestHK) will be allocated additional funding for 2023-24 mainly for strengthening its work in attracting more family offices to set up and operate in Hong Kong as announced in the 2023-24 Budget, as well as for strengthening its work at all fronts as announced in the 2022-23 Budget.

In the 2023-24 Budget, \$100 million will be allocated to InvestHK over the next 3 years for attracting more family offices to Hong Kong. Major work plans include developing a high impact market and public relations strategy, organising flagship events, launching global marketing campaigns and developing various stakeholder engagement initiatives to promote Hong Kong as a family office hub.

Separately, as announced in the 2022-23 Budget, InvestHK has been allocated additional recurrent funding of around \$90 million in phases starting 2022-23. The additional recurrent provisions have been deployed to implement proactive and forward-looking promotion strategies at key global target markets, enhancing investment promotion in the Mainland and overseas, including strengthening InvestHK's investment promotion network in the Middle East, and consolidating investment promotion efforts in priority sectors such as innovation and technology (I&T), financial services and fintech. For example, InvestHK will strengthen its promotion efforts in I&T sector by organising and sponsoring local and overseas I&T events, in close partnership with the Innovation, Technology and Industry Bureau, Hong Kong Science and Technology Parks Corporation, Cyberport, Hong Kong Productivity Council, major research institutes, chambers, academia and relevant sector-specific organisations, to align with the policy objectives of the Government, in particular the Hong Kong Innovation and Technology Development Blueprint, so as to strengthen Hong Kong's status as an international I&T centre, and attract more overseas and Mainland I&T companies to set up and expand businesses in Hong Kong.

Moreover, InvestHK will also step up promotion of the textiles, garment and fashion industry, proactively support and work with trade publications and event organisers to further its outreach efforts and communication to the industry both in Hong Kong and internationally, with a view to attracting and retaining overseas and Mainland companies of the textiles, garment and fashion industry. For example, InvestHK works closely with the Hong Kong Research Institute of Textiles and Apparel and various design institutes to showcase Hong

Kong as an excellent design or research hub for the industry, promoting Hong Kong as an ideal location of setting up regional headquarters.

When the Government started relaxing anti-epidemic measures in September 2022 and organising multiple major international events in October 2022, InvestHK has already stepped up its engagement efforts with overseas and Mainland companies across all sectors to gauge their sentiments, find out their concerns and needs, provide updates on Hong Kong's latest business opportunities and offer appropriate support. The full resumption of cross-boundary travel with the Mainland since February 2023 and lifting of the mask mandate from March 2023 further enabled InvestHK to bring its engagement efforts to the next level, including identifying target companies that might have relocated some or all of their operations from Hong Kong earlier due to COVID-19 and providing the necessary support to facilitate their businesses to return to Hong Kong.

So far, we have been seeing increased interest of potential investors from the Mainland and overseas to set up or expand their businesses in Hong Kong. Going forward, InvestHK will continue to reach out to a wide spectrum of companies in different sectors around the world through its teams based in Hong Kong, the Dedicated Teams for Attracting Businesses and Talents in the overseas Hong Kong Economic and Trade Offices and Mainland Offices, as well as its overseas consultants' network, with a view to attracting and assisting overseas and Mainland companies to set up and expand their businesses in Hong Kong. InvestHK will also continue to work closely with the Office for Attracting Strategic Enterprises under the Financial Secretary's Office in attracting strategic inward investments.

- End -