

LCQ13: Operation of Hong Kong Investment Corporation Limited

Following is a question by the Hon Rock Chen and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (November 22):

Question:

In the 2022 Policy Address, the Chief Executive announced the establishment of the Hong Kong Investment Corporation Limited (the Corporation) to further optimise the use of fiscal reserves for promoting the development of industries and the economy. However, there are views that the operation of the Corporation lacks transparency. In this connection, will the Government inform this Council:

(1) as the Financial Secretary indicated on February 28 this year that the Board of Directors of the Corporation had held in-depth discussion on issues such as the Corporation's corporate structure, governance, personnel arrangement, as well as administration and management, of the specific details of such discussion (in particular the standards and criteria considered in the aspects of corporate structure, governance, personnel arrangement and recruitment);

(2) as the Government indicated in reply to a question raised by a Member of this Council on May 31 this year that the Board of Directors of the Corporation had "formulated the Corporation's investment strategies and criteria, and having regard to the different focuses of the funds under its management, devised appropriate strategies and asset allocation for investments in projects, corporates, funds, etc, as well as drawn up procedures and criteria in sourcing investment partners or targets", of the relevant specific details; and

(3) of the following information on the Corporation since its establishment: the investment ratio and the expected internal rate of return, the performance indicators of the funds under its management, and the benchmark returns set; how the Government assesses the returns of the funds under the management of the Corporation and the performance of its management echelon?

Reply:

President,

Having consulted the Hong Kong Investment Corporation Limited (HKIC), the reply to the three parts of the question is as follows:

(1) In the 2022 Policy Address, the Chief Executive announced the establishment of the HKIC to consolidate the management of the Hong Kong

Growth Portfolio (HKGP), the Greater Bay Area Investment Fund (GBAIF), the Strategic Tech Fund (STF), and the Co-Investment Fund (CIF). The HKIC is tasked to identify investment opportunities and strategically promote the development of target industries, so as to enhance the long-term competitiveness and economic vitality of Hong Kong while generating investment return.

The Government announced the composition of the Board of Directors (Board) of the HKIC on February 15, 2023 and the Board has commenced operation. In accordance with the objectives of the HKIC, the Board has formulated guidance on such matters as the corporate structure, governance, personnel arrangement as well as administration of the HKIC. The guidance made reference to practices commonly adopted by public organisations.

The HKIC's first Chief Executive Officer took office on October 9, 2023 and is pressing ahead with various aspects of works related to investment, as well as administration and team building of the HKIC in accordance with the guidance formulated by the Board.

(2) Having regard to the objectives of the HKIC, and the respective focuses of the HKGP, GBAIF, STF and CIF, the Board provided comments on the investment strategies (including asset allocation) and the procedures and criteria in sourcing investment partners or targets. Relevant factors that were taken into consideration include whether the investment proposals fit the goals the HKIC are pursuing (such as whether the project could promote domestic industry development, increase Hong Kong's ability to attract enterprises and investment), the background, strategy and track record of the investment partners; the investment return and risk etc.

(3) Since 2021, a number of General Partners (GPs) have been appointed by batches under the HKGP to make strategic investments for it. The HKIC will continue to identify investment opportunities in accordance with the direction of improving Hong Kong's competitiveness, leading and supporting the vigorous development of strategic industries, so as to enhance Hong Kong's ability to attract enterprises and investment, enhance industrial structure, strengthen impetus for economic growth, create more high-quality career development opportunities for the public, and promote industrial co-operation and development between Hong Kong and cities in the Guangdong-Hong Kong-Macao Greater Bay Area.

As the relevant investment involve market sensitive information, it is not appropriate to disclose the details. In accordance with the actual needs of the HKIC's investment operation, as well as factors such as whether individual projects have reached their maturity stage etc, the Board will formulate appropriate disclosure arrangements for the HKIC, which will make announcement at the appropriate time.