

# LCQ22: Hong Kong Investment Corporation Limited

Following is a question by the Hon Mrs Regina Ip and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (January 31):

Question:

In the 2022 Policy Address, the Chief Executive proposed the establishment of the Hong Kong Investment Corporation Limited (HKIC) to consolidate the management of some of the funds established under the Future Fund. In addition, the new Capital Investment Entrant Scheme (CIES) requires each applicant to place HK\$3 million in the CIES Investment Portfolio. As a result, it is learnt that the HKIC will have a capital of no less than \$62 billion, which will be used to attract and support more enterprises to develop their business in Hong Kong. On the other hand, in the past year, the HKIC established its Board of Directors and appointed its Chief Executive Officer. In this connection, will the Government inform this Council:

(1) whether the HKIC has formulated investment strategies, target returns and performance indicators; if so, of the details; if not, the reasons for that;

(2) of the following information on the Co-Investment Fund: (i) the total number of investment proposals received, (ii) the total amount of investment funds disbursed, (iii) the number of institutions which have been disbursed with investment funds and the amount of funds disbursed to each institution, and (iv) the percentage of innovation and technology enterprises in the institutions which have been disbursed with investment funds; and

(3) whether the HKIC will formulate appropriate disclosure arrangements in respect of its operations (including matters such as investment strategies, investment criteria, as well as investment projects and returns) and report to the Legislative Council on a regular basis to enhance transparency; if so, of the details; if not, the reasons for that?

Reply:

President,

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

(1) Since the establishment of the HKIC, the Board of Directors of the HKIC (Board) has provided guidance on the investment strategy, and the procedures and criteria for identifying investment partners or targets, having regard to the objectives of establishing the HKIC, and the respective scope of "Hong Kong Growth Portfolio", "Greater Bay Area Investment Fund", "Strategic Tech

Fund", and "Co-Investment Fund".

When sourcing and evaluating investment projects, in addition to considering to strive for reasonable return from a long-term and holistic perspective, the HKIC also focuses on unlocking the potential of capital in guiding the acceleration of support for constructing a more vibrant ecosystem for Hong Kong's strategic industries. Therefore, it is appropriate to adopt a long-term and multi-dimensional perspective to evaluate the deliverables of the HKIC, including the HKIC's ability in enhancing Hong Kong's ability to attract enterprises and investment, and angles such as upgrading industrial structure, strengthening impetus for economic growth, creating more high-quality career development opportunities for the public, and promoting industrial co-operation and development between Hong Kong and cities in the Guangdong-Hong Kong-Macao Greater Bay Area. The Board will continue to give guidance on the relevant matters to the HKIC in due course.

(2) The HKIC is pressing ahead with its work. It is expected that certain investment projects will be implemented in the first half of 2024, covering "Hong Kong Growth Portfolio", "Greater Bay Area Investment Fund", "Strategic Tech Fund", and "Co-Investment Fund". The HKIC will make announcement at the appropriate time. Currently, the HKIC is conducting in-depth due diligence work on potential projects and partners. Having regard to the market sensitive information involved, appropriate disclosure will be made in the future after the project progress reaches a maturity stage.

(3) The HKIC regularly reports to the Board on its operations and investment-related matters. Apart from the relevant policy bureaux officials, the Board includes leaders from different sectors with non-official background.

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.