

LCQ4: New Capital Investment Entrant Scheme

Following is a question by the Hon Carmen Kan and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (June 12):

Question:

On December 19 last year, the Government announced the details of the new Capital Investment Entrant Scheme (CIES). In this connection, will the Government inform this Council:

(1) given that under the requirements of the new CIES, each eligible applicant must invest at least \$30 million in permissible investment assets, of which \$3 million must be invested in the CIES Investment Portfolio set up and managed by the Hong Kong Investment Corporation Limited (HKIC), how HKIC selects investment targets for the Portfolio, and whether HKIC will match the funds it manages with the Portfolio for investment in the Portfolio;

(2) of the number of enquiries received and the respective numbers of applications received and approved by the authorities since the launch of the new CIES in March this year, together with a breakdown by the applicants' place of domicile; the average time taken to vet and approve such applications; and

(3) as there are views pointing out that the new CIES requires the co-operation of stakeholders such as financial institutions, of the progress made by the authorities in interfacing with various stakeholders and the work that has been done in terms of international promotion, publicity and explanation, and set out the relevant information in a table?

Reply:

President,

In consultation with Invest Hong Kong (InvestHK), the Immigration Department (ImmD) and the Hong Kong Investment Corporation Limited (HKIC), the consolidated reply to the various parts of the question is as follows:

(1) The New Capital Investment Entrant Scheme (New CIES) has been launched for application from March 1, 2024, with the aim to further enrich the talent pool and attract new capital to Hong Kong. Eligible applicants must invest a minimum of HK\$30 million in the permissible investment assets, including investing a minimum of HK\$27 million in the permissible financial assets, non-residential real estate (subject to a cap of HK\$10 million), and placing HK\$3 million into a new Capital Investment Entrant Scheme Investment Portfolio (the Portfolio).

The Portfolio will be set up and managed by the HKIC for making

investment in companies/projects with a Hong Kong nexus, with a view to supporting the development of innovation and technology industries and other strategic industries, particularly start-up projects, that are beneficial to the long term development of Hong Kong's economy. The HK\$3 million placed into the Portfolio will be subject to lock-up. Capital preservation and dividend distribution are not guaranteed. The arrangements for the Portfolio will be announced in the third quarter of this year.

(2) Under the New CIES, InvestHK is responsible for assessing whether the applications fulfill the financial requirements, and the ImmD is responsible for assessing the applications for visa/entry permit and extension of stay, etc. After InvestHK's verification that an applicant fulfils the Net Asset Requirement, the applicant may submit an entry application to the ImmD for visa/entry permit to enter Hong Kong for residence (entry application). After assessment from the immigration perspectives, the ImmD may grant "approval-in-principle" for the applicant to enter Hong Kong as a visitor for not more than 180 days for making the committed investment. Upon the applicant's completion of the committed investment and InvestHK's verification that the applicant meets the investment requirements, the ImmD may grant formal approval of the entry application for the applicant and his/her dependants to stay in Hong Kong for not more than 24 months. Thereafter, the applicant and his/her dependants may apply for extension of stay for not more than three years, which may be further extended for not more than three years upon the expiry of each period, provided that the applicant continues to meet the requirements under the New CIES. The applicant and his/her dependants, who upon a period of continuous ordinary residence in Hong Kong of not less than seven years, may apply for becoming Hong Kong permanent residents in accordance with the law.

Since the launch of the New CIES on March 1 up to end-May, InvestHK received over 3 000 enquiries (mainly from potential applicants and service providers) and over 250 applications. The Net Asset Assessment for over 100 applications was approved, including those from Europe, the United States and Singapore, etc. The ImmD granted "approval-in-principle" for over 40 applications, enabling the applicants to enter Hong Kong as visitors to make the committed investment. Details of the assessment of the applications are set out in Annex 1. If all applications received are approved, it is estimated that they will bring more than HK\$7.5 billion to Hong Kong, enhancing the developmental strengths of Hong Kong's asset and wealth management industry.

InvestHK and the ImmD will process applications expeditiously. The time needed for processing individual applications varies, depending on the information on the asset types as provided by applicants therein and the adequacy of supporting documents, etc. For applications for Net Asset Assessment, subject to sufficient information and supporting documents provided by applicants, InvestHK will generally complete the assessment in around three weeks. Regarding "approval-in-principle" for entry, upon receipt of all needed documents, the ImmD will generally complete the assessment in around three weeks.

(3) We are confident that the New CIES will be well-received by investors

interested in investing and pursuing development in Hong Kong, hence channelling funds to Hong Kong's capital market and strengthening Hong Kong's status as an international asset and wealth management hub. To connect with stakeholders such as financial institutions and facilitate their better understanding of the details of the New CIES, InvestHK has organised 24 briefings for around 2 000 participants from various sectors of the financial services industry, covering the banking, securities, funds and insurance sectors as well as the professional bodies of the accounting and legal sectors as detailed in Annex 2. Industry stakeholders generally welcome the launch of the New CIES. In particular, service providers for high-net-worth individuals or family offices are positive towards their business prospects brought by the New CIES. InvestHK will continue to address their questions and publish frequently asked questions on the New CIES website in promoting the effective implementation of the New CIES.

InvestHK will continue to co-ordinate with relevant Government departments in promoting the New CIES, including reaching out to various business associations, international stakeholders and family offices. In 2024-25, InvestHK will launch extensive publicity to target client groups through the Dedicated Teams for Attracting Businesses as well as the Talents and Investment Promotion Divisions (which base in the Economic and Trade Offices around the globe), and plans to further promote the New CIES to industry practitioners such as private banks, lawyers and accounting firms through the Private Wealth Management Association in the third quarter of 2024, thereby enhancing their awareness of the New CIES. InvestHK is also planning to promote the New CIES as well as Hong Kong's competitiveness and unique advantages as a family office hub by means of physical events and online seminars in the Mainland and overseas places.

Thank you, President.