

LCQ8: Capital Investment Entrant Scheme

Following is a question by the Hon Christopher Cheung and a written reply by the Secretary for Security, Mr John Lee, in the Legislative Council today (December 12):

Question:

The Capital Investment Entrant Scheme (the Scheme), introduced by the Government in 2003, was suspended on January 15, 2015. However, applications which (i) had been submitted before that date and (ii) were submitted within six months from investments that had been made within six months before that date would not be affected. As stipulated in the rules of the Scheme, an applicant/investor is not required to top up his/her investment in any class of the permissible investment assets should the market value of the investment fall below the Scheme's investment threshold (i.e. \$10 million). Nevertheless, some investors of the Scheme recently complained that the Immigration Department (ImmD) had demanded them to top up their investments after the market values of their investments had fallen below the threshold as a result of investment failure in bonds. In this connection, will the Government inform this Council:

(1) of the following information in each year since 2015: the respective numbers of applications under the Scheme that were (i) outstanding at the end of the year, (ii) rejected within the year and (iii) approved within the year; (iv) the number of investors and their dependents who became eligible for and were granted the Hong Kong permanent resident status within the year; (v) the number of investors whose eligibility to stay in Hong Kong was cancelled within the year as the market values of their investments were lower than the threshold; (vi) the number of investors who were requested within the year to top up the values of their investments as the market values of their investments were lower than the threshold; and (vii) the number of investors whose eligibility to stay in Hong Kong was cancelled due to other reasons (set out in the table below);

Year	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
2015							
2016							
2017							
2018 (as at 30 November)							
Total:							

(2) whether ImmD has, according to different classes of investment assets,

treated differently investors whose investments had market values lower than the threshold; if so, of the details and justifications; and

(3) of the reasons why ImmD demanded some of the investors whose investments had market values lower than the threshold to top up their investments; whether the authorities will examine afresh those cases and review the relevant practice?

Reply:

President,

The reply to Hon Cheung's question is as follows:

(1) The statistics on the applications processed by the Immigration Department (ImmD) under the "Capital Investment Entrant Scheme" (the Scheme) from 2015 to 2018 (as at the end of November) are as follows:

Year	(i) Number of outstanding applications as at the end of the year	(ii) Number of refused applications in the year	(iii) Number of approved applications in the year	(iv) Number of persons acquiring the right of abode in Hong Kong through the Scheme in the year (Note 2)	(v) Number of persons whose eligibility to stay in Hong Kong was cancelled within the year as the market values of their investments were lower than the threshold	(vi) Number of persons who were requested within the year to top-up the values of their investments as the market values of their investments were lower than the threshold	(vii) Number of refused applications for extension of stay in the year
2015	11 429	2	2 739	404	Not Applicable (Note 3)		0
2016	7 428	6	2 667	728			4
2017	3 375	4	2 640	1 101			4
2018 (as at end of November)	839 (Note 1)	0	1 507	1 463			24

Note 1: Pending the entrants' further submission of relevant supporting documents and information

Note 2: ImmD does not maintain statistics on the number of dependants who have acquired right of abode in Hong Kong through the Scheme

Note 3: The entrant is not required to top-up the value of his investment so as to be eligible for extension of stay if the value of his total investment falls below the requisite minimum level, not even in the event of a total loss. Thus, there are no breakdown statistics on (v) and (vi).

(Dependants' applications are not included in the above figures)

(2) and (3) Entrants who apply for entry into Hong Kong and extension of stay in Hong Kong pursuant to the Scheme are subject to the "Rules for the Capital Investment Entrant Scheme" (the Scheme Rules), including the requirement of investing in Permissible investment asset classes and the portfolio maintenance requirements, etc. as specified in the Scheme Rules. When the entrant furnishes proof to ImmD that his investment in Permissible investment assets has been completed, permission to stay for two years will be granted on the condition that he must continue to satisfy the requirements of the Scheme throughout the period. Further extension for two years will be granted on the same conditions and basis. The entrant is not required to top-up the value of his investment so as to be eligible for extension of stay if the value of his total investment falls below the requisite minimum level, even in the event of a total loss. Therefore, whether the entrant is eligible for the Scheme depends mainly on whether the entrant invests according to the Scheme Rules, instead of the market value of the assets invested under the Scheme.

To ensure that the entrant invests according to the Scheme Rules and does not reduce his investment commitment during his stay in Hong Kong, ImmD scrutinises whether the entrant has violated the investment commitment in accordance with the requirements of portfolio maintenance and switches between Permissible investment assets as stipulated in the Scheme Rules. If the entrant invests in items other than those listed in the Permissible investment asset classes, ImmD will require the entrant to provide proof of making requisite level of investment in the Permissible investment asset classes. ImmD will assess each application in accordance with the "Changes in the Value of Investment" stipulated in the Scheme Rules and on its own merits. Under exceptional circumstances, ImmD will seek relevant professional advice prior to making a decision.