

LCQ2: Hong Kong Investment Corporation Limited

Following is a question by Dr the Hon Johnny Ng and a reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (March 26):

Question:

The Government established the Hong Kong Investment Corporation Limited (HKIC) in 2022 to manage the investment activities of designated government funds through identifying investment opportunities and strategically promoting development of target industries, while generating investment return. In this connection, will the Government inform this Council:

(1) of an overview of HKIC's investments since its establishment, including the main industries supported by HKIC's current portfolios, and how far HKIC can identify the investment targets which can contribute to the economic development of Hong Kong; whether the effectiveness of HKIC's work has been assessed;

(2) given that the Temasek Holdings, founded in 1974, had an asset size reaching S\$389 billion (HK\$2.3 trillion) in March 2024, making it the eleventh largest sovereign wealth fund in the world, whether HKIC will draw on the successful experiences of, among others, the Temasek Holdings and the Singapore's Economic Development Board Investment, and strengthen HKIC's investment efforts while adjusting its investment directions at appropriate times; and

(3) as far as Hong Kong's long-term economic development is concerned, whether it has considered adding a wider variety of sectors in HKIC's investments, including high-growth industries such as Web 3.0, thereby building up future economic pillars for Hong Kong and attracting talents as well as innovative enterprises to set up their presence in Hong Kong?

Reply:

President,

In consultation with the Hong Kong Investment Corporation Limited (HKIC), my consolidated reply to the three parts of the question is as follows:

In the 2022 Policy Address, the Chief Executive announced the establishment of the HKIC to manage the investment for a total of HK\$62 billion under the Hong Kong Growth Portfolio, Greater Bay Area Investment Fund, Strategic Tech Fund, and Co-Investment Fund. The positioning of the HKIC is to capitalise the power of "Patient Capital" to channel market

capital and leverage market resources, with a view to attracting technology enterprises to set up their operations in Hong Kong, thereby accelerating the construction of a vibrant strategic industry ecosystem, while seeking reasonable financial return over the medium to long term.

The HKIC actively leverages the guiding force of capital to promote collaboration among the investment, industry, academic and research sectors, facilitates the construction of international, regional and cross-border collaboration platform for Hong Kong, and supports the accelerated nurturing of new quality productive forces, thus enhancing Hong Kong's long-term competitiveness and economic vitality.

Since its establishment, the HKIC has invested in over 90 projects, including enterprises with cutting-edge technologies or in key industries. These projects are medium-to-long-term investments. Key themes include Hard and Core Technology, Biotechnology and New Energy and Green Technology. with the proportions being 56 per cent, 16 per cent and 11 per cent respectively based on the invested amount. In summary, these investments contribute to the development of Hong Kong's innovation and technology industry, and help local start-ups explore diversified markets and application scenarios. On the other hand, they attract high quality projects and companies from the Mainland and overseas to set up and develop their business in Hong Kong through the channeling force of capital.

The HKIC has clear requirements for investee companies to contribute to Hong Kong's development in a sustainable manner, such as requiring the companies to establish offices in Hong Kong, nurture and attract talents, establish corporate venture capital (corporate VC) departments in Hong Kong and prioritise Hong Kong for their listing. Quite some investee companies have made good progress in attracting capital and talents and in exploring new markets, which has accelerated their planning for using Hong Kong as their business development platform. Certain investee companies have submitted their listing applications to the Hong Kong Exchanges and Clearing Limited.

The HKIC also actively collaborates with various investment institutions and joins hands in investing with them, promoting the continuous development and application of cutting-edge technologies in Hong Kong. As of March 2025, every Hong Kong dollar invested by the HKIC has attracted over four Hong Kong dollars from long-term capital in the market for investment.

The investments and relevant work of the HKIC are guided by the vision and needs of Hong Kong's development. In the future, the HKIC will continue to fully support government policies and the needs of Hong Kong's economic development, and actively work with different sectors of the society to pool resources and implement its work. The Government has always been fully supportive of the HKIC's work and will consider the timing and arrangements for capital injection in a timely manner as appropriate.

One of the HKIC's key strategies for 2025 is to continue to focus on three core themes, namely Hard and Core Technology, Biotechnology, New Energy

and Green Technology, and also capture the adjacent opportunities arising from these themes, including "cross-sector" applications. The HKIC also focuses on expediting the deployment and application of cutting-edge technologies, bringing innovative and disruptive research outcomes into the market and to serve the society.

The HKIC has been paying attention to accelerating the exploration of the cutting-edge impetus for growth and to strategising the relevant investment implementation. For example, the first batch of capital allocated to the Investment Portfolio under the New Capital Investment Entrant Scheme, which management is supervised by the HKIC, will be invested in industries and innovative applications in areas such as low-altitude economy, gerontechnology and smart living technologies, as well as intelligent entertainment experiences.

Thank you, President.