

LCQ9: New Capital Investment Entrant Scheme

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

Question:

The Chief Executive announced in the 2024 Policy Address enhancements to the New Capital Investment Entrant Scheme (New CIES) to further strengthen Hong Kong's status as an international asset and wealth management centre. The enhancement measures have taken effect from the 1st of this month. Regarding the implementation of New CIES, will the Government inform this Council:

- (1) of the respective numbers of applications received and approved by the authorities since the launch of New CIES;
- (2) whether the authorities have compiled statistics on the types of approved investment of the integrated financial assets of the applicants since the launch of New CIES, together with a breakdown in table form by total investment amount (in descending order);
- (3) as the scope of investment of New CIES has been extended to cover single residential properties with a transaction price of no less than \$50 million since October 16 last year, whether the authorities have compiled statistics on the number of transactions involving the sale and purchase of such residential properties since that date;
- (4) from the implementation of New CIES to the effective date of the enhancement measures, whether the authorities have compiled statistics on the total number of applicants or their dependants who have set up family offices in Hong Kong during this period; if so, of the details; and
- (5) whether the authorities have plans on when to review the effectiveness of the enhancement measures, and further enhance New CIES where necessary, for example, by lowering the threshold for the permissible investment in single residential properties of no less than \$50 million to no less than \$30 million, so that the attractiveness of New CIES can be enhanced?

Reply:

President,

The New Capital Investment Entrant Scheme (New CIES) opened for application from March 2024, with the aim to further enrich the talent pool and attract new capital to Hong Kong. In consultation with Invest Hong Kong

and the Immigration Department (ImmD), the reply to various parts of the question is as follows:

Since the launch of the New CIES to end-February 2025, the New CIES has received 918 applications, approved 868 applications for Net Asset Assessment and 386 applications for Assessment on Investment Requirements. The ImmD granted "approval-in-principle" for 756 applications, enabling the applicants to enter Hong Kong as visitors to make the committed investment, and granted "formal approval" for 341 applications. If all applications received are approved, it is estimated that they will bring more than HK\$27 billion to Hong Kong.

Under the New CIES, 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 and/or real estate (subject to a cap of HK\$10 million), and placing HK\$3 million into a new Capital Investment Entrant Scheme Investment Portfolio (CIES Investment Portfolio). Among the 386 approved applications for Assessment on Investment Requirements as of end-February 2025, no applicant has made investment in residential real estate under the New CIES. Excluding the sum for investing in the CIES Investment Portfolio, the approved investment distribution is as follows:

	Investment amount (HK\$ Million)
Eligible collective investment schemes	5,171
Equities	3,570
Debt securities	1,773
Non-residential real estate	18
Certificates of deposits	9
Ownership interest in limited partnership funds	7
Total	10,548

Except for the applicants' investment in Hong Kong under the New CIES, the Government does not maintain the data on the investments made by applicants in Hong Kong (including residential real estate) outside the New CIES. Furthermore, before the enhancement measures took effect, it was not required for the applicant and his/her dependents to declare family office setups in Hong Kong, hence the Government does not maintain data on family offices established in Hong Kong by the applicant or his/her dependents.

To enhance the attractiveness of the New CIES and developmental strengths of Hong Kong's asset and wealth management industry, with effect from October 16, 2024, applicants under the New CIES are allowed to invest in residential properties, provided that the transaction price of a single property is HK\$50 million or above. The total investment amount in real estate (the aggregate of all residential and non-residential properties) which is counted toward fulfilling the minimum investment threshold is

subject to an aggregate cap of HK\$10 million. The Government also announced a series of enhancement measures to the New CIES in January 2025. Effective on March 1, 2025, the measures include:

(a) relaxing the requirements on the fulfillment of net asset requirement (NAR): An applicant under the New CIES is only required to demonstrate that he/she has net assets or net equity to which he/she is absolutely beneficially entitled with a market value of not less than HK\$30 million net throughout six months (two years before the enhancement) preceding the application. Net assets or net equity jointly owned with the applicant's family member(s) can also be taken into consideration for the calculation of the NAR for the respective portion which is absolutely beneficially entitled to the applicant; and

(b) allowing the holding of permissible investment assets through a Family-owned Investment Holding Vehicle (FIHV) or a Family-owned Special Purpose Entity (FSPE) under an FIHV: Investments made through an eligible private company wholly owned by an applicant can be counted towards the applicant's eligible investment in the New CIES. An eligible private company refers to a holding company incorporated or registered in Hong Kong which is wholly owned by an applicant in the form of an FIHV or an FSPE under an FIHV managed by an eligible single family office as defined in Section 2 of Schedule 16E to the Inland Revenue Ordinance (Cap. 112). The enhancement will create synergy between the New CIES and establishment of family offices in Hong Kong.

The Government will continuously review the operation of the New CIES and suitably evaluate its effectiveness.