Information Note on Capital Investment Entrant Scheme for Legco Panel on Security

At the meeting of the Legco Panel on Security held on 10 April 2003, Members requested further information on the entry arrangements for the dependants of successful applicants under the Capital Investment Entrant Scheme. The Administration was also requested to compare the "ring-fencing" period imposed on the requisite amount of investment with that adopted in other economies. The required information is set out below.

Entry of Dependants

2. On 30 June 2003, the Government announced a new policy governing the entry of dependants of persons admitted into Hong Kong for employment or study, or as capital investment entrants. A Legislative Council Brief was issued on the same day. According to the new policy, capital investment entrants may apply to bring in their spouses and unmarried dependent children under 18 as dependants subject to the conditions set out in paragraph 3 below. Parents would not be eligible to enter Hong Kong as dependants but they may visit and spend time with their adult children in Hong Kong in the capacity of a visitor.

3. The Immigration Department will assess all dependant applications in accordance with the following criteria:

(a) the bona fides of the applicant and the sponsor, and the genuineness of their relationship, are not in doubt;

(b) there is no security objection to the application, including that the applicant has no known record of serious crime; and

(c) the applicant will not become a burden on Hong Kong, and that the sponsor is able to support the applicant's living at a standard well above subsistence level and provide the applicant with suitable accommodation in Hong Kong.

4. Under the dependant policy, if a Hong Kong resident has more than one spouse residing outside Hong Kong, generally only one of them will be eligible to take up residence in Hong Kong as the sponsor's dependant, with the others permitted to come to Hong Kong as visitors. The same applies to a capital investment entrant. This policy reflects Hong Kong's matrimonial laws and the community's mores. It also deters fraudulent polygamous marriages aimed at getting permission for more than one adult to take up residence in Hong Kong. This arrangement has been in place since the 1960s and our experience has been that most if not all sponsors have been able to work out an acceptable arrangement with their own family members regarding the taking up of residence in Hong Kong.

5. There is no limit on the number of unmarried dependent children to be admitted provided that the conditions set out in paragraph 3 above, in particular the maintenance requirement in paragraph 3(c), are satisfied.

Ring-fencing Period

6. Some Members considered that the 7-year "ring-fencing" period required under the Scheme as too long and requested the Administration to compare the requirements under the Capital Investment Scheme with similar policies adopted in other economies.

7. When compared with similar policies adopted elsewhere, we believe that, on the whole, the requirements under the Scheme are reasonable and our policy should be attractive to applicants who are interested in developing their careers or their investments in Hong Kong and in the Mainland. Although the 7-year "ring-fencing" period is longer than similar requirements in other major economies, which range from 4 to 5 years[1], our Scheme gives much greater flexibility to applicants to make their own investment choices. Capital investment entrants are allowed to invest in a range of permissible financial instruments as well as real estate, the latter of which is often excluded as permissible investment under admission schemes elsewhere[2]. Countries like Canada and Australia require investment to be made in specified Government investment or projects[3]. Apart from having a wider choice of investment, capital investment entrants may switch their investment

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[1] Both the Australian and U.K. Governments require applicants to put their investments in the country for 4 years. A 5-year period is imposed by the Canadian and Singaporean Governments.

[2] Real estate is specifically excluded as permissible investment in the U.K. and Singapore.

[3] Canada requires applicants to invest the required amount of money in a non-transferable zero interest promissory note with a 5-year term. The money will be allocated to provinces and territories in Canada for local development. In Australia, the applicants are required to invest in a state or territory Government security.

amongst permissible assets and instruments at any time provided that relevant “ring-fencing” and reporting requirements are adhered to.

8. The Capital Investment Entrant Scheme will be launched within the third quarter of 2003. We have no intention to change the requirements of the Scheme at this stage, but we will review the Scheme one year after its commencement.

Security Bureau

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