



MONA SHAH & ASSOCIATES 299 Broadway, Suite 1005
—ATTORNEYS AT LAW— New York, NY 10007

Tel: 212-233-7473
Fax: 212-233-4877
E-Fax: 917-210-3711

E-mail: info@mshahlaw.com
Web: www.mshahlaw.com

BREAKING NEWS - Hong Kong Terminates Its Immigrant Investor Program

By Monah Shah, Esq.

Yi Song, Esq.

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Breaking news: Hong Kong terminated its Immigrant Investor Program. After Canada terminated its federal immigrant investor program in early 2014, US eliminated another fierce competitor. Yesterday in an unexpected turn of event, Hong Kong indefinitely suspended its Immigrant Investor Program, or the Capital Investment Entrant Scheme (CIES). This is good news for the EB-5 Immigrant Investor Program as experts predict that the potential HK immigrant investor applicants will transfer to the US EB-5 Program, which is the most eligible program in the immigrant investor market today.

Hong Kong's Capital Investment Entrant Scheme

"The Government of [Hong Kong] has announced that the Capital Investment Entrant Scheme would be suspended with effect from 15 January 2015 until further notice. The Immigration Department will continue to process applications received on or before 14 January 2015, whether already approved (including approval-in-principle and formal approval) or still being processed."¹

The authors learned from reliable sources that immediately after the announcement was made, several Chinese agents took overnight flights to Hong Kong to file the cases before the midnight of January 14, 2015.

¹ Announcement from the website of Immigrant Department in the Government of Hong Kong Special Administrative Region, <http://www.immd.gov.hk/en/services/hk-visas/capital-investment-entrant.html> (January 15, 2015)



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Hong Kong is a tiny island of 7.2 million people (93.6% ethnic Chinese) on the southern coast of China. It was a British colony from 1860 to 1997. It was handed back to China on July 1, 1997 under the “one country, two systems” pursuant to the 1984 Sino-British Joint Declaration. Since the 1970s, Hong Kong has become the established major entry point between Communist China and the world. It has further developed into a global hub for freight logistics, information, trade and financial enter. Despite being handed back to China, Hong Kong remains an attractive destination for immigrant investors.

Ever since its establishment in 2003, the Hong Kong Capital Investment Entrant Scheme has been the top choice for many wealthy investors from mainland China, for its proximity to the mainland and the familiarity in the language and culture. To control the number of Chinese applicants from the mainland, the HK program only accepts Chinese nationals with a permanent residence status from another country. Chinese nationals often obtain the permanent resident from small island countries such as St. Kitts & Nevis and Vanuatu.

In 2010, the Hong Kong immigrant investor program increased its investment capital from HK\$6.5 million (US\$840,000) to HK\$10 million (US\$1.3 million). The increase did not deter potential immigrants.

A Hong Kong Investor should have net assets of no less than HK\$10 million (US\$1.3 million). As the investment threshold is much higher than the EB-5 investment capital of \$500,000 and Hong Kong, as a Special Administrative Region in China does not have currency restriction rules, the transition from the HK immigrant program to the EB-5 program shall be relatively smooth.

The HK Program required its investors to have invested within six months before submission of his application to the Immigration Department, or will invest within six months after the granting of approval in principle by the Immigration Department, not less than HK\$10 million (US\$1.3 million).

Before 2010, real estate investment was considered the Permissible Investment Asset Classes. After October 14, 2010, investors in the HK immigrant investor program were no longer allowed to only purchase real estate to obtain the HK permanent residence card. The Permissible Investment Asset



Classes included equities, debt securities, and certificates of deposits, subordinate debt and other financial products. The investors can withdraw the investment capital once the HK permanent residence is approved.

How Big is the Hong Kong Immigrant Investor Market? – How Could this Affect EB-5 in the US?

Every year there are approximately **40,000** applicants who apply for the Hong Kong Capital Investment Entrant Scheme. All could become potential EB-5 investors. The statistics released by the Hong Kong government shows that in year 2014, there were 36,344 Chinese nationals with permanent residence from another country that applied for the HK immigrant investor program. (See the applicant breakdown in the table below)

Mona Shah & Associates have been contacted by several agents who focus their practice in Hong Kong immigration. Apparently, the EB-5 Program in the US becomes a natural choice for the investors. We are devoted to make the investor transition seamless.

Breakdown of the Applicants under Hong Kong Capital Investment Entrant Scheme (as at 30-9-2014)

	Received	Approval- in- principle granted	Formal Approval granted
Foreign nationals	2 999	54	1 931
Macao (China) residents	507	16	362
Chinese nationals with permanent residence overseas	36 344	2 315	21 822
Stateless persons with permanent residence in a foreign country	3	0	3
Taiwan residents	539	4	363
Total	40 392	2 389	24 481



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About the Authors:

Mona Shah, Esq.

Mona Shah, Esq. is the principal of Mona Shah & Associates in New York City. The firm has assisted many Regional Centers and Investors in navigating this complex, nuanced and constantly changing area of immigration law. Mona has more than 18 years of legal experience in immigration law and extensive knowledge in EB-5 law. Mona's substantial litigation background includes her representation of clients in both state and federal courts. She has handled complex immigration law appeals before the US Circuit Courts of Appeal nationwide. Before coming to the US, Mona was a Crown Prosecutor in the UK. Mona has authored and published numerous articles and a book and has spoken extensively on EB-5 both in the US and overseas. Mona is an adjunct professor teaching EB-5 financing and immigration law at Baruch College at City University of New York.

Yi Song, Esq.

Yi Song, Esq. is an attorney at Mona Shah & Associates focusing on EB-5 financing and securities law. She is admitted to practice law in New York and People's Republic of China. Prior to joining Mona Shah & Associates, Yi worked at a securities litigation firm in Manhattan. She clerked at the Supreme Court of China in Beijing, the highest court in China and practiced law at King & Wood, one of the most prestigious law firms in China. Yi is a graduate from Georgetown University Law Center in Washington, DC.

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