

PWMA

Private Wealth
Management
Association

Private Wealth Management in Hong Kong





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Introduction

Many factors contribute to creating a successful private wealth management hub. They include ease of doing business, the rule of law, a well-established regulatory framework and free flow of capital. They also include a simple and transparent tax system, deep capital markets and a rich talent pool that supports a flourishing community of financial, legal and accounting professionals.

Hong Kong ranks highly on all these counts. It also offers flexible immigration schemes and a world-class lifestyle, with proximity to nature in a territory that is 70% countryside, world-class universities and international schools, in addition to a thriving arts and sports scene.

On top of all these advantages, Hong Kong stands out with its unique status as a superconnector between China and the rest of the world. The unparalleled business and investment opportunities this creates further contribute to the city's appeal as a wealth management hub.

In this booklet, you will find the information you need to understand what makes Hong Kong the most successful private wealth management centre in Asia, and why it is the ideal location to manage your wealth.

01

Hong Kong's Wealth Management Landscape: Overview

Riding Asia's wealth creation to become the world's preeminent wealth management hub

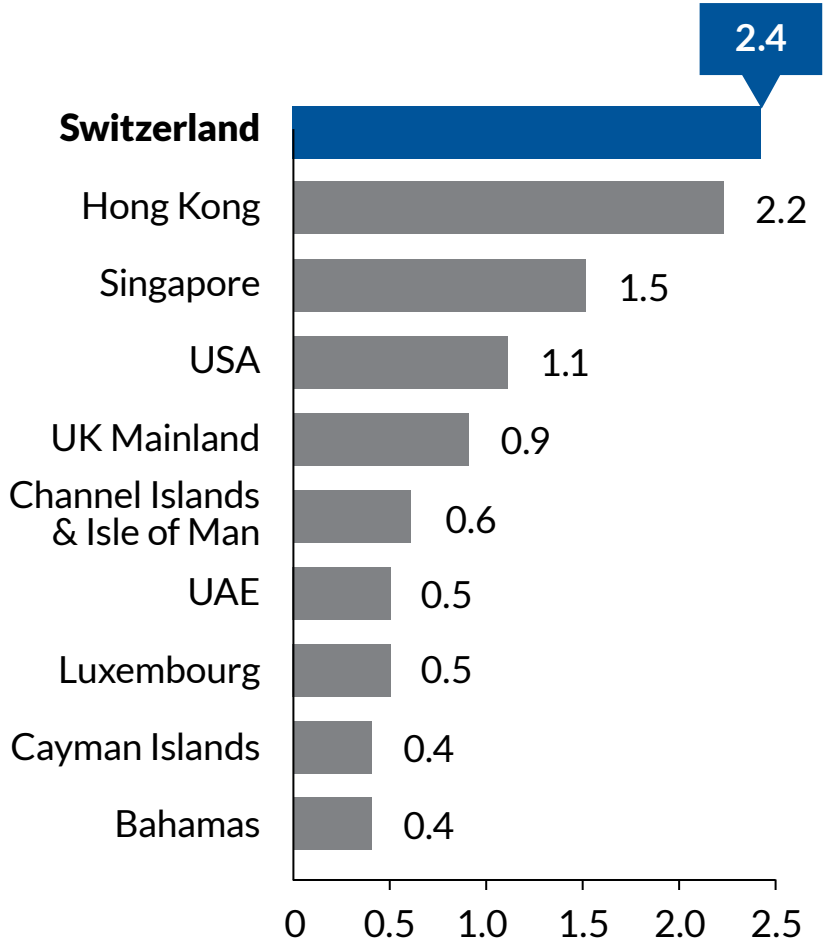


Hong Kong is predicted to overtake Switzerland as the world's largest wealth management centre within the next few years, benefiting from enormous wealth creation across China and the wider Asian region.

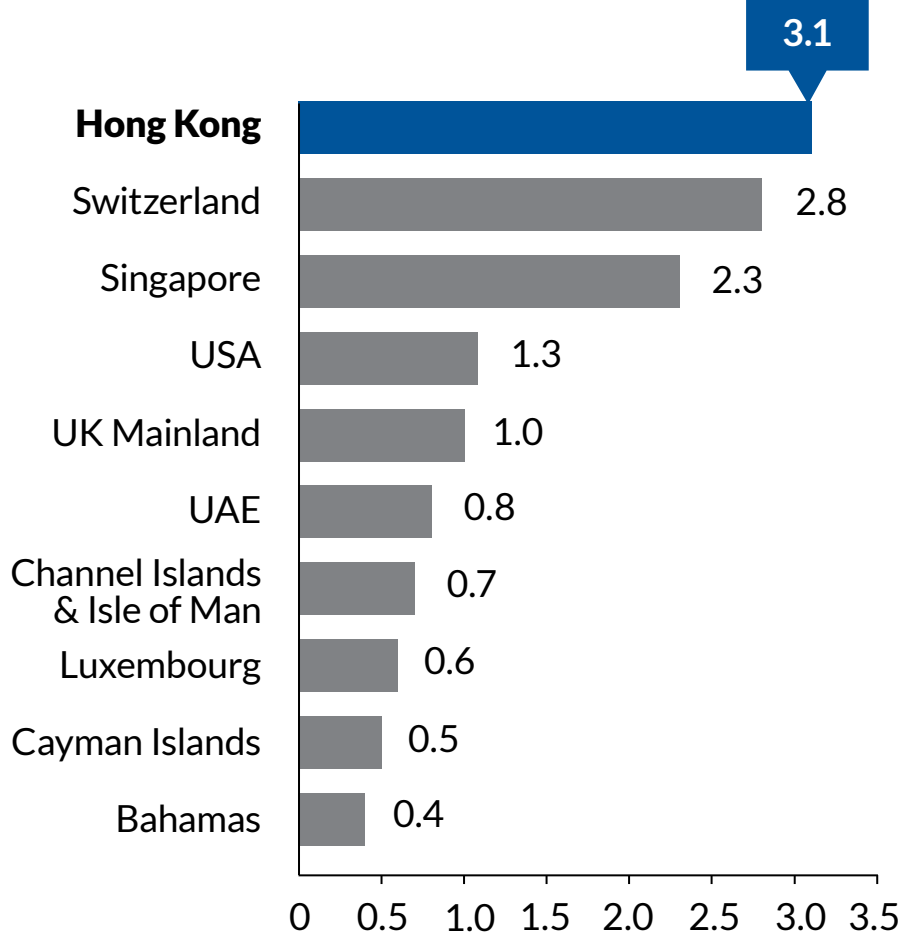
60%
Private Wealth Management AUM sourced from outside HK

Source: Hong Kong Private Wealth Management Report 2022

Top 10 wealth management booking centres in 2022 (\$ trillions)



Top 10 wealth management booking centres in 2027 (\$ trillions)

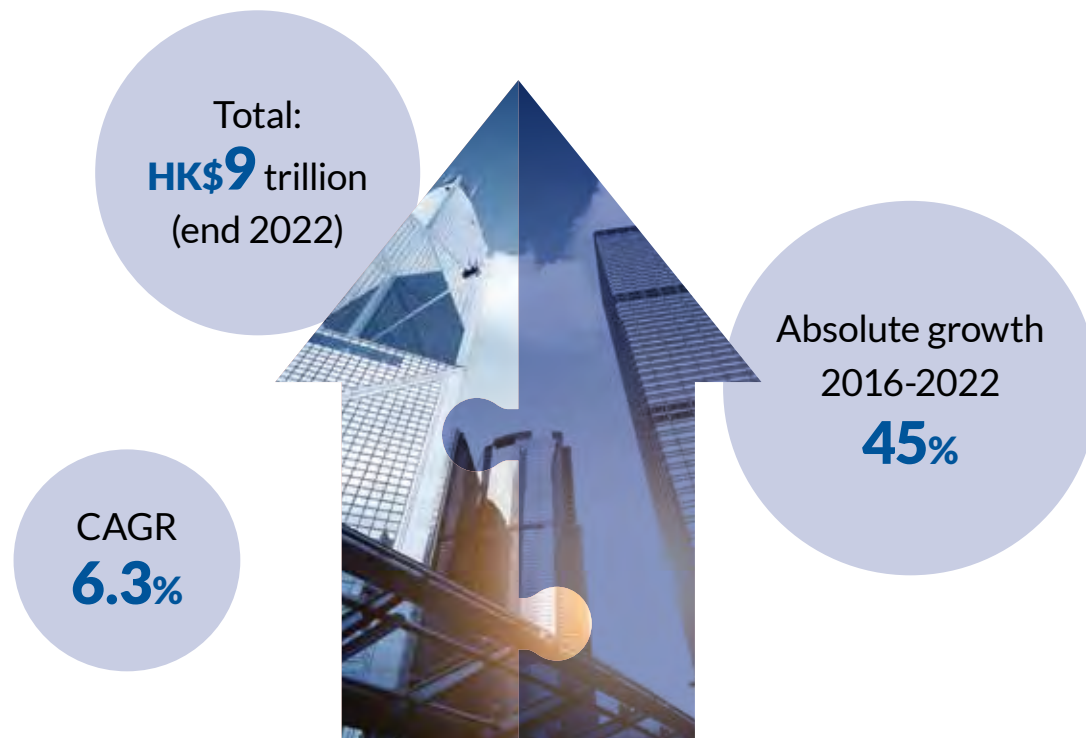


Source: BCG Global Wealth Report 2023



Private Wealth Management AUM has posted tremendous growth

Hong Kong private wealth management AUM growth



Source: SFC Asset and Wealth Management Activities Survey 2022

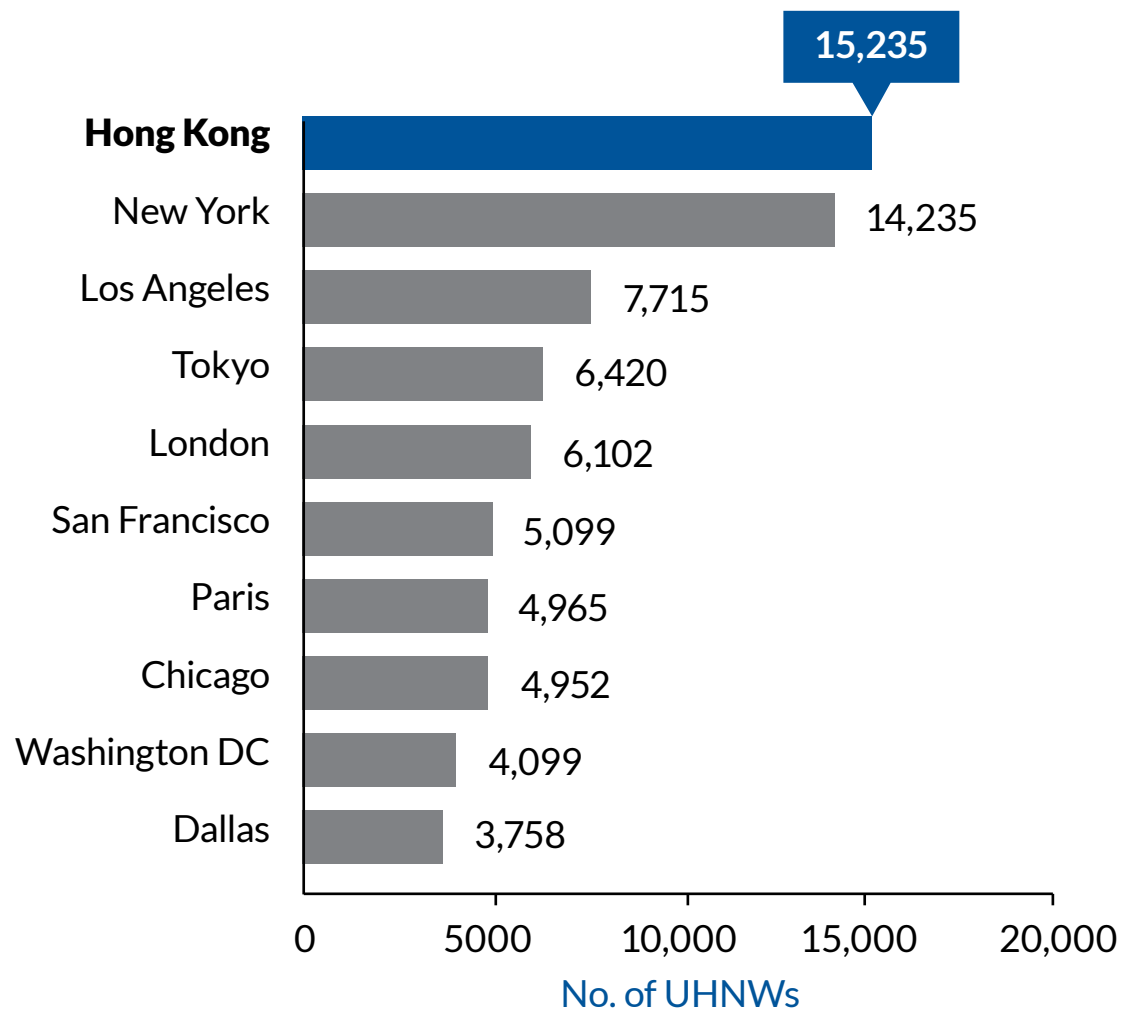
“Growing AUM reflects Hong Kong’s super-connector status with Mainland China, deep capital markets and rich pool of talent.”

—AMY LO, CHAIRMAN, EXECUTIVE COMMITTEE, PWMA



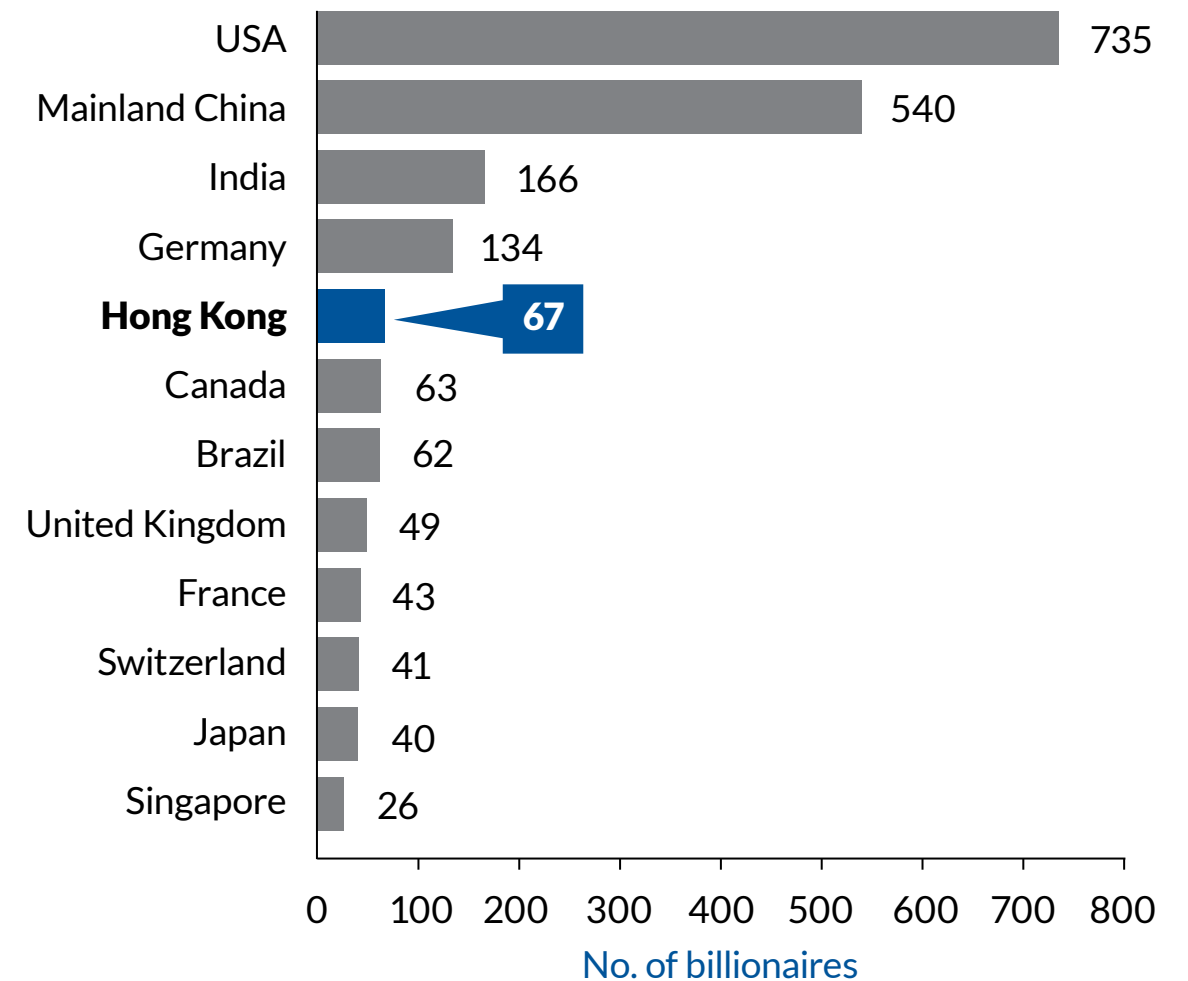
A deep pool of local wealth supports Hong Kong's private wealth management industry

Cities with the Most UHNW Individuals



Source: Altrata World Ultra Wealth Report 2022

Locations with the Most Billionaires



Source: UBS Billionaire Ambitions Report 2022

02

Asia's World City

Hong Kong is where the world's HNW individuals choose to live and work

Business & Investments

- Deep financial markets
- Easy residency
- Efficient & entrepreneurial
- Global trade hub
- Low corruption
- Low taxes
- Open economy
- Robust regulation
- Rule of law
- Quality workforce
- Unique China access

Lifestyle

- Convenient transportation
- Cosmopolitan & creative
- Diverse population
- Heritage and history
- Low crime rate
- Packed sports calendar
- Quality housing
- Thriving arts scene
- UNESCO Global Geopark
- Varied international schools
- World class dining

A global talent hub with straightforward employment laws for locals and foreigners alike

As the world's most open economy, Hong Kong has always attracted people with a can-do spirit and desire to create their own opportunities.

And the Hong Kong government makes it easy for them.



Length of time for foreigners to gain permanent residency from simply living in Hong Kong – no red tape or further stipulations

Top talent immigration schemes attracted 100,000 applicants in the first six months of 2023 including 32,000 for Top Talent Pass Scheme (TTPS)

TTPS Requirements:

Two-year visas for high quality professionals to seek a job or set up a business if they either have:

an annual income of more than HK\$2.5 million

or

a degree from one of the world's top universities (currently more than 180) and at least three years' work experience over the past five years (quota system for less than three years)

Source: Immigration Department, Government of Hong Kong



03

Ease of Business and Investment

Simple and low tax system

Hong Kong applies a low and simplified tax system with just three taxes on: profits, property, and salaries.



Profits

Only profits derived in HK are taxed in HK. There is a two-tiered rate of 8.25% for the first HK\$2 million and 16.5% above that. For unincorporated businesses (mostly partnerships and sole proprietorships) the respective rates are 7.5% and 15%.



Property

Flat rate of 15% on rental income, after standard deduction of 20%



Salaries

Standard tax of 15% plus generous personal tax allowances



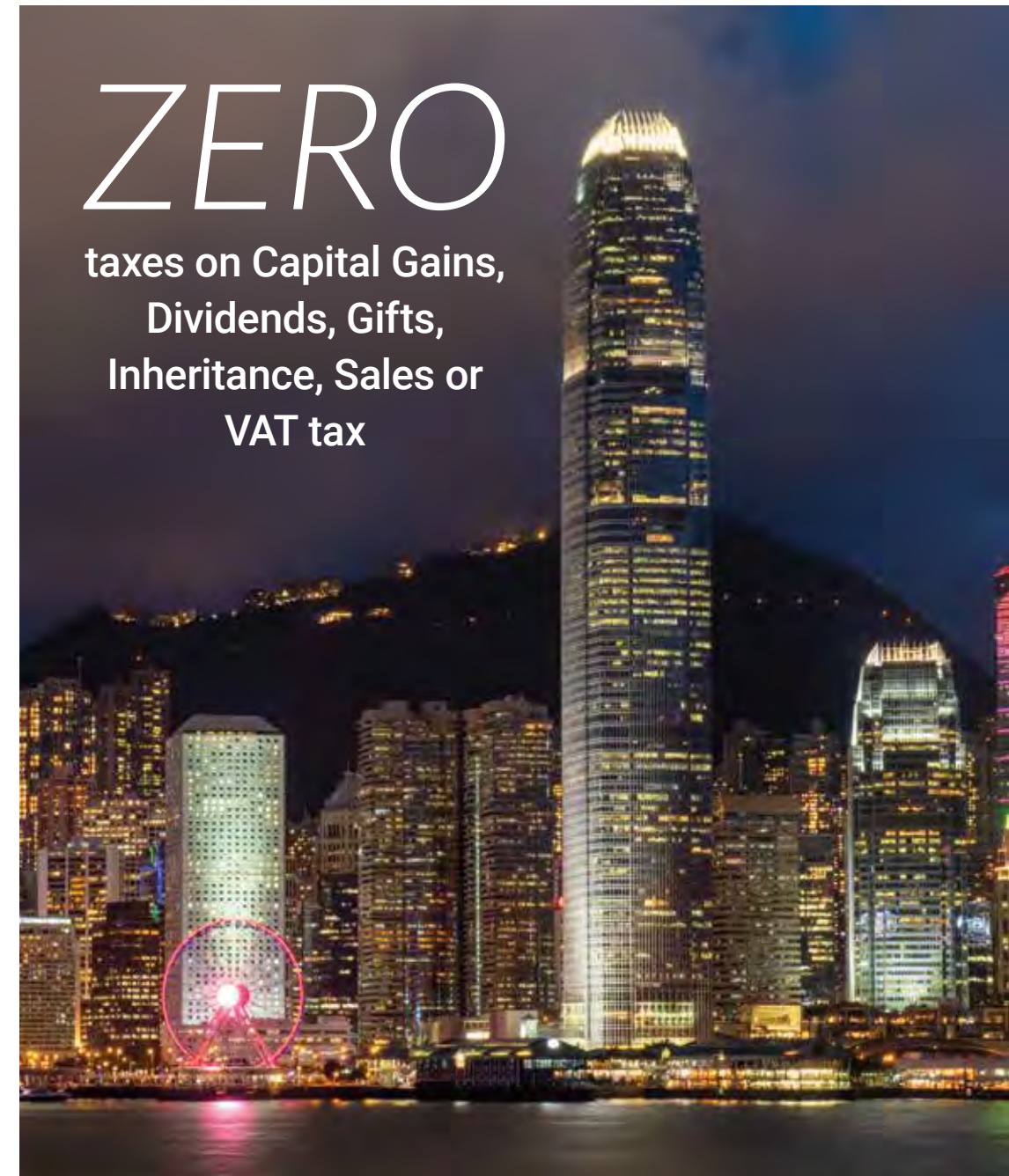
Tax Deductions

Up to 300% for R&D costs



Family Offices

Profits tax concession



Source: Inland Revenue Department

Strong rule of law

Hong Kong enjoys the rule of law backed by an independent, common law legal system.

Through Hong Kong's constitutional document (the Basic Law), the Territory ranks as the only common law jurisdiction in China.

Strong rule of law protections and a sound legal system are underpinned by:



Independent Judiciary: a large and diverse legal community



Commercial Law Archive: freedom of contract is well-established

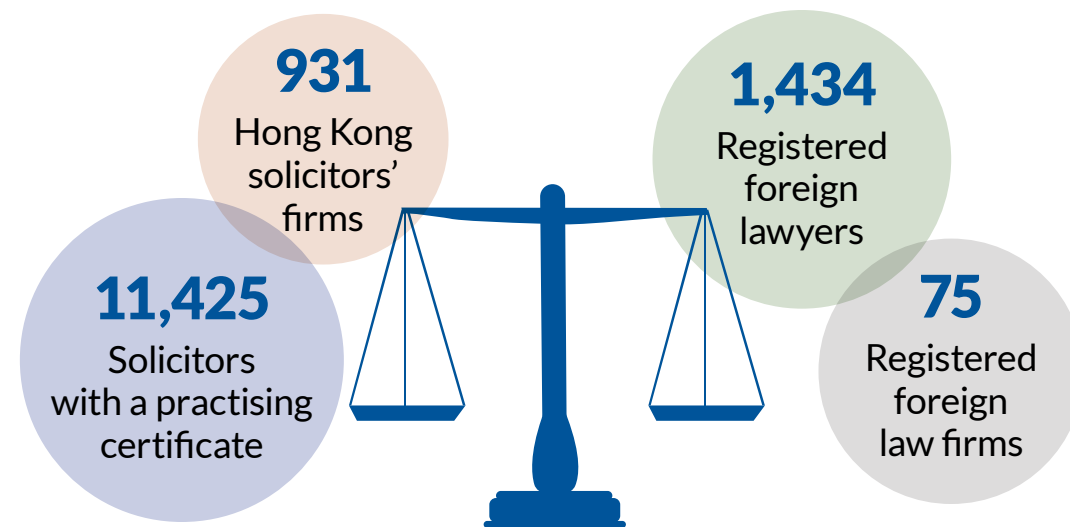


International and Legal Dispute Resolution: Asia's leading centre

Source: Hong Kong International Arbitration Centre

Number of Solicitors and Firms (As of the end of August 2023)

Over half the Global 100 law firms have a presence in Hong Kong.



Source: The Law Society of Hong Kong

Number of Barristers (As of September 2023)

| | |
|-----------------------|-------|
| Practising Barristers | 1,656 |
| • senior counsel | 106 |
| • juniors | 1,550 |

Source: Bar Association of Hong Kong

Protected capital and intellectual property rights

Intellectual Capital

Hong Kong is fully committed to upholding a robust and effective system of intellectual property (IP) protection covering patents, copyright, trademarks, and designs.



10th

Global intellectual property rights protection ranking:
The Institute for Management Development (IMD) World Competitiveness Index



Capital Rights

Hong Kong law provides specific safeguards upholding free flow of capital in and out of the Territory and no foreign exchange controls.

Abundant financial services professionals and talent



3rd

Ease of Doing Business:
World Bank Ease of Doing
Business ranking 2023



23.4%

**Financial services sector
contribution to GDP**



5th

Expat Packages Globally:
ECA International's My
Expatriate Market Pay
Survey 2023



As Asia's leading international financial centre, Hong Kong has a deep and diverse mix of more than 250,000 world class financial services professionals.



>10,000

Private banking
& wealth managers



>3,000

Private wealth
managers



>47,000

Accounting
(certified public
accountants)



>54,000

Asset and wealth
managers



>48,000

SFC Licensees
and registrants

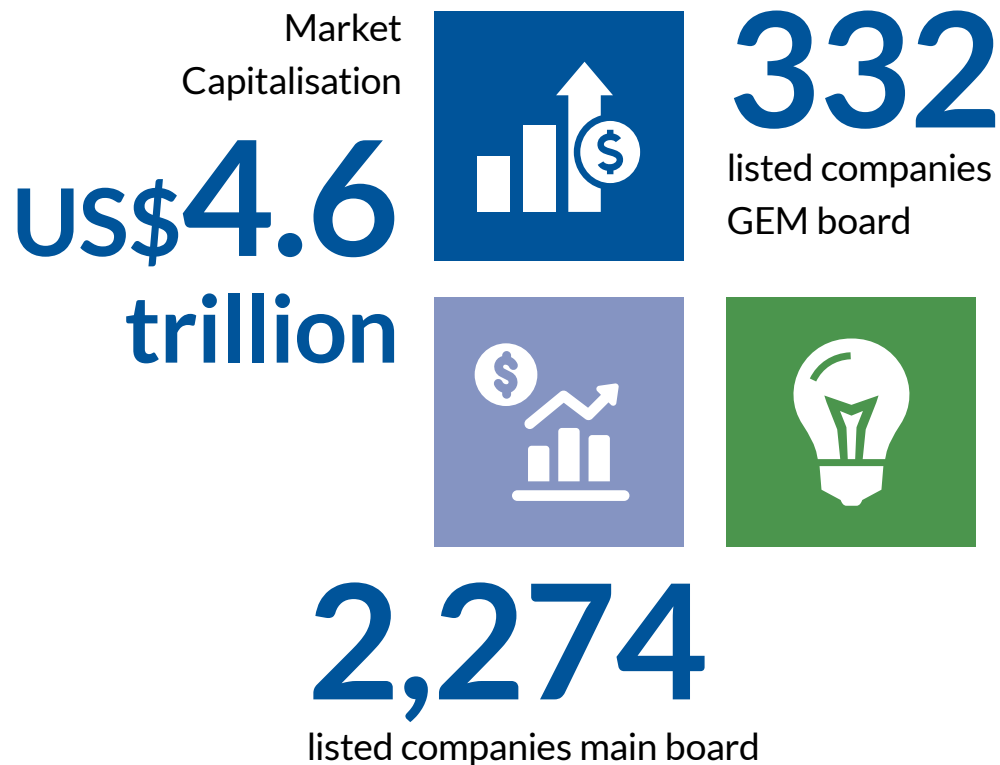
Source: Institute of Certified Public Accountants, SFC



Deep and liquid financial markets

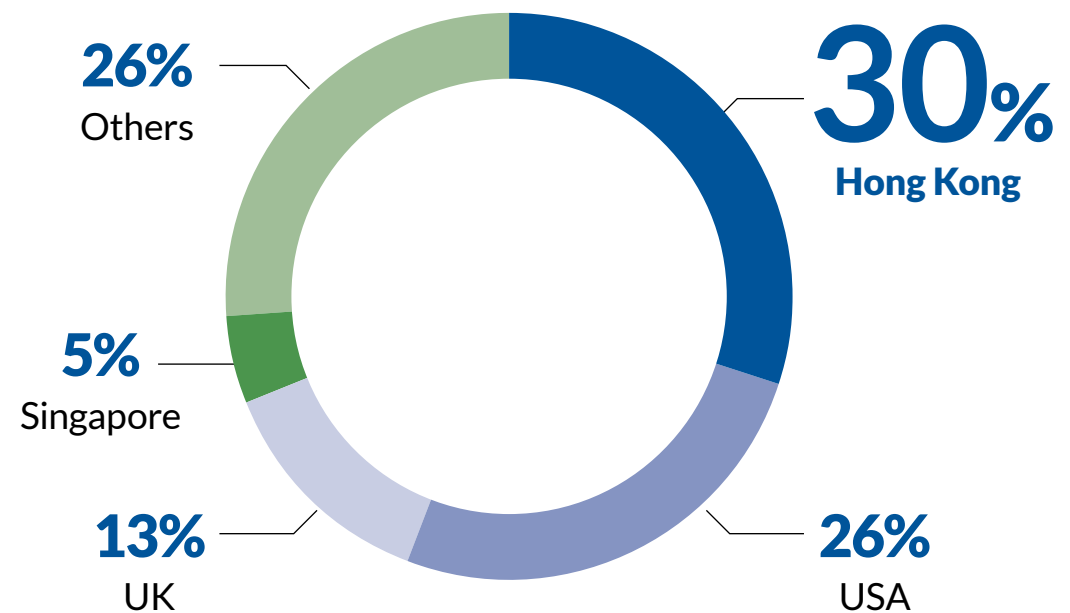
Hong Kong's financial markets are not only a gateway for capital flows in and out of China but also act as the leading issuance and investment hub for the wider Asian region.

HKEX July 2023



Source: HKEX Monthly Market Highlights

2022 International bond issuance in Asia



Source: ICMA: The Asian International Bond Markets, Developments and Trends, March 2023

EQUITIES: Hong Kong houses the world's seventh largest stock exchange and ranked third globally for IPO fundraisings in 2022 with ongoing momentum driven by a strong pipeline of Mainland Chinese companies.

BONDS: Over the past decade, Hong Kong has overtaken non-Asian financial centres to become the most favoured location to arrange international bonds by issuers from across the Asian region.

Source: HKEX and Refinitiv

Asia's premier fund management centre

Q1 2023

FUNDS: A common law-based regulatory system and world class financial infrastructure have long made Hong Kong Asia's natural fund management home, leading to a diverse range of investment options.



2,939

authorised collective investment schemes including 913 Hong Kong domiciled funds



172

ETFs



50

licensed private wealth management businesses



131

open-ended fund companies



4

registered private wealth management businesses

Source: SFC: Annual Report 2022-2023



>70%

Hong Kong performs a crucial role handling nearly three-quarters of the world's offshore RMB payments

Source: Hong Kong Monetary Authority

Regional leader for sustainable finance

Hong Kong keenly embraces financial innovation, whilst upholding responsible regulation and risk management.

It is a regional leader for sustainable finance and virtual assets.

Sustainable Finance



November

HK Government plans to expand green bond issuance fivefold over next five years

HKEX launches international carbon marketplace, Core Climate, to connect capital with climate related products and opportunities



March

ESG fund AUM tops US\$150 billion

2022

August

Mirae Asia launches Asia's first green bond ETF



December

GSS+ issuance (green, social, sustainability and sustainability-linked bonds and loans) increases 42% year-on-year to US\$80.5 billion

2023

February

HKSAR Government launches the world's first sovereign tokenised green bond

Pioneer in virtual assets, backed by an internationally recognised regulatory regime

Virtual Assets



December

Hong Kong approves Asia's first ether futures ETF and bitcoin futures ETF

2022

2023

June

Retail crypto trading legalised



Specialist Tech Companies

March 2023 Hong Kong launches new regime for specialist technology companies with limited or no revenue or profit track record.

04

Gateway to Mainland China

Unique ties make Hong Kong the conduit between China and the rest of the world

Hong Kong enjoys unrivalled access and connectivity with the world's second largest economy and emerging superpower.

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)

This free-trade pact (signed in 2003) provides Hong Kong-based businesses with first mover advantages in accessing the Mainland's economy and financial markets across four areas: trade in goods; trade in services; investment; and economic and technical co-operation.

Cross-boundary Wealth Management Connect Scheme (WMC)

This scheme has been a boon for the wealth management industry. Since September 2021, residents in the Greater Bay Area (GBA) of Guangdong-Hong Kong-Macao have been able to buy or sell low- to medium-risk wealth management products distributed by banks in each other's markets for the first time. Individual retail investors can open and operate a direct cross-boundary investment account.





Financial channels between Hong Kong and the Mainland are becoming ever deeper and stronger

2002

QFII Invest in onshore equity and bond markets after opening onshore accounts



2011

RQFII
Extension of QFII to allow RMB

2015

Mutual Recognition of Funds Chinese and HK investment funds can be distributed to each other's public after streamline approval



2022

Swap Connect International investors can trade onshore RMB interest rate swaps to hedge onshore bonds



ETF Connect

International investors can trade eligible Mainland listed EFTs via Hong Kong firms

2002

2023

2003

Mainland Hong Kong Closer Economic Partnership Arrangement (CEPA) preferential trade and investment policies



2014

Shanghai-HK Stock Connect International investors can trade Shanghai stocks through HKEX and Chinese investors can trade HK stocks through SSE



2016

Shenzhen-HK Stock Connect Extension of Stock Connect to cover SZSE

2017

Bond Connect International investors can trade and clear China bonds using HK

2023

HKD/RMB Dual Share Counter Trading The Hong Kong stock exchange begins offering yuan-denominated Chinese stocks



Greater Bay Area offers unprecedented business and wealth opportunities



An integrated consumer, finance, innovation, manufacturing and tech zone is taking shape in the Greater Bay Area (GBA) of nine Mainland cities, plus Hong Kong and Macao.

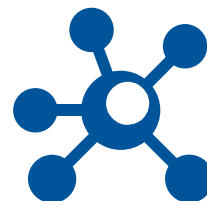
Leveraging off each other's unique strengths



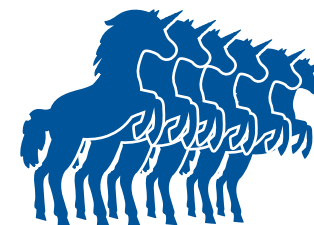
With 86 million residents, the GBA has a larger population than Germany, the UK and France.



The GBA's combined US\$1.81 trillion GDP makes its economy the 12th largest: between Brazil and Australia in the 2022 global rankings.



Mutual financial market access places Hong Kong in a strong position as China's offshore fundraising and wealth management hub.



GBA has 63 unicorns (startups with a US\$1 billion+ valuation) compared to 14 in 2017.

Advanced GBA infrastructure is creating a one-hour transport circle facilitating flow of finance, goods and people



High-speed Rail:

the fastest cross-boundary land transport in Hong Kong taking people from West Kowloon station to Guangzhou in just one hour

Hong-Zhuhai-Macao Bridge:

the world's longest sea bridge (55km) reduces travel time from Hong Kong to Zhuhai from four hours to 45 minutes

Road Crossings:

four crossings between Hong Kong and China linking airports, container terminals and other logistics hub ensure smooth flow of goods and people

05

Global Connectivity



The world's trading hub



A geographical location at the heart of Asia, aligned with first-rate infrastructure and freeport status makes Hong Kong one of the world's leading business and trade hubs.

2nd

The world's second busiest container port outside of China: Shiphub, Top 50 Container Ports 2022

Hong Kong's free market principles are the cornerstone of its global hub status. As a rules-based, free, and open economy, it offers a level playing field for all companies.



A super-connector to China and within five hours flying time to half the world's population



Hong Kong: Central Location in Asia



3.3 million
passengers using Hong Kong International Airport June 2023



06

Lifestyle



Asia's cosmopolitan melting pot where the wealthy feel at home



From high rise duplex apartments to seafront houses, Hong Kong has a variety of housing options ranging from the urban to the rural.



7th
Safest place in the world: IMD World Competitiveness 2023



Varied international school system

54 international schools with **22** operated by the **English Schools Foundation**

Students of more than **30** nationalities



Approx **46,000** primary and secondary school places

Over **10** curricula including **Australian, British, Canadian, French, German, Japanese, Singaporean, South Korean** and **the International Baccalaureate**



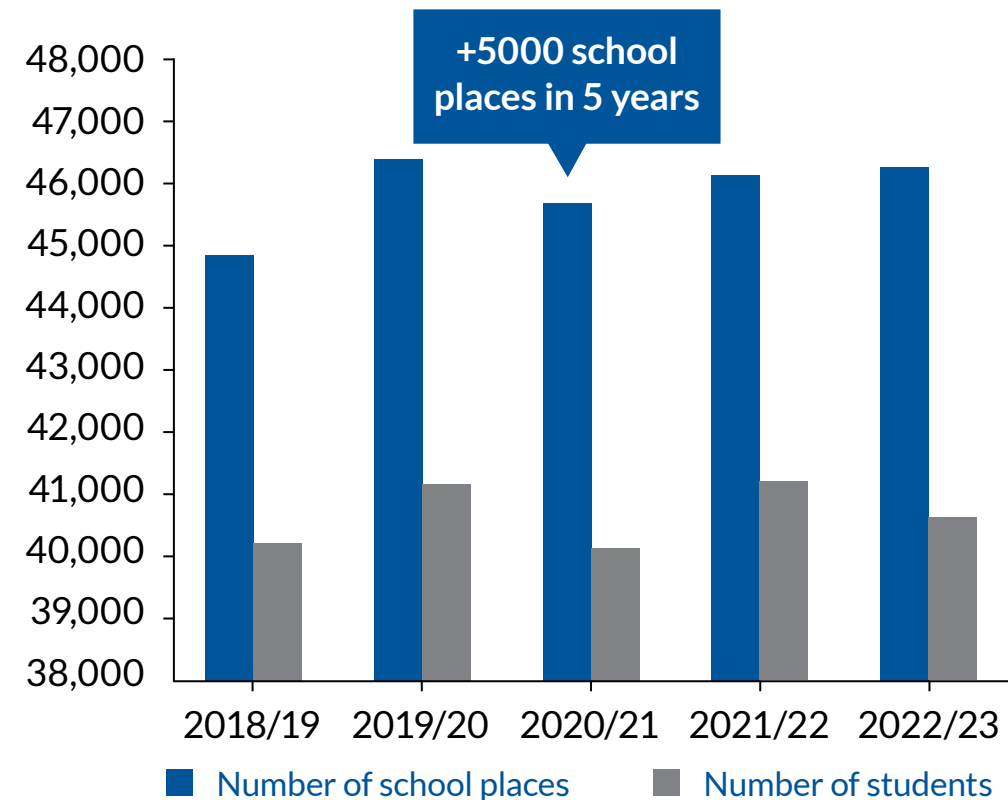
3 universities in the **Asia's Top 10**

2 universities in the **World's Top 50**

1 EMBA programme in the **World's Top 20**

Sources: Times Higher Education Asia University Rankings 2023, QS World University Rankings, FT Business School Rankings 2023

Increasing Supply of International School Places



Source: Secretary for Education, written reply to the Legislative Council

Thriving arts and sports scene



Asia's Cultural Hotspot

Hong Kong plays host to major international artists and touring companies in addition to encouraging artistic local talent across a busy social calendar including Art Basel, Art Central, Clockenflap Music and Arts Festival, Hong Kong Arts Festival, Hong Kong International Film Festival and French May Arts Festival.



Packed Sports Calendar

From the Rugby Sevens to dragon boating, Hong Kong has a sport for all seasons and all abilities for both spectators and competitors.

Relax and unwind across four seasons

Temperate weather Sub-tropical climate with four seasons, tending towards temperate for nearly half the year.

The Great Outdoors

24 country parks, 22 special protected areas and a UNESCO Geopark are never more than a few minutes away in a Territory that is 70% countryside.



World Class Dining

Whether it's at one of Hong Kong's famous dai pai dong (street food stalls), or a luxury five-star hotel, dining is always a memorable experience in a city renowned for its varied cuisines.

07

Cementing Hong Kong's Lead: Recent and Future Developments

Rapid wealth accumulation and shifting investment strategies are prompting growing demand for family offices

The Hong Kong government is applying the same user-friendly rules and low tax philosophy that has made the Territory an economic success to family offices too.

The Family Office Tax Concession Scheme

- Package of tax incentives for family-owned investment holding vehicles (FIHVs)
- Applies to single family offices that meet a HK\$240 million minimum asset threshold
- Retrospectively applied to April 1 2022
- Also available to non-Hong Kong incorporated special purpose entities in proportion to the FIHV's beneficial interest (one of more members must hold at least 95% of direct and indirect beneficial interest in the family for the duration of the tax year)



SFC Reference Guide

In March 2023, the SFC detailed that single family offices no longer require a license if they do not engage in regulated business activities in Hong Kong or can take advantage available carve-outs.

Deepening and expanding the PWM ecosystem

In February 2023, the Hong Kong government outlined a series of initiatives to support the PWM industry.

Capital Investment Entrant Scheme (CIES) Expansion

Reintroduction and diversification of 2003 scheme that covered Hong Kong listed equities and bonds.

- New investment threshold will be HK\$30 million and permissible assets will expand to include investment-linked assurance schemes as well as innovation and tech companies
- Rmb assets also under consideration
- Applicants and their dependents gain the right to reside and work in Hong Kong

HKIA Art & Treasures Storage



The Airport Authority of Hong Kong is studying the establishment of a **high security storage, display and appreciation facilities** for art and treasures.

Strong philanthropic spirit



Hong Kong Academy for Wealth Legacy

Talent development services for industry practitioners and NextGen wealth owners under the auspices of Financial Services Development Council (FSDC) in association with the private wealth industry, professional service providers, universities, and InvestHK's FamilyOfficeHK team.

Philanthropy Hub

Streamlined processing for charities seeking tax exempt status.

Expand the extent of beneficial interest that an exempted charity can hold in an FIHV. Wealth owners will be able to admit exempted charities as FIHV beneficiaries and benefit from proposed tax concessions.

08

Contacts

FamilyOfficeHK

FamilyOfficeHK offers professional guidance and support to local and global family offices wishing to establish or expand their operations in Hong Kong. The government team can help with all enquiries including assisting with education and philanthropic initiatives.

Helping you step-by-step



Contact

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Central, Hong Kong

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Thank You

PWMA is an industry association with a mission to foster the growth and development of the private wealth management industry in Hong Kong. We act as a unifying force, helping Hong Kong to become the world's leading wealth management hub.

Please consider the environment before printing

For further information or help, please contact
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