



Private Wealth
Management
Association

Welcome to this month's PWMA Digest, where we introduce the latest development of Hong Kong as a wealth management hub.

In this month, the "Asset and Wealth Management Activities Survey" released by Securities & Futures Commission of Hong Kong, reaffirmed the strong performance of Hong Kong's private wealth management sector, with a solid growth in AUM and net capital inflow. Multiple cross-border and international financial cooperation strengthen Hong Kong's role as the financial super connector, including the expansion of swap connect scheme, the listing of central state-owned enterprises (SOEs) ETF, the green light to join Regional Comprehensive Economic Partnership (RCEP) and the recognition of UAE's major stock exchange.

The Hong Kong government continued its innovative approach in financial regulation. The Hong Kong Monetary Authority (HKMA) is reviewing the development of digital banking in terms of financial inclusion, improved customer experience, and reduced fees.

Efforts in promoting Hong Kong's status as global financial hub has been promising. The government raised \$3.2 billion via a green bond offering denominated in US dollars, euros, and offshore yuan and the Capital Investment Entrant Scheme (CIES) attracted over HK\$10 billion (US\$1.3 billion) domiciled fund.

Essential Read:

- [Victor Li 'intends' to set up family office as Hong Kong draws US\\$1.3 bn from investors](#)
South China Morning Post, 8 July 2024
Hong Kong has attracted over HK\$10 billion (US\$1.3 billion) under its revamped Capital Investment Entrant Scheme (CIES), with 346 applications, 214 cleared and 117 granted temporary visas. The CIES allows wealthy individuals and families to get fast-track residency if they invest at least HK\$30 million (US\$3.85 million) in Hong Kong stocks, bonds, deposits, funds, investment-linked insurance policies, and non-residential properties. About 70% of the applicants are from mainland with the rest from 25 other countries including Canada, Australia, UK and US. The government sees the CIES as a way to boost Hong Kong's ambitions to become a family office hub.
- [Swap Connect scheme to allow global investors to use Chinese bond holdings as margin collateral](#)
South China Morning Post, 9 July 2024
Investors will be able to pledge their holdings of Chinese domestic bonds as margin collateral for Northbound Swap Connect trading later this year. Foreign investors currently only hold about 3% of China's onshore bond market, compared to 14% in Japan and 25% in the UK. The move is seen as a significant step in the internationalization of the Chinese bond market and strengthening Hong Kong's position as the leading offshore yuan center.
- [Steady fund flows have bolstered Hong Kong's asset, wealth hub status, SFC study finds](#)
South China Morning Post, 7 July 2024
"Asset and Wealth Management Activities Survey" shows strong investor confidence in the prospects of the mainland and Hong Kong markets. The scale of assets under management (AUM) remain stable at over HK\$31 trillion, a 2.1% moderate growth. About two-thirds of the AUM are

from investors outside Hong Kong. Private wealth management performed strongly, with a 3.4 times year-on-year increase in net capital inflows. The net inflow of Hong Kong-domiciled funds continued to increase, reaching over HK\$87 billion in 2023, a significant 90%+ year-on-year increase. The "Cross-border Wealth Management Connect 2.0" program saw an increase of around 4,000 individual investors and HK\$44 billion in cross-border fund transfers as of May 2023.

- [Bosera launches China state-owned enterprise ETF in Hong Kong](#)

Financial Times, 18 July 2024

The first ETF with the theme of central state-owned enterprises (SOEs) - Bosera China Reform Hong Kong Central-SOEs High Dividend Yield Index ETF (03437) - was listed on the Hong Kong Stock Exchange. Hong Kong has provided a mature capital market and high-quality investment and financing platforms for mainland enterprises, including central and state-owned enterprises. Since the 2018 listing system reform, 98 companies have been listed, raising over 590 billion yuan.

- [Hong Kong government raises US\\$3.2 billion via multicurrency green bond](#)

South China Morning Post, 18 July 2024

Hong Kong's government raised \$3.2 billion via a green bond offering denominated in US dollars, euros, and offshore yuan. This is part of Hong Kong's push to establish itself as a sustainable finance hub and promote the internationalization of the Chinese currency. The offering attracted over HK\$120 billion in orders from a wide range of global institutional investors like central banks, sovereign wealth funds, private banks, and insurance firms. This is an important initiative to support Hong Kong's low-carbon transformation and consolidate its position as a green and sustainable finance hub. It also marks a significant milestone in extending the offshore yuan yield curve. Hong Kong was the top issuer of climate-aligned government bonds in Asia and 5th globally last year.

- [Hong Kong paves way for UAE listings, recognising Dubai, Abu Dhabi stock exchanges](#)

South China Morning Post, 19 July 2024

Hong Kong Exchanges and Clearing (HKEX) has added the Abu Dhabi Securities Exchange (ADX) and the Dubai Financial Market (DFM) as recognized stock exchanges, allowing companies listed on them to apply for a secondary listing in Hong Kong. This expansion is part of HKEX's efforts to support companies from the fast-growing Middle East region to list in Hong Kong and tap into its diverse Asian and global investor base. The Financial Services Development Council (FSDC), a Hong Kong government think tank, says it will conduct more studies on Middle East markets and Islamic finance to help Hong Kong position itself as a "super connector" between the Middle East and the rest of the world.