



Hong Kong



A leading hub for family offices



What is Family Office?

Family offices are private wealth management advisory firms that serve ultra high net worth investors and operates business for one or more families. A family office that supports multiple families is referred to as a multi family office.

They are different from traditional wealth management shops that offer a total outsourced solution to managing the financial and investment side of an affluent individual or family.

Family offices can provide a wide range of services including investment advice, tax and estate planning, risk management, succession planning and support, as well as lifestyle management and assistance with philanthropic endeavors and other special interests.

Family Office is more than just wealth management

Why set up family office?

- Family wealth protection
- Clarifying governance over how the family stewards its wealth
- Improving family cohesion and generational transition
- Managing the personal affairs of family members
- Managing investment risk

Family office is gaining popularity among ultra high net worth individuals. In 2019, a survey conducted by Union Bank of Switzerland and Campden Wealth suggested that:

Over two thirds (68%) were only founded in 2000 or later. Just over 10% were founded before 1970s.



Why Hong Kong?

As a well recognised premier international financial centre and wealth management centre, Hong Kong offers many unique advantages for family offices to operate and grow.

Hong Kong is Asia's largest cross border private wealth management centre; second largest globally after Switzerland.



1 World class professional services and globally experienced workforce

- 42,000+ practitioners in the asset and wealth management business
- 45,000+ certified public accountants in Hong Kong
- 13,000+ practicing solicitors and barristers (including registered foreign lawyers from 33 jurisdictions)
- Over 90 registered foreign law firms

From banking, fund management and accounting assistance, to legal advice, tax consultancy and more, family offices in Hong Kong can enjoy a full range of services to support their growth and investment.



Why Hong Kong?

2 World's freest economy with no capital control

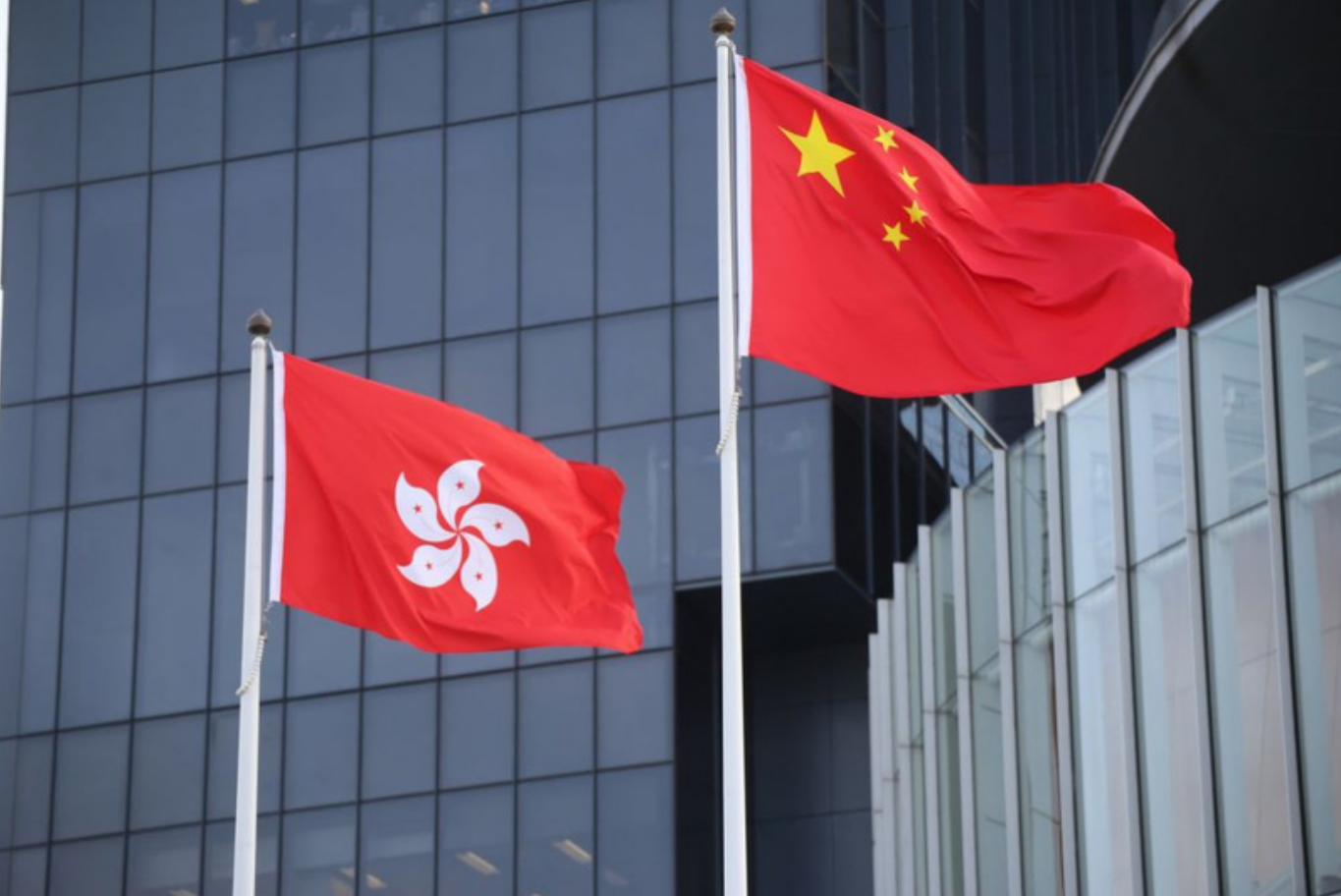
Freest economy: World's No.1 since 1996 (Fraser Institute, Canada), World's No. 1 (1996-2019) (US based Heritage Foundation)

Economic openness: World's No.1 (Legatum Institute: Global Index of Economic Openness 2019)

Business friendly taxes: World's No.2 business friendly tax system (PricewaterhouseCoopers LLP and the World Bank Group: Paying Taxes 2020)

Competitiveness: Among the world's top 5 (International Institute for Management Development: World Competitiveness Yearbook 2020); Worlds' No.3, East Asia & Pacific's No.2 for global competitiveness (World Economic Forum Global Competitiveness Report 2019)

Easiest place to do business: Worlds' No.3 (World Bank: Doing Business 2020)



Why Hong Kong?

3 One Country, Two Systems

Under the principle of “One Country, Two Systems”, Hong Kong retains its independent immigration, monetary, fiscal and taxation systems.

As a free port, it also has a separate, independent customs territory. For that it has no restriction on foreign ownership or on the movement of capital, talent, goods and information, Hong Kong is one of the world's most competitive economies. The city plays a pivotal role in the internationalization of the Renminbi and the opening up of the Mainland's financial markets and is the world's largest offshore Renminbi hub.

Hong Kong will benefit from deepening reform in the Mainland towards a consumption and services oriented economy, and opportunities related to the Belt and Road Initiative and the Guangdong-Hong Kong-Macao Greater Bay area, while maintaining a unique economic and legal system different from the Mainland China.



Why Hong Kong?

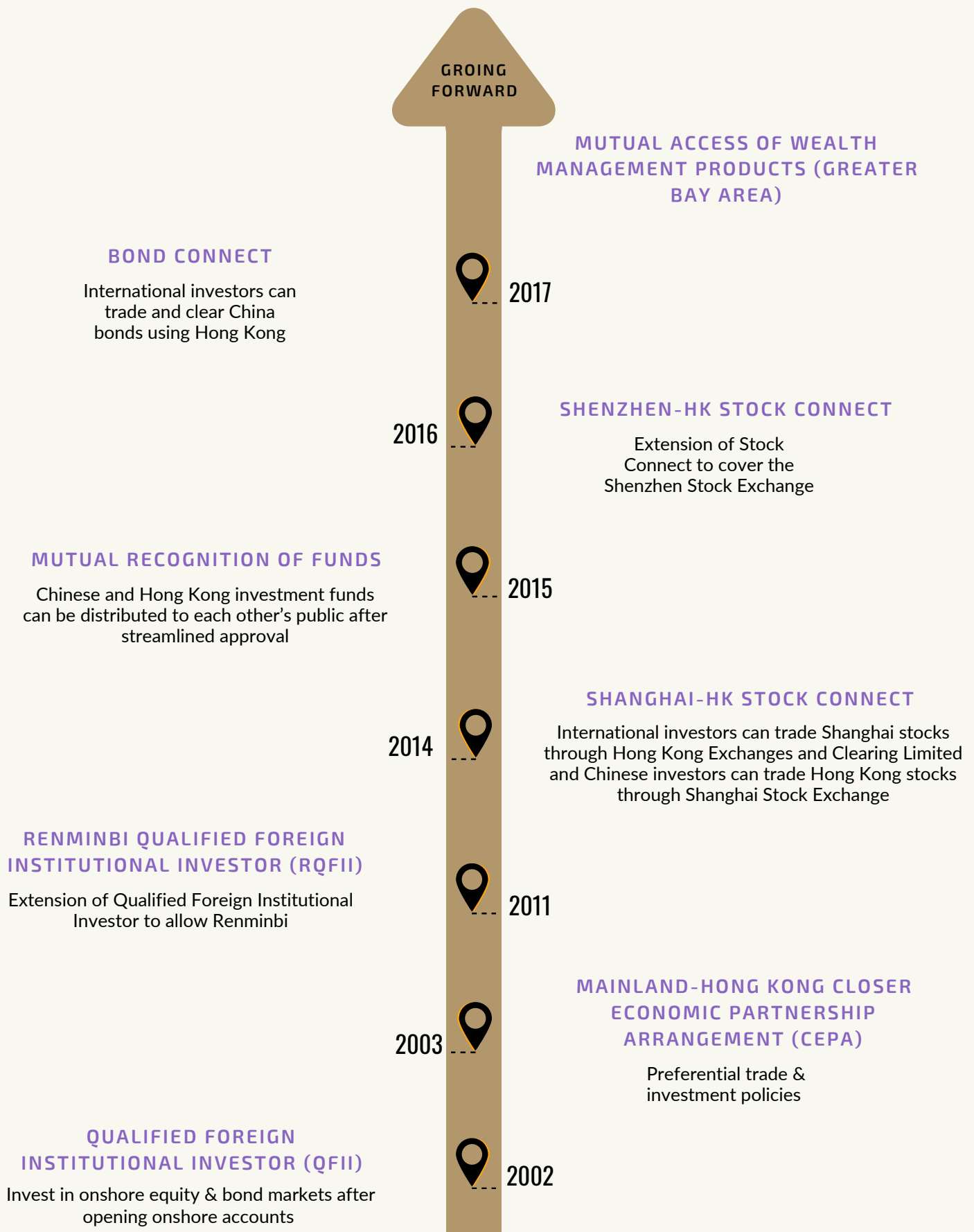
4 Simple and low tax system

As of July 2021, Hong Kong holds 44 comprehensive double taxation agreements, with another 14 under negotiation. This provides tax certainty to family offices by preventing double taxation. Double taxation agreements also enable family offices to enjoy favorable withholding tax rate for cross boundary trade and investment.

Hong Kong's tax rate is low, and the system is simple to understand. There is:

- no sales tax or Value Added Tax,
- no investment withholding tax,
- no capital gains tax,
- no estate tax, and
- no tax on dividends or interest from savings.

More channels to enhance financial connectivity with Mainland China



Strong government and industry support to family office operations

Over 40 private banks including top 15 global private wealth managers are in Hong Kong;

Various associations in place to support industry development;

- Private Wealth Management Association
- Hong Kong Venture Capital and Private Equity Association

Government support on various initiatives;

- InvestHK, supporting the setting up of family offices.
- Pilot Apprenticeship Programme for Private Wealth Management
- Asian Financial Forum
- Annual Hong Kong-Swiss Financial Seminars

Securities and Futures Commission as primary securities regulator

- In general, a single family office is not required to be licensed if it is an operating unit or a wholly owned subsidiary of the entity holding the relevant assets of the family and it is responsible for managing the relevant assets.
- A strong regulatory framework for protection of investors, including family offices. Intermediaries providing dealing or advisory services to family offices are required to observe conduct requirements and other regulatory requirements.

The Family Office Association Hong Kong

The Association is helping cooperation between the family office industry and government to foster the development of Hong Kong's family office industry. The following statement was made by the Association:

There has been robust growth in the family office industry in Hong Kong in recent years, fueled by increasing wealth and a rising population of ultra wealthy families in the city. According to the World Ultra Wealth Report 2019, Hong Kong has by far the highest density of ultra wealthy individuals at 1,364 for every million adults, higher than the international financial hubs such as Switzerland, Luxembourg, Singapore and the United States. The growing need for family office support around the management of financial affairs presents promising growth opportunities for family office operators in Hong Kong.



Recent updates to relevant legislation

The Inland Revenue (Profits Tax Exemption for Funds) (Amendment) Ordinance 2019 (Unified Fund Exemption)

The Unified Fund Exemption regime provides a profits tax exemption on qualifying gains on the sale of securities for privately offered funds operating in Hong Kong irrespective of domicile, structure, size or purpose.

The Limited Partnership Fund Ordinance 2020

The Limited Partnership Fund Ordinance provides a new limited partnership fund regime to attract more private capital (including from family offices) and to facilitate and accelerate the development of the asset management industry in Hong Kong. To know more about Hong Kong Limited Partnership Fund [click here](#).



How we can help?

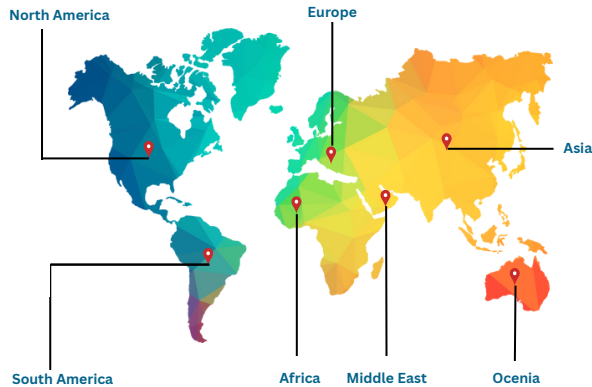
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