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**FINANCIAL SERVICES AND THE  
TREASURY BUREAU**

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## **Policy Statement on Developing Family Office Businesses in Hong Kong**

This statement issued by the Financial Services and the Treasury Bureau sets out the Government's policy stance and measures on developing a vibrant ecosystem for global family offices and asset owners in Hong Kong.

### **Our Objective**

2. The Government attaches great importance to developing Hong Kong as a leading family office hub. The Chief Executive, in the 2022 Policy Address, sets the target of facilitating no less than 200 family offices to establish or expand their operations in Hong Kong by end-2025. Having more family offices in our market will bring greater good to the socio-economic development of Hong Kong and bolster the asset and wealth management industry as well as Hong Kong's progression as a family office hub. The diversified and sophisticated needs of these ultra-high-net worth investors will also support the future growth of our financial and professional services, innovation and technology, green and sustainability, arts and culture, as well as philanthropic sectors.

3. We are committed to creating a conducive and competitive environment for global family offices and asset owners to thrive in Hong Kong. Through the following policy measures, and our inaugural and exclusive event "Wealth for Good in Hong Kong", we are prepared to unveil our comprehensive offerings and welcome

global family offices to deploy and manage wealth in Hong Kong, capturing new investment opportunities and delivering long lasting social impact –

- (a) Introducing a new Capital Investment Entrant Scheme (“CIES”);
- (b) Offering tax concessions;
- (c) Providing market facilitation measures;
- (d) Establishing the Hong Kong Academy for Wealth Legacy;
- (e) Promoting art storage facilities at the Hong Kong International Airport;
- (f) Developing Hong Kong into a philanthropic centre;
- (g) Further expanding the role of the dedicated FamilyOfficeHK team in Invest Hong Kong (“InvestHK”); and
- (h) Launching a new Network of Family Office Service Providers

**(a) Introducing a new Capital Investment Entrant Scheme (“CIES”)**

4. As announced by the Financial Secretary in his 2023-24 Budget, we will introduce a new Capital Investment Entrant Scheme (“CIES”) with a view to further enriching our talent pool and attracting new capital to Hong Kong. Our policy intent is to invite asset owners to deploy and manage their wealth and tap into the diverse investment opportunities in Hong Kong, and explore the holistic attractions and life experience Hong Kong has to offer as a vibrant and international metropolitan city.

5. Investment threshold for the scheme is planned to be increased to a multiple of the original requirement yet still competitive. With reference to the original CIES as the basis, we propose the permissible assets for the scheme to include equities listed in Hong Kong; debts issued or fully guaranteed by companies listed in Hong Kong, by the Government, or by other corporations, agencies or bodies wholly

or partly owned by the Government; subordinated debts issued by authorised institutions; and eligible collective investment schemes (including investment-linked assurance scheme (“ILAS”)). Besides assets denominated in Hong Kong dollar, assets denominated in RMB will also be considered. We will also explore, apart from financial assets, new asset categories benefitting the long-term development of Hong Kong, with a view to achieving the policy objective of attracting more new capital to Hong Kong and bringing new impetus to the economy. Upon approval, applicants may reside and pursue development in Hong Kong along with his/her spouse and dependant unmarried children. Details of the Scheme will be announced later.

**(b) Offering tax concessions**

6. We introduced legislative amendments into the Legislative Council (“LegCo”) to provide profits tax exemption for family-owned investment holding vehicles (“FIHVs”) managed by single family offices in Hong Kong. Qualifying transactions include investments in securities, futures contracts, foreign exchange contracts, deposits, exchange-traded commodities, OTC derivative products, and investment in private companies, etc. The tax concession arrangements will be applicable to any years of assessment commencing on or after 1 April 2022 subject to LegCo’s passage. Moreover, information on the proposed tax concessions is available at the Inland Revenue Department (“IRD”)’s website<sup>1</sup> for easy reference. FIHVs and family-owned special purpose entities can also apply to the IRD for advance rulings on their eligibility for the profits tax concessions upon the entry into force of the relevant amendment ordinance.

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<sup>1</sup> [https://www.ird.gov.hk/eng/tax/bus\\_fihv.htm](https://www.ird.gov.hk/eng/tax/bus_fihv.htm)

7. Going forward, the Government will review the existing preferential tax regimes for funds and carried interest with a view to creating a more facilitative tax environment for the asset and wealth management industry and further strengthening our advantages as an international asset and wealth management centre.

**(c) Providing market facilitation measures**

8. In terms of market facilitation measures, the Securities and Futures Commission has recently issued a few quick reference guides to address frequently-asked questions about licensing requirements, with one specifically catering for family offices. It has also set up a dedicated communication channel maintained by its licensing team for family office related enquiries both by e-mail or telephone. Furthermore, our regulators will continue to work closely with the wealth management industry, and having due regard to investor protection, they will introduce a set of more risk-based measures to streamline intermediaries' suitability assessment and disclosure process for sophisticated or ultra-high-net worth individual clients.

**(d) Establishing the Hong Kong Academy for Wealth Legacy**

9. We recognise the importance of cultivating a deep talent pool for the family office sector in Hong Kong, and it should include ongoing training, knowledge exchange and networking sessions for both industry practitioners and next-generation wealth owners. As such, the Government will fund the setup of a new Hong Kong Academy for Wealth Legacy, with a view to continuously nurturing and enlarging the talent pool serving and managing wealth in Hong Kong. The academy will be housed under the Financial Services Development Council, and be supported by partnerships

with the industry, professional service providers, universities, and our dedicated FamilyOfficeHK team under InvestHK. The academy will target global audience around the world, offering talent development services to industry practitioners and next-generation wealth owners. Besides offering training in relation to wealth management, e.g. capital preservation and inheritance, the academy will also cover topics around arts and culture, green and sustainable investments, and philanthropy, so as to match the multiple new aspirations of global wealth owners. The academy will develop partnerships with global peer organisations, building a network to achieve synergies and delivering best values to our wealth management sector.

**(e) Promoting art storage facilities at Hong Kong International Airport**

10. Hong Kong is a vibrant and diverse city that offers a rich and varied art and culture scene. Our new museums, including the M+ museum for contemporary art and the Hong Kong Palace Museum for Chinese art, along with other existing and upcoming cultural venues, have solidified and strengthened our position as an art and culture hub facilitating global exchanges. Hong Kong is also one of the world's largest art markets by auction sales, with a leading position in Asia. In 2021, the total trade value of artworks, collectors' pieces and antiques in Hong Kong has exceeded over HK\$66 billion , demonstrating our unique advantages as a global art auction and trading hub.

11. To further develop our art auction and trading market, we are prepared to enhance our infrastructure and the Airport Authority Hong Kong is actively studying the establishment of storage, display and appreciation facilities for art and treasures at Hong Kong International Airport, as part and parcel of the Airport City development. As an important global aviation hub, our airport has a network of air routes connecting

all over the world and also efficiently connects with other cities in the vibrant Greater Bay Area. The high-security and comfortable environment, combined with the ability of our airport to handle various special cargo safely and efficiently, will be able to provide quality services to local, Mainland and world art collectors and enthusiasts. The new facilities will consolidate Hong Kong's position as a leading art exhibition and trading centre in Asia, and global family offices with capital allocation in art will increasingly benefit from the thriving art ecosystem in Hong Kong.

**(f) Developing Hong Kong into a philanthropic centre**

12. Hong Kong's financial services sector can play a vital role in supporting and enhancing the philanthropic sector in our city. Financial services can provide various tools and platforms for philanthropists to manage and grow their wealth, as well as channel their resources to the most effective and impactful social initiatives. From an advisory perspective, financial institutions can assist in due diligence, monitoring, evaluation and reporting on the outcomes of grants. From the legal perspective, Hong Kong can provide the structures required for charitable entities to achieve proper governance and continuity. Further, in terms of product availability, the thriving and developing sector of green and social investments in Hong Kong will provide philanthropists with the financial tools needed to achieve both financial and social returns.

13. To further develop our philanthropic sector, we will enhance the processing of applications for recognition of tax exemption status of charities<sup>2</sup>. The IRD will devise a standard form containing a checklist and essential questions to facilitate the submission of applications and streamline processing. Moreover, the IRD

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<sup>2</sup> Under section 88 of the Inland Revenue Ordinance.

will provide further guidance for applicants in drafting their governing instrument, facilitating the precise statement of charitable objects. The number of charities recognised as exempt from tax in Hong Kong exceeded 9,700<sup>3</sup>, and the amounts of approved charitable donations allowed under profits tax (for business donors) and salaries tax (for individual donors) were HK\$4.35 billion and HK\$7.45 billion respectively in year 2020-21<sup>4</sup>. Our city has the further potential to develop into a philanthropic centre, serving as a base for global family offices and philanthropists to deploy charitable capital benefiting Hong Kong, the Mainland and the overseas.

14. For tax exemptions offered to FIHVs managed by single family offices in Hong Kong, we plan to enhance the legislative proposal by expanding the extent of beneficial interest that an exempted charity may hold in an FIHV. This will facilitate wealth owners in admitting exempted charities as beneficiaries of FIHVs and at the same time benefitting from the proposed tax concessions.

**(g) Further expanding the role of the dedicated FamilyOfficeHK team in InvestHK**

15. The Financial Secretary has announced in his 2023-24 Budget that \$100 million will be allocated to InvestHK over the next three years for attracting more family offices to Hong Kong. To step up our efforts in facilitating global family offices to set up and expand in Hong Kong, the dedicated FamilyOfficeHK team will expand its role and further enhance its offerings as a one-stop and customised services team. Specifically, the following services will be provided -

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<sup>3</sup> As at 31 March 2022.

<sup>4</sup> For the year of assessment 2020-21.

- i. **Philanthropy:** Recognising the important synergies between family office business and philanthropic endeavors, the FamilyOfficeHK team will provide services to facilitate the philanthropic initiatives conducted by wealth owners with existing and future presence in Hong Kong. The team will assist in communication and coordination with Government bureaux and departments, and forging partnerships among organisations to develop Hong Kong into a philanthropic centre for global wealth owners.
  
- ii. **Education needs:** The needs of family offices go beyond financial services and they cover a wide variety of considerations for family members. Education is an important consideration factor and the FamilyOfficeHK team will seek to offer services in this regard. Liaising with relevant Government bureaux and departments, the team would refer to them the contacts of admission offices of international schools, and facilitate meetings and discussions with them as needed. We will also enhance channels for information dissemination, such that global family offices can better understand the international schools available in Hong Kong.

**(h) Launching a new Network of Family Office Service Providers**

16. We recognise the importance of partnerships with service providers in the family office sector, upon which the Government can promote new business opportunities and explore further cooperation with the industry. In this regard, the FamilyOfficeHK team under InvestHK will convene and launch a new Network of Family Office Service Providers, covering private banks, accounting and legal firms, trusts and other professional services firms, which provide comprehensive services to family offices. The network will provide a two-way channel for the Government to brief the



industry on the latest policy development, and for us to seek advice and assistance on mobilising the industry's global network to advocate and promote the opportunities in Hong Kong for family offices.

## **Conclusion**

17. We welcome global family offices and asset owners to set up in Hong Kong. We understand the diverse needs of family offices and we are committed to providing a conducive environment for their long-term growth and prosperity. The policy stance and measures unveiled in this statement represent the beginning of a journey for Hong Kong as we position bringing family offices to our market as a strategic priority. We will seek to cultivate direct partnerships and cooperation with family offices, so that we can join hands and continuously enhance the competitiveness of our market and build an ecosystem to benefit all.

Financial Services and the Treasury Bureau

24 March 2023