

LCQ14: Family offices set up in Hong Kong

Following is a question by the Hon Adrian Ho and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (April 24):

Question:

Regarding family offices set up in Hong Kong, will the Government inform this Council:

(1) of the current number of family offices operating in Hong Kong (with a tabulated breakdown by country or region from which they came), as well as the amount of funds invested and the professional services engaged by each family office in Hong Kong; the aforesaid information in respect of family offices which are making preparations to operate in Hong Kong;

(2) of the following information in respect of each family office operating in Hong Kong mentioned in (1): (i) the number of qualified full-time employees, (ii) the amount of operating expenditure and (iii) the amount of tax concessions granted (set out in a table);

(3) whether the authorities and Government officials have formulated standards of hospitality for family offices established in Hong Kong; if so, of the details; if not, the reasons for that; and

(4) given that Invest Hong Kong set up a dedicated FamilyOfficeHK team in June 2021, whether, apart from attracting global clients to set up family offices in Hong Kong, the team's functions include conducting due diligence on target clients; if so, of the details; if not, the arrangements for such work?

Reply:

President,

In consultation with Invest Hong Kong (InvestHK), the consolidated reply to the various parts of the question is as follows:

(1) and (2) According to the research findings of the consultant commissioned by InvestHK and publicised in March this year, there were around 2 700 single family offices operating in Hong Kong as of end-2023, with over half of them set up by ultra-high-net-worth individuals having a wealth of US\$50 million or above. The dedicated FamilyOfficeHK team (the dedicated team) of InvestHK provides one-stop support services to family offices (FOs) and ultra-high-net-worth individuals interested in pursuing development in Hong Kong. Since its establishment in June 2021 up to end-March 2024, the dedicated team

received more than 650 enquiries on setting up FOs in Hong Kong, mainly from the Mainland, ASEAN (Association of Southeast Asian Nations) countries, the Middle East, Europe and the Americas.

The number of FOs set up or expanded business in Hong Kong as assisted by the dedicated team, and the number of FOs having indicated that they are preparing or have decided to set up or expand in Hong Kong are tabulated below by geographical region:

Region	FOs assisted by the dedicated team to set up or expand business in Hong Kong	FOs preparing or having decided to set up or expand business in Hong Kong
Mainland	49	82
Asia	8	13
North America	4	–
Europe	3	27
Middle East	–	9
Oceania	–	4
North Africa	–	1
Total	64	136

The Legislative Council passed the Inland Revenue (Amendment) (Tax Concessions for Family-owned Investment Holding Vehicles) Bill 2022 in May 2023, under which family-owned investment holding vehicles managed by single family offices in Hong Kong fulfilling the minimum asset threshold of HK\$240 million and substantial activities requirement can enjoy profits tax exemption for qualifying transactions. As FOs in Hong Kong are not required to disclose their assets under management and operating expenses to the Government, the Government does not maintain relevant figures. The amount of tax exemption for individual FOs will not be disclosed.

(3) and (4) The Government welcomes all lawful and rule-compliant FOs to set up in Hong Kong and will provide them with necessary and appropriate assistance, thereby promoting local financial, professional services and economic development.

InvestHK is committed to attracting and assisting overseas and Mainland companies to set up, maintain and expand their operations in Hong Kong, and provides assistance and support services based on their needs. Hong Kong is a highly developed free-market economy and an international financial centre. It is up to FOs to decide on the investment projects and investment amount they will undertake in Hong Kong. The procedures of establishing a FO are no different from those of establishing a company in Hong Kong. Professionals of various sectors providing services concerned to FOs will conduct necessary due diligence in compliance with the statutory requirements and relevant guidelines.

Different FOs have different operating styles and external communication arrangements. For FOs interested in setting up or expanding their businesses in Hong Kong, InvestHK will continue to provide one-stop customised support services based on their needs.