

Speech by FS at Wealth for Good in Hong Kong Summit (English only) (with photo/video)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Wealth for Good in Hong Kong Summit today (March 26):

Chris (Secretary for the Financial Services and the Treasury, Mr Christopher Hui), distinguished guests, ladies and gentlemen,

Good afternoon.

I am delighted to welcome you to the third Wealth for Good in Hong Kong Summit.

Whether you are joining us for the first time or returning, I know you will enjoy your time here in Asia's world city. And before long, it will feel like your city too.

Family offices play a vital role in preserving family wealth and building a lasting legacy for future generations. The focus extends beyond making investments that provide sustainable, long-term financial returns. You are also visionaries, philanthropists and next-generation leaders committed to creating positive social and environmental impacts that benefit humanity.

We share these values deeply. That's why we launched this Summit two years ago, bringing together principals, key decision makers and senior executives of family offices worldwide, to discuss how we could harness wealth for good together.

This year, we are excited to feature another impressive line-up of distinguished speakers from influential families and institutions, who will share insights on subjects ranging from tech and AI to philanthropy and culture.

Hong Kong, premier location for family offices

Allow me to take a couple of minutes to tell you why Hong Kong is an ideal place for family offices to realise their objectives and ambitions.

To begin with, Hong Kong is Asia's premier financial centre, offering a wide range of investment opportunities that are particularly compelling right now.

Notably, the recent boom in the Hong Kong stock market underscores this potential. The Hang Seng index rose by some 20 per cent since the beginning of this year, building on an 18 per cent increase throughout 2024. This surge

reflects investor optimism about the future of technology in China and highlights Hong Kong's essential role in connecting regional opportunities with global investors, showcasing the significant returns our market can deliver.

Beyond securities, Hong Kong boasts a dynamic ecosystem of angel investments, venture capital and private equity. Capital under management by private equity firms exceeded US\$230 billion last year, making us the second largest in Asia, only after the Mainland.

Our asset and wealth management industry is thriving, fuelled by the affluent population of the Greater Bay Area and the influx of ultra-high-net-worth individuals into our city. We currently manage about US\$4 trillion in assets, with two-thirds originating from outside Hong Kong. By 2028, we are on track to become the world's largest cross-border wealth management centre.

In the latest Global Financial Centres Index published last week, Hong Kong continues to rank third globally. Notably, we secured the top spot worldwide for "investment management", "insurance" and "finance", and came third in "banking" and "business environment".

Above all, global capital feels at ease in Hong Kong. For compelling reasons. President Xi and the Central Authorities have affirmed on multiple occasions that the "one country, two systems" arrangement will remain in place over the long term.

This means Hong Kong will continue to uphold the common law system with a judiciary exercising powers independently; safeguard the free flow of capital, goods, information and people; maintain a freely convertible currency, and keep a simple and low tax system.

And here's the real gem – we have no capital gains tax, no estate tax, and no tax on dividends. In other words, you can freely invest without the usual financial hang-ups.

Then, protection of capital and private property are enshrined in our Basic Law, along with our steadfast commitment to international obligations under the United Nations, in opposition to accepting decisions unilaterally imposed by other countries.

With all these, not surprisingly, more than 2,700 family offices have already chosen Hong Kong as their home, with half of them managing assets of more than US\$50 million.

Here, family offices can leverage a robust network of world-class service professionals, including private bankers, legal experts, accountants and investment advisers to support your endeavours. Our professionals offer a distinctive combination of global perspective and local expertise in everything they do.

This year, in addition to our existing tax concessions for single family

offices, we will expand exemptions for funds, enhance concessions for family offices, and boost incentives for private equity.

That, ladies and gentlemen, is an invitation for all of you to join us in shaping a future where wealth creates value for everyone.

Making a real impact

Family offices aspire to achieve more than just financial returns. Through my encounters with many family principals and executives, I've witnessed your profound desire to create a lasting impact and a brighter future for generations to come.

In this city, international foundations, charitable organisations and NGOs (non-governmental organisations) come together to form a vibrant philanthropy network that not only connects funding and meaningful projects, but also amplifies your efforts and fosters collaboration.

More than that, Hong Kong's value proposition has an additional dimension: innovation and technology.

We are investing heavily in our city's economic future to propel Hong Kong's development in innovation and technology. Two years ago, we outlined our vision for Hong Kong to become an international green tech and green finance centre.

That endeavour is progressing well. Alongside our leadership position in green finance, Hong Kong's green tech community is thriving. In our Science Park and Cyberport, there are some 300 green start-ups specialising in energy-efficient materials, carbon capture, EV infrastructure, and much more – all keen on addressing the world's most pressing challenges with their groundbreaking technologies. Many of these start-ups have made successful strides into global markets, creating a significant and positive impact worldwide.

In a world where AI is transforming production, business and consumption models and redefining the economic competitiveness, we have a clear vision to establish AI as a core industry. By applying and integrating AI across the community, we can unlock substantial benefits for humanity.

We possess strong foundational research capabilities and attract some of the brightest talent from around the world. Uniquely positioned as a convergence point for data from both the Mainland and international sources, we leverage our close collaboration with sister cities in the Greater Bay Area to amplify our strengths.

And we have developed a comprehensive strategy to drive the growth of the innovation and technology sector. The Hong Kong Investment Corporation, or HKIC, established with a capital of US\$8 billion, plays a vital role in this strategy. This "patient capital" supports tech firms in their nascent stages, covering hard tech, biotech, and new energy. So far, it has invested

and co-invested in over 90 of such projects, attracting \$4 of long-term capital for every \$1 invested. The HKIC looks forward to collaborate with family offices, creating dynamic partnerships that fuel our innovation ecosystem.

Art, sports and lifestyle

Ladies and gentlemen, beyond business and finance, Hong Kong is blessed with a thriving art and culture scene. Consider Art Basel, which has become a hallmark event of this city. Opening this Friday, it will present more than 240 galleries from over 40 countries and regions, showcasing a dazzling array of contemporary art.

Indeed, in 2023, we traded more than US\$13 billion in art and antiques, all tax-free. Our airport will soon feature a bespoke art storage facility to support this vibrant market.

Let's not forget the world-class M+ and Hong Kong Palace Museum, both located in our West Kowloon Cultural District.

If sport is your passion, you'll want to be here right through the weekend. The Hong Kong Sevens kicks off this Friday at the spectacular Kai Tak Sports Park, which boasts seating for 50,000 rugby-mad fans. Bigger house. Bigger party. So why not grab your friends and prepare for a weekend of wild tries and even wilder times!

Looking ahead together

Ladies and gentlemen, whatever your passion, Hong Kong is where you want to be.

Hong Kong is of the world: a meeting point for East and West, tradition and innovation. And it is for the world: a city where your ambitions can take flight and flourish, touching lives far beyond our shores.

My thanks to our Summit organisers, the Financial Services and the Treasury Bureau and Invest Hong Kong, for making this event possible.

And I wish you all good health and the best of family business in the year ahead.

Thank you.

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WEALTH FOR GOOD IN HONG KONG

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