

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

Following is the speech by the Financial Secretary, Mr Paul Chan, at the Wealth for Good in Hong Kong Summit today (March 27):

Distinguished guests, ladies and gentlemen,

Good afternoon. It is a pleasure to welcome you to Hong Kong – and to our second Wealth for Good Summit.

I trust you enjoyed last night's welcome dinner, and you are already discovering why Hong Kong is Asia's world city and, soon enough, I hope, is also your city, the home of your family office. Allow me to tell you a little about Hong Kong, why we're becoming the world's city for family offices.

Hong Kong: an ideal city for family offices

We take great pride in our status as a global wealth management hub. Indeed, we oversee nearly US\$4 trillion in assets. And according to a survey, there are now some 2 700 family offices in Hong Kong. We are also Asia's largest hub for hedge funds, and second largest for private equity, behind only the Mainland. Thanks to the "one country, two systems" arrangement and the unwavering support of our country, Hong Kong is in a unique position to create value for family offices.

On the one hand, we enjoy priority access to the Mainland market. On the other, Hong Kong continues to be an international city practising the common law system, with the Judiciary exercising its power independently. We continue to maintain the free flow of capital, talent, goods and information, and a freely convertible currency pegged to the US dollar. We have extensive investment choices, a very deep international talent pool and world-class professional services. Our business practices and regulatory framework seamlessly align with the best international standards. Government policies here are transparent and predictable. To that you can add a stable political environment and excellent law and order. Hong Kong is indeed one of the safest metropolitan cities in the world.

Our financial services are world class with a very strong buffer and a vibrant ecosystem. The banking sector has a capital adequacy ratio at around 21 per cent, much higher than the international standard of 8 per cent. The liquidity ratio is at 175 per cent, much higher than the 100 per cent international benchmark. Seventy-three of the top 100 global banks operate here. Our Linked Exchange Rate System is underpinned by strong foreign currency reserve assets of over US\$420 billion, which is 1.7 times of our monetary base.

It helps, too, that Hong Kong enjoys convenient and unparalleled access to the Mainland's capital markets; that our mutual market access arrangements continue to expand. Stock Connect, Bond Connect, ETF Connect, Swap Connect and the Greater Bay Area Cross-boundary Wealth Management Connect have been implemented one after the other since 2014. In other words, Hong Kong is the place where you could have easy access to both international and Mainland capital.

Hong Kong's tax rate is low, and the system is simple. We have no sales tax, no value-added tax, no withholding tax on investment, no capital gains tax, no estate tax, no wine tax and no tax on dividends or interest earned. Doing business in Hong Kong, in short, is not taxing at all.

Hong Kong's professional services sector is recognised internationally for its professionalism, ethics and global vision. They cover not just finance and accounting, but also legal and dispute resolution, risk management, and much more. And it's supported by a highly educated, skilled, experienced and multilingual workforce. They are here to help you realise growth and development.

Hong Kong is a city full of promises and opportunities. Let me share one example.

Since the start of this term of Government, we have been taking a proactive and catalytic role to develop our economy. In December 2022, we established the Office for Attracting Strategic Enterprises to spur our development in innovation and technology. We have so far attracted nearly 50 such companies to expand their business here. They will invest some US\$5 billion and create 13 000 jobs.

And we have set up the Hong Kong Investment Corporation Limited, or HKIC, to play a proactive role in driving innovation and future growth. Managing US\$8 billion in assets, the company will invest and co-invest in enterprises and projects, accelerating the development of technological innovation and growth of strategic industries. The HKIC will host a roundtable for international sovereign funds this year. It will also organise a summit for start-up investment and development, promoting cross-sector collaboration to drive our start-up ecosystem forward.

At the same time, our arms are wide open to talent. We have approved over 160 000 applications under the various talent admission schemes since December 2022, and over 100 000 of them have already arrived in Hong Kong.

Serving family offices well

Ladies and gentlemen, Hong Kong is determined to become a leading family office hub. To this end, we published a policy statement in March last year. One year later, we have achieved good progress. For example, legislation has been enacted to offer tax concessions to family-owned investment holding vehicles managed by single family offices in Hong Kong.

In order to nurture a more vibrant and dynamic family office service

ecosystem, we have expanded the services portfolio of the FamilyOfficeHK team; and launched the new Network of Family Office Service Providers. The Network includes private banks, accounting and legal firms, trusts and other professional services firms. Together they have formed a strong nexus to better serve the needs of family offices.

And we have also established the Hong Kong Academy for Wealth Legacy to spearhead training, knowledge exchange and networking opportunities for both industry practitioners and next-generation wealth owners.

Beyond investments: philanthropy, arts and life

Ladies and gentlemen, the interest in philanthropy is growing among family offices. That fits well with Hong Kong's own ambitions. We are committed to becoming a global hub for philanthropy.

Over the last year, to help wealth owners interested in philanthropic causes, we have provided enhanced guidance for charities seeking tax exemptions. The number of tax-exempt charities in Hong Kong surpassed 10 000 in March last year. We have also expanded the extent of beneficial interest an exempted charity may hold in family-owned investment-holding vehicles.

Green and social investment is another area of interest to family offices. In green finance, Hong Kong is a leader. We are committed to channeling green and philanthropic capital to projects that preserve and improve our environment.

Certainly, Hong Kong's promise extends beyond finance and philanthropy. We are among the world's leading international art and culture centres. In 2022, the total value of imports and exports of art pieces and antiques in Hong Kong exceeded US\$11 billion. It helps that we don't charge any value-added tax or the like.

Our art market is just getting going. The Airport Authority is spearheading efforts to create state-of-the-art facilities at Hong Kong International Airport for art storage and appreciation. It will, I'm confident, reinforce our role as Asia's leading art exhibition and trading hub.

Family offices with an interest in art collection and investment will find a dynamic and supportive arts community here, one ripe with opportunities for cultural engagement and investment.

By the way, Art Basel and Art Central are being held this week in Hong Kong. Every year, many art lovers in the region fly in to visit. Don't miss out.

Ladies and gentlemen, as you are here, I invite you to take some time to explore our wonderful city. Try dim sum, or late-night wonton noodles, or one of our more than 200 Michelin-recommended restaurants. And when you're done dining, head for the hills, for one of our dazzling country parks, which account for about 40 per cent of Hong Kong's territory. Or visit the UNESCO Global Geopark, with its stunning volcanic rock columns. It is just an hour's

drive from Central.

That's Hong Kong: vibrant, energetic and welcoming, for family offices and investment, for charity, and for the many pleasures of life.

Finally, I wish you all a rewarding Summit and a memorable experience in Hong Kong. I look forward, too, to welcoming you back – for the good of your family offices and the future of Hong Kong. Thank you.

