



SETTING UP A FAMILY OFFICE IN HONG KONG

HONG KONG: A LEADING HUB
WHERE GLOBAL FAMILY OFFICES THRIVE



InvestHK

The Government of the
Hong Kong Special Administrative Region
of the People's Republic of China

FamilyOfficeHK



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Christopher Hui GBS, JP
Secretary for Financial Services
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The Government of the Hong Kong Special Administrative Region

Family Office: Location counts and Hong Kong has all it takes

Hong Kong is a leading international financial centre with most Ultra High-Net-Worth Individuals in the world¹. As a key growth driver of the asset and wealth management industry, the family office arena is a key policy priority for the HKSAR Government (the Government). We welcome global family offices to establish a presence in and operate from Hong Kong.

The Government has issued the Policy Statement on Developing Family Office Businesses in Hong Kong which sets out our stance and 8 new measures tailored to the holistic and unique needs of family offices and asset owners. Some of the measures include a new Capital Investment Entrant Scheme, a new Hong Kong Academy for Wealth Legacy, art storage facilities, and facilitating measures to support philanthropic initiatives. Also, the passage of the bill on providing full profits tax concessions for eligible family-owned investment holding vehicles (FIHVs) managed by single family offices (SFOs), applicable to any years of assessment on or after 1 April 2022, will also help foster an even more conducive tax environment in Hong Kong.

In this guide, you will find useful information on setting up a family office in Hong Kong, including common structures, tax regime and concessions, compliance and reporting requirements, employment and immigration matters, as well as other business considerations for family office governance, philanthropy, impact investment and opportunities from virtual assets.

The booklet also features 10 industry experts including leaders of family offices and financial professionals with diverse backgrounds to share their market insights and experiences in business operations in Hong Kong.

The contact information of our dedicated Family Office team is available in this booklet. They provide a wide range of customised services to support you at every stage of your family office journey, from planning, to set-up, and launch to expansion.

I hope you will find this document useful and I wish you every success in establishing and operating your family office in Hong Kong.

Note 1: ALTRATA, World Ultra Wealth Report 2022, page 15



Jason Fong

Global Head, Family Office, Invest Hong Kong
The Government of the Hong Kong Special Administrative Region

FamilyOfficeHK: The dedicated team for all your family office needs

Over the years, Hong Kong has become a preferred destination and a leading hub for family offices from around the world. As a thriving centre of opportunity and growth, the city has cemented its reputation for its east-meets-world opportunities. Our city's unique position as a gateway for Chinese family offices to access global offerings and international family offices to access China sets Hong Kong apart.

Our dedicated FamilyOfficeHK team can help you explore and leverage these opportunities to the fullest. As we exploit new frontiers in wealth preservation and growth, we invite you to be a part of the journey and join an experienced family office community that is ready to support and expand your ambitions.

As a one-stop family office platform, we recognise the importance of preserving and growing wealth across generations which is why we offer a range of services tailored to the unique needs of each family all the way from launch to expansion and beyond. Our approach is holistic and collaborative, ensuring our clients receive the support and guidance they need to make informed decisions about their wealth and legacy.

1

The Hong Kong Advantage

UNLOCKING EAST-MEETS-WORLD OPPORTUNITIES

Hong Kong has long stood out as a gateway offering the best of both East and global opportunities, thereby attracting the highest number of Ultra High Net Worth Individuals (UHNWIs) in any city globally². Iconic, internationally-minded families choose Hong Kong to live and prosper thanks to our city's lifestyle advantages and opportunities.

In recent decades, as Hong Kong's famed entrepreneurial spirit has built fortunes helping to fuel the growth of the city's US\$3.9 trillion³ asset and wealth management industry, pioneers from home and abroad have established family offices to benefit from all our premier global financial centre has to offer, in a strategically important part of the world. To lend support, the HKSAR government set up a dedicated Family Office Hong Kong team under Invest Hong Kong in 2021 to help existing family offices to expand, new entities to incorporate in the city and our ecosystem of related professionals to thrive.

GLOBAL GATEWAY FOR FAMILY OFFICES

While Hong Kong sits within the world's second-largest economy, China⁴, it runs on its own system based on Common Law, the free flow of capital plus a transparent and low tax regime. As a leading international financial centre, Hong Kong adheres to world-class regulatory standards and boasts a robust banking sector underpinned by strong capital and liquidity positions.

The financial opportunities anchored by Hong Kong are unique: Hong Kong has a vibrant equities market and the city served as the largest centre in the world for arranging Asian international bond issuances and first-time bond issuances in 2022⁵.

On a global scale, Hong Kong represents the largest pool of renminbi liquidity at around one trillion renminbi⁶ at the end of 2022 and handles over 70% of the world's offshore renminbi payments. It is also the world's second-largest cross-border centre for wealth management, trailing close behind Switzerland⁷. Hong Kong offers unparalleled opportunities as the dominant gateway in and out of China and is the best place for international families to tap opportunities linked to the tech centric Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and capture China's growth.

Note 2: Wealth – X 2022 report by Altrata

Note 3: Hong Kong SFC Asset & Wealth Management Activities Survey 2022

Note 4: World Economic Outlook 2021, International Monetary Fund

Note 5: Report of the Steering Committee on Bond Market Development in Hong Kong

Note 6: Keynote speech at the Bank of China: The Belt and Road Initiative and RMB Internationalization Forum (June 2023)

Note 7: 2022 Boston Consulting Group ranking on global offshore wealth management centres

FRESH POLICY SUPPORT

To underscore its commitment to developing the family office sector, the Hong Kong government unveiled a new family office policy statement in March 2023, spanning a profits tax exemption for family-owned investment holding vehicles (FIHVs) managed by SFOs that doesn't need pre-approval, and a Capital Investment Entrant Scheme to invite asset owners migrate to Hong Kong, and robust market facilitation measures. The policy statement also charted plans to establish a Hong Kong Academy for Wealth Legacy to provide ongoing training for wealth management talent and to launch a new network of Family Office service providers, creating an ecosystem of growth through comprehensive support systems for family offices. Hong Kong would also explore setting up storage, display, and appreciation facilities for art at the international airport to enable global family offices with capital allocations in art to benefit from the city's thriving art environment. To further develop Hong Kong as a philanthropic centre for global family offices and philanthropists, Hong Kong will enhance the processing of applications for the recognition of tax exemption status of charities⁸.

WEALTH FOR GOOD IN HONG KONG SUMMIT

As Asia emerges as the region with the highest concentration of UHNWIs, Hong Kong, a hub for global wealthy families, is committed to fostering the growth of the family office sector.

To cement Hong Kong's position as a leading hub for asset and wealth management in Asia, the city hosted its inaugural Wealth for Good in Hong Kong Summit in 2023. Since then, the city has annually brought together hundreds of top family office principals and decision makers from around the world. Presided over by Hong Kong Chief Executive, the event explores the most pressing issues facing global family offices and showcases the city's strengths and potential in areas such as technology innovation, cultural arts, green investment, and philanthropy. The Summit offers fresh perspectives and ideas for family wealth management, further establishing Hong Kong as a premier international financial centre.

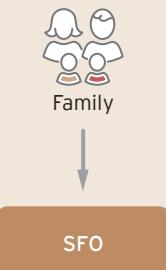
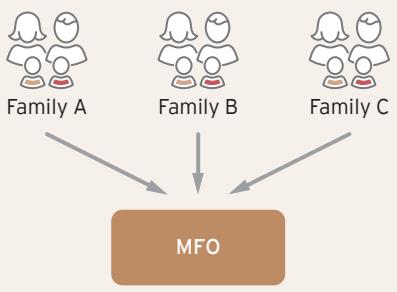
Note 8: Section 88 of the Inland Revenue Ordinance

Introduction to Family Offices

WHAT IS A FAMILY OFFICE?

Family office (FO) is an organisation that manages private wealth and other matters for one family or multiple families,⁹ supports their family vision, legacy, and the successful transition of ownership, leadership and wealth.

A family office can take many forms. It can also evolve into a different type over time. The most common organisational arrangements are:

<p>Single Family Office (SFO)</p> 	<ul style="list-style-type: none"> ▶ Distinct legal entity serving one family ▶ Family owns and controls the office ▶ Professionally manages assets and is separate from family and family enterprise
<p>Multi Family Office (MFO)</p> 	<ul style="list-style-type: none"> ▶ Distinct legal entity serving multiple families that pools their wealth; addresses the operating costs of an FO through economies of scale ▶ Some evolved from a successful SFO, prompted by other families to access the services and/or directed by the "lead" family that initiated the office ▶ Some are set up by experienced FO professionals to operate on commercial terms, providing services to multiple families
<p>Embedded Family Office (EFO)</p> 	<ul style="list-style-type: none"> ▶ Usually an informal structure embedded within a business owned by an individual or family ▶ Low level of separation between the family and its assets

This booklet provides guidance on how to set up a SFO or MFO as a formal legal entity, with the main purpose of private wealth management and general oversight of the day-to-day administration of family assets and investments in Hong Kong.

Note 9: EY 2021 How can you build a future that will last for generations? Create a family office to nurture the family legacy

WHY SET UP A FAMILY OFFICE?

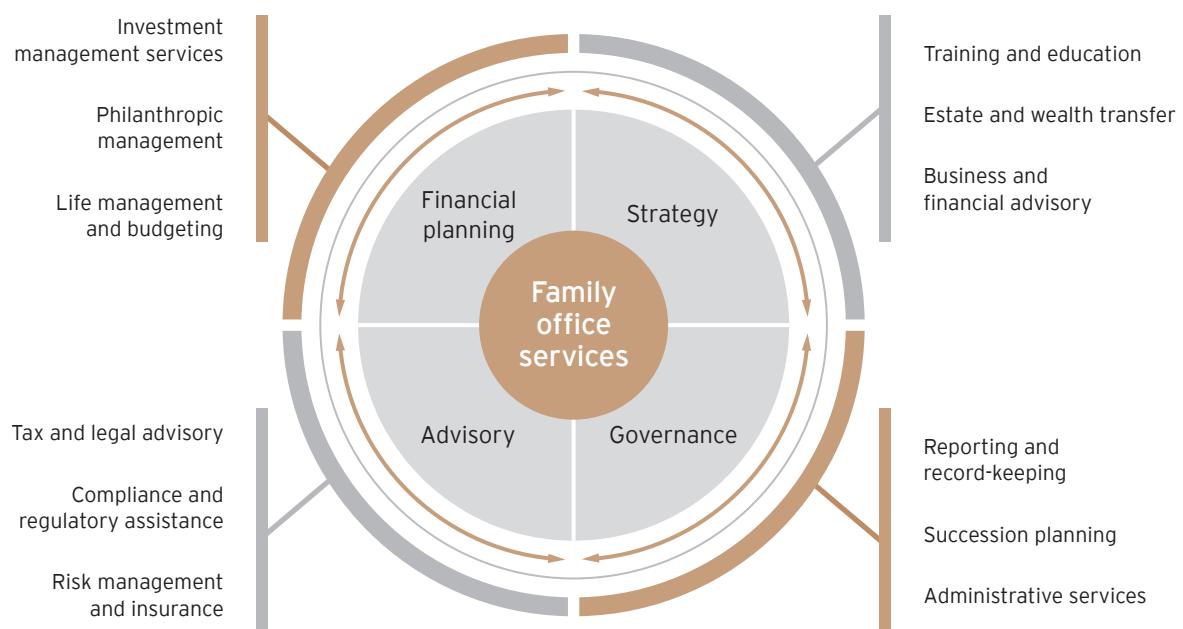
As demand for wealth preservation and succession planning within family businesses pick up, families are increasingly evaluating the benefits of setting up an FO. Key advantages of an FO include:

- ▶ Separation of family enterprise and family assets to provide focus and better risk management
- ▶ A standalone entity that keeps information for all family members, covering its entire portfolio of assets, activities, tax, and general personal information for privacy and confidentiality
- ▶ Facilitate transparent governance and management structure to avoid future family conflicts
- ▶ Alignment of interests between the family, business, and advisers to enhance efficiency
- ▶ Potentially-generating higher returns or lower risks from centralised and professionally managed investment activities
- ▶ Centralisation of other services and a focal point for a family's philanthropy, tax and estate planning, family governance, and other activities to better meet the family's mission and goals; and
- ▶ Potentially enhance tax efficiency for sustainable family succession

Establishing an FO is a significant undertaking. FamilyOfficeHK team will guide you through on major concerns, such as legal, tax infrastructure and compliance requirements. We have a Network of Family Office Service Providers for who can provide you professional advice.

WHAT ARE THE COMMON SERVICES PROVIDED BY FAMILY OFFICES?

As each family is unique, the services provided to each FO should be specifically catered to the family's needs. A fully developed FO can provide different services, including financial planning, advising, governance and strategy (see diagram below)⁹. Engaging FO professionals to prepare a business plan is recommended at the setting-up stage of an FO in order for the family to determine their expectations, priorities and scope, and decide what services they need.



Even the largest FO will need to assess whether and what to outsource, and revisit this periodically. Outsourcing can provide great benefits in cost-efficiency and access to know-how, with some services retained in-house for confidentiality reasons and the independence of the FO. The goal is to attain the most effective services while avoiding and mitigating operational risks.

Deciding between in-house and outsourcing depends on the circumstances of the family and their FO.

WHY SET UP A FAMILY OFFICE IN HONG KONG?

As a premier international financial hub and recognised wealth management centre, Hong Kong offers an ideal environment with numerous unique advantages that can assist FOs to operate and grow. As the gateway to Mainland China, Hong Kong offers outstanding potential for building a lasting family legacy for business families both from the East and the West.

The key advantages and strengths of Hong Kong include¹⁰:

1 International financial centre	2 Ideal environment for FO operations	3 Unique Greater China opportunities
<ul style="list-style-type: none">▶ Asia's largest cross-border private wealth management centre, second largest globally after Switzerland²▶ Diversified platform for asset allocation needs of FOs▶ Leading international asset management hub▶ Comprehensive banking platform▶ Ideal platform for private equity investments	<ul style="list-style-type: none">▶ Secure, autonomous, stable platform for wealth management and robust regulatory framework▶ Free and competitive economy with free convertibility of global currency▶ Simple and low tax system with profit tax incentive regimes for SFOs, investment funds▶ Unparalleled connectivity to the world▶ Abundant supply of professional services and bilingual talent	<ul style="list-style-type: none">▶ Greater China is the key wealth creation region in Asia, dominates Asia Pacific private equity deal flows▶ Tailored fund, bond and stock channels to enhance financial connectivity with Mainland China▶ Greater Bay Area (GBA) initiative creates an integrated financial and innovation zone around Hong Kong▶ Unrivalled access to GBA investment opportunities

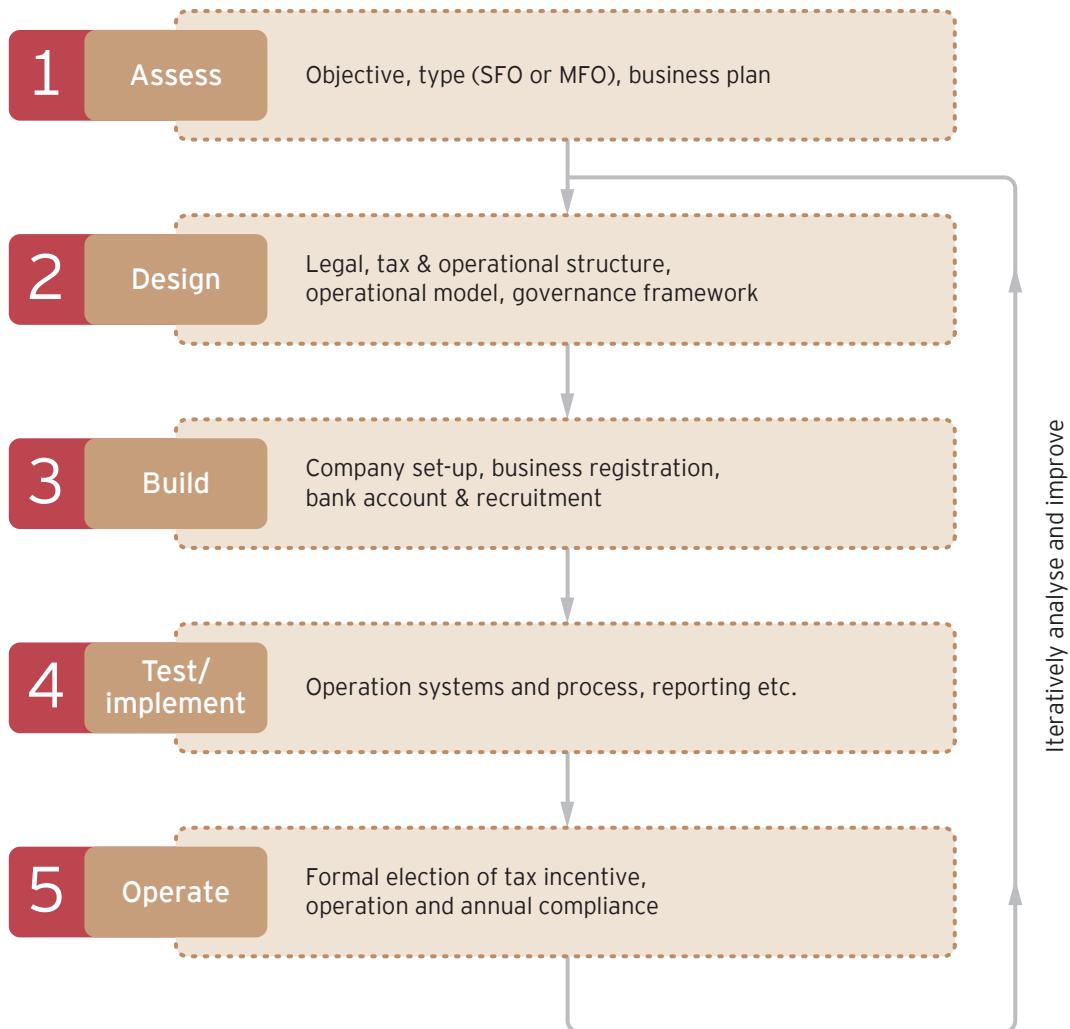
To provide diverse, first-hand perspectives of the Hong Kong FO experience, leaders of FOs and family businesses in the city share their views and insights in Section 8.

Note 10: FSDC/InvestHK publications: The Smart Choice for Your Family Office and A Leading Hub for Family Offices

HOW TO SET UP A FAMILY OFFICE IN HONG KONG?

A FO is a relatively complex organisation. When a family decides to set up a FO, a written business plan covering its vision and mission, long-term and short-term strategy, scope of services, location, and staffing, plus a good understanding of the local business environment and registration requirements are important.

Major steps for establishing a FO in Hong Kong include:



While FOs can be set up under different structures, they are usually established as a service provider for a family-owned investment holding vehicle (FIHV), with an investment management agreement signed to define roles, responsibilities and other important arrangements between the two entities.

In Hong Kong, a FO is normally registered as a private company limited by shares. It must also meet certain legal, tax and reporting compliance requirements. The simplified diagrams below illustrate the common ownership structure of SFOs and MFOs:

Diagram 1: Services provided by SFO to FIHVs

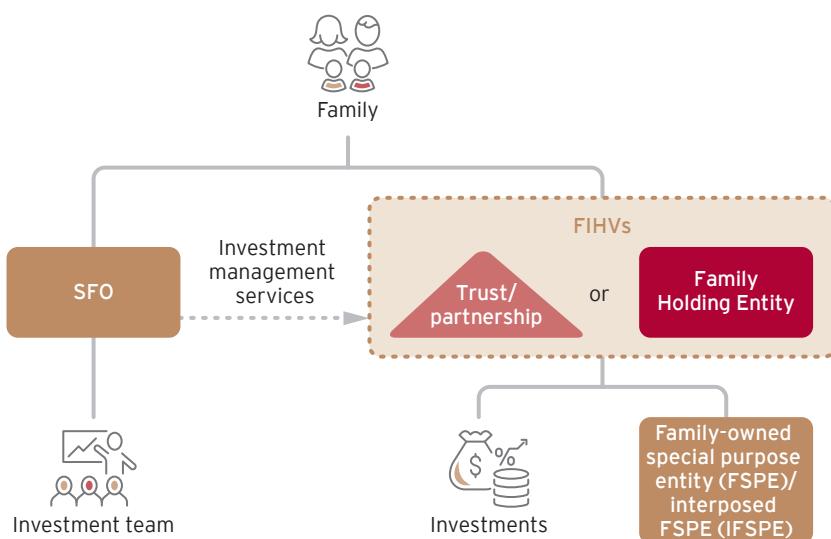
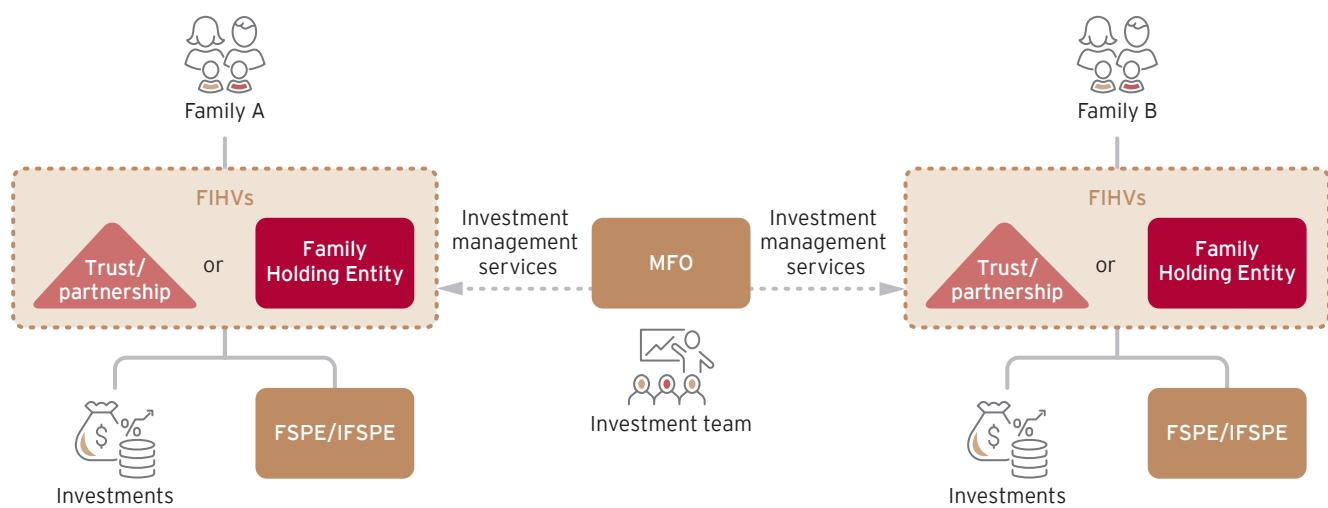


Diagram 2: Services provided by external MFO, normally an organisation with suitable SFC licences



The relevant authorities responsible for registration of a business established in Hong Kong are:

► **Companies Registry (CR):** Responsible for registration of all documents submitted for incorporation of companies in Hong Kong. A Certificate of Incorporation with a company number will be provided after successful application. The CR is also responsible for registration of non-Hong Kong companies that have established a place of business in Hong Kong. A Certificate of Registration with a registration number will be provided after successful application.

► **Business Registration Office (BRO), Inland Revenue Department (IRD):**

Responsible for registering a business carried on in Hong Kong. A Business Registration Certificate (BRC) with the business's name, nature and address will be issued after successful application.

MFOs are required to obtain separate financial licences from the Securities and Futures Commission (SFC) for regulated activities carried out in Hong Kong. SFOs are generally carved out because they provide services solely to single family-owned entities. For further details, please refer to the definition of single family and compliance requirements in Section 3 and Section 4.



SUMMARY OF HONG KONG TAX REGIME

Hong Kong adopts a territorial concept of taxation, has a simple and low-tax environment, and offers a variety of tax incentives to facilitate business development. As of August 2023, Hong Kong has entered into Comprehensive Double Taxation Agreements/Arrangements with 47 jurisdictions¹¹.

Profits tax	<ul style="list-style-type: none"> ▶ Profits tax is charged on assessable profits. Under the two-tiered profits tax regime, the profits tax rates for the first HK\$2 million of assessable profits is lowered to 8.25%, with the remaining balance at 16.5%* ▶ No withholding tax on dividends or interest received by a foreign entity from a Hong Kong payer ▶ Foreign sourced dividend, disposal gains, interest income, and income from intellectual properties received in Hong Kong could be claimed as offshore or not taxable, subject to satisfying the economic substance requirement, participation requirement or nexus requirement*
Salaries tax	<ul style="list-style-type: none"> ▶ Salaries tax is charged on Hong Kong sourced employment income inclusive of certain benefit in kind, at the lower of tax liability calculated by progressive rates ranging from 2% to 17% or at a flat rate of 15%
Property tax	<ul style="list-style-type: none"> ▶ Property tax is charged at a standard rate of 15% on the net assessable value of the property
Stamp duty	<ul style="list-style-type: none"> ▶ Stamp duty applies on the transfer of Hong Kong shares or, and transfer and lease of immovable properties in Hong Kong
Others	<ul style="list-style-type: none"> ▶ No capital gains tax ▶ No gift tax ▶ No inheritance tax ▶ No value added tax, goods and services tax or sales tax

* If the entity has one or more connected entities, the two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates.

* The Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced income) Ordinance 2022 came into operation on 1 January 2023 and applies to certain foreign-sourced income accrued to a member of a Multinational Enterprise (MNE) group that carries on a trade, profession or business in Hong Kong.

TAX CONSIDERATIONS FOR FAMILY OFFICES OF HONG KONG

Unified Funds Exemption (UFE) is the current profits tax exemption regime in Hong Kong providing tax exemption to funds managed by SFC licensed entities or regarded as qualified investment funds. FIHVs managed by MFOs holding SFC licences may be exempt from profits tax under this regime. The current UFE regime on the other hand is not suitable for SFOs.

On 19 May 2023, the Inland Revenue (Amendment) (Tax Concessions for Family-owned Investment Holding Vehicles) Ordinance 2023 (the Ordinance¹²) was gazetted and came into operation, which is the first of the eight policy initiatives announced at the "Policy Statement on Developing Family Office Businesses in Hong Kong" during the "Wealth for Good in Hong Kong Summit" in March 2023. The details of the Ordinance are introduced in the following section.

Note 11: Financial Services and Treasury Bureau website: <https://www.fstb.gov.hk/en/treasury/general/comprehensive-avoidance-of-double-taxation-agreement.htm>

Note 12: Inland Revenue (Amendment) (Tax Concessions for Family-owned Investment Holding Vehicles) Ordinance 2023, details from Legislative Council of HKSAR <https://www.gld.gov.hk/egazette/pdf/20232720/es1202327208.pdf>

TAX CONCESSION FOR FIHVS MANAGED BY SFO

Subject to satisfying the relevant requirements under the Ordinance, the assessable profits of qualifying FIHVs earned from qualifying transactions and incidental transactions (subject to 5% threshold) will be taxed at a 0% concessionary tax rate.

Below is a summary of the key factors under the Ordinance:

Pre-approval	No pre-approval from the IRD is required.
Eligible SFO	<ul style="list-style-type: none"> ▶ Must be a private company (incorporated in or outside Hong Kong) and normally managed or controlled in Hong Kong ▶ At least 95%, in aggregate, of its beneficial interest (whether directly and indirectly) is at all times during the year held by one or more than one member of the family¹³ ▶ Provides services to specified persons* of the family during the basis period for the year of assessment and the fees for the provision of those services are chargeable to Hong Kong profits tax; and ▶ Fulfils the safe harbour rule whereby at least 75% of the SFO's assessable profits are derived from the services provided to specified persons of the family <p>* "Specified persons" in relation to a family means: (a) an FIHV that is related to the family; (b) a family-owned special purpose entities (FSPEs) in which an FIHV mentioned in (a) has a beneficial interest (whether direct or indirect); (c) an interposed FSPEs (IFSPES) of an FIHV mentioned in (a); and (d) a member of the family.</p>
FIHV to be eligible for tax concession	<ul style="list-style-type: none"> ▶ Must be a body of persons (corporate or unincorporate) or a legal arrangement, and includes a corporation, a partnership and a trust, which is incorporated, registered or established in or outside Hong Kong ▶ At least 95%, in aggregate, of the beneficial interest (whether directly and indirectly) is held by one or more than one member of a family at all times during the year¹³ ▶ It is managed by an eligible SFO of the family which carries out any one of the investment activities for the FIHV ▶ Must be normally managed or controlled in Hong Kong during the basis period for the year of assessment ▶ The FIHV(s) must only serve as an investment vehicle for holding and administering the assets for the Single Family, and must not directly engage in activities for general commercial or industrial purposes; and ▶ A cap is imposed such that not more than 50 FIHVs managed by the same eligible SFO may benefit from the profits tax concession.
Minimum assets under management	The aggregate amount of the net asset value (NAV) of the specified assets under Schedule 16C ¹⁴ of the Inland Revenue Ordinance (IRO) held by a single FIHV or multiple FIHVs shall be at least HK\$240 million.
Qualifying transactions of FIHV(s)	<ul style="list-style-type: none"> ▶ Qualifying transactions refer to transactions in assets currently specified in Schedule 16C of IRO for the purposes of a unified tax exemption regime for funds, which broadly cover securities and other kinds of financial assets ▶ Profits from investments in certain private companies (whether incorporated overseas or in Hong Kong) by FIHVs or FSPEs or IFSPES will not be exempted if they fail the three tests, namely (1) immovable property test; (2) holding period test; and (3) control and short-term asset test ▶ If any transaction in a private company fails to pass the tests above, the profits tax concession will not be applicable to the profits earned from that non-qualifying transaction only. The profits earned from other qualifying transactions of the FIHV or FSPE will not be affected

Note 13: Except where a tax-exempt charitable institution under Section 88 is involved to hold up to 25% of beneficial interest, family members can hold at least 75% of beneficial interest, and unrelated person can hold not more than 5% of beneficial interest.

Note 14: Classes of qualifying assets specified in Schedule 16C include securities, shares, stocks, debentures, loan stocks, funds, bonds, or notes of, or issued by, a private company, futures contracts, foreign exchange contracts, deposits other than those made by way of a money-lending business, bank deposits, certificates of deposit, exchange-traded commodities, foreign currencies, over-the-counter derivative products and an investee company's shares co-invested by a partner fund and Innovation and Technology Venture Fund Corporation under the Innovation and Technology Venture Scheme.

Substantial activities requirements	<ul style="list-style-type: none"> ▶ An FIHV should incur at least HK\$2 million annual operating expenditure in Hong Kong for carrying out investment activities for the year ▶ An FIHV should employ at least two full-time qualified employees in Hong Kong <p>Outsourcing of the core income generating activities (CIGAs) to the ESFO is permitted provided that the use of outsourcing is not for circumventing the substantial activities requirement. In other words, employees could be hired and operating expenditure could be borne by the ESFO which would perform the CIGAs on behalf of the FIHV(s).</p> <p>An overarching requirement is imposed on the number of persons employed and the amount of annual operating expenditure incurred, the decision for being “adequate” is in the opinion of the Commissioner of Inland Revenue (CIR).</p>
Election and tax filing obligations	<ul style="list-style-type: none"> ▶ Qualifying FIHV is required to make a formal election which is irrevocable ▶ SFO and each qualifying FIHV are required to file annual tax returns with the IRD
Additional concession criterion for interest in SPEs	<p>The regime would also cover SPEs established by an FIHV that holds and administers investment in private companies. The assets held by an FSPE or an IFSPE of the relevant FIHV will be included in calculating the NAV.</p>

Recognising that business substance will be centralised in the SFO, outsourcing of core income generating activities by the FIHV to the SFO is permitted, provided that the use of outsourcing is not for circumventing the substantial activities requirement.

To address the special features of family office arrangements whilst ensuring that adequate safeguards are in place, the deeming provisions would not apply to (i) resident individuals; and (ii) resident non-individual entities that are an eligible SFO or a specified entity.

The deeming provision contained in the existing tax exemption regimes for funds would generally not be applicable to resident individuals or resident entities owning the FIHVs. However, the Ordinance incorporated the following anti-avoidance provisions:

- ▶ An FIHV or SPE would not be eligible for the tax concession if the main purpose, or one of the main purposes, of the FIHV or the SPE to enter into the arrangement is to obtain a tax benefit.

- ▶ Where there has been a transfer of asset or business from a person or the controlled entities (“the Transferor”) to an FIHV or the FSPE/IFSPE, and the Transferor is carrying on a business in Hong Kong, the FIHV would be denied the tax concession unless the Transferor is chargeable to tax in respect of the arm’s length profits derived from the relevant asset or business transfer.

The Ordinance was passed on 10 May 2023 and takes retrospective effect in respect of a year of assessment commencing on or after 1 April 2022.

5

Compliance and Reporting Requirements

Licence requirements¹⁵	<p>SFC is the main regulatory body. Whether or not to apply for a licence depends on the following three factors all of which must be present:</p> <ul style="list-style-type: none">▶ The services provided by the FO constitute one or more regulated activities as defined under the Securities and Futures Ordinance▶ The FO is carrying on a business in the provision of such services; and▶ The business is carried on in Hong Kong <p>The licensing regime under the Securities and Futures Ordinance is activity-based. In general, if a SFO is an operating entity providing regulated asset management services solely to the family, the related entities or wholly owned subsidiary, an intra-group carve-out will be applied so licensing is not required.</p> <p>The types of SFC licence that a MFO is required to apply for depend on the services the MFO provides, e.g. Type 9 regulated activity (asset management) is a typical licence for MFOs. Intermediaries providing transactional or advisory services to MFO must comply with codes of conduct and other regulatory requirements.</p>
Corporate governance and compliance	<ul style="list-style-type: none">▶ Governance: Directors need to take care of their statutory and fiduciary responsibilities. Failing to comply with a director's duties may make them liable to civil or criminal proceedings and may disqualify them from being a director▶ Annual compliance: Filing of an annual return and renewal of a BRC with government fees are required annually▶ Annual general meeting (AGM): A company must hold an AGM in respect of each financial year of the company unless it has fulfilled certain conditions to dispense with such requirement
Financial and tax reporting	<p>There is no special financial reporting obligation for family offices. However, FO and FIHV registered as Hong Kong companies are statutorily required under the Companies Ordinance to prepare audited financial statements, which must comply with the accounting standards stipulated by the Hong Kong Institute of Certified Public Accountants.</p> <p>The audited financial statements must be prepared annually, except for companies that have made the statutory declaration for dormancy within the terms of the Companies Ordinance. The audited financial statements are also normally required to be submitted to the IRD for annual tax filing purposes together with profits tax returns, and other supporting documents for SFO and FIHV. IRD may assess tax concessions for FIHV based on the actual operations.</p>

Note 15: SFC Quick reference guide to licensing requirements for family offices

Individual tax residency

As mentioned earlier, Hong Kong adopts a territorial taxation basis. Therefore, the concept of tax residency has no significance in determining tax liability, except in limited circumstances. A Hong Kong tax resident is:

- ▶ An individual who ordinarily resides in Hong Kong; or
- ▶ An individual who stays in Hong Kong for more than 180 days during a year of assessment or for more than 300 days in two consecutive years of assessment, one of which is the relevant year of assessment

An individual who is a Hong Kong tax resident may elect for personal assessment whereby income chargeable to salaries tax, profits tax and property tax in an aggregated single assessment. There are several concessionary deductions and allowances available for salaries tax liability.

KEY EMPLOYMENT REQUIREMENTS

Employees' Compensation Insurance (ECI)	► It is compulsory that an employer takes up Employees' Compensation Insurance to cover liabilities under the Employees' Compensation Ordinance and under the common law for work injuries and occupational diseases suffered by employees under contract of service.
Employer's tax file number	► The IRD will issue an "employer tax file number" to a new employer. You may request this by writing to the IRD with your company's certificate of incorporation if not automatically issued by the IRD.
Employment agreement	► According to the Employment Ordinance, employer and employee should sign an employment agreement listing the conditions of employment. An employer should always keep the wage and employment history of each employee covering the preceding 12 months during his/her employment. The related information should also be kept for 12 months after the employee's last working day.
Employer's filing obligation	► IRD requirements stipulate that an employer must file a commencement notification form for a new employee, an annual employer's return for remuneration paid to employees, a cessation of employment form on termination of service or death, a departure notification form before an employee's departure, and withhold money for tax clearance.
Mandatory Provident Fund Scheme (MPF)	► An employer should enrol all employees in an MPF scheme within the first 60 days of their employment according to the Mandatory Provident Fund Scheme Ordinance (Cap. 485). Employer and employee should make monthly MPF payments subject to a cap of HK\$1,500.
Minimum wage	► Under the Employment Ordinance, an employee's average wage in a wage period must not be less than statutory minimum wage (SMW), i.e. HK\$40 per hour ¹⁶ regardless of whether employees are employed under continuous contract.
Leave entitlements	► All employees employed under continuous contract enjoy not less than one rest day for every seven working days and statutory holidays. The minimum requirements for annual leave are seven days' paid annual leave per year, the annual leave increasing one day per additional service year until the annual leave capping of 14 days is reached in the ninth service year. Sick leave, maternity leave and paternity leave must also be paid to suitable employees.
Payroll payments	► An employer is required to make a salary payment to the employee on the last day of each pay period or not later than seven days after the end of the wage period. The wage period can be defined by employer and employee but is usually set as one month. In termination cases, an employer should settle all final payment (except severance payment) within seven days of the employee's termination date.

Note 16: Labour Department website: <https://www.labour.gov.hk/eng/news/mwo.htm>

IMMIGRATION CONSIDERATIONS

Under the General Employment Policy (GEP), foreign nationals for FOs can consider two types of visas:

Employment visa	► Foreign nationals who are to perform services or work in Hong Kong must obtain an employment visa prior to commencing work in Hong Kong. An employment visa must be sponsored by an eligible FOs and evidence that the position cannot be filled locally, and that remuneration is required to be at the market rate is required. Applicants must have relevant qualifications and experience for the nominated position. Employment visas may be issued for periods of up to two years and may be renewed subject to all criteria being met.
Investment visa	► Available to foreign entrepreneurs who plan to establish or join in a business and make a substantial contribution to the Hong Kong economy. Factors taken into consideration include, but are not limited to, the business plan, business turnover, financial resources, investment sum, number of jobs created locally, and introduction of new technology or skills.

Family members of applicants for both employment visa and investment visa can accompany applicants via dependent visas.

Mainland China residents wanting to work for FOs in Hong Kong can consider an employment visa as well as the following types of visas:

Admission Scheme for Mainland Talents and Professionals ASMTP	Technology Talent Admission Scheme TechTAS	Immigration Arrangements for Non-local Graduates IANG
► This is for candidates possessing special skills, knowledge or experience of value to and not readily available in Hong Kong	► Provides a fast-track arrangement for eligible companies to admit non-local technology talent to undertake research and development work in Hong Kong	► Mainland China residents who are/were non-local students and have obtained an undergraduate or higher qualification in a full-time and locally accredited programme in Hong Kong may apply to stay/return and work in Hong Kong

As announced in the Chief Executive's 2022 Policy Address on 19 October 2022, the HKSAR Government is proactively tapping the world for talent. Relevant initiatives for FOs include:

Launch of Top Talent Pass Scheme for a period of two years	<p>Eligible talents include:</p> <ul style="list-style-type: none"> ▶ Individuals whose annual salary reached HK\$2.5 million or above in the past year ▶ Individuals who graduated from the world's top 100 universities with at least three years of work experience over the past five years; and ▶ Individuals who graduated from the world's top 100 universities in the past five years and have yet to fulfil the work experience requirement, subject to an annual quota of 10,000 <p>These first two categories of talents will be issued a two-year pass to explore opportunities in Hong Kong and are not subject to any quota. The scheme will be reviewed after the first year of implementation.</p>
Streamlining GEP and ASMTP	<ul style="list-style-type: none"> ▶ For vacancies falling under the 13 professions¹⁷ with a shortage of local supply on the Talent List, or vacancies with an annual salary of HK\$2 million or above, employers are not required to provide proof to substantiate their difficulties in local recruitment in making applications for talent admission. Asset management, a category applicable to FO professionals, is one of the professions on the Talent List.
Relaxation of IANG	<ul style="list-style-type: none"> ▶ This entails an extension of the limit of stay from one year to two years to facilitate graduates remaining in or coming to Hong Kong for work; and an expansion in scope on a pilot basis for a period of two years to cover those who graduated from the Greater Bay Area campus of a Hong Kong university. The pilot arrangement will be reviewed after the first year of implementation.
Extending limit of stay for employment visas	<ul style="list-style-type: none"> ▶ Talents admitted under existing and newly launched talent admission schemes and securing employment may be issued with an employment visa valid for a maximum period of three years.
Refunding extra stamp duty	<ul style="list-style-type: none"> ▶ Extra stamp duty must be paid by eligible incoming talents on purchasing residential property in Hong Kong. These talents can now apply for a refund if they subsequently become a permanent resident on residing in Hong Kong for seven years.

Two out of the eight family office initiatives (i.e., the new Capital Investment Entrant Scheme and the Hong Kong Academy for Wealth Legacy) set out in the Policy Statement on Developing Family Office Businesses also demonstrate the HKSAR Government's pro-activeness in tapping the world for talent.

Note 17: The expanded Talent List increased the coverage from 13 professions to 51, with immediate effect on 16 May 2023. Details from the Press Release of HKSAR: <https://www.info.gov.hk/gia/general/202305/16/P2023051600337.htm>

Family governance	<ul style="list-style-type: none"> ▶ Family governance tends to be one of the most overlooked strategic priorities in a family office. Clear governance helps set clear boundaries, coordinate financial demands, develop nonfinancial capital, and set priority and ownership of oversight for the family and its investments. ▶ To manage wealth transition and avoid disruption, it is important to have a solid, working governance system in place. Based on work with multigenerational families and family offices, the best structure for long-term success is a system of parallel governance focused on owner governance and business and/or investment governance.
Philanthropy	<ul style="list-style-type: none"> ▶ Philanthropic management is one of the key services provided by an FO, with the main forms of philanthropy that an FO manages evolving from traditional cheque-writing donations to social-impact investing. The latter involves investments in companies, organisations or funds with the intention of generating a social or environmental impact alongside a financial return. ▶ Hong Kong is a regional centre for philanthropy with more than 15,000 charitable organisations² in the city. The IRD will grant tax exemption to eligible charitable institutions, or a trust of a public character, under Section 88 of the IRO. ▶ One of the eight family office initiatives is to develop Hong Kong into a philanthropic centre. This goes hand-in-hand with the tax concession for FIHVs managed by SFO, where charitable institutions that are exempt from tax under Section 88 of the IRO can directly or indirectly hold up to 25% of the beneficial interest of eligible SFO or FIHV⁵.
Impact investments	<ul style="list-style-type: none"> ▶ Environmental, social and governance (ESG) investments are focus areas of FOs in Hong Kong, and business families are dedicated to making an impact through their investments. The HKSAR Government has launched the Pilot Bond Grant Scheme, Green Bond Grant Scheme, HK\$100 billion Government Green Bond programme and enhancement of the Qualifying Debt Instrument Scheme to build a comprehensive green finance ecosystem in Hong Kong. The Hong Kong Monetary Authority's Exchange Fund will also give priority to ESG investments if the long-term risk-adjusted return is comparable to other investments for responsible investors.
Virtual assets	<ul style="list-style-type: none"> ▶ Virtual assets are alternative investments made by FOs. On 31 October 2022, the Financial Services and the Treasury Bureau issued a policy statement on the development of virtual assets in Hong Kong, setting out authorities' policy stance and approach towards developing a vibrant sector and ecosystem for virtual assets in Hong Kong. The government will be open to the possibility of having Exchange Traded Funds on virtual assets, future review on property rights for tokenised assets and the legality of smart contracts, stablecoins, and exploring a number of pilot projects to test the technological benefits brought by virtual assets and their further applications in the financial markets.

8

Insight and Experience Sharing from Thought Leaders

We are honoured to have 10 industry experts, including leaders of family offices and professionals from the financial services sector¹⁸, share their market insights and experiences in business operations in Hong Kong. Whether you are the leader of a family office or the founder of your own family business; whether you are the leader of a multi-generational family firm or a C-suite professional, we hope you will find the following sharing inspirational and helpful.



Ideal Environment for Family Offices

Setting the Pace With a View to the Long Term



Mr Hani Abuali
Private Investor of a Multi Family Office

For Mr Hani Abuali, former chief executive officer of Petiole Asset Management and now a private investor for a multi-family office, talented professionals and technology are two critical elements that can set apart a city in an increasingly competitive landscape. Hong Kong provides both, plus a host of other benefits, he said.

As a 23-year-plus veteran of the city's financial sector, though currently based in Switzerland, Mr Abuali is highly familiar with the needs of family offices and Hong Kong's dynamic business environment. Prior to his role as CEO at Petiole, he held a number of leadership roles in the investment sector at Morgan Stanley Asia and Mount Kellett Capital, all in Hong Kong. As such, he knows from first-hand interaction with and in Hong Kong's financial world that the availability of investment talent is among the city's top attractions for family offices.

The purpose of a family office is to preserve wealth and to find alternative investments that could help grow the wealth conservatively over the very long term, he recalled. "Clients are very wealthy already through their own businesses, and the purpose of a family office is to ensure the wealth is diversified across multiple asset classes and geographies in sound jurisdictions where the law protects the investor," Mr Abuali said.

The availability of world-class banks, asset managers, FinTech companies and other financial service providers are among Hong Kong's advantages for family offices, according to Mr Abuali. The city's first-

rate law and accounting firms can guide investors on the rules and regulations of investing not only in Hong Kong and Mainland China but also across the rest of Asia. On the infrastructure front, the city's free flow of capital and clear rules and regulations that promote business and investment add further to its attributes, he said.

In addition, with the digital age deepening its reach into the world of finance and investment, Mr Abuali found Hong Kong's access to technology professionals and its robust telecommunications infrastructure were able to respond effectively to the challenges of the firm's unusually strong drive to automate. "We embraced technology in a more aggressive manner than a typical financial institution," he explained. "We regarded technology as an integral part of our business and tried to leverage the knowledge of not only our employees, but also leading-edge technology consultants in Hong Kong."

Mr Abuali said, "Every part of the investment process, including the middle and back office, was continuously dissected and broken down into smaller tasks. Where we could automate, we did. Where we could outsource to a more efficient provider, we did. We even deployed robots and algorithms in high frequency high accuracy tasks such as capital calls, distributions and notices to clients. Hong Kong provides excellent infrastructure to facilitate all this. Just as importantly, there is no shortage of talented individuals in Hong Kong with strong technology capabilities and resources."

In another leading move, Petiole became a signatory to the Principles for Responsible Investment (PRI) in 2021 under Mr Abuali's watch, indicating the firm's commitment to business investing with positive impact on the environment and society. The PRI is an investor drive created in partnership with the United Nations Environment Programme's Finance Initiative and the UN Global Compact, the world's largest corporate sustainability drive.

"Issues of long-term environmental sustainability, social and governance (ESG) are a top priority and focus for Petiole's clients," he said. "We moved early to address ESG by being among the first to sign on to the PRI in Hong Kong. But even before the formal

signing, we avoided industries that we perceived to be harmful to society and the environment. For example, we have never invested in coal or other mining businesses, no alcohol, and no tobacco companies.

"The firm also requires high standards of disclosure and governance from investee companies and partners," he added.

"Hong Kong maintains its current standing in terms of the rule of law, free flow of capital and people, and ease of setting up a business to attract the family offices of today and tomorrow."

The critical nature of ESG and its importance to many members of the next generation of high-net-worth families makes it likely to be of ongoing significance to the future of the family office landscape, according to Mr Abuali. This means it is imperative that the HKSAR Government moves rapidly to respond to the change. "The Hong Kong government needs to quickly adapt to ESG initiatives as they are front and centre for the Mainland government, which has been investing heavily in areas such as renewables, electric vehicles, and clean automation," he said. "In addition, the children of the current owners of family offices will be more focused on such issues."

Now as a private investor, Mr Abuali sees it as key that Hong Kong maintains its current standing in terms of the rule of law, free flow of capital and people, and ease of setting up a business to attract the family offices of today and tomorrow. Along with ESG, he sees major investment in education of Hong Kong's younger generation as essential to ensure the community is well equipped to deal with the technologies and emerging sectors of the future.

"It's not just about the hardware, the software needs to be continuously evaluated and upgraded," he pointed out.

At the same time, the investment and family office sectors are continuously moving forward. "There are many ways that young people can participate. If they learn about finance, technology, or law, all of these disciplines will help strengthen Hong Kong's future as a global financial centre."



Mr Hani Abuali opines that the availability of world-class banks, asset managers, FinTech companies and other financial service providers are among Hong Kong's advantages for family offices.

Prime Location for Setting Up a Family Office Ready for the new economy



Mr Stuart Gibson
Co-Founder and Co-CEO, ESR

Family offices around the globe are often keen to invest in property-related assets. This makes Hong Kong, with its active real estate sector and significant international connectivity, especially to the fast-developing economies of Mainland China and Asia-Pacific, a highly appealing location for those looking to build and diversify such a portfolio. "The real estate market in Hong Kong is a focus for investors from family businesses and family offices from all over the world," said Mr Stuart Gibson, Co-Founder and Co-CEO of ESR, the largest real asset manager in Asia-Pacific.

Moreover, as Asia powers forward, its burgeoning adoption of the "new economy" - high-growth, cutting-edge tech-enabled businesses that seek to drive forward productivity and services - is adding further lustre to the bright future. As an indication of the region's potential, ESR has US\$149 billion of assets under management, with a major focus of these assets on the new economy. The company is the third largest listed real estate investment manager globally, and largest sponsor and manager of 13 real estate investment trusts (REITs) in Asia Pacific with REIT assets under management of US\$45 billion. "Some of our key investors are from family office backgrounds," Mr Gibson said.

For the regional asset management expert, who has over 24 years' experience in property development and investment in Asia, the factors that underlie ESR's decision to make Hong Kong its headquarters are important considerations for family offices as well. "Hong Kong is an international financial hub where leading financial institutions have established

a presence. There is free flow of capital, underpinned by the rule of law, and a high level of connectivity. It is Asia's transportation and business hub. And while located at the heart of Asia, the city is also a unique gateway to Mainland China, one of the fastest-growing markets in the world. I firmly believe Hong Kong is a good place for family offices to establish a presence."

In addition to the business-friendly framework that spurs Hong Kong's famous dynamism, the HKSAR Government is strongly investing and facilitating the city's transformation into a world-leading innovation and technology hub. Such a strategic move is likely to chime with the aspirations of many second and third generation members of family businesses, whose passion lies in hi-tech ventures, e-commerce, and digital transformation rather than the traditional industries that may have initially powered the family's first-generation success.

ESR is contributing to this transformation by adding its new-economy know-how to Hong Kong's traditional strengths as a logistics hub, thereby promoting job opportunities and generating economic growth. Earlier this year, the company successfully bid for a prime plot of land in the Kwai Chung district of the city. Kwai Chung is home to Hong Kong's major container port terminals, which handled 80 percent of the city's total container throughput of 18 million twenty-foot equivalent units in 2021, making the city one of the world's top 10 ports.

With the spectacular growth of e-commerce and digitalisation, together with the impact of the pandemic and start of de-globalisation, there is now more demand for logistics, data centres and hi-tech industrial space in key markets across Asia-Pacific, Mr Gibson noted. ESR will use the Kwai Chung site to develop its first state-of-the-art cold storage and logistics project in Hong Kong. The company has also received government approval to convert a former cold storage site in Kwai Chung into ESR's first data centre in the city.

Hong Kong's drive for regional leadership in green finance and Environmental, Social, and Governance (ESG) is another plus for companies and family offices keen to work in a business environment that

recognises the importance of and prioritises such issues. Hong Kong is already one of the world's largest green bond markets, with the HKSAR Government launching several schemes, including a HK\$100 billion Government Green Bond Programme to underpin the development of green finance in the city and the Green Bond Grant Scheme to encourage green bond issuers to obtain certification under the city's Green and Sustainable Finance Certification Scheme to enhance credibility and confidence.

“With the city’s strategic location, we believe that Hong Kong will have an enduring relevance to the Asia-Pacific region and to the world.”

Mr Gibson, whose company is committed to integrating sustainability into all aspects of its business and is a signatory to the United Nations-supported Principles for Responsible Investment, is happy to see Hong Kong's proactive approach to sustainability as well as to foster it in the city through ESR's own practices and strategies. As set out in the company's ESG roadmap, these range from sustainable financing and green building certifications to diversity, inclusion, and broader community engagement. ESR will also be working closely with CLP Power, its strategic partner in Hong Kong, to promote the use of renewable energy. "Creating space and investment solutions is at the centre of what we do at ESR," he said. "It's what drives us to manage sustainably and impactfully in the environment and communities where we operate."

In 2019, a milestone event took place in ESR's development when the company was successfully listed on the Main Board of the Hong Kong Stock Exchange. In gaining a listing, the firm became one of the record 168 firms to take this route to an initial public offering in the city's dynamic market that year.

As such, "Hong Kong will always be an important part of ESR's history", according to Mr Gibson. And the city is very much part of the company's future vision too. Three years on and a pandemic notwithstanding, ESR has been able to leverage its base in Hong Kong to capitalise on opportunities in the region and open an exciting new chapter in its growth, including the projects in Kwai Chung. "With the city's strategic location," Mr Gibson explained, "we believe that Hong Kong will have an enduring relevance to the Asia-Pacific region and to the world."



Mr Stuart Gibson says that Hong Kong is Asia's transportation and business hub, with a multitude of advantages to ensure businesses can flourish. He believes Hong Kong is a good place for family offices to establish a presence.

Family Business Takes on ESG Staying Power and Sustainability



Dr Aron Harilela
Chairman and CEO, Harilela Hotels Limited

Globalisation and multiculturalism may have taken a knock geopolitically recently. However, in Hong Kong, both are still very much a characteristic of the city's business environment, which over the decades has welcomed entrepreneurial minds from all over the world into its midst and continues to do so.

One of the most prominent Asian families to have created a global presence from their Hong Kong base are the Harilelas, who were originally from India but have resided in the city for five generations. "I am an Indian, born in Hong Kong, and a Hongkonger through and through," said Dr Aron Harilela, CEO and chairman of Harilela Hotels Limited, "I speak better Cantonese than I do Sindhi!"

The Harilelas' success story is a Hong Kong classic of shrewd market foresight, tenacity, and transformation, with the first generation bouncing back from the many ups and downs of tailoring and the rag trade in the city in the 1930s and 1940s; and the six brothers of the second generation moving with the times into real estate and hotels from the late 1950s onwards.

Established in 1959 by the late Mr Hari Harilela, Aron's father, the Harilela Group currently operates 15 properties across Hong Kong, Mainland China, the Far East, Europe, and the US. It is still wholly owned by the close-knit family, while scores of family members of different generations also live together in a sprawling complex in the Kowloon Tong area of the city.

Hong Kong's international flavour is among its most amazing aspects, Dr Harilela pointed out. "Walk down the street and all these different languages are being spoken. And everyone has a wide perspective. We meet together and do business together in this very dynamic city.

"So Hong Kong is a very important place for us and we are not moving anywhere."

Dr Harilela, who holds a PhD in political philosophy, is a former chairman of the Hong Kong General Chamber of Commerce and recipient of the Bronze Bauhinia Star, a prestigious Hong Kong government award in recognition of his contributions to the community and hotel industry.

With Hong Kong's diverse community connections and top information and communication infrastructure, he finds the city a good place to keep up with what is happening in Mainland China and internationally, even if face-to-face encounters have been difficult since COVID took centre stage. "Being in the hotel sector includes being in the real estate sector - as we own the underlying properties. Both of these industries are dependent on three things: movement of people, capital, and ideas. This means I need to pay particular attention to geopolitical and societal issues, the economy, and technology. We have to stay ahead of the curve."

Indeed, COVID-19 and the subsequent travel restrictions between and within countries and regions have made the hotel sector a testing business over the past three years as tourism and business travel shrivelled. The Harilela Group, like others in the industry has tried to trim expenses, but specifically sought to retain staff in line with a belief in the importance of people, sincerity, and loyalty.

Coming through this together, Dr Harilela believes, will only make the Group more robust. Furthermore, it has now put them in an advantageous position to speedily regain momentum as borders start to open globally and the struggle with the virus evolves into a battle for talent. "We fought through this very difficult period with resilience and the same teams have come out even stronger," he said.

Schooled in his father's philosophy of always staying ahead of market trends, Dr Harilela has also been busy in recent years making sure the Group's hotels implement initiatives to address environmental, social and governance (ESG) issues.

He cites The Hari Hotel in Hong Kong as an example. The hotel holds a Leadership in Energy and Environmental Design silver award for energy and environmental standards and a Building Environmental Assessment Method Plus silver, both leading assessment tools for green buildings globally. Meanwhile, the hotel's water filtration system has eradicated the use of over 180,000 plastic water bottles annually and it is committed to "no single-use plastic". "We opened the hotel two years ago in the midst of the pandemic but we built it to the highest specifications," he said. A highlight is a green wall above the second floor terrace, which improves air quality and helps to reduce the urban temperature.

"Hong Kong is a very important place for us and we are not moving anywhere."

With Hong Kong seeking to lead the way in ESG issues, he said, it was important for hotels to visibly demonstrate sustainable practices to keep the issue uppermost in the minds of visitors to the city and leave a lasting impression. "When people stay at The Hari, they know we are committed to sustainability."

As a third-generation member of a family business - the founding structure behind many major companies in Asia - Dr Harilela is well aware of the importance of careful succession planning. He experienced it himself, with his father nurturing him to take the business forward through hands-on experience, personal input, and by passing on a group with a solid reputation.

"Succession planning for our company, as with many family companies in Hong Kong and Asia, is an important issue," he said. "Respect and hierarchy are governing factors for many family businesses, and to pass them on from one generation to the next, these factors need to be tackled in advance. Governance becomes of utmost importance in creating a successful transition to an inter-generational family business.

"With the stakeholder group increasing as the family grows over the generations, the business needs to take account of the diverse interests this encompasses. However, it also has to keep the decision-making central and powerful. What is useful for family businesses, then is to look at public and private companies around the world and what makes them successful. Then implement those successful strategies in succession planning."

In looking ahead to Hong Kong's own next-generation horizons, Dr Harilela notes how the city's economy has continuously reinvented itself since the 1980s, especially the hotel industry. Initially, China opened its borders, made Shenzhen a special economic zone, and the Pearl River Delta became the world's manufacturing region. "International companies set up offices in Hong Kong to trade with Mainland China. Hong Kong hotels positioned themselves for the change in demographic. In the 2000s, the finance industry grew in stature in Hong Kong, and hotels re-jigged themselves again for the change," he said. "I believe a similar transformation will happen with the Greater Bay Area."



The Harilelas, one of the most prominent Asian families, were originally from India but have resided in Hong Kong for five generations.

World-class Professional Services Driving Asia's Multi-Family Office Boom



Mr Kenneth Ho
Founder and Managing Partner, Carret Private Capital Limited

Mr Kenneth Ho is a financial services dynamo who never seems to be short of a visionary initiative for private wealth management. As founder and managing partner of the award-winning multi-family office Carret Private, Mr Ho is leveraging over 25 years of experience in the global banking industry to accelerate the city's multi-family office ecosystem and drive forward expansion in the Greater Bay Area, as well as other parts of Asia.

"Since our focus was to make the biggest impact on the growing wealth in Asia, and the majority of that wealth was coming from Greater China, it was quite logical that we set up an office in Hong Kong," he said. "Most of our work in a multi-family office involves sourcing clients, deals, and ancillary professionals, and they are all available here. Additionally, in terms of my own recruiting, we needed the best banking professionals available to work with us."

Carret Private provides services for multi-family office, independent asset management, and private investments. Some 80 percent of the company's clients are from Greater China - all new Chinese-driven wealth from Hong Kong, Mainland China, and Taiwan - and the rest from the US, Southeast Asia, and Europe, Mr Ho explained.

His company is a Hong Kong-based affiliate of Carret Asset Management LLC, a US Securities and Exchange Commission (SEC)-registered investment adviser, located in New York. Carret Asset was originally founded by Mr Philip Carret, a legendary US money

manager from the 1920s to the 1990s. Mr Carret, one of Warren Buffett's investment heroes, was a leading exponent of the concept of value investing, a strategy based on thorough analysis and the long-term view: actively seeking out quality stocks that the market seems to have undervalued and patiently holding on to them until they return to their intrinsic value.

In 1963, Mr Carret founded Carret Asset Management as a family office to provide investment services for institutional clients and high-net-worth families. "Philip firmly believed in value investing and that this approach was just as applicable to managing family money as well as institutions," Mr Ho said.

Mr Ho is equally keen on the long-term vision of value investing as a basis for sustainable, multigenerational investment, and in 2016 with the support of the legacy of Philip Carret and other key families, Carret Private was established. Clients to date are based in or travel frequently to Hong Kong as ultra-high-net-worth-families, most have listed companies either in Hong Kong or the US, and many are tech-related. Another commonality is the families have largely attained their wealth in the preceding one to two decades, and as such, are first-generation high-net-worth investors.

"We basically have to look at all the issues related to investing the money today and providing the structure to manage it in the future," Mr Ho said. "This means we need to delve into a plethora of issues related to the next generation. As such, our multi-family office has to have access to the best service providers in the region, most of which are based in Hong Kong. We need these professionals to help us structure and put together the deals and situations that our families are looking at. We need to talk to accountants, legal professionals, administrators. These people are all very beneficial to families as they address the issues of today and for the future."

As each family differs in the services they need and directions for managing their wealth, Hong Kong's broad and deep pool of talents, conveniently located in the compact city, is a key advantage. Wealth and asset management are further assisted by the fact

there is no control over capital movement and no capital gains, dividend income, or inheritance tax in Hong Kong. The city is the capital markets hub of Asia, with traditional strengths in finance and real estate, among others. It has also played a major role in Mainland China's economic liberalisation and hosts the largest pool of RMB liquidity outside the Mainland.

Mr Ho himself is an excellent example of the east-west experience and leading-edge global expertise that Hong Kong draws. He worked in investment banking at Solomon Brothers on Wall Street before the firm sent him out to Hong Kong. He then moved into wealth management. Mr Ho went on to set up wealth management platforms at two of the largest banks in Asia, becoming a front-runner in establishing the open-architecture business model.

“Our multi-family office has to have access to the best service providers in the region, most of which are based in Hong Kong.”

Currently, among his service contributions, he is the vice-chairman of the Family Office Association of Hong Kong, where he is representing the sector in discussions with the government on future development to strengthen the city's appeal to family offices.

Such activity and Hong Kong's long-standing connectivity with both Mainland China and international markets, networks, and opportunities keep the convivial Mr Ho well up to date with changing times globally. "We have to pay close attention to major external economic, societal, geopolitical, and technological trends because our clients pay close attention to these issues, given these do not only affect their investments but their own businesses and families as well. But it is certainly easier because we are based in Hong Kong. As an example, we have to talk to hedge funds, research houses, investment

banks, private equity and venture capital houses and many top institutions and professionals in these areas and institutions are based here."

While the pandemic has brought its challenges to Hong Kong's financial services sector, for Mr Ho, the city's combination of strategic location in Asia and comprehensive, accessible world-class wealth management services remain hard to outshine for those looking to secure their family's future. The city is also spurring technological developments, presenting investment opportunities as well as facilitating business operations, and pointing the way to new horizons in the years to come.

Meanwhile, the multi-family office is implementing its own specific technology strategy to digitise operations as it gears up for further development of the transformational, innovation-driven southern China marketplace of over 86 million people within the Guangdong-Hong Kong-Macao Greater Bay Area. "This will help us prepare for the expected and amazing growth through the Greater Bay Area initiative that we envision coming," Mr Ho said.



Mr Kenneth Ho points out that Hong Kong is home to a diverse talent pool, equipped with world-class professional services to drive family office boom.

The Value-Added Family Office

A Great Deal More Than Wealth Preservation



Professor Roger King
Adjunct Professor, Hong Kong University of Science and Technology

It is not just a question of money and how to retain it down the decades when it comes to considering setting up a family office, particularly for ethnic Chinese and Asian families, according to Professor Roger King. Indeed, wealth and investment are just one of the three Ps in the concept he has developed through more than 15 years of exploration and analysis of the region's fast-evolving family office landscape at the Hong Kong University of Science and Technology (HKUST).

"Most people think of the family office as an organisation to manage liquid assets or wealth for the family itself. I think that is too much of a limitation," said Professor King, whose years at HKUST have included becoming founding director of the University's Tanoto Center for Asian Family Business and Entrepreneurship Studies and the Thompson Center for Business Case Studies, both in 2012.

"Instead I see it as representing the three Ps or preservations: the first 'P' is preservation of family wealth; the second is preservation of family harmony; and the third is preservation of the family value system, the family legacy. So it is not just a matter of money. It is also important to consider the concept of harmony and family legacy that a family office can help pass down to future generations," he said.

Now an adjunct professor in finance at HKUST and a senior adviser to the two business centres, Professor King has a rich history of real-world experience to add to his teaching and research insights on the region's family businesses. He has enjoyed a highly successful

and wide-ranging 40-year career in Hong Kong as a "serial" entrepreneur, board director of multiple companies, as well as serving as honorary consul for the Republic of Latvia, which has placed him in an apposite position to witness and experience at first hand the development of the region's growing number of conglomerates during Asia's economic rise in the past half-century.

The Chinese-American businessman-academic was born in the United States but spent his childhood in post-war Shanghai until the early 1950s when the family returned to the US. In the 1960s, he received a bachelor's degree in electrical engineering from the University of Michigan and then served as a US naval officer. Following this, he earned a master's in electrical engineering and operations research at the University of New York. He spent several years as a technical staff member at the prestigious Bell Telephone Laboratories at a time of rising interest in the potential of computers. He later undertook management consultancy at the Diebold Group, a pioneer of computer-based automation. He moved again from the US to Hong Kong in 1975 to follow his entrepreneurial dreams and has remained in the city since then.

"We came to live in Hong Kong after a visit to the city for my wife's grandmother's 90th birthday in 1973," Professor King recalled. "I found it had a very entrepreneurial ecosystem, which I liked, plus the Shanghaiese that had moved to Hong Kong were very active. The city made it very easy to do business. People were hardworking. There was the rule of law and a simple taxation system. I can't speak any Cantonese but my English was well received in this part of the world. Moreover, the special skill set I had with regards to computers and systems turned out to be very useful to Hong Kong business people."

On transferring to the business arena, he soon made an impact as the founder of Oriental Data Systems, a distributor of computers and computer systems. He went on to run and chair numerous other enterprises, ranging from offshore oil rig production to coffee and cosmetic retail chains. He extended his expertise further as a "company doctor", buying businesses in difficulty and seeking to turn them around. He

also continued his own personal development and learning, becoming an Advanced Management Programme alumnus of Harvard University (Class of 1987) and completing a PhD in finance at HKUST at the age of 66.

In his own case, he has been able to combine east-west views on management in establishing a family office as his two sons are both asset managers as well as having a "deep personal interest in money management". This has kept arrangements both within the family as well as professionally managed, Professor King explained. "Around a decade ago, they created a platform basically as a multi-strategy hedge fund, which has gradually evolved into what you can call a single family office for our own branch of the family."

"The three Ps or preservations: the first 'P' is preservation of family wealth; the second is preservation of family harmony; and the third is preservation of the family value system, the family legacy."

Given that his family office is "still very young", according to Professor King, it is mainly centred on generating investment returns at the moment. However, the philanthropic side is growing. He donates money to the University of Michigan each year for students from the Mainland to study engineering. Meanwhile, a keen interest in Jewish culture and intercultural understanding, along with membership of the Board of Governors at Tel Aviv University, has led to funding for a summer science, technology, engineering and mathematics camp for students from the Greater Bay Area, Zhejiang Province, and Israel to generate friendships, establish networks, and learn more about different perspectives.

Furthermore, he is not only proposing his three "Ps" philosophy, in line with his bridging role between academia and practice, he is also putting it to use himself. For example, as an active collector of porcelain, particularly 14th-century Chinese porcelain, Professor King intends to pass the collection down equitably to his three children, all of whom are passionate about art. While dividing such items equally might seem difficult, he has devoted time to come up with a specific plan that safeguards kinship and family values as well as wealth preservation. Just as for others in Asia, he acknowledged: "The notion of family harmony for us is very, very important."

In October 2022, the King's Family made a generous donation to HKUST to support research on Asian family business and family offices, with the centre named after Professor King. At the naming ceremony, his son Mr Stephen King said: "Preserving family values and fulfilling social responsibilities across generations is very close to our family's hearts. We look forward to continuing to support the centre's work in deepening the understanding of family businesses and family offices in Asia."



Professor Roger King donates money to support a summer camp, targeting students from the Greater Bay Area, Zhejiang Province, and Israel to generate friendships, establish networks, and learn more about different perspectives.

Bridging Mainland China and Global Markets

Super-connector to growth



Mr Vincent Lo
Chairman, Shui On Group

As property tycoon Mr Vincent Lo, founder of the Shui On Group, prepares to pass on the baton to the next generation, he has already made one important decision: Hong Kong will remain the abode for his family holdings.

"Hong Kong is an international business and finance centre. It has a simple, low tax regime, a most efficient and effective business environment, and the common law system is a major plus," he explained. "All these factors helped me in growing my business over the years and why we will continue using Hong Kong as our base."

The Shui On Group was first established in 1971 with support from Mr Lo's father, founder of Great Eagle Holdings, a real estate giant. Starting out as a small contractor in Hong Kong, Shui On has since grown into a mega premium property development business, with a substantial portfolio in Mainland China. Iconic projects associated with Mr Lo and Shui On include: cultural and entertainment hub Shanghai Xintiandi, the Knowledge and Innovation Community, and residential development Rainbow City all in Shanghai; Wuhan Tiandi; and Foshan Lingnan Tiandi, among many others.

Half a century after founding Shui On, the entrepreneurial innovator continues to appreciate the business environment, which helped the company flourish. "I have been able to develop and grow my business in Hong Kong and from Hong Kong over the past 50 years," Mr Lo said. "Hong Kong is a free and open market with minimal

interference and intervention by government. In fact, it has been ranked as the freest economy in the world for many years."

And he remains confident that others will see the ongoing advantages of Hong Kong, using the city's appeal as a venue for initial public offerings (IPOs) as one example. "The IPO market has often been ranked No.1 in recent years. I think it will continue to attract people seeking listings. The market remains much bigger than Singapore."

Currently, with the immense challenges created by COVID-19, Mr Lo said that a "prudent and cautious approach" had been adopted for all the group's businesses while looking ahead to the future. "We have maintained a solid balance sheet with substantial cash resources in preparation for, and to be able to take advantage of, the rebound when it happens."

Such prudence has also extended to changes to the Lo family's own assets. "We have further strengthened our family office to look after the family's investments and interests. I have no doubt the office will be playing a more important role in the investment and control of our existing and future businesses."

For Mr Lo, major global changes are afoot in politics and business due to geopolitics, technological changes and COVID-19. It is a diverse range of concerns, which brings another Hong Kong asset to the forefront. "We need to be aware and up to date with all these developments, as they unfold, as they will have a major impact on our businesses," he said. "With the free flow of information in Hong Kong, we are very well informed about the latest changes."

Among such big-picture moves is Hong Kong's deepening integration with the Greater Bay Area. The area forms a key part of China's national economic development strategy. It covers the two special administrative regions of Hong Kong and Macao, and nine other major cities in Guangdong Province. Between them, this encompasses a population of 86 million and an area of 56,000 square kilometres. In 2021, the collective GDP of the Greater Bay Area reached US\$1.958 trillion.

Given Hong Kong's nationally and globally recognised prominence as a cosmopolitan city, and its traditional strategic role as a bridge between east and west, the development of the Greater Bay Area heralds an exciting and greatly extended business arena for those located in the city, Mr Lo believes. "The Greater Bay Area will offer tremendous growth opportunities for Hong Kong companies," he pointed out.

And beyond this, there are many additional openings in the rest of the country where Hong Kong can act as a super-connector in exploring business prospects. "Mainland China with its huge market and high growth has been and will remain an attractive investment destination and business and trading partner for most if not all countries," he said.

"Hong Kong will continue to be an efficient and effective conduit linking Mainland China with the world. I don't see that super-connector role diminishing any time soon."

Mr Lo himself has also established himself as a highly effective connector, not only in his business activities but also as a community contributor on both sides of the border. He participated in preparatory work for the establishment of the Hong Kong Special Administrative Region and is a former chairman of the Hong Kong Trade Development Council. He currently serves as a member of the Board of Directors of Boao Forum for Asia, Honorary President of the Council for the Promotion and Development of Yangtze, Economic Adviser of Chongqing Municipal Government, and Vice-Chairman of the Chamber of International Commerce Shanghai.

Among many accolades recognising his contributions, Mr Lo was made an honorary citizen of Shanghai in 1999 and Foshan in 2011, and awarded the Grand Bauhinia Medal by the HKSAR Government in 2017.

In looking to the company's bridge of and to the future, daughter Stephanie is now playing a major role at Shui On. A graduate of Wellesley College in the US, she has worked for architecture and design firms in New York and has over 17 years' experience in property development in Mainland China. As such, she is well on the way to keeping up Lo family and Hong Kong east-west super-connector traditions.

"Mainland China has its own systems and ways of doing business," Mr Lo said. "This means Hong Kong will continue to be an efficient and effective conduit linking Mainland China with the world. I don't see that super-connector role diminishing any time soon."



Mr Vincent Lo points out that Hong Kong will continue to be the "super-connector", serving as an efficient and effective conduit linking Mainland China with the world.

Capturing diverse investments in Asia

Location, Location



Mr Alex Pestalozzi
Managing Director, Mueller Asia Limited
(At the time of interview)

Over the years, Hong Kong's geographical position and connectivity have made it a productive draw for family offices looking to develop a pan-Asian strategy. Ask Mr Alexander Pestalozzi, managing director of Müller Asia Limited, the regional family office for Mr Theo Müller, a German dairy entrepreneur, who in the early 1970s took over his own father's four-person company in Bavaria and created a multi-billion euro conglomerate with over 20 production sites and around 30,000 employees.

In 2012, Mr Pestalozzi recalled, several locations in Asia were shortlisted as a possible base for a satellite family office to the original Müller family office, established in the early 2000s. "Many families these days sell out their operating business and then create a family office. In this instance, it was used as a diversification play. The family had very few investments outside Europe. So the idea was to find a good position within Asia to create a family office satellite and to make investments that didn't correlate with the existing business."

Mr Pestalozzi soon decided that for a family office focused on diversified investment in Asia, it had to be Hong Kong. "We had a large investment in Mainland China, so we wanted to be close to that investment," he explained. "Back then, we saw Hong Kong as the best location geographically to cover all areas of Asia,

along with a very, very efficient airport. This made it easier to screen other countries and regions and what was happening on-the-spot, including Mainland China. Hong Kong was also a plug-and-play city for ease of setting up, with a lot of entrepreneurial spirit and a large number of international business people – always fruitful for gathering ideas."

The pan-Asian strategy meant that when faced with external shocks in one jurisdiction, such as COVID-related issues, the family office could invest in another, he pointed out. Plus, as a family office, there was no investment pressure to obtain results, enabling the office to hold investments for much longer and "wait for the necessary tail winds to start investing again, which gives us much more flexibility".

"The family clearly understood that being on the ground gives better insights to deal flow as well as creating the necessary networks," Mr Pestalozzi said. Moreover, he additionally went on to grow the family's core dairy business in different Asian countries through the Hong Kong-located family office. This was achieved by providing sales of dairy products, including original enterprise manufacturing brand services, and arranging contacts with Asian trading partners for the supply of UHT milk and other products.

Looking ahead, Müller Asia is seeking to utilise the region's fast-paced economic environment to build novel approaches to environmental, social and governance (ESG) issues, a hot topic that traditional industries are seeking to address in a variety of ways.

A significant part of this approach is the nurturing of new businesses, with the family setting up Müller Ventures, a corporate venture capital arm, to explore and support new technologies that can both advance the dairy industry as a whole and tackle environmental concerns. Mr Pestalozzi sits on the company's investment committee, which, among others, looks at food tech ventures that are exploring cultivated dairy, or cultivated meat.

In terms of Hong Kong's own business environment, Mr Pestalozzi is hopeful that Hong Kong can regain its position as an international travel super-connector hub when COVID-19 restrictions are fully removed. Indeed, he sees this as critical to attract international family offices to establish themselves in Hong Kong, given such families' global lifestyles involving constant movement between countries and regions.

“We saw Hong Kong as the best location geographically to cover all areas of Asia, along with a very, very efficient airport. This made it easier to screen other countries and regions and what was happening on-the-spot, including Mainland China.”

He further believes that government support assisting a wider range of start-ups to base themselves in the city could be a valuable boost to the overall economic ecosystem, a view that chimes with the 2022 policy address by Hong Kong's Chief Executive, which put forward a series of measures to attract businesses and talents, and enhance competitiveness. “Currently, I feel most of the start-ups are in the FinTech and real estate sectors because these are two industries that Hong Kong cherishes,” Mr Pestalozzi said. “I definitely see an opportunity to diversify as this could attract and drive a more varied start-up scene around technology, science and healthcare.”

“But the HKSAR Government needs to help entrepreneurs who set up shop here because it is expensive. The government should think more along the lines of Singapore's Temasek by helping to invest in diverse industries and attracting them to set up a base in the city. That would actually benefit not only the start-up scene, but also family offices that would like to invest in the start-ups and have access to companies and new technologies on the ground.”



Mr Alex Pestalozzi views that the resumption of Hong Kong's role as an international travel super-connector hub is a critical factor to attract international family offices to establish themselves in Hong Kong given such families' global lifestyles involving constant movement between countries and regions.

Land Of Opportunities

Where Even The Sky's No Limit



Mr Song Hoi See
Founder and CEO, Plaza Premium Group

In just two decades, Malaysian entrepreneur Mr Song Hoi-see has transformed globetrotting and assisted the airport industry to fly high. Since 1998, his company, Plaza Premium Group (PPG), and its independent, pay-per-use lounges have successfully piloted the way forward for airport hospitality, offering seamless solutions for a comfortable, convenient journey for all travellers, not only premium passengers, and by making the airport experience memorable in all the right ways.

Expansion has been rapid with the company now operating in 30 countries and regions, 70 major international airports, and over 250 locations, while its award-winning airport lounges have been joined by other airport-based business segments: airport hotels, airport meet & greet services and a range of Airport Dining concepts. With Mr Song and his growing suite of integrated services literally opening up the world, where has the visionary Malaysian, founder and CEO chosen to base himself and his headquarters? "I can confidently tell you that Hong Kong is the land of opportunities," he said.

And Mr Song, EY Entrepreneur of the Year for Malaysia in 2018, is renowned for spotting and leveraging opportunities.

Indeed, PPG is the outcome of observing a gap in the market when he swapped frequent business travels as an investment banker in the 1980s to flying economy during his early years as a serviced office entrepreneur in the 1990s. He soon realised

the difference that access to an airport lounge can make and decided to leverage the advantages that Hong Kong offers to a business with global and long-term, sustainable horizons, and built on partnerships with leading financial service companies, airlines, and other corporates.

"Hong Kong International Airport is a major aviation hub, and one of the most well-connected airports in the world," Mr Song pointed out. "So when the new airport opened at Chek Lap Kok in 1998, I took this as an opportunity to build the first pay-per-use airport lounge there.

"In addition to being a strategic location and a hub for regional and global business, Hong Kong offers excellent business infrastructure, transparency, and efficient processes, all of which attracted me to establish PPG's headquarters in the city. Hong Kong is also the gateway to Mainland China. What a potential market with a population of 1.4 billion! Why would I not choose Hong Kong as my headquarters?"

The decision proved life-changing and not only for Mr Song. In the past five years alone, PPG has garnered more than 60 accolades for its services, standards, and entrepreneurship. Pre-COVID in 2019, the city's airport handled over 70 million passengers, moved 4.8 million tonnes of cargo and airmail, and was connected to 220 destinations by around 120 airlines. While the pandemic has hit the air travel industry particularly hard, Mr Song remains optimistic that the sector will bounce back and his customer-first philosophy, supported by the go-getting business environment in Hong Kong, will be among those leading the revitalisation.

"COVID-19 has definitely been a challenge for us," he said. "However, we have taken this opportunity to remodel our corporate and business strategy, working closely with our partners and the airport community to support one another during this challenging time and to revive air travel."

One of the ways the company is overcoming the headwinds stemming from the pandemic is through digital connectivity, viewed as a significant driver of

future services for PPG customers, especially younger ones, and the airport industry overall. The company has recently developed a mobile-app based global airport membership called Smart Traveller, designed for travellers, offering perks and benefits through earning points and redemption.

While securing expertise in this field is tough globally, Hong Kong's long-standing ability to attract talent from overseas and the government's investment in and encouragement of education and training in the area is fostering a pool of talent locally to support technological innovation, he noted.

“I can confidently tell you that Hong Kong is the land of opportunities.”

Meanwhile, the company's operations make a business environment that adheres to high standards of cybersecurity and data privacy protection essential. "As a multinational company covering over 30 countries and regions, we work closely with major airlines, financial institutions and online travel agents. We want to assure our partners and customers that their data is safe with us," Mr Song explained.

The company's workforce now includes Mr Song's two children. The first-generation entrepreneur has encouraged them to gain experience outside the family business - in order to gain different insights and experience. However, the second generation has still been drawn to assist the family enterprise and both his daughter and son have come on board.

"There has never been any pressure for the children to take over," Mr Song said. However, since they have become involved, his primary goal at present is to prepare them for any leadership challenges they may face in the testing times that look to lie ahead in the fast-evolving travel sector. Daughter Mei Mei is the company's global brand and product transformation director and has been instrumental in driving the strategic direction of the company. Her external focus has seen innovation throughout the guest experience, the emergence and deepening of brand partnerships, and key initiatives addressing traveller pain points. Mr Song's son, Jonathan, is the company's global

business director where he leads the company's expansion strategy, which will see the brand reach over 500 locations by 2024/25 in the world's busiest airports, inclusive of own-branded and third-party-managed lounges worldwide.

To overcome the challenges of the future, Mr Song sees resilience, agility in adversity, and being customer-centric as crucial, an outlook that serves to demonstrate why he has found Hong Kong such a compatible place to call home for the past 40 years and to realise his entrepreneurial dreams. Setting up a family office to manage investments other than aviation sector is also an important arrangement for him and his family to achieve risk management and succession planning purpose in long term. Within Hong Kong's mature ecosystem as an international financial centre, he has found just the right combination of opportunities for his family office.

The city accommodates the second largest number of ultra-high-net-worth individuals in the world. It is also where he has raised and educated his family, which means the second generation has grown up immersed in Hong Kong's vibrant multinational culture and dynamic economic environment, which serves as a base for numerous multi-generational family businesses.

Having returned from university overseas, the younger Songs are now seeking to make the most of Hong Kong to keep their family business and family investments at the forefront of development. The Mainland China market, one of the world's largest markets for aviation and other investments, and all points global, are in their sights. "I am very, very lucky," Mr Song said, "that they too can see the opportunities that Hong Kong can offer them."



(From left to right) The Song family: Mei Mei, Mrs Song, Song Hoi See, and Jonathan

Creating Opportunities for Others

How success in Hong Kong is helping foster success



Ms Chloe Suen
Vice Chairman and CEO, ASL Group

For the Suen family, giving back to society is a major goal, and a significant reason for setting up their family office in Hong Kong.

The first generation came to city as young hopefuls in the 1980s from Dongguan in Guangdong Province. Dr Simon Suen and wife Mary brought with them... nothing. Except a natural eye for business if opportunities arose. Which in Hong Kong, they frequently do.

Since then, the couple has greatly prospered. Dr Suen established SML in 1985. Through hard work, dedication, and the inspirational entrepreneurial environment in Hong Kong, the company has since gone on to become one of the world's largest providers of tags, labels and RFID solutions for the apparel and footwear industry. Hong Kong remains its headquarters, with SML currently having operations in over 20 countries and regions worldwide.

In addition, the Suens found the city a good place to start and raise a family of four children. Daughter Chloe, who initially graduated from Carnegie Mellon University and later gained master's degrees from Columbia and Harvard, is now a non-executive director of SML and plays a leading role in the family's philanthropic efforts.

Having enjoyed the success that Hong Kong can bring, both first and second generations of the Suen family have been keen to play their part in fostering an enabling environment by helping others to move

ahead and realise their dreams in their careers and through personal development. "While we have taken advantage of Hong Kong's great infrastructure to operate a global business, study overseas and travel extensively, our family has never left Hong Kong and continues to be based here," Ms Chloe Suen explained.

This commitment led the family to set up the Simon Suen Foundation in 2012, which has a threefold mission: to promote, preserve and advance Chinese arts and heritage, in particular through the founding of the privately funded Sun Museum; to fund scholarships at various universities to support students who can go on to contribute to society through Chinese history, language and visual arts; and to support projects and academic research in fields related to Chinese culture.

In 2015, the Suens set up their Hong Kong-based family office, the ASL Group, with management of their philanthropic activities falling under its responsibilities. Other office roles include taking care of the family's asset portfolio, engaging in different types of investment, and providing operational and administrative support for family members in activities beyond their core business, according to Ms Suen, vice-chairman and CEO of the ASL Group, as well as chair of the Simon Suen Foundation.

"The purpose of the office is very simple: efficiency and privacy," she said. "It consolidates resources, provides structure, governance and reporting for entities owned by various family members."

The focus on the advancement of Chinese arts and culture is a result of the Suens' belief that such endeavours can contribute to people's personal growth and development. Ahead of the establishment of the foundation and family office, Dr Suen had already started supporting such activities, both large and smaller in scope. Among others, he established the Mr Simon Suen and Mrs Mary Suen Sino-Humanitas Institute at Hong Kong Baptist University, which seeks to boost international Sinological research and exchange between Chinese and overseas scholars.

"My father considers classical Chinese studies to be of great value," Ms Suen said. "He also loves art, especially Chinese ink paintings, so we feel it is important to support artists and their work. The foundation was set up to realise my father's vision, and to formalise such philanthropic work so that we could deploy our resources more systematically and efficiently."

"Through the power of arts and culture, our foundation and family hope to inspire others, improve lives, and contribute to the development of our society," she said.

"Through the power of arts and culture, our foundation and family hope to inspire others, improve lives, and contribute to the development of our society."

In line with this aspiration, in 2015 Ms Suen founded the Sun Museum, one of Hong Kong's few non-profit, privately funded art museums. It is free to the public and showcases a wide range of Chinese and Hong Kong art. Nearly 50 exhibitions have taken place at its Kwun Tong harbourfront space to date, which includes 5,000 square feet for exhibitions and an outdoor area of 4,100 square feet, all designed to follow traditional Chinese concepts of the five elements: metal, wood, water, fire and earth.

More recently, support for the advancement of Chinese culture has involved clinical Chinese medicine research. In 2021, the Foundation made a donation to the Hong Kong Baptist University to support the University's artificial intelligence and clinical Chinese medicine research, as the family believes "it is extremely important to integrate modern advancement with traditional Chinese culture", Ms Suen said.

And in this ongoing quest, the family office has a pivotal role. "The long-term vision of the family office is to enable and support all family members in the pursuit of their individual ambitions by using family resources effectively while upholding the family's values and legacy," she explained. "By managing everything in-house, we are also able to protect the privacy of our activities, from investment to philanthropy."

Meanwhile, the Suens remain confident about the long-term prospects of their home city. "Hong Kong's unique position connecting Mainland China, Asia, and the West in terms of infrastructure, as well as cultural diversity has enabled us to be a global company while based here," Ms Suen said. "But what's really amazing about Hong Kong is its ability to constantly reinvent itself, going from a trading port to a financial hub to a force to be reckoned with in the art world. For us, Hong Kong continues to be a land of opportunities, a melting pot of cultures and a city that never sleeps."



Mr Simon Suen and Mrs Mary Suen Sino-Humanitas Institute (SHI) established in 2011, donated by the Simon Suen Foundation, to promote classical Chinese studies and Chinese civilization. Chloe, Dr and Mrs Simon Suen took a photo with Professor Alexander Wai and representatives from Hong Kong Baptist University Faculty of Arts on the 10th Anniversary of SHI.

The One Country, Two Systems Advantage

Looking to the intergenerational future



Mr Jeffrey Yu
Member of the BoZe Family Office and Founder of Intuition Capital

BoZe Asset Management Limited (BoZe), a pioneer of wealth management and preservation among high-net-worth families in Mainland China, is recognised for its vision and ability to look ahead. BoZe was founded as a family office many years ago, and established an overseas investment branch in Hong Kong as early as 2012.

“As a major global financial centre, Hong Kong has a strong capital market, stable financial system, comprehensive social and legal system, free flow of information, and a diverse pool of professionals,” explained Mr Jeffrey Yu, a second-generation member of the founding family. “As a platform for overseas investment, the city has always been competitive.”

BoZe was started in 2009 as the brainchild of Jeffrey’s father, renowned academic-turned-entrepreneur Mr Yu Hongru. Over the decades in his career as a scientist, Mr Yu set up a successful biochemical pharmaceutical company, where he developed and integrated leading-edge industrial techniques into the company’s manufacturing operations, resulting in rapid and large-scale capital growth.

Mr Yu then turned his characteristic foresight, innovative drive, and systematic attention to detail to the operations and moved forward with the expansion of BoZe, his family office. While run by a professional asset management team, Mr Yu has played a leading role in shaping BoZe, which is guided by an investment philosophy that emphasises safety, stability, and diversification. With the assistance of its Hong Kong office, the firm has invested in primary and

secondary markets in China as well as other countries. Its portfolio includes equity investments in China and overseas, alternative investments, fixed-income investments and customised investments.

To better understand asset allocation, family governance and wealth protection over the generations, Mr Yu has also explored the relationship between family longevity and different forms of capital – social, financial, human, and cultural – to continuously develop the family office’s operations and philosophy. As such, BoZe combines advanced Western wealth management concepts with Chinese cultural values, being people-oriented and pioneering, innovative yet stable, and following a win-win perspective that serves both individuals and the country.

Over the years, BoZe has grown into a leading comprehensive single family office with Chinese characteristics. However, in line with Mr Yu’s proactive approach, the firm is not standing still. Its sights are now set on assisting other high net worth families in China to access its services through the development of a far-sighted Mainland-based private multi-family office, which it hopes will enable families in the Mainland to avoid the proverbial outcome that “wealth never survives beyond three generations”.

The preservation, appreciation, and succession of wealth have always been the focus of BoZe’s attention. Mr Yu also emphasises on Jeffrey’s financial education and interest cultivation. In 2021, Jeffrey founded Intuition Capital, funded by his father, and managed by Jeffrey. The firm is led by Mr Yu, with the family also selecting Hong Kong as its base. “We chose Hong Kong as the headquarters for Intuition Capital because we still recognise the city’s advantages,” he said. “Moreover, we felt the resources we had accumulated in the city would be beneficial. Over the past decade, BoZe has amassed a wide range of professional resources related to running a family office in Hong Kong.”

Intuition Capital follows a philosophy of “value investing and long-term focus”, combining research and investment. The firm was launched with family-provided funding and is focusing initially on China

and US markets, the two areas where Jeffrey has had the greatest exposure. Team members at Intuition Capital are all from 985 universities, which are among China's best, and other world-renowned universities, with experience in asset allocation and portfolio management. Investments cover stock assets, equity assets, hedge funds, and other diversified investment fields. The firm will gradually expand to global asset allocations.

“The setting up of family office endeavours in Hong Kong allows us to broaden our international vision and capture the trends of global change.”

“Setting up a venture fund is seen as an important part of our family's succession plan,” Mr Yu said. “After receiving my degrees in the United States, I first worked as a researcher in BoZe's investment research department. After gaining experience, I established the venture fund. I am now striving to sharpen my capabilities in asset allocation and integrated management by operating the venture fund, with the plan being to gradually achieve intergenerational succession of the family business through management of the fund.”

“Secondly, as the company is based in Hong Kong, we can continue to explore investment opportunities through a variety of channels,” he added. “We are keen on leveraging BoZe's accumulated experience and resources. We also want to keep expanding our professional investment and research teams, with the aim of sustaining family asset allocation over the long term.”

In terms of external challenges such as recent geopolitical tensions and macroeconomic disruptions resulting from COVID-19 and other issues, Mr Yu acknowledges the situation as “unprecedentedly complicated”. However, he remains upbeat about the long-term prospects of the family office, and in particular the role of its Hong Kong operations in opening up opportunities for the future.

“Our focus is on the sustainability of our investment strategy, with our primary goal for family asset allocation being consistent asset growth in line with the concept of value investing. Through constant learning and use of multiple strategies, we believe we can still achieve asset allocation across sectors and geographical locations, balance our portfolios, and strengthen risk control and compliance to achieve sustainable long-term returns and wealth preservation,” he said.

“In line with this, the setting up of family office endeavours in Hong Kong allows us to broaden our international vision and capture the trends of global change, which lets us better position our asset allocation strategy. All of these attributes will effectively help us to achieve our investment objectives.”



Mr Yu Hongru (left), Founder of Boze Family Office, and his son, Jeffrey (right)

Services and Support Provided by FamilyOfficeHK

InvestHK is the department of the HKSAR Government responsible for Foreign Direct Investment, supporting overseas companies to set up and expand in Hong Kong. The department has an overseas network of staff and representatives based in 30 key business cities worldwide.

FamilyOfficeHK has been established under InvestHK as a team dedicated to the growing Family Office community in Hong Kong. We partner with global family offices on a long-term basis and are available to provide support at any stage of your development process, with personalized solutions including concierge services. All our services are free, confidential and tailored to the needs of each family office.

Planning	Set-Up	Launch	Expansion
<ul style="list-style-type: none"> ▶ Setup advice ▶ Licensing requirements ▶ Tax and regulations ▶ Business incorporation ▶ Potential business opportunity 	<ul style="list-style-type: none"> ▶ Visa/licensing facilitation ▶ Introduction to regulators/service providers/industry associations ▶ Advice on settling in Hong Kong 	<ul style="list-style-type: none"> ▶ Public relations services ▶ Marketing and promotional support ▶ Networking and events opportunities 	<ul style="list-style-type: none"> ▶ Ongoing industry support for expansion ▶ Long-term services ▶ Partnership opportunities

We support you every step of the way, from planning to expansion and immigration. This brochure has been curated to provide insight into the opportunities available for family offices in Hong Kong and our supportive ecosystem. For enquiries, please connect with a member of our team listed in Appendix A.

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Appendix A

List of InvestHK Contacts and Government Bodies



InvestHK

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Appendix B

Acronyms and Abbreviations

AGM	Annual General Meeting
ASMTP	Admission Scheme for Mainland Talents and Professionals
BRС	Business Registration Certificate
BRO	Business Registration Office
CIR	Commissioner of Inland Revenue
CR	Companies Registry
ECI	Employees' Compensation Insurance
EFO	Embedded Family Office
ESFO	Eligible Single Family Office
ESG	Environmental, Social and Governance
FIHV	Family-owned Investment Holding Vehicle
FO	Family Office
FSPE	Family-owned Special Purpose Entity
GBA	Greater Bay Area
GEP	General Employment Policy
IANG	Immigration Arrangements for Non-local Graduates
IFSPE	Interposed Family-owned Special Purpose Entity
InvestHK	Invest Hong Kong
IPO	Initial Public Offering
IRD	Inland Revenue Department
IRO	Inland Revenue Ordinance
MFO	Multi Family Office
MNE	Multinational Enterprise
MPF	Mandatory Provident Fund Scheme
NAV	Net Asset Value
SFC	Securities and Futures Commission of Hong Kong
SFO	Single Family Office
SMW	Statutory Minimum Wage
SPE	Special Purpose Entity
TechTAS	Technology Talent Admission Scheme
UFE	Unified Funds Exemption
UHNWI	Ultra High Net Worth Individual

Appendix C

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Adjunct Professor Hong Kong University Science and Technology	Chairman Shui On Group
Mr Alex Pestalozzi	Mr Song Hoi See
Managing Director Mueller Asia Limited (At the time of interview)	Founder and CEO Plaza Premium Group
Ms Chloe Suen	Mr Jeffrey Yu
Vice Chairman and CEO ASL Group	Member BoZe Family Office Founder Intuition Capital

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