PWMA
Private Wealth Management Association

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全球家族企业研究中心 Global Family Business Research Center

Hong Kong 2035：

A Global Wealth Management Centre

The Hong Kong of the world, China and the Greater Bay Area

March 2023


VICTORY
WELCOME

Catalogue

Foreword

Wealth management is a strategic development priority for the financial industry around the world, and an important path for the financial industry to empower the real economy and technological innovation, as well as an important driver of economic growth and social progress. In recent years, a number of international financial centres, including Singapore, Luxembourg and Dubai, have clearly set out their own wealth management development strategies as an important part of national industrial development and governance capacity building, vigorously attracting a continuous inflow of capital and wealth from around the world and achieving significant results.

The Hong Kong Special Administrative Region of the People's Republic of China has the natural advantage of enjoying strong support from China and being closely connected to the world, and is well positioned to become a global wealth management centre. As a major international financial centre in Asia, Hong Kong has a wide range of financial institutions and professional service providers with a large number of talents of all kinds, creating a complete wealth management ecosystem. With a friendly political, legal and tax environment, an excellent business environment and a highly market-oriented and internationalised financial system, Hong Kong can provide a wide range of investment products, comprehensive professional services and sound risk management to various institutions and individuals in China and around the world, making it an effective platform for cross-border asset and wealth management.

According to the 2022 Boston Consulting Group ranking on global offshore wealth management centres, Hong Kong is ranked second in the world, after Switzerland. Benefiting from the rapid accumulation of wealth in the Mainland and the increased demand from high-net-worth individuals to invest overseas, Hong Kong is the fastest growing major wealth management centre in the world in terms of international asset management. According to the Chinese Academy of Social Sciences' 2020 China National Balance Sheet, the wealth of China's residents reached 512.6 trillion yuan, up nearly 17 times from 30.6 trillion yuan in 2000. In the process of synergistic development and deepening integration in the Guangdong - Hong Kong - Macao Greater Bay Area (the "Greater Bay Area"), the vast wealth management market in the Mainland has provided new momentum for Hong Kong's wealth management industry to achieve exponential growth.

President Xi Jinping pointed out in his speech at the conference to celebrate the 25th anniversary of Hong Kong's return to the Motherland and the inauguration of the sixth term government of the Hong Kong Special Administrative Region, that "the 'One country, Two systems' principle must be fully and faithfully implemented. ...... Hong Kong and Macao maintained their previous capitalist systems intact for a long time and enjoyed a high degree of autonomy." At the beginning of a new chapter of "from stability to prosperity", it is crucial for Hong Kong's wealth management industry to consolidate its existing strengths and take the initiative to dovetail with national strategies such as the National 14th Five-Year Plan, the development of the Greater Bay Area and the "Belt and Road", seize the opportunity to promote two-way financial flows and the internationalisation of the RMB. Building a global wealth management centre for the future in the new "dual circulation" development pattern has become a crucial strategic choice.

How can Hong Kong seize this unprecedented and significant historical opportunity? How can China support Hong Kong in building a high-quality global wealth management centre? This report makes use of in-depth interviews and research with relevant parties, including national and Hong Kong government departments, regulators, financial institutions and high net worth clients, and proposes strategic development directions and specific policy recommendations in terms of policy, regulation, market, talent and technology, with a view to helping Hong Kong become a global wealth management centre through systematic analysis of the internal and external environment and strategic planning.

As the "Pearl of the Orient", Hong Kong is at the same time the Hong Kong of the Greater Bay Area, the Hong Kong of China and the Hong Kong of the world. Hong Kong's wealth management industry is set to take off with renewed vigour and vitality in this new era.

I. Opportunities and Challenges

In the face of major changes, the wealth management industry in Hong Kong faces both opportunities and challenges, with opportunities outweighing the challenges. Looking ahead, Hong Kong will continue to ride on its success and build a global wealth management centre with core competencies.

Achievements

The year 2022 marked the 25th anniversary of Hong Kong's return to China. Since its reunification with China, Hong Kong has experienced dynamic economic and social development. Its status as an international financial centre continues to be strong, its wealth management industry is growing rapidly, and its business environment is world-class. According to Deloitte's 2021 International Wealth Management Centre Rankings, Hong Kong ranks third in overall competitiveness among the world's leading wealth management centres. The Institute for Management Development's (IMD) 2022 Annual Report on World Competitiveness shows that Hong Kong is ranked 5th out of 63 economies worldwide and 2nd in Asia. Hong Kong has an excellent tax environment and offers a wide range of tax incentives for the financial sector, including corporate treasury tax incentives, exemption from offshore fund profits tax, exemption from profits tax for mutual funds, collective investment schemes and unit trusts, etc. According to the World Tax Report 2020 jointly published by PricewaterhouseCoopers and the World Bank, Hong Kong's tax regime for doing business is ranked 2nd in the world.

2 IMD 2022 World Competitiveness Ranking - Asia-Pacific

2 PwC & World Bank 2020 World Tax Report

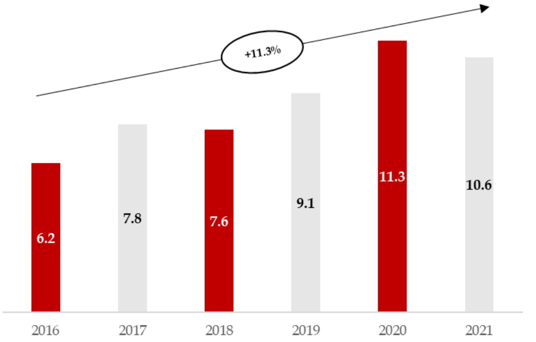
3 Deloitte's 2021 International Wealth Management Centre Rankings

5 IMD 2022 World Competitiveness Ranking - World-Wide

Super-Connector

Hong Kong is a major transportation and business hub in Asia and a major gateway to the Mainland China market. It takes less than four hours to fly from Hong Kong to all major cities in Mainland China and only one hour to travel to and from major cities in the Greater Bay Area. Thanks to its location, Hong Kong is able to help global companies forge close ties with the fast-growing Mainland China market.

As a "super-connector" between the Mainland and the rest of the world, Hong Kong is entering a new phase of development. According to the Hong Kong Securities and Futures Commission, the total assets under management of the private wealth management industry in Hong Kong stood at HK$10.58 trillion (approximately RMB9.12 trillion) at the end of 2021, which represents a five-year compound growth rate of 11.3%, despite a decrease in asset values from the previous year (mainly due to the shrinkage of client assets as a result of significant volatility in global financial markets).



Source: Hong Kong Securities and Futures Commission

Figure 1-1: Private Banking and Wealth Management in Hong Kong, 2016-2021

(in trillions of Hong Kong dollars)

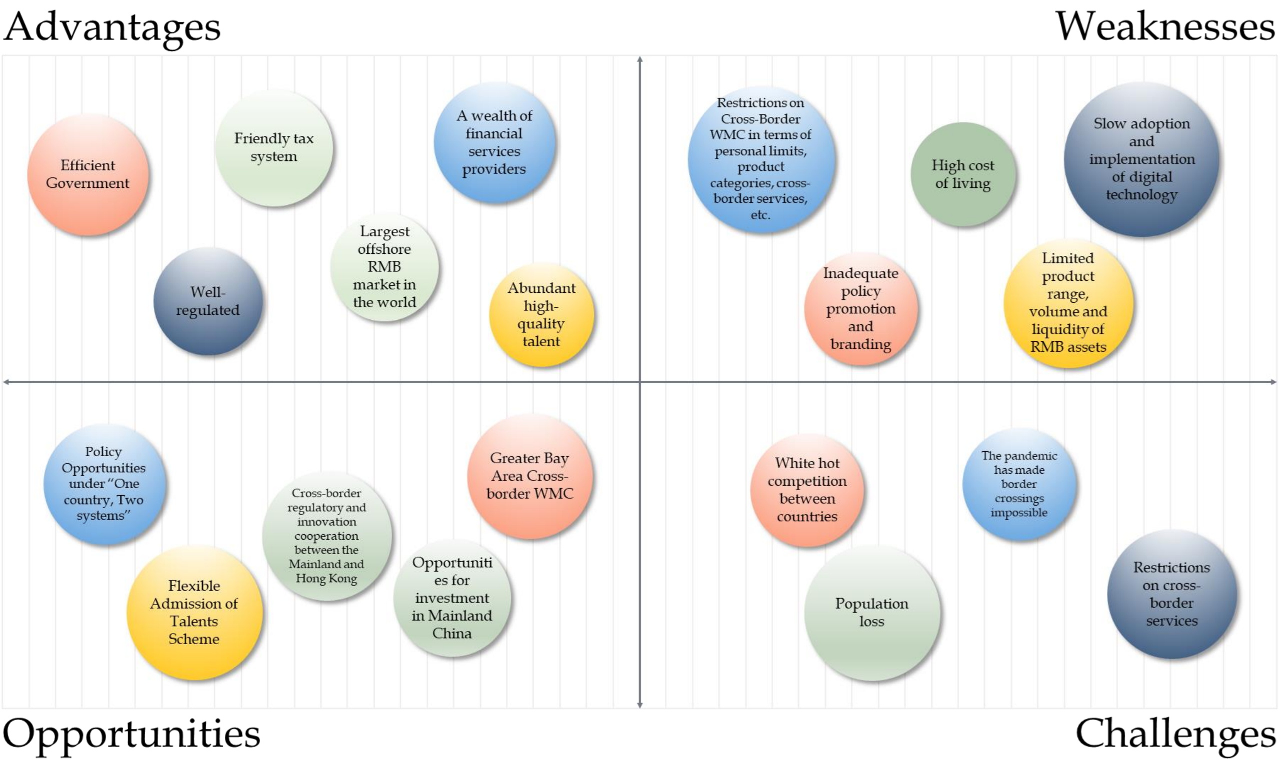


Figure 1-2 -: Advantages, Weaknesses, Opportunities, and Challenges of building a global wealth management centre in Hong Kong

1.1 Policy

Advantages and Opportunities:
The "three steps" approach consolidates advantages and "One country, Two systems" offers unlimited opportunities

Robust development of the wealth management industry cannot be achieved without a sound business environment and supporting institutions. Based on the experience of the wealth management industry in other countries around the world, a combination of carefully examined, reasoned and planned policies can often have a positive impact on the development of the industry. Against the backdrop of continued growth in wealth management, the HKSAR Government has responded rapidly to the industry's development needs through legislative reform and institutional innovation, which are conducive to ensuring Hong Kong's international competitiveness.

To enhance Hong Kong's competitiveness as a global wealth management centre, the HKSAR Government has in recent years launched a three-step approach, which includes the introduction of a new fund structure to provide a favourable environment for private equity funds to set up as limited liability partnerships (LPF) in Hong Kong; tax relief for spin-offs distributed by private equity funds operating in Hong Kong; and the establishment of a legal framework to allow migration of foreign funds to Hong Kong, something aimed at facilitating and encouraging such moves.

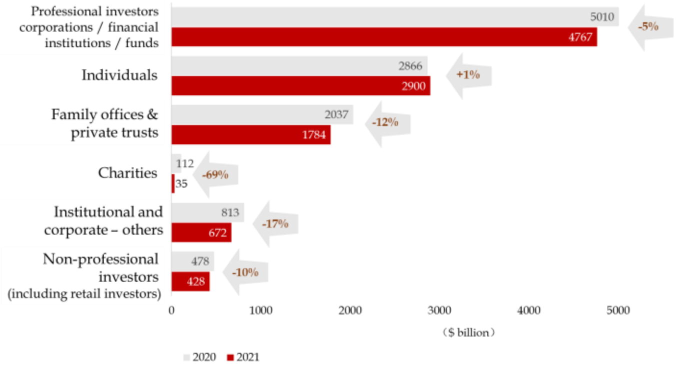
With effect from 1 April 2019, the Hong Kong Funds Tax Exemption Ordinance came into force, which allows all qualifying funds (regardless of their structure, size, purpose and place of operation and management) to enjoy profits tax exemption, subject to certain conditions being met. On 31 August 2020, the Limited Partnership Fund Ordinance was implemented, allowing private equity funds to be registered in Hong Kong as limited liability partnerships. In 2020, the Hong Kong Government issued the Guidelines on Investment Companies Owned by Family Trusts or Family Offices to clarify the regulatory licensing requirements and sales suitability constraints for family offices, lowering the threshold for family offices to enter Hong Kong and further strengthening international competitiveness.

In May 2021, the Securities and Futures Commission (SFC) launched a three-year Grant Scheme for Open-ended Fund Companies (OFC) to encourage eligible OFCs to set up in Hong Kong, which had been included in the 2021-22 Hong Kong Budget. The proactive policy combination has further enhanced Hong Kong's position as an international asset management centre and wealth management hub.

2022 marked the 25th anniversary of Hong Kong's reunification with China, and to note a landmark year, the country has introduced a series of financial policies to support Hong Kong's long-term prosperity and development. On 4 July 2022, the People's Bank of China (PBOC) announced two new financial liberalisation policies, namely the initiative for mutual access between interest rate swap markets in Hong Kong and the Mainland China ("Swap Connect") and the signing of the Long-standing Swap Agreement between the PBOC and the Hong Kong Monetary Authority to upgrade the currency swap arrangement to a long-standing swap arrangement. "One country, Two systems" will continue to empower Hong Kong's quality development.

Issues and Challenges:
Top-level policy design, strong international branding and proactive measures

Despite its strong institutional and policy advantages, Hong Kong is in the midst of fierce international competition and the governments of the world's leading wealth management centres are pushing the envelope to create their own policy advantages. In the future, Hong Kong should increase its efforts in the top-level policy design and strong international branding of the wealth management industry, take a more proactive, innovative and positive stance to foster the development of wealth management, nurture and attract Hong Kong and international wealth management clients, and continue robust development under the unifying auspice of the "One Country, Two Systems" principle.



Source: Hong Kong Securities and Futures Commission, Asset and Wealth Management Activities Survey 2021

Figure 1-3: Size of private banking and private wealth management business in Hong Kong (by client category), 2020-2021

The wealth management industry needs systematic policy design and strong international brands. The HKSAR Government has intensively introduced a number of policy measures to support the development of the wealth management industry in recent years, but compared to the extremely strong demand for wealth management, there is still much to be done in terms of the top-level design of the overall development plan for the industry. During research interviews with financial institutions and high net worth clients, some respondents suggested that despite a series of proactive policies launched by the HKSAR government, a complete and systematic top-level policy design is still lacking.

Hong Kong's financial sector has long adopted a compartmentalised regulatory model, with separate supporting programmes for each sector in their respective areas.

There is room for improvement over past government initiatives and efforts to attract investment. Hong Kong undoubtedly has many significant advantages in wealth management, but in recent years those advantages have not always been widely known among clients.

> *To really drive the wealth management industry forward, we need to bring together the forces scattered across government to get the most critical and important things right.*
>
> ——A major mainland Chinese bank executive

> *Other wealth management centres have introduced policies that are actually available in Hong Kong, but the problem is that promotion is missing and clients and even professional practitioners are not particularly aware of them.*
>
> ——A major Hong Kong bank executive

1.2 Regulatory

Advantages and Opportunities:

Comprehensive regulation is conducive to financial stability and security, and cross-border cooperation provides protection for mutual access

Rigorous and efficient financial regulation is a basic prerequisite for the fair, effective, competitive and transparent development of the wealth management market, and an important force for a healthy ecology in the industry. Hong Kong has a well-established regulatory system and standardised operational processes. Regulators and statutory bodies such as the Hong Kong Monetary Authority (HKMA), the SFC, the Insurance Authority (IA) and the Mandatory Provident Fund Schemes Authority (MPFA) form the financial regulatory and industry self-regulatory system in Hong Kong, ensuring the sound development of the financial sector in Hong Kong.

Hong Kong's financial system has been resilient and has successfully withstood the impact of several financial crises. The Hong Kong banking sector has maintained its capital adequacy and liquidity, with the liquidity coverage ratio of major banks exceeding 150%, well above international standards. Since its inception in 1983, Hong Kong's linked exchange rate system has remained effective through several major economic cycles and has been the cornerstone of Hong Kong's monetary and financial stability. The 2021 IMF mission recognised Hong Kong's status as an international financial centre, noting that Hong Kong has a robust financial system, effective macroeconomic and prudential policies, and a sound regulatory framework.

Cross-border regulatory cooperation between the financial authorities of Mainland China and Hong Kong has achieved positive results in recent years to further promote mutual access. In 2010, the People's Bank of China and the Bank of China Hong Kong signed a newly revised Settlement Agreement on the Clearing of Renminbi Businesses at the Hong Kong Monetary Authority, providing a cross-border regulatory framework for the healthy development of offshore Renminbi business in Hong Kong. Since 2014, the financial regulators of Mainland China and Hong Kong have strengthened connection between their financial markets by building mechanisms such as "Stock Connect", "Bond Connect" and "Cross-Boundary Wealth Management Connect Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area" ("Cross-Boundary WMC") , and signed regulatory cooperation agreements such as "Memorandum of Understanding between the CSRC and the SFC on Strengthening of Regulatory and Enforcement Cooperation under Shanghai-Hong Kong Stock Connect", "Memorandum of Understanding between the People's Bank of China and Hong Kong Monetary Authority on Strengthening Supervisory Cooperation under Bond Connect" and "Memorandum of Understanding on the Launch of the Cross-Boundary Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area" to provide risk control and strong support for the interconnection of Mainland and Hong Kong financial markets.

In October 2021, the People's Bank of China and the Hong Kong Monetary Authority signed the "Memorandum of Understanding on Fintech Innovation Supervisory Cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area", which dovetails the People's Bank of China's Fintech Innovation Regulatory Facility with the Hong Kong Monetary Authority's Fintech Supervisory Sandbox to steadily promote cooperation on fintech innovation.

Issues and Challenges:
The absence of a bi-directional cross-border financial practice framework and limited mutual access for wealth management

"One country, Two systems" provides a wide scope for Hong Kong to explore mutual access with the Mainland. However, at present, Hong Kong has not yet delivered the "institutional dividend" that clearly distinguishes it from other foreign financial centres. For example, due to restrictions on the cross-border practice of bankers, Hong Kong has not been able to make full use of the unique advantages of the "One country, Two systems" and "domestic - offshore" framework. In recent years, Hong Kong has been on the defensive in fierce competition with other international financial centres due to the "fall between two stools" dilemma.

Take Cross-Boundary WMC as an example. Under the existing regulatory framework, Hong Kong bank staff are not allowed to provide remote investment advisory services to customers in the Mainland. As financial products are more complex than physical products, many Mainland customers find it difficult to thoroughly grasp the characteristics of Hong Kong investment products and the extent to which they match their needs when border crossings are not possible due to the epidemic.

It would be significant for the development of Hong Kong's financial industry and could bring Hong Kong a unique advantage that sets it apart from other international financial centres if, through innovation in the cross-border practice system, Hong Kong bankers can be given the qualification to provide services in the Mainland, such as conducting a pilot scheme in Shenzhen first, allowing Hong Kong bankers to visit Mainland customers who have opened bank accounts in Hong Kong, introduce financial products in detail and provide services targeting their Hong Kong accounts, while Shenzhen bankers also have the same qualification do the same in Hong Kong. Government departments and regulators of the State and Hong Kong can strongly support Hong Kong in giving full play to the unique institutional advantage of "One country, Two systems" and make greater contributions to maintaining Hong Kong's long-term prosperity and stability.

1.3 Market

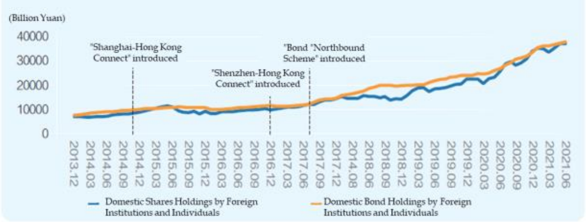
Advantages and Opportunities:
Investing in China Opportunities Reinforces Core Competencies

As one of Asia's most important international financial centres, Hong Kong is home to a full spectrum of the world's most important financial institutions, including banks, insurers, securities firms and fund houses. Nearly 80 of the world's 100 largest banks and about 70 of the 100 largest asset management companies operate in Hong Kong. Hong Kong is one of the most open insurance centres in the world, with a total of 164 insurance companies as at May 2022, of which 97 are incorporated in Hong Kong, 67 in the Mainland, and 20 overseas, respectively. At the end of 2021, the total number of entities licensed for regulated activities in Hong Kong stood at 48,657, maintaining a steady trend of growth, including securities brokers, futures dealers, investment advisers and fund managers, and their representatives.

Compared to other global wealth management centres, Hong Kong is uniquely positioned to access investment opportunities in China. As at the end of June 2022, there were 1,372 Mainland Chinese companies listed in Hong Kong, accounting for 53.4% of the number of companies listed on the Hong Kong Stock Exchange; their market capitalisation reached HK$30.5 trillion, accounting for 78.1% of the total market capitalisation of companies listed on the Hong Kong Stock Exchange. The financial connectivity between Hong Kong and the Mainland has been further strengthened, with the "Stock Connect" and "Bond Connect" schemes providing a convenient way for international investors to invest in Mainland Chinese assets. In May 2022, eligible ETFs were included in the scope of mutual accessibility, further deepening the degree of interconnection between the Hong Kong and Mainland stock markets and promoting the joint development of the capital markets in both jurisdictions.

Source: : Wind

Figure 1-4: Increase in northbound trade size under financial mutual access



Source: Wind

Figure 1-5: Increasing foreign institutional and individual holdings of domestic RMB financial assets

Hong Kong is the world's largest offshore RMB settlement centre. Figures released by the Society for Worldwide Interbank Financial Telecommunication (SWIFT) in April 2022 show that Hong Kong handles 74.36% of the world's offshore RMB settlement business, well ahead of second-ranked London (6.26%) and third-ranked Singapore (3.88%). RMB deposits in Hong Kong totalled RMB 874.9 billion in April 2022, and RMB settlement transactions reached RMB 29.87 trillion in May .

The 23th Global Financial Centre Index, jointly published by the China (Shenzhen) Institute of Comprehensive Development and the UK-based Z/Yen Group in September 2022, shows that Hong Kong ranked fourth in the world in 2022. In 2020, over 274,000 people were employed in the financial sector in Hong Kong, accounting for 7.5% of the overall working population, with the value added of the financial sector reaching 23.4% of Hong Kong's GDP.

Issues and Challenges:
Strengthening the advantages of the offshore RMB market

Hong Kong is one of the world's top-ranked places for IPO financing, having led the annual list of global IPO financing seven times since 2009. In recent years, Hong Kong's securities market has continued to promote institutional reforms, such as allowing the listing of innovative companies with weighted voting rights structures, allowing the listing of biotechnology companies that do not generate revenue or profits, and facilitating secondary listings in Hong Kong for eligible issuers to attract the return of Chinese stocks from overseas markets.

The reform of Hong Kong's securities market has achieved remarkable results, but there is still room for continuous improvement. For example, the Hong Kong main board market is currently more restrictive and more cyclical than that in the US, and the acceptance of innovative models needs to be further enhanced. More can be done to strengthen Hong Kong's capital market and attract more enterprises in emerging industries to raise capital in Hong Kong, leveraging its role as a bridge linking the Mainland and international markets.

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Hong Kong should strive to be the first choice for mainland Chinese companies to list in, and they should take the US, UK, Germany, Singapore, etc. as their second choice.

——A major mainland Chinese bank executive

"

Hong Kong is an important window for international investors to invest in the Mainland China market. On 3 October 2022, the Secretary for Financial Services and the Treasury of the HKSAR, Mr Christopher Hui, announced the implementation of RMB-denominated stocks for southbound trading on the Hong Kong Stock Connect and introduced the Government's relevant supporting work. This will undoubtedly strengthen Hong Kong's strategic position as a window for investment in the Mainland market. However, there is still much room for development in the variety, volume and liquidity of RMB asset products currently available in the Hong Kong market. According to the HKSAR Chief Executive's 2021 Policy Address, there are over 120 RMB products traded on the HKEx, covering equities, REITs, ETFs and debt, which are relatively small in number and relatively illiquid.

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The biggest problem with the internationalisation of the RMB at the moment is that there are not enough overseas products in RMB and liquidity is also important. Hong Kong has to consider how to bring the liquidity of RMB assets to international markets.

——A major foreign bank executive

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As important institutional investors, sovereign wealth funds in countries around the world play an important role in leading the innovative development, transformation and upgrading of their economies. For example, Singapore's GIC, Temasek and other national sovereign wealth funds have made promoting Singapore's industrial development their core objective, with clear investment positioning and mature operational experience - focusing on the country's industrial strategy and extending their investment focus from traditional banking to financial technology, e-commerce, telecommunications, media and other areas, delivering economic benefits and strategic leadership. In contrast, Hong Kong lacks a strong sovereign wealth fund to stabilise the market, boost investor confidence and direct capital flows to strategic emerging sectors.

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Sovereign wealth funds have a guiding role in steering other institutional and individual investors. Hong Kong should build and develop its own sovereign wealth funds and university endowments - such large, powerful institutional investors can play a strong backing role and help attract international capital and boost market confidence.

——A major Hong Kong bank executive

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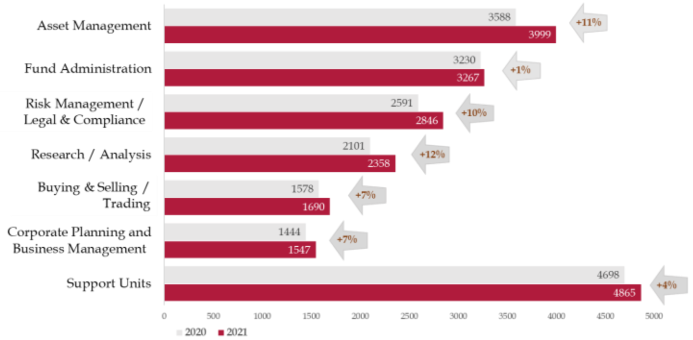
1.4 Talent

Advantages and Opportunities:
A deep, effective and professional financial talent pool

Talent plays a cornerstone role in the development of the wealth management industry, and the quality and level of professional talent supply will determine how far the wealth management industry in Hong Kong can develop. Hong Kong is rich in talent from different professional fields such as wealth management, finance and investment, taxation and law. Around 70 of the world's top 100 asset managers have offices in Hong Kong. Hong Kong has over 42,000 practitioners in the asset and wealth management business, over 45,000 certified public accountants and over 13,000 lawyers. A large base of high quality talent and professional service providers serves as a solid foundation for the development of the wealth management industry. In 2021, the number of professional practitioners directly involved in asset management, risk management, legal compliance and research and analysis in Hong Kong increased by more than 10% compared to the previous year.

Hong Kong's professional services are widely recognised for being professional, law-abiding, efficient and of high international standard. They provide high quality professional services in the planning of large-scale and cross-border projects and in the resolution of commercial disputes, using multilingual communication. Professional services including banking services, fund management, financial accounting, legal support, tax advice, etc. form a strong backbone for the development of the wealth management industry in Hong Kong.



Source: Hong Kong Securities and Futures Commission, Asset and Wealth Management Activities Survey 2021

Figure 1-6: Profile of practitioners in asset and wealth management business in Hong Kong, 2020-2021

Hong Kong's Admission Scheme for Talents and Professionals and its facilitative immigration policy have attracted a large number of high-quality talents to Hong Kong. The widespread use of English, Cantonese and Mandarin in the local business community has further enhanced Hong Kong's ability to absorb and accommodate foreign talent. Five of Hong Kong's universities are ranked in the top 100 of the World University Rankings 2022, namely the University of Hong Kong (22), the Hong Kong University of Science and Technology (34), the Chinese University of Hong Kong (39), the City University of Hong Kong (53) and the Hong Kong Polytechnic University (66), three of them are ranked in the top 50 and are able to provide a constant flow of high-quality talent to Hong Kong.

Issues and Challenges:
Measures to attract and cultivate industry talent can be improved

Despite Hong Kong's talent advantage, given the rapid development of the wealth management industry, coupled with the loss of professional talent in recent years, Hong Kong still needs to continue to improve at attracting, nurturing and training talent, facilitating visas for qualified talent and addressing concerns over the cost of living to continuously enhance its talent supply.

According to a report on the Consumer News and Business Channel (CNBC), Hong Kong's continued population growth has been reversed since 2020. In 2020 and 2021, Hong Kong lost 93,000 and 23,000 residents respectively, and is expected to lose even more in 2022. According to the Hong Kong General Chamber of Commerce's 2022 special survey "Businesses Feel the Pain of Brain Drain", Hong Kong industry has experienced a serious wave of senior skilled manpower drain in the past three years, with finance and accounting, information technology and senior general management being the hardest hit areas.

Hong Kong universities are globally ranked and have excellent education standards, but only one school, the University of Hong Kong, offers a wealth management programme, and enrolment is small and limited to undergraduate students, making it difficult to meet the huge demand gap for multi-level talent in the wealth management industry.

Hong Kong has been ranked as the world's most unaffordable city in terms of house prices for 12 consecutive years, according to a survey by international public policy consultancy Demographia.

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One of the major bottlenecks facing the wealth management industry is the lack of talent, because the industry is growing so fast. The University of Hong Kong offers an undergraduate degree in wealth management, but the annual enrolment is too small to meet the strong demand for wealth management talent in Hong Kong.

—— A major foreign bank executive

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The high cost of living creates a significant barrier for young professionals from around the world to come and stay in Hong Kong to work and develop.

The current relatively slow processing of Hong Kong work visas has led to a significant reduction in efficiency and talent experience, negatively impacting the ability of global talent to work in Hong Kong.

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When we hire staff from the Mainland, it usually takes 1-3 months for the work visas to be granted, and there are just a lot of uncertainties. Is it possible to speed up the process? Efficiency in this area should be improved.

—— A major foreign bank executive

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1.5 Scientific and technical

Advantages and Opportunities:
Partnering with the Mainland to promote two-way empowerment of Fintech

Fintech is a necessary step in the future direction of the wealth management industry. Fintech helps wealth management institutions to reduce costs and increase efficiency, to enhance the ability to customise services that are unique to each client, and to capture so-called long-tail clients, effectively expanding the scope of services. In line with this development trend, Hong Kong has been experimenting in the fintech sector, particularly in the areas of central bank digital currency, digital green bonds and regulatory technology. On 31 October 2022, the HKSAR Government issued a policy statement on the development of virtual assets in Hong Kong, setting out Hong Kong's "open and inclusive" attitude towards global virtual asset innovators, stating that it will promote the sustainable development of virtual assets through consistent, clear and unambiguous regulation, proposing to launch pilot schemes for non-fungible tokens (NFT), green bonds and digital Hong Kong dollars, among other things, in an attempt to realise the potential of financial innovation in a clear, flexible and convenient regulatory environment. The above policy statement demonstrates Hong Kong's determination to vigorously promote innovation in financial technology and clearly sets out the strategic development direction of virtual assets and financial technology.

At the practical level, the Mainland and Hong Kong have been cooperating on all fronts in recent years in areas such as the central bank's digital currency and fintech regulation. For example, the People's Bank of China (PBOC) and the Hong Kong Monetary Authority (HKMA) are jointly exploring the mutual access of digital RMB with the Hong Kong Faster Payment System to test the cross-border payment function of digital RMB. Faster Payment System is a fully connected platform for Hong Kong banks and stored value payment tool operators, enabling convenient and fast payments for inter-personal transfers, e-purse add-ons and online shopping anytime, anywhere. In addition, the People's Bank of China and the Hong Kong Monetary Authority are actively promoting the enhancement of mutual access between the Mainland and Hong Kong trade finance blockchain platforms, with application scenarios covering Mainland imports from Hong Kong and Mainland exports to Hong Kong.

According to the Memorandum of Understanding on Fintech Innovation Supervisory Cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area, the Mainland and Hong Kong will connect the People's Bank of China's Fintech Innovation Regulatory Facility and the Hong Kong Monetary Authority's Fintech Supervisory Sandbox through a "networking" approach, enabling eligible financial institutions and technology companies in the Mainland and Hong Kong to conduct simultaneous testing of cross-border fintech projects in both places through a "one-stop" platform, so as to obtain feedback from regulators and market users well in advance of the launch of new products, thereby speeding up the launch of fintech products and reducing development costs.

Issues and Challenges:
Slow implementation of digital technology for wealth management

> *In terms of fintech and digital landing, I think the Hong Kong government can still push forward with more vigour and speed.*
>
> –– A major foreign bank executive

Although Hong Kong has made breakthroughs in fintech in areas such as digital currency and financial regulation, there are still problems in the wealth management industry such as slow adoption of digital technology and difficulties in implementation.

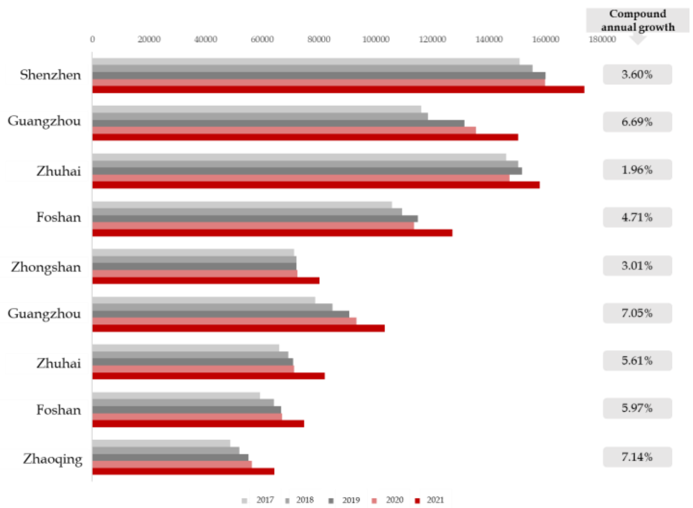
1.6 The Greater Bay Area Cross-boundary WMC

On 10 September 2021, Guangdong, Hong Kong and Macao released the "Details for Cross-boundary Wealth Management Connect Pilot Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area" (hereinafter referred to as the "Implementation Details"), which officially launched the pilot scheme of Cross-boundary WMC. The Cross-boundary WMC allows eligible residents of the Mainland, Hong Kong and Macao in the Greater Bay Area to invest in financial products sold by each other's banks through the closed loop of funds established by their respective banking systems. The total amount of southbound or northbound traffic is capped at RMB150 billion, with a maximum individual investment limit of RMB1 million.

Advantages and Opportunities:

Opening the window for cross-border wealth management in the Guangdong, Hong Kong and Macao Greater Bay Area

With a total population of nearly 100 million and an economy of over RMB 11 trillion, there is strong demand for wealth management among residents of the Guangdong-Hong Kong-Macao Greater Bay Area. According to the 2021 Hurun Wealth Report, there are 443,130 high net worth households in the Guangdong, Hong Kong and Macao Greater Bay Area with investable assets of over RMB 6 million. According to Bain's 2021 "Are You Ready for the Financial Services Opportunities of China's Greater Bay Area?" report, less than 20% of retail customers in the Greater Bay Area currently own cross-border financial products, and 70% of Mainland customers in the Greater Bay Area who have not yet purchased cross-border financial products expect to do so in the next three years. At the same time, the launch of the pilot Cross-boundary WMC has made it much more convenient for Hong Kong and Macao residents to invest in Mainland wealth management products.



Source: Guangdong Bureau of Statistics

Figure 1-7: GDP per capita of nine mainland cities in the Greater Bay Area, 2017-2021

Hong Kong and Macao wealth management products are characterised by more diversified asset classes and a wider range of products providing more international exposure. The introduction of Hong Kong and Macao financial products as well as sophisticated investors through Cross-boundary WMC will help promote the reform and development of the Mainland wealth management market and meet the growing demand of Chinese residents for wealth preservation and appreciation. It will also bring new vitality to the financial markets in Hong Kong and Macao, helping achieve a win-win situation for all parties.

Issues and Challenges:

Individual limits, product categories, cross-border services, etc. can still be optimised

The Cross-boundary WMC highlights the unique advantages of the "One Country, Two Systems" and three currencies of the Greater Bay Area in promoting China's financial liberalisation, bringing unprecedented opportunities for the wealth management industry in Hong Kong. However, due to the COVID pandemic and other factors, the actual usage of the Cross-boundary WMC was not significant during the eight-month operation period up to June 2022. According to data from the Guangzhou Branch of the People's Bank of China, as at 19 June 2022, there was a net outflow of RMB174 million, or 0.12% of the total amount, from the southbound side of the Cross-border Wealth Management Pass, and a net inflow of RMB268 million, or 0.18% of the total amount, from the northbound side. There is room for optimisation of the Cross-border WMC in terms of individual limits, product categories, cross-border services and geographical coverage.

Individual investment limits are inadequate. According to the scheme's guidelines, the Cross-boundary WMC business is subject to an investment quota of RMB 1 million per individual investor. In the Semi-Annual Survey on the Operation of Cross-boundary Wealth Management Connect Scheme in the Guangdong-Hong Kong-Macao Greater Bay Area ("Cross-boundary WMC") (hereinafter referred to as the Survey) , several private banks mentioned the individual investment limit of RMB 1 million does not meet the investment amount requirement for most bonds, and they hoped that the limit can be further relaxed in the future.

There are restrictions on the types of products available for investment. The "Southbound" products refer to products purchased by Mainland investors through the Cross-boundary WMC with issuers in Hong Kong and Macao, including funds, bonds and deposits, all of which are medium to low-risk and non-complex products. "Northbound" products refer to products purchased by Hong Kong and Macao investors through the Cross-boundary WMC, with the issuer in the Mainland, including wealth management products and public funds. Cross-boundary WMC investors can only choose products with risk levels 1-3（out of a maximum of 5）, which makes it difficult to take full advantage of the financial sophistication of Hong Kong's wealth management industry and meet the various financial needs of Mainland investors, resulting in a lack of competitiveness when it comes to investible financial products. A private bank mentioned in the Survey that north-southbound products are limited to the medium- to low-risk categories and the funds that can be invested in by the southbound route are limited to Hong Kong-registered funds, which leaves clients with a very restricted choice of products given that most funds in the Hong Kong market are registered outside of Hong Kong.

There are barriers to cross-border services. At present, Hong Kong customers need to open an account in the Mainland before they can participate in the Cross-boundary WMC. Under the impact of the epidemic, it is difficult, time-consuming and costly for northbound Hong Kong and Macao customers to open accounts at the bank counters in the Mainland, which means there is a significant demand for remote account opening. However, not all banks are qualified to provide remote account opening services. In the other direction, under the existing regulatory framework, Hong Kong bank staff are not allowed to provide remote investment advisory services to clients who are located in the Mainland. A major Chinese bank executive noted that "southbound clients have reported a need for investment advice services on funds/bonds, and for those who are not in Hong Kong, banks cannot provide investment advice from a distance and clients have to execute the transactions themselves. With nearly 90% of Southbound clients being brand new to the banks, it is difficult for many clients to get a clear grasp of Hong Kong investment products and how to operate them when they cannot travel across the border."

Relatively little geographical coverage. Currently, the Cross-boundary WMC covers nine mainland cities, namely Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing, which is still relatively few in scope compared to China's vast wealth management market. The development conditions and the level of development in the 9 cities in the Greater Bay Area are similar, so widening the geographical coverage even further may be considered if the conditions are right in the future.

According to the official website of the HKSAR Government's investment promotion body Invest Hong Kong, "measures to enhance the 'Greater Bay Area Cross-boundary WMC'" are currently under discussion. It is believed that after further adjustments and enhancements, the Cross-boundary WMC will play an even greater role in promoting mutual access within the Guangdong-Hong Kong-Macao Greater Bay Area and facilitating wealth management for the region's residents.

II. Five strategic directions for development

In his speech at the conference to celebrate the 25th anniversary of Hong Kong's return to the Motherland and the inauguration of the sixth term of the Hong Kong Special Administrative Region Government, President Xi Jinping said, "the Central Authorities fully support Hong Kong in seizing the historical opportunities brought about by the development of the country and taking the initiative to dovetail with the 14th Five-Year Plan, the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and national strategies such as 'the Belt and Road' for quality development. The Central Authorities fully support wider and closer exchanges and cooperation between Hong Kong and the rest of the world, and attract entrepreneurs with dreams to come here to fulfil their ambitions."

Hong Kong's support from the rest of China while being closely connected to the world are its unique advantage. The potential for growth in Hong Kong's wealth management industry is deeply rooted in the development needs of the country and the region. Hong Kong's wealth management industry should strive to better serve the growing wealth management needs of Mainland China and Hong Kong residents, seek synergies with the country's "dual circulation" and priority development strategies, and explore innovation and expand openness while properly preventing and controlling financial risks.

In this report, we propose that Hong Kong should focus on implementing a "five centres" strategy for building a global wealth management centre, namely "wealth centre", "asset centre", "technology centre", "talent centre" and "risk management centre".

Specifically, Hong Kong should continue to consolidate its position as a wealth centre, attract high net worth individuals from around the world to book and invest in Hong Kong; augment investable asset classes and innovate financial products to strengthen its position as a global offshore RMB business hub; focus on implementing financial technology innovation and digital transformation of financial institutions to promote Hong Kong as a wealth management technology hub; gather leading talents in global wealth management, attract high-level talents in relevant fields from around the world to work and start their careers in Hong Kong and enhance exchanges with various Mainland wealth management talents from all levels; play the role of a global risk management centre, and enrich offshore risk hedging and risk management tools. At the same time, Hong Kong should deepen its financial regulatory cooperation with the Mainland, improve the cross-border financial regulatory framework, and jointly explore new modes of regulation of the financial sector, so as to make greater contributions to the country's financial opening and development.

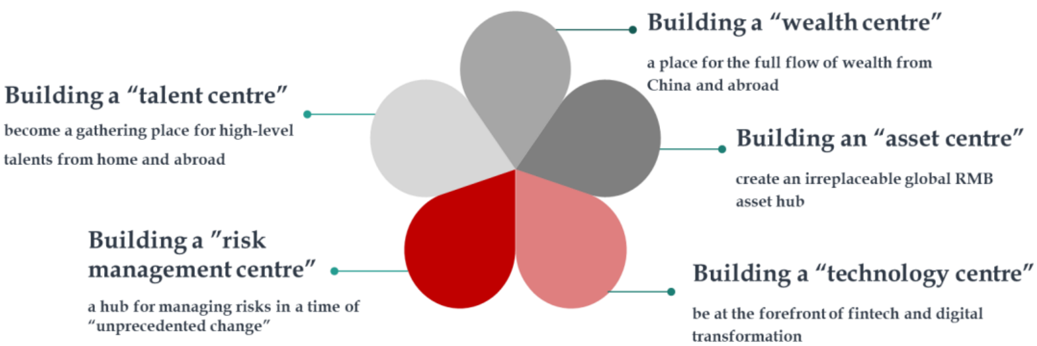


Figure 2-1: Five strategic directions for the development of the wealth management industry in Hong Kong

2.1

Building a "wealth centre" as a place for the full flow of wealth from China and abroad

In recent years, China's economy has begun to transition from high-speed development to high quality development. The investment value of advanced manufacturing industries, represented by new energy, semiconductors and new materials, as well as mass consumption and health sectors, has been highlighted and widely favoured by international investors. As an important bridge between Mainland China and the international market, Hong Kong has always been a bridgehead for international capital to invest in Mainland China. According to the Chinese Ministry of Commerce, 58% of China's outbound direct investment flowed to Hong Kong in 2020. In 2021, 70.8% of foreign direct investment (FDI) into China entered the Mainland via Hong Kong. The construction of mutual access mechanisms such as Shanghai- and Shenzhen-Hong Kong Stock Connect, mutual recognition of funds, Bond Connect and MSCI China A50 Connected Index Futures has enhanced Hong Kong's attractiveness to international individuals and institutions for wealth management.

In 2022, the average daily turnover of northbound and southbound traffic under the Shanghai- and Shenzhen-Hong Kong Stock Connect was RMB103.3 billion and HK$32.5 billion respectively, an increase of 9.7 times and 2.3 times respectively over 2017, with over 70% of A-shares held by international investors traded through Hong Kong. In 2022, the average daily turnover of the Bond Connect reached RMB33.7 billion, an increase of 6.3 times over 2018, and about a quarter of the Mainland bonds held by international investors were settled through Hong Kong transactions. As at the end of 2021, 38 northbound and 47 southbound funds from the Mainland and Hong Kong respectively were sold in each other's markets after regulatory approval, with cumulative net subscriptions of RMB14.3 billion and RMB1 billion respectively.

At the same time, China's national wealth continues to increase, with the UHNW and HNW groups growing rapidly. According to Forbes, the number of individuals in China with a net worth of at least a billion US dollars reached 745 by 2021, surpassing the US as the world's largest concentration of billionaires for the first time. According to the China Banking Association-PBC School of Finance's China Private Banking Development Report (2022), the number of private banking clients in China reached 1.43 million by 2021, an increase of 13.54% year-on-year, and the scale of assets under management reached RMB19.59 trillion, an increase of 12.94% year-on-year. According to the international wealth management industry's normal development pattern, rising amounts of assets under management leads to an increase in global allocation, thus the rapid increase of national wealth has given rise to an increasing demand for cross-border services.

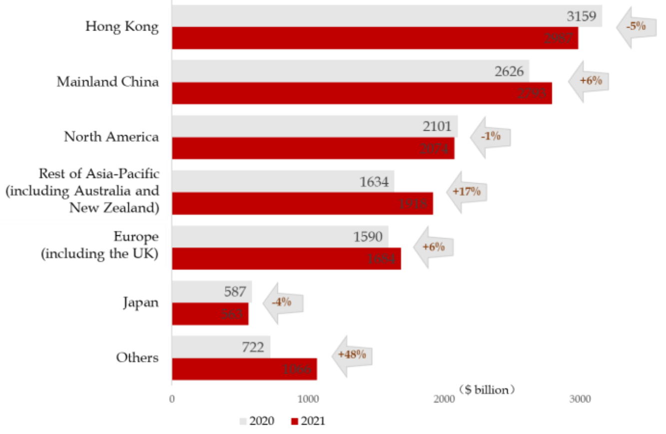
> *I think the most important positioning of Hong Kong is its role as a 'super-connector' to connect mainland capital to overseas and at the same time to channel overseas capital to the Mainland. Wealth management institutions such as private banks and family offices in Europe, the US, the Middle East and Southeast Asia are willing to hold Chinese assets or RMB assets, especially in emerging industries and start-ups. China's mega-market and innovative capabilities are particularly attractive to overseas investors. At the same time, if HNWIs in Mainland China need to manage their money across borders, where do they want to put it? If it is placed in Hong Kong, it enjoys the convenience of international capital and the expertise of international talent, while also being within one country.*
>
> ——A major foreign bank executive

The free flow of capital in Hong Kong is protected by the Basic Law, with an excellent business environment and friendly tax policies. With the opportunities of the new era, Hong Kong is expected to become a "wealth bridge" between the Mainland and overseas, based on the basic policy of "One country, Two systems" and benefiting from the unique advantage of free flow of capital. In the future, we should continue to strengthen our efforts to attract targeted investment from countries around the world and various types of wealth management and related institutions (such as private banks, family offices, national sovereign wealth funds, pension funds, university endowments, public charity funds, etc.), and promote the further relaxation of channels, quotas and product types for long-term capital investment in the Hong Kong market by the Mainland, such as pension funds and insurance funds, so as to take a more active role in shaping the convergence point of global wealth .

2.2

Building an "asset centre" to create an irreplaceable global RMB asset hub

Leveraging on Hong Kong's core strengths to build up its position as an RMB asset centre is one of the key initiatives to better integrate Hong Kong into the overall development of the country. Hong Kong and the Mainland have laid the foundation for mutual access across multiple asset classes and product types, including equities, bonds, savings and loans, funds, derivatives and foreign exchange, which has greatly enriched the supply of RMB assets in Hong Kong. HK$2.793 trillion (RMB2.4 trillion) of Hong Kong's assets under management in 2021 were invested in the Mainland, an increase of 6% over the previous year.

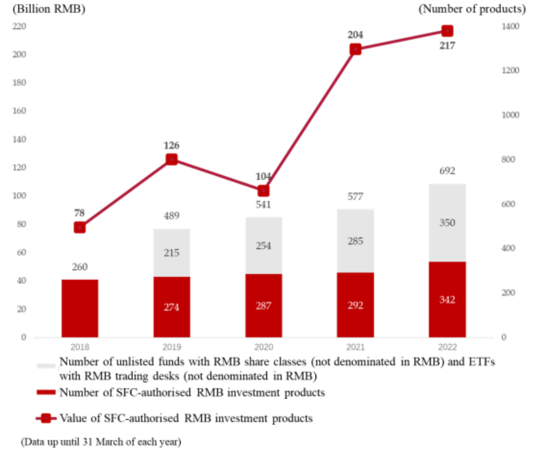


Source: Hong Kong Securities and Futures Commission, Asset and Wealth Management Activities Survey 2021

Figure 2-2: Assets under management in Hong Kong in 2020-2021 - by geographical area of investment

As noted earlier, more than half of the companies listed in Hong Kong are from the mainland, and their market capitalisation surpassed HKD 30 trillion by end-June 2022. By the end of April 2022, 21 US-listed Chinese companies have returned to the Hong Kong stock market through secondary and dual primary listings, with a total market capitalisation of over 70% of all US-listed Chinese stocks.

By the end of 2021, Hong Kong's offshore RMB bond balance reached RMB 673 billion, up 26% year-on-year. Since November 2018, the People's Bank of China has issued a total of RMB505 billion of central bank notes in Hong Kong. Hong Kong offers a wide range of RMB products such as RMB ETFs and RMB REITs to global investors. In 2021, a total of 40 RMB ETF products were made available for investors to trade on the HKEx, ranking it first among global exchanges. As at 31 March 2022, the scale of SFC-approved RMB investment products in Hong Kong reached RMB217 billion and has maintained good growth momentum.



Source: Hong Kong Securities and Futures Commission, Asset and Wealth Management Activities Survey 2021

Figure 2-3: Number and value of SFC-approved RMB investment products

Hong Kong ranks first among the world's major offshore markets in terms of RMB deposit and loan and RMB foreign exchange trading volumes. Figures released by the HKMA show that the size of RMB deposits and loans in Hong Kong stood at RMB906.7 billion and RMB176.6 billion respectively as of February 2022, up 19.1% and 11.1% year-on-year. Data from the 2019 Bank for International Settlements (BIS) Foreign Exchange and Derivatives Market Turnover Survey, which is conducted every three years, shows that the average daily turnover of RMB foreign exchange in Hong Kong was US$107.6 billion, while London and Singapore, which ranked second and third, were only US$56.7 billion and US$42.6 billion respectively during the same period.

In 2015, the mutual recognition arrangement for funds between Hong Kong and the Mainland came into effect. As at 31 March 2022, there were 47 Mainland funds authorised by the SFC in Hong Kong with an accumulated net subscription of approximately RMB1.24 billion, while there were 38 Hong Kong funds authorised by the CSRC with an accumulated net subscription of RMB11.886 billion.

I think the biggest advantage of Hong Kong is that it acts as a bridge between China and overseas. China is a market that everyone wants to enter, overseas investors want the opportunity to invest in high growth industries in the country, and Hong Kong is the closest international market to mainland China.

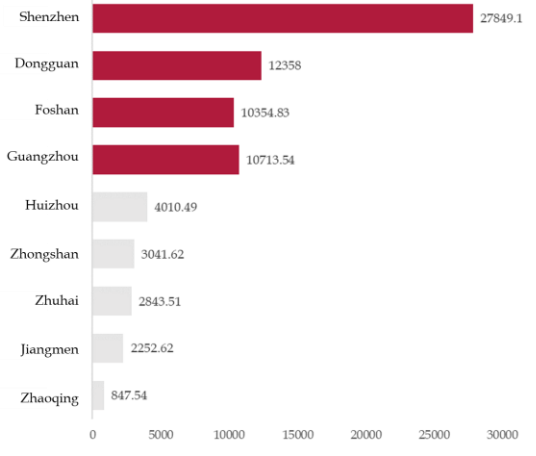
——A major foreign bank executive

As an RMB asset centre, Hong Kong should play a greater "dual circulation" role. To build an equity financing centre and a bond financing centre by continuously facilitating the flow of international capital through the listing and issuance of bonds by Mainland Chinese enterprises; to open up channels of cooperation with important international markets, such as Mainland China, the United States and Europe, etc., and to enhance the variety and quantity of financial products traded in Hong Kong; to build a " green bridge" and " technology bridge" to open up channels for international capital to invest in China's green, zero-carbon and digital sectors, supporting the high-quality transformation and development of China's real economy while bringing lucrative returns to investors; and building a unique competitive advantage around the RMB internationalisation strategy, with offshore RMB assets as the core.

2.3

Building a 'technology centre' to be at the forefront of fintech and digital transformation

In 2019, the State Council of the People's Republic of China issued the Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area, proposing that Hong Kong should vigorously develop its innovation and technology business and strengthen the cultivation of new industries. In October 2021, the HKSAR Government released the Northern Metropolis Development Strategy, which proposes to promote Hong Kong-Shenzhen cooperation and work with Shenzhen to build a Shenzhen-Hong Kong science and technology innovation cooperation zone, forming a new development pattern of "finance in the south and innovation in the north". The above important initiatives will contribute to the transformation and upgrading of Hong Kong's industries, promote regional collaboration and facilitate Hong Kong's integration into the overall development of the country.



Data source: Guangdong Science and Technology Statistics 2021

Figure 2-4: Output value of high-tech products in Guangdong Province, 2019 (Unit: RMB billion)

In recent years, a wave of financial technology has swept through the financial industry, including the wealth management industry, with e-wallets, mobile payments, online product supermarkets and AI investment advisors reshaping the wealth management industry and changing the financial habits of residents. While big data, artificial intelligence, blockchain and other cutting-edge technologies have brought efficiency gains, they have also brought new challenges to financial regulation, data security and privacy protection. In the field of financial technology, the Mainland and Hong Kong have been actively cooperating in a number of areas, striving to achieve a balance between innovative development and risk control.

The Memorandum of Understanding on Fintech Innovation Supervisory Cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area provides an institutional basis for the Mainland and Hong Kong to jointly promote financial technology innovation and will facilitate the speedy implementation of cross-border financial technology projects through a "one-stop" platform. In February 2021, the Hong Kong Monetary Authority, the Central Bank of Thailand, the Central Bank of the United Arab Emirates and the Digital Currency Institute of the People's Bank of China announced the launch of the "Project mBridge", which aims to explore the application of central bank digital currencies in cross-border payments and facilitate international financial flows. The project has now completed its initial test phase, confirming, testing the feasibility and effectiveness of the cross-border payment transactions, and is considered the most mature project of its kind in the world.

How can Hong Kong build a sound ecosystem in the digital asset space? How can it draw on the advanced technology of the Mainland? Digital assets are critical to the future of the global wealth management industry, a megatrend for the global financial market, and a major historical opportunity that Hong Kong absolutely cannot afford to miss. Hong Kong, which enjoys strong support from China and close connections to the world, should provide a "Data Connect" function amid the global wave of digitalisation, exploring cross-border personal data management solutions that will meet legal and regulatory requirements both at home and abroad, and beware of potential risk events caused by data problems.

In the process of building a global wealth management centre for the future, Hong Kong should focus on the major direction of digital transformation within the fintech industry, especially in relation to wealth management, improve the robustness and effectiveness of its fintech regulations, and implement supportive policies (e.g. special subsidies or tax relief for digital transformation) to help financial institutions in Hong Kong complete their digital transformation quickly and effectively, thereby effectively enhancing the international competitiveness of Hong Kong's wealth management institutions; actively participate in the research and construction of the Central Bank's digital currency and other areas, with emphasis on the development of new business models with market prospects; and, in parallel with innovation and risk management, continue to promote the interface with the Mainland's innovative regulatory tools for financial technology and provide institutional support for cross-border financial technology cooperation.

2.4

Building a "talent centre" to become a gathering place for high-level talents from home and abroad

The wealth management industry is a high-end "people-centric" service industry. Hong Kong has excellent educational resources, a large number of institutions of higher learning and a wide range of professionals from all over the world, which provides the talent base for the development of the wealth management industry.

Institutions such as the University of Hong Kong, the Chinese University of Hong Kong and the Hong Kong University of Science and Technology produce a large number of high-quality finance graduates every year. The University of Hong Kong also offers specialised programmes in asset management and private banking to train quality undergraduates specifically for the wealth management industry. Apart from fresh graduates, Hong Kong also attaches great importance to attracting external talent through the Quality Migrant Admission Scheme (QMAS), the Admission Scheme for Mainland Talents and Professionals (ASMTP), the Technology Talent Admission Scheme, the Admission Scheme for Second Generation of Hong Kong Permanent Residents of Chinese Nationality, the Arrangement for Non-local Graduates to Remain in Hong Kong/Return to Hong Kong for Employment. (ASMTP), "Technology Talent Admission Scheme", "Admission Scheme for the Second Generation of Chinese Hong Kong Permanent Residents", and "Immigration Arrangements for Non-local Graduates", to attract non-local talented people to come and stay in Hong Kong to work and develop.

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Because of the very rapid growth in business volume, which has left Hong Kong with a short supply of local high-end professionals, we want to actively work with the Mainland. If top talent can be attracted from the Mainland, Hong Kong can be used as a base to expand wealth management industry talent training programmes to a wider region.

−−A major foreign bank executive

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The Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area proposes that the Greater Bay Area of Guangdong, Hong Kong and Macao should "build a platform for education and talents", promote cooperation and development in education, and "support the Greater Bay Area in building an international education demonstration zone". In addition to education cooperation, it is also necessary to actively promote the programmes to attract talents in the Greater Bay Area, so as to achieve regional integration of education and employment of talents. In addition to the existing schemes such as the QMAS and the ASMTP, the Northern Metropolitan Region, which has great potential for development, is capable of hosting a wider range of talent admission schemes. It is recommended that the HKSAR Government should consider a more vigorous talent attraction scheme, with a green channel for the admission of Mainland Chinese and international talent, increasing the attraction of high-level talents from around the world through stronger policy concessions while continuing to expand channels for mutual access to bring in Mainland talents.

2.5

Building a "risk management centre" as a hub for managing risks in a time of "unprecedented change"

The international community is currently facing multiple risks and uncertainties, including great power rivalries, local conflicts, a once-in-a-century pandemic and inflation, among others. As an important window and bridge for China to open up to the outside world, Hong Kong should become an important hub for risk management for all types of wealth management entities. At present, financial risks such as price volatility in financial markets and cross-border capital flow shocks are ubiquitous, and the types of risks are increasing with innovation. Currently, domestic and foreign investors have very different risk appetites and transaction needs. The Hong Kong market is fully connected to the international market, which places higher demands on the prevention of cross-border financial risks. It should continue to strengthen macro-prudential management, form forward-looking regulation, innovate financial products for risk diversification and trading, and promote its own sound development in the process of building a centre for managing risks.

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The primary role in developing the wealth management industry in Hong Kong should be risk management.

——A national financial authority

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To better promote the use of risk management and compliance technology, the HKMA has developed a two-year plan to promote compliance development in the Hong Kong banking sector through a series of promotional activities and development initiatives. For example, the "Global RegTech Challenge" and "Flagship RegTech Conference" were held in 2021 to strengthen the interaction between the Hong Kong banking industry and global RegTech companies, enhance the banking industry's awareness of the potential of RegTech, and propose solutions to address common pain points encountered by banks in risk management and regulations. In June 2021, a series of RegTech Adoption Practice Guides were launched to provide practical guidance to banks on the implementation of RegTech solutions; in October 2021, a RegTech skills framework was developed to analyse Hong Kong's skills gaps and weaknesses for banks' reference; and in April 2022, a "RegTech Knowledge Hub" was launched, to encourage the Hong Kong RegTech ecosystem to enhance the exchange of experience and expertise in the application of RegTech.

In 2021, the Insurance Authority of Hong Kong published the Guideline on Application for Authorisation to carry on Special Purpose Business, signifying that Hong Kong has become an ideal location for the issuance of "insurance-linked securities" (transfer of insurance risk to the capital markets), particularly "catastrophe bonds". Hong Kong has expanded the scope of risks that can be covered by multinational companies setting up "captive" insurers in Hong Kong, optimising direct supervision of multinational insurance groups setting up control companies in Hong Kong. The insurance industry in Hong Kong has the ability to fully support Mainland enterprises in managing their investment risks in overseas projects. In addition, the political risk insurance market in Hong Kong has maintained continued growth. The Zurich Insurance Group, AIG, AXA, Prudential, Allianz, and many other large multinational insurers with a presence in Hong Kong are introducing more careful and comprehensive political risk insurance plans (with coverage for terrorism, hostage, coup, etc.).

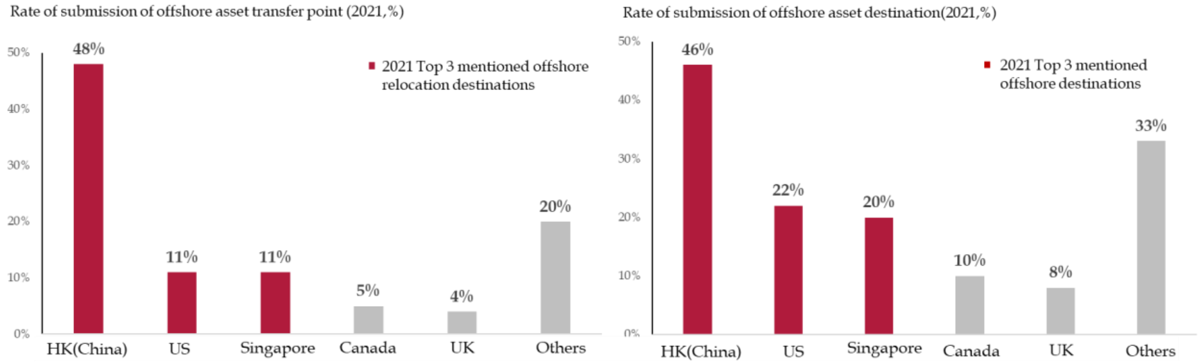
In the future, around the general trend of national financial liberalisation, Hong Kong should play a greater role in assisting the country to open up its capital markets in an orderly manner and promote financial security. Hong Kong should continue to strengthen the liaison and communication mechanism with the Mainland's financial regulators and enhance exchanges and cooperation; build up an information exchange mechanism for anti-money laundering and anti-tax evasion to combat cross-border illegal financial activities; draw on advanced international experience to innovate and create risk management tools and tradable financial products with prudential guidelines to meet the different risk management needs of various types of investors; provide a better risk management and closed-loop management for the mutual access mechanisms of the Southbound Scheme, Northbound Scheme, Bond Connect and Cross-boundary WMC etc.; strengthen the closed-loop management of funds; and continue to broaden the scope and deepen the intensity of the "connect" schemes within the parameters of risk control.

III. Building a Global Wealth Management Centre

After Hong Kong's return to China in 1997, it embarked on a path of complementary development with mainland China under the "One country, Two systems" policy. President Xi Jinping emphasised in his speech at the conference to celebrate the 25th anniversary of Hong Kong's return to the Motherland and the inauguration of the sixth Government of the Hong Kong Special Administrative Region that "the unique status and advantages of Hong Kong must be maintained". Hong Kong is the focal point for in-depth engagement of the "two structures." The "two structures" refers to Hong Kong and Macao's integration into the national development and the new national development pattern, i.e. the "open domestic and international circulation"; the "in-depth engagement" refers to the deep mutual integration.

According to the Report to the 20th National Congress of the Communist Party of China by President Xi Jinping, "We will support Hong Kong and Macao in growing their economies, improving their people's lives, and resolving deep-seated issues and problems in economic and social development. We will encourage Hong Kong and Macao to conduct deeper, closer, and broader exchanges and cooperation with other regions and countries... We will continue to develop the Guangdong-Hong Kong-Macao Greater Bay Area and support Hong Kong and Macao in better integrating themselves into China's overall development and playing a greater role in realizing national rejuvenation.". As a bridge between Mainland China and the world, Hong Kong's wealth management industry deserves a fresh growth opportunity in this new era of development.

The rapid growth in wealth of Mainland China residents has provided a vast hinterland for the development of the wealth management industry in Hong Kong. According to the China HNWI Survey conducted by China Merchants Bank and Bain & Co., Hong Kong, China (48%) is the most mentioned destination for Chinese HNWIs in 2021, significantly higher than the US (11%) and Singapore (11%), and Hong Kong, China (46%) is still the most mentioned destination for offshore assets, significantly higher than the US (22%) and Singapore (20%), which rank second and third. Hong Kong, China (46%) continues to be the most cited destination for offshore assets, significantly higher than the US (22%) and Singapore (20%). The future of Hong Kong's wealth management market should focus on continuing to deepen and broaden its connectivity with the Mainland, so as to accelerate its development while meeting the growing cross-border financial needs of the country's residents.



Remarks: Other countries include Australia, New Zealand, South East Asia excluding Singapore, EU excluding UK, and the Belt and Road regions.

Source: China Merchants Bank - Bain HNWI Survey analysis

Figure 3-1: Asset transit points and destinations for Chinese HNWIs, 2021

As the saying goes, "cast the net, and the mesh will open naturally". The Hong Kong wealth management industry needs systematic planning and top-level design to better integrate into the overall picture of the National Long-Range Objectives through the Year 2035, and to draw up the "Outline of the Hong Kong Global Wealth Management Centre Long-Range Objectives through the Year 2035" (hereinafter referred to as the "Hong Kong Wealth Management 2035 Long-Range Objectives") at various levels, such as mutual access with the Mainland, asset platform building, bi-directional cross-border practice, industry expertise cultivation and digital capability enhancement, with a view to shaping a global wealth management centre with unique core competitiveness. The wealth management industry, leveraging Hong Kong's role as the Hong Kong of the Greater Bay Area, the Hong Kong of China and the Hong Kong of the world, will be able to forge new success and gain unparalleled scope for development in the nation's rejuvenation.

3.1 New Development in a New Era: Vision and Goals

By 2035, Hong Kong will have established a bi-directional platform for "Global Wealth Allocation to China" and "Global Investment for Chinese Wealth", and will gradually expand a series of landmark initiatives such as the Cross-boundary WMC; promoting the mutual access of practitioners in wealth management and related fields to facilitate financial supply-side reform and quality development; putting talent first by attracting a multi-level talent pool with roots in China and an eye on international markets to provide a continuous supply of human capital for the development of Hong Kong's wealth management industry; and clarifying the strategic value of digital service capabilities to build a high level of wealth technology and digital service capabilities in Asia Pacific and the world.

Specifically, the Hong Kong 2035 Strategic Plan includes the following five major objectives:

- Mutual access between the two places to promote mutual benefits with broader financial interoperability. Complete three upgrades of Cross-boundary WMC by 2035 to enable greater cross-border financial interoperability.

- Platform building to attract international investors with a richer range of RMB assets. Deepen the development of Hong Kong's offshore RMB product market and shape its core competitiveness while facilitating the internationalisation of the people.

- Cross-border practice to promote more frequent and reciprocal interactive exchanges. Explore cross-border practice mechanisms for financial practitioners from both places to unlock greater institutional dividends for wealth management interoperability.

- Putting talent first and nurturing talent in the wealth management industry with a more proactive and open approach. Establish a Hong Kong Institute of Wealth Management (HKIWM), which also builds on the establishment of a number of Hong Kong universities in the Mainland to nurture and bring in high quality young professionals from the Mainland.

- Digital first, embracing digital with a more forward-looking attitude. Support private banks, family offices and other wealth management institutions to promote digital transformation and empower service and innovation with financial technology.

3.2 Mutual access between the two jurisdictions to promote mutual benefits with broader financial interoperability

The Greater Bay Area of Guangdong, Hong Kong and Macao has a vast wealth management market in its hinterland. The Greater Bay Area consists of 11 cities with a total population of over 70 million people. Among them, Hong Kong, Shenzhen and Guangzhou rank among the top 10 cities with the highest concentration of billionaires in the world. According to the Hurun Wealth Report 2021, there are 443,130 HNW households in the Guangdong-Hong Kong-Macao Greater Bay Area, each with investable assets of over RMB 6 million, of which 181,000 are in Hong Kong and 261,000 are in Shenzhen, Guangzhou, Zhuhai, Foshan, Dongguan and Shantou.

Table 3-1: Key indicators for cities in the Guangdong-Hong Kong-Macao Greater Bay Area (2021)

	Population (10,000 people)	GDP (billion yuan)	GDP per capita (10,000 yuan/person)	Per capita disposable income of urban residents (RMB 10,000)
Shenzhen	1768.16	30664.85	17.34	7.08
Guangzhou	1881.06	28231.97	15.01	7.44
Foshan	961.26	12156.54	12.65	6.29
Dongguan	1053.68	10855.35	10.30	6.37
Huizhou	606.60	4977.36	8.21	4.92
Zhuhai	246.67	3881.75	15.74	6.42
Jiangmen	483.51	3601.28	7.45	4.36
Zhongshan	446.69	3566.17	7.98	6.03
Zhaoqing	412.97	2649.99	6.42	3.78
Total	7860.60	100585.26	12.80	

Data source: Local statistical offices

Drawing up three iterations of the Cross-boundary WMC to actively promote full integration

Version 1.0 (2021-2022):
RMB150 billion "Inclusive Connection"

The current Cross-boundary WMC has a total quota of RMB150 billion in each direction, with an investment quota of RMB1 million for a single investor and a range of risk levels from R1-R3 for investment products. Judging from the recent operational results, the overall usage of the Cross-boundary WMC is limited due to internal and external factors such as the pandemic, and there is room to further explore the policy dividends in the future.

Version 2.0 (2023-2025):
RMB150 billion "Tiered Connections"

Based on the current development of the Cross-boundary WMC, both sides can promote the "Tiered Connections" at an opportune time from 2023 onwards, i.e. the total quota of funds in both directions would remain unchanged at RMB150 billion each, and the investment quota of RMB1 million for a single investor would be relaxed to allow eligible investors to gradually increase their investment quota or not be subject to any investment quota. Investors could invest in products ranging from risk levels R1 to R5.

Meanwhile, given the availability of higher-risk products and the need to ensure product and client suitability, practitioners in Hong Kong can provide advice to WMC Connect clients in the Mainland, and Mainland practitioners can provide advice to WMC Connect clients in Hong Kong.

Version 3.0 (2025-2035):
RMB1.5 trillion "Comprehensive Connection"

On the solid foundation of the safe and compliant operation of the tiered connection, both sides can promote the "comprehensive connection" at an opportune time from 2025 onwards, i.e. on the basis of the tiered connection, the total amount of bi-directional quota can be gradually increased. At the same time, the geographical scope would be extended from the Guangdong-Hong Kong-Macao Greater Bay Area to cover all regions in the country that meet certain criteria, and the amount of bi-directional quota would be increased appropriately according to actual demand, potentially to RMB 1.5 trillion each in both directions by 2035 (i.e. 10 times the current amount).

Establishing a working group on Cross-boundary WMC and forming a dialogue mechanism among regulators in the three locations

In order to seek a breakthrough under the existing institutional arrangements and to deepen mutual access on the basis of ensuring the safe operation of the

Cross-boundary WMC, consideration may be given to promoting the establishment of a working group on the Cross-boundary WMC. The working group can be formed by the regulatory authorities and industry bodies of the Mainland, Hong Kong and Macao to regularly monitor and evaluate the effectiveness of the operation, form a mechanism for dialogue and exchange, and continuously improve and iterate on the design of the Cross-boundary WMC mechanism.

3.3 Platform building to attract international investors with a richer range of RMB assets

Hong Kong's position as a global offshore RMB hub is one of the core strengths of building a global wealth management centre. Mainland China's strong growth momentum and development opportunities are extremely attractive to international investors. With strong demand for quality RMB assets from international investors, more and more overseas funds are choosing to deploy in Hong Kong on a long-term basis to seek investment opportunities in the capital market and to access the Mainland capital market through the mutual access mechanism between Hong Kong and the Mainland. Under the institutional arrangement of "One country, Two systems", Hong Kong has the advantage of being a "participant" in the domestic cycle and a "facilitator" of the international cycle. Building an RMB asset platform is not only in line with the country's general dual circulation policy and deepening openness to the outside world, but also an important basis on which Hong Kong's wealth management sector can build its core competitiveness.

Creating an "offshore ecosystem" for RMB to facilitate the internationalisation of RMB

The Hong Kong offshore RMB market is currently dominated by bond (e.g. Dim Sum Bonds) and fund (e.g. ETFs) products, with a relative lack of equities and other financial products. In the future, Hong Kong should continue to build an RMB "offshore ecosystem", provide more RMB-denominated investment channels and financial instruments, and promote the development of RMB products in the offshore market, to leverage on Hong Kong's function as a "domestic - offshore" RMB market to facilitate the internationalisation of RMB. For instance:

Taking the Southbound Scheme as a gateway to explore the promotion of RMB-denominated trading in the Hong Kong stock market, so as to reduce exchange-rate risks and enhance the certainty of trading prices. The Chief Executive of the Hong Kong Monetary Authority, Mr Eddie Yue, mentioned at the "Treasury Markets Summit 2022" on 16 September 2022 that Hong Kong was preparing to launch RMB-denominated stock trading and was discussing the details with the relevant Mainland authorities;

Enriching risk management tools related to RMB assets, broadening the types of investments in the derivatives market, and providing better risk management services to international investors in RMB assets;

Improving the RMB financial infrastructure of the offshore market, optimising cross-border payment systems, transaction settlement systems, etc., and enhancing transaction volumes and operational efficiency;

Optimising liquidity arrangements, using institutional arrangements such as local currency swaps and clearing banks to enhance the liquidity of the offshore RMB market and the availability of medium and long-term funds, and continuing to explore the use of digital currencies in cross-border payments;

Providing a convenient channel for Mainland market players to issue green bonds and other RMB-denominated bond products in Hong Kong, develop innovative financial instruments to support the transformation of high-carbon industries into low-carbon ones, and build a "low-carbon" and "green" asset platform;

Building a unified carbon emission market in the Greater Bay Area on the basis of the China Emissions Exchange, and exploring the establishment of an "Emissions Market Connect" based on the experience of Stock Connect and Bond Connect, so as to open up channels for international investors to invest in the Greater Bay Area carbon emissions market and the national carbon emissions market. An initial feasibility assessment of carbon emissions market opportunities in Hong Kong was published in March 2022 by the Green and Sustainable Finance Cross-Agency Steering Group co-led by the HKMA and the SFC. Based on the assessment results, the Steering Group's subsequent plans include developing Hong Kong into an international quality voluntary carbon emissions market, promoting the construction of a unified carbon emissions market in the Greater Bay Area, and strengthening cooperation with the Guangzhou Futures Exchange on carbon emissions market development.

3.4 Cross-border practice to achieve a high level of reciprocity with closer interaction between the two jurisdictions

In April 2020, the People's Bank of China and four other departments jointly issued the "Opinions on Financial Support for the Construction of the Guangdong-Hong Kong-Macao Greater Bay Area", which proposed to "strengthen cooperation in financial supervision among Guangdong, Hong Kong and Macao; establish a financial regulatory coordination and communication mechanism for the Greater Bay Area of Guangdong, Hong Kong and Macao to enhance financial regulatory exchanges among the three places and coordinate the resolution of cross-border financial development and regulatory issues; promote the improvement of financial regulatory rules in innovative areas and study the establishment of a regulatory 'sandbox' for cross-border financial innovation... to promote the training and exchange of financial talents and cooperation among Guangdong, Hong Kong and Macao."

Hong Kong's Wealth Management Industry Faces the dilemma of "falling between two stools"

A number of interviewees in this survey said that Hong Kong's wealth management industry has suffered from the dilemma of "falling between two stools", i.e. it cannot provide any wealth management services to Mainland clients who have already opened accounts in Hong Kong on the one hand, and on the other hand, they are subject to the same foreign exchange control constraints as other international financial centres, which has become an important bottleneck for Hong Kong's wealth management and financial industry, resulting in a large amount of capital being lost overseas in the face of fierce competition in the international wealth management industry.

Consider a cross-border practice framework for wealth management and open up barriers to cross-border practice for bankers

In order to address this major challenge, it is recommended that the financial authorities and regulators of the two places should introduce greater institutional innovation and creatively allow Hong Kong to take full advantage of its unique 'domestic-offshore' status in accordance with the "One country, Two systems" principle, and design institutional arrangements that distinguish Hong Kong from other international financial centres. For example, consideration can be given to designing a bi-directional cross-border practice framework for financial practitioners in Hong Kong and the Mainland, so as to open up the barriers to cross-border practice and truly release the dividends of the "one country" system and enable the banking sectors of the two places to achieve closer regulatory integration. For example, Hong Kong bankers can provide high-level cross-border wealth management services in the Mainland to Mainland residents who have opened accounts with Hong Kong banks, and correspondingly, Mainland bankers can provide high-level cross-border wealth management services in Hong Kong to Hong Kong residents who have opened accounts with Mainland banks, thereby promoting the in-depth integration and breakthrough development of the wealth management industry in Hong Kong and the Mainland, and ultimately enabling Hong Kong to obtain national institutional support that clearly differentiates it from other international financial centres.

Use the Greater Bay Area as a starting point for cross-border practice and promote it nationwide

Hong Kong has a strong foundation in the financial services industry, and cross-border financial practice, represented by wealth management and private banking, can greatly facilitate cross-regional service facilitation and the exchange of talent and experience. The exchange of financial services experience between the Mainland and Hong Kong helps to stimulate innovative models, develop service ideas and enhance service standards. The Hong Kong Wealth Management 2035 Long-Range Objectives are committed to promoting the exploration of cross-border financial practice mechanisms between the Mainland, Hong Kong and Macao, and may consider taking the lead in opening a regulatory sandbox in the Greater Bay Area. For example, initially, 500 private bankers in each direction can be certified as a pilot, and gradually improved and optimised based on actual experience after closed operation over three years. On this basis, policies and regulations on cross-border practice of the wealth management industry in the Mainland and Hong Kong can be formed, and then mutual recognition can be extended to a larger region in the country and to more professional areas in a standardised and mature manner.

Through the innovative institutional arrangement of cross-border wealth management practice, Hong Kong's established advantages as an international financial centre can be effectively combined with the unique advantages offered by the offshore vs. domestic relationship embedded within "One country, Two systems," providing high-level wealth management and financial services that help residents of the Mainland and Hong Kong meet their aspirations for a better life.

3.5 Putting talent first and nurturing talent in the wealth management industry with a more proactive and open approach

In the wealth management industry, a focus on clients and talent development are paramount, and building high-quality industry professionals with a combination of professional hard skills and comprehensive soft skills is extremely important. Hong Kong has a large number of universities and a leading global ranking, but only one university, the University of Hong Kong, currently offers a wealth management programme, and enrolment is small and limited to undergraduate students. In the future, the multiple talent paths of "local training + mainland import + global pooling" should be vigorously promoted to address the increasingly tight supply of multi-level professionals in Hong Kong's wealth management industry.

Hong Kong's Wealth Management Industry Faces the dilemma of "falling between two stools"

On a global scale, education and training are an important part of the infrastructure needed for the development of global wealth management centres. For example, the Wealth Management Institute of Singapore (WMI), established back in 2003 with the support of the Government of Singapore Investment Corp (GIC) and Temasek, was the first professional institute in Asia to train wealth management professionals, offering a Master's degree programme in Wealth Management and Asset Management, a number of diploma programmes in Treasury Management, Capital Management, Compliance and Regulation, a number of certifications such as Certified Private Banker, Certified Compliance Officer, Certified Service

Advisor programmes, as well as a number of non-degree lifelong education programmes in Family Offices, Trust Services, Multi-Asset Investments, ESG Investments, etc., contributing significantly to the quality development of the wealth management industry in Singapore.

This report recommends that, to meet the growing demand for wealth management professionals in Hong Kong, the relevant departments of the HKSAR Government should collaborate with industry bodies (such as the Hong Kong Private Wealth Management Association) to establish a Hong Kong Institute of Wealth Management to train wealth management professionals in large numbers through a multi-level and multi-dimensional education and teaching matrix of degree programmes, non-degree programmes, certification programmes and international programmes.

At the degree level, it can cooperate with local universities to offer undergraduate and master's degree programmes in wealth management, and cooperate with Mainland universities to offer courses in major Mainland cities; at the non-degree lifelong education level, it can offer a lifelong education and training system for private bankers and wealth management professionals; at the certification education level, it can cooperate with internationally renowned wealth management certification standards and expand the scope of use of the certification of registered private wealth manager. At the same time, it can enhance students' ability to serve global clients through international cooperation.

In addition to the professional ethics, theory and practice of wealth management professionals, the Hong Kong Institute of Wealth Management should also strive to become the intersection of politics, industry and academia, and play a role as a think tank to promote the quality development of Hong Kong's wealth management industry, through professional research to actively advise and provide continuous intellectual support for the development of Hong Kong as a global wealth management centre.

Launch of employment "through train" programme for Mainland universities in Hong Kong

Seven universities in Hong Kong have opened branches (or are explicitly planning to do so) in the Mainland, namely the Chinese University of Hong Kong in Shenzhen, the Hong Kong University of Science and Technology in Guangzhou, the City University of Hong Kong in Dongguan, the Hong Kong Polytechnic University in Foshan, the Hong Kong Metropolitan University in Zhaoqing, the University of Hong Kong in Shenzhen and the Hong Kong Baptist University in Zhuhai. The opening of the branch campus will promote bi-directional exchanges and advanced cooperation between higher education in the Mainland and Hong Kong, enabling the interchange and sharing of higher education resources and high-quality talents.

The wealth management industry can only serve its clients better if it is based on a deep understanding of their preferences, needs and culture. Because Mainland talents can better understand the needs of Mainland clients in depth, it is recommended that the Mainland branches of Hong Kong universities offer wealth management majors or courses to train high potential Mainland talents to join the wealth management industry in Hong Kong, so as to effectively fill the current talent gap in Hong Kong wealth management institutions serving Mainland clients.

To encourage mainland wealth management graduates to seek employment in Hong Kong, a more friendly and convenient policy regarding residence in Hong Kong should be introduced. For example, a green channel of "Immigration Arrangements for Non-local Graduates" can be established for wealth management graduates from Hong Kong universities in the Mainland, who can enjoy a one-year IANG (Immigration Arrangements for Non-local Graduates) visa after graduation and can directly join the workforce in Hong Kong without having to apply separately.

3.6 Digital first: embracing digital with a more forward-looking attitude

In recent years, with the innovative application of new technologies such as mobile internet, cloud computing, big data and artificial intelligence, a wave of digitalisation has begun changing the global wealth management industry. Financial technology and digitalisation can broaden the channels through which wealth management institutions reach their clients, reduce costs and increase efficiency, control risks and improve experience in the areas of client profiling, planning and allocation and transaction execution, thus becoming a new development opportunity for the wealth management industry.

Promote digital service capacity building for private banking

In June 2021, the Hong Kong Monetary Authority (HKMA) launched the "FinTech 2025" strategic framework, with a focus on the "full digitalisation of banks". Fintech and digital applications can support the banking sector to better respond to the opportunities and risks arising from technological developments. The HKMA launched the Tech Baseline Assessment in 2021, requiring major banks in Hong Kong to submit three-year plans for the application of Fintech by the end of 2021 to promote the adoption and innovation of Fintech in the banking sector. The digitalisation of banks in Hong Kong has been significantly enhanced and retail banks are now able to process transfers through the Faster Payment System and Real Time Gross Settlement systems.

Private banking and wealth management institutions in Hong Kong should also seize the opportunity to build their digital service capabilities on all fronts. For instance:

- Realizing the refined management of private banking customer stratification with the help of big data, and realizing a comprehensive portrait of customers with the help of data, in order to deeply explore the needs and accurately respond to them;

- Using artificial intelligence, machine learning and other technologies to build a digital professional investment advisory system, with a hybrid human-machine approach that can meet clients' needs in real time;

- Creating an end-to-end integrated business process, linking the front, middle and back office processes, moving processes online and automating them and improving customer experience and work efficiency;

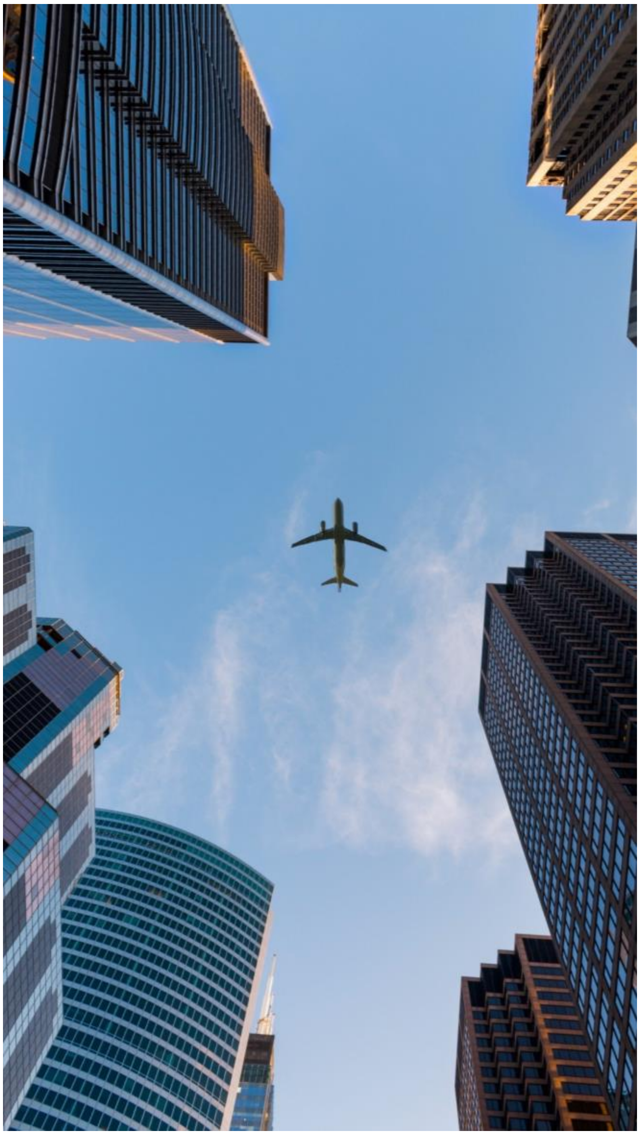
- Strengthening bi-directional empowerment and resource sharing with external fintech companies, and expanding the boundaries of digital capabilities through strategic partnerships and mergers and acquisitions.

Concluding Remarks

In recent years, Hong Kong has made significant progress as a wealth management centre, interconnecting with the Mainland market, developing an offshore RMB market and promoting financial technology. However, it should be noted that other wealth management centres at home and abroad are keeping pace with the times and shaping the competitiveness of the industry: Switzerland's perceived stability contributes to its strong overall competitiveness; Singapore has attracted Chinese wealth in recent years, built up its wealth management capabilities and performed well in terms of policy innovation; the US wealth management market has a vast hinterland, with significant industrial clusters and financial institutions; Shanghai, Shenzhen, Beijing and other mainland financial centres are also actively assessing their wealth management markets, and have introduced development plans and policy packages to support the industry's development.

Hong Kong's greatest strength lies in "One country, Two systems", and "upholding the essence of 'one country' and making good use of the advantages of 'two systems ". In the process of developing the wealth management industry, Hong Kong should actively integrate into the national development and the new national development pattern (referred to as "open domestic and international circulation").

To build a global wealth management centre for the future, Hong Kong should consolidate its foundation by "leveraging on the Motherland", actively integrate into the national development strategy, explore the commonality and strive to achieve the highest degree of synergy between national development and the development of Hong Kong. In terms of its connections with the rest of the world, it should build on its already substantial success as an open, dynamic, free, regulated, safe and liveable financial center, and continue to enhance its attractiveness to global wealth.



About Us

Hong Kong Private Wealth Management Association (PWMA)

The Hong Kong Private Wealth Management Association (PWMA) is the most authoritative trade association for the wealth management industry in Hong Kong. It currently has 42 full members, all of which are large domestic and international licensed financial institutions engaged in wealth management business, including: Agricultural Bank of China Hong Kong Branch, Bank of China (Hong Kong) Limited., Bank of China International Limited., Bank of Communications (Hong Kong) Limited., The Bank of East Asia Limited, Bank J. Safra Sarasin Ltd, Bank Julius Baer & Co. AG., Bank of Singapore Limited, Banque Pictet & Cie SA, Hong Kong Branch, BNP Paribas Hong Kong Branch, CA Indosuez (Switzerland) SA, Hong Kong Branch, China CITIC Bank International Limited, China Construction Bank (Asia) Corporation Limited., China Everbright Bank Co., Ltd., Hong Kong Branch, China Minsheng Banking Corp., Ltd., Hong Kong Branch, Chong Hing Bank Limited., Citibank, N.A., Citigold Private Client - Citibank (Hong Kong) Limited, CMBWing Lung Bank Limited, Credit Suisse Bank AG, Hong Kong Branch, CTBC Bank Co., Ltd., Dah Sing Bank, Limited, DBS Bank (Hong Kong) Limited., Deutsche Bank AG, Hong Kong Branch, East West Bank, Hong Kong Branch, EFG Bank AG , Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited., Industrial and Commercial Bank of China (Asia) Limited., Industrial Bank Co., Ltd. Hong Kong Branch, JP Morgan Chase Bank, National Association, LGT Bank AG, Hong Kong Branch, , Morgan Stanley Bank Asia Limited., Nomura International (Hong Kong) Limited., OCBC Wing Hang Bank Limited., Royal Bank of Canada, Hong Kong Branch, Shanghai Pudong Development Bank Co.,Ltd., Hong Kong Branch, Standard Chartered Bank (Hong Kong) Limited., Union Bancaire Privee, UBP SA Hong Kong Branch, United Overseas Bank Limited., UBS AG.

Tsinghua University PBC School of Finance

Established on 29 March 2012, the PBC School of Finance is the 17th school of Tsinghua University, built on the basis of the graduate department of the People's Bank of China established in 1981, in cooperation with the People's Bank of China and Tsinghua University. With the mission of "cultivating financial leaders, leading financial practice, contributing to national rejuvenation and promoting world harmony", the School follows the most advanced international higher education model for financial disciplines and business schools to build a leading domestic and international platform for financial higher education and financial academic policy research.

Tsinghua University PBCSF Global Family Business Research Center

Tsinghua University PBCSF Global Family Business Research Center has established the mission of "studying the development rules of global private enterprises, cultivating inter-generational leaders of Chinese private enterprises, empowering the development of the wealth management industry, and helping the country's economic foundation to grow forever", and has published more than 200 papers and cases in academic and financial journals at home and abroad, 16 academic literatures and translations, collected a number of Harvard case studies. It provides high-quality think-tank research for the Central Finance Office, Ministry of Finance, Ministry of Education, Ministry of Civil Affairs, China Banking Regulatory Commission, All-China Federation of Industry and Commerce, Hong Kong Financial Development Council and China Banking Association, and cooperates internationally with renowned institutions such as the World Economic Forum, Bill & Melinda Gates Foundation and Singapore Economic Development Board, and is committed to becoming a renowned think-tank with international influence in the field of private enterprises and wealth management.

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