Hong Kong Asset Management and Private Equity Outlook

Navigating Volatilty, Seizing Opportunities

KPMG. Make the Difference.

kpmg.com/cn

Contents

Foreword

The first six months of 2025 have unfolded against a backdrop of considerable global uncertainty, shaped by geopolitical tensions, uneven economic recovery, and divergent monetary policy trajectories across major markets. These dynamics have posed significant challenges for the asset management industry in Hong Kong and the Chinese Mainland, particularly within the private equity space, where fundraising and exit activity have slowed amid increased market scrutiny. Nonetheless, the period has also underscored the resilience and adaptability of the region's asset managers.

While headwinds remain, there has been a rebound in Hong Kong's Hang Seng Index, leading to a more positive outlook for IPOs, driving growth locally and raising a total of HKD 107.1 billion in the first half of 2025. Hong Kong has also seen an improvement in its asset and wealth management business, with assets under management (AUM) rising 13% in 2024. Meanwhile, as an asset management hub, the Hong Kong SAR's (Hong Kong) strategic location and its role as a gateway to the Chinese market continue to provide unparalleled access to opportunities in the world's second-largest economy. Hong Kong also benefits from the growing significance of Asia in global asset management, which continues to outpace global asset management growth.

Looking ahead, there are a number of key trends and themes that will provide opportunities for the sector, as well as actions that the government is taking to cement Hong Kong's status as an asset management hub. The recent refinements to the Unified Funds Exemption (UFE) regime, for example, are expected to provide greater clarity and certainty for investors, potentially attracting more fund managers to the city. Meanwhile, the government is actively working to introduce new incentives and reforms to attract family offices and high-net-worth individuals.

One key area of focus is the ongoing relaxation of restrictions on cross-boundary investment. While the industry has been pushing for years for greater access to the Chinese Mainland market, recent years have seen progress in this direction – albeit at a slower pace than expected. Additionally, there's a push for cross-boundary recognition of qualifications, which would be a significant step towards allowing Hong Kong advisors to sell a broader range of products in the Chinese Mainland.

While wholesale changes to WMC are unlikely in the near term as regulators pursue a phased approach, further cooperation will be essential to help iron out some of the issues and to ensure that Hong Kong remains competitive. As the Chinese Mainland market opens up and more Chinese investors—both institutional and retail—seek global opportunities, there is no doubt that Hong Kong-based asset managers are ideally placed to serve this new market.

In this Outlook, we identify some of the key areas of focus for 2025, as well as the broader trends affecting the whole industry. We hope you enjoy the insights from our asset management colleagues.

Please feel free to get in touch if you would like to discuss any of the trends or topics in more detail.

Vivian Chui
Head of Securities and Asset Management, Hong Kong SAR
KPMG China

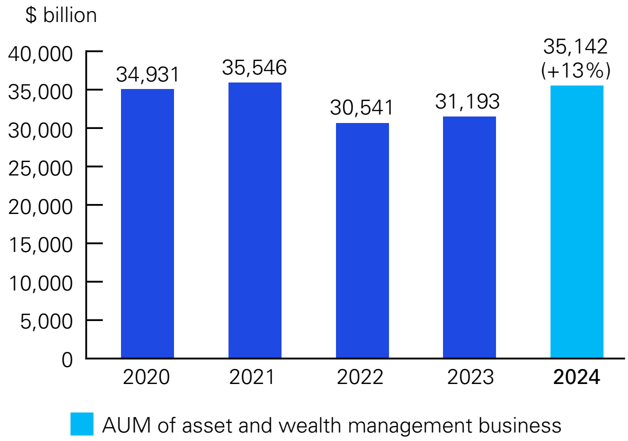
Darren Bowdern
Head of Asset Management Tax, ASPAC
Head of Alternative Investments, Hong Kong SAR
KPMG China

Current state of the industry

Hong Kong's asset management industry is navigating short-term volatility while eyeing significant long-term opportunities at the national level and in the broader ASPAC region.

Total assets under management (AUM) for Hong Kong's asset and wealth management industry rose 13% to HKD 35, 142 billion in 2024[1], with net inflows increasing 81% during the year - demonstrating the sector's resilience and ongoing appeal to investors.

Figure 1: Hong Kong Asset and Wealth Management Business AuM



Source: Securities and Futures Commission Asset and Wealth Management Activities Survey 2024

The Hong Kong IPO market has also demonstrated strong performance, with the first half of 2025 seeing its strongest activity since 2021, raising a total of HKD 107.1 billion. This growth is driven by 7 successful A+H listings, which collectively accounted for 72% of the total funds raised, and a robust IPO pipeline of TMT, healthcare/life sciences, and consumer market companies. The active IPO pipeline includes 43 A-share companies aiming to complete A+H listings, setting a new record for Hong Kong. This surge is driven by 47 new A+H applicants this year, compared to just 5 in 2024. This momentum is expected to continue, positioning Hong Kong as a leading global stock exchange for IPO funds raised and driving the expansion of Hong Kong's asset management industry.

As the Chinese Mainland market opens up, Hong Kong-based asset managers are also well-positioned to meet the growing demand from Chinese investors seeking global opportunities. Their global experience will further contribute to the development of the Chinese Mainland's domestic asset management sector.

Other Asia Pacific (ASPAC) markets with growing middle-class populations also offer a wealth of opportunities in the region. The role of Hong Kong as a super connector in the region is increasingly recognised, as fund managers looking to invest in other ASPAC economies often consider Hong Kong as an international hub to execute their investment strategies. Connectivity within the Greater Bay Area has for example deepened, as well as beyond Hong Kong's traditional investment corridors, such as with middle eastern markets like Saudi Arabia.

The industry is evolving globally, driven by technology, new players, and a broader range of assets. Key trends shaping the sector include ageing populations, ESG, private equity retail fund products, tokenisation, and virtual assets. The growth of Exchange Traded Funds is also notable, driven by their diversified, low-cost, and accessible nature.

With ongoing competition from other regional economies and financial centres like Singapore, coupled with investor hesitancy due to China-US tensions, Hong Kong must continue to promote its strengths, maintain a competitive tax regime, and retain high-quality professional talent. Industry players, the government, and regulators must collaborate to enhance the landscape, market Hong Kong's advantages, and proactively refine its position.

[1] Securities and Futures Commission, Asset and Wealth Management Activities Survey 2024.
https://www.sfc.hk/-/media/EN/files/COM/Reports-and-surveys/EN_AWMAS-2024.pdf?rev=b5a3bd4768b34f3185b421ca91f70750&hash=532732D531ED17BDC46927632F1F09A8

Industry consolidation and mega mergers

The global asset management industry experienced a surge of consolidation in 2024, primarily driven by firms seeking greater scale, operational efficiency, and expanded investment capabilities. This momentum continues in 2025, creating both opportunities and challenges for investors and asset managers alike.

Globally, rising technology costs and intense competition have been key motivators for merger and acquisition activity, as firms look for ways to remain competitive and capture larger market share. In Hong Kong, there is a widespread expectation that the asset management sector will continue to grow, building on the momentum of the past five years. However, mounting pressure to diversify product offerings and maintain profitability is driving many asset managers to seek partnerships or acquisitions to strengthen their existing platforms.

One clear outcome of these industry shifts will be the emergence of "multi-strategy hypermarkets" – firms offering a wider range of investment products and strategies under one umbrella. Asia's expanding middle class, especially in China, is looking for more sophisticated investment options and financial services, and this demand is becoming a significant driver behind this expanded service model.

Another key driver behind consolidation is cost efficiency. Smaller firms are struggling to compete with larger players that benefit from economies of scale, enabling them to invest more in technologies such as AI to enhance client service, optimise portfolio management, and stand out in the market. Locally, many managers focused on the Chinese Mainland are, in the face of a challenging market, now looking for consolidation and merging opportunities in order to remain competitive.

Globally, asset management firms have also been teaming up more frequently with major life insurance companies, with many private equity giants now incorporating sizeable insurers into their portfolios. With large reserves of long-term capital, insurers offer asset managers a stable funding source for a variety of investment strategies, including alternatives. While this is largely a global trend, we can expect it to gain some momentum in Asia over the coming years, as asset managers look for new sources of long-term capital.

Taken together, the steady wave of consolidation, combined with insurers' deepening role in the asset management sector, will likely drive considerable change in Hong Kong and across Asia in the coming years. With increasing pressure to innovate and remain profitable, asset managers will continue to have strong incentives to pursue new partnerships, scale up, and diversify their offerings to meet the evolving needs of investors.

Regulatory developments

2025 will see continued scrutiny of asset and wealth managers as the SFC looks to maintain and build investor confidence in Hong Kong.

The government has consistently expressed its commitment to promoting a healthy asset management sector, focusing on strengthening investor protection while encouraging growth and innovation. Over the past decade, the number of asset managers holding a Type 9 license from the SFC has more than doubled.

In October 2024, the SFC released a circular regarding deficiencies and substandard conduct noted in the management of private funds and discretionary accounts, which is still a focus point for the industry. Issues identified in that circular included:

Conflicts of interest	Failure by some asset managers to manage potential or actual conflicts of interest, including: • Use of fund assets to provide financing to related entities. • Unfair allocation of trades • Financing being provided to funds by the asset manager at non-commercial rates.
Risk Management and investment within mandate	Failure by some asset managers to implement sufficient controls to ensure that transactions were conducted in accordance with the investment objectives and restrictions of their clients, and with adequate consideration of the resulting concentration, liquidity and credit risks.
Lack of sufficient disclosures made to investors	Instances where asset managers failed to provide sufficient disclosure relating to issues such as: • Concentrated positions; and • Significant events
Valuation methodologies	Instances where asset managers adopted inappropriate valuation methodologies with an intention to hide investment losses of the fund under management from investors.

The SFC has stated they will initiate thematic on-site inspections of asset managers to detect significant breaches and take regulatory actions against misconduct. To prepare, asset managers must conduct gap analyses and regular monitoring to ensure compliance with the Fund Manager Code of Conduct and other relevant requirements.

Liquidity risk mismanagement

The SFC has also been actively reviewing Financial Resources Rules (FRR) returns submitted by licensed corporations (LCs), paying close attention to significant fluctuations or inconsistencies. The SFC noted that some firms lack robust mechanisms to monitor real-time changes in their financial positions, hindering their ability to respond to potential liquidity shortfalls. The SFC also highlighted oversights in accounting processes leading to inaccuracies in FRR reporting and potential non-compliance.

These concerns highlight the importance of implementing strong internal controls, conducting frequent reviews of accounting practices and liquidity positions, and ensuring staff are well-trained in updated compliance measures. As 2025 progresses, the SFC is expected to conduct more rigorous on-site inspections, particularly of high-risk or newly licensed firms, and impose stricter enforcement measures for severe FRR breaches.

Client asset protection deficiencies

In a circular published in June 2025, the SFC also highlighted red flags and control deficiencies in asset misappropriation cases. While some LCs may consider these as basic risks and controls, the SFC found that there remain persistent issues, and hence it is vital that LC’s robustly self-assess their frameworks. This includes ensuring robust controls related to amendment of client particulars, taking additional steps to verify the authenticity of email instructions, discouraging third party deposits and payments, maintaining appropriate authorised signatory arrangements for accounts, and ensuring sufficient classification and control of dormant accounts.

The SFC also stresses in the circular that senior management is considered responsible for client asset protection, and repeated failures may result in regulatory action.

Gaps in cyber security controls

The SFC's 2023/24 cybersecurity review also highlights key observations and expected standards for LCs in terms of cyber threat protection. The report addresses phishing detection, EOL software, remote access, third-party IT provider management, and cloud security as crucial security measures to bolster. The SFC emphasises the need for better network security, patch management, data encryption, user access rights management, logs auditing, and overall monitoring of client accounts. Once again, the SFC reminds the responsibility of senior management, particularly the MIC-IT, for managing cybersecurity risk, prompting LCs to take the appropriate measures.

Tax environment

Long-awaited refinements to Hong Kong's Unified Funds Exemption (UFE) regime and carried interest incentives will offer greater clarity, certainty, and flexibility for asset managers in 2025, potentially attracting more fund managers and investors to Hong Kong.

While Hong Kong's existing UFE has generally shielded funds managed in the city from direct taxation, it hasn't been without its shortcomings. Gaps and uncertainties within the system have hampered Hong Kong's competitiveness compared to rivals like Singapore, which has offered asset managers more certainty through a transparent approval process.

In response to extensive industry feedback, the Hong Kong government has proposed major reforms in its latest consultation paper that focus on broadening the exemption's scope to cover investments such as private credit and debt. The government aims to finalise the details of the proposals this year and submit them to the Legislative Council for consideration in 2026, with measures potentially taking effect from the year of assessment 2025/26.

The self-assessment model Hong Kong currently employs has caused concerns for complex investments, but the reforms seek to alleviate these worries by spelling out more precisely which activities are exempt and offering transparent guidelines for fund managers.

This refined regime is likely to improve the city's competitiveness by clarifying that both fund entities and their Special Purpose Vehicles (SPVs) remain tax-neutral, thereby preventing unanticipated tax leakage in Hong Kong. Investors' holdings may remain subject to local taxes in their home countries, but the Hong Kong-based fund itself would face no additional taxation under the revised structure.

The government also proposes a revamped approach to the carried interest incentive, a point of contention in recent years. The previous framework, intended to offer a 0% tax rate by treating carried interest as a return on investment, proved largely ineffective. This was due to stringent scrutiny from the Inland Revenue Department, which categorised carried interest as a fee, and onerous requirements like extensive disclosures and mandatory payment through Hong Kong.

The proposed changes aim to eliminate these issues by broadening the scope of eligible income to include all fund-generated gains from eligible investments and by removing requirements for fund certification and auditor reports. The incentive will also apply uniformly to corporate, profits, and salaries tax.

These reforms represent a significant step towards restoring confidence in Hong Kong's tax advantages. While private credit and debt strategies may benefit most immediately, the impact on Hong Kong's competitiveness in other alternative asset classes, like private equity and real estate funds, may take more time. Ultimately, the government's ability to provide clarity and simplicity will be crucial in shaping investors' and asset managers' long-term commitment to Hong Kong.

Private Equity and alternatives

The Chinese Mainland remains one of the largest private equity markets in the Asia-Pacific region, but investor sentiment has cooled amid ongoing geopolitical tensions and policy uncertainties.

Many foreign asset managers remain cautious as the uncertain geopolitical environment continues to complicate deal-making in China. This has particularly affected US investors, limiting their willingness to deploy capital in the region, with many North American and European funds likely to focus on extracting liquidity from existing investments this year.

However, this trend doesn't mean the Chinese market is at a standstill. Domestic Chinese RMB funds remain active in the market and their continued investment activity will offer exit opportunities for foreign asset managers looking to exit some of their portfolio investments.

Furthermore, the increasing demand for liquidity and exit strategies has also fuelled the secondary private equity market, in part through the emergence of structured liquidity solutions offering flexibility to a wide range of investors.

Amid the ongoing geopolitical uncertainty born from the current US administration’s tariff policy, many private equity funds have also been seeking alternative options to continue to serve their clients. Some are diversifying their portfolios or adopting a "China-plus-one" approach, exploring opportunities in other promising markets.

Hong Kong's asset managers should also consider the growing interest in alternative assets among wealthy investors seeking diversification and higher returns. The SFC's recent clarification of listing requirements for close-ended alternative funds on the Hong Kong stock exchange presents a significant opportunity to tap into this demand by offering regulated access to private markets for a broader range of investors.

Emerging markets such as India and Southeast Asia are continuing to offer rapid expansion opportunities, while mature economies like Japan and Australia provide greater predictability for investors seeking lower volatility and clearer regulatory frameworks.

There is also an uptick in private credit and debt opportunities both in Hong Kong and in the Chinese Mainland. Given the valuation movements in the property sector and real estate at both the regional and national level, new opportunities are arising as banks are looking to move stressed portfolios off their balance sheets.

Despite the current challenges, the vast scale and diversity of the Chinese economy still hold significant long-term opportunities. The Chinese government's focus on strategic sectors, including advanced technology, semiconductors, artificial intelligence, healthcare technology, fintech, and renewable energy, will continue to create potential growth avenues for specialised investors. These sectors continue to benefit from substantial policy support, which is likely to reinforce the divergence between USD- and RMB- denominated funds in the year ahead, a trend highlighted in our 2024 Outlook.

As foreign investors regain confidence in investing in the Chinese market, it is expected that they will focus on domestic consumer brands rather than industries traditionally relying on exports. Here again, the healthcare and tech sectors emerge as potential winners of the market’s changing tides.

Chinese Mainland opportunities and challenges

The overall landscape for asset managers pursuing a China-focused strategy remained challenging in 2024, largely due to ongoing geopolitical tensions. This year, many asset managers are weighing whether to expand their presence on the Chinese Mainland or wait on the sidelines.

One fundamental reality that has become increasingly evident, is that China's market functions under a unique policy-driven environment – markedly different from that of many global markets – and asset managers are aware that reforms and regulatory shifts could quickly alter market dynamics. Despite China's considerable share of global GDP, foreign institutional investors still allocate relatively modest portions of their portfolios to the Mainland.

Nonetheless, China remains one of the few markets in the Asia-Pacific region capable of absorbing large-scale investments. Recent months have witnessed renewed institutional interest and liquidity in China's capital markets, particularly in sectors like technology and healthcare, further fuelled by numerous high-profile IPOs.

In addition, although asset managers are likely to exercise caution towards China in 2025 – particularly as they gauge the impact of any trade tariffs implemented by the new US administration – China's domestic asset management sector continues to mature. Retail investors are becoming increasingly sophisticated, while insurance and pension services, which are relatively new for Chinese residents, are growing in both size and complexity.

A growing area of interest is China's pension reform, including the expansion of the private pension pilot scheme that reached nation-wide coverage at the end of 2024. Many asset managers will be looking towards this development as a gateway to tap into a massive pool of future pension assets that could broaden their investor base and generate new revenue streams.

Cross-boundary connectivity

More broadly, Hong Kong's unique role as a gateway continues to offer significant opportunities for its asset managers, supported by governments on both sides of the boundary. Recent regulatory measures have enhanced cross-boundary access, including improvements to the Mutual Recognition of Funds (MRF) and Wealth Management Connect (WMC) schemes. While these initiatives have been broadly welcomed by asset managers, concerns remain about their limitations, and there is hope for further expansion and enhancement.

Recent reforms indicate a commitment from both the Chinese Mainland and Hong Kong governments to make improvements. February 2024 saw the launch of WMC 2.0, which expanded the scheme to include securities firms, increased the individual investor quota, and broadened the scope of eligible products. Similarly, the MRF scheme saw relaxations, with the sales cap for Hong Kong-domiciled funds sold in the Chinese Mainland increased from 50% to 80%, and vice versa.

While the industry welcomes this gradual progress in relaxing cross-boundary investment restrictions, it will persist in pushing for further reform. Looking ahead, one of the biggest challenges remains the restrictions faced by Hong Kong fund managers in promoting and selling products through WMC. This is often cited as a reason for lower-than-anticipated adoption. The industry is keen to reassure the Central government about its high standards of investor protection under the SFC's guidance, and many asset managers will continue advocating for "WMC 3.0" to encompass a broader range of funds.

Artificial Intelligence

The adoption of AI in the asset management industry will continue to move beyond mere speculation and into the realm of tangible action.

Several factors are driving ongoing AI adoption in the asset management industry. Firstly, the industry is facing ongoing pressure to reduce costs, improve efficiency, and streamline operations, and AI offers a powerful solution to achieve this. Secondly, asset managers are increasingly recognising the potential for AI to bring them closer to delivering personalised high-net-worth–style financial solutions to a vast and still largely untapped mass-affluent market.

Despite this potential, the adoption of AI within the asset management industry continues to face challenges that are common to the wider financial services sector, including cybersecurity and data privacy concerns, as well as regulatory and compliance uncertainties. As regulators aim to strike a balance between innovation and consumer protection, more regulator-industry collaboration will be needed to instil confidence among asset management firms and their clients.

To achieve this, Hong Kong regulators have issued new AI guidelines at an accelerated speed, making it crucial for the asset management industry and AI developers to take advantage of the increased guidance and support. The SFC and the HKMA for example have issued circulars and guidelines on governance and the responsible use of AI, addressing concerns about data privacy and transparency. Namely, the SFC issued in November 2024 a circular defining a risk-based approach licensed corporations need to adopt regarding the use of generative AI language models.

Despite the rapid pace of change, there is also widespread acknowledgment that the AI journey will require significant commitments and investments. For many firms, this is complicated by the need to integrate AI with existing legacy IT systems. AI is also enabled by vast amounts of data that some firms might struggle to acquire for developing in-house solutions.

The need for sufficient technology infrastructure and a governance framework to ensure data privacy cannot be overlooked either, particularly when working with third party AI vendors. KYC processes, for example, handle highly sensitive personal information, including identification documents, financial records, and personal details. There's a significant risk related to feeding sensitive data into LLMs that lack robust cybersecurity controls.

Many asset management firms also harbour concerns about potential mishaps in AI-driven decision-making. In August 2024, the HKMA issued guidance on Gen AI that took these concerns into account, advising firms to ensure proper validation of Gen AI models, particularly recommending a 'human-in-the-loop' approach during early stages of deploying customer-facing Gen-AI applications.

Virtual Assets

Hong Kong's recent efforts to regulate and support the virtual asset sector have firmly placed the city on the map, with 2025 poised to be a significant year for market growth.

As of May 2025, the SFC had granted licenses to ten virtual asset trading platforms (VATPs), marking important progress in the city's journey to regulate and legitimise the industry. While no major regulatory overhauls are anticipated in 2025, targeted adjustments are expected to enhance flexibility and enable exchanges to expand their operations.

Recent virtual assets-related regulatory developments include the SFC's April 2025 circular providing additional guidelines for VATPs offering staking services and for SFC-authorised funds with exposure to virtual assets (VA Funds) engaging in staking. The circular clarifies that VA Funds must engage VATPs with prior SFC authorisation for staking services and seek SFC approval before participating in staking activities. While VATPs are still in the early stages of developing staking products in Hong Kong, both the supply and demand for these services are anticipated to increase.

An area of potential refinement is the current restriction on hot wallet holdings, which limits them to 2% of total assets. This is more stringent than in other jurisdictions and can create operational challenges for exchanges. Relaxing these limits could facilitate smoother operations and attract more global players to Hong Kong.

As more virtual asset exchanges gain approval, retail interest - particularly among younger investors - has been increasing. A growing variety of investment options, including virtual asset ETFs, are now available in Hong Kong that have broadened public access.

The HKEX was the first exchange to list virtual asset ETFs back in 2022 and interest in these products has grown ever since. Desire among fund management houses in launching these ETFs to retail investors will likely continue to increase this year. This trend is building on the momentum of 2024, which saw the launch of six new virtual asset ETFs in Hong Kong.

Regulatory tailwinds in Hong Kong and global developments - such as a more favourable regulatory landscape for digital assets in the US - have already boosted confidence in this space and may drive up valuations.

Meanwhile, the Stablecoins Bill, passed in Hong Kong in May of this year, introduces a licensing regime for fiat-referenced stablecoin (FRS) issuers. Asset managers in Hong Kong will need to consider the implications of this new regulatory landscape, which requires obtaining a license from the HKMA, or the SFC under certain conditions, and adhering to standards for reserve asset management, client asset segregation, and AML compliance. Hong Kong aims to leverage HKD stablecoins for innovative applications such as programmable money, escrow services, collateral management, and government and commercial vouchers, potentially opening new avenues for asset managers to integrate stablecoins into their services.

Beyond direct investments in virtual assets, blockchain infrastructure has gained traction across financial services and will continue to attract attention from private equity and venture capital funds seeking to invest in startups and companies developing blockchain solutions. These solutions are being explored for a range of applications, including cross-border payments, trade finance, and custody services.

Retailisation of funds

Growing interest and regulatory support for tokenisation bring forth new opportunities for asset managers. However, continued policy support is required for Hong Kong to compete in the global tokenised asset landscape.

Tokenisation is poised to reshape Hong Kong's wealth management landscape, offering new opportunities for asset managers and investors alike. While the initial buzz around virtual asset ETFs may have overshadowed the SFC's November 2023 circular on tokenisation, interest in this technology is steadily growing. The recent launch this year of the first SFC-authorised tokenised retail fund and first tokenised money market ETF signals a turning point, with more innovative products expected to follow.

The key to understanding tokenisation lies in its ability to convert the rights of diverse assets, from bonds and equity to real estate and cultural assets, into blockchain-based digital tokens. Real World Asset tokenisation promises enhanced liquidity, clear evidence of ownership, and greater transparency, ultimately democratising investment opportunities that were once out of reach for many.

The recent introduction of the stablecoins bill in Hong Kong is a significant step forward on the path of broader tokenisation adoption. By providing clarity on the use of digital fiat currencies, the bill brings much-needed certainty to tokenised investment product transactions. This regulatory development is expected to accelerate the growth of the tokenisation ecosystem in Hong Kong.

However, there are still challenges to overcome. While Hong Kong is making strides in tokenisation, it is important to note key differences compared to other markets. While other jurisdictions, such as the US, allow secondary trading of tokenised funds, Hong Kong currently restricts tokenised features to the primary market exclusively. The Hong Kong trading infrastructure also needs to be enhanced further to support tokenised assets, and regulators must ensure fair value in trading mechanisms. The stablecoins bill is a move in the right direction, but further developments are needed to create a robust and efficient tokenised ecosystem.

By embracing innovation and addressing regulatory and infrastructure gaps, Hong Kong can unlock the full potential of tokenisation and solidify its position as a leading wealth management hub.

Family offices

Hong Kong continues to send a strong signal to the world's wealthiest individuals: we want your family offices here. Over the coming year, the government plans to reinforce that message by rolling out new incentives designed to match or exceed those offered by competing jurisdictions.

The government has worked hard in recent years to foster a more competitive regulatory landscape for family offices by introducing tax concessions and offering immigration pathways for ultra-high-net-worth (UHNW) individuals.

One prominent example is the Capital Investment Entrant Scheme. Reintroduced in 2024 to positive feedback from asset managers, the scheme has been updated this year to attract an even wider pool of UHNW investors. Since March 1st, it allows these individuals to invest through wholly owned private companies, family structures, or other qualified vehicles.

Another key development is the long-awaited refinements to Hong Kong's Unified Funds Exemption (UFE) regime which will offer greater tax certainty for family offices investing in alternative assets. This and other government-led initiatives appear to be delivering results: projections from InvestHK indicate a potential 43% rise in the number of family offices in 2025 - a figure credited, in part, to the city's revamped incentives and regulations.

Although other jurisdictions (such as Singapore) moved earlier to establish their own family office regimes, Hong Kong is seen to have caught up to a certain extent. Local asset managers are now broadening their family office services to serve a growing base of UHNW clients seeking wealth management, tax advisory, and other professional support.

Looking ahead, clear communication about recent developments will be critical for global family offices to feel confident about Hong Kong. One such example is the "Wealth for Good in Hong Kong" summit in March, an event designed to highlight Hong Kong's credentials to international family offices and asset owners.

As Hong Kong competes with regional and global counterparts, the strides made since 2023 underline how effective regulatory support and targeted programs can be in shaping a vibrant wealth management hub. Through continued enhancements to its family office regime, Hong Kong has an opportunity to sustain - and perhaps amplify - its appeal among the world's wealthiest individuals.

About KPMG

KPMG in China has offices located in 31 cities with over 14,000 partners and staff, in Beijing, Changchun, Changsha, Chengdu, Chongqing, Dalian, Dongguan, Foshan, Fuzhou, Guangzhou, Haikou, Hangzhou, Hefei, Jinan, Nanjing, Nantong, Ningbo, Qingdao, Shanghai, Shenyang, Shenzhen, Suzhou, Taiyuan, Tianjin, Wuhan, Wuxi, Xiamen,

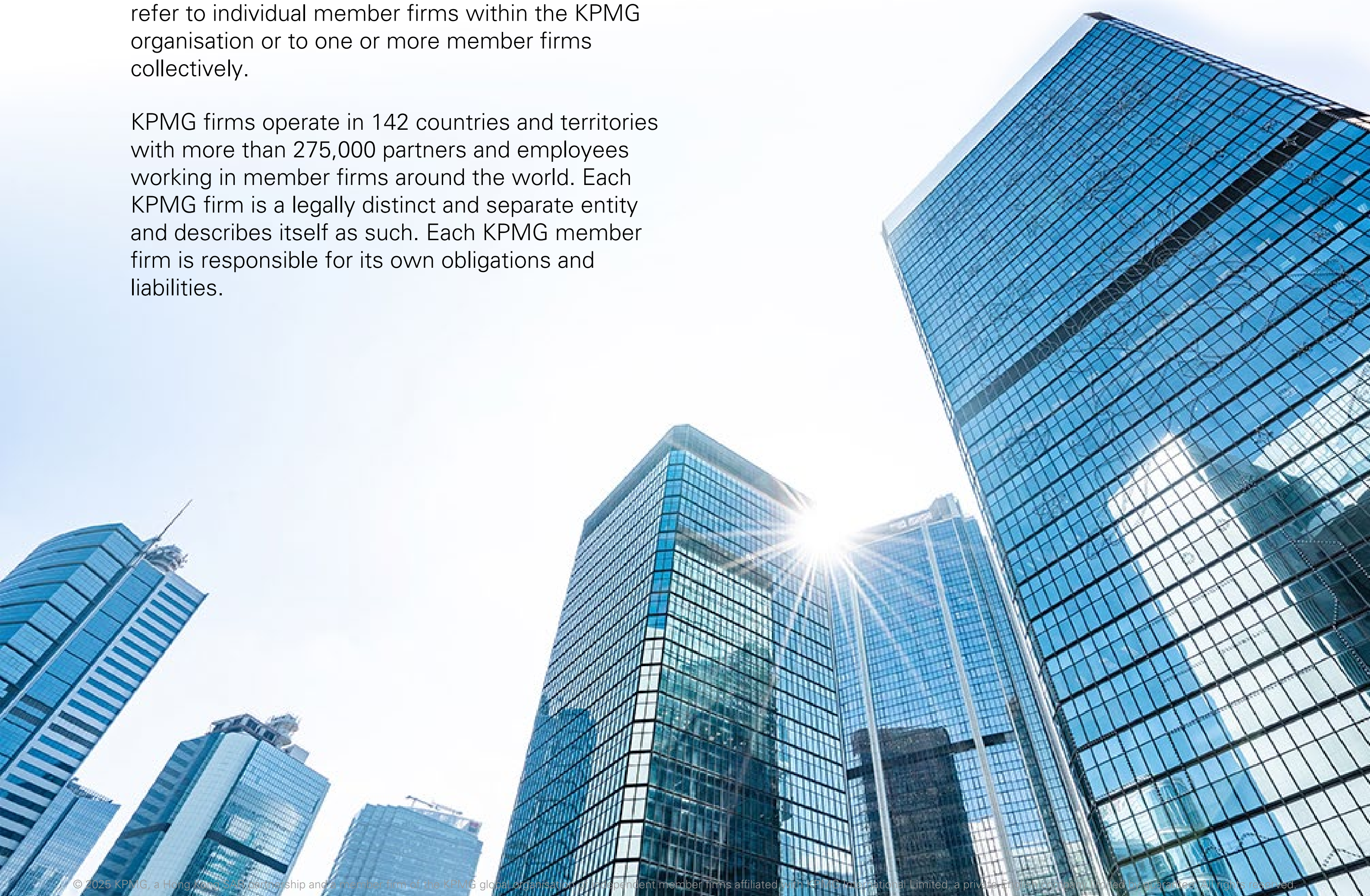
Xi'an, Zhengzhou, Hong Kong SAR and Macau SAR. It started operations in Hong Kong in 1945. In 1992, KPMG became the first international accounting network to be granted a joint venture licence in the Chinese Mainland. In 2012, KPMG became the first among the "Big Four" in the Chinese Mainland to convert from a joint venture to a special general partnership.

KPMG is a global organisation of independent professional services firms providing Audit, Tax and Advisory services. KPMG is the brand under which the member firms of KPMG International Limited ("KPMG International") operate and provide professional services. "KPMG" is used to refer to individual member firms within the KPMG organisation or to one or more member firms collectively.

KPMG firms operate in 142 countries and territories with more than 275,000 partners and employees working in member firms around the world. Each KPMG firm is a legally distinct and separate entity and describes itself as such. Each KPMG member firm is responsible for its own obligations and liabilities.

Celebrating 80 years in Hong Kong

In 2025, KPMG marks "80 Years of Trust" in Hong Kong. Established in 1945, we were the first international accounting organisation to set up operations in the city. Over the past eight decades, we've woven ourselves into the fabric of Hong Kong, working closely with the government, regulators, and the business community to help establish Hong Kong as one of the world's leading business and financial centres. This close collaboration has enabled us to build lasting trust with our clients and the local community – a core value celebrated in our anniversary theme: "80 Years of Trust".



Contact us

Vivian Chui
Head of Securities and Asset Management, Hong Kong SAR
KPMG China
vivian.chui@kpmg.com

Darren Bowdern
Head of Asset Management Tax, ASPAC, Head of Alternative Investments, Hong Kong SAR
KPMG China
darren.bowdern@kpmg.com

Paul McSheaffrey
Senior Banking Partner, Hong Kong SAR
KPMG China
paul.mcsheaffrey@kpmg.com

Priscilla Huang
Co-head of Private Equity, China
KPMG China
priscilla.huang@kpmg.com

Arion Yiu
Partner, Financial Services, Asset Management, Hong Kong SAR
KPMG China
arion.yiu@kpmg.com

Simmy Ko
Partner, Financial Services, Securities and Asset Management, Hong Kong SAR
KPMG China
simmy.ko@kpmg.com

Simon Shum
Partner, Financial Services, Asset Management, Hong Kong SAR
KPMG China
simon.shum@kpmg.com

Matthew Sung
Partner, Financial Services, Asset Management, Hong Kong SAR
KPMG China
matthew.sung@kpmg.com

Louis Lau
Partner, Head of Hong Kong Capital Markets Group
KPMG China
louis.lau@kpmg.com

Sandy Fung
Partner, Tax, Alternative Investments, Hong Kong SAR
KPMG China
sandy.fung@kpmg.com

David Lonergan
Partner, Governance, Risk & Compliance Services, Hong Kong SAR
KPMG China
david.lonergan@kpmg.com

Longhui Loo
Director, Governance, Risk & Compliance Services, Hong Kong SAR
KPMG China
longhui.loo@kpmg.com

Angel Mok
Partner, Financial Services Technology Consulting, Hong Kong SAR
KPMG China
angel.mok@kpmg.com

Mandy Chung
Director, Asset Management
KPMG China
mandy.chung@kpmg.com

kpmg.com/cn/socialmedia

For a list of KPMG China offices, please scan the QR code or visit our website:
https://kpmg.com/cn/en/home/about/office-locations.html

Publication number: HK-FS25-0002

Publication date: July 2025