

Asia-Pacific holding companies/bidcos



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Holding companies

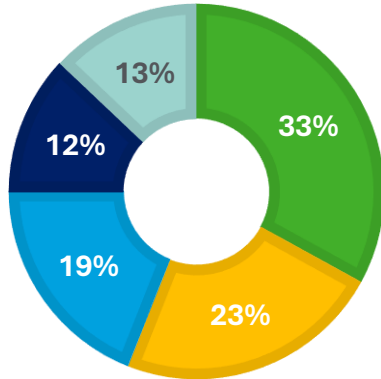
Latest Trends in Asset Management Sector

	Singapore	Hong Kong
Total Funds Under Management (USD)	<p>~US\$ 4.46 tril (Based on Singapore Asset Management Survey 2024 released by the Monetary Authority of Singapore on 15 Jul 2025)</p> <p>77% of AUM sourced from outside Singapore and 88% of total AUM invested globally</p>	<p>~US\$4.5 tril—Total AUM for Hong Kong’s asset and wealth management business as of FY24</p> <ul style="list-style-type: none"> • US\$3.2 tril—AUM for asset management and fund advisory business • US\$1.3 tril—AUM for private banking and private wealth management business
Key investor jurisdictions—Asset management sector	<p>Distribution globally to eligible investors, including Asia Pacific, North America, Europe and Middle East</p>	<p>AUM by investor base for asset and wealth management business in FY24</p> <ul style="list-style-type: none"> • 37%—Hong Kong • 9%—Mainland China • 23%—North America • 14%—Rest of Asia- Pacific • 11%—Europe • 6%—Other regions
Recent Trends and Developments	<p>14% growth in alternative AUM, led by growth in assets managed by private equity, venture capital and hedge fund managers.</p> <p>Investments in private credit rose by 21% year-on-year.</p>	<p>Based on SFC’s end-2024 survey: +13% year-on-year growth in total AUM (US\$4.5 tril)</p> <p>Hong Kong ranks joint top with Switzerland as a global cross-border wealth hub in 2024</p> <p>To promote Hong Kong’s status as a global investment hub:</p> <ol style="list-style-type: none"> 1) Proposed unified fund tax exemption with private credits, virtual assets, carbon credits, precious metals and specified commodities as qualifying investments 2) Enhanced carried interest concession

Latest Trends in Asset Management Sector

Singapore

Chart 1: Singapore's AUM—Sources of Funds

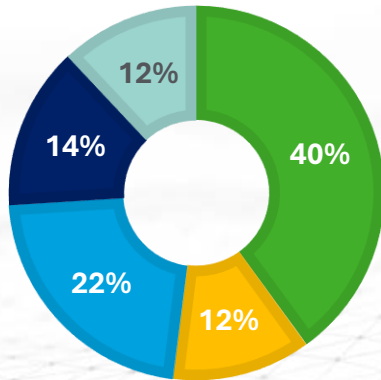


77%

of funds sourced from outside Singapore

■ Asia Pacific ex-Singapore ■ Singapore ■ North America ■ Europe ■ Rest of World

Chart 2: Singapore's AUM—Investments of Funds



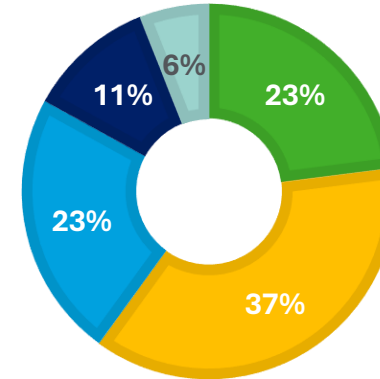
88%

of funds invested outside Singapore

■ Asia Pacific ex-Singapore ■ Singapore ■ North America ■ Europe ■ Rest of World

Hong Kong

Chart 1: Hong Kong's AUM—Sources of Funds

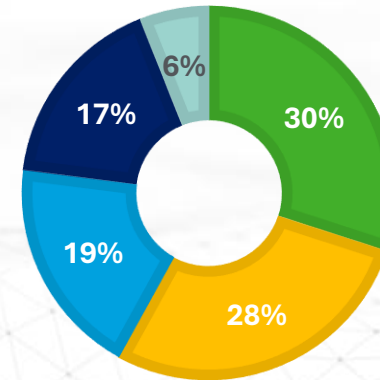


63%

of funds sourced from outside Hong Kong

■ Asia Pacific ex-Hong Kong ■ Hong Kong ■ North America ■ Europe ■ Rest of World

Chart 2: Hong Kong's AUM—Investments of Funds



72%

of funds invested outside Hong Kong

■ Asia Pacific ex-Hong Kong ■ Hong Kong ■ North America ■ Europe ■ Rest of World

Access to market

	Singapore	Hong Kong
Access to market	<p>Major investee jurisdiction: Asia Pacific (excluding Singapore)</p> <ul style="list-style-type: none">• Extensive treaty network: Singapore's treaty network allows for tax-efficient/preferential tax rates for investment and profit repatriation.• Investor familiarity and comfort: Singapore is widely accepted by institutional investors, private funds and family offices globally, with strong familiarity around its fund and holding structures. The Singapore limited partnership structure, being largely aligned with Cayman LPs, is starting to provide a familiar framework for investors.• Expansive suite of tax incentives and initiatives: Singapore offers a broad suite of tax incentives and supporting initiatives that reduces tax leakages for qualifying investment income.• Well-developed ecosystem of financing institutions, legal/tax expertise, ease of funding & no foreign exchange controls, strong rule of law	<p>Major investee jurisdiction: Mainland China</p> <ul style="list-style-type: none">• Strategic geographic proximity to China and Greater Bay Area (GBA) integration: Hong Kong's location provides seamless connectivity to southern China's fast-growing economy, serving as a core hub within the GBA.• Premier financial gateway and RMB hub: Hong Kong is the world's leading offshore RMB business centre and a premier global capital-raising hub, ranking as the world's leading IPO venue. It serves as a vital link between Mainland China and international capital, offering efficient access to RMB liquidity and international markets.• Favorable tax regime supported by Mainland China-Hong Kong DTA: Mainland China—Hong Kong DTA reduces withholding taxes on dividends, interest, and royalties, and familiarity with Hong Kong facilitates smooth profit repatriation from Mainland China.

Key Investee Jurisdictions for Outward Direct Investment

	Singapore	Hong Kong
Key investee jurisdictions	<ul style="list-style-type: none">• Based on the Singapore Asset Management Survey 2024, approximately 40% of assets under management are located in the Asia-Pacific region (excluding Singapore), followed by North America and Europe.• Singapore holding companies are commonly used to hold investments and assets in SEA, India, Japan and Australia.• In particular, Singapore is typically used as a holding jurisdiction in Australian MIT structures, Japanese TMK/TK-GK structures, and broader Southeast Asian investment structures, including investments into Indonesia, Vietnam, Philippines and Malaysia.	<ul style="list-style-type: none">• Hong Kong holding companies are commonly used to hold investments in Mainland China (account for over 50%) and acts as a critical hub for investments into the ASEAN region (e.g., Singapore, Vietnam, Thailand, Indonesia, Malaysia).• Increasingly used for investments in Middle East such as the UAE and Saudi Arabia• Developed markets (e.g., regional management): e.g., UK, Japan, Canada• European Union: e.g., France, Netherlands, Belgium, Luxembourg• Major trading partners with Singapore DTAs but no HK DTA: e.g., Germany (under negotiation), Australia, Philippines (under negotiation)

Key Tax Considerations

	Singapore	Hong Kong
Local Tax Considerations	<ul style="list-style-type: none">• Singapore has a modified territorial basis of taxation. Income is subject to Singapore income tax if it is either Singapore sourced income, or foreign sourced income that is received in Singapore, unless an exemption applies.• Interest restriction rules.• No CGT, but disposal gains from foreign capital assets received in Singapore may be subject to Singapore tax where the disposer does not meet the relevant ES conditions.• GST is charged at the standard rate of 9% on taxable supplies, while qualifying financial services are exempt from GST.• Standard corporate income tax rate is 17%.	<ul style="list-style-type: none">• Hong Kong's tax system operates on a territorial basis• Foreign-sourced income (e.g., dividends, interest and disposal gains) is exempt from profits tax if the entity satisfies either the economic substance requirement or the participation exemption• Competitive profits tax rate of 16.5% with a concessionary rate of 8.25% on the first HK\$2mil of assessable profits• No VAT regime in Hong Kong• No capital gains tax in Hong Kong• No dividend and interest withholding tax
Exemptions and Concessions	<p>Singapore's tax incentive/exemption regime encourages substance-based activities in Singapore, for example,</p> <ul style="list-style-type: none">• Tax exemption on disposal of shares in investee company• Stamp duty relief for group reconstruction; inward re-domiciliation regime• Fund tax exemption regime (CIT, GST and WHT benefits)• Refundable investment credit• Listing tax rebate• Finance & Treasury Centre Incentive	<p>Tax concessions encourage more diverse activities to be conducted in Hong Kong, e.g.,</p> <ul style="list-style-type: none">• Corporate treasury centre• Patent box regime and enhanced R&D expenditure deduction• Enhanced fund exemption & carried interest tax concession regimes• Family office tax concession• Enhanced intra-group transfer stamp duty relief to facilitate internal restructuring and redomiciliation regime

Key Tax Considerations

	Singapore	Hong Kong
Tax Treaty Network and Considerations	106 DTA signed (103 in force) Must be a Singapore tax resident to avail of treaty benefits	56 DTA signed (51 in force) Partnerships and corporations are generally considered “covered persons” under the DTA
COR considerations	<ul style="list-style-type: none">• It depends where “control and management” of the entity is, which refer to the making of decisions on strategic matters, such as those concerning the company’s policy and strategy.• For physical meetings, majority of the company’s directors should be based in Singapore and the minutes of meetings should state that the meetings are carried out in Singapore.• For virtual meetings, at least 50% of the directors (with the authority to make strategic decisions) are physically in Singapore during the meetings; or the Chairman of the Board of Directors is physically in Singapore during the meeting.• For foreign-owned investment holding company (>50% owned by foreign companies/non-Singapore citizens), there are added conditions (wef 2025):<ul style="list-style-type: none">— Have at least 1 director based in Singapore who holds an executive position and is not a nominee director; or— Have at least 1 key employee (e.g. CEO, CFO, COO) based in Singapore; or— Be managed by a related company based in Singapore (e.g. the related company makes the decisions relating to the operations of the foreign-owned investment holding company or reviews the performance of the investments of the company)	<ul style="list-style-type: none">• The IRD now issues CoRs based on the "plain definition" of "resident of Hong Kong" as defined in the relevant DTA, e.g., for companies incorporated in Hong Kong, the IRD generally no longer examines whether the entity has "sufficient economic nexus" in Hong Kong in issuing a CoR.• Hong Kong does not have capital controls and allows the free movement and repatriation of capital.• Obtaining a CoR does not guarantee treaty partners (e.g., China) will automatically grant DTA benefits; entities would still need to satisfy beneficial ownership requirements of treaty partners.

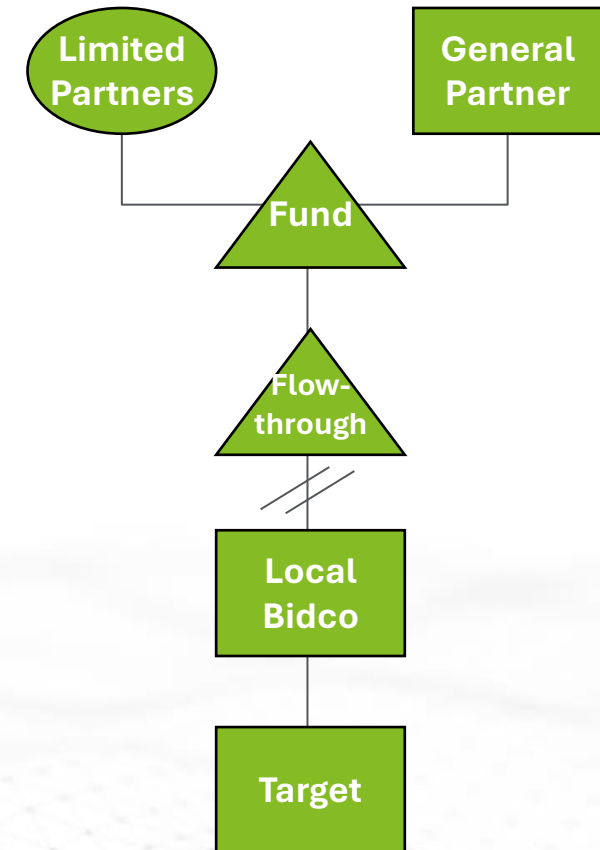
Moving beyond holding companies?

Looking up to ultimate investors

- Beneficial ownership position should be clearer
- Reduces risk of adverse outcomes due to changes in tax authority practice during the lifetime of the investment

Potential issues

- Limited partners may be unwilling to make local tax filings
- If limited partners cannot or will not make a filing, who bears the tax cost?
- If very large number of investors in the funds, filing on a per investor basis may be impractical
- May not work if regular distributions to the fund are expected
- Not practical for all jurisdictions—impact on investments in other jurisdictions if main holding platform is used less





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