Hong Kong

Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland and Germany),
Solicitor (England & Wales and Hong Kong)
Of Counsel, KGP Legal LLC
alexander.ressos@kgplegal.com.sg
www.ressos.com.sg

Two ports, one region

The rivalry between Singapore and Hong Kong is almost as old as the two British settlements. Both were free ports founded within a quarter of a century of each other on the trade routes between India and China. Both relied on English law, on Chinese merchant networks and on British banks such as the Hongkong and Shanghai Banking Corporation and the Chartered Bank, whose history Chapter B.II traces. Hong Kong had the advantage of proximity to the China trade, which became decisive after the opening of the treaty ports in 1842.[1] Singapore was the centre of the Southeast Asian distribution network, as Chapter A.IV has shown.

The division of roles persisted into the twentieth century. Hong Kong grew into the financial gateway of southern China and, after 1949, into the refuge of Shanghai capital and Shanghai bankers. Singapore developed as the regional centre of Malaya and the archipelago, with a narrower hinterland after separation from Malaysia in 1965. When Singapore created the Asian dollar market in 1968, it did so partly because Hong Kong would not offer the tax treatment that the Bank of America and other banks were seeking, as Chapter C.IV explains.[2] From that moment the two cities competed directly for the same international business.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

The gateway to China

Hong Kong's distinctive asset is its position as the bridge between mainland China and international capital. Its currency has been linked to the United States dollar since 1983.[3] Its monetary authority, the Hong Kong Monetary Authority, was formed on 1 April 1993 when the Office of the Exchange Fund and the Office of the Commissioner of Banking merged.[4] After the return of Hong Kong to Chinese sovereignty in 1997, the city became the principal channel through which mainland companies raised capital abroad and through which foreign investors reached mainland markets.

The channel was formalised by a series of connect schemes. The Shanghai–Hong Kong Stock Connect, launched on 17 November 2014, allowed investors in each market to trade eligible shares listed in the other through their local brokers.[5] A Shenzhen link, a bond connect and a wealth management connect followed. No other financial centre enjoys comparable access to the Chinese market, which Singapore has never claimed to offer. The Hong Kong stock exchange had a market capitalisation of about HK$48.55 trillion, or US$6.25 trillion, in February 2026, which placed it sixth in the world.[6] The Singapore Exchange had 601 listed companies with a total market capitalisation of about S$1.129 trillion in June 2026.[7] In equity capital markets the two cities are not comparable, a gap that Singapore's own reform programme for its stock market seeks to narrow without any prospect of closing it.

The same connection shapes the wealth business. According to press summaries of the Boston Consulting Group's report of May 2026, about 60 per cent of the cross-border wealth booked in Hong Kong comes from mainland China. The agency reports give "more than 60 per cent", while the figures reproduced by Caproasia give 59 per cent.[8] For Singapore the mainland share is reported at just under 30 per cent.[9] The figure explains both the strength and the vulnerability of Hong Kong. When mainland wealth grows and capital controls allow it to move, Hong Kong benefits first. When political or regulatory conditions in the mainland tighten, Hong Kong is exposed first.

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

The political transformation after 2020

The years from 2019 to 2022 changed the terms of the rivalry. Mass protests in 2019 were followed by the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region, adopted by the Standing Committee of the National People's Congress and in force on 30 June 2020. It created the offences of secession, subversion, terrorism and collusion with foreign organisations. In March 2024 Hong Kong enacted its own Safeguarding National Security Ordinance under Article 23 of the Basic Law.[10]

For the financial centre, these changes raised questions that had not been asked since the handover. Foreign firms reviewed where they kept regional staff, data and decision-making functions. Some families who had used Hong Kong as their base moved part of their wealth or their family office to Singapore. Hong Kong's long quarantine regime during the pandemic, which lasted well beyond Singapore's, reinforced the movement. The years 2020 to 2023 were therefore widely described as a period in which Singapore gained at Hong Kong's expense, a perception reflected in the Global Financial Centres Index. Singapore rose three places to third in September 2022 and stayed ahead of Hong Kong until the thirty-sixth edition of September 2024.[11]

Hong Kong's recovery

The perception did not last. From 2024 Hong Kong recovered strongly, helped by a revival of mainland listings, by government programmes to attract family offices and talent and by the growth of mainland wealth. The Boston Consulting Group reported in May 2026 that cross-border wealth booked in Hong Kong had risen by 10.7 per cent in 2025 to US$2.9 trillion, so that Hong Kong had overtaken Switzerland for the first time as the largest cross-border wealth centre in the world.[12] Singapore's cross-border wealth grew at almost the same pace, by about 10.3 per cent to some US$2.1 trillion, so that the gap of roughly US$0.8 trillion between the two cities persisted.[13] In the Global Financial Centres Index of September 2026 Hong Kong kept third place with 756 points, one point ahead of Singapore.[14]

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

Hong Kong also introduced instruments modelled on Singapore's. Its regime for family-owned investment holding vehicles offers a profits tax concession to single family offices that meet thresholds of assets, staff and local spending, in the same way as Sections 13O and 13U of Singapore's Income Tax Act.[15] A new Capital Investment Entrant Scheme gives residence to investors who place a minimum amount in Hong Kong assets.[16] The competition between the two cities has therefore become a competition of regimes that resemble each other closely, in which differences of degree decide.

The mainland centres

Behind Hong Kong stand the centres of the mainland itself. In the Global Financial Centres Index of September 2026 Shanghai ranked fifth with 754 points, one place higher than in March, Shenzhen eighth and Beijing sixteenth after a rise of six places.[17] With Hong Kong, Singapore, Tokyo and Seoul, six of the first ten centres in that edition belonged to the Asia-Pacific region.[18] The mainland centres differ from Hong Kong and Singapore in one essential respect. Capital controls and a currency that is not fully convertible limit their role as international centres, so that their rank reflects above all the size of the domestic market.

For Singapore, the rise of Shanghai and Shenzhen is a long-term question. If China were to open its capital account, part of the intermediation that now passes through Hong Kong and Singapore could move to the mainland. Few observers expect this to happen within the decade, given the priority Beijing attaches to financial stability. Until it does, Hong Kong remains the offshore market for the Chinese currency and Singapore one of its principal secondary markets, a role examined in Chapter I.II.

Rival and partner

The relationship between Singapore and Hong Kong is less one-sided than headlines suggest. Many international banks run their Asian business from both cities, with private banking booked in one, investment banking concentrated in the other and regional functions divided according to time zone, client base and regulation. The same groups that compete for business in Hong Kong and Singapore

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

cooperate within the Basel Committee, the Financial Stability Board and the International Organization of Securities Commissions. For a family with assets in China, Hong Kong offers proximity. For a family with assets across Southeast Asia, India and the Middle East, Singapore offers diversification. Many families use both.

The real difference lies in political risk and legal independence. Singapore is a sovereign state whose courts, regulator and tax authority answer to its own constitution. Hong Kong is a special administrative region whose autonomy depends on the policy of the central government in Beijing. For clients and firms concerned with this question, Singapore presents itself as a neutral centre in a divided region. Chapter K.V examines the limits of that neutrality in the rivalry between the United States and China.

Notes

1. Treaty of Nanking of 29 August 1842, which ceded Hong Kong Island to Britain and opened five Chinese ports to foreign trade; see Chapter A.IV and the literature cited there. ↩
2. On the creation of the Asian dollar market in October 1968, the first Asian Currency Unit licence granted to the Bank of America and the role of Hong Kong's interest withholding tax, see Chapter C.IV and the sources cited there. ↩
3. Linked Exchange Rate System of Hong Kong, introduced on 17 October 1983 at HK$7.80 to the US dollar, with a convertibility band of 7.75 to 7.85 since May 2005. ↩
4. Wikipedia, "Hong Kong Monetary Authority" (accessed November 2026): the authority was founded on 1 April 1993 "when the Office of the Exchange Fund and the Office of the Commissioner of Banking merged". ↩
5. Wikipedia, "Shanghai-Hong Kong Stock Connect" (accessed November 2026): "The scheme launched on 17 November 2014." ↩

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

6. Wikipedia, "Hong Kong Stock Exchange" (accessed November 2026): market capitalisation of "HK$48.55 trillion (US$6.25 trillion) (February 2026)", "6th largest globally". ↩
7. Wikipedia, "Singapore Exchange" (accessed November 2026): "As of June 2026, there were 601 listed companies" (excluding GDRs, hedge funds and debt securities) with "a total market capitalisation of SGD 1.129 trillion". ↩
8. AFP, "Overtaken by Hong Kong in global wealth management, Swiss keep cool", *Jordan Times*, 4 June 2026 (jordantimes.com): more than 60 per cent of Hong Kong's external capital comes from mainland China; Caproasia, "BCG Global Wealth Report 2026: Top Cross-Border Booking Centre in 2025 is Hong Kong $2.9 Trillion", 4 June 2026 (caproasia.com): "Mainland China – 59%" (both accessed November 2026). ↩
9. finews.asia, "Global Wealth Report: Hong Kong Overtakes Switzerland" (2026): just under 30 per cent of the assets managed in Singapore come from mainland China. ↩
10. Wikipedia, "2020 Hong Kong national security law" (accessed November 2026): adopted and in force on 30 June 2020, with the offences of "secession", "subversion", "terrorism" and "collusion with foreign organisations"; "Article 23 was implemented in March 2024 with the enactment of the Safeguarding National Security Ordinance." ↩
11. *The Jakarta Post*, "Singapore beats Hong Kong as Asia's top finance center", 23 September 2022 (thejakartapost.com): Singapore "jumped three places to third" in the twice-yearly index; *The Thaiger*, "Hong Kong back in top 3 global financial powerhouses", 25 September 2024 (thethaiger.com): in "the 36th edition of the GFCI" Hong Kong took third place, "overtaking Singapore for the first time in over two years" (both accessed November 2026). ↩
12. Boston Consulting Group, press release of 27 May 2026, "Hong Kong Surpasses Switzerland as the World's Largest Cross-Border Wealth Hub" (bcg.com): cross-border wealth booked in Hong Kong "rose 10.7% in 2025 to reach $2.9 trillion", overtaking Switzerland "for the first time". ↩

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

13. Caproasia, "BCG Global Wealth Report 2026", 4 June 2026, cited above: Singapore US$1.9 trillion in 2024 and US$2.1 trillion in 2025, Hong Kong US$2.7 trillion and US$2.9 trillion; WION, "Hong Kong dethrones Switzerland as global cross-border wealth capital, report shows", 27 May 2026 (wionews.com): cross-border wealth in Singapore "rose 10.3 per cent in 2025" (both accessed November 2026). ↩
14. Wikipedia, "Global Financial Centres Index" (accessed November 2026), table for GFCI 40 (September 2026): Hong Kong third with a rating of 756, Singapore fourth with 755. ↩
15. Hong Kong regime for family-owned investment holding vehicles under the Inland Revenue (Amendment) (Tax Concessions for Family-owned Investment Holding Vehicles) Ordinance 2023, with a minimum of HK$240 million in assets, two qualified employees and local operating expenditure of HK$2 million. ↩
16. New Capital Investment Entrant Scheme, administered by Invest Hong Kong, applications from 1 March 2024, minimum investment HK$30 million. ↩
17. Wikipedia, "Global Financial Centres Index" (accessed November 2026), table for GFCI 40: Shanghai 754 (+1), Shenzhen 751 (+1), Beijing 743 (+6). ↩
18. Z/Yen and China Development Institute, *The Global Financial Centres Index 40*, summary page (longfinance.net, accessed November 2026): "Six Asia/Pacific centres" in the world top ten. ↩

Disclaimer

This article is provided for general information only. It is based on publicly available sources as at its date of publication. These sources have not been independently verified against licences, regulatory registers or the records of the entities concerned. It is not legal, tax, financial or investment advice. Nor is it a recommendation to invest in, transact with or use the services of any entity mentioned. Law and regulation change frequently, so the content may be incomplete or outdated. To the fullest

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.

extent permitted by law, Dr Alexander Ressos and the publisher of SingaporeIQ exclude all liability for loss or damage arising from the use of or reliance on this article. Readers should obtain advice on their specific circumstances before acting or refraining from action.

Names and trademarks of the entities discussed belong to their owners and are used for identification only. Their mention implies no endorsement, affiliation or allegation of wrongdoing. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. Corrections and updates: contact@ressos.com.

© 2026 Dr Alexander Ressos. This article may be quoted with attribution to SingaporeIQ (SingaporeIQ.com). Reproduction in full and any commercial use require prior written consent. The Legal Terms at https://singaporeiq.com/legal-terms apply.

Author contact: Dr Alexander Ressos, TEP · contact@ressos.com

© 2026 Dr Alexander Ressos. General information only, not legal, tax or investment advice. No client relationship is created. All Singapore law advice is provided by a duly licensed and regulated firm of Singapore advocates and solicitors only on the basis of an express written letter of engagement. More information at SingaporeIQ.com and ressos.com.sg.