

OPENING REMARKS BY THE HONORABLE MICHAEL WONG WAI-LUN, GBS, JP, ACTING FINANCIAL SECRETARY OF THE GOVERNMENT OF THE HONG KONG SPECIAL ADMINISTRATIVE REGION

Michael Wong 00:00

I will start by thanking the Milken Institute for having this marvelous symposium in Hong Kong. This is actually the third year in a row that this prestigious and influential event is held here. A moment ago, I was chatting with Richard and trying to persuade him to bring this symposium to Hong Kong yet again in 2027, 2028, 2029, and he said to me, "If you can promise the same weather." And I said to him, "Usually in March we have better weather." And for all of you here, a huge welcome, and I commend you for your wise choice to be here this morning as well. 2026 is a year when all of us have to navigate a complex and highly volatile world. Geopolitical tensions are rising. Many conflicts are unfortunately escalating and are proceeding in a manner that is highly worrying and concerning. At the same time, rapid advances in technology, especially in AI, are transforming the way in which we live in ways never imagined before. In short, the world faces a lot of crises and challenges, but there are also many opportunities for those who are ready. Against the above backdrop, Asia stands out as a bright spot. Many Asian economies continue to enjoy solid economic growth, which is supported by strong export performance. For example, the Chinese mainland economy expanded by 5 percent in 2025, fully meeting its growth target. Hong Kong's economy also remains resilient and showed a growth of 3.5 percent last year. Our export of goods went up by 12 percent and private consumption also rebounded. Since entering 2026, the key economic indicators so far have been encouraging. Our economy is forecast to grow by 2.5 to 3.5 percent in 2026, and many leading international rating agencies have recognized our sound economic fundamentals with favorable credit ratings. Our financial market has seen some very impressive performance. The total market cap of our stock market rose to over 6 trillion US dollars last year. Hong Kong reclaimed the number one position as the world's leading IPO venue, raising about 36 billion US dollars from 119 new listings. Our asset management sector is also faring well, with net funds inflow of around 46 billion US dollars in 2025. In the context of the Global Financial Centres Index last year, Hong Kong ranked third in the world and first in Asia. I mention the above encouraging developments not to be boastful, although I admit it's tempting to do so. I mention them because I do think that they very clearly reflect the rising confidence of international investors in Hong

Kong. I also believe that these achievements serve to demonstrate that many of the policies that Hong Kong is pursuing, especially in the areas of finance and innovation and tech, are in the right direction, and this is what I would like to share with you in the next few minutes. Last month, Mr. Paul Chan, our financial secretary—you know, not me, but a genuine one—announced that finance as well as innovation and tech would be positioned as the two core pillars of Hong Kong's economic future. We believe that there is enormous synergy between finance and innovation and tech, and we are taking actions on three fronts to max out that synergy. First, we'll continue to lever Hong Kong's strong financial market and vibrant capital ecosystem to support innovation and tech. At the moment, our financial market is already providing end-to-end financing support in the form of venture capital, private equity, and IPO to tech startups and enterprises at various stages of development. We will make our capital market more effective and efficient in this regard. Supportive measures to be implemented include optimizing our regime for listing on the main board, exploring the shortening of the stock settlement cycle to T+1, and deepening and broadening our capital market by proactively inviting and encouraging more overseas and mainland enterprises to come to list in Hong Kong. At the same time, we are taking measures to strengthen our bond market. They include boosting issuance in the primary market, enhancing liquidity in the secondary market, and expanding offshore RMB businesses. In the second half of this year, we'll launch an innovative electronic bond trading platform to reinforce Hong Kong's position as a global fixed income and currency hub. Much is also being done to promote new growth areas. A key example is our plan to establish an international gold trading market. We're working at full speed to establish Hong Kong's first central clearing system for gold, and we plan to start the trial operation of this new system within this year. In parallel, we are working on tax incentives for eligible institutions that do gold trading and settlement in Hong Kong. On the second front, we are taking proactive measures to promote innovation and tech. Hong Kong's AI ecosystem is expanding rapidly, and this development is led by companies like Zhipu AI, which was the first AI-related major IPO exercise in Hong Kong. It is noteworthy that the local generative AI market is projected to grow at a compound annual growth rate of 35.5 percent through the year 2033, and we continue to see very strong investor interest in this sector. To further promote AI development, we are establishing the Hong Kong AI Research and Development Institute, which will commence operation within this year. This institute will drive upstream R&D as well as midstream and downstream transformation and application. Mr. Paul Chan, our financial secretary, will himself lead a new committee on AI+ and industry development strategy, and this committee will guide AI-related growth for all key sectors in our economy. We are also providing the hardware and software that are necessary to drive innovation and tech, on a massive scale. We are developing a huge new area called the Northern Metropolis, which is about 300 square kilometers, or about one-third of Hong Kong in physical size. It will provide a base for many new tech clusters in Hong Kong. A key advantage of the Northern Metropolis is that it is situated right next to Shenzhen, which is doing very well in tech and leading in many application scenarios. Hong Kong, on the other hand, is very strong in primary research, and we are the only city in the world with five universities that are ranked within the world's top 100. The Northern Metropolis will leverage the enormous synergy between the innovation and tech clusters in Shenzhen and Hong Kong, and I'm happy to note that investments are indeed coming to the Northern Metropolis. For example, earlier this month, we succeeded in tendering our site in the Northern Metropolis for the construction of cutting-edge data center facilities. In the coming few years, over 3 billion US dollars worth of investment will be made in Hong Kong just through this project, and eventually, when fully developed, the computing power in Hong Kong will go up by a staggering 36 times. In parallel, we're working to improve the legal and regulatory environment for the Northern Metropolis. A piece of dedicated legislation will be enacted to facilitate its development. Simply put, regulatory requirements will be lightened, approval procedures will be streamlined. For example, some procedures that currently take about nine months to complete will in future take just two. Quicker development will translate into lower costs for the many new developments that will be undertaken as part of this mega project. On the third front—and this is the last observation that I would like to share with you this morning—we'll continue to lever our role as a key gateway that connects Chinese mainland with her international markets, and I think Laura also made a point. This gateway role of Hong Kong is getting more and more important as international capital seeks investment and business opportunities in the Chinese mainland. In the other direction, an increasing number of Chinese mainland enterprises are seeking to go global. Hong Kong, with our international connection, our use of common law, which is the legal language of international businesses, and our abundant supply of highly qualified professionals, is in a unique position to contribute. And in this connection, I'm delighted to note that the number of overseas and Chinese mainland companies in Hong Kong reached a record high of over 11,000 last year. To build on this momentum, we're working on incentive measures covering the provision of land, tax exemption, and finance to attract more overseas and Chinese mainland enterprises to come to Hong Kong, and we launched the GoGlobal Task Force a few months ago to give support to Chinese mainland enterprises interested in expanding overseas. We believe this will also work to the benefit of

all our overseas business partners. This will be a win-win-win for everyone. Ladies and gentlemen, in an era of complexity and rapid technological change, Hong Kong will remain one of the world's most open, vibrant, and well-connected economies. We'll continue to navigate uncertainties with resilience and confidence, while leveraging our unique strengths to create exceptional opportunities for global investors like your good selves. In closing, may I thank the Milken Institute one more time for having this marvelous event in Hong Kong. Please do come back again. And for everyone here, I wish you great health and great business. Thank you very much.

Announcer 12:20

We hope you enjoyed the discussion. The next panel will begin shortly.

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