

Speech by FS at 5th annual Technology for Change Asia (English only)

Following is the speech by the Financial Secretary, Mr Paul Chan, at the 5th annual Technology for Change Asia today (March 12):

Tom (Deputy Editor of The Economist Mr Tom Standage), YK (the Chairman of the Hong Kong Tourism Board, Dr Pang Yiu-kai), distinguished guests, ladies and gentlemen,

It's a pleasure to join you all for the 5th annual Technology for Change Asia, here in Hong Kong.

My sincere gratitude goes to Economist Impact for organising this remarkable event in this city for the second time. Building on last year's success, we have an exceptional lineup of speakers and participants joining us this year. Business leaders, policymakers, innovators and scientists, I extend a warm welcome to each of you.

You are here for two days filled with inspiring discussions and exchanges on the latest scientific innovations that are rapidly transforming the way we live, work and learn.

It has been said that a scientist is not merely someone who provides the right answers, but rather someone who asks the right questions.

While I am not a scientist, I would like to kick off our discussions today by posing a question: What is our city's value proposition for tech innovation, and what opportunities do we present to global businesses?

Hong Kong's Value Proposition for Tech

Allow me to share some of my thoughts on this matter.

First, Hong Kong has robust basic research capabilities. We are proud to be the only city in the world with five universities ranked among the global top 100. In artificial intelligence (AI) and data science, three of our universities, namely the HKUST (the Hong Kong University of Science and Technology), CUHK (the Chinese University of Hong Kong) and HKU (the University of Hong Kong), are among the world's top 25.

Of course, Hong Kong's strengths extend well beyond basic research. Our innovation and technology (I&T) ecosystem is rapidly growing. Over the past few years, we have made substantial investments in innovation and technology, and have formulated a comprehensive strategy to expedite I&T development across the entire spectrum. From supporting basic research and the commercialisation of research outcomes, to nurturing startups, attracting strategic enterprises and promoting advanced manufacturing, we are scaling the tech ecosystem in Hong Kong from upstream to downstream.

Over the past two years, we have welcomed some of the world's leading innovative companies, such as AstraZeneca from the UK and the Chinese battery giant CATL, to establish their regional headquarters or R&D (research and development) centres in our city.

After all, Hong Kong benefits from the institutional strengths under the "one country, two systems" arrangement. With our proximity to the Mainland, we enjoy convenient and sometimes priority access to a vast market. On the other hand, under the "two systems", Hong Kong continues to practise the common law, and adhere to the best international business standards and practices, including protection for intellectual property. The free flow of people, capital, goods and information, and the unparalleled connectivity we have established with the Mainland and the world, is vital to tech innovation activities and attracting top-tier talent from around the globe. For talent, Hong Kong provides not just business and career opportunities, but an enviable lifestyle, good law and order, excellent education for children, and more, all of which allow human potential to flourish.

And there is an equally important dimension of Hong Kong where tech innovation benefits: we are a convergence point for both Mainland and international data, which are critical elements for research in AI and life and health technologies.

Capital is another critical element for tech innovation. This is an area where we excel. As an international financial centre, Hong Kong offers a full range of funding options, from angel investments to venture capital, private equity and fundraising through IPOs (initial public offerings).

And I'm pleased to report that our IPO market has regained momentum. Last year, we raised some US\$11 billion, ranking fourth globally. This year, we are benefiting from the optimism in the tech sector, and the continued support from the Central Authorities in encouraging leading Mainland companies to list on the Hong Kong Stock Exchange. We are expecting to raise some US\$17 to \$20 billion this year.

Indeed, in recent years, we have implemented reforms to our equities market to encourage new economy companies to list on our Stock Exchange. Among them, we introduced a regime last year specifically designed to facilitate the listing of specialist technology companies.

Now, we are keenly building an ecosystem of patient capital, led by the Hong Kong Investment Corporation Limited, or HKIC. HKIC is investing and co-investing in tech firms with great potential, thus nurturing tech giants of tomorrow. But more importantly, it is guiding and leveraging market capital to support tech industries and segments at their nascent stages.

Synergies of the Greater Bay Area

A discussion of Hong Kong's value proposition for tech will not be complete without mentioning the Greater Bay Area, or the GBA. Comprising Hong Kong, Macao, and nine cities in Guangdong Province, the GBA is an innovation powerhouse that merges the innovative strengths and complementary advantages

of its constituent cities. The Shenzhen-Hong Kong-Guangzhou science and technology cluster has been ranked second globally in innovation by the World Intellectual Property Organization for each of the past five years.

The Northern Metropolis will support Hong Kong's synergistic development with our sister cities in the GBA. Bordering Shenzhen and spanning nearly one third of the total landmass of Hong Kong, it comprises a 300-hectare I&T cluster that will be home to many strategic tech enterprises.

That also includes the Co-operation Zone between Hong Kong and Shenzhen along the Shenzhen River, known as the "Loop" or "Hetao". This Co-operation Zone will serve as a testing ground for innovative policies, including the unimpeded flow of critical production factors such as people, capital, goods and data.

Above all, Hong Kong's value for tech is clear: together with the GBA, we will emerge as a leading international financial and innovation centre, more than combining the advantages of both the San Francisco Bay Area and the New York Bay Area.

Tech for Change: Riding the Tide of AI

Looking ahead, Hong Kong is eager to ride the next wave of technological transformation – AI.

Globally, AI is rapidly reshaping production, business and consumption models. It empowers the upgrading of traditional industries, and creates new ones. Our country, China, is at the forefront of this great transformation. Its strengths in AI are demonstrated not only by groundbreaking LLMs (large language models) like DeepSeek and others, but also by a multitude of AI inventions and applications, ranging from self-driving cars to embodied AI and smart manufacturing.

In my Budget delivered just two weeks ago, I outlined our vision of AI as a core industry for Hong Kong. We are driving this development by concentrating on five key areas: supercomputing capabilities, algorithms, data, capital and talent. Beyond investing more resources into AI development, we are committed to creating a more pro-innovation environment that facilitates the testing and trial of AI applications.

Meanwhile, we have positioned Hong Kong as an international exchange and co-operation hub for the AI sector. We will host events of global significance, including the inaugural International Young Scientist Forum on Artificial Intelligence and the International Conference on Embodied AI Robot. These events will bring together top-notch technology enterprises, academic institutions, talent and investors.

Concluding Remarks

Ladies and gentlemen, Hong Kong, along with the GBA, has all the advantages necessary to become Asia's innovation powerhouse – a hub that will drive technological progress for the benefit of all. We welcome businesses

from around the world to explore the vast opportunities offered by this city and realise their ambitions here.

I am grateful to all of you for participating in Technology for Change Asia. This event is a significant highlight of "Hong Kong Super March", a month-long calendar of activities across the city encompassing arts, culture, sports, business, and much more.

Lastly, I hope our visitors will take the time to experience the many joys that our vibrant city has to offer during your stay.

I wish Technology for Change Asia another great success here in Asia's World City.

Thank you.