

SFST's keynote address at Institutional Summit at Consensus Hong Kong 2025 (English only) (with photo)

Following is the keynote address by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, at the Institutional Summit at Consensus Hong Kong 2025 this morning (February 18):

Tira (Managing Director of CoinDesk Events, Ms Tira Grey), Michael (Chairman of Consensus Hong Kong, Mr Michael Lau), distinguished guests, ladies and gentlemen,

It is my profound honour to join you today at Consensus Hong Kong 2025 – a landmark event that celebrates innovation, brings together global pioneers in blockchain, Web3, virtual assets, and artificial intelligence, and galvanises the forces driving the future of our financial ecosystem. I welcome you all to a market where vision meets policy, and where transformative ideas are nurtured under a forward-looking policy and regulatory framework.

Today, Hong Kong stands poised on the threshold of a new chapter – one in which traditional finance and digital innovation integrate to create efficiency, transparency, and inclusive growth.

It is no coincidence that Consensus Hong Kong 2025 is taking place in our vibrant city. The Government remains steadfast in our mission to foster an environment where innovation is underpinned by robust regulation, ensuring that our financial markets not only thrive on competitiveness but also maintain the highest standards of investor protection and market integrity.

Today, I wish to share with you my vision for the future, one built upon three defining trends. The first is financial market innovation through tokenisation. Tokenisation is not merely a buzzword – it is a profoundly transformative development that holds the promise of reshaping traditional financial markets. By converting conventional financial instruments and physical assets into digital tokens, we are building bridges between traditional finance and the emerging digital economy. Our regulatory framework has laid a solid foundation for this evolution. Our securities regulator has proactively issued circulars to guide intermediaries engaging in tokenised securities-related activities and expectations for the tokenisation of SFC (Securities and Futures Commission)-authorised investment products.

These measures have provided critical clarity to market participants and investors alike, fostering an environment of trust and informed innovation. We have witnessed encouraging developments that testify to our approach. Consider, for instance, the tokenisation of gold – where physical gold is

integrated with blockchain technology to offer investors greater flexibility, fractional ownership, and enhanced security. Similarly, the emergence of tokenised money market funds shows how traditional liquidity management can benefit from digital innovations, enabling more efficient market making alongside expanded secondary market liquidity for institutional investors.

An important initiative to foster tokenisation development is Project Ensemble, a sandbox launched by the Hong Kong Monetary Authority. This initiative is designed to experiment with the tokenisation of money enabling seamless interbank settlements. By exploring tokenisation across fixed income and investment funds, liquidity management, green and sustainable finance, and trade and supply chain finance, Project Ensemble exemplifies Hong Kong's commitment to harnessing emerging technology to enhance financial market infrastructure. This experimental Sandbox not only embraces innovation but also ensures that the innovations are implemented with a clear focus on stability and investor protection.

The second trend that will shape our future financial landscape is the integration of Web3 innovations into the real economy. In our ongoing efforts to narrow the gap between digital finance and everyday business operations, the Government has taken decisive steps to develop a regulatory regime for stablecoin issuers. We are actively engaging with the real economy – where businesses that support cross-border payments, international trade, and digital commerce are eager to solve longstanding issues such as high costs, delayed transfers, and the challenges posed by the sometimes unpredictable FX (foreign exchange) markets.

In recognition of these challenges, the regulator has established a Sandbox to obtain feedback and provide clarity to entities interested in issuing fiat-referenced stablecoins. This Sandbox serves not only as an incubator for innovations but also as a platform that bridges industry needs with prudent regulation. We see promising potentials for stablecoins to streamline payment systems, fostering a more efficient and integrated financial landscape that benefits businesses and consumers alike.

Furthermore, the application of tokenisation extends far beyond traditional financial instruments. Already, we observe its impact across various sectors. From financing EV (electric vehicle)-charging infrastructure through tokenised management fee, to facilitating more agile supply chain finance, our digital infrastructure is now robust enough to support longstanding economic practices, albeit with a modern twist. These developments illustrate how the convergence of digital technologies with real-world assets can unlock significant economic value and propel us into a new era of cross-sector collaboration.

The third and perhaps most transformative trend is the integration of AI with blockchain and Web3 technologies. In today's rapidly evolving technological landscape, AI represents not just an opportunity but a necessity to enhance our digital infrastructures. Decentralised AI platforms, built on blockchain principles, provide a promising avenue for ensuring data privacy, security, and collaborative innovation.

Decentralised AI has the potential to revolutionise how we manage, train, and deploy machine learning models. By enabling secure data sharing across multiple stakeholders, we create a system in which AI models can be trained collaboratively using diversified databases. This collaborative approach ensures that the resulting models are not only more widely applicable but also benefit from the collective insights of multiple organisations. Moreover, an open-source philosophy in model development promotes transparency, accountability, and a shared economic vision in which the fruits of innovation are accessible to all.

Recognising these immense opportunities, the Government has set forth a policy statement to foster responsible AI innovation in our financial markets. Last October, we issued a detailed statement outlining our vision for the responsible usage of AI, balancing innovation with the imperative for control, transparency, and fairness. In line with our policy, the Hong Kong University of Science and Technology (HKUST) has embarked on a collaborative initiative, making its InvestLM model available to the financial services industry. This programme offers both advisory and training services – providing options for on-premises deployment as well as application programming interfaces (APIs) and web interfaces that utilise the HKUST's computing resources.

The transformative trends of tokenisation, real economy adoption, and AI integration can only reach their full potential within a reliable and adaptable regulatory system. Our guiding principle – "same activities, same risks, same regulations" – underscores our commitment to fairness, consistency, and the highest standards of market protection.

We are continuously reviewing and refining our regulatory regime to foster a complete ecosystem for virtual assets. By developing comprehensive frameworks that include virtual asset exchanges, stablecoin issuers, custodians, and over-the-counter trading activities, we pave the way for an interconnected value chain that will underpin Hong Kong's financial markets.

In closing, I invite all stakeholders here today – from seasoned financial experts to the visionary entrepreneurs shaping tomorrow's digital economy – to embrace the challenges and opportunities that lie ahead. Consensus Hong Kong 2025 is more than just an event; it is a call to action. It is a recognition that our collective ingenuity, when harnessed under a principled regulatory framework, has the power to drive sustainable progress.

I extend my heartfelt gratitude to the Consensus event organisers, our trusted partners at Invest Hong Kong, the Hong Kong Tourism Board, and every individual contributing to the success of this event. I wish you a productive and transformative gathering at Consensus Hong Kong 2025, and I look forward to witnessing the many innovations that will shape our shared future.

Thank you.



Postal services to Finland subject to delay

â€‹Hongkong Post announced today (February 18) that, as advised by the postal administration of Finland, due to the impact of the strike, mail delivery services to the country are subject to delay.

Red flags hoisted at Silverstrand Beach and Clear Water Bay Second Beach

Attention TV/radio announcers:

Please broadcast the following as soon as possible:

Here is an item of interest to swimmers.

The Leisure and Cultural Services Department announced today (February 18) that due to big waves, red flags have been hoisted at Silverstrand Beach and Clear Water Bay Second Beach in Sai Kung District. Beachgoers are advised not to swim at these beaches.

HKSAR Government confiscated criminal proceeds of absconders endangering national security in accordance with the law

The Court of First Instance yesterday (February 17), upon application by the Department of Justice (DoJ), issued the confiscation order under section 9 of Schedule 3 of the Implementation Rules for Article 43 of the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region (Implementation Rules), concerning the confiscation of proceeds Hui Chi-fung obtained from committing offences endangering national security. The Hong Kong Special Administrative Region (HKSAR) Government has noted the unfounded smear and malicious attacks online regarding the actions taken by the Court in accordance with the law. The HKSAR Government strongly condemned and opposed this, and it is necessary to rebuke and to set out the following facts to set the record straight.

An HKSAR Government spokesman stressed, "Hong Kong is a society underpinned by the rule of law and has always adhered to the principle that laws must be obeyed and lawbreakers be held accountable. Amongst others, it is a common and effective practice to make an application to the Court for a confiscation order to prevent offenders from benefiting from their criminal acts. In fact, laws and mechanisms for confiscation of crime proceeds are common around the world. They cover the crime proceeds from commission of any serious offence, including offences endangering national security."

"Hui Chi-fung has committed numerous heinous crimes, with a number of criminal charges being laid against him. He conspired with foreign politicians in 2020 to forge documents and deceive the court with false information in order to obtain the court's permission to leave Hong Kong while he was on bail, and jumped bail and absconded overseas. Afterwards, Hui Chi-fung was suspected to have committed offences endangering national security overseas. On August 12, 2021 and June 21, 2023, two magistrates issued warrants against Hui Chi-fung for allegedly committed crimes of 'inciting secession', 'inciting subversion of state power', and 'colluding with foreign or external forces to endanger national security'. Hui Chi-fung is currently a wanted person with reward notice by the Police, and specified as relevant absconder by the Secretary for Security under sections 89(1) of the Safeguarding National Security Ordinance."

The spokesman stressed, "The application for and issuance of the confiscation order must comply with the strict conditions specified in Schedule 3 of the Implementation Rules, including that the Court must first be satisfied that the absconded defendant could have been convicted of the relevant offence and must determine whether the defendant has benefited from that offence. The Court must also ascertain the value of the proceeds of the offence endangering national security and the amount that might be realised

at the time the confiscation order is made. Therefore, there is absolutely no situation in which private property could be 'confiscated at any time' or 'arbitrarily'. "

The spokesman pointed out, "Before and after Hui Chi-fung absconded from Hong Kong, he transferred nearly \$2.5 million Hong Kong dollars in personal assets as gifts to his mother and wife. The Court is also satisfied with the relevant transaction evidence submitted by DoJ."

According to the law, if a defendant benefits from committing an offence endangering national security and makes a gift at any time from six years before the date of prosecution onwards, the property held by the recipient of the gift may be regarded as the defendant's realisable property and confiscated. Mechanisms are in place worldwide to prevent criminals from transferring their criminal proceeds to others to evade confiscation.

"The value of the criminal proceeds ordered for confiscation by the Court is determined strictly based on evidence and in accordance with the law. The value of the criminal proceeds attributed to Hui Chi-fung was calculated based on the relevant evidence to establish a reasonable value."

The spokesman reiterated that endangering national security is a very serious crime. The HKSAR Government will do everything possible and use all legal means to pursue and combat criminals who endanger national security as well as to hold them accountable, thereby safeguard national security.

[Hong Kong Customs combats suspected illicit cigarette distribution activities in Sham Shui Po \(with photos\)](#)

Hong Kong Customs today (February 17) conducted an anti-illicit cigarette operation in Sham Shui Po to fight against criminals involved in illicit cigarettes distribution in the district. About 5 500 suspected illicit cigarettes, with an estimated market value of about \$24,000 and a duty potential of about \$18,000, were seized.

This afternoon, Customs intercepted a suspicious non-local man in Pei Ho Street, Sham Shui Po. About 4 500 suspected illicit cigarettes were found from two nylon bags carried by him. The 54-year-old man, who claimed to be unemployed, was immediately arrested.

Subsequently, Customs officers conducted further investigation in nearby illicit cigarettes black spots and further seized about 1 000 suspected

illicit cigarettes, thereby disrupting relevant distribution activities.

The arrested man was charged with "dealing with goods to which the Dutiable Commodities Ordinance applies" and will appear at the West Kowloon Magistrates' Courts tomorrow (February 18).

Customs will continue its risk assessment and intelligence analysis for interception at source as well as through its multipronged enforcement strategy targeting storage, distribution and peddling to spare no effort in combating illicit cigarette activities.

Customs stresses that it is an offence to buy or sell illicit cigarettes. Under the Dutiable Commodities Ordinance, anyone involved in dealing with, possession of, selling or buying illicit cigarettes commits an offence. The maximum penalty upon conviction is a fine of \$1 million and imprisonment for two years.

Members of the public may report any suspected illicit cigarette activities to Customs' 24-hour hotline 182 8080 or its dedicated crime-reporting email account (crimereport@customs.gov.hk) or online form (eform.cefs.gov.hk/form/ced002/).

