FINANCIAL SERVICES DEVELOPMENT COUNCIL
香港金融發展局



Launch of Publications

Catalysing Regional Connectivity: Hong Kong as the Nexus for Capital Flows

- Middle East and North Africa

- ASEAN and Central Asia

September 2026

Two Publications, One Proposition: Hong Kong as a Global Capital Nexus

The structural shift that prompted the research, the demand base it addresses, and the scope of each report

A structural rebalancing of global capital

Multi-directional flows

Capital moves across several corridors concurrently rather than from developed to emerging markets, leaving the global landscape denser, more regional and more reciprocal.

Trusted intermediation

In a more fragmented system, the capacity to intermediate across legal systems, currencies and investor bases has become the scarcest institutional resource.

The Global South allocates

MENA sovereign wealth funds manage ~US$6tn, while ASEAN and Central Asian state vehicles — Indonesia's Danantara at over US$900bn, Kazakhstan's Samruk-Kazyna — are awarding external mandates and issuing offshore. These investors increasingly seek co-investment partners with sector expertise rather than passive allocations.

A demand base already anchored in Hong Kong

ASEAN — an established partnership at scale

US$214bn of merchandise trade with Hong Kong in 2025, up 29% year-on-year; the second-largest partner for sixteen consecutive years, with Hong Kong's outward investment to ASEAN up 54% since the 2017 ASEAN-Hong Kong FTA. ASEAN growth is expected to remained broadly resilient through 2026, led by Vietnam at 7.1%, Indonesia at 5.0% and Malaysia at 4.7% (projected).

Central Asia — a newer frontier

Growth projected **above 6%** in 2026 on a combined economy exceeding US$600bn.

The Middle East — a base compounding steadily

US$24.7bn of merchandise trade with Hong Kong in 2025, Hong Kong's tenth-largest bloc, expanding at an average annual growth of 5.8% over past five years.

The Chinese Mainland's international expansion

Outbound investment is deploying at scale

US$174.38bn of Chinese outbound direct investment in 2025, across more than 50,000 enterprises in 190 countries, including 19,000 in Belt and Road economies.

Hong Kong is already the conduit of choice

Approximately **60%** of that investment is channelled through the city, making it the practical springboard for enterprises expanding into these corridors.

15th Five-Year Plan as the national endorsement

Reaffirms the Central Government's support for Hong Kong's deep participation in the Belt and Road Initiative and its role as the global offshore RMB hub.



The two publications examine, in parallel, the corridors that will test Hong Kong's evolution from a gateway between the Chinese Mainland and the world into a nexus intermediating two-way capital flows.

PUBLICATION · MENA CAPITAL FLOWS

19 economies assessed across four capital profiles — Gulf diversifiers as the immediate anchor, North Africa as a selective strategic extension, and conflict-affected markets identified as requiring significant risk mitigation. Research Working Group led by FSDC Vice-Chairman Mr Andrew Weir.

PUBLICATION · ASEAN AND CENTRAL ASIA CAPITAL FLOWS

An established ASEAN relationship alongside a Central Asia agenda given fresh impetus in 2026, both underpinned by resources central to the energy transition — nickel, cobalt, rare earths, and uranium. Research Working Group led by FSDC Vice-Chairman Mr Daniel R. Fung.



Sources: FSDC, Catalysing Regional Connectivity — Hong Kong as the Nexus for MENA Capital Flows; and Hong Kong as the Nexus for ASEAN and Central Asia Capital Flows (2026).

Segments Where the Groundwork Has Been Laid

The institutional foundation - Progress delivered by the HKSAR Government, regulators, HKEX and industry partners, in collaboration with international counterparts.

1 MARKET ACCESS
Capital markets — the point of entry

- 88 of the 219 ASEAN companies pursuing overseas listings between 2014 and 2025 selected HKEX, raising over US$4.3bn.
- 21 exchanges are now recognised, including the Saudi Exchange, ADX and DFM. Asia-Pacific's first Saudi-focused ETF listed here, followed by Hong Kong equity ETFs listed in Saudi Arabia.
- The HKEX–AIX MoU covers dual listings, alongside Indonesia's ≈RMB15bn sovereign dim sum issuance and Kazakhstan's development-bank debut in the market.

Strategic significance: recognition has translated into products and issuance, giving regional issuers and investors a standing route to Hong Kong.

2 CAPITAL RETENTION
Asset and wealth management — keeping capital in the market

- Mutual recognition of funds established with the UAE — the first such arrangement with a Middle Eastern market — alongside Malaysia and Thailand.
- The HKMA and Saudi Arabia's Public Investment Fund are working towards a US$1bn fund for Hong Kong-nexus companies localising in the Kingdom.

Strategic significance: converts capital attraction into fund distribution and co-investment, which is what retains long-term capital.

3 LIQUIDITY AND SETTLEMENT
Banking and RMB — the enabling layer

- The RMB Business Facility has been expanded to RMB500bn with tenors extended to three years.
- Supervisory MoUs are in place with seven ASEAN banking regulators, complemented by a Bank Indonesia–PBOC–HKMA local-currency arrangement. 22 ASEAN banking entities and four Middle Eastern banks are established here, and the CBUAE has joined the CMU.

Strategic significance: settlement capacity and liquidity determine whether listings, funds and trade flows are executable at scale.

4 THE GROWTH THEME
Green and transition finance — funding decarbonisation

- Hong Kong's leadership in Asian green bonds: US$38bn of sustainable bonds were arranged in Hong Kong in 2025, approximately 40% of the Asian market, with government green issuance approaching US$33bn since 2019.
- Core Climate now has >130 participants and credits from more than 60 verified projects as of March 2026.
- Full ISSB adoption is set for no later than 2028. The Alliance for Green Commercial Banks brings together member banks from 10 markets, including 6 from ASEAN.

Strategic significance: positions Hong Kong to arrange the corridors' decarbonisation financing while retaining a standard-setting role.

5 RISK CAPACITY
Insurance and risk transfer — making assets financeable

- Hong Kong's catastrophe bond market: Seven have been issued under the ILS framework, raising approximately US$800m, two of them listed on HKEX. Pilot ILS Grant Scheme is extended to 2028.
- The Insurance Authority has an MoU with Thailand's Office of Insurance Commission, and the FSDC with Indonesia Financial Group; Hong Kong insurtech is partnering with insurance companies in Dubai and Saudi Arabia.

Strategic significance: infrastructure and climate-exposed assets require credible risk transfer before capital will commit.

6 OPERATIONAL EFFICIENCY
FinTech and digital finance — increasing the efficiency of the corridor

- Asia's first payment-versus-payment link was established with Malaysia in 2006, followed by links with Indonesia and Thailand. These arrangements have long supported secure and efficient foreign exchange transactions between Hong Kong and key ASEAN economies
- FPS x PromptPay is live with Thailand; fintech and digital-asset cooperation with the UAE and Saudi Arabia.

Strategic significance: settlement cost, speed and risk determine whether corridor activity becomes recurring rather than episodic.

The ASEAN relationship has entered a mature phase, engagement with Central Asia remains foundational, and the MENA corridor has become genuinely two-way.
What matters is not the number of initiatives, but their conversion into recurring usage by issuers, investors, corporates and regulators.

Sources: FSDC, Catalysing Regional Connectivity — Hong Kong as the Nexus for MENA Capital Flows; and Hong Kong as the Nexus for ASEAN and Central Asia Capital Flows (2026).

Areas Where Connectivity Can Become Recurring Business

Priority opportunities and the conditions for delivery



1 Two-way capital matching

THE MENA CORRIDOR

- Asset and wealth management anchors this corridor, giving Gulf sovereign, institutional and family capital access to Asia, the Chinese Mainland and the Greater Bay Area through a common-law centre.
- The Northern Metropolis and Chapters 18A and 18C as further entry points.

ASEAN AND CENTRAL ASIA

- The near-term IPO pipeline comprises regional champions and privatisation candidates.
- To move from addressing an access gap to becoming the domicile of choice for structuring and distributing regional asset flows.



2 Deepening offshore RMB business

THE DEMAND IS ALREADY EVIDENT

- 41.2% of China's crude oil trade with the Middle East was RMB-settled as of 1Q 2026, making it the region's second currency for oil pricing.
- Cross-border settlement with ASEAN reached RMB8.9tn in 2025, up 50.7%; Central Asia is beginning to diversify into the currency.

THE NEXT STEP FOR HONG KONG

- With approximately RMB1.2tn in deposits and RMB2.5tn cleared daily through RMB RTGS, the city can support the currency's progression from trade settlement into investment, financing and risk management — through dim sum issuance, derivatives and a broader product shelf.



3 Financing the real economy

INFRASTRUCTURE AND TRANSITION

- Infrastructure, energy-transition and industrial requirements align with Hong Kong's position as Asia's leading arranger of green and sustainable debt, its blended and project-finance capacity, ISSB-aligned disclosure and transition-finance advisory.

COMMODITIES AND CRITICAL MINERALS

- The second dimension: developing the gold-market ecosystem within the Asian time zone, financing early-stage mining under the AIFC arrangement, and providing trade finance, hedging and warehousing — the natural extension of the "Finance+" strategy.



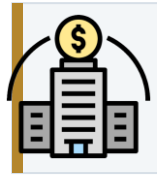
4 Strengthening Islamic finance

THE GAP IN THE MARKET

- Potential to become a centre that is capable of intermediating between MENA, Southeast Asian and Central Asian Islamic capital.
- Hong Kong's established bond-market infrastructure and the CMU can broaden investor reach in a market that remains under-allocated.

FOUNDATIONS ALREADY IN PLACE

- Malaysia's US$1.5bn dual-tranche sovereign sukuk listed on HKEX and Bursa Malaysia, and a Saudi government sukuk ETF.
- The requirement now is depth — sukuk structures, Shariah-compliant portfolios and supporting professional capability.



5 Capturing corporate flow

TREASURY AND LIQUIDITY

- A regional treasury hub for corporates expanding across these markets — multi-currency pooling, hedging and settlement within a single jurisdiction.
- Reinforced by the Go-Global Task Force and Mainland banks establishing regional headquarters here.

THE WIDER ECOSYSTEM

- Tokenisation and cross-border payment infrastructure, together with dispute resolution through the HKICC, the HKIAC and IOMed.
- Treasury and structuring mandates generate recurring, rather than episodic, activity.

Conditions for delivery: Enhancing Hong Kong's relevance through sustained in-market presence, as these partners prioritise reciprocal engagement and long-term commitment; advancing RMB internationalisation, where certain constraints remain onshore; and developing the Islamic finance ecosystem, including practitioner capability alongside products — while addressing soft-infrastructure gaps in talent, cultural fluency and connectivity, and managing geopolitical and competitive pressures.

Measure of success: Recurring transactions across listings, funds, RMB settlement, commodities and sustainable finance — not the number of agreements concluded.

Sources: FSDC, Catalysing Regional Connectivity — Hong Kong as the Nexus for MENA Capital Flows; and Hong Kong as the Nexus for ASEAN and Central Asia Capital Flows (2026).

Thank you

Contact us

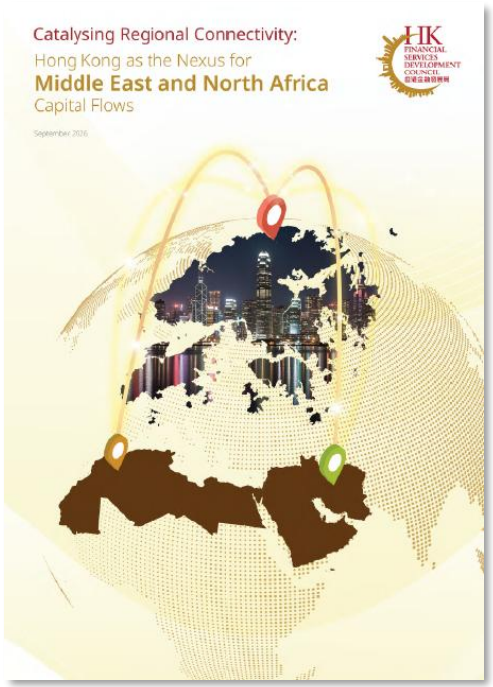
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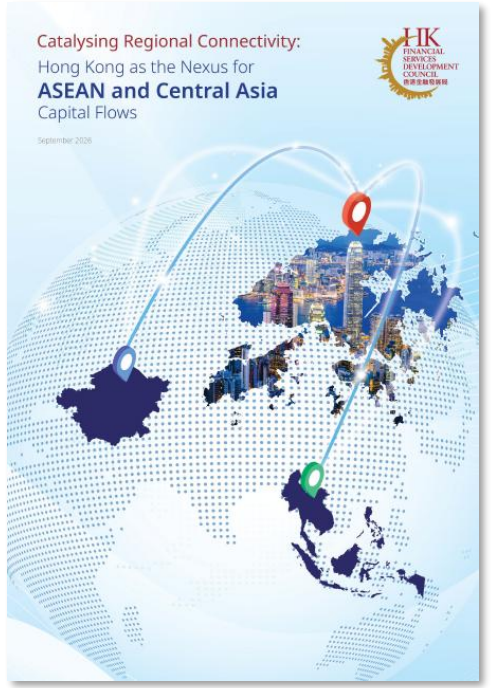
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