

Speech by FS at “Empowering Regional Growth” Hong Kong-ASEAN AI Collaboration Seminar and Global Headquarters Opening Ceremony of KN Group (English only)

Following is the speech by the Financial Secretary, Mr Paul Chan, at “Empowering Regional Growth” Hong Kong-ASEAN AI Collaboration Seminar and Global Headquarters Opening Ceremony of KN Group today (October 4):

Ms Sulin Ni (Chairman and Chief Executive Officer of the KN Group), Consul-General and members of the diplomatic community, friends from Hong Kong and the ASEAN (Association of Southeast Asian Nations) economies, ladies and gentlemen,

Good morning. It is a great pleasure to be with you today at this seminar. A gathering that truly signifies a growing partnership between Hong Kong and ASEAN, a relationship that is vital for our mutual prosperity and shared future.

It is clear that ASEAN is brimming with new opportunities. In 2022, ASEAN's GDP was around US\$3.7 trillion. Collectively, the ASEAN is expected to become the fourth largest economy in the world by 2030.

Home to more than 670 million people, the region's median age is projected to be just 35 years by 2040. This youthful demographic, coupled with robust economic growth and a burgeoning middle class, presents a vast market with immense potential for consumer goods as well as financial services.

However, while ASEAN is rapidly developing, it may take time to build her financial infrastructure and services to the breadth and depth necessary to meet potential demands efficiently.

Rapid advancements in technology, particularly in artificial intelligence (AI), provide us with the tools to address these challenges. The benefits of AI in making financial services smarter and more inclusive have been well articulated by Mr Jiang (Senior Vice President of the KN Group, Mr Jiang Xuan) just now.

Now, let me add that Hong Kong is ideally positioned to support ASEAN economies to accelerate this process.

As one of the world's leading financial centres, Hong Kong is home to over 70 of the top 100 global banks, and seven of the world's top 10

insurance companies. We boast a highly sophisticated capital market, top-class financial infrastructure, and deep regulatory expertise.

But what's more is our vibrant fintech ecosystem: we are home to more than 1 000 fintech firms, and among them, eight virtual banks and four virtual insurance companies. They offer a range of innovative services from digital payment to AI-empowered credit risk profiling.

We are also committed to rising as an international innovation and technology hub, along with sister cities in the Greater Bay Area. AI and big data analytic are one of our key areas of focus.

Crucial to AI are algorithms, supercomputing power, data and application scenarios, all of which Hong Kong is blessed with. We serve as a convergence point for Mainland and international data. We are also investing in the necessary infrastructure, including building a supercomputing centre, which is expected to commence operation later this year. Hong Kong, and the Greater Bay Area together, provide many different application scenarios for AI solutions. In fact, many AI companies are choosing Hong Kong to develop their large language models and to go global.

With the dual strengths in financial services and innovation and technology, Hong Kong is attracting many enterprises to use this city as their strategic base. Indeed, Hong Kong serves as a springboard and "living lab", providing an excellent platform for Mainland companies to expand into the ASEAN market and beyond, and for international firms seeking to enter the Chinese market.

I am pleased to learn that KN Group is one of them. KN Group has chosen to establish their international headquarters, corporate treasury centre, and R&D (research and development) centre in Hong Kong, leasing 8 000 square feet of office space right here to house their business operations. Their decision reflects their confidence in Hong Kong and the vast opportunities ahead.

I am confident that more companies will follow suit, recognising Hong Kong's unique advantages and as an ideal base for business expansion in ASEAN and beyond.

That's certainly good news for Hong Kong, for us all-for a more dynamic innovation ecosystem, for a more vibrant economy, and for the better attraction of talents.

Last but not least, may I wish this seminar a great success, and all of you the best of business and health for you all in the years to come.

Thank you very much.