

Catalysing Regional Connectivity: Hong Kong as the Nexus for **Middle East and North Africa** Capital Flows



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Executive Summary



Executive Summary

The global financial architecture is undergoing a structural transition from the traditional East-West conduit towards a more dense, multidimensional network. Driven by supply-chain realignments, industrial policies, and asset diversification, capital allocation across the Global South is increasingly reciprocal. Within this paradigm, the Middle East and North Africa (MENA) region — home to sovereign wealth funds that collectively manage over US\$6 trillion, anchored by Gulf Cooperation Council (GCC) sovereign wealth funds — is deploying capital into Asian growth sectors while seeking strategic optionality. Concurrently, Asian capital and enterprises are expanding westward to capture Gulf diversification mandates and growth opportunities in the broader MENA region, creating an unprecedented demand for multi-currency, cross-border financial architecture.

The National 15th Five-Year Plan (15th FYP) reaffirms the Central Government's support for Hong Kong's deep participation in the high-quality development of the Belt and Road Initiative. Under "One Country, Two Systems", Hong Kong serves as both a gateway between the Chinese Mainland and regional markets and a value-adding partner, providing capital, risk-management expertise, and institutional trust to advance cross-border cooperation. Under the new trend, the city has evolved beyond its traditional China entry point into an integrated, multi-polar financial hub connecting emerging growth centres, standing as an anchor of confidence and providing stability, security, and predictability that global investors value.

The MENA region — comprising 19 countries — boasts a highly heterogeneous economic landscape. The region spans resource-rich Gulf economies to conflict-affected fragile states, each with distinct development priorities and investment profiles. Shaping this investment climate are overarching geopolitical dynamics that act as dual vectors, simultaneously introducing systematic risks and generating distinct opportunities that shape capital flows into and out of the region.

Hong Kong's engagement with the MENA region should not be seen as a short-term market diversification exercise. It reflects a deeper shift in the political economy of global finance, which calls for deeper financial and institutional linkages between Hong Kong and the MENA region. This approach will fully leverage Hong Kong's roles as a "super-connector" and a "super value-adder", and further consolidate the city's leadership in international finance, sustainable development, professional services, innovation, and digital technology, among others.

Against this backdrop, this report conducts a thorough analysis, drawing insights from market practitioners, and advocates for Hong Kong as the nexus for MENA capital flows. The report starts with an examination of the foundations that underpin Hong Kong's status as a capital nexus for the Global South, positioning it uniquely to advance connectivity and facilitate capital flows across MENA and the broader Asian region.

Over the past few years, Hong Kong's engagement with the Middle East and wider MENA region has moved from high-level diplomacy to practical corridor-building. What began with official missions and memoranda of understanding has developed into a multi-segment architecture covering capital markets, asset and wealth management, banking, fintech, green finance, insurance, investment promotion, professional services, innovation, aviation and logistics.

Excitingly, Hong Kong is building the infrastructure for two-way capital flows: helping Middle Eastern capital access Hong Kong, Chinese Mainland and Asian growth, while supporting Hong Kong, Chinese Mainland and Asian enterprises expand into the Gulf and wider MENA region.

Looking into the future, the city must seize emerging financial opportunities and unlock new growth avenues by forging deeper institutional, market and technological linkages with the MENA region. That said, it must also equip itself well to navigate a complex array of structural, regulatory, competitive and geopolitical challenges.



The Foundation – Hong Kong as a Capital Nexus for the Global South



The Foundation – Hong Kong as a Capital Nexus for the Global South

The next phase of global capital formation will not be defined by the traditional model characterised by the flow of capital from “developed” to “emerging” markets. Rather, capital is moving across multiple corridors concurrently, giving rise to a number of notable new trends: Chinese capital into Belt and Road economies; Gulf investment into Asia; family capital into private markets; sovereign balance sheets into infrastructure, the energy transition, and technology; and trade surpluses into assets offering yield, resilience and strategic optionality.

The resulting global financial landscape is much more dispersed, more regionally focused, and more reciprocal – and substantially denser. Phenomenally, the rising Global South is evolving from a primary recipient of global investment into a key source, an influential allocator, and even the main conduit of global capital flows.

That shift changes the role of financial centres. They still need to connect liquidity across legal systems, currencies, investor bases, asset classes and time zones, but with even more challenges and opportunities. Trusted intermediation emerges as one of the scarcest resources.

This is where Hong Kong’s evolving role in the current global economy and financial system becomes strategically important. The city has long been described as a gateway between China and the world. That description remains true, but that narrative is no longer accurate. The city is transforming itself into a global capital nexus for a multiplex world, connecting multiple capital corridors.¹ In this role, Hong Kong brings together international investors, issuers, intermediaries, instruments and infrastructure in a single market – one where capital can be originated, structured, priced and governed seamlessly across jurisdictions, currencies and asset classes.

It is worth noting that the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) further enhances Hong Kong’s role by granting eligible Hong Kong goods and services preferential access to the Chinese Mainland, which reinforces Hong Kong as a rule-based bridge between China and external markets. For companies operating along Global South corridors, Hong Kong is therefore not only a financial centre, but also a premier platform for trade, investment, and broader Mainland market access.

The Foundation: “One Country, Two Systems”

The foundation of Hong Kong’s financial architecture is the principle of **“One Country, Two Systems”**. Under this principle, Hong Kong participates in the Chinese Mainland’s economic development, supply-chain upgrading, and technological breakthroughs, while preserving its free-market principle, common law system, free port status, separate customs territory, freely convertible currency, simple tax regime and open capital account, among others.

This allows Hong Kong to perform a unique role that few other financial centres can replicate. Beyond its traditional role in helping international capital enter China, Hong Kong is increasingly helping Mainland and Asian enterprises go global. At the same time, firms from the Global South can use Hong Kong to access China’s vast domestic market, manufacturing depth, innovation networks and financing channels.

In an era of heightened global scrutiny over supply-chain security, investment screening, and strategic optionality, Hong Kong’s unique role endows it with a distinct and substantial competitive edge.

¹ Financial Services Development Council. (2025, December 12). *Hong Kong’s capital market leadership: A super-connector path to the global capital nexus in the digital era*. <https://www.fsrc.org.hk/en/insights/hong-kong-s-capital-market-leadership-a-super-connector-path-to-the-global-capital-nexus-in-the-digital-era>

The Common Law and Regulatory Credibility

Hong Kong's common law system is central to its credibility as an international financial centre.² Capital moves across borders when investors have confidence that their rights are protected, their obligations are clear, and disputes can be resolved predictably. These are not technical details; they are the operating system of capital markets. For international investors, issuers and advisers, Hong Kong provides a legal framework that is familiar to other major global financial centres and is well suited for structuring cross-jurisdictional transactions.

Regulation is not merely defensive; it is enabling infrastructure. Investors transact at scale when they trust the market's rules, intermediaries' conduct, clearing and settlement reliability, and supervision credibility. For Global South issuers seeking international capital, Hong Kong offers a recognised framework that meets global expectations on governance, disclosure and market conduct while enabling access to investors.

In Hong Kong, local and foreign enterprises operate in an equal, transparent regulatory environment – a fact that attracts corporates, investment firms, sovereign funds, family offices, and asset managers establishing local offices, regional headquarters, treasury centres, fund platforms and investment vehicles in the city.

Monetary Stability and Fiscal Confidence

Hong Kong's Linked Exchange Rate System anchors the Hong Kong dollar to the US dollar. For international investors and corporates, this reduces currency uncertainty and supports investment return predictability. In a world of volatile exchange rates, divergent monetary-policy cycles, and geopolitical shocks, Hong Kong's dollar-linked framework provides an important layer of transaction convenience, adding investment confidence.

This monetary stability is reinforced by a mature supervisory system. Hong Kong's principal financial regulators — including the Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission (SFC), the Insurance Authority (IA) and the Accounting and Financial Reporting Council (AFRC) — together with the Hong Kong Exchanges and Clearing Limited (HKEX), operate under well-defined mandates across banking, securities, insurance, financial reporting and market operations. Together, they support prudential oversight, market integrity, disclosure standards and institutional continuity.

On the fiscal front, Hong Kong's tax system is simple and transparent. On top of low income taxes compared to global peers, there is neither a value-added tax nor a capital gains tax. The unanimous affirmation of top credit ratings by S&P (AA+/A-1+), Moody's (Aa3), and Fitch (AA-) underscores the government's robust fiscal buffers, resilient economic growth, and strong external balance sheet. This collective endorsement reinforces investor confidence in Hong Kong's financial stability, institutional framework, and rule of law.

² Financial Services Development Council. (2023, February). *Laws, regulations and financial services in Hong Kong*. <https://www.fsdcc.org.hk/media/0cfblqst/20230213-fsdc-laws-paper-rport-final-en.pdf>

An International Marketplace with Depth and Breadth

The Hong Kong financial centre has capacity to absorb large transactions, support issuers across market cycles and provide a credible route to international investors. For companies from the Chinese Mainland, Middle East, Central Asia and other growth markets, Hong Kong offers access to deep liquidity through world-class market infrastructure. For international investors, it provides exposure to China-linked and Asia-linked growth.

The equity market has demonstrated renewed depth and resilience. In 1H2026, Hong Kong's average daily securities-market turnover reached HK\$283.0 billion, up 18% from the same period in 2025. Funds raised through IPOs reached HK\$210.2 billion, up 92% year-on-year, while total funds raised reached HK\$346.1 billion, up 22%.³ The listing framework has also evolved to support future-oriented sectors including biotechnology companies (Chapter 18A) and specialist technology companies (Chapter 18C), broadening the issuer base and strengthening Hong Kong's relevance to industries central to the next phase of Global South development.

Beyond its highly liquid equity market, the city offers a comprehensive platform spanning international banking, bonds, insurance, wealth and asset management, private market, commodity market, as well as offshore RMB financing. This enables issuers and investors to access multiple channels of capital formation, risk management, and asset allocation through a single international marketplace.

The Offshore Renminbi Nexus and the Springboard for China's "Going Global"

Hong Kong's offshore renminbi capability is one of its most distinctive advantages. As trade and investment links between China and the Global South deepen, more companies and investors will need practical tools for RMB settlement, financing, liquidity management and hedging. Hong Kong provides the world's most developed offshore platform for these functions.

Hong Kong currently processes about 75% of global offshore RMB payments and maintains the largest offshore pool of RMB funds. As of end-June 2026, RMB deposits, including outstanding certificates of deposit, exceeded RMB 1.2 trillion.⁴ The RMB Real Time Gross Settlement system also handles consistently high turnover, with daily turnover in the range of RMB2 trillion to RMB3 trillion.

For Global South economies trading more with China, RMB settlement can reduce currency mismatches, support working-capital efficiency and diversify payment options. For corporates, banks and investors, Hong Kong offers the offshore RMB products and liquidity, clearing systems, derivative markets and professional services needed to make RMB usage operationally viable. The sophisticated offshore RMB ecosystem helps convert RMB from a trade-settlement currency into an investment, financing and risk-management currency.

RMB internationalisation is intertwined with another mega-trend of China – "Going Global" – and Hong Kong is the natural springboard for this expansion. China's outbound direct investment reached US\$174.38 billion in 2025, with over 50,000 overseas enterprises across 190 countries, including 19,000 in Belt and Road economies. Roughly 60% of that investment flows through Hong Kong.

³ Hong Kong Exchanges and Clearing Limited. (n.d.). *HKEX monthly market highlights*.

https://www.hkex.com.hk/Market-Data/Statistics/Consolidated-Reports/HKEX-Monthly-Market-Highlights?sc_lang=en

⁴ HKSAR Government (2026, August). *Half-Yearly Economic Report 2026*.

https://www.hkeconomy.gov.hk/en/pdf/er_26q2.pdf

“Finance+” Strategy: Driving Real Economy Growth

Hong Kong’s forward competitiveness is underpinned by the “Finance+” strategy, articulated in the 2026–27 Budget, which drives the city’s vision of high-quality growth by deepening financial markets and aligning capital formation with industrial innovation.⁵ Complemented by patient capital, the enhanced Capital Investment Entrant Scheme, and targeted tax incentives, “Finance+” builds a more resilient funding and investment ecosystem that supports innovation and technology, green development, emerging industries, and family capital.

On the capital side, the Hong Kong Investment Corporation (HKIC) serves as a cornerstone investor, channelling patient capital into strategic industries such as semiconductors and innovation technologies. As of March 2026, HKIC has invested in over 200 projects, with 10 portfolio companies already listed and 30 more preparing for listing in 2026. Each dollar invested by HKIC has attracted more than eight dollars of follow-on private capital — illustrating its multiplier effect in resource mobilisation.⁶

Beyond funding, “Finance+” is catalysing demand for new professional services, including valuation and risk assessment of intellectual property, data, and other intangible assets, alongside related assurance, certification, and financing solutions.⁷ This ecosystem upgrade aligns Hong Kong’s financial capabilities with the real economy needs of the innovation era, advancing its position as both financier and enabler of next-generation industries.

Taken together, Hong Kong’s position as a premier financial hub is anchored in a powerful combination of institutional credibility, financial resilience, and adaptive capacity. These strengths are mutually reinforcing, equipping the city to extend its role to a broader connector across the MENA region.

5 Financial Secretary. (2026, February 25). *The 2026-27 Budget*.

https://www.budget.gov.hk/2026/eng/pdf/e_budget_speech_2026-27.pdf

6 Panel on Financial Affairs. (2026, June 1). *Briefing on the work of Hong Kong Investment Corporation Limited*.

<https://www.legco.gov.hk/yr2026/english/panels/fa/papers/fa20260601cb1-530-4-ce.pdf>

7 Financial Secretary. (2026, March 1). *Synergistic development of “AI+” and “Finance+”*.

<https://www.fso.gov.hk/eng/blog/blog20260301.htm>



Hong Kong: Building the Asia-MENA Capital Corridor



Hong Kong: Building the Asia–MENA Capital Corridor

Hong Kong's engagement with MENA should not be seen as a short-term market diversification exercise. It reflects a deeper shift in the political economy of global finance. Capital is increasingly being allocated through new regional relationships shaped not only by returns, but also by geopolitics, industrial policy, supply-chain security and the search for strategic optionality. Within the broader MENA framing of this paper, the Gulf and wider Middle East are the immediate capital anchor; North Africa is better understood as a selective strategic extension where infrastructure demand, industrial development, renewable energy and Africa-facing growth create transaction opportunities.

The Asia–Middle East corridor is one of the clearest examples of this shift. Gulf economies are reducing their dependence on oil and gas by deploying long-term capital into infrastructure, energy transition, technology, logistics, healthcare, tourism and food security. China and Asia offer the industrial capacity, technology platforms, supply-chain depth and consumer growth that Gulf investors increasingly want to access. Conversely, Asian companies are seeking new capital, new markets and new operating geographies as supply chains shift, competition intensifies, and traditional market access becomes more contested. Both sides need market infrastructure that can reduce transaction friction, support governance and turn strategic interest into executable transactions.

Hong Kong's opportunity is to provide that infrastructure. The objective is not only to attract Middle Eastern capital into Hong Kong, but to build a two-way channel: helping Middle Eastern investors access China and Asian growth, while helping Hong Kong, Mainland and Asian companies expand into Gulf markets. Where appropriate, the same platform can also support North Africa-facing transactions, particularly where Asian enterprise capability, Middle Eastern capital and North African development demand converge. In a more fragmented global economy, Hong Kong's value lies in providing intermediation across legal systems, currencies, regulatory expectations and business cultures.

A Commercial Relationship with Growing Depth

The trade base is already meaningful. In 2025, the Middle East was Hong Kong's 10th largest trading partner as a bloc. Bilateral trade in goods reached HK\$192.8 billion, or US\$24.7 billion, representing 1.8% of Hong Kong's global merchandise trade. Over the past five years, trade with the region recorded average annual growth of 5.8%.⁸

The financial relationship is also becoming more practical. Hong Kong supported the listing of the first Saudi-focused ETF in Hong Kong, allowing Hong Kong investors to access the Saudi market. This was followed by the listing of Hong Kong stock ETFs on the Saudi Exchange, giving Saudi investors a familiar channel to invest in Hong Kong equities. These developments matter because they turn strategic intent into market infrastructure, creating products, access points and investor familiarity on both sides. For Hong Kong, this marks a shift from promotional engagement to embedded financial connectivity.

⁸ Hong Kong Special Administrative Region Government. (2026, March 18). *LCQ7: Financial co-operation with Middle East and Global South economies*. Government Information Services.
<https://www.info.gov.hk/gia/general/202603/18/P2026031800337.htm>

Why Hong Kong is Relevant to Middle Eastern Capital

Middle Eastern investors are looking for more than passive exposure. Sovereign funds, family offices and institutional investors are seeking long-term access to Asia's growth sectors, including technology, healthcare, advanced manufacturing, green infrastructure, logistics, consumer markets and private capital.

Hong Kong offers several advantages for this capital. It provides access to China and Asia through an internationally familiar platform, supported by common law, an open capital account, the Linked Exchange Rate System, deep financial markets and a mature professional-services ecosystem. These features reduce friction for cross-border investors and help turn market interest into investable structures. The decisions by ADIA and PIF to establish offices in Hong Kong highlight the city's growing importance as a hub for Middle Eastern capital seeking opportunities in Asia.

Hong Kong also provides product depth and governance credibility. It can support listed equities, ETFs, bonds, funds, private markets, family-office structures, transition-finance products, offshore RMB instruments and risk-management solutions. For capital moving across jurisdictions, investors need clear rules, reliable intermediaries, enforceable contracts, credible disclosure and trusted supervision.

Just as importantly, Hong Kong can serve as a knowledge platform. Middle Eastern investors need more than market access; they need context. They need to understand China, sector opportunities, regulatory developments, geopolitical risks and exit routes. Hong Kong's value lies in translating Asian opportunities into structures and narratives that global investors can underwrite.

Why Hong Kong is Relevant to Asian Companies Going West

The opportunity also works in the other direction. Many Chinese Mainland and Asian companies are expanding overseas due to domestic competition, supply-chain shifts, market diversification and rising protectionism in traditional markets. The Middle East offers capital, projects, consumer demand and strategic partnerships. Selected North African markets may also add a more targeted proposition: infrastructure demand, industrial zones, renewable-energy development, Mediterranean and Africa-facing access to consumer markets.

Hong Kong can support these companies across the expansion lifecycle: fundraising, corporate treasury, legal structuring, tax planning, dispute resolution, compliance, ESG advisory, investor relations and partnership formation. For companies entering the Gulf, these capabilities are not optional. They are often the difference between market entry and sustainable expansion.

This is especially relevant for advanced manufacturing, fintech, healthtech, logistics, smart-city solutions, renewable energy, infrastructure, consumer services and digital platforms. These are sectors where Asia has capability, and the Middle East has capital, demand and policy ambition. For North Africa, the relevant opportunity is likely to be more sector-specific, especially in infrastructure, renewable energy, logistics, manufacturing and digital services.

Policy Architecture is Moving in the Right Direction

The Government has also been building the policy foundation for deeper Global South engagement. Hong Kong is home to around 1,400 Belt and Road companies, and its outward direct investment to Belt and Road countries and regions exceeded US\$133 billion in 2023. Hong Kong has signed nine free trade agreements with 21 economies (including 14 B&R countries) and 24 investment agreements with 33 overseas economies. It also has comprehensive double taxation agreements or arrangements with 60 tax jurisdictions (including about 38 B&R jurisdictions).⁹

These agreements matter because business follows certainty. Companies and investors need market access, tax clarity, investment protection and legal confidence before committing capital at scale. Hong Kong's treaty network and institutional infrastructure help lower the transaction costs of cross-border expansion.

The Strategic Ask. For Hong Kong, the question is no longer whether the Middle East matters. It clearly does. The more important question is how this relationship fits into the city's wider role as a capital nexus.

The answer lies in corridor building. Hong Kong's role is to provide the legal, financial and professional architecture through which Middle Eastern capital can access Asian growth, and Asian enterprises can expand into Gulf markets. Where market demand justifies it, this same architecture can support North Africa-facing transactions, especially where capital, industrial capability and development needs intersect.

⁹ Inland Revenue Department. (n.d.). Comprehensive double taxation agreements concluded. Government of the Hong Kong Special Administrative Region. Retrieved September 6, 2026, https://www.ird.gov.hk/eng/tax/dta_inc.htm



Hong Kong: Showcasing Multi-Segment Corridors with MENA

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Over the past years, Hong Kong's engagement with the Middle East and wider MENA region has moved from high-level diplomacy to practical corridor-building. What began with official missions and memoranda of understanding has developed into a multi-segment architecture covering capital markets, asset and wealth management, banking, fintech, green finance, insurance, investment promotion, professional services, innovation, aviation and logistics.

The importance of this progress lies not only in the number of agreements signed. It lies in the nature of the achievements. Hong Kong has moved from relationship-building to execution: recognised exchange status, ETF cross-listings, mutual recognition of funds, debt-market infrastructure cooperation, sovereign wealth fund partnerships, digital-payment experimentation, green-finance issuance, insurance collaboration and deeper in-market presence.

Together, these milestones show that Hong Kong is not simply marketing itself to Middle Eastern investors. It is building the infrastructure for two-way flows: helping Middle Eastern capital access Hong Kong, Chinese Mainland and Asian growth, while helping Hong Kong, Mainland and Asian enterprises expand into the Gulf and wider MENA region.

At-a-Glance: The Multi-Segment Corridor

Corridor segment	Key achievements	Strategic meaning
Capital markets	HKEX-ADX MOU, HKEX-Tadawul MoU, recognition of Saudi Exchange, ADX and DFM, Saudi ETF in Hong Kong, Hong Kong equity ETFs in Saudi Arabia, sukuk ETF in Hong Kong, HKEX Middle East presence, HKMA – Central Bank of the UAE MoU on Debt Capital Markets Connectivity	Creates listing, product and exchange-level connectivity
Asset and wealth management	UAE-Hong Kong Mutual Recognition of Funds, HKMA-PIF proposed US\$1 billion fund, family-office collaboration, FSDC regional MoUs	Converts capital attraction into fund distribution, co-investment and private-wealth connectivity
Banking	HKMA-Central Bank of UAE cooperation, RMB Business Facility upgrade, Hong Kong Association of Banks-UAE Banks Federation MoU	Provides liquidity, settlement and banking channels for trade and investment
Fintech and digital infrastructure	Fintech cooperation with UAE and Saudi Arabia, digital-asset regulatory collaboration	Builds next-generation payment, settlement and tokenisation infrastructure
Green and sustainable finance	Government green bond issuance, Hong Kong's leading Asian green-bond role, Core Climate, ISSB adoption roadmap	Positions Hong Kong as a sustainable and transition-finance and carbon-market platform
Insurance	OneDegree partnerships in UAE and Saudi Arabia, Insurance Authority-DFSA fintech cooperation	Adds risk-transfer capacity for digital assets, insurtech and cross-border expansion
Investment, trade and legal architecture	Double taxation agreements, Bahrain investment protection agreement, Qatar IPPA negotiations, Saudi IPPA discussions	Provides tax certainty and legal confidence for long-term capital
Innovation and enterprise expansion	HKSTP participation in LEAP, Saudi innovation partnerships, biotech and smart-city cooperation	Connects Hong Kong and Greater Bay Area technology with Gulf demand
Aviation and logistics	Cathay Pacific Riyadh route, expanded UAE carrier services, Three-Runway System	Makes the corridor operational through people, cargo and business connectivity

Capital Markets: From Recognition to Product Connectivity

Capital markets have been the most visible area of Hong Kong–MENA progress. Since 2023, Hong Kong has moved from exchange-level dialogue to tangible market access, including recognised exchange status, ETF connectivity, Islamic fixed-income products and deeper regulatory cooperation.

Key milestones, 2023-2026:

- **HKEX has signed MOU with Abu Dhabi Securities Exchange (ADX):** In September 2025, HKEX and ADX signed memorandum of understanding to explore joint initiatives in market promotion, ETFs, ESG-related products, cross listings and other areas of mutual interest, reinforcing their commitment to fostering a more integrated global financial ecosystem.
- **HKEX–Saudi Tadawul Group MoU:**¹⁰ In February 2023, HKEX signed a memorandum of understanding with Saudi Tadawul Group to explore cooperation in areas including cross-listings, market infrastructure, ESG, fintech and capital-market development. HKEX later highlighted this as part of its broader effort to connect investors and issuers across Chinese Mainland, Southeast Asia and the Middle East.
- **Saudi Exchange recognised by HKEX:**¹¹ In September 2023, HKEX added the Saudi Exchange to its list of Recognised Stock Exchanges, enabling eligible Saudi-listed companies to pursue secondary listings in Hong Kong.
- **UAE exchanges recognised by HKEX:**¹² In July 2024, HKEX added Abu Dhabi Securities Exchange and Dubai Financial Market as Recognised Stock Exchanges. This brought the number of recognised Middle Eastern exchanges to three, following the earlier inclusion of the Saudi Exchange.
- **Saudi Arabia ETF listed in Hong Kong:**¹³ Hong Kong welcomed Asia Pacific's first Saudi Arabia-focused ETF in 2023, giving Hong Kong and regional investors listed-market access to Saudi equities.
- **Hong Kong equity ETFs listed in Saudi Arabia:**¹⁴ Saudi Arabia subsequently approved and listed ETFs providing exposure to Hong Kong equities, creating a two-way ETF channel between Hong Kong and Saudi Arabia.
- **Sukuk product development:**¹⁵ The Premia BOCHK Saudi Arabia Government Sukuk ETF added an Islamic fixed-income dimension to Hong Kong's product shelf, strengthening the city's ability to support Shariah-compliant and Middle East-linked investment products.

¹⁰ Hong Kong Exchanges and Clearing Limited. (2023, February 6). *HKEX signs cooperation agreement with Saudi Tadawul Group*. HKEX. https://www.hkex.com.hk/News/News-Release/2023/230206news?sc_lang=en

¹¹ Hong Kong Exchanges and Clearing Limited. (2023, September 28). *HKEX adds Saudi Exchange as recognised stock exchange*. HKEX. https://www.hkex.com.hk/News/Regulatory-Announcements/2023/230928news?sc_lang=en [hkex.com.hk]

¹² Hong Kong Exchanges and Clearing Limited. (2024, July 19). *HKEX adds Abu Dhabi Securities Exchange and Dubai Financial Market as recognised stock exchanges*. HKEX. https://www.hkex.com.hk/News/Regulatory-Announcements/2024/240719news?sc_lang=en

¹³ Hong Kong Exchanges and Clearing Limited. (2023, November 29). *HKEX welcomes APAC's first Saudi Arabian ETF*. HKEX. https://www.hkex.com.hk/News/News-Release/2023/231129news?sc_lang=en

¹⁴ Hong Kong Exchanges and Clearing Limited. (2024, October 30). *HKEX to open office in Riyadh to expand Middle East presence*. HKEX Group. https://www.hkexgroup.com/Media-Centre/News-Release/HKEX-Group/2024/241030news?sc_lang=en

¹⁵ Hong Kong Lawyer. (2025, August). *Strengthening financial market ties between Saudi Arabia and Hong Kong SAR*. <https://www.hk-lawyer.org/content/strengthening-financial-market-ties-between-saudi-arabia-and-hong-kong-sar>

- **HKEX regional presence:**¹⁶ HKEX establish a Middle East presence in Riyadh, strengthening its ability to support Gulf issuers, investors, sovereign funds and financial institutions seeking access to Hong Kong and Asian markets. HKEX has also strengthened its regional engagement through participation in major MENA forums, including FII, CMF, LEAP and LEAP East.
- **Market connectivity through public stakeholders:**^{17,18,19} HKEX, the SFC and Middle Eastern regulators expanded cooperation through memoranda of understanding and information-sharing arrangements involving UAE, Abu Dhabi Global Market and Dubai International Financial Centre counterparts.
- **Debt capital-market infrastructure:**²⁰ The HKMA and the Central Bank of the UAE strengthened cooperation on debt capital markets. By 2026, the UAE central bank had formally joined Hong Kong's Central Moneymarkets Unit, Hong Kong's core debt-securities infrastructure.

Asset and Wealth Management: From Capital Attraction to Co-Investment

In 2025, Hong Kong rode a new wave of growth as a pre-eminent international asset and wealth management (AWM) hub, recording a robust 20% year-on-year increase in assets under management to reach HK\$42.2 trillion.²¹ The industry is underpinned by a globally diversified investor base, a deep pool of investment products, and a supportive policy environment.

Non-Hong Kong investors accounted for HK\$26.1 trillion as of end-2025, representing 63% of total AUM. Overseas investors contributed 54%, including a notable 13% from the rest of the Asia-Pacific region, while Hong Kong and Chinese Mainland investors accounted for 37% and 9%, respectively. This distribution underscores Hong Kong's role as a leading international AWM centre with strong regional connectivity.²²

The city has also consolidated its position as the world's largest cross-border wealth booking centre,²³ with cross-border wealth expected to grow by an average of 9% annually from 2025 to 2030, enabling the city to maintain its global leadership in this sector.

Asset and wealth management is central to the Hong Kong–MENA corridor because the Gulf is home to some of the world's largest pools of sovereign, institutional and private capital. Hong Kong's opportunity is to provide those investors with access to China, Asia and the Greater Bay Area through an international, common-law financial centre.

16 Hong Kong Exchanges and Clearing Limited. (2024, October 30). *HKEX to open office in Riyadh to expand Middle East presence*. HKEX Group.

https://www.hkexgroup.com/Media-Centre/News-Release/HKEX-Group/2024/241030news?sc_lang=en

17 Securities and Futures Commission. (2025, September 10). *SFC and Dubai Financial Services Authority bolster ties in supervising cross-border investment management*. Securities and Futures Commission.

<https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=25PR142>

18 Hong Kong Exchanges and Clearing Limited. (2025, September 18). *HKEX signs MOU with Abu Dhabi Securities Exchange to strengthen market connectivity*. HKEX.

https://www.hkex.com.hk/News/News-Release/2025/250918news?sc_lang=en

19 Securities and Futures Commission. (2026, January 27). *SFC and UAE's Capital Market Authority sign milestone MoU to strengthen cross-border digital asset collaboration*.

<https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=26PR11> [apps.sfc.hk]

20 Hong Kong Monetary Authority. (2026, February 12). *CBUAE and HKMA deepen financial cooperation and market connectivity*. Hong Kong Monetary Authority.

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/02/20260212-3/>

21 Securities and Futures Commission. (2026, July). *Asset and Wealth Management Activities Survey 2025*.

<https://www.sfc.hk/-/media/EN/files/COM/Reports-and-surveys/AWMAS-report-English.pdf?rev=355c352ea18b409f8bef3388ae259d7f&hash=2FD55F1D-F15EDBEC0375F08B63CA0B9>

22 Securities and Futures Commission. (2026, July). *Asset and Wealth Management Activities Survey 2025*.

<https://www.sfc.hk/-/media/EN/files/COM/Reports-and-surveys/AWMAS-report-English.pdf?rev=355c352ea18b409f8bef3388ae259d7f&hash=2FD55F1D-F15EDBEC0375F08B63CA0B9>

23 Boston Consulting Group. (2026, May). *Global Wealth Report 2026*.

<https://web-assets.bcg.com/84/95/538c1f4b439a91d3ef8ae90b6e89/2026-gwr-may-2026.pdf>

Key milestones, 2023-2026:

- **UAE–Hong Kong Mutual Recognition of Funds:**²⁴ In September 2025, the SFC and the UAE Capital Market Authority signed a memorandum of understanding establishing a Mutual Recognition of Funds arrangement. This was a landmark step in cross-border public-fund distribution between Hong Kong and the UAE.
- **First Middle East fund-recognition channel:**²⁵ The UAE arrangement gave Hong Kong its first mutual recognition of funds framework with a Middle Eastern market, creating a regulated pathway for eligible Hong Kong public funds to be distributed in the UAE and eligible UAE public funds to be distributed in Hong Kong.
- **HKMA–PIF proposed US\$1 billion fund:**²⁶ In October 2024, the HKMA and Saudi Arabia's Public Investment Fund signed an MoU to work towards jointly anchoring a new investment fund with a target size of US\$1 billion. The fund is intended to invest in companies with a Hong Kong nexus expanding into Saudi Arabia, supporting localisation in sectors including manufacturing, renewables, fintech and healthcare.
- **Family-office connectivity:**²⁷ Hong Kong has stepped up engagement with Middle Eastern family offices, supported by tax concessions, dedicated government promotion and institutional partnerships. The memorandum of understanding between the Hong Kong Academy for Wealth Legacy and the Emirates Family Office Association reflects the effort to deepen long-term private-wealth relationships.
- **FSDC regional cooperation:**^{28,29,30,31} The Financial Services Development Council has signed cooperation agreements / memoranda of understanding with Middle Eastern and North African counterparts, including Saudi Arabia's Financial Sector Development Program, Qatar Financial Centre Authority, Kuwait Capital Markets Authority, and Morocco's Casablanca Finance City Authority, supporting policy dialogue, research, market promotion and talent exchange.

24 Securities and Futures Commission. (2025, September 18). *SFC and UAE's Securities and Commodities Authority sign landmark MoU to deepen fund distribution collaboration*. Securities and Futures Commission.

<https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=25PR149>

25 Securities and Futures Commission. (2025, September 18). *SFC and UAE's Securities and Commodities Authority sign landmark MoU to deepen fund distribution collaboration*. Securities and Futures Commission.

<https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=25PR149>

26 Hong Kong Monetary Authority. (2024, October 31). *PIF and Hong Kong Monetary Authority sign memorandum of understanding for investment fund at FII8*. Hong Kong Monetary Authority.

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2024/10/20241031-10/>

27 Financial Services Development Council. (2025, March 26). *HKAWL and The Emirates Family Office Association sign a memorandum of understanding to strengthen family connections and collaboration*.

<https://www.fsd.org.hk/en/media/hong-kong-academy-for-wealth-legacy-and-the-emirates-family-office-association-sign-a-memorandum-of-understanding-to-strengthen-family-connections-and-collaboration/>

28 Financial Services Development Council. (2024, January 24). *FSDC and FSDP signed a memorandum of understanding*.

<https://www.fsd.org.hk/en/media/financial-services-development-council-and-financial-sector-development-program-signed-a-memorandum-of-understanding>

29 Financial Services Development Council. (2024, May 7). *FSDC and QFC form strategic partnership to drive financial sector development*.

<https://www.fsd.org.hk/en/media/fsdc-and-qfc-form-strategic-partnership-to-drive-financial-sector-development>

30 Financial Services Development Council. (2025, February 6). *FSDC and Capital Markets Authority, Kuwait sign memorandum of understanding*.

<https://www.fsd.org.hk/en/media/fsdc-and-capital-markets-authority-kuwait-sign-memorandum-of-understanding/>

31 Financial Services Development Council. (2021, March 10). *FSDC and Casablanca Finance City Authority reinforce links to foster global financial services collaboration*.

<https://www.fsd.org.hk/en/media/fsdc-and-casablanca-finance-city-authority-reinforce-links-to-foster-global-financial-services-collaboration>

Banking Sector: Supporting Trade, RMB Liquidity and Financial Intermediation

Banking is the enabling layer of the corridor. Capital-market products, investment funds and corporate expansion all require reliable banking channels, cross-border settlement, liquidity support, custody, lending and treasury services.

Middle Eastern banks regard Hong Kong as a key hub for facilitating the growing trade and investment flows between Greater China and the MENA region. According to the HKMA, Middle Eastern banks had set up 4 licensed banks in Hong Kong as of 2025, with more banks in the region following suit.

Key milestones, 2023–2026:

- **HKMA–Central Bank of the UAE cooperation framework:**³² In May 2023, the HKMA and the Central Bank of the UAE agreed to strengthen cooperation on financial infrastructure, capital-market connectivity, fintech innovation, virtual assets and cross-border settlement. A joint working group was established to advance practical collaboration.
- **Debt-market and settlement cooperation:**³³ Subsequent HKMA–CBUAE engagement deepened cooperation in debt capital markets and financial-market infrastructure, including the UAE central bank's participation in Hong Kong's Central Moneymarkets Unit.
- **RMB Business Facility upgrade:**³⁴ The HKMA's launch and enhancements of its RMB Business Facility supported the wider use of RMB in the real economy and radiated RMB funds from Hong Kong to other regions globally, strengthening Hong Kong's unique advantages and role as the global offshore RMB business hub. This facility supports participating banks in providing RMB trade finance, capital expenditure and working capital term loans to corporates in Hong Kong and globally including in the Middle East.
- **Hong Kong Association of Banks–UAE Banks Federation MoU:**³⁵ The two banking associations signed a memorandum of understanding to strengthen industry-level connections, support commercial bank cooperation and deepen financial-sector dialogue.

32 Hong Kong Monetary Authority. (2023, May 30). *Central Bank of the United Arab Emirates and Hong Kong Monetary Authority strengthen financial cooperation*. Hong Kong Monetary Authority.
<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2023/05/20230530-5/>

33 Hong Kong Monetary Authority. (2026, February 12). *CBUAE and HKMA deepen financial cooperation and market connectivity*. Hong Kong Monetary Authority.
<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/02/20260212-3/>

34 Hong Kong Monetary Authority. (2026, Jul 6). *New Measures to Support the Development of Hong Kong's Fixed Income and Currency Market and Offshore RMB Business*.
<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/07/20260707-3/>

35 The Hong Kong Association of Banks. (2023, December 29). *The Hong Kong Association of Banks and UAE Banks Federation sign a memorandum of understanding to further connect the banking industry of the two jurisdictions*.
<https://www.hkab.org.hk/en/news/press-release/286>

Fintech and Digital Financial Infrastructure: Building the Next-Generation Corridor

Fintech is one of the most forward-looking areas of Hong Kong–MENA cooperation. Both Hong Kong and Gulf markets are investing in digital finance, tokenisation, virtual assets, real-time payments, central bank digital currencies and regulatory technology.

Key milestones, 2023–2026:

- **HKMA–UAE fintech innovation cooperation:**³⁶ Hong Kong and the UAE have established fintech collaboration channels covering knowledge exchange, innovation hub cooperation and cross-border financial infrastructure.
- **SFC–UAE digital-asset collaboration:**³⁷ Hong Kong and UAE market authorities have moved towards deeper cooperation in digital assets, including regulatory dialogue and information sharing.
- **Saudi Central Bank–HKMA fintech cooperation:**³⁸ The Saudi Central Bank and the HKMA signed a memorandum of understanding to share knowledge in fintech and financial innovation, supporting cooperation in areas such as payments, digital banking, regtech and financial infrastructure.

Green and Sustainable Finance: Financing Transition Across Asia and MENA

Green and sustainable finance is a natural area of cooperation between Hong Kong and MENA. Gulf economies are investing heavily in renewable energy, hydrogen, water security, sustainable cities, climate technology and transition finance. At the same time, Asian and African emerging markets require large pools of capital to finance decarbonisation and climate resilience.

Key milestones, 2023–2026:

- **HKMA–DFSA Joint Climate Finance Conference:**³⁹ A flagship initiative jointly established by the HKMA and the Dubai Financial Services Authority (DFSA) in 2024 to support and enable the continued development of climate finance across Asia and the Middle East. The conference is held in Hong Kong and Dubai in alternative years. Second joint conference in Dubai (nearly 250 participants) focused on climate risks, innovation and scaling sustainable debt in emerging markets, reinforcing Hong Kong–MENA collaboration to accelerate energy transition across the Asia–Middle East corridor. Third joint conference will take place in Hong Kong during the Hong Kong Green Week 2026.

36 Hong Kong Monetary Authority. (2021, February 23). *Fintech co-operation between the Hong Kong Monetary Authority and the Central Bank of the United Arab Emirates*. Hong Kong Monetary Authority.

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2021/02/20210223-4/>

37 Securities and Futures Commission. (2026, January 27). *SFC and UAE's Capital Market Authority sign milestone MoU to strengthen cross-border digital asset collaboration*. Securities and Futures Commission.

<https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?refNo=26PR11>

38 Hong Kong Monetary Authority. (2023, July 27). *SAMA and HKMA strengthen financial collaboration*. Hong Kong Monetary Authority.

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2023/07/20230727-7/> [hkma.gov.hk]

39 Hong Kong Monetary Authority. (2025, November 26). *DFSA and HKMA co-host second Joint Climate Finance Conference, showcasing opportunities to accelerate sustainable finance through innovation*. Hong Kong Monetary Authority.

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/11/20251126-4/>

- **Hong Kong's leadership in Asian green and sustainable finance:**⁴⁰ Hong Kong has consistently ranked as Asia's top arranging hub for international green and sustainable bonds, capturing around 40% of the regional total in 2025. This deep expertise in structuring, arranging and distributing green, sustainable and transition debt positions Hong Kong to help channel capital towards MENA's large-scale renewable energy, hydrogen, water-security, sustainable-cities and climate-technology projects, while also supporting Asian and African emerging markets' decarbonisation and climate-resilience need.
- **ESG reporting and disclosure alignment:** Hong Kong's alignment with International Sustainability Standards Board standards strengthens helps improve comparability and consistency of ESG disclosures and leads by example for emerging-market issuers.
- **Transition-finance advisory:** Hong Kong's banks, law firms, accountants, rating advisers and ESG consultants can help MENA and Asian issuers structure credible green, social, sustainability and transition-finance products.

Insurance: Expanding Risk Transfer for New-Economy Corridors

Insurance is a supporting but important pillar of the Hong Kong–MENA corridor. As capital, companies and digital assets move across borders, investors and enterprises require risk-transfer solutions covering infrastructure, cyber risk, virtual assets, professional liability, logistics, health, climate and project execution.

Key milestones, 2023–2026:

- **OneDegree–Dubai Insurance collaboration:**⁴¹ Hong Kong-based insurtech firm OneDegree announced a strategic collaboration with Dubai Insurance Company, demonstrating how Hong Kong insurance technology can be applied in Middle Eastern markets.
- **OneDegree–Walaa digital-asset insurance partnership:**⁴² OneDegree also partnered with Saudi Arabia's Walaa Cooperative Insurance Company on digital-asset insurance, showing how Hong Kong's virtual-asset insurance capabilities can support emerging financial infrastructure in the Gulf.
- **Insurance Authority–DFSA fintech cooperation:**⁴³ Hong Kong's Insurance Authority and the Dubai Financial Services Authority signed a fintech cooperation agreement, creating a channel for information sharing and collaboration on insurance technology.

Specialty risk solutions: Hong Kong's insurance market can support companies expanding into MENA through specialty insurance, cyber coverage, trade credit insurance, project insurance, directors' and officers' insurance and professional indemnity products.

40 HKSAR Government (2025, October 22). *Acting SFST's speech at Opening Ceremony of Green Tech Summit 2025 (English only) (with photo)*. Hong Kong Special Administrative Region Government.

<https://www.info.gov.hk/gia/general/202510/22/P2025102200293p.htm>

41 Insurance Asia. (n.d.). *Hong Kong digital insurer secures partnership, enters UAE market*.

<https://insuranceasia.com/insurance/news/hong-kong-digital-insurer-secures-partnership-enters-uae-market>

42 Asia Insurance & FinTech. (2024, September 4). *Digital asset insurer OneDegree and Saudi Arabia's Walaa launch strategic partnership*.

<https://aift.io/digital-asset-insurer-onedegree-and-saudi-arabias-walaa-launch-strategic-partnership/>

43 Insurance Authority. (2017, December 7). *Insurance Authority and Dubai Financial Services Authority sign Fintech co-operation agreement*. Insurance Authority.

https://www.ia.org.hk/en/infocenter/press_releases/Insurance_Authority_and_Dubai_Financial_Services_Authority_sign_Fintech_co-operation_agreement.html

Investment Protection, Tax and Trade Architecture: Creating Certainty for Long-Term Capital

A durable financial corridor requires more than products and promotional activity. It requires legal certainty, tax clarity, investment protection and dispute-resolution mechanisms. Hong Kong's engagement with MENA is supported by a growing treaty and policy architecture.

Key milestones, 2023–2026 and existing foundations:

- **Double taxation agreements:**⁴⁴ Hong Kong already has comprehensive double taxation agreements with key MENA economies, including Jordan, Kuwait, Qatar, the UAE and Saudi Arabia. These agreements reduce double-taxation risk and improve tax certainty for cross-border investment.
- **Hong Kong–Bahrain Investment Promotion and Protection Agreement:**⁴⁵ The Hong Kong–Bahrain IPPA was signed in March 2024 and came into effect in March 2025. It provides protections relating to capital transfers, expropriation and dispute resolution.
- **Hong Kong–Qatar IPPA negotiations:**⁴⁶ Hong Kong and Qatar announced in May 2025 that negotiations on an Investment Promotion and Protection Agreement had been substantially concluded.
- **Hong Kong with Egypt and Saudi Arabia on IPPA discussions:**⁴⁷ Hong Kong continues to pursue investment protection discussions with Egypt and Saudi Arabia to support larger bilateral investment flows.

Innovation, Technology and Start-Up Ecosystems: Connecting Hong Kong Capability with Gulf Demand

The Hong Kong–MENA corridor is not only financial. It is also increasingly commercial and technological. Gulf economies are investing in digital transformation, smart cities, health technology, biotechnology, advanced manufacturing, logistics, clean technology and artificial intelligence. These are areas where Hong Kong, Chinese Mainland and the Greater Bay Area have strong capabilities.

Key milestones, 2023–2026:

- **HKSTP participation at LEAP Saudi Arabia:**⁴⁸ Hong Kong Science and Technology Parks Corporation led a major delegation to LEAP, Saudi Arabia's flagship technology event, showcasing Hong Kong's innovation ecosystem to Gulf investors, corporates and government stakeholders.

44 Inland Revenue Department. (n.d.). *Comprehensive double taxation agreements concluded*. Government of the Hong Kong Special Administrative Region. https://www.ird.gov.hk/eng/tax/dta_inc.htm

45 Commerce and Economic Development Bureau. (2025, March 14). *Investment Promotion and Protection Agreement between Hong Kong and Bahrain to enter into force on March 21*. Hong Kong Special Administrative Region Government. <https://www.info.gov.hk/gia/general/202503/14/P2025031400157.htm>

46 Hong Kong Special Administrative Region Government. (2025, May 12). *Multiple agreements reached in Qatar*. news.gov.hk. https://www.news.gov.hk/eng/2025/05/20250513/20250513_000546_949.html

47 Trade and Industry Department. (2026, September 4). *Hong Kong's investment promotion and protection agreements (IPPAs)*. Government of the Hong Kong Special Administrative Region. https://www.tid.gov.hk/en/our_work/trade_and_investment_agreements/ippa.html

48 Hong Kong Science and Technology Parks Corporation. (2026, July 8). *HKSTP makes strong debut at LEAP East Hong Kong premiere*. <https://www.hkstp.org/en/park-life/news-and-events/news/HKSTP-Makes-Strong-Debut-at-LEAP-East-Hong-Kong-Premiere>

- **HKSTP–KACST partnership:**⁴⁹ HKSTP and King Abdulaziz City for Science and Technology developed cooperation to support research collaboration, startup exchange and commercialisation opportunities between Hong Kong and Saudi Arabia.
- **Enterprise expansion into Saudi Vision 2030 sectors:**⁵⁰ Hong Kong and Mainland companies can use Hong Kong as a base for entering Saudi sectors such as manufacturing, renewables, fintech, healthcare, logistics and infrastructure.

Belt and Road, Infrastructure and Professional Services: Exporting Hong Kong's Execution Capabilities

Hong Kong's MENA strategy also relies on its strengths in professional services. Many Gulf development programmes require financing, legal structuring, engineering advice, project management, arbitration, accounting, ESG advisory, risk management and international capital raising. These are areas where Hong Kong has long-standing capabilities.

Key milestones, 2023–2026:

- **Saudi Vision 2030 engagement:** Hong Kong has positioned itself as a partner for financing, professional services, legal services, project advisory and capital raising related to Saudi Vision 2030 projects.
- **Belt and Road Office–MISA cooperation:**⁵¹ Hong Kong's Belt and Road Office and Saudi Arabia's Ministry of Investment advanced cooperation to support infrastructure, construction, professional services, investment promotion and information sharing.
- **Professional-services promotion:** Hong Kong has actively promoted legal, accounting, engineering, architecture, project-management, arbitration, ESG and financial advisory services across GCC markets.
- **Commercial dispute resolution:** Hong Kong's common-law system, arbitration capability and international legal-services ecosystem can support complex cross-border transactions involving Asian and Middle Eastern parties.

Aviation, Logistics and Physical Connectivity: Making the Corridor Operational

Financial and commercial corridors require physical connectivity. Direct flights, cargo capacity and people-to-people mobility affect how quickly investors, companies, regulators, advisers and entrepreneurs can build trust and execute transactions.

Key milestones, 2023–2026:

- **Cathay Pacific Riyadh route:**⁵² Cathay Pacific launched direct flights between Hong Kong and Riyadh in October 2024, significantly improving connectivity between Hong Kong and Saudi Arabia.

49 Hong Kong Science and Technology Parks Corporation. (2024, March 5). *HKSTP rides LEAP 2024 platform to power Middle East innovation drive and calls on ecosystem leaders to keep up with global I&T opportunities*.

<https://www.hkstp.org/en/park-life/news-and-events/news/hkstp-rides-leap-2024-platform-to-power-middle-east-innovation-drive-and-calls-on-ecosystem-leaders>

50 InvestHK (2024, May 5). *Hong Kong, Chinese investors set eyes on Saudi market*. *Hong Kong FinTech*.

<https://www.hongkong-fintech.hk/en/insights/news/news-2024/hong-kong-chinese-investors-set-eyes-on-saudi-market/>

51 Hong Kong Special Administrative Region Government. (2025, August 29). *Hong Kong signs MOU with Saudi Arabia on Belt and Road collaboration (with photos)*.

<https://www.info.gov.hk/gia/general/202508/29/P2025082900742.htm> [info.gov.hk]

52 Cathay Pacific Airways. (2024, June 6). *Cathay Pacific to launch direct flights connecting Hong Kong and Riyadh*.

<https://news.cathaypacific.com/cathay-pacific-to-launch-direct-flights-connecting-hong-kong-and-riyadh-1e8tav>

- **Expanded UAE carrier services:**⁵³ Emirates and Etihad have expanded services between Hong Kong and Dubai and Abu Dhabi, strengthening passenger and cargo connectivity.
- **Air-services arrangements:**⁵⁴ Hong Kong has expanded aviation arrangements with several Middle Eastern partners, including the UAE, Qatar, Türkiye and Egypt.

High-Level Delegations and In-Market Presence: From Episodic Outreach to Permanent Engagement

The corridor has been enabled by sustained senior-level engagement. Since 2023, Hong Kong has moved from occasional outreach to a more systematic regional strategy involving official missions, business delegations, representative offices and institutional partnerships.

Key milestones, 2023–2026:

- **Chief Executive mission to Saudi Arabia and the UAE:**⁵⁵ The February 2023 mission by Chief Executive John Lee marked a turning point in Hong Kong's Middle East engagement and produced a series of government, financial and commercial agreements.
- **InvestHK–Abu Dhabi Chamber MoU:**⁵⁶ InvestHK and the Abu Dhabi Chamber of Commerce and Industry signed a memorandum of understanding to support investment promotion, market intelligence sharing and company expansion between Hong Kong and Abu Dhabi.
- **InvestHK Cairo office:**⁵⁷ InvestHK established a representative office in Cairo to support outreach across Egypt, North Africa and the broader Middle East region.
- **Hong Kong–Qatar business delegation:**⁵⁸ In May 2025, a Hong Kong and Mainland Chinese business delegation visited Doha, resulting in multiple agreements across finance, technology, transportation, investment, legal services and innovation.
- **Hong Kong–Kuwait engagement:**⁵⁹ A senior Hong Kong delegation visited Kuwait in May 2025 to meet government agencies, financial institutions, chambers of commerce and investment organisations.

53 Xu, W. (2025, November 5). *UAE carrier expands presence via SAR*. China Daily Hong Kong. <https://www.chinadailyhk.com/hk/article/623069>

54 Belt and Road Office, Commerce and Economic Development Bureau. (2026, February 23). *HKSARG's work on the Belt and Road*. Belt and Road Initiative Hong Kong. <https://www.beltandroad.gov.hk/work.htm>

55 Hong Kong Special Administrative Region Government. (2025, May 14). *CE: Middle East visit yields fruitful results and elevates Hong Kong's relations with Qatar and Kuwait to new level (with photos/videos)*. <https://www.info.gov.hk/gia/general/202505/14/P2025051400752.htm>

56 Invest Hong Kong. (2024, July 16). *Hong Kong signs MOU with Abu Dhabi on investment promotion (with photo)*. Hong Kong Special Administrative Region Government. <https://www.info.gov.hk/gia/general/202407/16/P2024071600386.htm>

57 Invest Hong Kong. (2024, November 26). *InvestHK strengthens economic ties between Hong Kong and MENA region (with photos)*. Hong Kong Special Administrative Region Government. <https://www.info.gov.hk/gia/general/202411/26/P2024112600512.htm>

58 Hong Kong Special Administrative Region Government. (2025, May 12). *CE leads delegation to continue visit to Qatar (with photos/videos)*. <https://www.info.gov.hk/gia/general/202505/12/P2025051200927.htm>

59 Hong Kong Special Administrative Region Government. (2025, May 13). *CE begins Kuwait visit*. news.gov.hk. https://www.news.gov.hk/eng/2025/05/20250513/20250513_234718_989.htm

Strategic Assessment: What the Milestones Show

The developments reviewed in this section show that Hong Kong's relationship with the Middle East and wider MENA region has entered a more mature phase. The significance is not the number of initiatives announced, but the way they are beginning to connect across markets, institutions and sectors.

A more coherent corridor is taking shape. It links capital formation with fund distribution, banking infrastructure with RMB intermediation, digital-finance innovation with regulatory cooperation, and professional services with enterprise expansion. This gives Hong Kong a broader proposition than market access alone. It positions the city as a platform through which Middle Eastern capital can engage with Chinese Mainland and Asia, and through which Hong Kong, Mainland and Asian enterprises can expand into the Gulf and wider MENA region.

The relationship is also becoming more balanced. Earlier engagement was often framed around attracting Gulf capital into Hong Kong. The recent pattern points to a two-way model: capital, products, companies and expertise can move in both directions. This shift is important because durable corridors are built not only on investment inflows, but on recurring usage by issuers, investors, corporates, regulators and service providers.

For Hong Kong, the strategic opportunity is to convert early architecture into market habits. That means moving from announcements to repeat transactions, from pilot projects to scalable platforms, and from institutional dialogue to regular commercial use. The test will be whether the corridor produces sustained activity across listings, funds, RMB settlement, sustainable finance, technology partnerships, insurance and professional services.

Hong Kong's MENA success story is therefore still at an early stage, but the direction is clear. The city is positioning itself not simply as a destination for Middle Eastern capital, but as a connector between Asian growth and Middle Eastern capital, between companies and markets, and between policy ambition and executable transactions. If sustained, this corridor can become a meaningful extension of Hong Kong's international financial-centre role and a durable source of growth for its financial and professional-services ecosystem.



Decoding the MENA Landscape: Economic Profiles & Capital Dynamics

Decoding the MENA Landscape: Economic Profiles & Capital Dynamics

The MENA region — comprising 19 countries, from Algeria to Yemen, under the UN classification — is a highly heterogeneous economic landscape.⁶⁰ The regional landscape ranges from resource-rich Gulf economies to conflict-affected fragile states, each with distinct development priorities and investment profiles. Structuring this investment climate are overarching geopolitical dynamics that act as dual vectors, simultaneously introducing systematic risks and generating distinct opportunities that shape capital flows into and out of the region. To map these dynamics, the following section offers a high-level overview of the region, organised by level of economic development and investment focus.

High-Income Economies - The Diversifiers

This group comprises the wealthiest nations, primarily the Gulf Cooperation Council (GCC) countries- Qatar, UAE, Saudi Arabia, Kuwait, Bahrain, and Oman- as well as Israel. These economies represent the primary nexus of regional wealth, though they can be further split into two sub-groups. The resource-driven economies (Qatar, UAE, Saudi Arabia, etc.) have historically anchored hydrocarbon exports but are actively pursuing ambitious state-directed diversification mandates to transition towards knowledge-based, non-oil sectors. The innovation-driven economies, such as Israel, leverage structural advantages in technological infrastructure, high-value services, and human capital.

These economies benefit from structural advantages such as advanced infrastructure, strong sovereign wealth funds, and a strategic geopolitical position, making them the primary sources of outbound capital in the region. Institutional capital deployment from the GCC is highly sophisticated, with sovereign wealth funds and prominent family offices actively deploying capital globally — with an escalating strategic allocation towards Asian markets, real estate, technology, and infrastructure. Israel also has significant outbound investment, primarily in the technology and innovation sectors, and is open to inbound R&D and venture capital partnerships.

Middle-Income Economies - The Diversified

This group includes countries with more diversified economic bases, but which face significant structural challenges. Key members are Algeria, Egypt, Jordan, Morocco, Tunisia, and Djibouti. While these markets possess multi-sectoral economic bases spanning manufacturing, logistical services, and agriculture, they operate under persistent macroeconomic constraints.

For instance, Egypt's economy relies on the Suez Canal and tourism, while Morocco and Tunisia have significant manufacturing sectors and benefit from access to the Mediterranean. But Morocco is seeking to develop its international financial centre, has an extensive network of free trade agreements (62 countries), and holds a strategic position in logistics.⁶¹ Despite structural challenges such as high youth unemployment and governance constraints, the region's youthful demographics and strategic trade corridors offer a compelling investment opportunity—provided sustained capital and modernisation efforts are secured.

⁶⁰ According to the UN classification, it includes Algeria, Egypt, Bahrain, the State of Palestine, Iraq, Israel, Jordan, Kuwait, Libya, Lebanon, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, the Syrian Arab Rep., Tunisia, the United Arab Emirates, and Yemen.
<https://microdata.unhcr.org/index.php/collections/MENA>

⁶¹ Hong Kong Trade Development Council. (2025, Sep 22). *Access Africa: Morocco, gateway to MENA and beyond*.
<https://research.hktdc.com/en/article/MjExOTQzNTIwMw>

These economies serve primarily as capital importers. They rely on foreign direct investment for infrastructure, tourism, and manufacturing projects, as well as remittances from their diaspora. For Hong Kong, these markets represent opportunities for outbound investment by Hong Kong and Chinese Mainland companies (e.g., infrastructure, energy, manufacturing, and real estate).

Middle-Income, Conflict-Affected Economies

Jurisdictions within this group, including Libya, Iraq, Lebanon, and the West Bank & Gaza, are characterised by a combination of moderate-income levels and profound instability. Economic structures across these markets vary significantly. Some markets are resource-dependent, while some rely heavily on remittances and international aid. State fragility and conflict have constrained development; resolving conflicts and implementing meaningful structural reforms are essential to unlock the region's potential. These markets are inbound-focused, but their fragile states make them prohibitively risky for most investors, and direct institutional investment into these markets remains largely non-viable without significant risk mitigation.

Low-Income, Conflict-Affected Economies

The two most war-torn countries, Syria and Yemen, represent the extreme end of the economic spectrum. These are the region's "collapsed states" with no formal economy. Survival relies on informal networks, diaspora remittances, and significant international aid. These markets are entirely inbound-focused, but their collapsed states render them effectively inaccessible to commercial investors without multilateral backing or humanitarian-linked financing structures.

Group ⁶²	Key Countries	Core Economic Model	Primary Challenge	Investment Focus
High-Income Economies - The Diversifiers	UAE, Saudi Arabia, Qatar, Kuwait, Bahrain, Oman, Israel, Malta	Hydrocarbon / Innovation-driven	Diversification & Energy Transition	Primarily Outbound
Middle-Income Economies - The Diversifiers but struggling	Egypt, Morocco, Algeria, Jordan, Tunisia, Djibouti	Diversified (Services, Manufacturing, Agriculture, Tourism)	Middle-income trap & Youth Unemployment	Primarily Inbound
Middle-Income, Conflict-Affected Economies - The Fragile States	Iraq, Lebanon, Libya, West Bank & Gaza	Oil / Aid / Remittances	State Fragility & Institutional Collapse	Primarily Inbound, but need significant risk mitigation,
Low-Income, Conflict-Affected Economies - The Collapsed States	Syria, Yemen	Informal / Aid-dependent	Complete Economic & Institutional Breakdown	Primarily Inbound, but inaccessible to commercial investors.

⁶² ORF. (2025, May 3). *Beyond oil and war: A closer look at MENA's economic subsystems*. Observer Research Foundation. <https://www.orfonline.org/english/research/beyond-oil-and-war-a-closer-look-at-mena-s-economic-subsystems>



Positioning for the Future: Opportunities for Hong Kong-MENA Financial Connectivity



Positioning for the Future: Opportunities for Hong Kong-MENA Financial Connectivity

As regional financial integration accelerates, Hong Kong is poised to strengthen its position as a “super-connector” and “super value-adder”, bridging the dynamic economies in the MENA region. By deepening institutional, market, and technological linkages, the city can capture emerging financial opportunities and unlock new growth channels.

A Gateway for Two-Way Capital

The growing engagement between the MENA region and Asia is driven by a broader realignment of global capital flows. The need for diversified financial partnerships and investment diversification is driving MENA institutions to seek stronger ties with Asia, particularly with the Chinese mainland. Hong Kong’s stable common-law legal system, free capital mobility, and deep liquidity pools are fundamental draws. This connectivity is increasingly taking physical form. The tangible move of Middle Eastern banks to strengthen their physical presence in Hong Kong, namely the First Abu Dhabi Bank, Mashreq Bank, and Sohar International Bank.⁶³ These banks view Hong Kong as a significant offshore hub for China-related financing activity and a gateway to the growing trade and investment flows between Greater China and the MENA region.⁶⁴

Crucially, sustainable corridor building requires reciprocal capital channels. The MENA region’s venture capital and startup ecosystem has matured rapidly, producing a growing roster of unicorns in fintech, e-commerce, and logistics that are now seeking credible, high-liquidity exit venues.⁶⁵ Hong Kong’s listing regime, particularly the new specialist technology chapter (Chapter 18C) introduced in March 2023, offers a uniquely appropriate pathway for these high-growth companies.

The logic applies equally to Asian enterprises expanding Westward. As Chinese Mainland adjust to supply-chain shifts and seek new operating geographies, the MENA offers substantial capital, infrastructure and development projects, and strategic partnerships along the Belt and Road. Hong Kong’s financial services industry is well-positioned to facilitate these flows. In 2025, for instance, HSBC Hong Kong signed MOUs to support Chinese companies expanding into Middle Eastern markets, leveraging the bank’s extensive regional network to tap into emerging opportunities driven by the Gulf’s economic diversification, ambitious smart city initiatives, and growing inter-regional trade.⁶⁶ According to HSBC Global Research, Asia-Middle East goods trade is projected to grow from USD 800 billion in 2024 to USD 1.7 trillion by 2035, underscoring the scale of the opportunity for Hong Kong’s financial intermediaries.⁶⁷

While Hong Kong serves as a platform to channel Asian capital into MENA infrastructure and development projects, Hong Kong’s own economic development also offers attractive opportunities for MENA capital, particularly from sovereign wealth funds and family offices seeking to diversify their portfolios and export capital into high-growth Asian markets.⁶⁸ The synergy lies in matching the region’s substantial liquidity with Hong Kong’s pipeline of bankable, large-scale projects.

63 RTHK English News. (2026, May 8). *HKSAR officials promote green finance, GBA opportunities to Middle Eastern clients*.
<https://gbcodes.rthk.hk/TuniS/news.rthk.hk/rthk/en/component/k2/1853978-20260508.htm?spTabChangeable=0>

64 Ditto.

65 Ganediwalla, S. (2025, December 30). *2026 and beyond: The next exit cycle for MENA’s digital leaders*. Redseer Strategy Consultants.
<https://redseer.com/articles/2026-and-beyond-the-next-exit-cycle-for-menas-digital-leaders/>

66 HSBC. (2025, May 12). *HSBC Hong Kong signs MoUs to support Chinese companies expanding into Middle East markets*.
<https://www.about.hsbc.com.hk/news-and-media/hsbc-hong-kong-signs-mous-to-support-chinese-companies-expanding-into-middle-east-markets>

67 Ditto.

68 SCMP. (2026, July 12). *Gulf capital flowing into Asia as trade with Hong Kong rises 35%: Paul Chan*.
<https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3360263/gulf-capital-flowing-into-asia-hong-kong-middle-east-trade-35-paul-chan>

A prime example is the Northern Metropolis—Hong Kong’s flagship, multi-decade new town development project valued at approximately HKD 260 billion.⁶⁹ Furthermore, Middle Eastern developers possess highly transferable skills in project financing, development, and public-private cooperation — expertise honed through large-scale urban transformations such as Dubai’s growth over recent decades. The Northern Metropolis is an ideal project to attract Middle Eastern developers with expertise in long-term land banking and large-scale urban development.⁷⁰ InvestHK has already confirmed that over ten enterprises are in talks to establish a presence at the Northern Metropolis, including one from the Middle East with a Chinese Mainland capital background.⁷¹

Financing the Region’s Net-Zero Transition

The Gulf states’ economic diversification plans are generating a substantial pipeline of debt issuance, while their net-zero ambitions position them as major green finance issuers. Fitch Ratings reported in its “GCC ESG Sukuk and Bonds Dashboard” that outstanding ESG debt in the GCC surpassed USD 58 billion in 1Q 2026,⁷² with the issuance pipeline set to remain robust. In parallel, Hong Kong has solidified its role as Asia’s leading green finance hub, arranging over USD 76 billion in green and sustainable debt instruments in 2025, according to HKMA.⁷³

The alignment of priorities is clear. MENA’s need for sustainable development capital and climate-resilient infrastructure financing meets Hong Kong’s expertise in green bond arrangements, ESG-linked products, and cross-border capital intermediation. This synergy has been actively promoted during recent government delegations to the region, positioning Hong Kong as a natural partner for MENA issuers seeking to tap Asian liquidity. A landmark development is the Central Bank of the UAE joining Hong Kong’s Central Moneymarkets Unit (CMU) in February 2026.⁷⁴ This connection also aligns with the internationalisation of the RMB, as Hong Kong serves as the key offshore clearing hub, enabling UAE entities to participate in dim sum bonds and cross-border settlement.

Leveraging the RMB Go Global

A structural shift towards a multi-currency global system is underway, with the RMB increasingly becoming an important alternative currency for trade, financing, and investment. This trend is most pronounced in the Middle East, where RMB adoption in energy trade has gained significant momentum. In 2023, China National Petroleum Corporation International Limited (CNPC International) and Abu Dhabi National Oil Company reached a cross-border RMB settlement transaction for LNG on the Shanghai Petroleum and Natural Gas Exchange platform.⁷⁵ As of the first quarter of 2026, the RMB accounted for 41.2% of China’s crude oil trade with the Middle East, making it the second-largest currency for oil pricing and settlement in the region.⁷⁶ In 2025, RMB settlement accounted for over 42% of China-Saudi trade and

69 S&P Global Ratings. (2026). *Hong Kong’s Northern Metropolis ambitions may transform the city’s GRES*.

<https://www.spglobal.com/ratings/en/regulatory/article/hong-kongs-northern-metropolis-ambitions-may-transform-the-citys-gres-s101684594>

70 The Standard. (2025, September 9). *REDAs Leung calls for phased development of northern metropolis, suggests attracting Middle Eastern investment*.

<https://www.thestandard.com.hk/finance/article/311117/REDAs-Leung-calls-for-phased-development-of-northern-metropolis-suggests-attracting-Middle-Eastern-investment>

71 SCMP. (2025, November 7). *Over 10 enterprises interested in Hong Kong’s Northern Metropolis: investment body*.

<https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3331834/over-10-enterprises-interested-hong-kongs-northern-metropolis-investment-body?module=latest&pgtype=homepage>

72 Fitch Ratings. (2026, April 14). *ESG sukuk slows amid Iran war, oil price volatility could spur growth*.

<https://www.fitchratings.com/research/non-bank-financial-institutions/esg-sukuk-slows-amid-iran-war-oil-price-volatility-could-spur-growth-14-04-2026>

73 HKMA. (2025). *Enhancing the green and sustainable finance ecosystem [Sustainability Report]*.

https://www.hkma.gov.hk/media/eng/publication-and-research/sustainability-report/2025/5_Enhancing-the-Green-and-Sustainable-Finance-Ecosystem.pdf

74 HKMA. (2026, February 12). *CBUAE and HKMA Deepen Financial Cooperation and Market Connectivity*.

<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/02/20260212-3/>

75 Shanghai Petroleum and Gas Exchange. (2023, April 24). *LNG import in China: Recent trends and statistics*.

<https://www.shpgx.com/html/zxd/20230424/5362.html>

76 Middle East Political and Economic Institute. (2026). *The current relationship between the People’s Republic of China and the Monarchies of the Gulf Cooperation Council*.

<https://mepei.com/the-current-relationship-between-the-peoples-republic-of-china-and-the-monarchies-of-the-gulf-cooperation-council/>

38% of China-UAE trade, supported by Cross-Border Interbank Payment System (CIPS) nodes and RMB clearing arrangements.⁷⁷

The People's Bank of China has established bilateral currency swap agreements with several MENA countries, including Qatar, Saudi Arabia, and the UAE, creating a formal framework for RMB-settled trade.⁷⁸ However, despite these arrangements, MENA countries that accumulate RMB from trade with China often convert it back to USD due to a limited range of compelling RMB-denominated investment products. The opportunity lies in creating incentives for holding RMB as a long-term store of value — a role Hong Kong is uniquely positioned to play.

Hong Kong is a critical hub capable of managing this transition for the offshore RMB. As the world's largest offshore RMB business hub, Hong Kong manages a liquidity pool exceeding RMB 1 trillion and processes roughly 75% of global offshore RMB payment transactions.⁷⁹ To further reinforce this position, the HKMA recently increased the size of the RMB Business Facility (RBF) from RMB200 billion to RMB500 billion and extended tenors to include 9-month, 2-year and 3-year. The RBF adopts a “hub-and-spoke” model that channels onshore RMB liquidity through Hong Kong to regions including ASEAN, the Middle East, and Europe.⁸⁰ On the market infrastructure side, HKEX offers USD/CNH futures, providing hedging tools for investors managing RMB exposure, and has announced plans to establish a presence in Saudi Arabia to deepen regional connectivity.⁸¹

As MENA central banks and corporates deepen trade linkages with the Chinese Mainland and pursue currency diversification, they require a deep, liquid, and trusted offshore RMB market to invest and hedge that exposure. Amid high volatility in global interest rates and inflation, RMB-denominated bonds offer a relatively low-cost financing option and a compelling diversification tool. Hong Kong is well-positioned to capture this growing demand.

A Magnet for MENA Capital

The MENA region's sovereign wealth funds (SWFs) represent one of the most substantial pools of global capital. The GCC is home to three wealth funds with over USD 1 trillion each in assets under management: Saudi Arabia's Public Investment Fund (PIF) at USD 1.15 trillion, the Abu Dhabi Investment Authority (ADIA) at USD 1.11 trillion, and the Kuwait Investment Authority (KIA) at USD 1.002 trillion.⁸² MENA sovereign wealth funds collectively manage approximately USD 6 trillion,⁸³ with projections to reach USD 8.8 trillion by 2030.⁸⁴ In 2025, Middle Eastern sovereign wealth funds deployed USD 127 billion globally — a 48% increase over the prior year — with the Gulf's seven major funds accounting for 43% of all capital invested across the global sovereign investor universe.⁸⁵

⁷⁷ Ditto.

⁷⁸ People's Bank of China. (n.d.). *Status of Bilateral Local Currency Swap Agreements Signed by the People's Bank of China*.
<https://nanjing.pbc.gov.cn/en/3688241/3688636/3688657/5920618/index.html>

⁷⁹ HKMA. (2026, June 30). *Monetary Statistics for May 2026*.
<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/06/20260630-8/>

⁸⁰ Hong Kong Monetary Authority. (2026, July 7). New measures to support the development of Hong Kong's fixed income and currency market and offshore RMB business.
<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/07/20260707-3/>

⁸¹ HKEX. (2024, October). *USD/CNH Futures and Options and Mini USD/CNH Futures*.
https://www.hkex.com.hk/-/media/HKEX-Market/Products/Listed-Derivatives/Foreign-Exchange/USD---CNH-FUTURES/HKEX_infosheet_FIC_USDCNH_202410_EN.pdf

⁸² Zawya. (2025, July 11). *Sovereign giants PIF, ADIA, KIA thrive in trillion-dollar club with surging AUMs*.
<https://www.zawya.com/en/special-coverage/sovereign-giants-pif-adia-kia-thrive-in-trillion-dollar-club-with-surging-aums-371692>

⁸³ Global SWF. (2026, January 1). 2026 annual report: State-owned investors: From scale to strategy.
<https://argaamplus.s3.amazonaws.com/3ffe681b-beab-49ba-9c30-bfe8ca8bd0bb.pdf>

⁸⁴ Economy Middle East. (2025, Oct 1). *MENA sovereign wealth fund assets projected to reach \$8.8 trillion by 2030*.
<https://economymiddleeast.com/news/mena-sovereign-wealth-fund-assets-projected-to-reach-8-8-trillion-by-2030/>

⁸⁵ Thinking Ahead Institute. (2026, June 4). *The Gulf is rewriting the rules of global private markets*.
<https://www.thinkingaheadinstitute.org/news/article/the-gulf-is-rewriting-the-rules-of-global-private-markets/>

Beyond SWFs, a growing class of high-net-worth individuals and family offices in the region is actively seeking to diversify investment portfolios and reduce geographic concentration. Recent geopolitical developments have accelerated this trend. According to a professional services provider, interest from

Middle Eastern family offices has “shot through the roof” amid regional tensions, with conversations taking place nearly daily with families considering establishing a presence in Hong Kong.⁸⁶ A senior executive at a major accounting firm observed that inquiries from Middle Eastern families and high-net-worth clients about expanding into Hong Kong and the Chinese Mainland increased by approximately 20% following the development.⁸⁷ A family office from Monaco has decided to establish a presence in the city after comparing Hong Kong with the Middle East.⁸⁸

Hong Kong’s status as a world-class asset and wealth management hub, with deep capital markets and a pool of professional talent, makes it an attractive destination for this capital.

Untapped Potential in Islamic Finance

Beyond serving as a magnet for conventional Middle Eastern capital, Hong Kong possesses a strategic window to solidify its position as a premier international hub for Islamic finance across the MENA region. The global Islamic finance market — with assets projected to reach approximately USD 6 trillion by 2026 — remains underpenetrated by Hong Kong.⁸⁹ The Hong Kong government has already laid the groundwork with its successful multi-tranche USD-denominated sukuk issuances, and there is scope to encourage further sukuk listings and develop innovative Shariah-compliant products.⁹⁰ Hong Kong can also capture the substantial and under-allocated Islamic finance market by developing Sukuk (Islamic bond) structures and Shariah-compliant asset portfolios.

Building on this regulatory precedent, Hong Kong can expand beyond government-backed listings to catalyse a vibrant private-sector Islamic capital market. To build a comprehensive ecosystem, Hong Kong must look beyond debt capital markets and focus on developing a diverse suite of Shariah-compliant asset portfolios. Key initiatives include facilitating corporate and cross-border Sukuk listings, establishing secondary market liquidity for Shariah-compliant debt instruments, extending emphasis on Shariah-compliant products beyond debt (such as fund products), and incentivising local and regional financial institutions to structure innovative Islamic financial products.

Seizing the Commodity Opportunity

Commodity markets in the Middle East and Africa are entering a new phase of strategic importance. Traditionally, the Middle East has been associated with oil and gas, while Africa has been viewed as a source of minerals, agricultural products and energy resources. Today, three significant forces are reshaping these markets: the global energy transition, China’s growing economic ties, and the need for diverse trading platforms.⁹¹

86 CNBC. (2026, March 12). *Middle East conflict, new tax breaks drive family offices to Hong Kong*.
<https://www.cnbc.com/2026/03/12/middle-east-conflict-new-tax-breaks-family-offices-hong-kong.html>

87 Economic Observer. (2026, June 4). *Whether capital from the Middle East flows to Hong Kong*.
<https://jg-mwm.eeo.com.cn/-/article/info?viewLevel=3&id=b52c12b5a74fd9baac0befd3efc7449>

88 Ditto.

89 Pakistan & Gulf Economist. (2026, January 12). *Islamic banking & finance assets to hit \$6 trillion in 2026*.
<https://www.pakistangulfeconomist.com/2026/01/12/islamic-banking-finance-assets-to-hit-6-trillion-in-2026/amp/>

90 Hong Kong Government Bonds. (n.d.). *Institutional Bond Issuance Programme*.
<https://www.hkgb.gov.hk/en/institutional/outstanding.html>

91 Financial Services Development Council. (2025, November 11). *The case for commodity trading in Hong Kong*.
<https://www.fsd.org.hk/media/3vynjcoi/fsdc-commodity-paper-en-20251111.pdf>

China plays a central role in this transformation. Its manufacturing sector depends on stable energy and raw material supplies, and its focus on decarbonization is increasing the demand for metals like copper, lithium, cobalt, manganese, and rare earths. Africa, with its mineral reserves, and the Middle East, with its energy resources and investment ambitions, are natural partners for China.

In Africa, Chinese interest is prominent, particularly in metal commodities. In 2025, much of China's iron ore imports came from countries like Australia, Brazil, South Africa, Canada, and Peru,⁹² with exports from South Africa to China experiencing a year-over-year increase of 6.5%, reaching 30.5 million tonnes.⁹³ Morocco is the world's dominant exporter of phosphate rock, while Algeria and Libya represent key North African suppliers of oil and LNG to the Chinese mainland. In the Middle East, the relationship with China is expanding beyond oil to include various commodities. Saudi Arabia, the United Arab Emirates, Qatar, and Oman are vital partners for China in commodities such as crude oil and natural gas.⁹⁴

This evolving scenario presents an opportunity for Hong Kong's financial sector. Its proximity to China, legal system, financial structure, and experience in cross-border transactions uniquely position Hong Kong to improve commodity market efficiency. Hong Kong has the potential to become a trusted platform linking China, the Middle East, and Africa in commodity trade, finance, and risk management, offering services like cross-border settlement, trade finance, hedging, insurance, fundraising, and dispute resolution for businesses involved in these regions.

92 OEC World. (n.d.). *China: iron ore trade by percentage*.

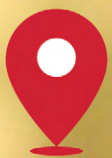
<https://oec.world/en/profile/bilateral-product/iron-ore/reporter/chn?selector1654id=percentage>

93 Bancosta. (2025, December). *Weekly report: Global shipping market overview (No. 49)*. Hellenic Shipping News.

https://www.hellenicshippingnews.com/wp-content/uploads/2025/12/Bancosta-Weekly-2025-49_compressed.pdf

94 Energy Institute. (2026). *All About the Statistical Review of World Energy*.

<https://www.energyinst.org/statistical-review>



Navigating the Challenges Ahead

Navigating the Challenges Ahead

Hong Kong has articulated a compelling vision for deepening financial connectivity with the MENA region. However, capturing these opportunities requires navigating a complex web of structural, regulatory, competitive, and geopolitical challenges.

Enhancing Hong Kong's Relevance

Hong Kong's distinctive proposition — being inside China for market access through the Connect schemes, yet distinct in its legal system, regulatory standards, and multi-currency platform — is precisely what sets it apart. The Hong Kong government has been actively lobbying in the Middle East for several years through delegations and other initiatives, culminating in the signing of Memorandums of Understanding (MOUs). Hong Kong also has included Islamic finance-related professionals in its Talent List since March 2025.

Middle Eastern sovereign wealth funds have been strengthening their foothold in Asia, exemplified by the Public Investment Fund of Saudi Arabia selecting Beijing as its inaugural office in China in 2025, alongside Mubadala and the Kuwait Investment Authority. The private sector in the region typically follows sovereign actions, as First Abu Dhabi Bank, Mashreq Bank, and Sohar International Bank have established a presence in Hong Kong.

Nevertheless, there is a concern about the unclear value proposition of Hong Kong for the MENA region, with some feedback suggesting that offerings from Asia lack differentiation from the region's native financial hubs. Indeed, the Dubai International Financial Centre (DIFC) and Abu Dhabi Global Market (ADGM) replicate many of Hong Kong's structural advantages — common law legal system, independent courts, English-language business environment. The DIFC and ADGM have built complete financial ecosystems covering 77 countries, 3.8 billion people, and USD 11.2 trillion in GDP — positioning themselves as the natural hub for MENA-Asia intermediation.⁹⁵ Dubai and Abu Dhabi offer lower standard corporate tax rates (9% vs Hong Kong's 16.5%).⁹⁶ Within North Africa, Casablanca Finance City operates as a regional financial hub.

To further enhance its relevance to the region, Hong Kong needs to make greater efforts and take concrete actions. Policies should be communicated far more clearly to senior decision-makers in the region, where business is deeply rooted in building and nurturing relationships. Hong Kong may also increase senior outposts dedicated to MENA interests. Meanwhile, its financial institutions and other corporations are encouraged to expand their physical presence more aggressively in the MENA region, to catalyse the emerging opportunities arising there.

Leveraging the RMB Internationalisation

The Chinese Mainland and Hong Kong have enhanced the infrastructure for the RMB's clearing, settlement, and liquidity management. The RMB has progressed significantly as a medium of exchange – about 40% of China-Middle East crude oil trade, China-Saudi trade, and China-UAE trade in 2025 were settled in the currency.⁹⁷ Still, the global use of the RMB has more room to grow, as third-party (non-China-related) RMB usage remains minimal: the currency accounts for only 2.5% of international payments in 2025, according to SWIFT data.

⁹⁵ Dubai International Financial Centre. (n.d.). <https://www.difc.ae/>

⁹⁶ UN Trade and Development. (n.d.). <https://unctad.org/>

⁹⁷ Middle East Political and Economic Institute. (2026, June). *The Current Relationship between the People's Republic of China and the Monarchies of the Gulf Cooperation Council*. <https://mepei.com/the-current-relationship-between-the-peoples-republic-of-china-and-the-monarchies-of-the-gulf-cooperation-council/>

The RMB bond market currently consists of several sub-markets—principally dim sum bonds, panda bonds, and free trade account instruments—each with separate documentation and regulatory approval requirements. This offers prospective MENA issuers and investors various choices depending on their nationality/registration place and source/use of funds

The offshore RMB bond market has advanced rapidly — with a size of over RMB 1.1 trillion in 2025, as issuers take advantage of lower interest rates and investors are attracted by the RMB's stable exchange rate and the benefits of diversification. Still, the challenge in the offshore market is the thin secondary-market liquidity, characterised by a “buy-and-hold” culture with limited market-making. This constrains price discovery, prevents MENA issuers from building meaningful yield curves and limits Hong Kong's attractiveness as a debt capital markets hub.

Furthermore, limited footprints of Hong Kong or Chinese mainland banks in that region are not helpful to promote the broader adoption of offshore RMB instruments. Local demand for RMB bond issuance may not be realised due to the absence of lead underwriting capacity and institutional representation from Hong Kong or Mainland market makers on the ground.

For Hong Kong's banking sector, expanding its physical and operational footprint across key Global South markets is not merely an incremental growth strategy. It is a necessary prerequisite to build the underwriting architecture, local distribution networks, and liquidity depth required to turn regional sovereign interest into executable RMB transactions.

Developing the Ecosystem for Islamic Finance

Hong Kong's Islamic finance development began in 2007, with the HKMA issuing regulatory guidance in 2008 that placed responsibility for Shariah compliance on banks.⁹⁸ Legislative amendments in 2013 and 2014 ensured sukuk tax parity with conventional bonds and enabled sukuk issuance under the Government Bond Programme, resulting in three sukuks totalling US\$3 billion issued between 2014 and 2017. The three issuances have successfully demonstrated the viability of the Hong Kong platform, and that our legal, regulatory and taxation framework can readily support sukuk issuances, including sukuk of different structures. However, momentum has since stalled.⁹⁹ Additional sukuk issuance and new Islamic and new Islamic products remain limited. Commentators attribute this to a shortage of Islamic finance professionals, including Shariah scholars, and to a piecemeal regulatory approach that leaves the tax treatment of products other than sukuk unclear.¹⁰⁰ A central differentiator for successful Islamic finance hubs lies in the depth and coherence of their regulatory ecosystem.¹⁰¹

Beyond Finance: The “Soft Infrastructure”

Hong Kong's financial infrastructure is world-class, but a sustainable relationship with the MENA region requires more than capital markets and regulatory frameworks. MENA counterparts place a premium on relationships, patience, and personal rapport.

Culture – In the MENA business context, trust and personal rapport are critical for commercial engagement. Without long-term investment in relationship-building, it would be challenging to establish the deep, trust-based partnerships that MENA counterparts expect.

98 Legislative Council of Hong Kong. (2025). *Measures to facilitate the development of Islamic finance in the UK* [Research Brief].

<https://www.legco.gov.hk/research-publications/english/essentials-2025ise05-measures-to-facilitate-the-development-of-islamic-finance-in-the-uk.htm>

99 Ditto.

100 Ditto.

101 Ditto.

Islamic Ecosystem – Hong Kong needs more quality halal restaurants, major Middle Eastern hotel brands, Arabic language education, and robust Sharia-compliant financial infrastructure, as well as more Islamic education institutions. These are important for MENA business people and families to establish a long-term presence here.¹⁰²

Marketing Strategies – Market participants suggested that Hong Kong's marketing of its MENA-related initiatives can be more effective. For instance, Hong Kong hosts major cultural events, such as the Wonders of Imperial Carpets: Masterpieces from the Museum of Islamic Art, Doha exhibition,¹⁰³ and it can proactively market or leverage them as part of a coherent MENA engagement strategy. Indeed, neighbouring jurisdictions achieve stronger results with substantially less substantive activity, presenting and marketing themselves far more effectively through sustained, strategically coordinated campaigns.

¹⁰² The Standard. (2025, January 3). *TST hotel sees surge after Muslim-friendly shift*.
<https://www.thestandard.com.hk/news/article/69101/TST-hotel-sees-surge-after-Muslim-friendly-shift>

¹⁰³ Hong Kong Palace Museum. (2025, June 16). *Wonders of imperial carpets: Masterpieces from the Museum of Islamic Art, Doha opens at the Hong Kong Palace Museum on 18 June*.
<https://www.hkpm.org.hk/en/about/press-release/wonders-of-imperial-carpets-masterpieces-from-the-museum-of-islamic-art-doha-opens-at-the-hong-kong-palace-museum-on-18-june>



Conclusion



Conclusion

The rebalancing of global finance toward a multi-polar, Global South-driven order is not a transient cycle, but a structural realignment. Within this emerging architecture, the Asia-MENA corridor represents one of the most critical conduits for trade, capital, and technology. Hong Kong's future growth relies on its ability to evolve from a classic East-West gateway into an indispensable capital nexus — a platform capable of originating, structuring, and governing complex two-way transactions across distinct legal systems, currencies, and business cultures.

The groundwork laid between 2023 and 2026 demonstrates that institutional connectivity is feasible. Yet, turning early momentum into sustainable market habit requires resolving key structural bottlenecks: enhancing offshore RMB markets, modernising the Islamic finance framework, establishing an on-the-ground presence across the GCC, and cultivating a welcoming Islamic ecosystem.

Achieving this shift requires a deliberate transition from government-led diplomacy to private-sector commercial execution. While public sector frameworks and regulatory MoUs create the necessary pathways, financial institutions, asset managers, and professional service providers must take ownership of the corridor. This means deploying senior talent on the ground in Gulf capitals, co-investing alongside regional sovereign wealth funds, and underwriting bespoke Shariah-compliant and multi-currency instruments that reflect the evolving demands of MENA investors.

Ultimately, Hong Kong's long-term competitive advantage will not be measured merely by inbound capital flows, but by its capacity to serve as a reciprocal bridge. By offering a secure, liquid, and familiar platform for Middle Eastern capital to participate in Asia's growth — while simultaneously guiding Mainland enterprises Westward — Hong Kong can cement its status as an irreplaceable node in the global financial network for decades to come.

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FSDC Weblink

Financial Services Development Council

About the FSDC

The Financial Services Development Council (FSDC) was established in 2013 by the Government of the HKSAR as a high-level advisory body to engage the industry in formulating proposals to promote the further development of the financial services industry of Hong Kong and to map out the strategic direction for the development.

In September 2018, the FSDC was incorporated as a company limited by guarantee. This change allows it to better discharge its functions through research, market promotion, and human capital development with greater flexibility.

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