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Hong Kong Institute of Directors' Response to the Public Consultation on

The First Five-Year Plan of the Hong Kong Special Administrative Region for Economic and Social Development (2026–2030) and 2026 Chief Executive Policy Address

The Hong Kong Institute of Directors ("**HKIoD**") welcomes the Government's public consultations on Hong Kong's first Five-Year Plan for Economic and Social Development (the "**Five-Year Plan Consultation**") and the Chief Executive's 2026 Policy Address.

The Five-Year Plan is a timely and important initiative. It provides an opportunity to bring together Hong Kong's long-term economic, social and regional-development priorities under a clearer strategic framework, and to translate those priorities into a practical programme for implementation.

HKIoD considers that corporate governance and director capability should be recognised as core components of Hong Kong's economic competitiveness. Sound governance is not merely a matter of regulatory compliance. Effective boards improve strategic decision-making, ensure agility, strengthen accountability and risk management, support investor and stakeholder confidence, and help enterprises pursue innovation and international expansion on a sustainable basis.

This is particularly important as companies confront increasingly complex decisions involving artificial intelligence, sustainability and transition finance, digital trade, cybersecurity, supply-chain resilience, geopolitical risk and overseas market access. Hong Kong should position itself not only as an international financial and professional-services centre, but also as a trusted governance hub for complex cross-border business.

HKIoD also recognises that the Government has already taken important steps to support the directives envisaged in the Consultation. The Five-Year Plan should now translate the relevant initiatives into a five-year implementation programme. For each major initiative, the responsible body, annual milestones, concrete deliverables and outcome-based indicators should be identified. The Chief Executive's 2026 Policy Address should set out the first-year milestones, so that progress can be assessed and refined year by year.

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Make good corporate governance a core competitive advantage

Hong Kong's reputation for the rule of law, financial-market integrity, professional services and international connectivity is reinforced by the quality of corporate governance within the companies and institutions operating here. The Five-Year Plan should recognise that board effectiveness is part of Hong Kong's economic infrastructure and a competitive differentiator.

Strong corporate governance does not, by itself, determine a company's market valuation. It can, however, improve the quality and credibility of corporate decision-making, reduce perceived governance risk, strengthen investor confidence and support more attractive valuation for companies raising capital in Hong Kong. Hong Kong should seek to be recognised as one of the world's most trusted and well-governed places in which to establish, finance and operate a business.

The Government should work with HKIoD, SFC, HKEX and other relevant professional bodies to strengthen the continuing professional development requirements for directors. A compulsory minimum of four hours of continuing professional development in each financial year should be considered for every director of a listed company. Training should address not only legal duties and Listing Rule compliance, but also board oversight of strategy, artificial intelligence, data governance, cybersecurity, sustainability, transition finance, supply-chain resilience, geopolitical risk and crisis management.

To ensure the quality and credibility of such training, the training should be provided by director, governance or professional institutes recognised by HKEX, SFC or other relevant regulators.

Beyond compulsory annual continuing professional development as a common baseline, HKIoD also recommends the further development of recognised professional standards for directors. This could include recognised director education and qualifications, voluntary professional accreditation or certification, and recognition of relevant membership in reputable director or governance institutes. Any such framework should enhance board quality and recognise directors who attain higher standards of professional knowledge and continuing development, without creating an unnecessarily rigid licensing system or discouraging suitably experienced individuals from serving as directors.

Make the Northern Metropolis a coherent growth platform

The Consultation sets out an ambitious and visionary programme to accelerate Northern Metropolis development through an infrastructure-led approach including diverse modes of land release and development, the delivery of over 70,000 housing units and one million square metres of non-residential floor space, the Northern Metropolis University Town, and the development of the Hetao Hong Kong Park and San Tin Technopole. Together, these measures can expand Hong Kong's development capacity and support I&T, post-secondary education, health and medical innovation, and closer integration with the Greater Bay Area.

The Northern Metropolis should develop as more than a source of land or a series of separate projects. It should become a sophisticated integrated platform which enables the collective development of enterprises, universities, research institutions, investors and residents In addition to research, testing and manufacturing facilities, the Government should seek to attract regional headquarters, corporate research centres, supply-chain management service providers, treasury operations and high-value professional services, so as to create a more holistic and sustainable economic ecosystem.

To support companies establishing themselves in the Northern Metropolis, particularly Mainland and overseas enterprises that are new to Hong Kong, the Government should establish a structured familiarisation and orientation programme. HKIoD could work with legal, accounting, financial, tax and other professional bodies to provide practical guidance on Hong Kong's legal and regulatory framework, access to finance, corporate governance, directors' duties, risk management, talent and employment matters, and the operation of businesses across Hong Kong and the Greater Bay Area. Board-readiness assessments, director orientation, governance checklists and access to suitably experienced professional advisers could also be provided to help companies establish effective governance arrangements from the outset.

A "talent pool" of candidates for director positions for companies in different industries can be provided by recognised institutions or associations to assist international and local companies with finding the most capable and suitable directors and senior management to expand their businesses in Hong Kong.

Effective implementation and livability will be equally important. Public-private development arrangements should have clear mandates, appropriate governance and outcome-based targets that measure private investment, quality employment, research commercialisation and industry development, rather than construction progress alone.

From "Go Global" assistance to a full internationalisation platform

HKIoD recommends a more integrated "Go Global through Hong Kong" service model. Enterprises with clear internationalisation potential should be offered a coordinated pathway involving market-entry advice, corporate and board governance advice, treasury and financing arrangements, supply-chain planning, insurance, compliance, intellectual-property protection, tax and legal support, audit, assurance and dispute-resolution services.

This should not become another general promotion scheme. It should focus on enterprises with genuine potential to establish regional or international headquarters, treasury functions, international procurement offices, supply-chain management centres or overseas operating platforms in Hong Kong. The objective should be not merely to help enterprises use Hong Kong as a stepping stone into overseas markets, but to encourage them to retain substantial management, governance, financing and operational functions in Hong Kong as they grow internationally.

The Government should therefore consider a coordinated package of measures to make Hong Kong a more attractive headquarters location for enterprises pursuing international expansion. This could include streamlined access to government and professional services, support for corporate treasury and financing functions, facilitation of talent recruitment and relocation, assistance with cross-border data and regulatory matters, and clearer pathways for establishing regional management, research, procurement and supply-chain functions. Success should be measured not only by the number of enterprises assisted, but also by the number that establish and retain substantive headquarters functions, senior management teams and high-value employment in Hong Kong.

Board readiness and good corporate governance should be integral parts of the "Go Global through Hong Kong" model. Enterprises entering unfamiliar markets often encounter governance, compliance, cultural, reputational and risk-management challenges before they encounter funding constraints. Their boards may need to oversee overseas subsidiaries, sanctions and export-control exposure, anti-corruption controls, cross-border data transfers, intellectual-property protection, supply-chain integrity and crisis management.

HKIoD is well placed to work with the Government and professional-services bodies to provide board-readiness assessments, director training, governance guidance and access to suitably experienced directors and advisers. As a member and Executive Committee member of the Global Network of Director Institutes, HKIoD can also bring international corporate-governance standards, comparative experience and emerging global trends to enterprises expanding overseas. This international network can help Hong Kong-based companies strengthen their governance capabilities, understand the expectations of overseas markets and build confidence among investors and commercial partners. Hong Kong should be known not merely as a place in which companies incorporate or raise capital, but as a headquarters location in which they develop and retain the governance and management capabilities needed to operate successfully on a global basis.

Turn supply-chain reconfiguration into a Hong Kong business opportunity

The Consultation proposes building a high value-added supply chain services centre. Global supply chains are being reshaped by geopolitical uncertainty, tariff and export-control risks, technological changes and the need for businesses to diversify their sourcing, production and distribution arrangements.

Hong Kong's role should be that of a "supply chain hub". It needs not compete as a large-scale manufacturing centre. Its comparative advantage lies in helping enterprises decide where to source, produce, finance, insure, transport, store and sell goods, while managing contractual, regulatory, financial and geopolitical risks.

Governance and assurance should form part of this supply chain hub. For the overseas portions of an enterprise's supply chain, boards must be able to assess sanctions and export-control exposure, supplier integrity, labour and environmental risks, data reliability, contractual resilience, insurance coverage and contingency arrangements. Hong Kong can differentiate its unique supply-chain services by combining logistics, finance and legal expertise with robust board oversight, internal controls and independent assurance.

The Five-Year Plan should therefore identify supply-chain management as a distinct headquarter-led function. Government efforts to attract enterprises should be directed not only at physical logistics operations, but also at the higher-value functions that sit above them: procurement, trade finance, corporate treasury, marine and cargo insurance, shipping and aviation management, customs and regulatory compliance, legal advice, arbitration and data-led risk management.

A practical proposal would be to establish a Supply-Chain Transformation Programme under the broader "Go Global" framework. Participating enterprises could be matched with Hong Kong banks, insurers, logistics providers, lawyers, arbitrators, audit and assurance companies, technology firms, governance specialists to redesign supply chains affected by external uncertainty. HKIoD could contribute practical board-level guidance and training on the governance of overseas procurement, suppliers, subsidiaries and distribution arrangements.

The Plan should set out annual deliverables for this programme, beginning with the first cohort of participating enterprises, the services to be coordinated, and the overseas market or supply-chain challenges to be addressed. Its success should be assessed by whether more companies establish regional or international supply-chain functions in Hong Kong, use Hong Kong-based services, and manage their overseas operations more effectively from Hong Kong.

Make digital trade infrastructure a priority commercial project

Hong Kong has made promising progress in digital trade. The Port Community System is intended to improve information flow within the port community and support smart-port development. The Government is also pursuing the digitalisation of business-to-business trade documents, while the HKMA's Project Cargo[x], seeks to improve trade-finance processes through the use of cargo and trade data.

These initiatives should now be brought together under a single digital-trade interoperability roadmap, with a published timetable for implementation. The 2026 Policy Address should specify the first deliverables, including the trade documents and transaction stages to be digitalised, the relevant participants to be brought into the system, and the cross-border or cross-sector interoperability to be tested.

The priority should not be technology for its own sake. Progress should be measured by whether businesses can complete cross-border transactions with less paper documentation, fewer repeated identity-verification procedures, faster credit decisions and more reliable exchange of commercial data.

The Five-Year Plan should set a clear objective that a company using Hong Kong as its international business and transaction platform should be able to conclude, finance, insure and settle a legitimate cross-border transaction more quickly, safely, reliably and predictably than through competing centres.

This will require work on legal recognition of electronic transferable records, cross-border acceptance of digital trade documents, trusted digital identity, commercial-data governance, cybersecurity and the interoperability of systems used by banks, ports, logistics providers and trading companies.

Digital finance should continue to advance through practical, controlled use cases. For example, project Ensemble, launched by the HKMA to support the development of Hong Kong's tokenisation market, includes the Ensemble Sandbox, which tested use cases in fixed income and investment funds, liquidity management, green and sustainable finance, and trade and supply-chain finance.

The next stage should be to identify the corporate and wholesale applications to be delivered during the Five-Year Plan period, including cross-border trade settlement, supply-chain financing and corporate treasury management, with the first concrete milestones announced in the 2026 Policy Address.

Develop AI governance as a strategic capability

Artificial intelligence should be treated as a cross-cutting and time-saving opportunity affecting all parts of the Five-Year Plan, rather than solely as an innovation and technology development. Its use will affect financial services, trade, public administration, healthcare, education, infrastructure, employment and national and economic security.

The Government should adopt a coordinated, top-down approach to the responsible use of AI across bureaux and departments. This should include practical pilot applications, clear accountability, data and cybersecurity safeguards, human oversight, procurement standards, evidence-quality requirements and independent evaluation of material risks and outcomes.

Government adoption can provide practical experience of the opportunities and limitations of AI and help inform proportionate policy development.

Boards will also require practical guidance on the governance of AI. Relevant issues include responsibility for AI strategy, the reliability and provenance of data, model risk, explainability, cybersecurity, intellectual property, third-party systems, workforce implications and the assurance of significant AI-assisted decisions. HKIoD would welcome the opportunity to work with the Government, regulators, universities and industry bodies to develop director guidelines and continuing professional development in this area.

The 2026 Policy Address could identify the first cross-bureau AI applications to be tested, the governance and assurance standards to be applied to those pilots, and the board-level guidance to be developed for the private sector.

Build a stronger connection between capital markets, asset management and trade

Hong Kong's financial system remains a major source of competitive strength. The Consultation envisages further strengthening Hong Kong's functions as a global offshore Renminbi business hub and an international asset management centre.

The Five-Year Plan should build on this momentum by treating capital formation, asset management and trade as connected functions.

Good corporate governance should also be recognised as part of Hong Kong's capital market competitiveness. Investors assess not only financial performance, but also the quality of board decisions, protection of shareholders, internal controls, transparency, succession planning and the credibility of corporate strategy. Stronger governance cannot guarantee higher valuations, but it can reduce perceived risk, strengthen investor confidence and support a more attractive environment for companies seeking to raise capital in Hong Kong.

A company managing a global supply chain needs more than commercial advice. It may require trade finance, working capital, foreign-exchange management, insurance, hedging, equity financing, bond financing and long-term investment capital. Hong Kong has the capacity to provide these services, but the Plan should make their integration a strategic objective.

HKIoD recommends that the Government encourages financial institutions, asset managers, family offices and corporate treasury centres to develop products and services directed at enterprises expanding internationally through Hong Kong. This could include financing and risk-management solutions for overseas infrastructure, trade, supply-chain diversification, green transition and technology deployment.

Hong Kong should continue to strengthen its role as a global offshore Renminbi centre and a platform for international capital to gain access to opportunities connected with the Mainland. Its role is not to displace the Mainland's capital-management framework, but to provide a trusted, internationally credible and well-regulated bridge between two financial systems.

Hong Kong should continue to innovate to strengthen its position as a leading green finance centre in Asia and internationally. In addition to facilitating GSS+ issuances by Mainland and local enterprises, Hong Kong should promote the development of green sukuk and tokenised green investment products.

Make Greater Bay Area co-operation commercially meaningful

The Consultation rightly identifies "hard connectivity", "soft connectivity" and "connectivity of hearts" as important elements of Greater Bay Area development. The next challenge is to make those concepts more useful to businesses.

Physical infrastructure is necessary, but commercial integration will depend equally on whether companies can move information, financing, professional services, talent and commercial documentation across the boundary with greater certainty and lower cost.

The Five-Year Plan should identify a limited number of high-impact pilot areas. These could include digital trade documentation, supply-chain finance, commercial-data connectivity, professional-services collaboration, cross-boundary dispute resolution and corporate-governance support for companies expanding across the Greater Bay Area.

Hong Kong should position itself as the place where Greater Bay Area companies obtain the services needed to internationalise. At the same time, it should be the preferred entry point for overseas companies seeking a reliable base from which to understand and access the Greater Bay Area market.

Equip directors and boards to implement the Five-Year Plan

The successful implementation of the Five-Year Plan will depend not only on Government action, but also on decisions made in boardrooms of private enterprises. Where relevant to their businesses, boards of listed and major unlisted companies should be encouraged to consider the Plan's priorities in their strategy, risk management, investment, talent development and performance monitoring.

HKIoD recommends that the Government works with HKIoD and other relevant bodies to translate the Plan into practical board-level tools. These could include:

- continuing professional development on finance, trade, artificial intelligence, innovation and technology, sustainability, the Greater Bay Area and internationalisation;
- guidance notes and checklists on incorporating material Plan-related opportunities and risks into board strategy and oversight;
- board-readiness and director-development programmes for companies expanding overseas or participating in new industries and major development projects; and
- a broader pool of trained and experienced candidates capable of serving on listed, unlisted, public-sector and project boards.

The Government should also, with the help of related institutions and professional bodies, encourage boards to review succession planning and the development of local leadership talent. Companies in strategic sectors should be encouraged to provide structured training, cross-boundary exposure and leadership-development opportunities so that Hong Kong continues to foster a sustainable pool of directors and senior executives with both local understanding and international experience.

Delivery, accountability and annual milestones

The Five-Year Plan should operate as a delivery framework. For initiatives already underway, it should specify the responsible body, annual milestones, concrete deliverables and outcome-based indicators for each year of the Plan period.

The Chief Executive's 2026 Policy Address should announce the milestones and concrete deliverables for 2027, as the first full year of implementation, for initiatives including Northern Metropolis, "Go Global" initiatives, supply-chain services**,** digital trade, AI governance, Greate

Bay Area development, and relevant financial-market developments.

In addition to Government-level indicators, the Plan should encourage relevant companies and their boards to identify a small number of indicators aligned with their own participation in the Plan. Depending on the company, these may include investment in priority industries, participation in the Northern Metropolis or Greater Bay Area initiatives, digital-transformation outcomes, internationalisation activity, local talent development, supply-chain resilience, or measurable social and environmental outcomes. Such indicators should be material to the company's strategy rather than imposed as a mechanical compliance exercise.

The Government should maintain regular dialogue with directors, businesses, professional bodies, investors and industry associations throughout the implementation. HKIoD is ready to assist in translating the Five-Year Plan into practical guidance, director training and board-level tools, and to provide a channel for feedback from the business community.

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