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The Organization of Global Financial City Tokyo
(FinCity.Tokyo)

Japan’s investment horizon : Exploring inbound & outbound opportunities

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Good afternoon, everyone. I am Tokio Morita, Executive Director of FinCity.Tokyo. Thank you very much for your time today.

Our organization is Japan's first public-private partnership financial promotion organization, established under the initiative of Tokyo Governor Yuriko Koike to promote the development of Tokyo as a global financial center. Currently, over 50 financial institutions and companies are participating, and among them, DBS Bank became the first overseas financial institution to join our membership.

DBS Bank, as a leading bank in Asia, provides strong support for FinCity.Tokyo's global activities in the following three areas: First, contributing to information dissemination and discussions regarding Tokyo's financial markets; Second, facilitating exchanges of views and networking with other member organizations; Third, cooperating in international financial promotion activities.

For example, regarding cooperation with FinCity.Tokyo's international financial promotion activities, we would like to express our sincere gratitude once again to Ms. Joanne Goh of DBS for participating in the panel discussion "How asset owners and managers can capitalize on the opportunities in Japan," hosted by FinCity.Tokyo at "Global Alts Asia 2024" held in Singapore last

November.
We believe that our activities are crucial for Tokyo, Hong Kong, and Singapore to further enhance their presence as international financial centers within Asia's financial markets, which are expected to grow increasingly vibrant in the future.

Since the U.S. presidential election in November 2024, the global economy has faced significant changes. The new "America First" policy has led to measures such as a phased reduction of corporate tax rates, an expansion of tariffs on steel and electric vehicles, and a rollback of financial and environmental regulations. These actions are forcing a realignment of global supply chains, driving up raw material costs, and causing some companies to become cautious about investment. The IMF has, in fact, pointed to tensions between the U.S. and China as a factor that could weigh on global economic growth prospects.
Amidst the headwinds of such global economic uncertainty, what policies is Japan pursuing? The Japanese government is vigorously advancing a series of policies aimed at realizing a "Leading Asset Management Nation" to enhance domestic growth potential and stability.
This policy has three pillars.

First is the drastic expansion of the NISA . NISA is a Japanese government initiative, modeled after the UK's ISA, designed to encourage individuals to invest in the stock market. In essence, it is a tax-advantaged investment account that allows residents of Japan to invest in stocks, mutual funds, and other financial products without having to pay taxes on the profits they earn. Made permanent in 2024, the new NISA has raised the annual tax-exempt investment limit to ¥3.6 million. By the end of March 2025, the number of NISA accounts exceeded 26 million, with inflows surpassing ¥50 trillion, creating a major shift from savings to investment.

Second, reforms at the Tokyo Stock Exchange (TSE). The TSE has requested that companies with a price-to-book ratio (PBR) below one disclose their plans to improve management with a focus on capital cost and stock price. This has encouraged dialogue between companies and investors and was a contributing factor to the Nikkei Stock Average reaching a record high in 2024. In addition, a record 94 companies were deliste d in 2024, promoting healthy market renewal while increasing opportunities related to taking companies private.

And third is the strong support from the Tokyo Metropolitan Government's "Special Zone for Financial and Asset Management." We are strongly backing your business launch by providing subsidies for foreign asset managers establishing a base in Tokyo and creating a one-stop system in English for administrative procedures. At Fincity.Tokyo, we are promoting policy proposals such as tax reforms and deregulation with the aim of attracting overseas financial players to Tokyo. Additionally, we are impl ementing initiatives such as the English disclosure s upport program “DisclosureG,” aimed at facilitating overseas investment in Japan’s small and medium-sized listed companies, as well as matching Japanese emerging asset managers with overseas asset owners.

We are promoting a Japanese Emerging Managers Program (EMP)in coordination with the government’s “Leading Asset Management Nation” policy. As we work to invigorate asset management nationwide, we welcome foreign asset managers entering the Japanese market.

Buoyed by these government initiatives, the current Japanese economy is achieving a steady, domestic-demand-led recovery, underpinned by solid growth, healthy inflation, and the highest wage increases in 30 years.

For investors in Hong Kong, this situation in Japan offers a unique opportunity. You can combine stable dividends from J-REITs and infrastructure funds with capital gains in the digital and green sectors. The support from JETRO HONG KONG, along with the accessibility of a four-hour flight and a one-hour time difference, makes Japan an attractive investment destination.

And to connect these opportunities between Japan and Hong Kong, the “2025 Flagship Event to Connect Japan and Hong Kong GPs” will be held. This event will serve as a one-of-a-kind platform linking the private equity and venture capital industries of Japan and Hong Kong. With many general partners from Hong Kong coming together, we strongly anticipate that global-perspective discussions—ranging from fundraising to deal sourcing—will spark new avenues for collaboration.

In particular, we are confident that the integration of Japan's dynamic capital markets with Hong Kong's mature investment expertise will accelerate our approach to untapped sectors and startups in their growth stages. Through sessions sharing the latest on local regulations, tax frameworks, and success stories, attendees will leave with actionable plans they can immediately apply to their investment strategies.

We sincerely hope that this event will serve as a catalyst for long-term partnership between Japan and Hong Kong, strengthen the ecosystems of both markets, and that the cooperation between DBS and Fincity.Tokyo will continue for many years to come. Thank you very much.