

# Hong Kong's Comeback

| By Matías Godoy |

Hong Kong is reasserting itself as a global business hub by recalibrating its identity, renewing capital-market momentum and leveraging deep links with mainland China, while preserving the institutional advantages that made the city international in the first place.

**For much of the past five years, the narrative around Hong Kong was defined by disruption.** Political unrest, pandemic isolation and geopolitical friction tested confidence and thinned the expatriate ranks. The city's linguistic soundscape shifted, too, with Mandarin increasingly prominent. Yet beneath the surface, a rebalancing was underway. Today, a quieter confidence is emerging, rooted not in nostalgia for an earlier era, but in a pragmatic strategy that blends global connectivity with China's scale.

At the heart of that recalibration is a question of identity. "It's been a quest for Hong Kong identity," said Douglas Young, co-founder and CEO of Goods of Desire. His brand—created in the mid-1990s as the city prepared for the handover—was conceived as "unapologetically Hong Kong," defying the prevailing assumption that only European aesthetics could command premium demand. Survival, he argues, has been the proof point. "I've been able to last all this time," he said, adding that authenticity, rather than global scale, has been the strategic constant.

## Rebuilding Confidence Through Capital

If culture anchors Hong Kong's sense of place, finance is the engine of its renewal. Capital markets are stirring again as Chinese companies turn to Hong Kong for offshore listings, fundraising and global expansion. That revival is being mirrored in the city's commercial core.

Residential transaction volumes have rebounded, while Central, long Hong Kong's bellwether district, is showing early signs of leasing recovery. "Residential volume has been picking up," said Andrew Fung, executive director and CFO of Henderson Land Development. "Commercial is still very flat, but there's a revival of leasing in Central."

The recovery is selective rather than cyclical. Higher interest rates and expensive land acquired during the zero-rate years have constrained margins, but cash flow is improving as projects complete and sell through. "2025 is better than the last few years," Fung said. "But it's not comparable to the zero-interest-rate period. It's a different time altogether."

Henderson Land's response has been to tilt toward recurring income and premium assets, particularly in Central, where supply remains structurally limited. The strategy reflects a broader shift among developers: resilience now depends less on volume and more on location, tenant quality and building performance. "Central is unique," Fung noted. "We don't have too many investment properties outside Central."

## ESG as Strategy, Not Slogan

That emphasis on quality has elevated environmental, social and governance standards from marketing add-ons to commercial necessities. International tenants—especially from the U.S. and Europe—now screen buildings on ESG credentials as rigorously as on rent. "If you don't have ESG," Fung said, "many companies will rule you out."

New-generation office developments are being designed for energy efficiency, advanced digital infrastructure and flexible layouts that suit trading floors, data-intensive firms and cultural tenants alike. Henderson Land's flagship Central projects, Fung explained, were conceived with those demands in mind—from optical-fiber capacity to ceiling heights and non-water fire suppression—reflecting how tenant expectations have evolved since the last major development cycle.

## Energy, Scale, and the Mainland Link

While property and finance are central to the city's rebound, energy and infrastructure reveal how Hong Kong companies are translating credibility into mainland scale. Peter Wong, managing director of The Hong Kong and China Gas Company (Towngas), describes a utility that has repeatedly reinvented itself over more than a century.

Founded in 1862, Towngas now serves a mature Hong Kong market—where growth is incremental and weather-dependent—while operating at scale across mainland China through hundreds of city-gas joint ventures. "Hong Kong's city-gas business is mature," Wong said. "So we're looking at other ways for business expansion."

That expansion has focused on transition fuels and platforms that align with China's carbon targets. Towngas already contains a significant hydrogen component, Wong noted, providing a bridge to hydrogen applications ranging from industrial use to temporary power for construction sites. Across the mainland, Towngas has paired gas supply with rooftop solar, energy management and storage solutions to support "net-zero" industrial parks.

The logic is straightforward: Hong Kong brings safety standards, operational discipline and international credibility; the mainland brings demand and scale. "Safety and service standards are why cities welcomed us as a partner," Wong said, pointing to practices—such as regular household inspections—that later became national benchmarks.

Beyond China, Towngas is positioning for aviation and marine transitions through sustainable aviation fuel and green methanol projects, reflecting a strategy that looks past the current cycle toward long-term decarbonization mandates.

## Soft Power and the Search for Place

Yet Hong Kong's comeback is not solely about balance sheets. It is also about soft power—the less tangible assets that make a city legible to the world. Young argues that Hong Kong's international relevance depends on expressing a distinct identity, not diluting it. "I would like [the brand] to be recognized as a cultural force for Hong Kong," he said, helping the city establish icons that resonate globally.

That thinking extends beyond retail. Young has spoken about architecture and hospitality as the next frontier for expressing a Hong Kong aesthetic—luxurious but local, international yet unmistakably rooted in place. Such ideas echo a broader recognition that competitiveness now includes cultural clarity as much as regulatory efficiency.

What makes the current moment different from past downturns is the persistence of Hong Kong's institutional advantages. The city still offers a low, simple tax regime; free flow of capital; a fully convertible currency pegged to the U.S. dollar; and a legal system aligned with international norms. Government initiatives aimed at biotechnology, medical innovation and technology—backed by world-class universities—signal an effort to move up the value chain rather than compete on cost.

## A Calibrated Revival

Hong Kong's comeback is not a return to the past. It is a recalibration, more selective, more integrated with the mainland and more conscious of identity. Companies are choosing their exposure carefully, investors are prioritizing quality over quantity and the city is redefining what it means to be international in an era of geopolitical tension.

Taken together, the signals point to a city that has absorbed shock and adjusted course. The cranes, the capital flows and the renewed debate about culture all suggest momentum. Hong Kong is not standing still. It is finding its footing again, on its own terms.



## A Cultural Blueprint for Hong Kong's Next Chapter

Goods of Desire has spent nearly three decades shaping a design language that reflects Hong Kong's identity with confidence and originality.

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**From its earliest days, the brand defied expectations in a market dominated by Western tastes.** Many believed a style rooted unapologetically in Hong Kong culture would never gain traction. Yet the company's longevity has become its own proof of concept. "People said it was never going to work, but I've been able to last all this time," said co-founder and CEO Douglas Young. Over the years, the brand has also inspired a younger wave of local designers by demonstrating that authenticity and commercial survival can go hand in hand.

Operating five stores across the city, the company maintains a workforce of 50 to 80 people, depending on the season, supplemented by a fluid network of collaborators. Its footprint remains intentionally local. Limited overseas placements—such as individual product features at MoMA, the V&A or Selfridges—and collaborations with powerhouses such as Coca-Cola, Samsung, Starbucks, Cathay Pacific and Alfa Romeo have brought international visibility without diluting its identity. Young values that focus. "I like the fact that we are uniquely available in Hong Kong because it makes us more special," he said.

Rather than pursuing expansion through store count, the company sees growth in widening the ways Hong Kong culture can be articulated. Clothing, lifestyle products and in-house workshops represent only one expression. Young's architectural background has broadened that vision toward the built environment, where he sees untapped potential for a distinctly Hong Kong aesthetic that is modern, luxurious and globally understood. "If there is a developer or hotelier who believes in this concept, I would love to collaborate," he said.

As the company approaches its 30th anniversary, succession planning and nurturing the next generation have become priorities. Young hopes future stewards will continue strengthening Hong Kong's cultural presence. He remains optimistic about the city's long-term trajectory, as Hong Kong has always punched above its weight, and sees it as a rising center of soft power in a region gaining global influence.

Ultimately, he hopes the brand will help Hong Kong play a larger role in world culture. "I would like G.O.D. to be recognized as a catalyst for changing a colonialist mindset that considers the West to be always superior. By building a strong identity, we instill pride in being a Hong Konger," he said.



GOODS OF DESIRE

## Rising Momentum on Hong Kong's New Central Harbourfront

Central Yards, a global harbourfront icon developed by Henderson Land Development Company Limited (Henderson Land), is rooted in Hong Kong yet designed for its global future, redefining how commerce, culture and sustainability converge at the heart of the city.

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**Spanning more than 1.6 million square feet on the New Central Harbourfront, the project is poised to become the city's most sustainable district, with Phase One scheduled to launch in 2027 and Phase Two to follow in 2032.** Centered on a concept of "The Bridge", Central Yards takes the form of a 400-meter "groundscraper" running parallel to Victoria Harbour, linking Central's commercial core with a new generation of public space. More than 700,000 square feet of premium office and ancillary space anchors the development, including the largest office floorplates in Hong Kong's CBD. Demand has been strong, with over 70 percent of Phase One office space already pre-leased, reflecting a broader shift in occupier priorities. "If you do not have top ESG standards, many U.S. and European companies will simply rule out your building," said Andrew Fung, executive director and chief financial officer of Henderson Land.

Sustainability is integral to both the physical and commercial logic of the project. Central Yards incorporates Central's largest sky garden—an elevated green landscape stretching roughly 300 meters and covering around 160,000 square feet—within a wider network of more than 300,000 square feet of open space. Designed to improve

microclimate through airflow and natural light, the district is planted with hundreds of trees and plant species. A smart façade system delivers energy efficiency, while the use of recycled materials and advanced energy technologies support long-term resilience. The development has secured or registered for nine leading global green and smart building certifications, including BEAM Plus, LEED, WELL and WiredScore. "You may pay slightly more in construction costs, but its enhanced marketability and leasing advantage make the investment worthwhile," Fung said.

Beyond offices, Central Yards is envisioned as a vibrant cultural and lifestyle destination. More than 300,000 square feet of retail space introduces a promenade-led, indoor-outdoor concept, complemented by event areas designed for markets, performances and seasonal programming. Its cultural anchor will be Hong Kong's only private Broadway-caliber theater, seating over 1,100 guests and built to international production standards.

Developed by Henderson Land, Central Yards reflects confidence in Hong Kong's next phase of growth. "I've become more optimistic this year," Fung said, pointing to the return of global capital, stronger financial activity and renewed interest from international institutions. In that context, Central Yards represents more than a project, it's a long-term platform for Hong Kong's evolving role on the global stage.



HENDERSON LAND  
恒基兆業地產

50  
years



# Powering Progress: Towngas Reinvents a 163-Year Legacy

The Hong Kong and China Gas Company Limited — better known as Towngas — is one of Asia's oldest public utilities. Founded in 1862 to light up the streets of colonial Hong Kong, the company has evolved far beyond its original role. Today, it stands at the center of Hong Kong's energy system while leading the low-carbon transition across China.

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## For more than 163 years, Towngas has adapted to each new energy era.

Its 3,700-kilometer pipeline network now serves over two million households in Hong Kong, with a record built on safety, reliability and innovation. Yet what makes its history remarkable is how that same foundation is being repurposed for the future. "For decades, about 50 percent of our town's gas has been hydrogen. Hong Kong customers have been using it safely for generations," said Managing Director Peter Wong.

That legacy gives the company a natural advantage as hydrogen rises to prominence in global energy markets. Its pipelines already distribute a gas mixture of nearly half hydrogen, allowing Towngas to develop new extraction and conversion applications. "Hydrogen applications give us the room to expand — from construction sites that need cleaner temporary power to fleet solutions that reduce diesel noise and pollution," Wong explained.

## From Local Roots to National Scale

Towngas's decision three decades ago to expand into China reshaped the company's scale and ambition. When its management team looked north in the mid-1990s, they saw a vast market beginning to urbanize and a population eager for safe, piped energy. That effort began with two joint ventures in the Greater Bay Area

has since grown into one of the largest energy networks on the mainland.

"Today we have over 320 city-gas joint ventures across 23 provincial regions and cities, with a total gas sales volume of 36,400 million cubic meters," Wong said. "In the past couple of years alone, we welcomed about 2.3 million household customers annually in China."

In addition, Towngas operates water and municipal-waste treatment businesses in China, with annual water sales reaching 1.7 billion tons and solid-waste treatment volume totaling 1.7 million tons this year.

That expansion has transformed Towngas into a utility serving more than 46 million households — around 130 million people, a customer base comparable to the population of Japan. Behind those numbers is a Hong Kong-bred operating model focused on rigorous safety standards, efficient service and community trust.

## A Smart-Energy Future

As the global energy transition accelerates, Towngas is repositioning itself as an integrated energy company. Its subsidiary Towngas Smart Energy is spearheading the shift by participating proactively in renewable power and digitalized energy systems aligned with China's "dual-carbon" goals — to peak emissions by 2030 and reach carbon neutrality by 2060.



"Driven by the country's dual-carbon goals, there is a surge in demand for renewable energy on the Chinese mainland," said Wong. "Our one-stop solutions — photovoltaics, storage, charging and energy management — help businesses reduce emissions and achieve commercial success."

Towngas Smart Energy now operates more than 600 renewable projects in 24 provincial-level regions. By 2025 its grid-connected photovoltaic capacity will reach 2.9 gigawatts, generating 2.53 billion kilowatt-hours of clean electricity. Its customer base covers 20 industries, from petrochemicals to building materials, providing both private enterprises and state-owned firms with tailored decarbonization plans.

## Expanding the Partnership Network

Partnerships are the cornerstone of Towngas's regional strategy. In Hong Kong, the company collaborates with the Hong Kong Science and Technology Parks Corporation to develop the territory's first public electric vehicle automatic hydrogen charging system. Across China, Towngas works with local governments to build net-zero industrial parks, replacing coal and diesel with cleaner gas and renewable electricity.

On the fuel front, the company is branching into sustainable green energy business. Towngas has launched SAF production facilities, one in Jiangsu, China and the second one in Johor, Malaysia, with a total capacity of 770,000 tons to meet tightening aviation-fuel mandates.

The company also has pioneering plants that convert waste tires and agricultural waste into certified green methanol for maritime vessels. Following the establishment of its first plant in Inner Mongolia, a second plant in Foshan, Greater Bay Area, is being built and is due for completion in 2027. This expansion will bring Towngas's total green methanol capacity to 350,000 tons.



**PETER WONG, MANAGING DIRECTOR.**

## Innovation as a Growth Engine

To sustain this innovation pipeline, Towngas launched the TERA-Award Smart Energy Innovation Competition, organized by its affiliate Full Vision Capital. The initiative aims to "empower the development of a green economy" by identifying new smart-energy technologies and helping them reach commercial maturity.

The competition offers application scenarios, funding, and industry support to start-ups with high potential. Over its first four years, the TERA-Award has attracted over 1,700 entries from more than 70 countries and regions, with a \$1 million first prize. "We cherry-pick winners and co-invest with them to bring their innovations to life," said Wong.

## Looking Ahead

Towngas's story is one of constant reinvention — from lighting gas lamps in the 1860s to powering hydrogen hubs and solar parks today. Its dual focus on Hong Kong's stability and China's expansion provides a unique balance between dependable cash flow and transformative growth.

As the world races toward decarbonization, Towngas is leveraging its experience, partnerships and infrastructure to turn challenges into opportunity. "Towngas welcomes collaboration with partners who share our vision for a cleaner and smarter energy future," said Wong. "Together, we can build the next generation of sustainable energy systems across Hong Kong, the Greater Bay Area, and beyond."



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