



The British  
Chamber of Commerce  
in Hong Kong  
香港英商會

## The British Chamber of Commerce in Hong Kong Statement on Financial Secretary's 2026-27 Budget Speech

### Executive Summary

The Chamber policy team has conducted a Matching Exercise of the Financial Secretary's 2026-27 Budget Speech, and we are pleased to see that the Budget strongly reflects the Chamber's policy priorities, delivering meaningful wins for our members and demonstrating a shared vision for Hong Kong's future.

### Major Advocacy Wins

- **Northern Metropolis:** We are pleased to see the Government commit substantial resources to the Northern Metropolis, including a **\$10 billion** injection for the San Tin Technopole (para. 69). These measures directly address our call for dedicated funding. We also welcome the exploration of tripartite collaboration with developers (para. 65), which aligns with our proposal to guide public-private partnerships.
- **Go-Global Success:** We are pleased to see the "GoGlobal Task Force" establish a cross-sectoral professional services platform (para. 130), reinforcing Hong Kong's role as the premier hub for mainland enterprises expanding overseas.
- **AI Leadership:** The Budget strongly reflects our AI White Paper, with **\$50 million** allocated for AI courses (para. 43) and AI integrated into school and university curricula (para. 44-46). The new AI R&D Institute (para. 38) is a further boost to Hong Kong's ambition as a global AI capital.
- **Low-Altitude Mobility:** The expansion of the Regulatory Sandbox and plans for cross-boundary trials (para. 71-72) mark a significant step forward for this emerging sector, creating a clear pathway for growth and innovation.
- **Creative Economy:** The **\$1.2 billion** injection into the Arts and Sport Development Fund (para. 192), alongside sustained arts funding (para. 194-196), signals strong Government commitment to channelling private capital into Hong Kong's cultural and creative sectors.
- **Talent and Families:** Increased funding for the Women Empowerment Fund (para. 242), expanded childcare centres (para. 243), and higher tax allowances for families (para. 280) directly strengthen our workforce and support working families.
- **International Education:** The allocation of three Northern Metropolis sites for campus development (para. 179) is a welcome step toward expanding international school capacity and reinforcing Hong Kong's international education hub status.
- **Healthcare Innovation:** Investments in the Greater Bay Area International Clinical Trial Institute (para. 53-55) lay strong foundations for a dedicated fund for innovative drugs, positioning Hong Kong at the forefront of medical research and development.

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- **Housing and Sustainable Building:** Increased public housing production (para. 218) and the adoption of advanced construction technologies (para. 232) address both supply and quality.

### New Areas to Watch

We also note with interest the Government's introduction of initiatives in **Aerospace, AI+ & Industrial Development Strategy Committee, Stablecoin and Tokenisation Guidance**, and **Application of Robots in Construction** which present exciting new opportunities for our members.

For the first time, Hong Kong will draft its **own five-year development plan** to align with and contribute to the country's 15th Five-Year Plan. We are very excited to participate in this process and witness its impact.

### Looking Ahead

The 2026-27 Budget reflects a government that is listening to the business community and acting decisively. We look forward to building on this momentum, continuing our advocacy on outstanding priorities, and strengthening our partnership to shape Hong Kong's future as a leading international business hub.

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#	BritCham 2026-27 Budget Submission	Paragraph	FS Budget Speech
	Live		
1	<b>Integrated Strategies for Funding, Delivery, and Workforce in Northern Metropolis</b>		
1.1	Secure Dedicated Funding and a Growth Strategy for Northern Metropolis	67, 69, 212, 213, 265	<p>67. We will seek approval from the Legislative Council (the LegCo) to inject a funding of \$10billion to the park company to accelerate the development of the Hetao Hong Kong Park by engaging the market to speed up the disposal of the remaining land parcels under Phase 1 development, providing key infrastructure, further strengthening support to start-ups and establishing a venture fund.</p> <p>69. San Tin Technopole is an extension of the Loop. Together with the Hetao Hong Kong Park, there will be a coordinated development at upstream, midstream and downstream levels, creating a comprehensive industrial ecosystem. While the Loop focuses on R&amp;D, commercialisation, and pilot production in the upstream and midstream levels, the San Tin Technopole will provide a large piece of land which can help accelerate the commercialisation of R&amp;D results and provide industrial space for prototyping, pilot and mass production. We will establish a dedicated company this year and seek approval from the LegCo to inject \$10billion as initial capital to take forward the development, while leveraging market resources to accelerate the progress.</p> <p>213. We will continue making appropriate land disposal and financing arrangements for the industry sites and major development projects in the NM, and stepping up efforts to attract enterprises and investment, with a view to encouraging high-quality enterprises to establish in the NM.</p> <p>265. The Exchange Fund achieved record-breaking performance last year, delivering an investment income of \$330 billion. As at the end of last year, the total value of assets under the Exchange Fund exceeded \$4.1 trillion, which would suffice to maintain monetary and financial stability in Hong Kong. On the premise that the Exchange Fund's function to maintain the stability and integrity of the local monetary and financial systems will not be compromised, I propose, under the Exchange Fund Ordinance, transferring \$75 billion in each of the coming two financial years, totalling \$150 billion, from the Exchange Fund to the Capital Works Reserve Fund in support of the NM and other infrastructure projects.</p>
1.2	Issue Dedicated Bond Tranches for Discrete Projects	202	<p>202. To consolidate and enhance Hong Kong's status as an international green finance centre, the Government will continue issuing sustainable bonds, establishing an enabling regulatory environment and strengthening cross-sectoral collaboration, including taking forward the implementation of the Hong Kong Sustainability Disclosure Standards. The Accounting and Financial Reporting Council is consulting the public on the proposed regulatory framework for assurance.</p>

1.3	Establish a Statutory Body to Manage Northern Metropolis Public-Private Partnerships (PPP)	64, 65, 214	<p>64. One of the keys to realising the vision of building the NM into a new international I&amp;T city is to release the potential of the underdeveloped private land therein, and convert them to industrial space and ancillary facilities, thereby providing staunch support for accelerated development of the real economy and industries.</p> <p>65. We are exploring ways of further encouraging developers owning land in the NM to collaborate with technology or advanced manufacturing enterprises in submitting joint development proposals to the Government. We expect that, through tripartite co-operation, relevant land and corporate resources will be channelled towards the target industries for priority development in Hong Kong. In doing so, the business sector will have greater participation in the I&amp;T transformation of our economy, thereby expediting the NM development through concerted efforts.</p> <p>214. The Government will shortly conduct public consultation on the proposal to introduce a dedicated legislation to accelerate the development of the NM. Our aim is to introduce a bill in the middle of this year. In addition, the NM Project Supervision Office will expedite large-scale private development projects in the NM by strengthening co-ordination and imposing time limits on the approval process. These administrative arrangements are also applicable to development projects outside the NM.</p>
1.4	Cultivate a Local Workforce for Northern Metropolis	68	<p>68. We are seeking to facilitate the convenient flow of personnel, materials, capital and data between the Shenzhen Park and Hong Kong Park. We are also exploring with the Mainland the formulation of specific implementation plans to allow cross-boundary flow of research data and biosamples, such as "white list" and "green lane" mechanisms to streamline entry/exit procedures and approval processes.</p>
<b>2 Pipeline for New Homes &amp; Plan for Better Homes</b>			
2.1	Mandate Affordable Housing Quotas in New Residential Tenders	218	<p>218. Taking into account Light Public Housing (LPH), the total public housing production in Hong Kong will be around 196000units in the coming fiveyears, an increase of more than 80percent compared to the five-year period since the current-term Government took office.</p>
2.2	Offer Grants to Upgrade Sub-Divided Units		
2.3	Tender Urban Sites for Student Accommodation	217	<p>217. Separately, the Development Bureau (DEVB) is inviting the market to submit expressions of interest for post-secondary student hostel development on three sites. Subject to market response, the relevant sites may be put up for tender.</p>
2.4	Develop a Build-to-Rent Sector with Rental-Only Lease Conditions		

2.5	Provide Incentives for Sustainable Building Upgrades	232	232. Utilising its self-developed "Building Information Modelling (BIM)-enabled Systematic Approach to Foundation Design", the Housing Department achieves construction cost savings of about \$1million per building on average. In addition, the second-generation MiC approach, together with locally developed innovative coupling technology, are being adopted to expedite public housing projects and enhance cost-effectiveness.
<b>3 Build a More Resilient and Innovative Healthcare System</b>			
3.1	Establish a Standardised "Jade Scheme" in the VHIS	248	248. The Elderly Health Care Voucher Pilot Reward Scheme will be extended by two years until end-2028. Elderly persons who have accumulated voucher spending of \$1,000 or above within the same year on specific primary healthcare services such as examination and chronic disease management will have a \$500 voucher reward. The measure will involve an additional expenditure of about \$1billion.
3.2	Establish Standardised Cancer Screening Protocols and Funding		
3.3	Create a Dedicated Fund for Innovative Drugs	53-55	<p>53. The Greater Bay Area International Clinical Trial Institute situated in the Hetao Hong Kong Park has launched a collaboration platform with the Shenzhen Park. It provides a one-stop clinical trial support platform that brings together researchers and integrates databases for promoting R&amp;D of biomedicine and vaccines.</p> <p>54. The International Clinical Trial Academy will be established next year, which will help enable the Mainland's biomedicine technology to go global and attract foreign investments, thereby helping Hong Kong to develop into an international health and medical innovation hub.</p> <p>55. The Government established the Real-World Study and Application Centre at the end of last year to support pharmaceutical companies and expedite the launch of innovative drugs and medical devices on the Mainland and international markets, contributing to the Mainland's drug regulatory science system.</p>
3.4	Diversify the Antiviral Stockpile for Pandemic Preparedness		
3.5	Establish a Rare Disease Fund with a Government Matching Scheme	247	247. The Government will deepen development of primary healthcare in the community by launching the Primary Healthcare Co-care Network, which will extend screening to include hepatitis B and other diseases, strengthen cross-disciplinary collaboration, and improve support services such as medical laboratory testing and diagnostic radiology. The target participation for the first fiveyears is around 700000 persons. The Government will also implement the community drug formulary and launch the community pharmacy programme in the second half of this year, bringing more convenience to the public.

	Work		
<b>4 The Hong Kong Model for Go-Global Success</b>			
4.1	Position Hong Kong as the Global Joint Venture Hub	30 (a), 130	<p>30 (a). Contributing to building a modernised industrial system and accelerating high-level scientific and technological self-reliance of our country: With strong basic research capabilities, Hong Kong possesses unique edge in AI, life and health technology, fintech, as well as new materials and new energy. Being an international financial centre, Hong Kong will drive "Finance+", capitalising on our financial sector to better serve the real economy and industries with competitive edge, and pressing ahead towards mutual empowerment of finance and I&amp;T. In so doing, we can leverage our strengths to serve the country's needs;</p> <p>130. As our country is advancing with high-level, two-way opening-up, more Mainland enterprises are actively expanding overseas markets. The Task Force on Supporting Mainland Enterprises in Going Global (GoGlobal Task Force) will organise promotional activities to attract Mainland enterprises to venture into global markets through Hong Kong. We will also set up a cross-sectoral professional services platform, bringing together Hong Kong's professional services providers in the field of legal services, accounting, financial services, testing and certification, marketing, etc. to support enterprises going global.</p>
4.2	Advance Five Key Financial and Trade Partnerships with the UK	91 (b), 101, 110, 203-204	<p>91 (b) promoting more convenient foreign exchange quotations and transactions between RMB and other regional currencies to reduce transaction costs;</p> <p>101. We are determined to strengthen the role of Hong Kong as a key base for the establishment of Corporate Treasury Centres (CTCs) and boost the city's appeal as a platform for "bringing in and going global". To this end, we will announce a series of enhancement measures in the middle of this year, including providing additional tax incentives and flexibility to CTCs and their associated companies, and introducing a pre-approval mechanism.</p> <p>110. Last year, the HKMA launched Project Cargox under the Commercial Data Interchange to enhance the digital ecosystem for trade finance by harnessing the power of cargo and trade data. The Government is actively following up on the recommendations of the Expert Panel on Cargox with a view to promoting Hong Kong as a leading trade financing centre and supply chain hub.</p> <p>203. The HKMA has been refining the Hong Kong Taxonomy for Sustainable Finance to more effectively address the financing needs of relevant projects, thereby expediting low-carbon transition in the region. It will also strive to develop green transition planning guidance for banks within this year.</p> <p>204. We will support the exploration with the Mainland and international multilateral financial institutions of the establishment of a Hong Kong-based Green Technology Projects Accelerator. The Accelerator will provide incubation, acceleration, and empowerment services for green technology projects in B&amp;R regions, and serve as an innovative demonstration of Hong Kong's green finance-related services. We will also explore facilitating financial institutions to obtain public utility usage data of enterprises with their consent to enhance the efficiency of green financing and risk assessment.</p>

4.3	Enhance a Regulatory Sandbox for RMB Digital Assets	91, 104	<p>91. The Recommendations have called for advancing the internationalisation of the Renminbi (RMB) and pursuing greater openness of RMB capital accounts. We will leverage Hong Kong's unique strengths and proactively align with national development strategies. Specific measures include:</p> <p>(a) doubling the size of the RMB Business Facility to RMB200billion earlier this month to support financial institutions in facilitating the wider use of RMB by enterprises and customers in activities such as trade and cross-boundary business;</p> <p>(b) promoting more convenient foreign exchange quotations and transactions between RMB and other regional currencies to reduce transaction costs;</p> <p>(c) issuing RMB bonds of different tenors on a regular basis to enrich product offerings in the offshore RMB market and improve the offshore RMB bond yield curve;</p> <p>(d) exploring with the industry the formation of the offshore RMB yield curve, and looking into specific measures to improve price discovery in the short-to-medium-term-interest-rate market; and</p> <p>(e) attracting high-quality issuers to increase RMB bond issuance in Hong Kong and tapping into emerging markets to bring more cross-boundary RMB transactions to Hong Kong.</p> <p>104. The Government published the second policy statement on digital assets for developing Hong Kong into a global hub for digital asset innovation through the establishment of a comprehensive regulatory framework. We will introduce a bill this year to establish licensing regimes for, among others, digital asset dealing and custodian service providers.</p>
4.4	Expand the Scope of Capital Investment Entrant Scheme (CIES)		
<b>5 Chart Hong Kong's Path to Global AI Leadership (See Appendix for more matching on the AI White Paper)</b>			
5.1	Position Hong Kong as a Global AI Capital and Ecosystem Enabler	33	<p>33. Hong Kong's strengths in innovative scientific research and commercialisation of research outcomes lie in our internationalised qualities, strong research capabilities, support of financial sector and a rich pool of high-calibre talents. We are stepping up support measures such as computing power, land and capital, together with GBA cities' well-developed advanced manufacturing, to enhance our influence as a global source of original innovation.</p>
5.2	Leverage Hong Kong's IFC Status to Attract AI Business and Capital	38, 39	<p>38. We are making proactive efforts to align with the National AI+ Initiative by promoting "industries for AI" and "AI for industries" through application. The Hong Kong Artificial Intelligence Research and Development Institute Company Limited will come into operation in the second half of this year. The company aims to promote AI+ development and transformation of R&amp;D outcomes. It will also advise on matters such as the governance framework and regulatory regime for AI development.</p> <p>39. The Hong Kong Monetary Authority (HKMA) and Cyberport have recently commenced trials for the second cohort of sandbox, focusing on "AI vs. AI" strategies for promoting secure and responsible AI application in the banking sector.</p>

5.3	Establish a Targeted AI Capacity Building Subsidy Scheme	42-46	<p>42. AI brings new opportunities to society and employment market. The key is to popularise the understanding and use of AI by all levels of society.</p> <p>43. We will invite public organisations to organise, in collaboration with technology enterprises and tertiary institutions, AI application courses, seminars and competitions targeting students, young people and members of the public for enhancing their AI awareness and application skills, and to be responsible AI users. We will allocate \$50million to take forward this initiative.</p> <p>44. In the 2025/26 to 2027/28 triennium, the University Grants Committee (UGC)-funded universities will introduce a total of 27 undergraduate programmes related to STEAM, including AI, creative industries, data science, etc. As regards self-financing post-secondary institutions, AI-related programmes will be given priority to be included in the Study Subsidy Scheme for Designated Professions/Sectors starting from 2027/28 academic year. Meanwhile, the Vocational Training Council (VTC) also includes AI application in the compulsory modules on Information Technology for all of its Higher Diploma programmes.</p> <p>45. The Employees Retraining Board (ERB) will be upgraded as Upskill Hong Kong, providing various types of skill-based training courses, including AI application, thereby enhancing the competitiveness of the local workforce.</p> <p>46. The Quality Education Fund has earmarked \$2billion to take forward digital education in primary and secondary schools by offering school-based AI education programmes and subsidising students to participate in related activities. We also provide AI training for teachers.</p>
<b>6 Build A Strategic Blueprint for Low-Altitude Mobility</b>			
6.1	Catalyse Sector Growth through Co-Investment and Market Creation	58	<p>58. We actively steer local manufacturers towards smart manufacturing, which leverages technologies such as Internet of Things, real-time data, application of data analytics, advanced human-machine interfaces and robotics. The New Industrialisation Funding Scheme has supported over 120new smart production lines, drawing in private investment of over \$1billion. Moreover, the New Industrialisation Acceleration Scheme aims to encourage enterprises to establish high-end smart production facilities in Hong Kong. Four projects have been supported so far, involving a total investment of about \$2.5billion, of which more than 70 per cent is private investment.</p>

6.2	Build a HK-GBA Exchange platform	87	87. Close economic integration of Hong Kong with the GBA brings about opportunities for cross-boundary scientific collaboration, technology transfer and the development of emerging and future industries. The Government will review and enhance tax arrangements for R&D expenditures.
6.3	Ensure Public Adoption and Safety Culture	71, 72	71. Under the first cohort of the Regulatory Sandbox, 32 projects have conducted trials along their designated routes. Some application scenarios of unmanned aircraft such as building management and inspection have already been implemented. 72. Trial projects, such as unmanned aircraft system traffic management system, multiple applications/users shared-platforms, cross-boundary routes and passenger-carrying flying aircraft, will be rolled out in phases from the first half of this year. We are also actively exploring with the Mainland to commence trial flights on cross-boundary low-altitude logistics.
<b>7 Lead Davos Bid &amp; 2026 APEC Strategic Partnership</b>			
7.1	Lead a Consortium to Secure a Davos World Economic Forum		
7.2	Propose a Formal Collaboration for Strategic Partner at the 2026 APEC Summit		
<b>Play</b>			
<b>8 Establish A Proactive Strategy for Hong Kong's Brand</b>			
8.1	Package Hong Kong as a cultural incubator, empowering authentic storytellers, and developing a strategic framework to manage its global image	181	181. We will continue promoting the integrated development of culture, sports and tourism to provide better urban living experience for residents and visitors.
<b>9 Ignite Creative Economy through Art, Sports, and Culture</b>			
9.1	Establish a Mid-Scale Pilot Fund and Cross-Disciplinary Hubs for the Arts	194	194. We are committed to promoting the development of arts, culture and creative industries. A total of over \$9billion has been injected into the CreateSmart Initiative and the Film Development Fund.

9.2	Create Mechanisms to Channel Private Capital into the Cultural Ecosystem	195-196	<p>195. We are proactively developing Hong Kong into a global trading hub for premium arts, and will shortly finalise the details of our collaboration with Art Basel for the coming five years.</p> <p>196. To strengthen Hong Kong's position as one of the world's top three arts trading centres, we have initiated a study focusing on exploring areas such as financing and talent development. The study is expected to be completed within this year.</p>
9.3	Introduce "Micro Grant" for Grassroots Sports Groups	192	<p>192. We will inject \$1.2billion into the sports portion of the Arts and Sport Development Fund to further promote sports development, including strengthening training for team sports athletes, improving the professional standards of coaches, as well as supporting and exploring more diverse and higher-level sports competitions to be held in Hong Kong. We will continue promoting Hong Kong as a centre for major international sports events and developing sports as an industry through the "M" Mark System.</p>
9.4	Become Asia's Premier Event Venue	183	<p>183. Hong Kong is the Events Capital of Asia. The HKTB will scale up its flagship events and promotion, introducing new elements and extending event duration, and organise more signature festive events to highlight Hong Kong's East-meets-West uniqueness.</p>
<b>Learn</b>			
10	<b>Strengthen Support for Top Talent, Workforce, and Families</b>		
10.1	Formulate Talent Retention Plans	30 (c), 165	<p>30(c). Bringing together high-calibre talents from across the globe: Hong Kong's world-class universities and internationalised environment are conducive to attracting and bringing in top global talents in various sectors, particularly leading experts in the scientific research field from around the world. We will keep nurturing local talents, aligning with the integrated development of "Education, Technology and Talent" of our country.</p> <p>165. Hong Kong ranks first in Asia and fourth globally in the World Talent Ranking 2025. We will continue nurturing local talents, attracting talents globally and developing an international education hub to achieve the integrated development of "Education, Technology and Talent".</p>

10.2	Enhance Employment and Integration Support for TTPS Holders	173-175	<p>173. The various talent admission schemes have attracted over 270000 talented individuals from around the world, with the Top Talent Pass Scheme drawing over 100000 global elites, contributing to Hong Kong's economic development.</p> <p>174. The Hong Kong Talent Engage will continue stepping up its efforts to attract talents from the Mainland and overseas, and expanding its network of working partners to help incoming talents and their families settle in Hong Kong.</p> <p>175. InnoHK has collaborated with more than 30 top universities and research institutions in the Mainland and overseas, bringing together more than 3000 researchers for world-class scientific research collaborations. We launched the \$3billion Frontier Technology Research Support Scheme last year to align with the country's strategic plan for frontier technology development.</p>
10.3	Foster an Inclusive Society to Solidify Global Standing		
10.4	Support Inclusive Families and Strengthen the Workforce	242, 243, 280 (a) (b)	<p>242. To promote all-round women's development, the annual funding for the Women Empowerment Fund will be increased to \$30million starting from the next financial year.</p> <p>243. To strengthen the support for working families, the total number of service places of aided standalone child care centres has exceeded 1530 with an increase of about 12 percent over last year.</p> <p>280 (a). increasing the basic allowance and single parent allowance from \$132,000 to \$145,000, and the married person's allowance from \$264,000 to \$290,000. This measure will benefit about 2.09million taxpayers and reduce tax revenue by about \$3.56billion a year;</p> <p>280 (b) increasing the child allowance and additional child allowance from \$130,000 to \$140,000. This measure will benefit about 360000 taxpayers and reduce tax revenue by about \$680million a year; and</p>
11	<b>Reinforce Global Edge by Elevating English Proficiency</b>		
11.1	Shift English Teaching Towards Real-World Application		
11.2	Implement Citywide Initiatives to Create an English-Rich Environment		
11.3	Align English with Global Gateway Ambitions		
12	<b>Expand Hong Kong's International Education Capacity</b>		

12.1	Allocate and Tender Dedicated Sites for New International Schools	176, 179	<p>176. As a major international education hub, Hong Kong boasts five of the world's top 100 universities and is ranked second globally in terms of education competitiveness according to the World Competitiveness Yearbook 2025 of the International Institute for Management Development (IMD).</p> <p>179. For the development of the NM University Town, we will roll out three sites in Hung Shui Kiu/Ha Tsuen New Development Area shortly for application by UGC-funded universities and universities of applied sciences for campus development. We will earmark \$10 billion for providing loans to support campus development.</p>
12.2	Repurpose Decommissioned Schools Through Bidding		
12.3	Broaden the "Study in Hong Kong" Campaign with Industry Partnerships	180	<p>180. The Education Bureau (EDB) has established the Task Force on Study in Hong Kong to attract top-notch students globally. The "Study in Hong Kong" week, currently underway, features key events including the Asia-Pacific Association for International Education Conference and Exhibition (APAIE 2026), which is one of the world's top three international higher education conferences, and the international symposium hosted by the Alliance of Universities of Applied Sciences.</p>

Relevant ideas suggested by the Chamber previously	FS Budget Paragraph	FS Budget Speech
<p><b>[2025-26 Budget Submission]</b> Support for SMEs</p>	<p>131-135</p>	<p>131. The growing popularity of online shopping and changing consumption patterns have posed challenges to some sectors. The Government is enhancing various measures to strengthen the competitiveness of SMEs.</p> <p>132. The Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) has been well-received by enterprises. The Government will inject \$200million into the fund, raise the funding ceiling of "Easy BUD" to \$150,000perapplication, and provide more targeted funding support for enterprises in Aapplication.</p> <p>133. The Hong Kong Export Credit Insurance Corporation will introduce a pilot scheme this year to provide protection for SMEs engaging in exports with higher-risk buyers.</p> <p>134. The Government will continue providing loan guarantees to enterprises through the SME Financing Guarantee Scheme. We have extended the application period for the 80% Guarantee Product to the end of March2028 and also extended the application period for the principal moratorium arrangement to mid-November this year. The total loan guarantee commitment under the Scheme will increase by \$20 billion.</p> <p>135. Hong Kong's food industry can leverage its reputation for quality to further expand into the Mainland and international markets. We will continue seeking market access and simplified customs arrangements of the Mainland for a wider range of local food products. The Centre for Food Safety will waive the fees related to the certification of food products for twoyears. Besides, we will introduce a new unified brand for local agricultural and fisheries products in the middle of this year, supported by a certification, testing and traceability mechanism.</p>
<p><b>[2025-26 Budget Submission]</b> Expansion of Double-Tax Treaties to more jurisdictions</p>	<p>125</p>	<p>125. Hong Kong has so far signed a total of 55Comprehensive Avoidance of Double Taxation Agreements (CDTA), including those signed with Jordan, Maldives, Norway and Rwanda lastyear. We will further expand our CDTA network.</p>

<p><b>[2025-26 Budget Submission]</b> Provide subsidies at pace for sustainable conversions on electric vehicles</p>	<p>207</p>	<p>207. We will continue promoting the use of electric vehicles (EVs). The first registration tax (FRT) for electric commercial vehicles, electric motorcycles and electric motor tricycles will continue to be waived in full until end-March2028. Given the maturity of technology, ample supply, more choices of vehicle models and reduced prices, the current FRT concession arrangement for electric private cars will not be extended beyond its expiry at the end of March this year. The Environment and Ecology Bureau will announce the details in due course.</p>
<p><b>[2025-26 Budget Submission]</b> Encourage developers to invest in senior residence schemes</p>	<p>236, 237</p>	<p>236. From the next financial year onwards, the Government will increase the number of Community Care Service Vouchers for the Elderly by 4000 to 16000 and the number of Residential Care Service Vouchers for the Elderly by 1000 to 7000, involving an estimated full-year expenditure of \$1.2 billion and \$1.97 billion respectively. The Government will also promote the further development of the elderly care services market, while promoting the parallel development of publicly-funded and market-based services, thereby enhancing the overall service capacity.</p> <p>237. The Government has been supporting cross-boundary elderly care. Starting this month, the Residential Care Services Scheme in Guangdong has included two more residential care homes for the elderly (RCHes), resulting in a total of 26 RCHes covering all nine cities of the GBA. The two-year Pilot Medical Subsidy Arrangement was also launched at the end of last year. The subsidy is subject to an annual ceiling of RMB10,000 per person for out-patient expenses and RMB30,000 per person for in-patient expenses.</p>
<p><b>[2024-25 Budget Submission]</b> A review of the taxation structure of REITS to allow them to be an effective domestic capital raising format and the study of a Beijing connect</p>	<p>92</p>	<p>92. To enrich mutual-market access, we will actively explore with the Mainland to expedite the issuance of Mainland government bond futures in Hong Kong, the inclusion of real estate investment trusts (REIT) under mutual access and the inclusion of a RMB trading counter under the Southbound trading of the Stock Connect. We will explore further enhancements to the Bond Connect.</p>
<p><b>[2025 AI White Paper]</b> Establish Hong Kong as a Global Service Hub</p>	<p>33</p>	<p>33. Hong Kong's strengths in innovative scientific research and commercialisation of research outcomes lie in our internationalised qualities, strong research capabilities, support of financial sector and a rich pool of high-calibre talents. We are stepping up support measures such as computing power, land and capital, together with GBA cities' well-developed advanced manufacturing, to enhance our influence as a global source of original innovation.</p>

<p><b>[2025 AI White Paper]</b> Build Alliance between GBA and Northern Metropolis for AI Integration</p>	<p>33</p>	<p>33. Hong Kong's strengths in innovative scientific research and commercialisation of research outcomes lie in our internationalised qualities, strong research capabilities, support of financial sector and a rich pool of high-calibre talents. We are stepping up support measures such as computing power, land and capital, together with GBA cities' well-developed advanced manufacturing, to enhance our influence as a global source of original innovation.</p>
<p><b>[2025 AI White Paper]</b> Align AI Infrastructure with Utilities Planning</p>	<p>40, 41</p>	<p>40. Hong Kong's overall computing power has now reached 5000 petaFLOPS, laying an important foundation for supporting AI development.</p> <p>41. The data facility cluster at Sandy Ridge, which can provide a gross floor area of 250000 square metres, will further enhance Hong Kong's overall computing power. The tender result of the site will be announced shortly. The cluster will render crucial support for data and computing power required by the use of AI.</p>
<p><b>[2025 AI White Paper]</b> Drive Enterprise AI Adoption</p>	<p>38, 39</p>	<p>38. We are making proactive efforts to align with the National AI+ Initiative by promoting "industries for AI" and "AI for industries" through application. The Hong Kong Artificial Intelligence Research and Development Institute Company Limited will come into operation in the second half of this year. The company aims to promote AI+ development and transformation of R&amp;D outcomes. It will also advise on matters such as the governance framework and regulatory regime for AI development.</p> <p>39. The Hong Kong Monetary Authority (HKMA) and Cyberport have recently commenced trials for the second cohort of sandbox, focusing on "AI vs. AI" strategies for promoting secure and responsible AI application in the banking sector.</p>

<p><b>[2025 AI White Paper]</b> Enhance AI Governance</p>	<p>49</p>	<p>49 (c) Flood alert: The Drainage Services Department (DSD) will enhance its smart flood forecast and alert system. Besides, the DSD has developed an AI large vision-language model to analyse the images captured by street cameras, thereby speeding up emergency response; and (d) Landslide risk assessment: To enhance the Landslip Warning system, the Civil Engineering and Development Department will consolidate Hong Kong's rainfall data, landslide records and man-made slope data this year for conducting real-time and dynamic landslide risk assessment.</p>
<p><b>[2025 AI White Paper]</b> Strengthen AI Readiness in Schools and Universities</p>	<p>44, 46</p>	<p>44. In the 2025/26 to 2027/28 triennium, the University Grants Committee (UGC)-funded universities will introduce a total of 27 undergraduate programmes related to STEAM, including AI, creative industries, data science, etc. As regards self-financing post-secondary institutions, AI-related programmes will be given priority to be included in the Study Subsidy Scheme for Designated Professions/Sectors starting from 2027/28 academic year. Meanwhile, the Vocational Training Council (VTC) also includes AI application in the compulsory modules on Information Technology for all of its Higher Diploma programmes.</p> <p>46. The Quality Education Fund has earmarked \$2 billion to take forward digital education in primary and secondary schools by offering school-based AI education programmes and subsidising students to participate in related activities. We also provide AI training for teachers.</p>
<p><b>[2025 AI White Paper]</b> Boost AI Workforce with Targeted Subsidies Among Young Professionals</p>	<p>42, 43, 45</p>	<p>42. AI brings new opportunities to society and employment market. The key is to popularise the understanding and use of AI by all levels of society.</p> <p>43. We will invite public organisations to organise, in collaboration with technology enterprises and tertiary institutions, AI application courses, seminars and competitions targeting students, young people and members of the public for enhancing their AI awareness and application skills, and to be responsible AI users. We will allocate \$50 million to take forward this initiative.</p> <p>45. The Employees Retraining Board (ERB) will be upgraded as Upskill Hong Kong, providing various types of skill-based training courses, including AI application, thereby enhancing the competitiveness of the local workforce.</p>

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