Hong Kong General Chamber of Commerce
香港總商會1861

香港總商會
香港金鐘道統一中心廿二樓
Hong Kong General Chamber of Commerce
22/F United Centre,
95 Queensway, Hong Kong
Tel (852) 2529 9229
Fax (852) 2527 9843
Email chamber@chamber.org.hk
www.chamber.org.hk

Helping Business since 1861

8 August 2025

The Honourable John K C Lee, GBM, SBS, PDSM, PMSM
Chief Executive
Hong Kong Special Administrative Region
Central Government Offices, Tamar
Hong Kong

Dear Chief Executive,

Policy Address Submission 2025

The Hong Kong General Chamber of Commerce (the Chamber) is pleased to present our recommendations on the HKSAR Government's policy priorities as you prepare for your upcoming Policy Address.

The global economy faces significant uncertainties from rising geopolitical tensions and escalating tariff disputes, while the emergence of the Global South is reshaping global power into a new world order. As the most prominent international city in the region, Hong Kong is uniquely positioned to navigate and lead through these uncharted waters. In our submission, we strategically propose a three-tiered approach: creating confidence for immediate action, accelerating the transformation to a smart city in the medium term, and building long-term resilience to adapt to the evolving economic landscape.

As the economies of Hong Kong and the GBA become increasingly integrated, we also see opportunities to foster closer collaboration across various sectors, including finance, data, innovation, and emerging growth industries such as low-altitude and green industries.

The attached outlines our views on the actions that the Government could consider adopting in its policy agenda to promote sustainable growth and strengthen our standing as a premier international business hub.

As always, the Chamber is committed to partnering with the Government to drive initiatives that will foster a positive and prosperous future for Hong Kong.

Yours sincerely,

Agnes Chan
Chairman

Encl.

Hong Kong General Chamber of Commerce

Submission to 2025 Policy Address

As the world grapples with rising geopolitical tensions and escalating tariff disputes, businesses and individuals face increasing uncertainty. This constantly shifting landscape is driving many to rethink their strategies for resource and capital allocation, while diversifying to reduce their risks. Fostering confidence amid global volatility will be crucial to mitigate current challenges. Hong Kong must continue to reinforce its role as a free port and further cultivate its business-friendly environment, solidifying its position as a preferred destination for doing business for companies from around the world. Against this backdrop, we propose a three-tiered approach to seize the opportunities in these uncertain times.

I. Immediate Action: Creating Confidence

Hong Kong is widely recognised as an open and business-friendly hub. It fosters commercial activity and international trade, supported by a free-market economy, a simple and competitive tax regime, a robust legal framework, and world-class infrastructure. Increasing global uncertainties—fueled by erratic US trade policies—combined with intense competition in the region, make business certainty and transparency in Hong Kong more crucial than ever. We believe adopting regulatory impact assessments would further enhance this objective and stimulate business growth. Additionally, to reinforce Hong Kong's global competitiveness, we must develop a headquarters economy, and further strengthen the competitiveness of key industries, such as finance and shipping.

II. Mid-term Strategy: Accelerating Smart City Transformation

Amid rapid technological advancement and economic transformation, nurturing talent to meet Hong Kong's future needs has become imperative. While attracting global professionals remains important, prioritising investment in local talent is essential to cultivate a skilled workforce. Our vision is to create a diverse, artificial intelligence (AI) empowered talent pool that drives Hong Kong's innovation ecosystem. By promoting data-driven innovation, we can accelerate the development of the digital economy and strengthen strategic sectors, such as AI and the low-altitude economy.

III. Long-term Goal: Building Resilience

With only 25 years remaining to achieve its 2050 carbon neutrality goal, Hong Kong must accelerate its transition to a greener, more sustainable future. The growing circular economy demonstrates how effective environmental policies can simultaneously improve the environment and the economy. Moreover, enhancing the quality of living will help attract and retain both local and international talent, directly strengthening our human capital. As demographic challenges intensify, the Government should take the lead to formulate the population growth strategy, while improving healthcare accessibility to ensure long-term, sustainable development of society.

Contents

CREATING CONFIDENCE ***3***

1 Enhancing Hong Kong's International Standing 3

2 Strengthening a Business-friendly Environment 3
Supporting SMEs 3
Promoting Uniqueness of Bilingual Common Law System 4
Adopting Regulatory Impact Assessment 4

3 Enriching Vibrant City Living 5
Reviving Food and Beverage Industry 5
Revitalising Tourism 6

4 Consolidating Competitiveness 6
Developing a Headquarters Economy 6
Strengthening Hong Kong's Status as an International Financial Centre 7
Fostering Intellectual Property Trading 11
Enhancing Port Competitiveness 12

ACCELERATING SMART CITY TRANSFORMATION ***13***

5 Nurturing Future-ready Talent 13
Fostering a Diverse Talent Pool 13
Building an AI-powered Workforce 14

6 Enhancing the Innovation Ecosystem 15
Driving the Digital Economy 15
Powering Data-driven Innovation 16
Developing Low-altitude Economy 18

BUILDING RESILIENCE ***19***

7 Building a Green and Sustainable City 19
Accelerating Infrastructure Development 19
Expediting Clean Energy Transition 19
Achieving Zero-carbon Transportation 20
Transitioning to a Circular Economy 22

8 Navigating the Demographic Shift 23
Formulating Population Growth Strategy 23
Improving Access to Healthcare 23
Driving Medical Innovations with AI 24

CREATING CONFIDENCE

1 Enhancing Hong Kong's International Standing

1.1 The Chamber's recent Asian Cities Internationality Index ranked Hong Kong as the most international city in Asia, reaffirming the city's global standing, which is supported by its free port status, sophisticated financial market, advanced infrastructure, and global connectivity. Given the economic policy uncertainty in the US, this is an opportune moment for Hong Kong to enhance its status as an international city and attract businesses and talent. To this end, we suggest that the Government:

1.1.1 In the short term, launch a targeted marketing campaign to reassert Hong Kong's status as an international city, highlighting its unique advantages compared to other regional and Mainland cities. Leverage world-class cultural facilities, including Kai Tak Sports Park and M+, to host international events that attract overseas visitors and showcase the vibrancy of Hong Kong;

1.1.2 In the medium term, proactively attract overseas enterprises to establish a presence in Hong Kong. These companies will bring substantial economic benefits, attracting new funds, cutting-edge technologies, and top talent. InvestHK and OASES can reach out to headquarters that left the city in recent years and encourage their return, as they are already familiar with the local business environment; and

1.1.3 In the long term, dedicate resources to addressing global issues such as climate change, sustainable development, and shifting demographics. This commitment will not only demonstrate the city's leadership on the international stage but also position it as a proactive participant in global dialogues.

1.2 Overall, to enhance Hong Kong's global standing, it is essential to strengthen all facets of society, from the diversity of human capital to the robustness of the innovation ecosystem and the dynamics of cultural interaction. These elements are interconnected, and success relies on a holistic approach rather than focusing on any single aspect. Further details are addressed in the following sections.

2 Strengthening a Business-friendly Environment

Supporting SMEs

2.1 Hong Kong SMEs are facing multiple challenges, including tightening financing conditions, intense market competition, and growing economic uncertainty. To support SMEs through these challenging times, we suggest that the Government:

2.1.1 Extend the application period of the SME Financing Guarantee Scheme for one-year to end-March 2027. Many SMEs are grappling with cash flow issues, alongside high operating costs like labour and rent. Extending the government-guaranteed financing/loan scheme can help SMEs restructure their finances and release debt burdens;

2.1.2 Reconsider the planned merger of the SME Export Marketing Fund (EMF) and the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) set for after 30 June 2026. Maintaining these separate funds will allow for greater flexibility and targeted support for businesses, particularly since the BUD Fund does not cover all geographic regions served by the EMF and involves a more time-consuming and complex application process. Additionally, consider increasing the EMF funding to better support SMEs' export marketing initiatives;

2.1.3 Simplify procedures for applying to various funding schemes. Currently, funding programmes like the Research Talent Hub are often associated with lengthy application assessments and slow fund disbursement, leading to cash flow pressures and delays in project executive for innovative enterprises and research teams. To improve predictability and project planning certainty, consideration should be given to establishing clear and transparent timelines for each funding stage from application to disbursement, and enhance cross-departmental coordination to streamline assessment and approval workflows, ensuring that resources reach beneficiaries efficiently; and

2.1.4 Adopt a differentiated approach to banking regulation for smaller banks. Strict regulations can increase compliance challenges, making it more costly for banks to onboard new customers. Smaller banks play a crucial role in providing banking services to startups and established SMEs. Implementing a tiered approach, such as varying capital requirements, will offer greater flexibility for these banks and facilitate easier access to financing for SMEs.

Promoting Uniqueness of Bilingual Common Law System

2.2 Hong Kong stands out as the only jurisdiction in the world that has a truly bilingual common law system, using both English and Chinese. This distinctive feature positions Hong Kong as a gateway to Mainland China and as a connector between the East and the West. To further enhance the transparency of the legal system, we propose that the Government consider publishing bilingual judgements. Currently, judgments are published in either English or Chinese, but not always in both languages. With advancements in artificial intelligence (AI), this can be done more efficiently and at a reduced cost.

Adopting Regulatory Impact Assessment

2.3 Regulatory Impact Assessment (RIA) is recognised by most OECD countries as a key tool for enhancing the quality of regulatory decision-making. We reiterate our call for the adoption of a comprehensive RIA system in Hong Kong across all government policy areas, particularly during this critical period of economic transformation.

2.4 A mechanism already exists in the form of the “Be the Smart Regulator” Programme, launched in 2007, aimed at improving the efficiency, transparency and business-friendliness of the licensing regime. Over the years, participating bureaus and departments have implemented various business facilitation measures to enhance efficiency and transparency for businesses.

2.5 However, the existing mechanism has a limited scope and does not provide the comprehensiveness needed to adequately assess the potential impacts of regulations. For example, the Government currently offers additional gross floor area (GFA) concessions to underground and no more than one above-ground parking spaces. This has led developers to construct underground car parks, which, however, involve higher construction and operation costs, as well as lower energy efficiency, as compared with above-ground car parks, contradicting the Government's decarbonisation strategy. This raises concerns about the sustainability and practicality of underground car parks, underscoring the need to reevaluate current policies.

2.6 We suggest that the Government leverage on the existing mechanism to design an effective RIA framework for Hong Kong. With the RIA mechanism in place, the Government can review all existing and new laws, assess their potential impacts, both positive and negative, to ensure that legislation more effectively safeguards public interest.

3 Enriching Vibrant City Living

Reviving Food and Beverage Industry

3.1 The pandemic has led to shifts in consumption habits and changes in the daily behaviors of both locals and tourists. The retail sector is facing immense pressure in adapting to the new trends, the food and beverage (F&B) sector is particularly affected by this downturn, grappling with decreasing demand, and high operating costs. To this end, we suggest that the Government:

3.1.1 Implement a targeted lease discount or subsidy initiative. Such support would ease financial pressure on F&B operators, empowering them to maintain product standards and reinvest in innovation, thereby helping to retain and attract discerning northbound customers. Given that the Government is a major landlord, these initiatives should be implemented in government properties and retail facilities of Link;

3.1.2 Relax restrictions on open-air dining. Making good use of outdoor spaces can create a vibrant atmosphere that attract people to stay for consumption. However, traditional dai pai dongs, a unique aspect of Hong Kong's food culture, face stringent regulations that often force them to reduce outdoor seating or move indoors. The Government should allow greater flexibility and relax regulations for operating open-air dining while maintaining necessary controls. Preserving this iconic tourist attraction is essential before it risks becoming a historical relic; and

3.1.3 Ease regulations on pet-friendly dining premises. While pet ownership has become increasingly popular in recent years, pets are still prohibited from entering food premises. Relaxing these restrictions would better meet evolving customer needs and create new opportunities for restaurants.

Revitalising Tourism

3.2 Visitor arrivals in Hong Kong are recovering slowly, alongside a persistent northbound travel trend among local residents, which dampens tourism vitality. Efforts should be made to attract high-spending tourists, stimulate growth in the hospitality, retail, and entertainment sectors, and enhance global visibility. We recommend that the Government:

3.2.1 Reimagine and revitalise heritage sites into dynamic tourist destinations that seamlessly integrate nearby F&B establishments. This approach will offer visitors authentic cultural and culinary experiences while preserving Hong Kong's rich heritage and stimulating economic growth in the surrounding areas;

3.2.2 Introduce a diverse lineup of sports and arts events, as well as innovative collaborations with popular IP to reinforce Hong Kong's reputation as Asia's event capital. Actively promote and bid for major international sports competitions, such as cycling, golf, snooker, and tennis tournaments;

3.2.3 Launch a distinctive #HongKongOnly campaign. For example, promote immersive, in-depth tourism with themes such as local culture, arts, cuisine, and natural beauty, to showcase unique experiences exclusive to Hong Kong; and

3.2.4 Implement a dedicated campaign to attract international visitors. Currently, over 70% of visitors come from Mainland China. More efforts should be made to attract long-haul travellers, who are likely to stay longer and spend more.

4 Consolidating Competitiveness

4.1 The 14th Five-Year Plan is coming to a successful conclusion, and the 15th Five-Year Plan will commence in 2026, shaping national priorities from 2026 to 2030. We recommend that the Government adopt a five-year strategic planning framework to align with the Mainland's 15th Five-Year Plan. This approach would enhance policy continuity and establish a long-term vision. Additionally, it would facilitate Hong Kong's integration into national development strategies, including the Greater Bay Area (GBA) and Belt and Road Initiative, while reinforcing Hong Kong's position as international centre for finance, trading, transportation, and innovation.

Developing a Headquarters Economy

4.2 We applaud the Government's efforts to promote development of a headquarters economy in recent years. However, more needs to be done to win the race for international companies. We reiterate our call for preferential tax rates for regional headquarters (RHQs) such as adopting 50% of the normal tax rate (i.e., 8.25%) for profits derived by RHQs in the city. Consideration could be given to replicating Singapore's approach, with eligibility criteria including factors such as the number of local employees hired and meeting specific expenditure thresholds.

4.3 Priority should be given to enterprises that left Hong Kong in recent years, as they are familiar with the local business environment. For example, attracting shipping companies to establish head offices in Hong Kong will help rebuild the shipping line ecosystem. Currently, among the world's top 12 shipping companies and their subsidiaries have established their RHQs in Hong Kong, compared with at least 13 in 2004. The Government should provide more incentives to attract shipping companies to establish their RHQs in Hong Kong. This initiative will not only increase cargo volume but also enhance the competitiveness of Hong Kong Port and create new employment opportunities in the city.

4.4 In addition, the Government should continue efforts to attract multinational and Mainland corporations to establish corporate treasury centres (CTCs) in Hong Kong. These CTCs perform a variety of functions, including invoicing, supply chain financing, foreign exchange management, and investing. Bringing in these CTCs will also encourage the establishment of RHQs in Hong Kong. In this connection, we suggest that the Government:

4.4.1 Enhance overall tax benefits. Current tax law limits deductions on interest expenses paid by Hong Kong taxpayers to Hong Kong CTCs. Consideration should be given to revising this policy, as the reduced tax benefits discourage Hong Kong entities from borrowing from their local CTCs; and

4.4.2 Provide non-tax facilitation. To strengthen Hong Kong's competitive edge in offshore financing, greater facilitation should be provided for Chinese outbound direct investment and offshore debt approvals related to activities in Hong Kong. For example, corporates face recurring challenges in getting clarity on their tax treatment under the CTC tax regime. Establishing a green lane within Mainland authorities or a dedicated desk in Hong Kong will help banks and corporations follow up the approval process more efficiently.

Strengthening Hong Kong's Status as an International Financial Centre

- *Digital Asset*

4.5 The Government is committed to establishing Hong Kong as a global hub for innovation in the digital asset field. However, the current focus is largely on tokenisation of financial assets, such as security tokens and stablecoins. There is significant untapped potential in real-world asset (RWA) tokenisation, including sectors like property, IP, carbon credits, and collectibles. RWA tokenisation based on blockchain technology can effectively improve the transparency and liquidity of assets. We suggest that the Government:

4.5.1 Form an inter-departmental task force to provide clear guidelines, coordinate cross-agency policy development, and engage industry stakeholders in formulating a forward-looking RWA tokenisation strategy;

4.5.2 Establish a "RWA Exchange Pilot Scheme" under a regulatory sandbox framework, allowing qualified operators to trial trading and tokenisation platforms for real world assets that are non-financial in nature; and

4.5.3 Strengthen international regulatory coordination. The Government should actively establish regulatory mutual recognition frameworks with other major global financial centers, aligning core requirements such as license qualifications and information disclosure. This approach will reduce repeated reviews in cross-border businesses and lower compliance costs enterprises engaged in cross-border transactions.

4.6 With the Stablecoins Ordinance now in effect, the Government should consider broadening the scope of stablecoin licenses to include stablecoins pegged to the renminbi (RMB), thereby reducing reliance on the US dollar. Additionally, implementing strong risk management and anti-money laundering frameworks will help prevent misuse and enhance credibility. This approach will position Hong Kong as a leading hub for RMB stablecoins, facilitating cross-border trade and supporting digital finance.

- *Gold Trading*

4.7 Market volatility and geopolitical uncertainty often drive investors toward gold as a safe haven asset. We support the Government's initiative to propel Hong Kong into an international gold trading centre and create a commodity trading ecosystem. To facilitate financial trading of gold, we propose that the Government:

4.7.1 Establish an OTC Trading and Central Clearing and Settlement System to attract international participation. This initiative will the formation of a dedicated trade association for precious metals, which will focus on driving industry self-discipline, grooming talent, and strengthening the regulatory framework;

4.7.2 Aligning with the London Bullion Market Association (LBMA) standards on good delivery, precious metals market code of conduct, and responsible sourcing is crucial for ensuring the integrity, transparency, and fairness of the Hong Kong market in the long run;

4.7.3 Scale up ancillary services, including testing, insurance, and logistics, to create a comprehensive ecosystem similar to that of London. Partnerships with the Shanghai Gold Exchange (SGE) and the LBMA to rollout new products and services; and

4.7.4 Develop 24/7 trading platforms to bridge the gaps in trading hours between Asia, Europe and the US. Leveraging the Gold Connect scheme to facilitate gold investments and settlement in RMB and more streamlined cross-border trading.

- *RMB Internationalisation*

4.8 Investors are re-assessing their asset allocation strategies and are increasingly inclined to diversify away from US dollar assets. As the world's largest offshore RMB business hub, Hong Kong plays a critical role in generating the flywheel for offshore RMB usage. To boost offshore RMB liquidity, we suggest that the Government:

4.8.1 Further enhance Southbound Stock Connect. Consideration should be given to enabling onshore investors to use RMB for transactions; including the 24 HKD-RMB dual-counter stocks as eligible securities; expanding the product scope to include assets that fall within the risk appetite of pension funds and insurers; and expanding the aggregate quota;

4.8.2 Expand RMB bond usage for interest rate and investment risk management. Consideration should be given to opening the onshore repurchase agreement (repo) market to foreign investors through the China Interbank Bond Market; establishing more avenues for using onshore Chinese government bonds as collateral offshore, such as through Global Triparty providers, while ensuring that regulations facilitate seamless use both onshore and offshore for repo transactions via title transfer or pledge; launching trading of RMB sovereign bond futures on the Hong Kong Stock Exchange; and

4.8.3 Establish a Hong Kong-ASEAN Foreign Exchange Trading Center. With the support of the People's Bank of China, the Hong Kong Monetary Authority (HKMA) can consult with the central banks of ASEAN countries to introduce a local currency liquidity facility for participating countries via Hong Kong. This initiative will establish a bilateral quotation and market-making mechanism to enhance the liquidity of direct exchange between RMB and ASEAN currencies. By increasing market participants and scale, this approach will help foster the role of RMB as a regional anchor currency.

- *Green Finance*

4.9 In the area of green finance, enhancing the green finance infrastructure and the ESG data ecosystem is crucial to support Hong Kong's ambition of becoming a leading green finance hub. To this end, we suggest that the Government:

4.9.1 Issue clear guidance on ESG standards and methodologies for sustainability-linked financing, aligned with international reporting frameworks, performance improvement, and guidelines;

4.9.2 Explore the potential of tokenising green energy assets, integrating them into the broader green finance development framework, as tokenisation could transform how renewable energy projects are funded; and

4.9.3 Diversify data sources for the HKMA Physical Risk Assessment Platform by incorporating multiple external benchmarks and providers to ensure the robustness of data for banks analysing the risk of their property assets.

4.10 Regarding climate-related financial disclosures, consideration should be given to the inclusion of safe harbour provisions in the reporting of Scope 3 greenhouse gas (GHG) emissions. With the IFRS-based Climate Disclosure for Scope 3 reporting set to take effect on 1 January 2026 for large-cap issuers, we strongly recommend the introduction of such provisions for Scope 3 reporting and future-facing statements, particularly regarding the potential financial impacts of climate-related risks and opportunities. For instance, Australia has implemented a fixed three-year relief period for disclosures related to Scope

3 emissions and certain forward-looking statements, during which only regulators can take action. By establishing clear criteria, this approach will encourage companies to disclose forward-looking information without the fear of legal repercussions.

- *Stock Market*

4.11 Hong Kong's IPO market rebounded sharply in the first half of 2025, raising HK$107.1 billion across 42 listings, representing a 700% increase in funds raised and the strongest performance since 2021. To sustain this market momentum, we suggest that the Government:

4.11.1 Launch IPO Connect with a phased approach, starting with large-cap companies, while prioritising investor protection and regulatory harmonisation. This initiative will enable onshore investors to subscribe to IPOs in Hong Kong, enhancing cross-border capital flows; and

4.11.2 Attract IPOs of ASEAN and Middle Eastern firms by simplifying listing procedures and reducing approval timelines. Target firms in these regions, particularly in the energy, infrastructure, and consumer sectors, leveraging the newly established Economic & Trade Offices in Riyadh and Kuala Lumpur to support outreach.

4.12 Despite recent reforms, GEM remains underutilised. To maximise its potential, consideration should be given to further relaxing listing criteria to attract SMEs and improve liquidity. The Government should also actively promote GEM as a platform for high-growth and R&D-driven firms. In particular, it is essential to develop more efficient transfer mechanisms to facilitate the movement of companies from GEM to the Main Board, providing a clear pathway for high-growth firms to transition as they mature.

4.13 Excessive ownership concentration in listed firms can distort governance dynamics and undermine minority shareholder rights. To foster a more balanced and transparent market environment, we recommend that the Government conduct a comprehensive review of shareholding structures to identify systemic risks associated with concentrated ownership. Consideration should be given to introducing enhanced disclosure requirements and governance safeguards to mitigate undue influence by controlling shareholders. Promoting the diversification of shareholding can improve price discovery, liquidity, and investor confidence.

4.14 Despite a strong surge in the average daily turnover of exchange-traded funds (ETFs), which reached HK$33.8 billion in the first half of 2025—a 184% year-on-year increase—Hong Kong's ETF market has slipped in global rankings due to limited product diversity, subdued retail investor participation, and constrained market access. To reinstate Hong Kong as a premier ETF hub, we recommend that the Government implement tax incentives and stamp duty exemptions for ETF market makers and liquidity providers to reduce costs and improve market depth. Consideration should be given to streamlining listing requirements to encourage innovative and cross-border ETF products, including thematic, sectoral, and RMB-denominated ETFs. Additionally, it is essential to integrate ETFs with the new Integrated Fund Platform, enabling broader distribution channels for both retail and institutional investors. Hong Kong is well-positioned as a leading regional ETF gateway, leveraging its world-class legal system, financial infrastructure, and role as the connector between Mainland China and global markets.

- *Bond, Aviation Finance and Supply Chain Finance*

4.15 The total revenue premiums of in-force insurance business in Hong Kong in 2024 reached HK$537.4 billion. Given this scale, we suggest that the Government issue more HKD-denominated long-term bonds to support local investment and reduce currency mismatch. Furthermore, the Government Sustainable Bond Programme and the Infrastructure Bond Programme should be expanded to attract institutional investors.

4.16 Hong Kong is well-positioned to capitalise on the rapidly increasing global demand for aircraft financing services and to develop as an aircraft leasing and financing hub. The Aircraft Leasing Preferential Tax Regime offers a concessionary tax rate of 8.25% and full deductions for aircraft acquisition costs. Legislative amendments in 2024 have expanded the regime to include wet leases and funding leases, while also removing restrictions on lease terms. Strong demand in the Asia-Pacific region, particularly in Mainland China, further supports growth in aircraft financing.

4.17 Additionally, Hong Kong should expand supply chain finance in emerging markets by offering consulting services, trade finance, and corporate training. We suggest that the Government collaborate with GBA regulators to facilitate cross-boundary credit referencing and financing access.

Fostering Intellectual Property Trading

4.18 IP-intensive industries contributed approximately 30% to GDP and total employment in Hong Kong. To build on this strength, we suggest that the Government:

4.18.1 Establish internationally accepted IP valuation standards across patents, trademarks, copyrights, and trade secrets, thereby businesses can more easily assess the worth of their IP, facilitating investment and trade;

4.18.2 Create transparent, independent, and fair valuation protocols to support IP-backed financing and investment. Such protocols will encourage lenders to accept IP as a viable asset class;

4.18.3 Promote IP financing and mortgaging, by encouraging financial institutions to integrate IP assets into their lending frameworks. Therefore, businesses can reliably use their IP as collateral for financing, increasing access to capital for innovative enterprises ;

4.18.4 Strengthen IP arbitration and dispute resolution services, leveraging Hong Kong's legal infrastructure and bilingual professionals. A robust dispute resolution mechanism will provide businesses with confidence in protecting their IP rights;

4.18.5 Attract and nurture talent in the IP sector. Consideration can be given to collaboration with the Qualifications Framework Secretariat to develop specialised training programmes in IP management, valuation, and law; and

4.18.6 Develop a mutually recognized IP standard within the GBA to facilitate cross-border IP commercialisation. By harmonising IP regulations and standards, the GBA can enhance its competitiveness as a hub for innovation and technology.

Enhancing Port Competitiveness

4.19 In the face of intense competition among ports in the GBA, the Government should seek policy support from the Central Government to coordinate the roles of these ports. A combined port system within the GBA with optimised policies will help form a highly competitive world-class port cluster. To this end, the Government should seek endorsement from the Central Government to establish Hong Kong as the cold chain hub for the GBA. The cold-chain business is crucial to Hong Kong's port industry, with around 572,000 TEU of refrigerated containers handled at Kwai Tsing Container Terminals in 2024, accounting for over 5.5% of total volume. By leveraging Hong Kong's strengths in managing cold chain cargo, such as its advanced infrastructure, efficient customs clearance, and expertise in managing handling perishable goods, this initiative would position Hong Kong as a leading specialist in this area.

4.20 In the context of rising geopolitical tensions and global economic instability, Hong Kong continues to benefit from its status as a free port, and its role as a super-connector and value-added service provider. To bolster the competitiveness of the Port of Hong Kong, it is crucial to further improve efficiency. We recommend that the Government:

4.20.1 Drive and facilitate the simplification of customs arrangements between Hong Kong and Mainland cities. For example, extending the clearance point network of the Single E-lock Scheme to more Mainland cities and introducing the "Joint Boundary Control System" between Hong Kong and Shenzhen such that it will allow cross-boundary cargo flow to be streamlined, reducing time and costs;

4.20.2 Offer transshipment cargo exemption for strategic commodities to allow eligible cargo operators which have registered with the Trade and Industry Department to be exempted from licence applications;

4.20.3 Waive port facilities and light dues for ocean-going vessels and barges operating in Hong Kong waters, lowering the fees and driving additional traffic to Hong Kong; and

4.20.4 Enhance the depth and breadth of data within the Port Community System (PCS). Set to be rolled out in early 2026, the PCS will integrate sea, land, and air transport data. The Transport and Logistics Bureau (TLB), along with the Logistics & Supply Chain MultiTech R&D Centre (LSCM), should consider these aspects in developing the system to support smart port development.

ACCELERATING SMART CITY TRANSFORMATION

5 Nurturing Future-ready Talent

Fostering a Diverse Talent Pool

5.1 One of the key factors in Hong Kong's past success has been its diverse talent pool, which fosters human connections that turn into enduring business ties. We commend the Government's concerted efforts to attract talent and address the manpower gap through various talent admission schemes. However, talent from Mainland China currently constitutes a significant majority of this pool. We believe it is essential to maintain a healthy balanced and diverse talent pool, encompassing varied backgrounds and expertise to drive innovation. To this end, we suggest that the Government:

5.1.1 Step up efforts to attract talent from overseas markets, particularly in areas such as supply chains, trade, ESG, fintech, virtual assets, and other specialised fields. Additionally, focusing on emerging markets like ASEAN and the Middle East will help bring in expertise that can facilitate the expansion of Hong Kong businesses into these regions; and

5.1.2 Expand the engineering workforce to drive innovation. Consideration should be given to attracting engineering talent from other regions to work in Hong Kong through Mutual Recognition of Qualifications, talent search, and attractive immigration policies.

5.2 In addition to attracting overseas talent, it is crucial to invest in the local talent to address the long-term manpower shortage and skills gap, nurturing sufficient high-quality talent to support Hong Kong's future development. We suggest that the Government:

5.2.1 Uplift workforce quality and stability by providing retraining subsidies and tax incentives for employers, along with employment support and continuing education. For example, Singapore's SkillsFuture provides a comprehensive training platform that equips citizens with opportunities for skills development, particularly in digital and technology fields, along with comprehensive career guidance and job matching services to help the workforce thrive in today's dynamic workplace;

5.2.2 Support women in rejoining the workforce. Hong Kong's labor force participation rate remains critically low at around 57%, lagging behind regional peers like Singapore and Tokyo. The Government should assist women returning to work by offering career guidance, skills training, and onboarding assistance, similar to Singapore's herCareer initiative; and

5.2.3 Encourage students to pursue STEM-related subjects or engineering disciplines. The Government should review the secondary school curriculum and university admissions requirements. Consideration could be given to making Physics a required subject for science students in the senior secondary curriculum, ensuring a solid foundation for their future studies in various engineering paths.

Building an AI-powered Workforce

5.3 Workplaces are rapidly adopting AI to enhance efficiency. While there are concerns that many jobs may be replaced by AI, this shift signifies a transformation in the skill sets needed for the future. Instead of focusing on reducing employee numbers for cost-cutting, we should empower the local workforce to evolve and adopt AI constructively to improve the quality of work. Throughout this transition, it is crucial to align AI skills development with real-world needs. To prepare and equip the workforce for an AI-driven future, we suggest that the Government:

5.3.1 Evaluate the size of the skills gap as a priority first step. The Government should take the lead to understand the AI labour market. Consideration should be given to conduct a large-scale market survey to accurately understand the skills gap, so as to formulate policies and strategies to close the gap as early as possible. Additionally, an assessment tool should be developed to assist companies to assess their AI preparedness and identify gaps;

5.3.2 Develop an AI roadmap for AI talent development. This roadmap should reflect the evolving landscape of AI technologies and industry needs, clearly defining both short-term and long-term goals. It should encompass training and education initiatives, as well as funding and resource allocation. The Government should consider establishing a task force, led by the Innovation, Technology and Industry Bureau, to engage various stakeholders and oversee implementation across multiple sectors;

5.3.3 Launch AI sandbox programmes for pilot use cases trials. Last year, the HKMA and Cyberport launched the GenAI Sandbox, which empowered banks to pilot their novel GenAI use cases within a risk-managed framework. Such initiatives should not be confined to leading sectors but rather expand to benefit a wider range of users across different industries. The Government can collaborate with industries to identify specific problem statements, ensuring a direct link between government strategy and day-to-day business actions;

5.3.4 Support universities to increase the number of AI graduates. Currently, the number of graduates in AI-related disciplines from Hong Kong's eight major universities each year is still far below market demand. Supporting universities develop new courses co-designed with industry and increase their teaching capacity would help train the young generation, thereby creating a deeper pool of AI skills and talent; and

5.3.5 Cultivate a pool of fintech talent. The Government should support schools and universities in providing comprehensive courses on the application of AI, blockchain, and other financial technologies in areas such as investment and insurance. Additionally, encouraging financial institutions to upskill their employees will help maintain Hong Kong’s strengths as an international financial center.

6 Enhancing the Innovation Ecosystem

Driving the Digital Economy

- *Developing a Holistic Framework for Digital Transformation*

6.1 A well-defined digital transformation framework can serve as a valuable guide, providing solid governance and a clear structure for prioritising objectives. The Government plays a crucial role in fostering a thriving digital economy through establishing policies and strategic direction. To this end, we suggest that the Government:

6.1.1 Take a "wait and see" approach to AI regulation. We have observed divergent approaches to AI regulation, with the EU forging ahead with its AI Act while economies like the UK adopt a more cautious stance. We suggest that the Government embrace a "wait and see" approach, taking into account concerns related to AI, such as privacy, and the challenges posed by the common law system in addressing new technologies. Rushing to regulate too early can impose undue burdens on businesses;

6.1.2 Adopt a more pro-cloud policy. Cloud computing enable faster innovation and deployment, given its agility, cost savings, and scalability. In particular, cloud computing can significantly contribute to Hong Kong's Climate Action Plan 2050, as it has been proven effective in reducing carbon emissions; and

6.1.3 Implement a technology neutral policy so that local businesses and organisations continue to benefit from the best solutions available and service providers compete on a level-playing field. To maintain Hong Kong's competitiveness, the obligations for critical infrastructure (CI) operators under the new CI legislation should closely align with international standards and practices.

6.2 A digital government is a crucial catalyst for the digital economy by leveraging technology to enhance public services, streamline government operations, and foster a digital-friendly environment for businesses and citizens. In this connection, we suggest that the Government:

6.2.1 Gradually phase out very outdated communication means. While we applaud the Government's efforts in employing more digital channels to engage with the public, proactively retiring facsimile (fax) channels and lines as a communication means will enhance efficiency and reduce administrative costs. A simple step would be to remove fax numbers from the name cards of all Government employees; and

6.2.2 Introduce multiple digital payment options for all public services across all departments. This should include, but not limited to, school-related payments, transportation, social security allowance, leasing of leisure facilities, among others to increase the adoption rate of digital tools, thereby enhancing digital literacy.

- *Expanding Recognition of Digital Signatures*

6.3 Under the Electronic Transactions Ordinance (ETO), digital signatures are legally recognised in Hong Kong. However, negotiable instruments are not typically eligible for electronic or digital signatures and require physical signatures. Consideration should be given to expanding the recognition of digital signatures to foster a more efficient trading environment. Two examples include:

6.3.1 Banking documents. Currently, while Mainland residents are permitted to open bank accounts in Hong Kong, the necessary banking documents must be physically signed here. Enabling remote and online signing, rather than maintaining a paper trail of transactions that must occur in Hong Kong, will improve efficiency and customer experience; and

6.3.2 Shipping documents. Bills of lading, for instance, also require physical signatures. As the TLB and LSCM work on the full development of the PCS, set to launch in early 2026, priority should be given to incorporating digital signatures into the PCS.

Powering Data-driven Innovation

- *Promoting Open Data*

6.4 Data is crucial for fueling the digital economy. The Open Data Policy should enable practical data extraction for the public, empowering businesses and academia for research and commercial purposes. Additionally, overclassification of data as restricted and confidential can lead to unwarranted expenses due to costly controls, divert attention to less critical datasets and limit business use of data through excessive compliance requirements.

6.5 Making more data available in a more effective manner will open up new opportunities for businesses. The Government should continue to enhance data extraction through improved system integration and operational efficiency. Efforts should focus on the following aspects:

6.5.1 More readable. Many documents remain in non-digitised formats, complicating data extraction and increasing costs. Digitisation is essential for improving access, and data should be made available in machine-readable formats;

6.5.2 More structured access. Current application programming interface (API) constraints hinder high-volume data access, requiring workarounds that delay data retrieval. Structured access (e.g., via APIs) should be provided for public datasets to licensed data providers and financial institutions, enabling real-time data calls and maximising insight generation and analytics;

6.5.3 More data available. The scope of public registries, including the Companies Registry and Hong Kong Customs, should be expanded for public use to enable broader commercial and analytical use of registry data while maintaining privacy safeguards. In particular, for consent-based data, the Government should ensure a more seamless integration of its data into the Commercial Data Interchange (CDI) and develop a roadmap for the Consented Data Exchange Gateway; and

6.5.4 More convenient. Data should be easier to download. For example, the requirement for mandatory personal data in API requests complicates automation and system design. Additionally, prepayment for downloads disrupts operations. Consideration should be given to implementing a monthly billing system.

- *Enhancing Regional Data Connectivity*

6.6 Hong Kong has a significant opportunity to lead in regional data connectivity, leveraging its strategic advantage in accessing both consent-based and non-consent-based data from Mainland China. To capitalise on this, the Government should focus on enhancing the effective and efficient processing of data across borders, which is a fundamental building block in any data value chain. We suggest that the Government:

6.6.1 Refrain from imposing data localisation requirements for the public and/or private sectors as localisation measures do not improve personal data security outcomes but do impede business innovation and limit services available to consumers;

6.6.2 Refrain from imposing stringent restrictions on cross-border data transfer to foster the development of digital economy, and strengthen Hong Kong's role as a "super-connector" and "super value-adder";

6.6.3 Recognise international security and privacy standards, as well as code of practice that have proven their efficiency as an appropriate voluntary mechanism for demonstrating compliance with domestic privacy laws and frameworks;

6.6.4 Extend the facilitation measure of "Standard Contract for the Cross-boundary Flow of Personal Information within the Guangdong-Hong Kong-Macao Greater Bay Area (Mainland, Hong Kong)" to other data centre hubs in Mainland China such as the Beijing-Tianjin-Hebei Region, Yangtze River Delta and Ningxia Hui Autonomous Region. This will facilitate the two-way transfer of data for cross-border businesses, financing, and other applications; and

6.6.5 Promote the connection of CDI with other commercial data platforms in GBA cities. This will facilitate the circulation of commercial data—including electronic trade declarations, e-commerce, supply chains, payments, and credit records—under proper authorisation. Hong Kong can spearhead preliminary technical and legal research, laying the groundwork for the establishment of a digital trade financing network in the GBA.

Developing Low-altitude Economy

6.7 The low-altitude economy is an important component of smart city development. We welcome the Government's prompt action in launching regulatory sandboxes for low-altitude economy pilots, which provides a strong foundation for industry-led innovation and technology validation. To promote the growth of the low-altitude economy, we recommend that the Government:

6.7.1 Accelerate the planning and construction of dedicated infrastructure for Advanced Air Mobility (AAM), including vertiports, charging infrastructure, and air traffic management systems. Integrating AAM infrastructure with existing transport nodes is essential to enable seamless multi-modal connectivity. Government-led master planning for low-altitude corridors and urban airspace design is critical for efficient AAM deployment while minimising the impact on urban environments;

6.7.2 Invest in digital infrastructure for enhanced airspace management. This includes real-time data platforms, high-precision geospatial mapping, and cybersecurity frameworks. Pilot infrastructure projects in strategic locations, including new development areas, logistics clusters, and GBA gateways, can demonstrate feasibility, address operational challenges, and attract private sector participation; and

6.7.3 Hong Kong has the opportunity to become a regional leader in AAM infrastructure consultancy, engineering, and technology export by leveraging expertise developed through local implementation. Ongoing stakeholder engagement—including public education, industry collaboration, and cross-boundary coordination—is vital to ensure the sustainable growth of Hong Kong's low-altitude economy.

BUILDING RESILIENCE

7 Building a Green and Sustainable City

Accelerating Infrastructure Development

7.1 The Northern Metropolis plays a vital role in the social and economic development of Hong Kong, providing impetus for the growth of innovation and technology as well as other industries. Despite the pressures on the Government's budget deficit, we support continued investment in infrastructure, particularly in the Northern Metropolis.

7.2 Accelerating infrastructure development is crucial for timely completion of New Development Areas (NDAs) while minimising societal impacts during construction. We suggest that the Government construct dedicated utility corridors, such as underground pipes, pipe troughs or public utility tunnels, during land formation and construction of roads and bridges. Coordinating these efforts can prevent duplication of excavation work by different utilities and parties, thereby reducing overall construction costs and speeding up the development of the entire NDA.

7.3 Many infrastructure projects in Hong Kong require significant efforts in the permitting process and in coordinating diverse stakeholder opinions. In this connection, we suggest that the Government set up a central team, with adjudication powers to streamline the approval processes for road works and manage stakeholder input for all public infrastructure projects. This approach will reduce costs and construction time, enhancing the overall efficiency of infrastructure development.

Expediting Clean Energy Transition

7.4 Hong Kong's clean energy transition is crucial for achieving carbon neutrality and mitigating the impacts of climate change. The transition involves reducing the use of fossil fuel, particularly coal, and increasing the use of clean zero-carbon energy. To facilitate the transition of the energy structure, the Government should formulate and enhance relevant policies that lay a solid foundation for green industrial development and motivate enterprises to actively apply clean energy.

7.5 Electricity generation is the largest source of emissions in Hong Kong, accounting for approximately two-thirds of total emissions. The AI boom and digital transformation are expected to drive a surge in electricity demand from data centres. To achieve net-zero power generation, it is crucial for the Government to formulate a long-term plan that meets this growing energy demand while fulfilling decarbonisation targets. In this connection, we suggest that the Government:

7.5.1 Arrange for future nuclear imports to ensure reliability, cost-effectiveness, and zero-carbon benefits for Hong Kong. Currently, nuclear power imported from the Daya Bay Power Station in Guangdong Province meets around a quarter of Hong Kong's electricity demand. This model has successfully provided stable pricing and reliable energy for the past 30 years, aiding the city in achieving its decarbonisation targets in a clear and well-planned manner.

7.6 Buildings account for about 90% of Hong Kong's total electricity consumption, and over half of our carbon emissions is attributable to generating electricity for our buildings. To facilitate energy saving in buildings, we suggest that the Government:

7.6.1 Introduce mandatory energy performance disclosures for commercial buildings and tenanted premises. This will enable the development of a database on energy intensity across different building types and facilitate performance benchmarking; and

7.6.2 Implement embodied carbon performance monitoring for the development of new public buildings. Embodied carbon constitutes a significant portion of a building's total lifecycle emissions. This initiative will enable the Government to demonstrate effective strategies for the private sector to account for and reduce embodied carbon.

Achieving Zero-carbon Transportation

- *Road Vehicles*

7.7 Transport accounts for about 20% of total carbon emissions in Hong Kong, making it the second-largest source of emissions after power generation. To achieve emission reduction quickly—without relying on breakthroughs in battery technology for heavy-duty vehicles or investing significantly in new infrastructure—a combination of alternative fuels should be pursued. Renewable diesel, as a drop-in fuel, is fully compatible with existing vehicles, transport vessels, and service stations, without incurring any additional investment. It could serve as an important transitional solution during the development of electric vehicle infrastructure. This approach has been adopted in various jurisdictions around the world, including the US, the EU, and Japan. We suggest that the Government:

7.7.1 Establish a multi-stakeholder task force, led by the Environment and Ecology Bureau, to coordinate policy development and implementation. Such a task force would facilitate collaboration across the Government, industry, and academia;

7.7.2 Amend regulations to recognise renewable diesel for on-road use and align with international fuel standards. This would remove the current regulatory ambiguity and allow for broader deployment of renewable diesel blends, which are already in use globally;

7.7.3 Provide financial incentives, such as tax exemptions and production subsidies, to encourage both the adoption and local production of renewable diesel;

7.7.4 Develop a certification system for waste-based biofuels to ensure traceability, emissions accountability, and environmental safeguards. This would help build market confidence and ensure that biofuels used in Hong Kong meet rigorous sustainability standards; and

7.7.5 Consider expanding the Government's use of renewable diesel, such as hydrotreated vegetable oil (HVO), in public sector fleets where appropriate. While some government vehicles currently use B5 biodiesel, renewable diesel offers additional environmental and operational benefits as a

fully compatible drop-in fuel. By increasing adoption, the Government would demonstrate leadership in sustainable transport and help accelerate broader market confidence and uptake.

7.8 Promoting the use of electric vehicles (EVs) can accelerate decarbonisation. Many cities in the GBA have successfully electrified public transport and commercial vehicles, leveraging advanced battery and charging technologies. To further promote the popularisation of EVs in Hong Kong, we suggest that the Government increase subsidies for electric commercial vehicles, such as reducing the first registration tax for medium and light goods vehicles and heavy-duty trucks. Additionally, efforts should be made to test green transport technologies and different operational modes to identify the most effective strategies for reducing emissions.

- *Maritime Transport*

7.9 The International Maritime Organisation has set an ambitious target to reach net-zero carbon emissions from international shipping by or around 2050. To reduce shipping emissions, switching from traditional fossil fuels to green maritime fuels—such as biodiesel, liquefied natural gas, green methanol, green ammonia and hydrogen—is the most effective among various measures. To catalyse a comprehensive green maritime fuel supply chain and trade, we recommend that the Government:

7.9.1 Implement mass flow metering (MFM) systems to monitor mass flow, density, and temperature throughout the bunker fuel delivery process. The use of MFM systems can address reputational concerns stemming from disputes between buyers and sellers regarding bunkering quantities and digitise the current manual bunkering process. MFM systems are gaining increasing traction globally; for example, Singapore has mandated their use for bunkering, while Rotterdam and Antwerp-Bruges will adopt them starting in 2026;

7.9.2 Establish charging infrastructure for local electric vessels. This will facilitate the electrification and decarbonisation of the local marine fleet, including domestic vessels operating within Hong Kong waters and river trade vessels plying between Hong Kong and the Pearl River Delta. Consideration should be given to early adoption by government vessels to demonstrate and pilot this innovative solution for marine decarbonisation;

7.9.3 Develop a skilled workforce for the repair and maintenance of green vessels. Hong Kong, as a hub for aircraft maintenance, can leverage shared skill sets for the shipping sector. With significant differences between green and fossil fuel engines, there will be an increasing need for qualified maintenance personnel. Hong Kong is well-positioned to become a leading hub for green vessel maintenance; and

7.9.4 Establish the Port of Hong Kong as a hub for green fuel trading. Mainland China is a major producer of green maritime fuels. With these fuels stored in the GBA, Hong Kong can leverage its robust rule of law, comprehensive financial services, and advanced infrastructure to facilitate the trading of these fuels as commodities.

- *Aviation*

7.10 For the aviation sector, Sustainable Aviation Fuel (SAF) is a lower carbon intensity alternative to traditional jet fuel. Given that Hong Kong International Airport (HKIA) is one of the busiest airports globally, aviation emissions are significant. Therefore, we suggest that the Government:

7.10.1 Establish a clear timetable and plans for SAF adoption. Setting specific milestones will ensure accountability and facilitate a smooth transition to SAF. For example, Singapore is set to enforce a SAF target for departing flights, starting from 1% in 2026 and escalating to 3 to 5% by 2030; and

7.10.2 Provide supportive measures to address supply and demand challenges. Consideration should be given to introducing a SAF levy to bridge the price gap between SAF and traditional jet fuel, a key barrier to local SAF uptake. In addition, developing a SAF blending facility at HKIA for mixing SAF with traditional local jet fuel can help reduce the overall cost of SAF utilisation.

7.11 It is important to note that Hong Kong's current GHG emissions inventory does not include international aviation and maritime emissions. If accounted for, aviation would be the second largest source, and maritime the third, following electricity. By 2030, aviation and maritime emissions are likely to surpass electricity as the largest sources. Therefore, we recommend that the Government include these emissions in the city's next climate action plan to create a more comprehensive roadmap for effective decarbonization.

Transitioning to a Circular Economy

7.12 In terms of transiting to a circular economy, focusing on reducing, reusing, and recycling waste is essential for minimising environmental impact. We suggest that the Government continue its efforts in implementing sustainable waste management strategies that prioritise these principles:

7.12.1 Reduce. While the existing government funding schemes like the Green Tech Fund and the Recycling Fund focus on recycling, a dedicated funding stream should be created under the current funds to incentivise producers to reduce waste at the source through environmentally friendly designs, such as lightweighting, increasing recyclability (e.g., label-less, colourless), and incorporating higher amounts of recycled content. Additionally, municipal solid waste charging schemes, proven effective in other countries, should complement key waste management policies. The Government should also review the timeline for restarting the legislative process for the bill;

7.12.2 Reuse. We suggest that the Government implement the second phase of single-use plastic ban as soon as possible to encourage individuals and businesses to adopt more sustainable alternatives. Additionally, efforts should focus on promoting a reuse ecosystem and culture for foodservice packaging, while providing support for R&D on sustainable tableware alternatives and smart reuse systems. For example, Singapore has published technical reference to guide the public in choosing sustainable packaging alternatives aligned with its local recycling and composting capacity; and

7.12.3 Recycle. The Government should explore joint waste management solutions and facilitate the transport of valuable recyclable materials to designated recycling facilities in the GBA. To support the growth of the local recycling sector, consideration should be given to easing restrictions on importing recyclable materials, thereby improving the availability and affordability of key raw materials for local recycling plants.

8 Navigating the Demographic Shift

Formulating Population Growth Strategy

8.1 Hong Kong is facing an increasingly severe aging population, marked by one of the lowest fertility rates in the world, while also leading in longevity. To address the challenges arising from this demographic shift, it is essential to formulate a long-term strategy. This strategy should align with Hong Kong's overall positioning and development goals, incorporating essential elements such as housing policy, healthcare service expansion, and strategies for relevant industries and commerce.

8.2 The decline in fertility rates is not unique to Hong Kong. The 2025 State of World Population Report by the United Nations Population Fund highlights barriers such as financial limitations, job insecurity, and housing concerns that hinder childbearing. We applaud the Government's efforts to boost the declining fertility rate through a combination of financial incentives, enhanced childcare support, and other family-friendly initiatives. However, more needs to be done to overcome these barriers and create a supportive environment for families—one characterised by economic stability, decent health, and confidence in the future.

8.3 As a first step, we suggest that the Government conduct systematic surveys and studies to assess the marriage and fertility desires of young people, aiming to identify barriers and expectations regarding childbearing. In addition, more support should be offered to working families. Consideration could be given to implementing caregiver tax credits, providing affordable and sufficient childcare options, and promoting family-friendly workplace policies, along with improved maternity and paternity leave.

8.4 The elderly population is becoming increasingly dominant, significantly impacting land use planning, housing, transportation, and overall infrastructure. We applaud the Government's recent efforts in implementing elderly-friendly building designs. As aging continues to be a significant trend, we suggest that the Government establish long term and forward planning practices, including regular reviews on planning strategies in relation to HK2030+, along with businesses surveys and public infrastructure blueprints.

Improving Access to Healthcare

8.5 Currently, one in every five Hong Kong residents is an elderly person, and this figure is expected to rise to more than one in three by 2043. This demographic shift will lead to an increasing demand for healthcare services, necessitating proactive measures to address the challenges associated with an ageing population.

8.6 To improve access to healthcare, we suggest that the Government promote the use of e-prescriptions and develop a comprehensive blueprint for telemedicine, thereby increasing convenience and reducing costs for both patients and healthcare providers. Although medical professionals are permitted to issue e-prescriptions, patients are often required to present the original signed prescription upon picking up medication at community pharmacies due to unclear standards for telemedicine practices, which deters many doctors from participating. Wider adoption of e-prescriptions will not only support the development of telemedicine but also foster competition in the market, ultimately lowering drug costs for citizens.

8.7 Consideration should be given to converting the current mandatory 5% MPF contribution into a structure of 4% MPF plus 1% contribution to a Mandatory Health Insurance Fund or a Mandatory Health Savings Fund, which is adopted in the US, Singapore and Mainland China. By introducing mandatory health savings, it encourages citizens to effectively pre-save for healthcare costs, allocating 20% of their MPF funds for health-related expenses in retirement. Additionally, the Government can subsidise interest payments in health savings accounts to further incentivise individuals to save more.

Driving Medical Innovations with AI

8.8 AI is rapidly transforming the medical field through innovations across various aspects, from medical devices and drug development to diagnosis and treatment. By leveraging its well-established healthcare system and research capabilities, we suggest that the Government explore the application of AI in the following areas:

8.8.1 Diagnostics. Integrate digital algorithms, medical data, and insights with local and regional electronic medical infrastructures to streamline clinical operations and improve diagnostics efficiency. For example, digital algorithms can be applied to generate risk score for large scale cancer screening with simple datasets (e.g., colorectal cancer screening flag with age, gender and complete blood count test results). This integration will facilitate the development of precision medicine with genomic insights, diagnostic accuracy and analysis for research and new treatment pathways. Additionally, it will accelerate the establishment of smart hospitals by integrating digital data and insights into hospital information systems. Consideration should also be given to facilitating medical data exchanges within the GBA to enhance cross-border healthcare integration; and

8.8.2 Oncology management. Adopt full scale digital pathology with AI capabilities to assist in oncology clinical insights and decision-making. By digitising whole slide images and integrating analysed data into the laboratory information system and electronic medical record system, diagnostic accuracy and consistency can be enhanced while reducing human error and variability. This approach will address workforce challenges by enhancing efficiency and workflow with faster turnaround times, and it will support advancements in precision oncology and research for personalised treatment, biomarker discovery, and global medical collaborations.

HKGCC Secretariat
August 2025