



The Hong Kong Special Administrative Region
of the People's Republic of China

The Chief Executive's 2025 Policy Address

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**Deepening Reforms for Our People
Leveraging Our Strengths for a Brighter Future**

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Chapter I Deepen Reforms and Committed to People's Livelihood

1. This year marks the conclusion of the National 14th Five-Year Plan period and the preparatory year for the 15th Five-Year Plan. This Policy Address serves as a roadmap for Hong Kong to strive for a vibrant economy, pursue development, and improve people's livelihood – accelerating our advancement from stability to prosperity. It also outlines a strategic plan for Hong Kong to proactively align with national development strategies and achieve breakthroughs in forging a new landscape.

2. My ultimate objective in governance is to improve people's livelihood with better housing for members of the public, higher income for workers, enhanced care for the elderly, and greater prospects for young people. The well-being of our people is intimately linked to the health of our economy, making economic growth the key driver of livelihood improvement. Growth creates job opportunities and wealth, which will in turn generate additional resources for public services, enabling the Government to deliver more and better services. Improvement in people's livelihood will then spark new social demands that stimulate market development, further promoting economic growth. The economy and people's livelihood are mutually reinforcing: each strengthens the other.

3. Since taking office, I have been actively promoting reforms, both within the Government and in the wider community, thereby facilitating economic growth and improving people's livelihood. I have transformed and instilled in the Government a culture that is "result-oriented". We have been pressing ahead with public housing production and introduced Light Public Housing (LPH). Three years ago, applicants for public rental housing (PRH) waited an average of 6.1 years for a flat; the Composite Waiting Time is now 5.1 years, a reduction of one full year. Over the same period, the median household income rose by \$3,000, an increase of 11%. Since I assumed office, the economy has rebounded – turning from negative to positive and gaining momentum. This year's growth is projected at 2% – 3%. In the past three years, Hong Kong has moved up one place to become the third-ranked global financial centre and has climbed four spots to rank third globally in overall competitiveness. In the last two years, we have risen 12 places to the fourth globally in talent competitiveness. Furthermore, Hong Kong is ranked seventh among the world's top 10 safest cities.

4. The Policy Address this year is anchored in two pillars: the economy and people's livelihood.

5. The Northern Metropolis is the new engine for Hong Kong's economic development and holds immense potential. I will accelerate its development and set up the Committee on Development of the Northern Metropolis under my guidance to formulate operational models for the various development areas therein. I will also expedite the development of the University Town, streamline administrative procedures

by removing barriers and easing restrictions, adopt safe, efficient and cost-effective construction practices, and introduce dedicated legislation to fast-track the Northern Metropolis development. The Government will attract and cultivate industries to create jobs and enhance productivity. Preferential policy packages will also be formulated to improve efficiency and flexibility in negotiations with enterprises that are establishing and scaling up operations, thereby creating more high-quality, high income jobs and further boosting productivity.

6. Under “One Country, Two Systems”, Hong Kong enjoys the unique advantages of attracting overseas enterprises and assisting Mainland enterprises to go global. In the past, we focused primarily on bringing in enterprises, achieving remarkable growth and success. The new opportunities ahead for Hong Kong, however, will come from helping Mainland enterprises expand abroad. This rapid shift in opportunities reflects the reshaping of the global trade order, prompting Mainland enterprises to shift from concentrating on a single market and towards proactively tapping into emerging markets. The Government will leverage Hong Kong’s strength as a platform for going global to reinforce the role of Hong Kong as an international centre, capitalising on our advantages in areas such as finance, trading, professional services, supply chain management and professional networks, creating more jobs and higher income, further promoting the headquarters economy to unlock more business opportunities. We will also develop education, technology and talent in an integrated manner, and press ahead with the integrated development of culture, sports and tourism, enabling the people of Hong Kong to live in a community with thriving economy and vibrant culture.

7. To strengthen governance, I will establish an accountability system for Heads of Department (HoDs) by systematising and institutionalising their responsibility for their departments, and enhance the appraisal system for civil servants so that a culture of continuous improvement can take root. I will also set up the AI Efficacy Enhancement Team to drive technological reform, co-ordinating and steering government departments in the effective use of artificial intelligence (AI) technology and in the re-engineering of outdated workflows. Meanwhile, I will promote the development of AI+ with strong emphasis on safety risk prevention, and implement AI government services and facilitate the wide-scale application and development of AI across different sectors in the society to boost overall efficiency. I will also put into practice the philosophy of better integration of “an efficient market” with “a capable government”, and introduce market-based business model to enhance the services of the Leisure and Cultural Services Department (LCSD).

8. This Policy Address concludes with the most extensive chapter concerning people’s livelihood. It encompasses nine critical areas which are essential to the well-being of the community, covering land and housing, transport, healthcare, social welfare, labour protection and a caring and inclusive society, under which include continuously increasing public housing supply to enrich the housing ladder; creating land for large development projects, promoting long-term economic development and addressing housing needs while increasing government land reserve; continuing healthcare reform; implementing 11 measures to support local economy, continuing the work on targeted poverty alleviation,

promoting the principle of “ageing in place as the core, with institutional care as back-up”, supporting and protecting workers, and establishing the Working Group on Ageing Society Strategies to meet the challenges brought by ageing. These demonstrates my commitment to placing people’s livelihood at the heart of governance. Indeed, economic development ultimately serves the well-being of our people, enabling them to enjoy better quality of life.

9. I would like to thank the public for their valuable opinions during the consultation exercise, and for their broad support of my policy directions and strategies. This Policy Address will elaborate on our policy objectives, key measures and key performance indicators (KPIs). A Supplement offering more details on the policy measures and related matters has also been compiled.

Chapter II Steadfastly and Successfully Implement “One Country, Two Systems” and Strengthen Our Governance Systems

(A) Resolutely Implement the “One Country, Two Systems” Principle

“One Country, Two Systems” Remains Unchanged

10. As President Xi Jinping pointed out, “One Country, Two Systems” possesses its distinctive institutional strengths and strong vitality, is a good system that sustains the long-term prosperity and stability of Hong Kong and Macao. It is a good system that facilitates endeavours to build China into a great country and achieve national rejuvenation, and it is a good system for ensuring peaceful coexistence and mutual benefit between different social systems. So we must stay committed to this cause.

11. We will continue to fully, faithfully and resolutely implement “One Country, Two Systems”, “Hong Kong people administering Hong Kong” and a high degree of autonomy. “One Country, Two Systems” is the best institutional arrangement for maintaining Hong Kong’s long-term prosperity and stability. The more firmly the “One Country” principle is upheld, the greater the strength the “Two Systems” will be unleashed.

12. Being a global metropolis, Hong Kong has remained an open, inclusive, safe and stable city underpinned by the rule of law since our return to the Motherland 28 years ago. With an ever-expanding influence internationally, Hong Kong is rated the world’s freest economy, as well as an advanced and business-friendly city. These fully demonstrate the notable institutional strengths and great vitality of “One Country, Two Systems”.

13. Hong Kong has solid backing from the Motherland, enjoying far-reaching opportunities brought by national development, from the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) to the Belt and Road (B&R) Initiative. Meanwhile, as an international city with its distinctive role of connecting to the rest of the world, Hong Kong also has infinite room for development.

14. The Hong Kong Special Administrative Region (HKSAR) Government will, as always, maintain the constitutional order of the HKSAR as stipulated under the Constitution and the Basic Law, ensuring the steadfast and successful implementation of “One Country, Two Systems”.

Safeguard National Security

15. The fundamental premise of “One Country, Two Systems” is to safeguard sovereignty, security and development interests of our nation.

16. Since the implementation of the Hong Kong National Security Law five years ago, we have overcome turmoil and unrest, and maintained safety and stability in our society. Hong Kong has transitioned from chaos to order and is now advancing from stability to prosperity. The HKSAR Government will continue to steadfastly safeguard national sovereignty, security and development interests, while thoroughly adopting the Holistic Approach to National Security. We will remain vigilant at all times, prevent and mitigate risks, and ensure the long-term stability and safety of Hong Kong.

17. We will continue to enhance the legal system and enforcement mechanism for safeguarding national security, doing our utmost to ensure that laws are observed and strictly enforced to bring offenders to account, so as to prevent, suppress and impose punishment for acts and activities endangering national security.

18. The Government will spare no effort in promoting national security education. Since its opening a year ago, the National Security Exhibition Gallery has already attracted over one million visitors. More than 3 300 national security education district tutors have been trained to promote national security messages in the community.

Implement “Patriots Administering Hong Kong”

19. With the improved electoral system and district governance system of the HKSAR, the principle of “patriots administering Hong Kong” has been fully implemented. The HKSAR Government has held six important elections, including the recent Election Committee Subsector By-elections.

20. The HKSAR will devote all efforts in preparing for the general election for the eighth-term Legislative Council (LegCo) to be held on 7 December this year, ensuring that the election is conducted in a fair, just, honest, safe and orderly manner.

Improve Governance at District Level

21. As part of the reforms to improve district governance, the Government set up the Steering Committee on District Governance and the Task Force on District Governance in July 2023. They are chaired by the Chief Secretary for Administration and the Deputy Chief Secretary for Administration respectively, with the aim of strengthening co-ordination to address issues such as environmental hygiene, community beautification, facility development and community services more effectively.

22. The Home and Youth Affairs Bureau (HYAB) and the Home Affairs Department (HAD) will continue to lead District Councils (DCs), the “three district committees”¹ and Care Teams to proactively harness local strengths to foster compassion and vibrancy within the community.

(B) Patriotic Education

Commemorate the 80th Anniversary of Victory in the Chinese People’s War of Resistance against Japanese Aggression and in the World Anti-Fascist War

23. This year marks the 80th anniversary of victory in the Chinese People’s War of Resistance against Japanese Aggression and in the World Anti-Fascist War. The HKSAR Government has organised a series of large-scale commemorative activities, including exhibitions, film screenings and library events, for the public to gain a deeper understanding of the spirit of unity and resilience displayed by Chinese people in the fight for peace. We will collaborate with Shenzhen to promote a new red educational route, under the theme of “Chinese Cultural Celebrity Rescue” history, so as to enhance understanding among people of Hong Kong and tourists of the history of the War of Resistance in Hong Kong.

24. We will comprehensively review and conduct restoration and protection work on historic sites relating to the participation of the Communist Party of China in the War of Resistance in various districts, with a view to integrating them into tourism routes and educational activities.

Promote Chinese Culture

25. The Government will give full play to the role of the Chinese Culture Promotion Office. This includes curating the Chinese Culture Festival and exhibitions of the General History of China series as signature projects, and spearheading the establishment of a museum to showcase the development and achievements of our country, as well as the Chinese Culture Experience Centre. The Office will also continue to launch a broad spectrum of community-oriented initiatives to promote Chinese culture.

Promote Activities and Facilities on Patriotic Education

26. The Government will promote patriotic education facilities in the Mainland, making them the patriotic education bases of the HKSAR to encourage more students and young people to visit.

27. We will establish close connection with patriotic groups to unite efforts in organising more patriotic education activities.

1 Area Committees, District Fight Crime Committees and District Fire Safety Committees.

Strengthen Students' Affection for and Sense of Belonging to the Country

28. The Education Bureau (EDB) will integrate patriotic education into daily learning and teaching. We will popularise the “Love Our Home, Treasure Our Country” series of activities, continuously strengthen the Constitution and Basic Law Student Ambassadors Training Scheme, design itineraries for students to experience the founding history of our country, and conduct focus inspections on national education. We will also continue to provide professional development and activities for teachers and students that tie in with the updated national security education, promulgate the final version of the *Values Education Curriculum Framework*, and optimise the curriculum frameworks for the senior secondary Chinese History and History subjects.

(C) Further Enhance Governance

Establish the Heads of Department Accountability System

29. Since assuming office, I have been constantly taking forward reforms to build a “result-oriented” government. In the World Competitiveness Yearbook 2025, Hong Kong ranked second globally in “Government efficiency”, reflecting well on Hong Kong’s civil servants being an outstanding team, and the reforms introduced by the current-term Government, alongside the concerted efforts of the civil service.

30. Nevertheless, given the large number of executive departments and officers in the Government, problems inevitably occur in individual departments. The causes behind them must be identified in good time and rectified to prevent them from undermining the overall trust that society places in the Government, and to avoid causing injustice to the overwhelming majority of our civil servants, who are dedicated to their duties.

31. I believe that effective management is of utmost importance. Senior civil servants are all responsible for management. I have therefore been considering ways to strengthen their sense of responsibility to enhance the overall management standard of the departments. After considerations, I believe that the most direct and effective way is to strengthen the accountability of the HoDs by clearly emphasising that HoDs are tasked to build a strong management team, and lead their senior civil servants to jointly manage staff and operation systems. While HoDs have always been responsible for the work of their departments, the Government has not yet institutionalised overall accountability. Establishing a Heads of Department Accountability System (the HoD Accountability System), therefore, is of critical significance. The details are as follows.

Aims

32. Establishing the HoD Accountability System has the following primary aims:
- (i) To render the political accountability required of Secretaries of Department and Directors of Bureau in policy formulation, and the administrative accountability required of civil servants in implementing policy initiatives better articulated with each other, with clarification of their respective roles.
 - (ii) To drive HoDs to establish an effective management team and operating systems, eliminating bottlenecks and plugging shortfalls, improving workflow on an ongoing basis, and continuously enhancing departmental efficiency.
 - (iii) To identify the deficiencies whenever a problem occurs in a department, putting in place improvements, attributing responsibility to the appropriate parties, and taking administrative or disciplinary actions against those responsible in accordance with the civil service management regime. The consequences include warnings, reprimands, not being granted a salary increment, relegation in rank, reduction in salary, compulsory retirement and even dismissal.

The Investigation Mechanism

33. Investigations will be divided into two tiers, in accordance with the severity of the problems identified:
- (i) Tier I: if the problems are of a general nature, the investigation should be taken up by the HoD concerned. They will be responsible for identifying the deficiencies of the department and putting in place improvements, taking forward administrative or disciplinary actions against the officers who have underperformed or engaged in misconduct in accordance with the civil service management regime.
 - (ii) Tier II: if a serious problem occurs in a department or the problem is widespread or a repetitive, systemic one, or there are indications that the HoD concerned is implicated in the problem, the investigation will be carried out by an investigation panel set up specifically under the HoD Accountability System. The panel will identify the deficiencies of the department and attribute responsibility to the appropriate parties. It should be independent from the Government, such that the investigation will be impartial and independent. It should be able to examine civil servants of all ranks to ensure that the investigation is thorough. It should be familiar with the general operation of the Government, to ensure that the investigation is completed efficiently. It should be a standing team to be called upon, ensuring its certainty and readiness.

Independent Panel of Investigation

34. To achieve the aforementioned aims, I will expand the existing functions of the Public Service Commission² to enable it to conduct investigations. Independent of the Government and in operation for many years, the commission is conversant with the management system of the civil service. Its current statutory functions include advising the Chief Executive on matters affecting the public service (including disciplinary cases of civil servants). The existing functions of the commission do not cover investigation. Extending its functions to include investigation, and inviting experts or government officials not related to the department being investigated to participate, can ensure both the independence and impartiality of the investigations concerned as well as the efficiency of the investigation, thereby achieving the four requirements set out in paragraph 33(ii).

35. The Government will make subsidiary legislation under the Public Service Commission Ordinance to implement the above proposal.

Activation Mechanism

36. When a situation as described in paragraph 33(ii) occurs in a department, the relevant Director of Bureau must report it to the Secretary of Department concerned. Upon obtaining the latter's agreement, the Director of Bureau should activate the Tier II independent investigation mechanism. The Secretary of Department concerned can also, on their own initiative, direct the relevant Director of Bureau to activate the investigation mechanism.

Strengthen the Performance Appraisal System for Civil Servants

37. The overall performance of civil servants is fundamental to the effectiveness of departments. A fair and honest assessment of staff performance can encourage good-performers to strive for excellence, and suitably handle staff who have under-performed or misconducted themselves. In this connection, establishing an effective performance appraisal system will help HoDs enhance the overall effectiveness of the departments, raise the morale of good performers, assist those with room for improvement to improve their capability, and handle the small number of staff involved in misconduct in a fair manner.

38. The Civil Service Bureau is tasked to conduct a study developing a more rigorous performance appraisal system that reflects and differentiates the performance levels of staff more effectively.

2 The Public Service Commission, consisting of a Chairman and two to eight members, is a statutory body established under the Public Service Commission Ordinance. Its functions include advising the Chief Executive regarding the public service and matters affecting the conduct and discipline of public officers; the Ordinance also empowers the Chief Executive in Council to make regulations.

39. Apart from assessing the performance of senior civil servants (including HoDs) in accordance with the existing mechanism, Secretaries of Department and Directors of Bureau will need to supervise the senior civil servants under their charge to properly perform personnel management work for staff at all ranks, including performance appraisal, posting, promotion and discipline.

Set up an AI Efficacy Enhancement Team

40. The application of AI in the work of the Government can effectively enhance efficiency. The Census and Statistics Department, for example, has applied AI technology to examine trade data and retrieve financial information from the financial statements and announcements of thousands of listed companies for statistical compilation. This has resulted in an exponential surge in efficiency. The 1823 services also use AI technology to recognise automatically voice enquiries from members of the public, and help draft written responses, reducing about 30% of the processing time.

41. To further enhance the efficacy of the Government, I will set up an AI Efficacy Enhancement Team to co-ordinate and steer government departments to:

- (i) Apply AI technology effectively to their work.
- (ii) Explore process re-engineering to keep pace with the times.
- (iii) Promote technological reform in departments to improve efficacy.

42. The team will be led by the Deputy Chief Secretary for Administration, with the Secretary for Innovation, Technology and Industry and the Commissioner for Digital Policy serving as the Deputy Leader and Secretary General respectively. The team will also invite a representative from the private sector to serve as another Deputy Leader, to bring in new perspectives and front-line market experience. The team will examine with government departments their need for reform, with priority given to departments with greater interface with the public. Departments may also initiate request to the team for prioritised assistance in enhancing their efficiency.

Chapter III Accelerate the Development of the Northern Metropolis

43. The Northern Metropolis, our city's strategic development area bordering Shenzhen, covers a land area and planned population intake accounting for about one-third of Hong Kong's total. It therefore represents a substantial source of economic value and development potential, creating many jobs and boosting productivity. While the Government has been accelerating the development of the Northern Metropolis for the past three years, I remain deeply concerned about its progress, given the sheer size of the area and the magnitude of the investment required.

44. To further develop our economy and improve people's livelihood, we must speed up the Northern Metropolis development. Accordingly, I have decided to raise the level of decision-making by establishing the Committee on Development of the Northern Metropolis³ under my leadership. The committee will be tasked with streamlining administrative workflows and removing unnecessary barriers and restrictions. Embracing a new mind-set, we will adopt safe, cost-efficient, and time-saving construction methods, materials, and equipment from different jurisdictions. We will also introduce dedicated legislation to accelerate the development of the Northern Metropolis.

(A) Establish the Committee on Development of the Northern Metropolis

45. With the overall planning of the Northern Metropolis, it is now the optimal juncture to expedite the development of the area, bringing in industries and major projects. I will establish and chair the Committee on Development of the Northern Metropolis, under which the following three working groups will be set up:

- (i) Working Group on Devising Development and Operation Models: led by the Financial Secretary, the working group will formulate development and operation models for industry parks in the Northern Metropolis, taking into account their nature and scale. This will include setting up one or more dedicated companies, or statutory or non-statutory bodies, for various industrial parks, devising public-private partnership approaches such as the Build-Operate-Transfer model. It will also explore shifting from "highest bidder wins" to industry-linked "two-envelope approach" for tendering. We will devise a range of financing schemes, including equity, bonds, government injections, and "provision of land as a form of capital participation". The Development Bureau (DEVB) is conducting policy study

3 The existing Steering Committee on the Northern Metropolis will be discontinued.

to set up an industry park company for about 23 hectares of industry land at Hung Shui Kiu. The recommendations will be announced this year after reporting to the working group.

- (ii) Working Group on Planning and Construction of the University Town: led by the Chief Secretary for Administration, the working group will study the development mode for the Northern Metropolis University Town. It will set up a research task force to conduct field trips on the successful models of university towns elsewhere, seeking views from presidents and representatives of local, Mainland, and other internationally renowned universities. It will also explore the possible way forward to deeply integrate industry development with the academic sectors where Hong Kong has an edge, alongside the strategies for attracting leading universities and research institutes in the Mainland and overseas to establish a base in Hong Kong.

Three batches of sites for the Northern Metropolis University Town will be available for use in 2026 (Hung Shui Kiu), 2028 (Ngau Tam Mei) and 2030 (New Territories North New Town) respectively at the earliest. The working group will make recommendations on the positioning and vision regarding the development of these sites to devise a clear, industry-led approach. The land in the Hung Shui Kiu/Ha Tsuen New Development Area (NDA), for example, will integrate with nearby, high-end professional services as well as vocational and professional education and training facilities for joint development. The land in Ngau Tam Mei can dovetail with the overall innovation and technology (I&T) development of the San Tin Technopole and the Loop, among others, life and health technology industries, and to be used for joint development with the third medical school and an integrated medical teaching and research hospital.

- (iii) Working Group on Planning and Development: led by the Deputy Financial Secretary, the working group will be responsible for managing the end-to-end process from planning to implementation, co-ordinating and consolidating such aspects as planning, engineering, land, transportation and environmental protection, to promote industry anchoring, create job opportunities and enhance productivity. A dedicated project supervision office will be established under the working group to strengthen the co-ordination and supervision of the approval process, imposing time limits and phased reporting, to accelerate progress.

(B) Remove Barriers and Ease Restrictions to Streamline Administrative Procedures

46. The Government will streamline administrative procedures, removing barriers and restrictions. Relevant measures include:

- (i) Introduce the Fast Track Processing System, adopting superior construction methods from different places, and integrate successful construction technologies, materials and equipment from the Mainland and overseas, in a bid to reduce construction costs and time.
- (ii) Implement a “phased development” approach on a trial basis with reference to the Mainland’s “1.5-level development” concept. Specifically, pilot low-density facilities, such as retail, entertainment and convention and exhibition facilities will be developed initially to attract businesses, bringing income and footfall to the area to create momentum before long-term development is rolled out. We will invite market feedback on such approach of phased development for the commercial sites in Hung Shui Kiu.
- (iii) Adopt diverse models such as in-situ land exchange and large-scale land disposal to promote market participation and expedite development.
- (iv) Employ flexible land-grant arrangements, encouraging enterprises to set up businesses and invest in the area. Sites granted as tenancy instead of land lease may have a term exceeding seven years to provide greater flexibility. Depending on industry policies, open tendering, restricted tendering or direct land grants may be adopted.
- (v) Allow land owners in the Northern Metropolis to voluntarily surrender land planned to be resumed by the Government to offset the amount payable for in-situ land exchange or large-scale land disposal in NDAs. This will promote market participation in the development.
- (vi) Adopt a “pay for what you build” approach to reduce the cost of land premiums in the Northern Metropolis. In lease modifications, subject to the condition of the land parcels involved, owners will be allowed to pay the required premium according to the actual built floor area and use, rather than the maximum floor area based on the maximum plot ratio under the current planning regime. We will also consider allowing developers to pay land premiums in phases, according to the development scale.

- (vii) Commence a land use review for Au Tau, to capitalise on the development potential brought by the Northern Link. We will consider a larger proportion of private housing in the area around Sha Po at Au Tau Station for development into an NDA. We will engage the Mass Transit Railway Corporation Limited (MTRCL) to conduct the review, announcing its results next year.

47. Where appropriate, we may also apply the above administrative measures to areas outside the Northern Metropolis.

(C) Dedicated Legislation to Accelerate the Development of Northern Metropolis

48. I will introduce dedicated legislation to accelerate the development of Northern Metropolis, empowering the Government to devise simplified statutory procedures for issues including setting up statutory industry park companies and providing them with dedicated channels for funding; managing the cross-boundary flow of people, goods, capital, data and biological samples in designated areas, to attract research institutes and high-end manufacturers to establish a presence in Hong Kong; speeding up the approval of building plans; relaxing permitted uses in outline zoning plans (OZPs) and fine-tuning development parameters; and expediting compensation payment for land resumption.

(D) Expedite the Development of the Loop

49. The Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone (the Co-operation Zone) is located on both sides of the Shenzhen River, comprising Shenzhen Park and Hong Kong Park. Leveraging the advantages of “one zone, two parks”, the Co-operation Zone will promote collaboration between the two parks in the development of I&T.

50. The construction of the first three buildings in Phase 1 of the Hong Kong Park of the Co-operation Zone (Hong Kong Park) has been completed. Tenants from life and health technology, microelectronics, new energy, AI and other pillar industries are gradually moving in. The construction of the other five buildings will be completed progressively from 2027.

51. The Government will roll out parcels of the remaining land in Phase 1 this year. We will complete Phase 2 planning for the development scale and distribution of industries to finalise Hong Kong Park’s overall layout and consider offering work spaces flexibly to companies under the “moving in while construction is underway” approach. That will enable them to move in earlier without having to wait for the completion of the entire park’s construction.

(E) Development Outline for the San Tin Technopole

52. The San Tin Technopole, spanning some 210 hectares⁴ of land for I&T, will serve as a strategic base for the I&T industry. The Government will publish the Conceptual Outline of the Development Plan for the Innovation and Technology Industry in the San Tin Technopole this year. It will cover top-level planning, industry positioning and layout, the co-ordinated development of land parcels, and the strategies for channelling market resources to invest in the development.

(F) Expedite Transport Infrastructural Development

53. To dovetail with the development of the Northern Metropolis, construction works of Kwu Tung Station and Hung Shui Kiu Station are proceeding in full swing for completion in 2027 and 2030 respectively. Adopting an innovative mind-set, the Government has signed the Part 1 Project Agreement with the MTRCL. It will concurrently develop the Northern Link Spur Line in combination with the Main Line, achieving simultaneous commissioning by 2034 or earlier.

54. Cross-boundary railway projects will lead to the comprehensive integration of metro networks in Hong Kong and Shenzhen, significantly enhancing the GBA's infrastructure connectivity and boosting industry's confidence in setting up operations. We are pressing ahead with the Hong Kong-Shenzhen Western Rail Link (Hung Shui Kiu-Qianhai) project and have invited expressions of interest from contractors and operators on the Hong Kong section of the project.

4 Not including the 87-hectare Hong Kong Park.

Chapter IV Industry Development and Reform

55. Industries are the cornerstone of economic development. The Government will leverage market forces through enhanced measures, such as flexible land grant arrangements, tax concessions, capital subsidies and talent grooming, so as to drive industry development.

56. The service industry accounts for a significant share of our economy. In response to an increasingly dynamic market environment and rapid technological change, the Government will pursue structural upgrades of our industries. We will consolidate our traditional strengths in sectors such as financial and legal services, while actively nurturing emerging ones, including advanced manufacturing, life and health technology, new energy, AI and data science, to create more high-quality job opportunities, increasing people's income and enhancing overall economic efficiency.

(A) Formulate Preferential Policy Packages to Attract More Enterprises

57. The Financial Secretary will lead the relevant policy bureaux, departments, and public organisations in formulating packages of preferential policies including land grants, land premiums, financial subsidies, and tax incentives, to attract high value-added industries and high-potential enterprises to set up in Hong Kong, thereby promoting high-quality development.

58. The Office for Attracting Strategic Enterprises and Invest Hong Kong (InvestHK) can use the policy packages flexibly during negotiations with enterprises on settlement details, then report to the Financial Secretary for approval. The Government will also explore the establishment of a more flexible mechanism, including allowing the Chief Executive and the Financial Secretary to introduce tax incentives that comply with international standards.

(B) Attract and Develop Industries

59. The Government attaches great importance to fostering high value-added advanced manufacturing using I&T, and promoting new industrialisation. With the sustained growth in the output of new industries, the Government will step up its efforts to nurture emerging industries locally and attract those from outside Hong Kong, promoting the diversified development of our economy.

Attract an Aircraft Recycling Enterprise and Train Relevant Talents

60. The Government has reached an agreement of intent with a leading European aeronautic services company to operate in Hong Kong. The company will provide aircraft dismantling, as well as recycling and trading services of high-value parts. This will drive the development of industries such as trading, insurance, financing and leasing, creating new job opportunities through the sector's value chain. The company will also collaborate with the Hong Kong International Aviation Academy to provide talent training in relevant professions, which will in turn consolidate Hong Kong's status as an international aviation hub.

Promote the Development of the Life and Health Technology Industry

61. Hong Kong's life and health technology research is flourishing, underpinned by a mature system connecting the Government and the industry, as well as the academic, research and investment sectors. It aligns with the rise of innovative drugs through home-grown research and development (R&D) in our country and expands into international markets through patent licensing, delivering substantial economic and strategic opportunities for Hong Kong.

Attract More Top-notch International and Mainland Pharmaceutical Companies to Set up Operations in Hong Kong

62. We will attract more pharmaceutical companies to set up operations in Hong Kong to conduct clinical trials and medical treatments for rare disease drugs, high-end cancer drugs and advanced therapy products. We will proactively enhance the efficiency of patient recruitment and trial initiation. We will also make use of the GBA Clinical Trial Collaboration Platform in the Hetao area, enabling pharmaceutical companies to conduct trials simultaneously in Hong Kong and Shenzhen. Concurrently, we will prepare to set up the International Clinical Trial Academy for nurturing clinical trial professionals in the GBA and host international summits and forums.

63. The Government will set up the Hong Kong Centre for Medical Products Regulation and submit a legislative proposal on regulating medical devices in 2026, with a view to establishing the centre as an internationally recognised regulatory authority for medical products as soon as possible. We will expedite the "1+" mechanism for new drugs, piloting priority evaluation and approval of innovative drugs recommended by the Hospital Authority (HA) for treatment of severe or rare diseases. This will help pharmaceutical companies bring innovative drugs to the market sooner. In addition, we will promote the standardisation of clinical data within the GBA and establish a real-world data platform to help pharmaceutical companies bring innovative drugs to the Mainland and international markets more quickly.

64. The HA will establish the Office for Introducing Innovative Drugs and Medical Devices. It will identify the needs and benefits of innovative drug treatments for local patients through big data analytics, bringing in innovative drugs and medical devices that are cost-effective and beneficial to patients.

Promote the Development of the New Energy Industry

65. To meet the country's "dual carbon" targets, Hong Kong is working to achieve carbon neutrality before 2050, in which the new energy industry will play a crucial role. We will expedite the application of green technologies, create quality employment opportunities and build an influential industry chain of new quality productive forces. Relevant measures are as follows:

- (i) We will develop a sustainable aviation fuel (SAF) industry chain. Major airports and airlines in Europe, America and Asia have gradually raised their SAF consumption targets. The Government will work with the Mainland authorities to enable a local enterprise, one of the world's major SAF suppliers, to develop its business in the GBA, covering upstream collection of raw materials, the setting up of production plants and large-scale production, to dovetail with the specified target SAF consumption ratio for flights departing from the Hong Kong International Airport (HKIA) by 2030. An SAF blending facility will also be constructed to boost the competitiveness of our SAF industry and bolster the bargaining power of airlines.
- (ii) The Government has made top-level planning in the Strategy of Hydrogen Development in Hong Kong announced last year, and 28 hydrogen energy trial projects are underway or under preparation. These projects cover, among other things, hydrogen buses, hydrogen street washing vehicles and a public hydrogen filling station in the New Territories. We will formulate hydrogen standard certification, establish public hydrogen filling facilities on Hong Kong Island and in Kowloon, press ahead with more trial projects, and develop the GBA Hydrogen Corridor in collaboration with the Guangdong Province.
- (iii) The Government is pushing forward the construction of Hong Kong's first large-scale electric vehicle (EV) battery recycling facility at the EcoPark, which is expected to commence operation in the first half of 2026. The recycled black mass converted from locally retired batteries will be supplied to the Mainland and neighbouring regions, promoting the development of the EV battery recycling industry.

Promote the Development of the AI and Data Science Industries

66. AI is the key driving force of a new round of scientific and technological revolution, as well as industrial transformation. With our advantages in scientific research, capital, data and talent, together with abundant use cases, Hong Kong is poised to become a global hub for AI development. The Government will step up the promotion of AI as a core industry for Hong Kong's development, guided by the strategy of "strengthening infrastructure and promoting the application-oriented approach". We will promote the development of AI+ and facilitate an extensive and deep integration of AI across sectors, with a view to achieving "industries for AI" and "AI for industries", while placing strong emphasis on safety risk prevention.

Promote AI Scientific Research and Leverage Our Wealth of Talents

67. The Government has bolstered its efforts to nurture local and attract overseas and Mainland AI professionals. Relevant measures include setting up the AIR@InnoHK research cluster that pooled over a thousand experts. Combined with nearly a thousand AI companies that have gathered in our I&T parks, this helps enhance our AI R&D capabilities and lay the foundations for wide-ranging AI applications.

68. The Government earlier announced the launch of the \$3 billion Frontier Technology Research Support Scheme. It will help funded universities attract international top-notch scientific researchers in AI and other fields to Hong Kong to spearhead basic research in frontier technologies. The scheme will invite applications soon.

69. We have also earmarked \$1 billion for the establishment of the Hong Kong AI Research and Development Institute in 2026, to facilitate upstream AI R&D, the midstream and downstream R&D outcome, and the expansion of use cases.

Mobilise Capital for AI Investment

70. Hong Kong has developed full-fledged financing channels covering angel investment, venture capital, private equity funds, patient capital and initial public offerings (IPOs), effectively linking capital and quality projects around the world. The Hong Kong Investment Corporation Limited (HKIC), as the "patient capital" institution wholly owned by the Government, has invested in a number of AI enterprises engaging businesses in fields such as AI Large Language Model, cloud computing and AI drug development. It will continue to support the development of the AI industry through investments.

Strengthen Advantages in Data for AI

71. Hong Kong will further capitalise on the advantages under "One Country, Two Systems", and promote the early establishment of a compliant and secure mechanism for cross-boundary flow of Mainland data to Hong Kong Park for scientific research purposes, supporting AI application testing and innovation.

72. With the establishment of Cyberport's AI Supercomputing Centre and the Government's launch of the AI Subsidy Scheme, we will put up for tender a site of about 10 hectares at Sandy Ridge in the North District this year for the development of a data facility cluster. It will provide advanced computing power facilities, promoting the development of data and AI-related industries.

Expand the Application of AI

73. The development of AI must be steered by safety and driven by application. The Government attaches great importance to the governance and risk management of AI applications. Information systems of the Government and public organisations must undergo repeated testing, audits and continuous monitoring to ensure security.

74. Meanwhile, the widespread application of AI can create greater value to our society. Under the leadership of the AI Efficacy Enhancement Team, the Government will promote AI applications in government services. The Digital Policy Office will roll out various AI applications in respect of data analysis, customer service and document processing, to promote extensive application in departments, while ensuring security and controllability.

75. Departments will also develop their own AI solutions. Examples include using AI to help the public make non-emergency reports to the police via voice messages and expedite the vetting and approval of transport licences; enhance traffic management by diverting traffic flow according to real-time data; bring convenience to members of the public by providing an AI Assistant for users of the "iAM Smart" and the "Digital Corporate Identity" platforms to answer enquiries and offer personalised services, as well as to recommend suitable funding schemes and public service support for enterprise, especially small and medium enterprises (SMEs); render carer support through an AI chatbot to give carers more convenient access to information; improve the accuracy of histopathological and cytological analysis by introducing digital pathology technology and the application of AI, and enhance patient care efficiency, hospital management and service quality by promoting the application of generative AI in clinical workflows.

76. The Government will also promote AI business applications. The Hong Kong Monetary Authority (HKMA), in collaboration with Cyberport, has launched the second cohort of the AI Sandbox initiative to promote AI applications to more financial institutions. In addition, the HKMA is developing an AI model evaluation approach to step up testing on the system security of financial institutions. The DEVB will provide subsidies to encourage the application of AI in private sector construction works. The Department of Justice (DoJ) will also establish an inter-departmental working group to review the legislation needed to support a wider application of AI.

Chapter V Integrate into the Overall National Development

77. As the world's second-largest economy, our country contributes more than one-third of global economic growth, representing the greatest opportunity for Hong Kong's development. We will fully integrate into the overall national development, capitalising on national strategies such as the GBA and high-quality co-operation under the B&R Initiative. In addition, this year is the preparatory year for the national 15th Five-Year Plan. Leveraging Hong Kong's unique advantages, we will contribute to the national development, and deepen international exchanges and co-operation by connecting with the Mainland and the world. We will also attract more enterprises to use Hong Kong to expand overseas, thereby creating business opportunities and economic returns.

(A) “Bringing in and Going Global”: Hong Kong as a Platform for Overseas Expansion

78. China's external direct investment exceeded RMB 1 trillion last year, underscoring the growing global demand for “Made in China” products. Mainland enterprises are accelerating their pace to “go global”.

79. With a shift in strategic focus, Mainland enterprises are proactively exploring emerging markets. The Government will capitalise on the advantages of Hong Kong as an export platform to unlock new areas for economic growth. Mainland enterprises going global can establish Corporate Treasury Centres (CTCs) and regional headquarters in Hong Kong for cross-boundary settlement, remittance, financing and related functions. They can also tap Hong Kong's professional high value-added supply chain services in fields such as accounting and law to help them explore overseas markets. In addition, they can leverage Hong Kong's strengths in marketing to connect with global buyers and build international brands.

80. In last year's Policy Address, I announced that we would develop Hong Kong into a high value-added supply-chain service centre, attracting more enterprises to establish a presence in Hong Kong and expanding our headquarters economy. In 2024, Hong Kong was home to more than 1 400 regional headquarters of non-local enterprises, over 300 of which were from the Mainland.

81. I will establish a one-stop platform by mobilising Hong Kong's overseas offices, including those under InvestHK and the Hong Kong Trade Development Council (HKTDC), as well as Hong Kong offices in the Mainland, and set up the Task Force on Supporting Mainland Enterprises in Going Global (GoGlobal Task Force) to encourage Mainland enterprises to use Hong Kong in expanding their businesses overseas. The

Secretary for Commerce and Economic Development will steer the work of GoGlobal Task Force and co-ordinate various bureaux, departments and agencies in formulating proposals for enterprises looking to go global. Details are as follows:

- (i) The HKMA will encourage the banking sector, especially banks in the Mainland, to establish regional headquarters in Hong Kong, where Hong Kong's strengths can help them expand into markets such as Southeast Asia and the Middle East, thereby providing more comprehensive cross-boundary financial solutions.
- (ii) To attract more Mainland enterprises to establish CTCs in Hong Kong, we will complete a study on tax concessionary measures to be further enhanced in the first half of 2026.
- (iii) The HKMA has signed a memorandum of understanding with the Public Investment Fund of Saudi Arabia to establish a US\$1 billion new investment fund, catering to enterprises in Hong Kong and other GBA cities looking to expand into Saudi Arabia.
- (iv) The HKMA will collaborate with organisations such as the Hong Kong Association of Banks, the Hong Kong General Chamber of Commerce and the Federation of Hong Kong Industries to lead delegations of banking representatives and SMEs to explore business opportunities in Southeast Asian markets such as Vietnam, pooling industry strengths to support the "going global" platform.
- (v) The Government will leverage the strengths of Hong Kong's exhibition industry and consolidate our position as the ideal platform for Mainland brands to "go global" and for "bringing in" brands from around the world. We will also support the trade to organise more events conducive to brand development.
- (vi) We will promote the development of carbon audit services to assist enterprises going global to meet international requirements and standards on green trade in respect of carbon emission reduction.

82. The Government will assist the local media to expand their network beyond Hong Kong, telling the good stories of Hong Kong.

(B) Deepen International Exchanges and Co-operation

83. We will actively invite the Asian Infrastructure Investment Bank to set up an office in Hong Kong. The Hong Kong Exchanges and Clearing Limited (HKEX) will also deepen co-operation with Southeast Asian exchanges, attracting Southeast Asian issuers to seek secondary listings in Hong Kong and encouraging asset management companies to issue products in their local markets, thereby spurring asset allocation in our market.

84. The Belt and Road Office will co-ordinate local public organisations and institutes to help train the personnel of B&R countries. It will also strive for more opportunities to match commercial projects in B&R markets with Hong Kong professional service sectors.

85. We support our country to promote the participation in green co-operation with B&R countries by, among other things, jointly setting up a B&R Green Development Co-operation Platform in Hong Kong with the B&R Initiative International Green Development Coalition. The Environmental Protection Department will set up a B&R sustainable green development training centre in Hong Kong in 2026, providing training courses for the personnel of B&R countries. The Hong Kong Jockey Club (HKJC) will support the initiative with funding of \$100 million. In addition, we will support local professional organisations⁵ to promote green building assessment tools among B&R countries.

86. The Government will invite members of the Silk Road Maritime Association⁶ to hold a summit during Hong Kong Maritime Week next year, promoting its participation in the B&R shipping brand.

87. This year and next, we will organise the World Internet Conference Asia-Pacific Summit and InnoEX; the inaugural Hong Kong Fixed Income and Currency Forum; the INTERPOL General Assembly; the GBA Conference on Inheritance, Innovation and Development of Traditional Chinese Medicine; the Association of National Olympic Committees General Assembly; the Asia-Pacific Association for International Education Conference and Exhibition; and the first Research Summit of the Research Grants Council. We will also establish the Hong Kong International Correctional Services Response Tactics Training Academy to enhance international exchanges and professional training. The Government will support local universities and professional organisations in their bids to host more international academic and professional conferences and publish influential academic journals. The Government will also participate in and promote I&T collaboration with various international and regional organisations, such as the International Organization for Standardization.

⁵ The Hong Kong Green Building Council and the BEAM Society.

⁶ The Silk Road Maritime Association was co-founded in 2018 by three large enterprises, the China COSCO Shipping Group, the Fujian Provincial Communication Transportation Group and the Xiamen Port Holding Group. The association aims to build an international integrated logistics service focused on shipping and foster economic and trade co-operation and development of countries and regions along the Maritime Silk Road. To date, the association has more than 330 members, including shipping companies, port enterprises, logistics companies and trade establishments, as well as members from upstream and downstream industries such as finance, insurance and technology.

(C) Development of the Greater Bay Area

88. As one of its core cities, Hong Kong plays a vital role in driving the GBA's development. It also plays an irreplaceable part in our country's reform and opening up. The Government will continue to lead the entire community to dovetail with national strategies and integrate into the country's overall development in a more proactive manner. We will also strengthen mutually beneficial co-operation with Guangdong and Macao and deepen co-ordinated development.

89. We will continue to deepen our co-operation with Guangdong and Macao, forging closer convergence of our respective rules and mechanisms to enhance the flow of people, goods, data and capital. Relevant measures include:

- (i) Develop the HKIA Dongguan Logistics Park. Upon security screening and cargo acceptance in Dongguan, Mainland cargo can be transported directly to the HKIA for transshipment, significantly reducing operating costs. This is the most successful model of GBA co-operation. Phase 1 development's permanent facilities will be completed in stages, starting from the end of this year. The preliminary study for Phase 2 development is also set to commence this year, including the introduction of more high value-added logistics and cross-boundary e-commerce facilities.
- (ii) Promote a panel of GBA arbitrators and a platform for GBA commercial mediation and arbitration to lower enterprises' costs of cross-boundary dispute resolution.
- (iii) Extend cross-boundary ambulance transfer arrangements with the governments of Guangdong and Macao, including two-way ambulance transfers and expansion to cover designated hospitals in Zhuhai and Nansha.
- (iv) Enhance Cross-boundary Credit Referencing and the Shenzhen-Hong Kong cross-boundary data validation platform to facilitate Hong Kong banks' credit assessment of Mainland residents and enterprises in Hong Kong.
- (v) Continuously enhance the Payment Connect, expanding to use cases for remittance related to people's livelihood. The Government will improve disbursement arrangements for portable cash assistance next year, so that Hong Kong elderly recipients retiring in Guangdong and Fujian Provinces may opt to receive Government assistance directly through their bank accounts with designated Mainland banks.

- (vi) Work with exchanges in the GBA to develop commodity trading, carbon trading and other businesses. The HKEX, a controlling shareholder of the Qianhai Mercantile Exchange, will continue to strengthen mutual co-operation for the development of the offshore spot soybean market. Core Climate, the carbon marketplace of the HKEX, will collaborate with pilot carbon markets in the GBA to explore cross-boundary trade settlements on a trial basis.
- (vii) Boost collaboration between the HKIC and the Guangdong Government to help Hong Kong's enterprises with high technology content, such as biotech and health tech start-ups, to strengthen cross-border industry chain development. Nansha will be the key base for the first phase.
- (viii) The Financial Services and the Treasury Bureau (FSTB) is working with Shenzhen and Qianhai to promote digital finance development and support deeper integration of technology and finance between Shenzhen and Hong Kong. Measures are expected to be announced later this year.

Chapter VI Consolidate Hong Kong's Status as an International Hub

90. Backed by strong national support and a high degree of global connectivity, Hong Kong is recognised worldwide as an international centre in finance, trade and shipping, as well as in aviation, legal services and dispute resolution. The Government will fully leverage these institutional strengths to consolidate Hong Kong's status as a premier international hub.

(A) International Financial Centre

91. Through sustained efforts of the Government to strengthen our financial system, Hong Kong has reclaimed its third-place position in the Global Financial Centres Index ranking. Building on this momentum, we will harness the asset-reallocation wave of global investors to cement our status as an international financial centre. Our strategy will deepen the equity market, expand a world-class bond market and a vibrant currency market, while advancing the insurance, asset management and wealth management sectors. We will also expedite the development of new growth areas, building a premier international gold trading market, driving the development of fintech, as well as promoting green and sustainable finance.

Continuously Strengthen the Stock Market

92. The Hong Kong stock market has maintained its strong momentum. The Hang Seng Index has risen by over 20% year-to-date, while the average daily turnover has reached \$250 billion, nearly double that of last year. At the end of August, the cumulative amount of funds raised through IPOs exceeded \$130 billion, nearly six times higher than that of the same period last year, ranking Hong Kong first globally in IPO fundraising.

93. We will leverage the Technology Enterprises Channel to assist Mainland technology enterprises in raising funds in Hong Kong, strengthening financial support for our nation's development as a science and technology powerhouse. We will also optimise the regimes for listing on the Main Board and issuing structured products, consider enhancements to the listing requirements for companies with weighted voting right structures, explore shortening the stock settlement cycle to T+1, encourage more overseas enterprises to seek secondary listing in Hong Kong, support China Concept Stock companies to return from overseas markets, with Hong Kong as their preferred destination, and press ahead with the inclusion of an RMB trading counter under Stock Connect's Southbound trading for Hong Kong stocks.

Build a World-leading Bond Market

94. The Government will further consolidate Hong Kong's position as a bond market hub. Relevant measures include:

- (i) Enhance financial infrastructure, including the collaboration between the HKMA's CMU OmniClear and the HKEX to explore centralised management and the cross-collateralisation of assets (such as shares and bonds) by investors on a single platform, with a view to fostering interplay between various mutual-market access mechanisms, establishing connections with markets such as Switzerland and the United Arab Emirates and promoting the use of offshore Chinese Government Bonds as collateral in different clearing houses to further enrich the use cases of RMB assets. The Securities and Futures Commission (SFC) is also studying the feasibility of an innovative electronic bond-trading platform built and operated by market participants. It is also promoting the establishment of a commercial repo market and a central counterparty regime in Hong Kong to improve market liquidity.
- (ii) Continue discussions with relevant Mainland institutions on introducing offshore treasury bond futures in Hong Kong, expand the variety of interest rate derivatives under Swap Connect, promote the development of over-the-counter derivatives, and explore the launch of the cross-boundary RMB repo business in collaboration with the Mainland in due course.
- (iii) Step up market outreach efforts by the SFC, the HKMA and the HKEX to encourage more enterprises to issue corporate bonds in Hong Kong, attracting capital from around the globe to participate in our bond market.
- (iv) The SFC and the HKMA will set out relevant details of these measures in the Fixed Income and Currency Roadmap to be published.

Build a Vibrant Currency Market

95. Hong Kong is the world's largest offshore RMB business hub. To enhance the liquidity and global reach of the offshore RMB market in Hong Kong, the HKMA will make use of the Currency Swap Agreement with the People's Bank of China and introduce an RMB Business Facility, providing enterprises with the longer-term RMB financing required for trade, daily operation and capital expenditure, so as to support the use of RMB in the real economy. It will also continue to explore diversified channels for cross-boundary capital acquisition, so as to provide a stable source of RMB funds for the market at a relatively low cost. The HKMA will also explore measures to facilitate foreign exchange quotations and transactions between RMB and other regional currencies in Hong Kong.

96. The Government will issue more RMB bonds and consider settling government expenditure in RMB under suitable circumstances.

Expedite the Building of an International Gold Trading Market

97. I have accepted the recommendations of the Working Group on Promoting Gold Market Development. The FSTB will implement the relevant initiatives, including:

- (i) Support the Airport Authority Hong Kong (AAHK) and financial institutions to establish Hong Kong's gold storage facilities, with a target gold storing capacity of over 2 000 tonnes in three years, propelling Hong Kong into a regional gold reserve hub.
- (ii) Encourage gold traders to set up or expand refineries in Hong Kong, and explore with the Mainland the feasibility of processing supplied materials in the Mainland to produce refined gold for exporting to Hong Kong for trading and delivery.
- (iii) Establish a central clearing system for gold in Hong Kong to provide efficient and reliable clearing services for transactions of gold in compliance with international standards, and invite the participation of the Shanghai Gold Exchange to prepare for mutual market access with the Mainland in the future.
- (iv) Offer a greater variety of gold investment vehicles by assisting issuers in issuing gold funds, and support the development of new investment products such as tokenised gold.
- (v) Support the setting up of a trade association for the gold industry, with a view to establishing an exchange platform with the Government and regulators, stepping up promotional efforts and attracting more B&R clients, while strengthening talent training.

98. The International Board of the Shanghai Gold Exchange has set up its first offshore delivery vault in Hong Kong and launched new contracts for delivery in Hong Kong. We will continue to promote co-operation between the gold markets of the two cities.

International Risk Management Centre

99. To encourage the participation of insurance funds in infrastructure financing, the Government will amend the legislation next year to lower capital requirements for infrastructure investment and provide concessions for local projects. We will also promote the development of exclusive captive and reinsurance business in Hong Kong, encouraging the market to introduce more insurance products such as those related to cross-boundary elderly care, cross-boundary driving and low-altitude economy.

International Asset and Wealth Management Centre

100. Hong Kong is expected to become the world's largest cross-boundary wealth management centre in the next few years. Following the launch of Cross-boundary Wealth Management Connect 2.0 in February last year, the number of Mainland accounts investing in Hong Kong's wealth products has increased from 25 000 to 110 000.

101. We will further enhance the preferential tax regimes for funds, single family offices and carried interest to attract more funds to establish a presence in Hong Kong. The SFC will actively promote the inclusion of real estate investment trusts (REITs) under mutual market access to increase the liquidity of REITs in the Mainland and Hong Kong. We will also facilitate the enhancement of the Qualified Foreign Limited Partnerships (QFLP) mechanism, in particular by collaborating with Qianhai and Shanghai to attract more foreign capital to the Mainland's private capital market. The HKIC will nurture local private equity and hedge fund institutions with good potential through direct or co-investment.

102. Currently, applicants of the New Capital Investment Entrant Scheme are required to invest at least \$30 million in Hong Kong. Among such investments, the maximum amount of investment in real estate (both residential and non-residential) to be counted towards the scheme is \$10 million. The scheme will be enhanced, raising the maximum amount of investment to be counted from \$10 million to \$15 million for the purchase of non-residential properties with no transaction price threshold; as for the purchase of residential properties, the investment to be counted will continue to be capped at \$10 million, but the transaction price threshold will be lowered from \$50 million to \$30 million.

Steady Development of Fintech

103. The HKMA will continue to take forward Project Ensemble⁷, including encouraging commercial banks to introduce tokenised deposits, and promoting live transactions of tokenised assets, such as the settlement of tokenised money market funds with tokenised deposits. It will also assist the Government in regularising the issuance of tokenised bonds, and encourage banks to strengthen risk management through the supervisory sandbox.

⁷ Project Ensemble seeks to support the development of the tokenisation market in Hong Kong. Through sandbox experiments, it allows industry participants to explore building the next-generation financial infrastructure with blockchain technology in actual business scenarios.

104. We are implementing a regime for stablecoin issuers and formulating legislative proposals regarding licensing regimes for digital asset dealing and custodian service providers. The SFC is studying the possibility of offering a wider range of digital asset products and services to professional investors with the prerequisite of sufficient investor protection in place. Meanwhile, we will step up international tax co-operation to tackle cross-border tax evasion. The SFC will also introduce automated reporting and data surveillance tools to build a line of defence against risks associated with digital assets in Hong Kong.

Development of Green and Sustainable Finance

105. In 2022, the HKEX launched Core Climate, an international carbon trading platform and the only voluntary carbon credit trading platform in the world offering settlement in Hong Kong dollars and RMB. In the future, we will deepen pilot co-operation with the GBA carbon market, testing the means of cross-border trade settlement, and jointly building a regional carbon market ecosystem. Working with relevant Mainland regulatory departments and authorities, the Government will also study issues surrounding the country's participation in the international carbon market, including the formulation of voluntary carbon credit standards and methods, as well as the registration, trading and settlement of carbon emission reduction.

(B) International Trade Centre

106. Trading is the second-largest industry in Hong Kong after finance, contributing 15% of the Gross Domestic Product (GDP). Last year, the value of trade was 3.6 times that of the GDP, ranking third in the world. The total value of external merchandise trade also grew strongly by 7.3%, underlining the global market's confidence in Hong Kong as a trade centre.

107. As the evolving geopolitical landscape has disrupted existing supply chains, we will actively open up new markets, promote digital trade, and support the transformation and upgrading of SMEs.

Deepen International Economic and Trade Networks

108. Our investment agreement negotiations with Qatar largely concluded in mid-2025. We will explore the signing of new investment agreements with Saudi Arabia, Bangladesh, Egypt and Peru. The Government will also continue to seek accession to the Regional Comprehensive Economic Partnership (RCEP) to expand our economic and trade network.

109. I will establish an Economic and Trade Office (ETO) in Kuala Lumpur this year to deepen economic and trade promotion in the Association of South East Asian Nations (ASEAN) and neighbouring countries, and will also expand the ETO coverage to Latin America and Central Asia.

Promote Digital Trade

110. The Government will promote the digitalisation of trade to lower costs and improve efficiency. Relevant measures are as follows:

- (i) The HKMA will develop a roadmap for Project Cargo^{x8} by the end of the year. Through Commercial Data Interchange (CDI), and working with the AAHK and the Port Community System, the trial project will leverage cargo data to reduce credit costs and processing time for banks and SMEs.
- (ii) The HKMA will explore cross-boundary financial collaboration with the Shanghai Municipal Bureau of Data and other parties under Project Ensemble, such as the application of tokenised electronic bills of lading, as well as advancing connections with CDI and Cargo^x to facilitate trade finance with the use of cargo data.
- (iii) A logistics provider will be recruited as an additional pilot participant of the Cross-boundary Express Cargo Clearance Facilitation Arrangement (CEFA) to enhance the efficiency of e-commerce shipment.
- (iv) The Trade Single Window will be expanded progressively to cover more trade documents. In parallel, the Government, together with the Mainland's General Administration of Customs, will work to connect the single windows of Hong Kong and the Mainland, and explore the feasibility of extending the existing "Single Submission for Dual Declaration" Scheme to include other trade documents and transport modes. In addition, the Government will discuss the possibility of connecting the single windows with ASEAN.
- (v) The Government will introduce a legislative proposal next year for the digitalisation of business-to-business trade documents.

Promote Commodity Trading

111. We will continue to follow the direction set out in the last Policy Address to foster the development of a commodity trading ecosystem in Hong Kong. Relevant measures include:

- (i) Support the sector in setting up more approved warehouses, having obtained the approval of the London Metal Exchange, a wholly-owned subsidiary of the HKEX, on the establishment of eight delivery warehouses in Hong Kong.

8 Project Cargo^x is a public-private collaboration launched by the HKMA, focusing on leveraging cargo data to streamline and enhance trade finance processes; developing digital solutions to improve accessibility to trade finance for SMEs; and exploring connections with international data partners to facilitate the trade financing use case for banks in Hong Kong.

- (ii) Provide half-rate tax concessions for commodity traders to set up businesses in Hong Kong, driving demand for shipping and professional maritime services. Legislative amendments will be made in the first half of next year.
- (iii) Enhance the process of international commodity trading through financial innovation, including testing the use of technologies like electronic bills of lading and tokenised deposit in a collaboration between the HKMA and Banco Central do Brazil to facilitate trade.
- (iv) Deepen connections with the Guangzhou Futures Exchange and other commodity markets in the Mainland, contributing to the internationalisation of our country's commodity market.

112. The Government will set up the Strategic Committee on Commodities, led by the Financial Secretary. It will bring together industry representatives with the aim of strengthening the top-down design and long-term strategy of our commodity policy.

(C) International Shipping Centre

113. Hong Kong is one of the busiest ports in the world. Being a leading “catch-up port”⁹ renowned for its fast customs clearance and high efficiency, underpinned by a maritime service ecosystem with more than 1 200 companies, Hong Kong is ranked fourth among the world's international shipping centres. The Government will expand the cross-provincial freight transport network, build a commodity ecosystem, drive the port's green transformation and digitalisation, and better harness our advantages in high value-added maritime services.

Establish a Comprehensive “Rail-sea-land-river” Intermodal Transport System Connecting to the Inland Region

114. We are actively extending Hong Kong's cargo sources, promoting intermodal cargo transport from the Mainland's inland provinces and cities to international markets through Hong Kong via rail, sea, land and river. Currently, cargo originating from Chongqing and Chengdu can be sent by sea-rail intermodal service to Yantian Port in Shenzhen or Beibu Gulf in Guangxi, then transhipped to the Kwai Tsing Container Terminals by feeders or daily liner service. This fully leverages the complementary strengths of the ports concerned, achieving mutual benefits.

Build an International “Partner Port” Network

115. The Government will establish “partner port” relationships with Mainland regions of strategic collaboration significance, as well as B&R regions, and prepare for the development of a green shipping corridor.

⁹ The average length of stay of container vessels in the Hong Kong port is one day, about half the average of 1.95 days for the world's top 20 container ports.

Develop a Green Maritime Fuel Bunkering Centre

116. We will focus on the development of bunkering of fuels such as green methanol, green ammonia and hydrogen. Later this year, we will invite the industry to submit expressions of interest in the development of green maritime fuel storage facilities. We will also require all vessels providing methanol bunkering services in Hong Kong waters to install mass flow meters to improve bunkering efficiency within next year, and initiate a feasibility study on green ammonia and hydrogen bunkering.

117. The Government will facilitate the trading of more green maritime fuels in Hong Kong, and assist in the export of Mainland-produced green maritime fuel.

Develop a Digitalised Port System

118. The Port Community System, to be launched in January next year, will provide cargo tracking function and connect sea, land and air transport networks, bolstering trade and capital flows digitally.

Better Harness the Strengths of High Value-added Maritime Services

119. Vessels owned, managed or operated by Hong Kong shipowners account for nearly 10% of the deadweight tonnage of the world's merchant fleet. Ships registered in Hong Kong are governed and protected by local law. Their operation will drive the development of high value-added maritime services, including ship management, ship leasing, marine insurance, maritime law and arbitration.

120. To strengthen Hong Kong's leading position in high value-added maritime services, the Government will amend the Merchant Shipping (Registration) Ordinance next year to render the registration processes more flexible and digitalised. We will also step up promotion of tax concessions and enhance the marine insurance business. The Government and the Insurance Authority (IA) are engaging the industry in establishing a dedicated marine risk pool to enhance Hong Kong's underwriting capacity for both local and Mainland markets.

Propel Long-term Maritime Development Strategies

121. The Hong Kong Maritime and Port Development Board, established in July this year, assists the Government in formulating more outgoing and comprehensive overseas and Mainland promotional strategies, as well as policies for the overall development of the maritime industry, with key areas identified for research.

Support Modern Logistics Development

122. To consolidate Hong Kong's position as an international logistics hub, we will release the findings of the planning study on the development of modern logistics clusters in Hung Shui Kiu/Ha Tsuen NDA this year. We will invite expressions of interest from the industry next year and draw up tender conditions.

(D) International Aviation Hub

123. Connecting with more than 200 destinations worldwide, Hong Kong saw an increase of over 60% in the number of passenger and cargo flights over the past two years. We will continue to leverage the opportunities brought by the Three-Runway System at the HKIA and increase the number of long-haul and transit routes, reinforcing Hong Kong's top global ranking for cargo throughput and our advantages of being the GBA's transit hub.

Accelerate the Expansion of Aviation Network

124. Over the past two years, Hong Kong has expanded bilateral air services arrangements with more than 10 aviation partners, leading to an increase in flights to and from Australia and Turkey. We also reached a consensus with Chile last month, laying the foundation to establish a new air services agreement. We will encourage local and non-local airlines to operate more flights and work to forge more new air services agreements and expand traffic rights with South America, Central Asia, Africa and the Middle East as our priority target regions.

Improve the Greater Bay Area's Intermodal Network

125. Starting in October, we will expand exemptions from the Air Passenger Departure Tax to include passengers travelling to Hong Kong for transit by sea or land. The AAHK will also expand the city terminal network in the Mainland, and improve land transport connections under "Fly-Via-Zhuhai-Hong Kong", extending the service to more Mainland cities.

Take Forward the Expansion of Airport City Development

126. The construction of AsiaWorld-Expo Phase 2 has begun and is expected to be completed in 2028. The AAHK will invite expressions of interest in the development of a yacht bay and its ancillary facilities early next year. The facilities will be completed in phases, starting in 2028. The AAHK is also working on the creation of an ecosystem for the arts industry, the opening of a jet fresh market for fresh gourmet products and more.

Consolidate Hong Kong's Position as the World's Top Cargo Hub

127. The HKIA has been ranked the world's busiest cargo airport for the 14th time since 2010. The AAHK will continue to leverage the advantages of the Three-Runway System to increase cargo throughput. In parallel, it is moving ahead with the construction of a logistics park in Dongguan, to help boost the use of Hong Kong air cargo services for transporting goods to and from the Mainland.

(E) International Legal and Dispute Resolution Services Centre

128. Hong Kong maintains a robust legal system highly aligned with international standards, and is also the only place in the world implementing a bilingual common law system in both Chinese and English. We will step up the promotion of legal services in Hong Kong and deepen our mediation culture, reinforcing our positions as an international legal hub and the Capital of Mediation.

Commence Operation of the International Organization for Mediation's Headquarters

129. The International Organization for Mediation (IOMed) fulfils the mission of using mediation as one of the peaceful means to maintain international peace and security, as stipulated in the Charter of the United Nations. Headquartered in Hong Kong, it reflects the importance the Central Government attaches to Hong Kong and the confidence of the global community in the city's development. It will also strengthen Hong Kong's positioning as a centre for international legal and dispute resolution services.

130. The Government fully supports the work of the IOMed, and will organise international conferences, professional training, internships and other programmes to help Hong Kong young people and legal professionals work with the IOMed, nurturing more international mediation professionals for Hong Kong.

International Legal Hub

131. The DoJ will construct the Hong Kong International Legal Service Building adjacent to the IOMed headquarters. The building will house facilities such as the headquarters of the Hong Kong International Legal Talents Training Academy, as well as international legal and dispute resolution services institutions.

Strengthen the Promotion of Hong Kong Legal Services

132. The Deputy Secretary for Justice is tasked to promote Hong Kong's legal services and will collaborate with other professional service sectors, such as accounting and finance, to support Mainland enterprises wishing to expand overseas.

Mediation Culture and Arbitration Development

133. The Government will continue to take forward the Pilot Scheme on Sports Dispute Resolution and the Pilot Scheme on Community Mediation. It will also strengthen the accreditation and disciplinary systems for the mediation profession, and step up promotion of Hong Kong's arbitration services, while studying the need to amend the Arbitration Ordinance.

Chapter VII Promote the Integrated Development of Education, Technology and Talents

134. The integrated development of education, technology and talents is a foundational and strategic pillar for progress in the new era. It enables Hong Kong to build rich talent resources, knowledge reserve, and capacities for scientific and technological innovation, thereby enhancing our competitiveness.

(A) Build an International Education Hub

135. With a distinctive competitive edge in post-secondary education, Hong Kong is the only city worldwide that hosts five universities ranked among the world's top 100. We will accelerate construction of the Northern Metropolis University Town, promote the "Study in Hong Kong" brand, develop universities of applied sciences (UASs), and propel our city towards becoming an international hub for post-secondary education and high-calibre talents.

136. We are committed to enhancing the quality of education in Hong Kong, fostering the all-round development of students, and providing more diverse, high-quality learning opportunities and experiences to nurture a broad pool of competent and knowledgeable talents. Hong Kong boasts a high-quality primary and secondary education system that offers diversified curricula and is highly competitive on the global stage. The Hong Kong Diploma of Secondary Education Examination (DSE) has been recognised by 1 100 higher education institutions worldwide. We will intensify our efforts to promote the DSE's international recognition, attract more outstanding teachers and students from around the world to come to Hong Kong, and support the development of international schools. We will also continually enhance the professional standards of teachers and the quality of programmes, while strengthening digital and technology education.

Post-secondary Institutions

Relax Restrictions on Admission of Self-financing Students

137. Universities in Hong Kong are highly popular, with a double-digit year-on-year increase in the number of self-financing non-local applicants. The Government currently provides 15 000 funded places for local students. This number will not be reduced, ensuring the current enrolment situation of local students in subsidised programmes remains unchanged. On the other hand, the number of non-funded places for non-local students to study in Hong Kong on a self-financing basis will be permitted to increase. Starting from the 2026/27 academic year, the enrolment ceiling for self-financing non-local students of each funded post-secondary institution will be raised from the level currently

equivalent to 40% of local student places to 50%; and the over-enrolment ceiling of self-financing places of funded research postgraduate programmes will be increased from 100% to 120%.

Increase Student Hostel Supply

138. The Government launched the Hostels in the City Scheme in July to facilitate the market in converting existing commercial buildings (including hotels) into student hostels by obviating the need for rezoning and allowing excessive plot ratio be retained. Effective today, apart from cases involving the conversion of commercial buildings, cases involving redevelopment of original commercial buildings into new student hostels can also enjoy the facilitation measures under the scheme, including retaining excessive plot ratio. The Government will also earmark new sites (zoned as commercial or otherwise) this year for building new hostels, and will invite the market to submit expressions of interest.

Attract More International Teaching and Research Talents and Students

139. The EDB will establish the Task Force on Study in Hong Kong, bringing together the University Grants Committee (UGC), the Innovation, Technology and Industry Bureau (ITIB), the Hong Kong Talent Engage (HKTE), post-secondary institutions, ETOs, the Mainland Offices etc. to step up the promotion of higher education in Hong Kong. Relevant measures include:

- (i) Roll out the “Hong Kong: Your World-class Campus” large-scale publicity campaign to promote Hong Kong’s quality resources in areas such as academic studies, scientific research and international co-operation.
- (ii) Provide funding support of \$40 million by the UGC for the eight funded universities to enhance publicity, as well as teacher and student recruitment overseas and in the Mainland. The EDB will also take the lead in encouraging post-secondary institutions to organise more summer study tours to attract non-local senior secondary school students.
- (iii) Encourage post-secondary institutions to roll out more high value-added “Study Tour in Hong Kong” activities to promote the “Study Tour in Hong Kong” brand.

Advance the Development of Universities of Applied Sciences

140. The Government has granted the UAS designation to two universities, putting into practice the principle that “every trade has its masters”. We will encourage UASs to deepen collaboration with leading enterprises in the Mainland and overseas, fostering industry-education collaboration and joint promotion. The Alliance of UASs in Hong Kong will explore the feasibility of co-operating with leading polytechnic institutions in Guangdong Province to jointly establish a GBA exchange platform.

Implement the Arrangement on Mutual Recognition of Vocational and Professional Qualifications with the Mainland

141. We will continue exploring with Mainland authorities the implementation of the mutual recognition of sub-degree level qualifications between Hong Kong and the Mainland. This aims to facilitate cross-boundary job-seeking and the pursuit of further studies by graduates of vocational and professional programmes in both places.

Primary and Secondary Schools

Allow Schools under the Direct Subsidy Scheme to Apply for Increasing the Number of Non-local Students

142. The EDB will, on a trial basis, allow schools under the Direct Subsidy Scheme to apply for increasing the number and size of classes, expanding their intake of non-local students with student visas to study on a self-financing mode.

Promote the International Recognition of the Diploma of Secondary Education Examination

143. We will promote the international recognition of the DSE to various sectors through a range of education exhibitions and activities overseas and on the Mainland, enabling DSE candidates to have more options for further education.

144. The EDB will strengthen efforts to crack down on the unauthorised provision of DSE programmes or the operation of “shell schools”. We have set up a reporting mechanism, conducted unannounced inspections, and further clarified the registration arrangements for private candidates taking the DSE in the coming year. In addition, we will formulate the Code of Practice for Private Schools and publish the Private School List within this year, with a view to improving the standards of school operation.

Develop International Schools

145. The EDB has allocated two vacant school premises for international school development. The Government has also reserved sites in the Northern Metropolis for the development of international schools.

146. We encourage international schools to increase their admission quotas. We will also remove barriers and ease restrictions, allowing quality international schools to build new facilities and enhance existing ones, including student boarding facilities, at their school sites on a self-financing basis.

Promote Digital Education

147. The EDB has set aside \$2 billion in the Quality Education Fund (QEF) to support digital education in primary and secondary schools and will release the Blueprint for Digital Education in Primary and Secondary Schools in 2026. This will encompass strategies such as optimising the interface between primary and secondary curricula of Information Technology and I&T education, setting out an “AI literacy” learning framework, incorporating AI education into the core curriculum, enhancing AI training for teachers, and introducing corporate resources.

Enhance the Quality of Teaching and Learning

148. The QEF will introduce a new stage of the dedicated funding programme for publicly-funded schools, under which the cumulative funding ceiling for publicly-funded schools and eligible kindergartens will be raised to enhance the quality of education. Schools will also be encouraged to strengthen promotion in areas such as values education, financial education and entrepreneurial spirit through various funding programmes.

(B) International Innovation and Technology Centre

149. With tremendous potential in technology development, Hong Kong ranks third globally in “Technology”, in the World Digital Competitiveness Ranking. The Shenzhen-Hong Kong-Guangzhou cluster ranks first in the 2025 Global Innovation Index Ranking of the World’s Top 100 Innovation Clusters. With three major I&T parks and five key R&D institutions as the framework, we will propel I&T development, pool global talents and make full use of Hong Kong’s R&D platform to support the development of aerospace science and technology. We will also promote the development of new industrialisation, press ahead with the low-altitude economy, support people-oriented scientific research, and facilitate leading I&T enterprises to establish a presence in our city.

Improve the Strategic Layout of Innovation and Technology Infrastructure

150. The ITIB is taking forward the set-up of two pilot lines by the Hong Kong Microelectronics Research and Development Institute. Preparatory work for the establishment of the Life and Health Technology Research Institutes and the Hong Kong Artificial Intelligence Research and Development Institute will be completed within next year.

Accelerate the Development of New Industrialisation

151. The Government (the ITIB) will provide industry-ready use cases and adopt the “scenario-based investment promotion” approach. It will also facilitate leading or influential I&T companies to develop businesses in Hong Kong. Relevant measures include:

- (i) Expedite the development of the third InnoHK research cluster, with the focus on sustainable development, energy, advanced manufacturing and materials. The R&D centres under the cluster will be established in the first half of 2026.
- (ii) Relax the application threshold for the New Industrialisation Acceleration Scheme by lowering the minimum total project cost from \$300 million to \$150 million and providing funding on a matching basis for the employment of relevant technical personnel, encouraging the establishment of more smart production facilities. We will also consider providing necessary support measures for individual enterprises.
- (iii) Launch the I&T Industry-Oriented Fund in 2026-27. The Government will endeavour to channel market capital to invest in emerging and future industries of strategic importance.

Support People-oriented Scientific Research

152. During my visit to Hangzhou’s “Six Little Dragons” in Zhejiang, I was aware of a new technology that enables a breakthrough benefitting people with amputations. Prostheses incorporating new R&D technologies are embedded with sensors that can detect neural signals transmitted from muscles to control prosthetic movements without having to implant any device or wiring. With some training, wearers of these prostheses are able to perform daily activities such as writing or playing musical instruments. The Government will support people-oriented scientific research through the Innovation and Technology Fund to introduce prostheses built with new R&D technologies. A two-year scheme will be introduced to grant full subsidies to amputees in Hong Kong for the configuration and use of the high-tech prostheses free of charge, enabling them to benefit from new technologies.

Promote the Development of a Low-altitude Economy Ecosystem

153. The Government will forge ahead with building a competitive low-altitude economy ecosystem, to propel Hong Kong as an Asia-Pacific hub for innovative low-altitude applications.

Formulate an Action Plan

154. We will formulate the Action Plan on Developing Low-Altitude Economy to advance Hong Kong as a major hub for low-altitude applications through institutional innovations and technological breakthroughs. Relevant measures include:

- (i) Improve civil aviation legislation and regulatory framework, including formulating dedicated legislation for unconventional aircraft weighing over 150 kilograms, to lay the foundation for developing the standardisation of the low-altitude economy.
- (ii) Enhance core infrastructure facilities by designating spectrum by the end of the year, as well as facilitating early planning and deployment of facilities such as vertiports, air route networks, satellite positioning, three-dimensional spatial data systems and a smart, low-altitude traffic-management system.

155. We will further encourage higher education institutions and enterprises to make use of existing funding schemes to promote relevant R&D and its applications, review relevant talent development, and support the industry and universities in organising more training to promote the low-altitude economy. Last year, InvestHK hosted the inaugural Hong Kong Low Altitude Economy Forum, attracting over 250 local and overseas industry stakeholders. We will continue to encourage the hosting of flagship events to showcase the business opportunities of the low-altitude economy and an innovative, efficient and secure low-altitude economy ecosystem.

Enhance the Regulatory Sandbox

156. The first batch of Regulatory Sandbox pilot projects was announced in March. We will regularise the operation of more mature application scenarios, and roll out the advanced low-altitude economy “Regulatory Sandbox Ⅱ” pilot projects to cover application scenarios that are technically more complex, such as cross-boundary routes and passenger-carrying, low-altitude aircraft.

Develop Low-altitude Economy Insurance Products

157. The insurance industry has set up a task force to develop low-altitude economy insurance products for various application scenarios, drawing reference from the data of the Government’s Regulatory Sandbox. The IA will forge closer ties with the industry to meet demands.

Promote the Development of Aerospace Science and Technology and Support Space Economy

158. Our country has designated commercial aerospace as a strategic emerging industry. Hong Kong has an advantage in internationalisation and possesses strong scientific research capabilities, with various universities participating in national aerospace projects. This, coupled with our financing advantages, allows us to promote the development of aerospace science and technology, supporting the space economy.

159. The Government has set up the Hong Kong Space Robotics and Energy Centre under the InnoHK research clusters to support our country's Chang'E-8 mission. The Innovation and Technology Support Programme Special Call on Aerospace Technology has allocated over \$100 million to support six university R&D projects. In parallel, the Commerce and Economic Development Bureau (CEDB) is exploring how to streamline the vetting of licence applications for Low Earth Orbit satellites and will promote 6G application. The HKIC will also pursue investment in areas related to commercial aerospace and the space economy.

(C) Regional Intellectual Property Trading Centre

Promote Intellectual Property Trading

160. Intellectual property (IP) is a legally protected intangible asset and the cornerstone of encouraging I&T development and creativity. Hong Kong ranks sixth globally on the criterion for "intellectual property rights", an improvement of six places since the current-term Government took office. We will push forward measures in IP financing, valuation and protection, and strengthen external promotion to boost IP trading.

Bolster Intellectual Property Financing

161. The CEDB and the Intellectual Property Department (IPD) will collaborate with the HKMA to launch an IP financing sandbox to assist pilot sectors (particularly the technology sector) in leveraging IPs for financing with the support of the banking, insurance, valuation, legal and other professions.

Patent Valuation Services and Subsidies

162. Upon the official operation of the Hong Kong Technology and Innovation Support Centre, by the end of this year, the Government will support the centre in providing local small and medium I&T enterprises with patent evaluation based on national standards, and launching a two-year pilot programme to subsidise patent valuation as a reference for credit financing.

Protect Intellectual Property Rights

163. Following the completion of the public consultation on enhancement of the Copyright Ordinance regarding the protection for AI technology development in September last year, the Government will formulate a code of practice in respect of relevant legal principles and prepare a legislative proposal. We are also reviewing the local registered designs regime for consultation by the end of the year.

External Promotion

164. The Government and the HKTDC will promote IP financing in the Business of IP Asia Forum 2025. The IPD will also nominate local enterprises to compete for the China Patent Award jointly organised by the China National Intellectual Property Administration and the World Intellectual Property Organization.

(D) Nurture Talents

165. The Government attaches great importance to youth development. We will enhance the talent policy to attract technical professionals with specified skills to Hong Kong, promote the flow of talents between the industry and academic sectors, and strengthen the HKTE's efforts in talent attraction and support. This will help build Hong Kong into an international hub for high-calibre talents.

Promote Youth Development

Youth Training and Development

166. To better equip our young people, broaden their international horizons and cultivate a holistic outlook, we will launch a Young Talent Training Programme. We will provide more opportunities for young people to participate in the internships of international organisations and attend international conferences. We will also introduce a new media thematic internship programme in the Mainland, strengthen the Youth Financial Education Programme, and launch new mediation workshops to enhance young people's understanding of the mediation industry.

Facilitate International and Mainland Exchanges for Local Youths

167. The HYAB will continue to implement the HYAB Funding Scheme for Youth Exchange in the Mainland and the HYAB Funding Scheme for International Youth Exchange, and encourage young people from the Mainland and overseas to visit Hong Kong on exchange. In addition, the eight youth uniformed groups of the Security Bureau's disciplined and auxiliary services departments will proactively organise international and Mainland exchange activities.

Foster Diverse Exchanges and Experiences through the Youth Post

168. The Youth Post hostel¹⁰, converted from the Kai Tak Community Isolation Facility, has commenced operation on a trial basis and will officially open this year. Along with providing affordable accommodation for young people from the Mainland and overseas, the Youth Post plans to organise about 100 youth activities of different types encompassing culture, arts, sports and other elements in its five-year operation period, promoting exchanges between young visitors and Hong Kong youth.

Provide More Interactive Spaces for Young People

169. The first phase of the renovation work of the new interactive space for young people at Youth Square in Chai Wan, and the physical platform for interaction for Youth Link members in Nam Cheong, will be completed by the end of this year, providing venues for young people to expand their networks.

Develop a Talent Pool

Talent Admission Policies

170. Since the implementation of an array of new talent admission policies by the current-term Government, over 230 000 people have come to Hong Kong for work and development. Among the various schemes, the Top Talent Pass Scheme (TTPS) has recorded an application rate as high as 55% for extension of stay. TTPS talents granted an extension of stay are of high-calibre. They are mainly employed in the I&T and financial sectors in Hong Kong. Of them, 95% receive a monthly income higher than the local median income of about \$20,000, and 50% earn a monthly income nearly double that amount. This reflects a strong demand for TTPS talents and the market's willingness to offer higher salaries to attract them. The TTPS contributes about \$34 billion a year to the local economy, equivalent to approximately 1.2% of our GDP.

171. The majority of talents admitted to Hong Kong under the various schemes are very young, with 70% of them under the age of 40, helping ease the challenges of an ageing population.

172. Hong Kong's ranking in relation to global talents is rising steadily, climbing 12 places in two years to the fourth place globally this year, ranking first in the Asia Pacific region. This reflects that our talent policy is on the right track and effective, and is one of the important driving forces for economic development. The Government will continue to implement talent policies to ensure our long-term competitiveness to drive sustained economic growth.

¹⁰ The Youth Post project is named "Runway 1331".

Strengthen Talent Exchanges among the Industry, Academic and Research Sectors

173. The Government will launch the Innovation and Technology Talents Exchange Scheme for Industry and Academic Sectors, encouraging university professors to engage in corporate R&D activities for a better grasp of industry needs. Senior management of technology enterprises and technical experts will also be invited to teach and help develop curriculum, strengthening the collaborative development of our industry, academic and research sectors.

Chapter VIII Promote the Integrated Development of Culture, Sports and Tourism

174. The Government will continue to advance the integrated development of culture, sports and tourism, generating fresh economic momentum and raising Hong Kong's global appeal.

(A) East-meets-West Centre for International Cultural Exchange

175. The Culture, Sports and Tourism Bureau (CSTB) published the Blueprint for Arts and Culture and Creative Industries Development last year, setting out clear directions for the long-term development of arts and cultural policies to consolidate Hong Kong's position as the East-meets-West centre for international cultural exchange. We will develop a premium arts trading hub and promote the diverse development of the West Kowloon Cultural District (WKCD) and local cultural and creative industries. We will also refocus the performance venues, develop flagship arts and cultural projects, intensify promotion of intangible cultural heritage (ICH), and introduce commercial elements to enrich LCSD facilities and events.

Develop a Premium Arts Trading Hub

176. Hong Kong is among the world's top three arts trading centres. We will step up our efforts to build Hong Kong into a global premium arts trading hub, attracting more international auction houses, galleries, and professionals to establish a presence here. Measures include:

- (i) Develop an arts ecosystem at the Airport City to host arts studios, galleries, and dealers under one roof, supported by large-scale arts storage and related facilities.
- (ii) Enhance our international arts trading platform by deepening collaboration with Art Basel, thereby consolidating the position of Hong Kong as the exclusive host city in the region.
- (iii) Engage the industry to carry out studies on taxation, financing, talent, and related areas of arts trading to explore policy measures applicable to Hong Kong.

177. The WKCD will take forward the development of the arts trading ecosystem and introduce the following measures next year:

- (i) Discuss leasing strategies with the developer of Artist Square Towers to attract more arts trading enterprises, including galleries, insurance companies, and family offices, to lease space in the towers, scheduled for completion in 2026-27.
- (ii) Establish an international collaboration network for arts conservation, and provide professional training and internship opportunities.
- (iii) Expand training for talents in curation, conservation, arts administration, and other fields systematically.

Diverse Development of the West Kowloon Cultural District

178. The WKCD is the most significant arts and cultural infrastructure investment in Hong Kong. The WKCD Authority will:

- (i) Organise more high-profile international events, including the second Hong Kong International Cultural Summit and the Annual Conference 2026 of the Association of Asia Pacific Performing Arts Centres.
- (ii) Tour exhibitions overseas and in the Mainland to showcase exhibitions and collections of M+ and Hong Kong Palace Museum. M+ will also co-organise exhibitions with internationally renowned museums. More Mainland tours of “The Impossible Trial”¹¹ will be organised to develop the musical into a long-running classic.
- (iii) Commission the WestK Quay at the end of this year to enhance the WKCD’s accessibility and foster the complementary development of arts and culture, entertainment and tourism.
- (iv) Establish the WestK Academy to provide professional training for arts and cultural organisations and practitioners from Hong Kong, overseas, and the Mainland.

Foster the Development of Local Cultural and Creative Industries

179. Last year, I announced plans to develop Hong Kong into a fashion design hub in Asia. This year, Hong Kong Fashion Fest will promote digital fashion and sustainable fashion in collaboration with Paris Fashion Week and Milan Fashion Week.

11 An original musical from Hong Kong commissioned by WestK and co-produced with the Hong Kong Repertory Theatre.

180. Over the past three years, films funded by the Cultural and Creative Industries Development Agency (CCIDA) through the Film Development Fund have accounted for nearly 30% of Hong Kong films box office receipts. The CCIDA will enhance publicity, exchanges, and business matching overseas and in the Mainland.

181. The CCIDA proactively assists Hong Kong cultural and creative designers in producing more cultural and creative products with Chinese and Hong Kong cultural features, and in the incubation of local cultural IP. It will continue to support the enhancement of the Asia IP Exchange Portal, to strengthen support for local original works to enter the Mainland and international markets.

Refocus the Performance Venues and Promote Performing Arts Mega Events

182. With the opening of the Kai Tak Sports Park (KTSP), the Government has announced the enhancement of the positioning of various performance venues. The Hong Kong Coliseum will be refocused to prioritise concerts, the East Kowloon Cultural Centre will promote long-running performances and arts technology, and the Sha Tin Town Hall Auditorium will prominently feature Cantonese opera.

Develop Signature Arts and Cultural Flagship Projects and Strengthen the Promotion of Intangible Cultural Heritage

183. In the past two years, the Government has developed signature arts and cultural flagship projects to attract locals as well as tourists, including the Hong Kong Pop Culture Festival, the Asia+ Festival, the Chinese Culture Festival, the Hong Kong Performing Arts Expo and Hong Kong ICH Month. The Government will continue to strengthen the promotion of district-based ICH, promoting “ICH Around Town”.

Introduce Market-based Business Models to Enhance the Services of the Leisure and Cultural Services Department

184. We will introduce market-based business models into designated LCSD facilities to provide more diverse value-added activities. These include leasing out museums on their closing days for commercial or private use, opening up more venues for hire, introducing paid guided tours for visitor groups, and developing more cultural and creative products to enhance visitor experience and operational efficacy. We will also explore the feasibility of engaging the market to enhance the operations of the Lei Yue Mun Park holiday camp and selected beaches, promoting the development of recreational, leisure, and aquatic hotspots.

(B) “Tourism is Everywhere”

185. As of August this year, the overall visitor arrivals had reached 33.2 million, a significant increase of 12% over the same period last year. The CSTB will enhance the development of tourism products and initiatives with local and international characteristics, realising the motif of “tourism is everywhere”. We will also actively explore new visitor sources, improve visitor arrival arrangements, enhance immigration experience, and develop the yacht economy.

Develop the Yacht Economy

186. With 1 180 kilometres of shoreline and 263 islands, Hong Kong is well-positioned to become a yacht hub in Asia. We will enhance amenities for the yacht industry and promote prime yacht tourism:

- (i) Provide approximately 600 additional yacht berths at the ex-Lamma Quarry, the Aberdeen Typhoon Shelter expansion, and the Hung Hom Station waterfront projects.
- (ii) Promote the development of the yacht bay at the Airport City, providing more than 500 additional berths, including berths that can accommodate superyachts over 80 metres in length.
- (iii) Relax the requirements for visiting yachts and develop a Dynamic Yacht Monitoring System, allowing visiting yachts to anchor at government designated waters and navigate in a safe and orderly manner, without having to reserve berths at privately-operated yacht clubs or piers.
- (iv) Enhance the Electronic Business System to allow one-stop, pre-submission of arrival information from visiting yachts for preliminary vetting by relevant departments.
- (v) Authorise relevant Mainland organisations to conduct examinations for local yacht masters, and offer short-term training courses to help visiting yacht masters of visiting yachts from the Mainland obtain qualifications for navigation in Hong Kong waters. These measures will be extended to visiting yachts from overseas in due course.
- (vi) Promote the systemic development of the Guangdong-Hong Kong-Macao individual travel scheme for yachts, and co-operate with the Guangdong Provincial Government on facilitation measures for the northbound travel of yachts from Hong Kong and southbound travel for yachts from the Mainland.

Develop “Mega Events + Tourism”

187. We will attract visitors to extend their stay in Hong Kong and revisit again by interweaving an array of cultural festivals, tourism projects and mega events, promoting the development of “mega events + tourism”.

188. Hong Kong Disneyland will upgrade its facilities upon its 20th anniversary this year. The Government will also continue to lead Ocean Park’s collaboration with the Hong Kong Tourism Board (HKTb) in rolling out more themed events and products to sustain the craze for giant pandas. With next year being the Year of the Horse, the HKJC will organise celebrations and performances under the theme of horse to promote horse-racing tourism.

189. To support the hosting of mega events, the Fire Services Department will introduce a facilitation measure for the Temporary Place of Public Entertainment Licence by conducting compliance inspections of fire safety requirement via video conferencing for venues with lower safety risks.

Develop Cruise Tourism

190. Hong Kong’s cruise tourism continues to thrive, with an anticipated increase of about 20% this year in the number of ship calls to Hong Kong compared with last year. Following an ongoing review of the terms and conditions of the tenancy agreement to boost the appeal and competitiveness of the terminal, the CSTB will begin a tender exercise for the operator of the Kai Tak Cruise Terminal by the end of this year.

Develop “Ecology + Tourism”

191. The Government will launch the “Four Peaks” tourism project proposed by the Working Group on Developing Tourist Hotspots and improve facilities in country parks. In addition, it will construct new facilities such as a tree-top adventure, an open museum of historical relics, and novel campsites.

192. We will also explore suitable means to connect rural attractions such as traditional villages and fields, ancestral halls and study halls, as well as folk activities etc., enriching visitors’ experience of rural eco-tours through strolling and cycling.

Promote Local Thematic Immersive Tours

193. We will develop a variety of new tourist attractions, such as promoting the red tourism route of “Chinese Cultural Celebrities Rescue”; creating thematic floral gardens in the 18 districts; and promoting various immersive tour projects, including Hong Kong’s industrial brand tourism, Old Town Central, Kowloon City, Victoria Park Bazaar and the opening of the former Yau Ma Tei Police Station for public visits. We will also open up the frontier closed areas at Mai Po and Starling Inlet for visitors.

194. The HKTb will stage an enhanced version of the Hong Kong Wine & Dine Festival to step up worldwide promotion of Hong Kong's bar and restaurant offerings, positioning the city as an international culinary hub. We will aestheticise Lan Kwai Fong and the surrounding streetscape in phases to foster "community-making". The HAD will also refine application guidelines to facilitate the operation of home-stay lodgings and holiday camps in rural areas. In addition, the DEVB will facilitate the conversion of village houses into home-stay lodgings or community eateries.

Establish Hong Kong as the Most Sought-after Destination for Premium Visitors

195. We will offer tailor-made luxury tours for high-spending visitors, and work with the industry to offer sophisticated itinerary planning, concierge services, and premium experience.

Proactively Develop the Middle East and ASEAN Tourism Markets and Facilitate Halal Certification

196. To further promote Muslim tourism, we will strengthen our strategy of "accreditation, education, and promotion", encouraging the industry to provide more Muslim-friendly facilities and food options. The HKTb will launch a funding scheme, beginning today through the end of next year, by providing a half-rate certification fee subsidy, capped at \$5,000, for restaurants that have acquired Halal certification.

Enhance Immigration Experience

197. To enhance visitors' immigration experience, we will implement a "collaborative inspection and joint clearance" mode at the new Huanggang Port and the Sha Tau Kok Port under redevelopment, relax the eligibility criteria for frequent visitors wishing to use the e-Channel service, and establish Hong Kong's first "contactless clearance" pilot checkpoint at the Hong Kong-Zhuhai-Macao Bridge Hong Kong Port, which enables immigration clearance via facial recognition technology.

198. We will implement a new "Outstanding Services Award Scheme", covering various tourism service industries, to commend merchants and industry practitioners for their outstanding products and services, and promote the hospitable culture through mass media.

(C) Promote Sports Development

199. The Government is fully committed to ensuring the successful delivery of the 15th National Games (NG) competition events in Hong Kong. We will also promote sports development by supporting elite sports, maintaining Hong Kong as a centre for major international sports events, enhancing professionalism in sports, developing sports as an industry, and promoting sports in the community. Efforts will be made to continuously improve the functionality and positioning of sports venues, enhance the governance of national sports associations (NSAs), strengthen support for athletes, and step up publicity in the community.

Ensure the Successful Delivery of the National Games

200. Co-hosted by Guangdong, Hong Kong and Macao for the first time, the 15th NG as well as the National Games for Persons with Disabilities and the National Special Olympic Games (NGDSO)¹² will be held in November and December 2025 respectively. We will spare no effort in staging the competitions to be held in Hong Kong, and work with Guangdong and Macao to make the 15th NG and NGDSO a success. We have collaborated with the industry to roll out various tourism products related to the Games, and have also arranged for local free television broadcasts to relay the competitions, allowing the public to cheer on the athletes.

Promote Synergy among Sports Venues

201. The KTSP plays a pivotal role in promoting sports mega events and developing sports as an industry. We will leverage its strengths to drive “sports + mega events” development.

202. We will review the positioning of the Hong Kong Stadium (HKS) to complement the KTSP and leverage the HKS’s existing facilities to support sports development, such as serving as office space for NSAs, organising matches and related training, and hosting large-scale sports events.

203. To attract more world-class players to compete in Hong Kong, we have agreed on a multi-year partnership arrangement with LIV Golf, one of the most important golf tours in the world.

12 The 12th National Games for Persons with Disabilities and the 9th National Special Olympic Games.

Enhance the Governance of National Sports Associations and Strengthen Support for Athletes

204. The review of the provision of direct financial support for elite athletes has been recently completed. The Government will continue to provide financial support for athletes so that they can concentrate on their training within a more financially stable context. Training efficacy will be enhanced by capitalising on the R&D outcomes of sports medicine.

205. The Sports Federation and Olympic Committee of Hong Kong, China will prioritise collaboration with NSAs that have relatively established governance frameworks, expedite the implementation of the Code of Governance and establish a governance paradigm. The Government will strive to support Asian or international sports associations to establish presence in Hong Kong through NSAs, while encouraging NSAs to participate in the work of these associations to strengthen the city's international voice and influence.

Chapter IX Facilitate Stable Living in a Caring and Inclusive Society

206. Improving people's livelihood is my key policy priority. Since taking office, the current-term Government has been striving to build a vibrant economy and promote development. These efforts aim to enhance our economy's long-term competitiveness, generate strong growth momentum, and lay a solid foundation for improving the well-being of our people – ultimately increasing their sense of happiness and well-being. This chapter on livelihood is the longest in the Policy Address, covering nine areas that are closely linked to the everyday lives of Hong Kong residents.

(A) Increase Housing Supply and Enrich the Housing Ladder

207. Safeguarding the basic housing needs of people of Hong Kong is the top priority of our governance. Since assuming office, I have strengthened housing protection for the grassroots by accelerating the construction of PRH, launching the innovative LPH and cracking down on PRH tenancy abuse. With the supply of PRH continuously increasing, the Government is now well positioned to further assist the grassroots in achieving home ownership. We will increase the supply of flats under the Home Ownership Scheme (HOS) and the Green Form Subsidised Home Ownership Scheme (GSH), optimise the sale and alienation restriction arrangements, help more PRH tenants realise home ownership, while enabling the owners of subsidised sale flats (SSFs) enter into the private housing market. With the housing ladder enriched, we can support residents across all walks of life to live and work happily.

Increase Public Housing Supply

208. In the five years starting from 2026-27 onwards, the overall public housing production (including LPH) will reach 189 000 units, about 80% higher than when I took office. Three years ago, PRH applicants had to wait 6.1 years on average before they were offered PRH. With our efforts over the past three years or so, the Composite Waiting Time for Subsidised Rental Housing has been shortened by a whole year to 5.1 years, and we are moving closer to the target of reducing it to 4.5 years in 2026-27. Subdivided unit (SDU) households can improve their living conditions by moving into PRH or LPH units one year earlier, while saving about \$36,000 or \$50,000 in rent on average per year respectively.

209. Three years ago, I announced the launch of 30 000 LPH units. About 10 000 of them will be completed for intake by the end of this year. The remaining 20 000 units will be completed in the coming year and a half.

210. The Basic Housing Unit regulatory regime, designed to eradicate substandard SDUs, is being scrutinised by the LegCo. Subject to passage of the bill, the regime will be implemented in March next year.

Redevelop Public Rental Housing Estates

211. The Hong Kong Housing Authority (HKHA) will announce redevelopment plans for Ma Tau Wai Estate and Sai Wan Estate this year. A study will also be conducted on the redevelopment of Model Housing Estate.

Enrich the Housing Ladder

212. With the increase in public housing supply, we will take measured steps to help people of Hong Kong achieve home ownership. They include the six measures below:

- (i) Given the supply of HOS flats in the next five years is expected to be about 50% more than the five-year supply when the current-term Government took office, opportunities for both Green Form (GF) and White Form (WF) applicants to purchase HOS flats will increase significantly. On the basis that the supply of HOS flats are substantially increasing, we will increase the ratio of quotas between GF and WF from 40:60 to 50:50 to assist more PRH tenants to become owners, while at the same time transfer the original PRH units to Waiting List applicants, benefitting both parties at the same time.
- (ii) To increase opportunities for WF applicants to purchase SSFs with unpaid premium in the secondary market, the HKHA will increase the quota of the White Form Secondary Market Scheme (WSM) by 1 000 to 7 000, starting from the next WSM exercise. Half of the 1 000 additional quota will be allocated to young family and one-person applicants below 40.
- (iii) To prevent forfeiture of the WSM quota because of personal preferences, the number of approval letters issued by the HKHA will be suitably higher than the quota set under the WSM exercise, ensuring that the quota for flat purchases can be fully utilised, in order to strive to meet the expectations of the purchasers.
- (iv) We will increase the ratio of larger units in HOS and GSH projects in response to market needs.
- (v) We will relax the alienation restriction period of new flats for sale from 15 years to 10 years to encourage upward mobility. This measure will be applicable starting from the next HOS and GSH sale exercises.
- (vi) We will launch the “Flat-for-Flat Scheme for Elderly Owners” of HKHA’s SSFs, allowing those who have reached the age of 60 and owned their flat for 10 years or more to purchase a smaller flat or a flat in a more remote area after selling their original one in the secondary market with premium unpaid. In doing so, they can get additional cash to cover their living expenses, while urban or larger flats can be released for families in need to apply for.

213. The HKHA and the Hong Kong Housing Society will introduce a pilot scheme, allowing those who have owned an SSF for 10 years or more to let their flats with unpaid premium to eligible WF applicants after paying relevant fees, subject to a quota of 3 000.

Private Housing Supply

214. According to the Long Term Housing Strategy, the supply target for private housing in the coming decade is projected to be 126 000 units. The Government will have sufficient land to meet the demand in the next ten years, and will roll out such land to the market in an orderly and pragmatic manner. Besides Government land sale, other sources of private housing land supply include railway property development and Urban Renewal Authority (URA) projects, as well as private development projects.

(B) Land Development

215. The Government must maintain an ample supply of land to meet the demand for major development projects, long-term economic development and the community's housing needs. Land reserve is similar to bank savings in that both are saved for use when needed. We will sustain efforts to produce and retain control over the supply of land. In parallel, we will improve the efficiency of land production and lower construction costs by streamlining approval processes, optimising administrative procedures, strengthening internal collaboration, applying technology, reviewing relevant standards and more, so as to safeguard public interests and meet development needs.

Build Land Reserve

216. In the next decade, the Government will get ready around 2 600 hectares of "spade-ready sites"¹³. Apart from meeting the development needs, this would also provide the necessary room for the Government to build up a healthy land reserve.

Reduce Construction Costs

217. We will continue to streamline statutory procedures and administrative workflows. Relevant measures include:

- (i) Simplify works approval procedures, set clear performance pledges, and enhance co-ordination among relevant departments on vetting processes to expedite approval.
- (ii) The Housing Department (HD) will set up a Project Facilitation Office to co-ordinate departments in expediting the completion of public housing projects. The Housing Bureau (HB) has implemented a new management approach, under which the target time for project completion is set to prompt the accelerated completion of various project stages.

¹³ "Spade-ready sites" refer to sites that have gone through procedures including rezoning, clearance and formation, and are ready for commencement of works.

- (iii) Leverage technologies. Next year, the DEVB will launch a Project Cost Management Platform, establishing a market price database and applying AI technology to analyse, for example, past government project cost data, to ensure greater cost-effectiveness in future project designs. The HD has also adopted the self-developed Building Information Modelling (BIM)-enabled Systematic Approach to Foundation Design, which automatically generates designs to further reduce costs.
- (iv) The Building Technology Research Institute will continuously review the construction standards and requirements of government projects. In addition, regarding the approval of building materials for public housing, the HB will look into the accreditation of standards of more regions.
- (v) The Government will relax the gross floor area (GFA) exemption arrangement for car parks in private developments by removing the mandatory requirement of constructing underground car parks as a condition of exemption, and granting full GFA exemption if developers construct no more than two storeys of above ground car parks.
- (vi) The DEVB will conduct central procurement on a trial basis in the first half of next year, piloting in the procurement of commonly used materials including steel reinforcement and Modular Integrated Construction (MiC) modules, in order to save costs. The HB will also pilot the batch procurement of integrated modules of MiC method next year. In addition, the HB has established a database of standard building materials, covering commonly used materials such as aluminium windows and partition walls, to expedite the approval process.

Release Industrial Land in Urban Areas

218. Since 2000, the Planning Department has conducted five rounds of Area Assessments of Industrial Land in the Territory, and some of the industrial land have been rezoned for other uses such as residential and business uses. The Government will commence a new round of study this year and put forward recommendations next year, including the way forward for the Revitalisation Scheme for Industrial Buildings.

Urban Renewal with a New Mind-set

219. Embracing a new mind-set, we will explore the use of newly developed land to take forward urban renewal. Relevant measures include:

- (i) Relax the current arrangement for the transfer of plot ratio within the same district to allow the cross-district transfer of unutilised plot ratio from redevelopment projects to other districts or even NDAs, to enhance market incentives for redevelopment.

- (ii) Reserve three sites in Kwu Tung North and Fanling North NDAs in the Northern Metropolis for the URA to construct new buildings, which will be used as replacement flats under the “Flat-for-Flat” Scheme in the future.
- (iii) Suitably increase the plot ratio of private redevelopment projects, on a pilot basis, for the seven designated areas¹⁴ with more pressing redevelopment need, allowing the increased plot ratio to be transferred for utilisation in the Northern Metropolis or other districts, or to be used for offsetting the premium payable for bidding land, lease modification in other projects or in-situ land exchange.

Enhance Construction Safety

220. The Government will amend the Buildings Ordinance next year to enhance the deterrent effect against non-compliance with statutory notices or orders and serious unauthorised building works, and strengthen regulation of contractors.

(C) Enhance Transport and Commuting Convenience

Promulgate the Transport Strategy Blueprint

221. The Transport and Logistics Bureau will publish the Transport Strategy Blueprint by the end of this year to outline directions and specific measures for transport development.

Smart and Green Mass Transit Systems

222. We will soon invite tenders for the smart and green mass transit system project in Kai Tak, and will invite tenders for the projects in East Kowloon and the Hung Shui Kiu/Ha Tsuen NDA next year.

Accelerate the Introduction of Mass Transit Systems

223. To speed up the introduction of new mass transit systems from around the world, the Government will devise a regulatory framework applicable to different system technologies and operators, and introduce a bill next year.

14 The Land (Compulsory Sale for Redevelopment) (Amendment) Ordinance 2024, which came into effect last year, specified seven areas with more pressing need for renewal based on the areas covered by the OZPs, including Cheung Sha Wan (the same OZP covering also Sham Shui Po), Ma Tau Kok (covering Kowloon City and To Kwa Wan), Mong Kok, Sai Ying Pun and Sheung Wan (covered by the same OZP), Tsuen Wan, Wan Chai and Yau Ma Tei.

Promote Autonomous Vehicles

224. The Government established a regulatory framework for autonomous vehicles (AV) last year. Three areas will be approved this year for AV trials, aiming at AV cross-district travel and connections to other modes of transport, to accelerate the large-scale development of driverless autonomous driving in Hong Kong, expediting its transition to commercial operations, and facilitating the industry's expansion to overseas, particularly right-hand-drive markets, using Hong Kong as the platform.

Regulate Ride-hailing Services by Legislation

225. The issue of regulating ride-hailing services in Hong Kong has persisted for over 11 years. The current-term Government is determined to resolve this issue, striving to pass the legislation on regulating the services before the prorogation of the current-term LegCo, with a view to safeguarding the public's travel safety.

(D) Healthcare

226. To address the challenges brought by an ageing society, increasing prevalence of chronic diseases and pressure on healthcare resources, the Government will deepen healthcare system reform, enhancing its sustainability, strengthening primary healthcare and increasing healthcare manpower, while promoting health and medical innovation and encouraging collaboration within the GBA.

Enhance the Public Healthcare System

227. The HA will enhance the safety, quality and efficiency of public healthcare services, uphold the safety-first principle in delivering services, and advance the reform of governance and accountability. Dedicated teams will be established and the electronic systems upgraded to process applications for medical fee waivers to help patients in need. The charges and positioning of non-subsidised services will be reviewed to offer more service options to members of the public who can afford more. Existing public healthcare services will also be enhanced. Relevant measures include establishing, in phases, Stroke Centres and Integrated Cardiovascular Diseases Centres in accordance with national accreditation standards to improve treatment effectiveness; shortening waiting time by 10% (about 10 weeks) for stable new case bookings in the specialty of Surgery; enhancing ophthalmic services by strengthening training for professional personnel, introducing innovative medications and setting up a new high-capacity ambulatory cataract surgery centre; extending the Hospital Accreditation Programme to cover a major acute hospital in each public hospital cluster, while contributing to the internationalisation of national hospital accreditation standards; and comprehensively upgrading the "Degenerative Knee Joint Management Programme" to promote early prevention and avoid progression to late-stage conditions that require surgical treatment.

Healthcare Manpower Development

228. Last year, the Policy Address announced the plan to establish a third medical school. Over the past year, the Task Group on New Medical School has completed an overall assessment of the proposals prepared by expert advisors and is conducting a detailed study of the funding arrangements and financial sustainability of the proposals. The task group will make its final recommendation to the Government by the end of this year.

229. We will support the hosting of national or international medical and healthcare conferences in Hong Kong. The HA will also launch a Talent Chain Project to build a collaborative platform integrating clinical services, teaching and research.

Strengthen Primary Healthcare Services

230. The Government will enhance community healthcare and disease prevention by:

- (i) Introduce a bill within next year for the empowerment of the Primary Healthcare Commission (PHC Commission), devising city-wide standards for primary healthcare services, and developing multidisciplinary service networks.
- (ii) Enhance the HA's Family Medicine Out-patient preventive screening and care services, increase their service capacity and regularise their current extended service hours progressively.
- (iii) Launch the Chronic Disease Co-care Platform on a pilot basis to conduct hepatitis B screening and promote the community drug formulary and community pharmacy programme, to enhance the management of chronic diseases.
- (iv) Prepare to integrate the services of Elderly Health Centres into the district health network in phases and expand the services of three District Health Centre Expresses, to expedite the establishment of District Health Centres (DHCs) across all 18 districts in Hong Kong.
- (v) Bolster public and subsidised dental services by enhancing oral health education, oral hygiene instructions and risk assessments in the community through DHCs and non-governmental organisations (NGOs).

Enhance Cancer Prevention, Screening, Diagnosis and Treatment

231. The Government will consolidate Hong Kong's leading position in cancer research, prevention and control, optimising services for cancer patients by:

- (i) Collaborate with the National Cancer Center.¹⁵
- (ii) Support the hosting of the World Cancer Congress 2026 in Hong Kong.
- (iii) Enhance cervical cancer screening services and expand the Pilot Scheme on Human Papillomavirus Testing of Self-collected Samples from the Maternal and Child Health Centres (MCHCs) under the Department of Health (DH) to the district health network.
- (iv) Enhance cancer screening technologies through commissioning local universities to explore the use of AI-aided lung cancer screening.
- (v) Enhance treatment efficacy and reduce side effects by expanding genetic and related testing services.
- (vi) Leverage cancer data and biological resources to advance oncology research, accelerate the development and translation of anticancer drugs and related innovative therapies, speed up the evaluation and approval of innovative anticancer drugs under "1+" mechanism, and evaluate and introduce these drugs into the HA Drug Formulary.
- (vii) Increase the HA's capacity of services and acquire additional medical equipment.

Promote the Development of Chinese Medicine

232. The Chinese Medicine Hospital of Hong Kong (CMHHK) and the permanent premises of the Government Chinese Medicines Testing Institute will begin operation in phases from December this year. The Government will boost the promotion of Chinese medicine (CM), contributing to the nation's promotion of CM internationally. Relevant measures include:

- (i) Publish the Chinese Medicine Development Blueprint by the end of the year. The blueprint will cover establishing a governance framework and service system, leveraging strengths and advancing Integrated Chinese-Western Medicine (ICWM) services, promoting scientific research and innovation, cultural heritage and more.

¹⁵ The Government will sign a co-operation framework agreement with the National Cancer Center to deepen collaboration in basic cancer research, screening, early diagnosis and treatment, big data application, public education outreach and other areas.

- (ii) Roll out a range of CM services for special diseases by the CMHHK in its first year, including degenerative diseases, stroke rehabilitation and other common diseases among the elderly.
- (iii) Promote the sharing of electronic health records (eHRs) in the CM sector through eHealth, and expand the sharable scope of eHRs on eHealth between CM and western medicine practitioners.
- (iv) Develop ICWM services by expanding the HA's "knee osteoarthritis" programme to all hospital clusters, and commencing the "palliative care" pilot programme.

Strengthen Professional Regulation of Healthcare Services

233. The Government will strengthen the functions of the DH in regulating healthcare facilities and healthcare professionals. It will consult the LegCo in the first half of next year on the implementation of the Private Healthcare Facilities Ordinance to prohibit unauthorised premises from using certain titles or descriptions. It will also step up law enforcement against unlicensed persons.

Mental Health

234. Through a strategy of identification, intervention and treatment, the Government places great importance on the public's mental health and has introduced a Three-tier School-based Emergency Mechanism. We also place equal emphasis to prevention, which involves building families, friendships and interpersonal networks; focusing on the development of interests and personality; and creating supportive environments in schools and workplaces. All these initiatives require joint efforts, bringing together the Government, the community and families, as well as professional support and treatment when needed. The Government will enhance nine measures in the following aspects:

- (i) Regularise the three-tier emergency mechanism in secondary schools and extend it on a trial basis to Primary Four to Six students to strengthen support for those in need.
- (ii) Utilise the Dedicated Fund for subvented welfare service organisations, providing training to enhance school social workers' capabilities in handling students' mental health issues.

- (iii) Step up the promotion of mental health in the community through the 4Rs Mental Health Charter¹⁶ in primary and secondary schools and the Mental Health Workplace Charter¹⁷, encouraging more school staff to receive training related to mental health first aid. A “special recognition category” will be introduced to commend schools and organisations that arrange a specific number of staff members to receive mental health training (e.g. mental health first aid).
- (iv) Launch the Pilot Programme on Training for Mental Health Promotion Ambassador to mobilise and train mental health promotion ambassadors to promote healthy lifestyles, foster resilience and establish care support networks.
- (v) Social media has profound impacts on the mental health of children and adolescents. The DH will update relevant guidelines to mitigate the impact of social media on the health of children and adolescents.
- (vi) Basic mental health programme has already been made a compulsory subject for first-year students in some tertiary institutions, with related support provided for students in need. The Government will encourage more institutions to promote mental health on campus.
- (vii) Currently, three DHCs provide free mental-health assessments and arrange follow-up services under the Healthy Mind Pilot Project, producing satisfactory results. The Government will extend the project in 2026 to cover six more DHCs, with follow-up services to be provided by practitioners with an academic background and training in fields such as psychology or counselling.

16 The “4Rs” in the 4Rs Mental Health Charter cover four elements and objectives for promoting mental health, which include

- (1) Rest: Help students cultivate healthy habits from an early age including having enough rest, adequate sleep and leisure activities.
- (2) Relaxation: Teach students to take the time to relax, take care of their mental health and practise self-compassion.
- (3) Relationship: Strengthen the relationships among students, teachers and students, as well as parents and children, so as to enhance their sense of connectedness; help students understand their roles and their importance in these relationships, so as to willingly take on responsibilities and make contributions.
- (4) Resilience: Equip students to adapt to the inevitable stress and setbacks in life, and teach students to deal with emotions, cope with stress and overcome difficulties with a positive attitude.

17 As part of the “Shall We Talk” initiative on mental health promotion and public education, the Mental Health Workplace Charter aims to promote mental health in workplace, objectives include to promote mental well-being at workplace including a respectful and positive environment; promote active listening and communication, encourage help-seeking, and facilitate early identification of mental distress and timely treatment; and create an inclusive and friendly workplace environment for colleagues with mental distress.

- (viii) Leverage technologies to enhance mental health services. Initiatives include strengthening telehealth services for psychiatric day hospitals and outreach services to provide suitable patients with more convenient service options, and enhancing the text counselling platform for online emotional support and the Cyber Youth Support Teams of the Social Welfare Department (SWD) by strengthening AI application for more precise identification of high-risk targets in need of support.
- (ix) Complete the formulation of the stepped care model on mental health by the end of this year, setting out the roles of mental health professionals and stakeholders, as well as their division of work in mental health services, enhancing training to raise professionals' awareness of making referrals, and establishing the referral mechanism.

(E) Green and Low-carbon Living Environment

Develop Hong Kong into a Demonstration Base for Green Technology

235. We will promote the commercialisation of green I&T outcomes. Relevant measures include supporting the market development of technologies for battery-swapping EVs and automated battery-swapping stations, encouraging the construction of district cooling systems by non-government entities, and driving the market to accelerate carbon reduction in existing buildings.

Enhance Charging Networks for Electric Vehicles

236. We have launched a \$300 million Fast Charger Incentive Scheme, with an additional 3 000 fast chargers to be provided by the end of 2028. The Government also plans to roll out six sites for the provision of fast charging stations, while bus operators will open up their charging facilities for use by other vehicles.

Reduce and Recycle Waste to Achieve “Zero Landfill”

237. The disposal rate of municipal solid waste has been declining for the past three years. The Government will continue to optimise service hours and locations of GREEN@COMMUNITY facilities, support recycling initiatives in residential buildings, and promote waste separation in PRH estates. The Government continues to increase the number of food waste smart recycling bins and collection facilities in residential areas this year, working towards the goal of “one bin per block” in PRH estates.

238. I-PARK1¹⁸ will progressively begin operation by the end of this year. To expand our waste-to-energy capacity, the Government will seek funding approval from the LegCo next year for the construction of I-PARK2. Hong Kong's first modern recycled paper-pulping facility, located at EcoPark, will begin trial operation by the end of this year.

Jointly Develop the Greater Bay Area into a Beautiful Bay Area

239. Hong Kong will take part in developing the GBA into an international, first-class beautiful bay area, with Victoria Harbour as the core for development together with Mirs Bay and Port Shelter. We will take forward measures on the prevention and control of nearshore pollution, co-ordinated protection of ecosystems and shoreline remediation to support the initiative of developing Beautiful Bays¹⁹ advocated in our country's 14th Five-Year Plan.

(F) Support the Local Economy

Support Small and Medium Enterprises

240. Hong Kong is home to some 360 000 SMEs, and they are the pillars of our economic development. To better cope with the city's economic restructuring, the Government will introduce the following 11 measures to enhance support for SMEs:

- (i) Extend the application period for the 80% Guarantee Product under the SME Financing Guarantee Scheme for two years, and further extend the principal moratorium arrangement for one year. The Government will also encourage banks to continue to adopt an accommodating and more flexible approach when processing loans by enterprises with sound repayment ability.
- (ii) Provide concessions of fees and charges to alleviate pressure on business operations. The Government will reduce water and sewage charges for non-domestic accounts by 50%, subject to a monthly ceiling of \$10,000 and \$5,000 respectively per account. About 260 000 non-domestic accounts are expected to benefit from the measure. We will also reduce the trade effluent surcharge by 50%, which is expected to benefit about 35 000 businesses mainly in the catering industry. In addition, fees for the first issue or renewal of licences and permits, including those for hawkers, food

18 I-PARK1 and I-PARK2, located on an artificial island off Shek Kwu Chau and at Tsang Tsui, Tuen Mun respectively, are waste-to-energy (electric energy) facilities, generating electricity by processing municipal solid waste.

19 The development of Beautiful Bays is an important means of marine ecological environment protection for our country and an integral part of building a Beautiful China in the maritime area. "Pristine water and beaches, thriving marine life, and harmonious co-existence between humans and the sea" is the aim of the overall enhancement in ecological environment quality. It is being realised through actions such as improvements in quality and effectiveness, the rehabilitation of ecosystems and the remediation of effluent discharge outlets, striving to transform 283 marine bays throughout China into beautiful bays by 2035.

businesses, agriculture and fisheries industries and liquor licences²⁰ will be waived, which is expected to benefit over 60 000 licensees. The above measures will be implemented for one year.

- (iii) Considering that the original estimate for the Government's average annual capital works expenditure in the coming five years was about \$120 billion, we will earmark an additional \$30 billion in the next two to three years to increase expenditure on works projects driving sustained economic development, to support the local construction industry.
- (iv) In streamlining the restaurant licensing regime, new operators with provisional licences are currently allowed to begin business while seeking to complete their formal licence application. Such arrangement of "licence first, inspection later" has further expedited approval procedures whereas simplified administrative procedures have enabled new operators of restaurants that have changed hands to start business even sooner.

To further expedite the approval process of applications for outside seating accommodation (OSA) of restaurants, the Food and Environmental Hygiene Department will adopt a new way by proactively co-ordinating various relevant departments to undergo "joint-vetting" to resolve the matter together, and when necessary, escalate the process regarding complicated applications to the relevant Permanent Secretary or even the Deputy Chief Secretary for Administration for steer; at the same time, the procedures will be streamlined, including adopting standardised Government rent for OSA, and allowing some applications to proceed without the requirement for increasing kitchen area and bathroom facilities. As for applications involving walkways with a remaining width of three metres or more after the provision of OSA, they will generally be considered as meeting the basic traffic requirements and do not have to be reviewed case-by-case.

- (v) Inject \$1.43 billion into the BUD Fund²¹ and expand its geographical scope to cover eight more economies, including B&R countries. We will also enhance promotion and facilitate the participation of companies in exhibitions and export marketing activities through "Easy BUD".
- (vi) Increase financing support for local e-commerce businesses and expanding the coverage of free buyer credit checks through the Hong Kong Export Credit Insurance Corporation.

20 Food business licences, including provisional ones (if applicable), cover the General Restaurant Licence, the Light Refreshment Restaurant Licence, the Marine Restaurant Licence, the Bakery Licence, the Cold Store Licence, the Factory Canteen Licence, the Food Factory Licence, the Fresh Provision Shop Licence, the Frozen Confection Factory Licence, the Milk Factory Licence, the Siu Mei and Lo Mei Shop Licence, the Restricted Food Permit and the Composite Restricted Foods Permit. As for licences related to the agriculture and fisheries industries, they include the Marine Fish Culture Licence and the Livestock Keeping Licence.

21 Referring to the Dedicated Fund on Branding, Upgrading and Domestic Sales.

- (vii) Set up the “Economic and Trade Express”, joining the efforts of ETOs and overseas offices of InvestHK and the HKTDC to form a functional platform, encouraging local SMEs and start-ups to conduct more overseas visits exploring business opportunities, while bringing in more enterprises to invest in and establish businesses in Hong Kong.
- (viii) Enhance Cyberport’s Digital Transformation Support Pilot Programme to provide SMEs with subsidies, on a matching basis, to empower enterprises to apply AI and cybersecurity solutions, boosting their competitiveness and information security.
- (ix) Support the continued organisation of the Hong Kong Shopping Festival, covering the Mainland and ASEAN e-commerce markets over the next three years to promote Hong Kong brands.
- (x) Strengthen training and information services through the four SME centres, the Mentorship Programme of the Trade and Industry Department and the E-Commerce Express under the HKTDC. We will also implement the “Creativity • E-commerce – Beyond Limits” programme and provide one-stop business matching and referral services to strengthen the interface between Hong Kong enterprises and e-commerce service providers, enhancing the competitiveness of Hong Kong products on cross-border e-commerce platforms.
- (xi) Launch a two-year pilot scheme to support local small and medium I&T enterprises with patent evaluation.²²

Economic Diversification

Develop the Food Industry

241. As a brand, “Food from Hong Kong” enjoys a good reputation. Apart from facilitating the sale of such food to the Mainland, the Government has also reserved land near the Heung Yuen Wai Boundary Control Point to promote the food industry, including wholesale, processing and trading. In the long run, it may develop into a food industrial park to promote “food production + tourism”.

242. The Government will strengthen the competitiveness of local produce, introducing a unified brand for local agricultural and fisheries products in mid-2026 to enhance product awareness and brand value.

22 The relevant measure is also stipulated under Chapter VII “(C) Regional Intellectual Property Trading Centre”.

Promote the Development of the Agriculture and Fisheries Industries

243. The marine economy has enormous potential, and fisheries is among its components. The Government will issue culture licenses for new fish culture zones and provide deep-sea cages for rental by the fisheries industry, to increase local mariculture production by tenfold within 15 years. Modernised aquaculture will also be promoted.

244. The Government will facilitate the livestock sector to construct the first environmentally-friendly, multi-storey pig farm, in Lo Wu. It will also take forward the Agricultural Park Phase 2 development, and promote leisure farming and fisheries.

Promote a Pet-friendly Culture

245. According to government statistics, more than 240 000 households in Hong Kong keep more than 400 000 cats and dogs as pets, generating an enormous consumption market, including food and products, healthcare, insurance, grooming, training and more. In recent years, the business sector and transport operators have developed pet-friendly premises and travel arrangements. The Government supports the business sector in offering pet-friendly spaces to create new opportunities.

246. The Government will introduce a licensing arrangement allowing operators to let dogs enter their food premises. Clear signage will be put up by permitted restaurants, so that customers know dogs are allowed. Pet-friendly restaurants will create new business opportunities for the industry.

(G) Labour Support and Protection

247. In the face of accelerated industrial transformation and ever-evolving technological development, our workforce must continuously acquire new skills to stay abreast of economic development and seize emerging opportunities. We will ensure the employment priority of local workers and combat illegal employment rigorously. To enhance the competitiveness of Hong Kong's workforce and enlarge the talent pool, we will reform the Employees Retraining Board (ERB) and optimise the Re-employment Allowance Pilot Scheme. We will also strengthen labour protection, including protecting digital platform workers, and enhancing occupational safety and health (OSH).

Ensure Employment Priority of Local Workers

248. As our population continues to age, Hong Kong faces a declining labour force. Importing labour on an appropriate scale helps ease manpower shortages and serves Hong Kong's overall interests. We will launch measures to ensure the employment priority of local workers and combat the abuse of the Enhanced Supplementary Labour Scheme (ESLS). Starting tomorrow, when applying to import waiters/waitresses and junior cooks under the ESLS, employers are required to:

- (i) Extend the local recruitment process from four weeks to six weeks, during which they must once a week attend an on-site job fair organised by the Labour Department (LD).
- (ii) Implement the manning ratio requirement²³ more stringently such that it is calculated based on posts being applied for, but not on all posts engaged by an employer. In other words, an employer applying to import a waiter/waitress and a junior cook must have already employed two local full-time waiters/waitresses and two local full-time junior cooks.

249. The above measures aim to combat abuse in a targeted manner, focusing on job categories with more imported workers, while ensuring businesses with genuine difficulties in local recruitment are allowed to import supplementary labour in an orderly manner to avoid business closures and collateral damage to existing employees.

250. In addition, the Labour and Welfare Bureau (LWB) has just begun a mid-term update of the Manpower Projection with focus on analysing data of industries with a larger number of imported labour. The update will be completed in 2026. The LWB will accord priority to analysing the relevant data, and provide its findings on relevant parts in advance.

Enhance Actions to Combat Illegal Employment

251. The Government will step up efforts to combat illegal employment, establish a dedicated hotline for reporting illegal workers, and strengthen intelligence collection and inter-departmental joint enforcement operations to safeguard the employment opportunities of local workers.

Reform the Employees Retraining Board and Strengthen Local Skills Training

252. In the last Policy Address, I announced the reform of the ERB. The aim is to assist members of the workforce, from all backgrounds and educational attainments, to enhance their skills and competitiveness on a continuous basis, to meet the needs of economic and industrial development in Hong Kong.

253. Since early this year, the ERB has enhanced such services as training and career planning, and outlined an initial reform roadmap for the next three years. The ERB will strengthen its industry consultative mechanism, and identify demand for and gaps in core skills in a targeted manner to devise a skills-based training framework. It will collaborate with higher education institutions and guide other training bodies in developing courses of various types and levels to fill the skill gaps. In future, the ERB will also launch micro-credential courses recognised by industries to offer greater flexibility to trainees, and

23 The ratio of full-time local employees to imported workers is 2:1.

make good use of technology to offer diversified and flexible modes of learning. When the ERB finalises the full implementation by the end of this year, the Government will amend the Employees Retraining Ordinance accordingly.

Optimise the Re-employment Allowance Pilot Scheme

254. The LD launched the three-year Re-employment Allowance Pilot Scheme in July last year. The scheme has been well-received, with over 50 000 participants and more than 27 000 placements recorded as of August this year. The LD will continue to collect and collate information and data on the participants and placements of the scheme, conducting a mid-term review in the first quarter of next year, along with the Employment Programme for the Elderly and Middle-aged, to explore measures promoting silver employment.

Set the First Minimum Wage Rate According to the New Annual Review Mechanism

255. The Government has agreed to the new mechanism of adopting a formula for implementing the annual review of the Statutory Minimum Wage (SMW) rate proposed by the Minimum Wage Commission. The first SMW rate derived under the new mechanism is expected to take effect on 1 May 2026.

Protect Digital Platform Workers

256. The prevalence of digital platforms, such as those providing food and goods delivery services, has brought convenience to the public and created job opportunities. The Government will improve the work injury compensation mechanism for digital platform workers through legislation, and continue to make good use of the Tripartite Committee for the Digital Platform Industry to discuss issues of concern to the stakeholders.

Enhance Occupational Safety and Health

257. We saw a 30% drop in the number of fatal construction accidents in 2024 compared with 2023. The LD will continue to step up inspection and enforcement, promotion and publicity, as well as education and training, to build a stronger OSH culture and reduce accidents. The department will also make good use of innovative technologies and AI, such as using drones to enhance inspection and evidence collection, and support the industry in developing technology products that enhance OSH.

(H) Social Welfare

Targeted Poverty Alleviation

258. The Government will continue its work on targeted poverty alleviation by directing resources to those most in need. Relevant measures include:

- (i) Enrich activities of the Strive and Rise Alumni Club with \$10 million funding from the HKJC, providing young people with training and experience that integrate Hong Kong pop culture and traditional Chinese arts; and inject \$180 million into the Child Development Fund to continue implementing projects promoting the long-term development of upper primary students from disadvantaged communities, and further enhance different elements of the projects by drawing on the successful experience of the Strive and Rise Programme, with a view to reducing intergenerational poverty.
- (ii) Set up six additional Community Living Rooms (CLRs). Together with the nine CLRs already launched, they are expected to benefit about 7 000 SDU households, serving over 1.4 million attendances.
- (iii) Enhance the School-based After School Care Service Scheme by uncapping the number of places to expand support for primary students and parents in need.
- (iv) Roll out the “Co-build a Caring Society Funding Scheme” to encourage family offices involved in philanthropic endeavours to provide resources implementing projects that benefit the disadvantaged groups.
- (v) Provide time-limited cash incentives, on a pilot basis, for households leaving the Comprehensive Social Security Assistance (CSSA) Scheme and eligible for the Working Family Allowance, to promote self-reliance.
- (vi) Publish the Report on Impact of Targeted Poverty Alleviation Strategy in Hong Kong in mid-2026.

Care for the Elderly

259. The Government will continue to adhere to the principle of promoting “ageing in place as the core, with institutional care as back-up”. Eleven measures will be introduced:

Ageing in Place

- (i) Increase the total number of Community Care Service Vouchers for the Elderly by 4 000 to 16 000.
- (ii) Set up three new Neighbourhood Elderly Centres to strengthen support at the district level. They are expected to serve some 3 000 elderly persons annually.
- (iii) Lease out newly built government welfare facilities on a pilot basis to allow service operators greater flexibility in offering day care and support services for the elderly under different funding modes.
- (iv) Enhance the Integrated Discharge Support Programme for Elderly Patients to provide social welfare service support for discharged elderly persons in need.

Strengthen Residential Care Services

- (v) Provide about 700 new subsidised residential care service places.
- (vi) Increase the total number of Residential Care Service Vouchers for the Elderly by 1 000 to 7 000.
- (vii) Subsidise eligible serving health workers of residential care homes to enrol in the new professional diploma programme for Health&Care Practitioners, nurturing dedicated professionals and promoting the development of the sector.

Enhance Elderly Care Arrangements in the Greater Bay Area

- (viii) Launch a pilot scheme by the end of this year to subsidise elderly CSSA recipients choosing to retire in Guangdong to reside in designated residential care homes for the elderly (RCHes) in the province, thereby enhancing their quality of life. Each eligible elderly person will receive a monthly subsidy of \$5,000, subject to a quota of 1 000.
- (ix) Expand continuously the Residential Care Services Scheme in Guangdong. Starting from October, the number of Mainland RCHes participating in the scheme will increase from 15 to 24, while the number of cities covered will increase from six to eight.
- (x) Launch a two-year pilot arrangement by the end of this year to share part of the medical expenses that Hong Kong elderly participants of the Residential Care Services Scheme in Guangdong need to bear on their own under the National Basic Medical Insurance Policy.

- (xi) Facilitate Hong Kong elderly recipients retiring in Guangdong and Fujian Provinces by providing the option to receive Government assistance directly through their bank accounts with designated Mainland banks.²⁴

Support Carers

260. Carers play an important role in supporting elderly persons and persons with disabilities (PWDs). When carers are provided with appropriate support to alleviate physical and mental stress, they are better able to take care of elderly persons and PWDs. Current measures include providing allowance for carers from low-income families, enhancing respite services to give carers a break, setting up a 24-hour hotline manned by social workers, launching a one-stop information gateway, and organising large-scale publicity and public education activities.

261. The Government will earmark an annual recurrent expenditure of \$500 million to roll out a series of measures to enhance support for carers, including:

- (i) The Government has launched the first phase of the Carer Support Data Platform, which initially connects the data of the SWD, the HA and the HKHA, and progressively connect the data of more government departments and public organisations to expand the Carer Support Data Platform.
- (ii) Upon learning from the HA that a high-risk carer has been hospitalised, the SWD will arrange outreach to the care recipients and offer emergency support according to their needs.
- (iii) We have consolidated the data of the HKHA and the SWD to identify high-risk carers of elderly persons and carers of PWDs, as well as singleton or doubleton elderly households lacking sufficient community support, and deploy Care Teams to conduct visits.
- (iv) We will continue implementing the District Services and Community Care Teams – Scheme on Supporting Elderly and Carers for three years by inviting Care Teams to actively provide support for and pay visit to high-risk families, and assisting households referred by Care Teams in installing and using the emergency alarm system as necessary.
- (v) We will install an intelligent accident detection system for 300 high-risk households.
- (vi) We will continue the implementation of the Support for Carers Project for three years, with a view to providing training for frontline property management personnel in assisting carers in need.

²⁴ The relevant measure is also stipulated under Chapter V “(C) Development of the GBA”.

- (vii) We will enhance the existing AI chatbot function of the Information Gateway for Carers.

Support Persons in Rehabilitation

Formulate Guidelines on Rehabilitation Products

262. The Government will collaborate with university teams to formulate guidelines for consumers of rehabilitation products, with electric wheelchairs, electric smart beds, and robotic exoskeletons as pilot items. The guidelines will set out basic technical and operational requirements of rehabilitation products, to assist the elderly, PWDs and their carers in selecting suitable products.

Provide Additional Rehabilitation Services for Persons with Disabilities

263. The Government will strengthen rehabilitation services for PWDs by adding 80 places under the Bought Place Scheme for Private Residential Care Homes for PWDs, 220 places at Special Child Care Centres, 100 places at Day Activity Centres (DACs), and 50 places at Hostels for Severely Mentally Handicapped Persons.

Expand Support for Ageing Persons with Disabilities

264. Ageing PWDs face additional challenges in their daily life. The Government will, starting from the second quarter of 2026, progressively introduce one-stop support and care services at hostels for severely and moderately mentally handicapped persons, and increase the number of extended care places at hostels co-located with DACs/ integrated vocational rehabilitation services centres. These measures will release about 700 day rehabilitation training places, providing day training for PWDs living in the community and alleviating the pressure on carers.

(I) Social Development

Establish a Working Group on Ageing Society Strategies

265. The Government is committed to building an elderly-friendly society. Established following the last Policy Address, the Working Group on Promoting Silver Economy announced 30 measures in May. The Government will collaborate with the Federation of Hong Kong Industries to formulate the “Silver Q-Mark”, and with the trade to consider setting additional GBA Standards for silver products to facilitate the provision of more options for the elderly.

266. Ageing is a global issue. By 2046, people aged 65 and above will account for 36% of our total population. To tackle challenges of an ageing society, the Government will set up a Working Group on Ageing Society Strategies under the steer of the Deputy Chief Secretary for Administration to co-ordinate the efforts of various bureaux in formulating the relevant strategy responses. Aside from covering areas such as elderly care, healthcare,

housing, culture and leisure, and gerontechnology, the working group will consider promoting the further development of silver economy. The working group will take into account the views of the Elderly Commission, and submit a report next year.

Promote Women's Development

267. We will increase the annual funding of the Women Empowerment Fund from \$20 million to \$30 million to subsidise women's organisations and NGOs launching projects that promote women's development. The Government will also host the second Family and Women Development Summit Hong Kong next year.

Promote Fertility

268. On childbirth policy, the current-term Government has shifted from the non-interventionist approach adopted by the Government of the previous terms to the multi-pronged policy approach launched in 2023 to promote fertility. We have introduced various tax concessions, including raising the tax deduction ceiling for home loan interest or domestic rents, introducing a new tax deduction for the medical expenses of assisted reproductive services, and increasing the basic child allowance and additional child allowance in the year of birth. We have also implemented various support measures, including launching the Families with Newborns Allocation Priority Scheme to shorten the waiting time by one year for PRH applicants with newborns, introducing the Families with Newborns Flat Selection Priority Scheme, providing additional places for child care services, extending the After School Care Programme for Pre-primary Children to all 18 districts in Hong Kong, and introducing the Newborn Baby Bonus of \$20,000.

269. At the end of August, more than 5 300 PRH applications had their waiting time reduced by one year under the Families with Newborns Allocation Priority Scheme. In the recent HOS sale exercise with flat selection concluded in August, over 800 families with newborns purchased their flats under the Families with Newborns Flat Selection Priority Scheme.

270. The number of newborn babies has decreased for six consecutive years since 2017, but there was an upward trend in 2023 and 2024. In 2024, there was a significant increase in the number of newborns, a year-on-year increase of about 3 500 babies, or about 11%, adding up to 36 700 babies born in total.

271. We will implement further measures under the multi-pronged policy approach to promote fertility. They include:

- (i) Extend the claim period of additional child allowance for newborns from one year to two years. Starting from the year of assessment 2026/27, a taxpayer may claim twice the allowance (i.e. \$260,000) for each child in the first two years following childbirth. This measure is applicable to all children under the age of two by the end of the year of assessment.

- (ii) Further enhance infant and child day care service. Fifteen new aided child care centres (CCCs) will be set up over the next three years to provide about 1 500 day care service places for children between birth and three years old, almost doubling the existing supply. The SWD will also allocate more care-service places for infants and toddlers from birth to two years, as appropriate.
- (iii) Enhance the School-based After School Care Service Scheme within this school year by removing the cap on the number of places to make it easier for parents to take up jobs.
- (iv) Set up dedicated counters for pregnant women to facilitate their waiting for medical services. The PHC Commission will, together with the Family Planning Association of Hong Kong, the MCHCs under the DH, as well as the Obstetrics and Gynaecology Departments of the HA, enhance health education and services for women during pre-pregnancy, as well as antenatal and postnatal stages, providing them with practical information.
- (v) Support assisted reproductive services. The Council on Human Reproductive Technology has made amendments to the legislation, removing the statutory storage periods of gametes and embryos for own use, offering greater flexibility to people who wish to give birth. The amendments will take effect from this December. Moreover, the HA will continue to increase the service quota for assisted reproductive service from 1 100 treatment cycles two years ago to 1 500 treatment cycles in 2025-26.
- (vi) Foster a family-friendly culture. We will continue to encourage more employers, through the Good Employer Charter²⁵, to adopt family-friendly employment practices that are conducive to childcare, such as flexible working hours.

Protect Children and Provide Support for Students

Strengthen Family Cohesion and Safeguard Children

272. The Government will set up an Integrated Family Service Centre in Kwu Tung North NDA in the Northern Metropolis, to support families and children in the area. In addition, we will support and educate divorced/separated parents to collaborate in shouldering continuous and joint parental responsibilities in raising their children. We will also offer transitional support to young people who no longer receive residential child-care services but lack family support.

273. To complement the implementation of the Mandatory Reporting of Child Abuse Ordinance, the Government has promulgated the Guide for Mandated Reporters to assist mandated reporters in mastering child protection principles, and will continue to

²⁵ Signatories of the Good Employer Charter have to pledge to be an employee-oriented employer and have adopted the good human resource management practices.

provide training and relevant resources for specified professionals from the social welfare, education and healthcare sectors. The EDB will also step up promotion of positive parenting education.

Enhance Support for Children with Special Needs

274. For children with special needs receiving On-site Pre-school Rehabilitation Services, the Government will provide bridging and support services during their first term in primary school.

Provide Support for Ethnic Minorities

275. Ethnic minorities (EMs) are important members of the Hong Kong community. The Government has been striving to support EMs on various fronts, including Chinese-language learning, daily living and community integration.

Strengthen Support for Ethnic Minorities' Integration into the Community

276. The HAD will set up one additional EM Care Team under the Support Service Centres, serving the North and Islands Districts respectively. The department will also establish a Youth Network and a Women's Network at the 10 Support Service Centres for EMs to organise activities specifically for EM youth and women. Moreover, the Government will set up an additional Interpretation and Translation Service Centre for EMs in December. We will also strengthen the promotion of messages and radio programmes related to racial integration. In addition, the Health Bureau will also take forward the pilot project of providing emotional support and counselling services for EMs through a service centre.

Employment of Ethnic Minorities

277. We will continue to implement the government department internship programme for EM post-secondary students and will provide basic workplace Chinese training. Government departments may design their own job-oriented language tests to provide an additional channel for applicants to meet language-proficiency appointments. We will also disseminate government recruitment information to EMs on an ongoing basis, to attract talents from different backgrounds to join the civil service.

Provide Support for Non-Chinese Speaking Students

278. The Hanyu Shuiping Kaoshi Chinese Proficiency Test learning materials, tailored for non-Chinese speaking students, will be extended from the upper primary level to the junior secondary level in the 2026/27 school year. We will also continue to provide after-school Chinese language courses and organise cross-school, teacher-learning communities.

Continuously Enhance Care Team Services

279. Care Teams across 18 districts will soon begin their second term of service. Having regard to district needs, we have set up three additional Care Teams and revised the KPIs for the second term of service. To enable Care Teams to continuously enhance their services, the Government has increased the subsidy by 50%, in accordance with last year's Policy Address, and provided these voluntary Care Teams with additional administrative support, including hiring administrative staff. As for emergency support, we will enhance training so that Care Teams can continue to strengthen ties with government departments, public utilities and district organisations.

Improve Building Management

280. To improve building management, the HAD will implement a number of measures, including establishing working groups under DCs to share experience; expanding the Pilot Scheme on Joint Property Management to other districts based on its effectiveness; and reviewing the Building Management Ordinance.

281. We will enhance the inspection and testing procedures for handling water seepage problems by utilising technology to expedite the identification of the seepage situation and delineate the responsibility, requiring owners to inspect and rectify within a specified time, or else the Government will take further action and recover costs from owners. This will prompt owners to fulfil their obligations in properly maintaining their properties. We will also actively promote mediation to resolve disputes between residents. An Internet of Things fire detection system will also be introduced in old buildings to replace traditional fire service installations and equipment.

Chapter X Closing Remarks

282. Today, Hong Kong is at the critical juncture of advancing from stability to prosperity. We are moving through an irreversible economic transition, but it is an essential process for a stronger and more robust economy in the future.

283. Over the decades, Hong Kong has undergone multiple economic transitions. Once, the bustling Sheung Wan night market (the “Dai-tat-dei”) sold paraffin lamps that were a big business until modern malls made them unnecessary. Bustling factories that once competed for female labour have since relocated their production lines to the Mainland, opening new horizons for the manufacturers. Pagers, once a common sight in every hand, have been replaced by smartphones, leaving behind empty pager shops as relics of a past era. Each change brought about a stronger economy and higher income for the people.

284. These transformations were possible because generations of Hong Kong people have worked hard, stayed flexible, and never given up. That grit is part of our DNA, and it will continue to be the engine that drives us forward.

285. We must not be complacent, nor should we underestimate our own capabilities. In the last three years, Hong Kong has climbed higher thanks to the teamwork of the Government and the community. We have risen one spot to become the world’s third-largest international financial centre, and our overall competitiveness has jumped four places to also rank third globally. In talent competitiveness, we have leapt twelve spots, now sitting at fourth in the world. The number of registered local companies has hit a record high, as has the number of non-local companies setting up operations in Hong Kong. The median household income has also grown by 11%, an increase of \$3,000. These numbers tell a clear story: investors around the world trust Hong Kong, and our city is vibrant, stable, and poised for long-term growth under “One Country, Two Systems”.

286. Hong Kong faces challenges and is also presented with continuing opportunities amid the changing world. Our country, the world’s second-largest economy, is our staunchest supporter and the source of our biggest opportunities. Combined with Hong Kong’s international prospects, our opportunities far outweigh the challenges. By working together, innovating, and embracing reform, we will turn our beloved Hong Kong into an even better home for everyone. The Pearl of the Orient will keep shining brighter than ever before.

