

# 2026-27 BUDGET



Financial Secretary Paul Chan Mo-po (second from left) and Secretary for Financial Services and the Treasury Christopher Hui Ching-yu (second from right) join colleagues in displaying hard copies of the 2026-27 Budget during a news conference at government headquarters in Admiralty on Wednesday. ANDY CHONG / CHINA DAILY

## Budget to drive AI integration

### Funding, initiatives to boost economy and foster industrial transformation

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Technological innovation and commercialization are among the top priorities of the Hong Kong Special Administrative Region government's 2026-27 Budget, as the city strives to pursue new drivers of economic growth and foster industrial transformation and innovation.

Financial Secretary Paul Chan Mo-po on Wednesday unveiled a raft of initiatives to further support Hong Kong's innovation and technology (I&T) sector, with a particular focus on artificial intelligence.

"We are pressing ahead with the industrialization of AI and deepening its integration across various industries, while encouraging wider AI application, thereby achieving the target of adoption and utilization by all," he said.

Chan said he will chair a new "AI+" committee to formulate strategies, ensuring AI can empower industrial transformation and development. The committee, which will comprise experts, academics, and industry representatives, will initially center on life and health technology and embodied AI.

He added that the Hong Kong

Artificial Intelligence Research and Development Institute Co Ltd, proposed in the chief executive's Policy Address last year, will start operations in the second half of this year, aiming to advance the transformation of research and development outcomes.

Meanwhile, the government will earmark HK\$100 million (\$12.8 million) to steer AI adoption across departments, accelerating its own digital intelligence transformation and enhancing efficiency.

An additional HK\$50 million will be reserved to encourage the wider and responsible use of AI in society by funding public organizations, enterprises and tertiary institutions to host AI-themed courses, seminars and competitions.

Francis Fong Po-kiu, honorary president of the Hong Kong Information Technology Federation, said the Budget plan has been set in the "right direction".

"The government no longer regards AI merely as an area of innovation, but is actively utilizing it to drive industrial transformation. ... This shift in thinking — from 'technological innovation' to 'industrial policy' — is an important step," Fong said.

The Hong Kong Institute of Human Resource Management welcomed the initiatives, saying the funding support for public events is a good start in promoting AI education. However, the organization added that the HK\$50 million earmarked remains "far from adequate" to support the full transition across sectors in AI-driven operations, organizational transformation and workforce upskilling.

Separately, the HKSAR government plans to invest at least HK\$30 billion to accelerate the development of several zones under the Northern Metropolis project.

The financial chief said the government will seek Legislative Council approval for a HK\$10 billion injection into the Hong Kong Park in the Hetao Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone. Authorities will also engage the market to expedite the disposal of the remaining land parcels in the park's first phase, step up support for startups, and set up a venture fund.

Kenny Shui Chi-wai, vice-president of think tank Our Hong Kong Foundation, welcomed the move but suggested the funds be directed toward building world-class research facilities — such as shared laboratories and supercomputing centers — and dedicated infrastructure for cross-border data flow.

For the San Tin Technopole, which will provide industrial space for prototyping, pilots and mass production, the government plans to establish a dedicated company within this year, and allocate HK\$10 billion as initial capital to accelerate the development and leverage market resources.

In addition, a HK\$10 billion Innovation and Technology Industry Oriented Fund is expected within this year, aiming to channel market capital into emerging domains, such as life and health technology, AI and robotics, and other future industries.

The Budget also includes plans to further nurture emerging industries such as the low-altitude economy, aerospace, new materials, and quantum technology.

The Hong Kong-based Chinese General Chamber of Commerce said these measures will help enhance the city's competitiveness and bolster industrial diversification. The chamber added that it hopes authorities will continue to improve the I&T ecosystem, strengthen the clustering of related industries, and, by attracting investors from the Chinese mainland and overseas, promote the commercialization of scientific research outcomes to create more new growth engines for Hong Kong's economy.

## Agenda to consolidate city's financial center status

By LUO WEITENG in Hong Kong  
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Financial Secretary Paul Chan Mo-po announced in his Budget address on Wednesday a package of measures to boost the appeal of local capital markets amid intensifying global competition.

Stakeholders and experts said the enhanced regulatory regime for listed companies, alongside improved market liquidity and efficiency, signals a commitment to building a deep and liquid market, further reinforcing the city's standing as a world-leading financial center.

A consultation on proposed listing rule changes for companies with weighted voting rights, overseas secondary listings, biotechnology and specialist technology firms will be launched in the first quarter. In the first half of the year, regulators will also consult the market on implementing the highly-anticipated T+1 settlement cycle, enabling securities transactions to settle one business day after the trade date.

Carlson Tong Ka-shing, chairman of Hong Kong Exchange and Clearing Ltd (HKEX), the city's stock exchange operator, said these initiatives, spanning primary and secondary market reforms across asset classes, "underscore the Hong Kong Special Administrative Region government's steadfast commitment to supporting the long-term competitiveness, resilience and global relevance of the SAR's financial markets".



Residents line up to get a copy of the 2026-27 Budget at a stand outside the Wan Chai Home Affairs Enquiry Centre on Wednesday. EDMOND TANG / CHINA DAILY

Mofiz Chan, chairman of the Hong Kong Securities and Futures Professionals Association, said that further streamlining the secondary listing process and standardizing entry thresholds — such as by easing requirements on recognized stock exchanges, compliance track records, and market capitalization — would attract more established large-cap issuers to Hong Kong. Such measures will strengthen index quality and encourage global capital inflows, he said.

"Amid escalating geopolitical tensions and regulatory divergences, a clearer and more actionable secondary listing pathway would

help Chinese and international firms already listed in the United States and Europe diversify risks, while cementing the SAR's strategic position as a hub for dual primary listing and secondary listing," Mofiz Chan said.

Rocky Tung, executive director of the Financial Services Development Council, said, "To remain the destination of choice for next-generation enterprises, our listing regime must evolve in lockstep with global business models. The commitment to review the weighted voting rights structure is a proactive move to ensure we capture high-growth innovative listings."

In his Budget speech, the finance chief also urged HKEX to review its listing requirements to facilitate the listing of aerospace enterprises in Hong Kong, echoing the HKSAR government's "Finance+" strategy, which aligns closely with the national priorities outlined in the 15th Five-Year Plan (2026-30) period.

A government source said the new listing pathway for aerospace firms is likely to follow models similar to Chapter 18A and Chapter 18C, introduced in 2018 and 2023 respectively, which provide specialized, flexible listing frameworks for pre-revenue biotech and high-growth technology companies.

The Budget comes as the financial center regained its coveted crown as the world's top fundraising venue in 2025 and the average daily trading volume of the Hang Seng Index hit an all-time high. This year, the SAR welcomed 24 new listings with nearly 500 more lining up for an initial public offering in the city, HKEX said on Friday.

Our Hong Kong Foundation said that broadening investor access under the Stock Connect between Hong Kong and mainland exchanges would offer a fresh boost to trading volumes. The think tank proposed cutting the minimum asset requirement for mainland retail investors participating in southbound trading to 250,000 yuan (\$36,315) from the current 500,000 yuan, subject to appropriate risk controls.

## Assistance reserved to boost public safety

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Hong Kong's 2026-27 Budget allocates billions of Hong Kong dollars to upgrade fire-safety systems and support post-Tai Po fire relief and rehabilitation efforts.

In his Budget address on Wednesday, Financial Secretary Paul Chan Mo-po announced a HK\$4 billion (\$511.5 million) reserve to fund the government's HK\$6.8 billion buy-back of the seven residential high-rises ravaged in November's Wang Fuk Court fire. He also unveiled an allocation of HK\$3 billion to reform a city-wide building repair subsidy program to help property owners meet safety requirements.

To combat bid-rigging as part of broader building fire-safety reforms, the government earmarked an additional HK\$300 million to the Urban Renewal Authority's "Smart Tender" platform in the second half of this year. The upgraded program will offer property owners professional advice and access to a more rigorous prequalified list of consultants and contractors. An additional HK\$1 billion will be funneled into the government's Lift Modernisation Subsidy Scheme.

The government is also set to roll out enhanced tax relief and allowances in the coming fiscal year to ease households' cost-of-living pressures. These include a reduction of up to HK\$3,000 in the salaries tax and profits tax, an increase in the basic allowance to HK\$145,000, and a rise in the allowance for married couples to HK\$290,000.

Child allowances will add HK\$10,000 to reach HK\$140,000, while dependent parent and grandparent allowances will increase by between HK\$2,500 and HK\$5,000, depending on the dependent's age.

Chan said that the Budget prioritizes supporting households and local businesses while maintaining sound fiscal health.

Legislator Bill Tang Ka-piu praised the focus on reshaping the city's building repair industry, which he regards as one of the city's "foremost tasks" after the Tai Po fire that claimed 168 lives.

"The billions earmarked for building repair subsidy review and enhancement, as well as the Smart Tender platform upgrade, indeed, demonstrate the government's strong resolve to push forward building repair reforms," Tang told China Daily.

The welfare sweeteners benefit a broad range of groups — including basic salary earners, working families, married couples, and caregivers of children and the elderly. However, Tang urged the government to place greater emphasis on family support and child-rearing in future policies to promote a more family-friendly and child-friendly society.

Yau Yung, associate dean of Lingnan University's School of Graduate Studies, said lift modernization subsidies are a win-win investment, enhancing daily safety and improving mobility for the elderly and the disabled.

Another lawmaker, Lam Wai-kong, credited the government's prudent financial management for the Budget's return to fiscal balance, which recorded a HK\$51.3 billion operating surplus for the 2025-26 fiscal year.

Lam said that although the fiscal surplus is modest, it allows for meaningful tax relief that will put money back into taxpayers' pockets.

The Budget also outlined initiatives to accelerate the city's green transition, including launching a five-year plan to upgrade recycling infrastructure, promote electric commercial vehicles, and develop sustainable agriculture and fisheries industries.

Chan Pok-chi, a lawmaker representing the agriculture and fisheries sector, said such measures are in line with national goals regarding green transformation.

### Highlights of 2026-27 Budget

#### Relief measures



- Grant a 100% reduction in salaries tax, tax under personal assessment and profits tax for the 2025-26 assessment year, capped at **HK\$3,000 (\$383.6)**.

- Provide rates concession for domestic and non-domestic properties for the first **two quarters of 2026-27**, capped at **HK\$500** per quarter.

- Increase the child allowance and additional child allowance in tax return from **HK\$130,000 to HK\$140,000**.

- Expand the number of Residential Care Service Vouchers for the Elderly to **7,000** and Community Care Service Vouchers for the Elderly to **16,000**.

#### Land and housing

- Deliver a total of **196,000** public housing units in the coming five years.
- Produce about **22,000** housing units through the 2026-27 land sale program and other development projects.

#### Innovation and technology

- Allocate **HK\$10 billion** to speed up land development of the Hong Kong Park in the Hetao Cooperation Zone.
- Set up a dedicated company with **HK\$10 billion** in initial capital for the San Tin Technopole.
- Launch a **HK\$10 billion I&T Industry-Oriented Fund** to support emerging strategic sectors.
- Establish the **first national manufacturing innovation center** outside the Chinese mainland with an investment of HK\$220 million.

#### Tourism and sports

- HK\$1.66 billion** for Hong Kong Tourism Board to boost the city's tourist appeal.
- HK\$100 million** to attract large-scale international exhibitions.
- HK\$1.2 billion** to support sports development.

#### Post-Tai Po fire support

- HK\$4 billion** to support long-term housing arrangements for affected residents.
- HK\$300 million** to enhance "Smart Tender" program to reduce bid-rigging risk in building repair works.