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## Reshaping Hong Kong's Economic Structure and Functions under the Budget

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Against the backdrop of the rapid reshaping of the global economic landscape and ongoing technological transformation, how Hong Kong can maintain its strengths as an international financial centre while fostering innovation and emerging industries has become an important issue for economic development. The State has approved the Outline of the 15th Five-Year Plan for National Economic and Social Development of the People's Republic of China (the "15th Five-Year Plan"), which provides an important policy framework for Hong Kong's future development. On 25 February 2026, the Financial Secretary delivered the fourth Budget of the current-term Government, introducing a range of policy measures covering areas such as financial markets, innovation and technology, shipping and trade, and talent development, aimed at proactively aligning with the key directions of the 15th Five-Year Plan.

### I. Enhancing the Capital Allocation Function of the Financial System

As an international financial centre, the financial services industry has long been a key pillar of Hong Kong's economy. It currently accounts for around one-quarter of GDP and provides more than 260,000 jobs. As competition among global financial markets intensifies, major financial centres have been actively improving their market systems and financial infrastructure to enhance capital market efficiency and attract international capital. The 15th Five-Year Plan Outline includes, for the first time, the objective of "accelerating the building of a strong financial nation" in the national five-year development plan. As the country advances high-level financial opening and the internationalisation of the Renminbi, Hong Kong's financial market will continue to enhance its competitiveness, attract



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more international capital, and more effectively perform the financial system's capital allocation function in supporting innovation and the real economy. The Budget proposes a number of measures to strengthen the competitiveness of Hong Kong's financial market from the perspectives of market framework, functional expansion, offshore Renminbi business and innovative financing.

In terms of market systems, the Government proposes to refine securities market rules and regulatory arrangements, including reviewing listing requirements for companies with weighted voting rights, facilitating secondary listings by overseas companies in Hong Kong, and improving the IPO process. At the same time, the Government is also promoting upgrades in market infrastructure, such as enhancing the framework for the listing of structured products, consulting the market on implementing a T+1 settlement cycle, and introducing the Uncertificated Securities Market regime. In the bond market, the authorities will advance the Roadmap for the Development of Fixed Income and Currency Markets to further improve market infrastructure and enhance market liquidity.

In terms of functional expansion, the Budget proposes to enhance the tax regimes for family offices and funds, and to include digital assets, precious metals and certain commodities within the scope of eligible investments for tax concessions. At the same time, a regulatory regime for digital asset trading and custodial services will be established to enhance Hong Kong's attractiveness to asset management and fintech companies. The Government will also encourage enterprises to establish treasury centres in Hong Kong, relax stamp duty exemption criteria for intra-group asset transfers, and introduce additional tax incentives. In addition, the Government is studying tax concessions for eligible institutions conducting gold trading and settlement in Hong Kong in order to promote the development of the gold trading market. The authorities will also strive to include REITs in Stock Connect as soon as possible, optimise the relevant market framework, and grant stamp duty exemptions on the transfer of non-residential properties for REITs preparing for listing.

In terms of offshore Renminbi business, Hong Kong, as the world's largest offshore Renminbi business centre, will continue to support the country's efforts in promoting RMB internationalisation. The Budget proposes to increase the total size of the RMB Business Facility to RMB 200 billion and promote more convenient foreign exchange trading between the RMB and regional currencies. The Government will also issue RMB bonds on a regular basis to improve the offshore RMB yield curve and enhance the price discovery and capital allocation functions of the offshore RMB market.

In terms of innovative financing, the Government has introduced a number of measures to improve financing efficiency and broaden financing channels for enterprises. The Hong Kong Monetary Authority will integrate trade and logistics data through the "Commercial Data Interchange" to improve access to trade finance. The Government will also continue to promote the development of the tokenised bond market by issuing relevant products to establish market benchmarks and infrastructure, facilitating the application of relevant technologies and laying the foundation for enterprises to adopt innovative financing models in the future. In addition, the Budget seeks to promote Hong Kong's development as a regional intellectual property trading centre by improving tax and institutional arrangements to facilitate the trading and financing of intellectual property.

## II. Promoting the Transformation of Research Strength into Technological Applications

Technological innovation has become a major driver of global economic growth and an important pathway for economies to enhance industrial competitiveness. With the rapid development of frontier technologies such as artificial intelligence (AI), quantum technology and biomedicine, a new round of technological revolution is accelerating the transformation of global industrial structures. For the country, technological innovation is an important pillar supporting high-quality economic development. The 15th Five-Year Plan Outline clearly states the need to “accelerate high-level technological self-reliance and self-strengthening and foster the development of new quality productive forces”. Hong Kong possesses certain advantages in basic research and international scientific collaboration. The development of innovation and technology industries can not only cultivate new drivers of economic growth but also enable Hong Kong to play a more active role within the national innovation system.

The Budget introduces a range of measures to promote the development of AI and related industries, including the establishment of the Committee on AI+ and Industry Development Strategy, strengthening computing power infrastructure and increasing research funding. It will also promote both “industries for AI” and “AI for industries” — on the one hand fostering AI-related industries, and on the other encouraging the application of AI in areas such as finance, logistics, healthcare and professional services. The Government will also strengthen training in AI-related skills by upgrading the Employees Retraining Board into Upskill Hong Kong, providing training programmes including AI applications to support the manpower needs of industry development.

In the area of life and health technology, the Budget proposes additional funding for the Chinese Medicine Development Fund to support research, training and international promotion. In new industrial development, the Government has reserved resources to establish the first national manufacturing innovation centre outside the Mainland and will launch the “New Industrialisation Elite Enterprises Nurturing Scheme” within the year to support enterprises with high growth potential. In addition, the Budget proposes attracting aerospace technology enterprises to Hong Kong, promoting the development of the microelectronics industry and establishing the “Hong Kong RISC-V Alliance”, while also advancing research and application in frontier technologies such as embodied intelligence, quantum technology and new materials. Meanwhile, the Government will launch a HK\$10 billion Innovation and Technology Industry Oriented Fund and review and refine tax arrangements for R&D expenditure. Through developing key technological sectors and strengthening industry support systems, these measures aim to enhance Hong Kong’s role within the national innovation system and industrial division of labour.

In terms of spatial industrial development, the Northern Metropolis will serve as an important platform for Hong Kong’s innovation and technology development. Through projects such as the Hetao Shenzhen-Hong Kong Innovation and Technology Co-operation Zone and the San Tin Technopole, Hong Kong can develop closer technological collaboration and industrial division of labour with other cities in the Greater Bay Area. The Budget allocates additional financial resources to support the development of the Northern Metropolis,

including a HK\$10 billion injection into the Hong Kong Park of the Hetao Co-operation Zone and the establishment of a dedicated company for the San Tin Technopole with an initial capital injection of HK\$10 billion to accelerate innovation infrastructure and related industrial projects.

### **III. Expanding High Value-Added Functions in Trade and Supply Chains**

In addition to innovation and financial industries, Hong Kong will need to continue to consolidate its traditional strengths in shipping, logistics, trade and aviation in order to maintain its role as a key node in the international and regional economy. As the country continues to advance high-level opening-up, cross-border trade and supply chain cooperation are expected to deepen further. The 15th Five-Year Plan Outline also, for the first time, supports Hong Kong in developing a commodities trading ecosystem and a high value-added supply chain services centre, extending the development of these sectors from traditional trade and logistics to new areas.

In the areas of trade and professional services, the Government will introduce preferential policies to promote industry and investment, including attracting enterprises to establish operations in Hong Kong through land grants, financial support and tax concessions. At the same time, the Government will establish an Advisory Committee on Tax Policy to study how tax policies can further support economic development. In addition, the Government plans to establish a cross-sector professional services platform to integrate legal, accounting and financial services resources to support enterprises in expanding into overseas markets. Funding will also be reserved to attract large-scale international exhibitions to be held in Hong Kong.

In shipping and logistics, the Government will launch the Future Innovative Logistics Acceleration Scheme to promote data connectivity in the logistics sector and enhance industry competitiveness through measures such as refining tax arrangements for maritime services and improving the ship registration system. The Government will also provide tax concessions for qualified commodities traders in order to promote the development of the relevant trading ecosystem.

In aviation, as an international aviation hub, Hong Kong will continue to strengthen its competitiveness within the global aviation network through expanding traffic rights and increasing airport capacity. At the same time, projects such as Airport City development, aircraft parts processing and sea-air intermodal transport reflect the aviation sector's extension from transport functions to high value-added services and logistics support, further underpinning the development of trade and high value-added supply chains.

### **IV. Strengthening the Alignment between Talent Supply and Industrial Demand**

Talent is a key foundation for innovation and technological development as well as industrial upgrading.

In recent years, the Government has introduced a number of talent admission schemes, attracting more than 270,000 talents to settle and develop in Hong Kong. The 15th Five-Year Plan Outline supports Hong Kong in building itself into an international hub for high-end talent. The new Budget introduces a range of measures to strengthen talent cultivation and attract global talent to Hong Kong, while further aligning talent policies with industrial development to meet the long-term needs of innovation and emerging industries.

In terms of higher education and research talent development, the Government has reserved HK\$10 billion to support campus construction for the Northern Metropolis University Town through loans, while also reserving land and resources for the development of the Ngau Tam Mei new medical school campus and an integrated medical teaching and research hospital, thereby further strengthening Hong Kong's medical education and research capacity.

In terms of professional and technical talent development, the Government will increase relevant training resources, including expanding training places in the construction industry and extending the insurance industry talent training scheme to meet the manpower needs of related industries. In addition, the Intellectual Property Department will collaborate with the Vocational Training Council to launch a pilot programme to establish an "Intellectual Property Academy", providing in-service training linked to the Qualifications Framework to cultivate intellectual property professionals. At the same time, the Hong Kong International Aviation Academy will jointly offer a Master's programme in Aviation Management with the Chinese University of Hong Kong and collaborate with overseas aviation service companies to establish an aviation engineering training centre, offering specialised programmes in aircraft maintenance and component processing. These measures will help improve the alignment between talent supply and industrial demand, while providing sustained human capital support for the transformation of Hong Kong's economic structure.

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# 主要經濟指標 (Key Economic Indicators)

	2023	2024	2025/Q3	2025/Q4
<b>一、本地生產總值 GDP</b>				
總量 (億港元) GDP(HKD 100million)	29,812	31,868	8,577	8,821
同比增長率 (%) YoY change(%)	3.2	2.6	3.7	3.8
<b>二、對外商品貿易 External merchandize trade</b>			<b>2026/1</b>	<b>2025/1-12</b>
外貿總值 (億港元) Total trade(HKD 100million)				
總出口 Total exports	45,317	41,774	5,206	52,403
總進口 Total imports	49,275	46,450	5,347	56,868
貿易差額 Trade balance	-3,958	-4,676	-141	-4,465
年增長率 (%) YoY Growth(%)				
總出口 Total exports	-8.6	-7.8	33.8	15.4
總進口 Total imports	-7.2	-5.7	38.1	15.5
<b>三、消費物價 Consumer Price</b>				
綜合消費物價升幅 (%) Change in Composite CPI(%)	1.9	2.1	1.1	1.4
<b>四、零售市場 Retail market</b>				
零售額同比升幅 (%) Change in value of total sales YoY(%)	-0.9	16.2	5.5	1.0
<b>五、訪港遊客 Visitors</b>				
總人數 (萬人次) Total arrivals(10 thousands)	60.5	3,400.0	481.2	4,989.4
年升幅 (%) YoY change(%)	561.5	5,523.8	1.5	12.1
<b>六、勞動就業 Employment</b>			<b>2025/11-2026/1</b>	<b>2025/12-2026/2</b>
失業人數 (萬人) No. of unemployed(10 thousands)	16.3	11.3	13.8	13.5
失業率 (%) Unemployment rate(%)	4.3	2.9	3.9	3.8
就業不足率 (%) Underemployment rate(%)	2.3	1.1	1.7	1.7
<b>七、住宅買賣 Domestic property sales and price index</b>			<b>2025/12</b>	<b>2026/1</b>
合約宗數 (宗) No. of agreements	45,050	43,002	5,883	5,669
住宅售價指數 (1999=100) Domestic price index	369.7	337.4	299.8	301.4
<b>八、金融市場 Financial market</b>			<b>2026/1</b>	<b>2026/2</b>
港幣匯價 (US\$100=HK\$) 期末值	780.8	781.1	781.4	782.5
HKD exchange rate (US\$100 = HK\$), end of period				
銀行體系收市總結餘 (億港元) 期末值	962.5	449.5	538.4	539.0
Closing aggregate balance(HKD 100million), end of period				
銀行總存款升幅 (%)	1.7	5.1	-0.1	-
Change in total deposits(%)				
銀行總貸款升幅 (%)	-3.0	-3.6	1.1	-
Change in total loans & advances(%)				
最優惠貸款利率 (%) 期末值	5.6250	5.8750	5.0000	5.0000
Best lending rate (%), end of period				
恒生指數 Hang Seng Index	19,781	17,047	27,387	26,631