The British Chamber of Commerce in Hong Kong
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1 August 2025

Dear Secretary Sun, Secretary Sun and Commissioner Chung,

ADVANCING HONG KONG'S AI FUTURE

Further to our Policy Address Submission on 11 July 2025, I am writing on behalf of the Future Leaders Committee of the British Chamber of Commerce in Hong Kong ('the Chamber') to share the outcomes of our 2025 Annual Impact Hackathon in the form of a White Paper.

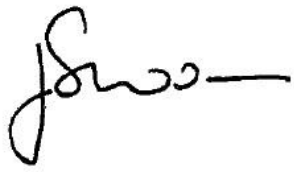
Bringing together a group of keen young professionals at the Hackathon who represent the future of Hong Kong, they have come up with these recommendations providing valuable insights for your administration's considerations.

Artificial intelligence (AI) is transforming economies and societies at an unprecedented pace, presenting Hong Kong with both immense opportunities and complex challenges. As a global financial hub with world-class universities and unique connectivity to the Mainland China, Hong Kong possesses distinctive advantages to emerge as a leader in the AI revolution. This Paper provides strategic suggestions to position the city at the forefront of AI innovation and adoption.

These young professionals and the Chamber would welcome the opportunity to discuss these findings in detail and discuss the opportunities of fostering Hong Kong's growth together with your administration.

Special thanks to the members of the Future Leaders Committee whose dedication and expertise made this White Paper possible: Lucia Chen (KPMG), Charlie Jacobson (Jardine Matheson), Tiffany Tam (Bryan Cave Leighton Paisner), Rhys John Belcher (Deloitte), and Sally Zheng (Transing Translations).

Yours sincerely,



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The British Chamber of Commerce in Hong Kong AI White Paper Submission

Advancing Hong Kong's AI Future

INTRODUCTION

Our analysis identifies critical areas where strategic government action can accelerate Hong Kong's AI capabilities while mitigating potential risks. These include developing specialised infrastructure in the Northern Metropolis, fostering partnerships for technology adoption, and preparing the workforce for AI-driven changes. These are practical and actionable recommendations designed to build on Hong Kong's existing strengths while addressing current gaps in the ecosystem.

In the following paragraphs, we propose 7 recommendations to help Hong Kong focus on 1) defining its direction in the AI race and 2) building the necessary substances:

1. **Direction - Define Hong Kong's Unique Value Proposition**: Hong Kong's thriving professional services sector provides a competitive edge for AI deployment. Its liquidity advantage, free capital flows, and trusted legal system position itself as the default gateway for global AI capital. Building on such foundations, we advocate for a strategic focus on real-world AI applications, supported by a clear roadmap that defines the city's role in the AI value chain from research to commercialisation. By aligning AI adoption with Hong Kong's economic priorities, we can unlock productivity gains, enhance global competitiveness, and deliver tangible benefits to businesses and citizens alike.
2. **Substance - Build Foundational Capacities**: To sustain long-term leadership, Hong Kong must cultivate a robust AI ecosystem. This requires targeted investments in talent development, stronger public-private partnerships, and cross-border collaboration with the Greater Bay Area (GBA) and international partners. By positioning itself as an enabler of AI progress - through supportive policies, infrastructure, and governance - Hong Kong can attract global innovators while ensuring workforce readiness.

Recommendation 1: Establish Hong Kong as a Global Service Hub

By integrating Western advancements in generative AI and cloud computing with China's strengths in industrial AI applications and rapid commercialisation, Hong Kong should establish itself as the go-to hub for AI firms to raise capital, offering a robust platform for investment support. The following recommendations outline how Hong Kong can position itself as the global service hub for AI:

Leverage Hong Kong's IFC Status to Become the Global Investment Centre for AI by:

- Expanding on the current HKEX Technology Enterprises Channel (TECH) policy, extend fast-track eligibility to mid-sized AI firms (HKD 3-10 billion market cap) meeting revenue milestones or commercial contracts (e.g., enterprise and government deals); conduct a periodic assessment of the market cap threshold to capture high-potential early-stage AI companies;
- Hosting Annual "AI Investor Summit" to connect startups with global venture capital, sovereign wealth funds, and corporate investors; and
- Developing a "AI-100" index to track top-performing Hong Kong-listed AI firms.

Promote Hong Kong as the Global Sales Platform for China-Built AI by:

- Establishing an "AI Demo Gateway" Program by partnering with Mainland tech giants (e.g., Huawei, Alibaba) to showcase China-developed AI solutions to global buyers through Hong Kong-hosted expos, sandbox demonstrations, and investor roadshows; and
- Creating a "China AI Tech Export Accelerator" by offering subsidies and regulatory support for international firms procuring Chinese AI products via Hong Kong-based intermediaries.

Recommendation 2: Accelerate AI-Driven Growth in the Northern Metropolis

We are excited to see the Government's efforts in advancing the Northern Metropolis, with milestones such as the Hetao Shenzhen - Hong Kong Science and Technology Innovation Co-operation Zone. Nevertheless, the Government's plan for AI in the Northern Metropolis appears to rely on extending Hong Kong's broader AI policies. For instance, there is yet to be allocation in the HK$3 billion AI Subsidy Schemes for Northern Metropolis specifically. As

the Northern Metropolis develops, the Government may need to consider creating a plan for the region. Here are our suggestions on how to achieve such a goal:

Build Alliance between GBA and Northern Metropolis for AI Integration by:

- Funding joint GBA research initiatives between Hong Kong universities and Mainland institutions, with fast-tracked IP commercialisation;
- Simplifying work visa schemes for Mainland AI specialists to work in Northern Metropolis AI projects; and
- Developing a dedicated AI corridor linking innovation hubs like San Tin Technopole with Shenzhen's tech zones, prioritising fibre optics and 5G+/6G to enable transferring massive datasets and decentralised AI training (e.g., sharing insights without raw data leaving their premises).

Attract Anchor AI Tenants with Multiplier Benefits by:

- Offering government-backed loans to attract AI firms, lowering borrowing costs for R&D and facility construction;
- Introducing tax breaks or subsidies for anchor tenants in Hung Shui Kiu, Fanling North, or San Tin Technopole, tied to job creation and local procurement of cloud computing, AI infrastructure services, and professional services (e.g., legal, accounting);
- Targeting global AI leaders and mainland tech giants to establish regional headquarters and R&D centres in Northern Metropolis, with incentives for local talent hiring and supply chain localisation (e.g., preferential leases for suppliers); and
- Launching joint task forces with industry leaders to align AI projects with infrastructure planning (e.g., data centre siting, energy grids).

Recommendation 3: Align AI Infrastructure with Utilities Planning

AI workloads consume exponentially more energy than traditional computing - a single ChatGPT query uses 5 to 10 times more energy than a Google search[1]. Data centres also rely on water-intensive cooling systems to manage heat from servers. In Hong Kong, where freshwater scarcity is a concern, this poses risks. We propose the following solutions to address AI-related water and energy usage burden:

[1] https://patentpc.com/blog/ai-energy-consumption-how-much-power-ai-models-like-gpt-4-are-using-new-stats

Mandate Efficiency Standards by:

- Enforcing Power Usage Effectiveness (PUE) limits, requiring new and existing data centres to meet a PUE of ≤1.5[2] (currently there is no mandatory requirement);
- Mandating data centres exceeding 10 MW IT Load (currently only for >20 MW) to secure Environmental Impact Assessment (EIA); and
- Linking AI growth to sustainability, considering updating energy consumptions burdens associated with data centre expansion in Hong Kong's Climate Action Plan (CAP) 2050 review.

Promote Creative Energy Optimisation Strategies by:

- Encouraging power companies to work with data centre operators to design incentives for shifting non-urgent AI workloads (e.g., batch processing, model training) to off-peak hours;
- Piloting district cooling with seawater, leveraging Hong Kong's coastal location to cool data centres using seawater, mandating closed-loop cooling systems to minimise freshwater consumption;
- Mapping clean energy (e.g., nuclear, offshore wind, waste-to-energy) and water availability against projected data centre demand; and
- Incentivising Modular Data Centres (MDCs) adoption - which have 30% lower carbon footprint than Traditional Data Centers[3] - by offering discounted electricity rates, low-interest green loans, and exemption from EIA requirements.

Recommendation 4: Drive Enterprise AI Adoption

We commend the Digital Policy Office for their proactive leadership in developing the "Ethical AI Framework." This forward-thinking initiative demonstrates Hong Kong's commitment to balancing innovation with ethical safeguards, aligning with global best practices while addressing local needs. By continuing to evolve this Framework alongside regulatory developments, Hong Kong can solidify its position as a regional leader in trustworthy AI.

At the company level, application and adoption of AI solutions are typically the most decentralised area of AI deployment. This is in contrast with areas such as risk and compliance, as well as data governance, which are often highly centralised within

[2] https://www.hkengineer.org.hk/issue/vol51-nov2023/feature_story/?id=17801
[3] https://info.pcxcorp.com/blog/why-modular-data-centers-are-more-environmentally-friendly

companies. This challenge is particularly pressing in some B2B labour-intensive sectors. The below policy suggestions can help to alleviate these barriers to AI adoption:

Build an AI Adoption Ecosystem by**:**

- Partnering with Hong Kong Science & Technology Parks Corporation ('HKSTP'), Cyberport and offer tailored assistance programs based on enterprise maturity, for example, 1) Exploration tier - AI readiness assessments and pilot project support; 2) Adoption tier - Implementation roadmaps and change management guidance; 3) Scale-up tier - Advanced technical support and integration expertise;
- Partnering with HKU to offer subsidised training programs across all sectors of companies in Hong Kong as 'continuing professional development' courses addressing all levels of AI training (from basic introduction to data preparation to building and testing AI systems);
- Hosting regular dialogues between policymakers, providers, developers, and users of AI to discuss existing regulatory frameworks, facilitating sharing between industry working groups to identify common challenges and solutions, and creating an AI solutions repository documenting successful best practices;
- Creating a Certified Trusted Cloud Provider Program, a government-vetted accreditation system for cloud service providers that meet stringent security, data governance, and operational resilience standards;
- Enhancing and expanding the Ethical AI Framework between enterprises of different sizes (SMEs to large corporations), strengthening existing guidelines through industry consultations, adding practical tools like risk assessment methodologies and sector-specific compliance checklists;
- Establishing a Digital Trust Centre to provide technical guidance, certification, and dispute resolution, complemented by open-source tools for data anonymisation and compliance tracking; and
- Establishing accessible pathways for startups and SMEs to secure funding, legal guidance, and technical support for the responsible adoption of AI deployment.

Recommendation 5: Enhance AI Governance

Hong Kong continues to maintain a light-touch, risk-based approach to AI regulations, allowing multinational corporations to develop with greater freedom. As of June 2025, the city maintains this competitive advantage by avoiding overly prescriptive AI laws, instead issuing sector-specific guidelines that promote best practices.

As AI adoption grows, Hong Kong should implement thoughtful guardrails to prevent harmful uses and extreme cases while maintaining its open development environment. The challenge lies in implementing targeted safeguards that address genuine risks without creating unnecessary barriers to innovation. We recommend:

Prohibit AI Use in Ethically Unacceptable Scenarios by:

- Banning harmful AI applications, including exploitation of vulnerabilities of people, manipulation and use of subliminal techniques, social scoring, untargeted scraping, emotion recognition in workplace and education institutions, biometric categorisation for private use;
- Enhancing public awareness of AI-generated content by fostering digital literacy skills, empowering individuals to effectively utilise AI tools while also enabling them to identify whether content has been AI-generated; and
- Launching public consultations to adapt Hong Kong's IP laws for AI-generated works, patents, and trademarks, with reference to international precedents (e.g., *Thaler v Comptroller-General of Patents* in the UK[4]).

Introduce AI Liability Insurance for High-Risk AI Applications by:

- Collaborating with insurers to develop pilot insurance schemes, mandating AI liability insurance for high-risk AI deployments (e.g., autonomous vehicles, drones, healthcare diagnostics, and financial) to ensure damage control; and
- Encouraging AI firms to share anonymised incident data and establish an AI risk database with insurers to improve risk modeling and pricing.

Recommendation 6: Strengthen AI Readiness in Schools and Universities

We recognise and commend the efforts of the Education Bureau (EDB) in Hong Kong. In the 2023–2024 academic year, the EDB announced plans to integrate AI education into the secondary school Information and Communication Technology (ICT) curriculum[5]. At the university level, the University of Hong Kong (HKU) has also taken significant steps. Starting in the 2025–2026 academic year, HKU introduced a compulsory AI literacy course for all undergraduates.

[4] https://www.supremecourt.uk/cases/uksc-2021-0201
[5] https://www.edb.gov.hk/attachment/en/curriculum-development/kla/technology-edu/curriculum-doc/ICT_C&A_Guide_e_final.pdf

We believe that both universities and the EDB can further enhance these initiatives:

Increase General AI literacy Across All Levels of Education by:

- Ensuring that all students gain a basic understanding of how data can be used, the implications of digital tracking, responsible use of AI, their rights with respect to their own personal data, and the importance of issues such as fairness, explainability, transparency, and robustness of AI systems; and
- Facilitating a sustainable, long-term supply of home-grown AI professionals, adjacent courses on coding and understanding how AI ecosystems are built.

Expand the Current ICT Curriculum by:

- Introducing critical thinking modules on AI ethics, responsible use, and societal implications, ensuring students understand both the capabilities and limitations of AI;
- Educating on practical, cross-disciplinary applications, such as AI prompt engineering, scenario-based analysis, and AI-assisted learning techniques in subjects like STEM, languages, and humanities; and
- Intensifying teacher training and resources to support effective delivery of AI content, including workshops and collaboration with industry experts.

Enhance University-level Courses on Responsible AI Usage by:

- Integrating mandatory or elective modules that teach students how to leverage AI ethically in academic work, covering topics like plagiarism avoidance, proper citation of AI-generated content, and critical evaluation of AI output, and ensuring students across all fields - from arts to engineering - can apply AI effectively and ethically in their disciplines;
- Tracking outcomes through graduate employment data and employer feedback to refine course offerings and ensure alignment with Hong Kong's AI talent needs; and
- Expanding the Continuing Education Fund (CEF) for high-demand AI courses, creating a dedicated "AI and Emerging Technologies" category, with accelerated approval for courses in generative AI, machine learning, data science, and robotics.

Recommendation 7: Boost AI Workforce with Targeted Subsidies Among Young Professionals

By accelerating upskilling programs now, we can transition workers into high-value AI-augmented roles and harness AI as a tool for economic resilience rather than job displacement.

The emergence of AI has led to the obsolescence of some jobs, contributing to a potential increase in the unemployment rate. The IMF reports that 60% of jobs in advanced economies, such as Hong Kong, are exposed to AI[6]. Among these, half are likely to benefit from augmentation, while the other half face wage suppression or replacement. To address these risks:

Establish a targeted AI Capacity Building Subsidy Scheme to address financial barriers hindering young professionals and students from accessing AI training and certifications. Modelled after successful initiatives like the Pilot Green and Sustainable Finance Capacity Building Support Scheme[7], this proposed programme requires and consists of:

- An 80% subsidy (up to HK$10,000 per person) for eligible young professionals enrolling in government-approved AI courses, certifications, or training programs. A full 100% subsidy (up to HK$10,000) for full-time university students in Hong Kong to ensure equitable access;
- A curated list of accredited AI programs, including technical upskilling (e.g., machine learning, data analytics) and applied AI for industries like finance, healthcare, and logistics;
- Partnerships with industry leaders and professional bodies to ensure certifications remain relevant to labor market demands; and
- Periodic reviews to adjust subsidy amounts and approved courses based on technological advancements and workforce needs.

[6] https://explodingtopics.com/blog/ai-replacing-jobs
[7] https://www.greentalent.org.hk