Leveraging Hong Kong's Unique Advantages to Enhance Overall Competitiveness through Coordinated Planning

Key Messages

The HKSAR Government has announced Hong Kong's first Five-Year Plan, identifying artificial intelligence (AI) as an important industry for the city's future development. To develop AI and computing industries that build on Hong Kong's strengths, the city should consider its overall business environment and industrial value proposition, while leveraging its unique advantages of "enjoying strong support of the Motherland and being closely connected with the world". By combining safe and reliable electricity supply, internationally aligned institutions and professional services, data connectivity, low-carbon energy and the development of the Northern Metropolis, and by focusing on high value-added AI applications and international digital services, Hong Kong can further strengthen its overall competitiveness.

The computing industry is a systemic undertaking. While electricity is important strategic economic infrastructure underpinning Hong Kong's development, the successful delivery of computing projects also depends on the coordinated planning of water resources, land, telecommunications, transport, talent, approval processes and industrial policies. Hong Kong could further establish a cross-departmental, cross-industry and cross-sector coordination mechanism to achieve "planning-led, infrastructure-enabled and coordination-driven" development, thereby accelerating project delivery and improving investment certainty, infrastructure effectiveness and the efficient allocation of public resources.

The Sandy Ridge Data Facility Cluster illustrates the value of coordinated planning in practice. With efficient coordination by the HKSAR Government, the full commitment of the Cluster's operator, Range Intelligent Computing Technology Group, and CLP's forward-looking and flexible power support, phased operations are targeted to begin in mid-2027. This demonstrates the value of a new coordinated-planning approach, under which reliable electricity supply, high-speed telecommunications and supporting urban infrastructure are planned and advanced in tandem, strengthening Hong Kong's competitiveness as a regional digital economy hub.

Hong Kong's Unique Advantages + Coordinated Planning = Stronger Overall Competitiveness and High Value-added Industry Value

Seven Key Points

1. **Building on Hong Kong's overall business conditions to fully leverage its advantages**

Hong Kong's electricity tariffs are more competitive than those in major Asia-Pacific data centre hubs such as Tokyo, Singapore and Sydney. When selecting locations, AI computing centres also consider supply reliability, telecommunications connectivity, cross-boundary

data flows, data security governance, intellectual property protection, talent, professional services, financing channels, the rule of law and institutional environment, as well as access to regional and international markets. Hong Kong should therefore build on its overall business conditions and industrial value proposition, focus on its comparative strengths, and attract the computing and AI projects that best reflect those strengths, particularly high value-added applications such as AI inference and enterprise AI. This would establish a distinctive positioning for the development of Hong Kong's computing industry.

Hong Kong currently hosts around 200 data centres, of which approximately 30% (about 60 facilities) are large-scale. A major AI computing centre with a capacity of 180,000 PFLOPS will also be developed at Sandy Ridge, reflecting Hong Kong's attractiveness in terms of electricity supply, telecommunications, its business environment and other supporting infrastructure.

Hong Kong's data centre market continues to grow. Over the past nine months, CLP recorded a year-on-year increase of 12.8% in electricity sales to data centres, which accounted for 6.6% of total electricity consumption. Market data from Cushman & Wakefield also show that Hong Kong's planned data centre capacity has grown significantly over the past year, increasing by more than 30% in the first half of 2026 compared with the same period last year. This reflects strong market confidence in the long-term demand for AI, cloud services and digital infrastructure, and continued planning of future investment. The vacancy rate of Hong Kong's data centres also declined year on year, underscoring the attractiveness and competitiveness of Hong Kong's computing industry development.

2. **Turning world-class supply reliability and low carbon energy into a competitive edge**

AI, cloud computing, fintech and data centres all depend heavily on a stable electricity supply. Supply reliability is an important business consideration for high value-added applications such as AI inference, financial services and enterprise AI. Electricity competitiveness should be assessed holistically across multiple dimensions, including tariffs, supply security and reliability, to fully reflect the value of electricity as strategic economic infrastructure.

CLP delivers world-class supply reliability of 99.999% and develops tailored power supply solutions to meet the computing industry's operational needs, electricity demand and supply resilience requirements. From the planning and design stages, CLP incorporates supply reliability, grid resilience and backup arrangements into the process.

3. **Leverage the advantage of "enjoying strong support of the Motherland and being closely connected with the world" and pursue complementary collaboration with the Greater Bay Area**

Different computing businesses have different location requirements. Large-scale model training requires substantial land and energy, and locations with more abundant resources can leverage their cost and scale advantages. On the other hand, AI inference, enterprise AI, fintech and services targeting international customers place greater emphasis on reliable power supply, low-latency telecommunications, data connectivity, institutional environment, lower carbon energy and proximity to regional and international markets.

As an international financial centre, Hong Kong should focus on AI inference, enterprise AI, fintech, smart healthcare, cross-boundary data services and high-quality digital services for international markets. It should work with other GBA cities to establish a development model based on complementary strengths, a clear division of roles and close collaboration.

4. **Capitalise on Hong Kong's institutional, financial and professional services strengths for computing power to go global**

Under the institutional advantages of "one country, two systems", Hong Kong's overall competitiveness stems from the organic integration of its strengths across multiple areas.

These advantages help companies enhance their financing, compliance and operational efficiency, while enabling AI companies from the Chinese Mainland to use Hong Kong as a gateway to international capital, customers and markets. By effectively connecting computing power, capital, data, professional services and international markets, Hong Kong can help translate computing power into greater industrial and commercial value.

5. **Promote "computing-electricity coordination" and establish a cross-departmental and cross-industry coordination mechanism**

The computing industry is a systemic undertaking.

"Computing-electricity coordination (i.e. closer alignment between computing development and electricity infrastructure)" can be extended into a more comprehensive coordinated-planning approach that brings computing power, water resources, electricity, land, telecommunications, transport, talent and policy within a common development framework to achieve "planning-led, infrastructure-enabled and coordination-driven". development. The Government, utilities, infrastructure operators and the computing industry can align requirements and timelines early, accelerating project delivery and improving investment certainty, infrastructure effectiveness and the efficient allocation of public resources.

6. **Seize the opportunities presented by the Northern Metropolis (NM) and put "infrastructure first" into practice**

The NM and the Hetao Shenzhen-Hong Kong Science and Technology Innovation Co-operation Zone are important platforms for Hong Kong's development of innovation and technology (I&T) and computing infrastructure, as well as key scenarios to put "infrastructure first" into practice. Early planning and timely delivery of infrastructure will provide I&T and computing companies with a clearer development pathway and greater certainty for project implementation, further strengthening the NM's competitiveness in attracting businesses and industries.

CLP has already established a robust backbone grid for the Northern Metropolis and is advancing short-, medium- and long-term development plans. These include building additional substations, expanding and upgrading substation capacity, and working with the Government to reserve more land for electricity infrastructure to support demand at different stages of development. Using the electricity demand of the Sandy Ridge Data Facility Cluster as a reference, CLP is confident that, over the next decade, it can meet demand equivalent to that of three to four Sandy Ridge-scale supercomputing centres, providing reliable power support for the future development of Hong Kong's computing industry.

The accelerated and more efficient development of Sandy Ridge demonstrates that Hong Kong offers not only an international business environment, strong professional services and the unique advantage of "enjoying strong support of the Motherland and being closely connected with the world", but also a reliable and trusted electricity partner and a broad network of collaborators. Together, they can help computing enterprises take root and thrive, fully demonstrating Hong Kong's value as both a "super connector" and a "super value-adder".

7. Expanding cost-effective and traceable zero-carbon energy to enhance long-term competitiveness

Low-carbon performance is becoming an increasingly important dimension of global competition in computing power. In addition to supply reliability and electricity tariffs, businesses are placing greater emphasis on whether energy is low-carbon, traceable and verifiable.

Many multinational corporations have set carbon-reduction targets and must disclose emissions data to investors, regulators and customers. For technology companies, financial institutions and international investors, access to traceable and verifiable zero-carbon energy is increasingly important in investment and site-selection decisions.

CLP's carbon intensity is around 0.34 kg CO_2e per kWh and is expected to decrease further to below 0.2 kg CO_2e per kWh by 2035. The data are transparent and traceable.

CLP will continue to actively support the Government's decarbonisation policy by importing more cost-effective and traceable zero-carbon energy from the Chinese Mainland, further deepening regional energy cooperation and supporting Hong Kong's I&T development, computing industry, economic growth and decarbonisation needs.

CLP will also work closely with data centre customers to help them enhance energy efficiency and optimise energy management.

Through a safe and reliable electricity supply, cost-effective and traceable zero-carbon energy, and regional energy cooperation, Hong Kong can further strengthen its attractiveness to high value-added digital industries and support the long-term development of I&T and the computing industry.

