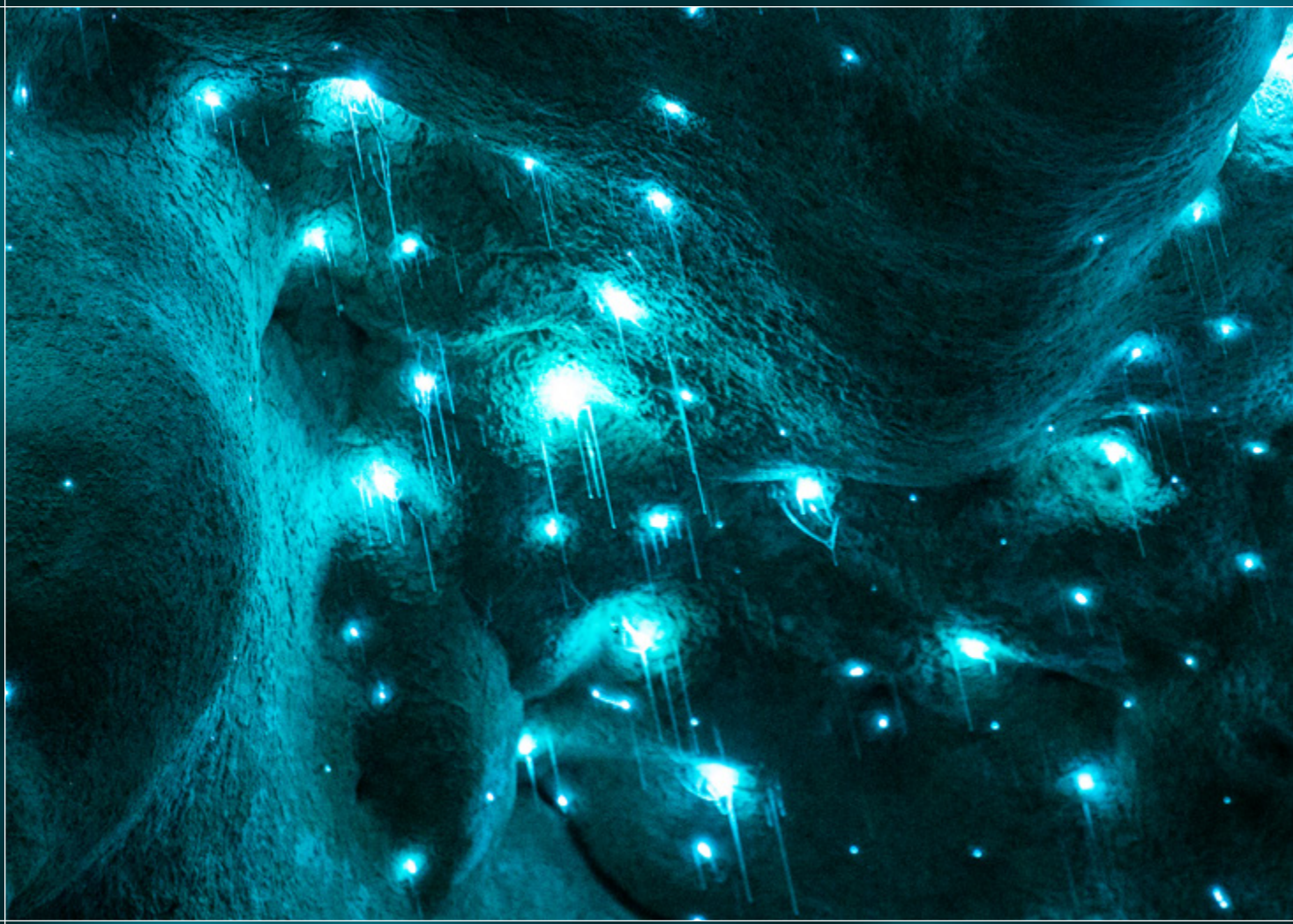
November 2026

Data Centres

APAC Regulatory Guide – **Hong Kong SAR**

Investment considerations



MALLESONS

Chapter 3

Hong Kong SAR

A year of... open capital, deeper facilitation and measured oversight

Population
7.4
million

Data centres
77
YoY: 5 (6.9%)

Live capacity
582MW
YoY: 47MW (8.7%)

Pipeline capacity
654MW+
YoY: 10MW (1.5%)

Data centre statistics provided by DC Byte (as at September 2026)

As a key financial hub of Asia, Hong Kong is an important data centre market. With 'open door' investment and foreign exchange policies, it stands out as a dynamic centre for technological advancement and investment.

The Hong Kong Government continues to support technology innovation and has made special development zones available to technology sector players.

Ongoing changes to the US export controls no doubt cast a shadow over the data centre and technology sector and it remains to be seen how it will navigate through these uncertainties.

That challenge aside, the robust regulatory environment, with its favourable conditions for capital flow and minimal foreign investment restrictions, bolsters confidence in Hong Kong's burgeoning data centre market.

Opportunities

- No FDI, foreign exchange or capital control restrictions
- Special development zones for the technology sector

Challenges

- US export controls

Spotlight on key drivers

Ease of capital flows

Hong Kong has always been known for its hands-off 'laissez-faire' economic policies. This creates a free market encouraging businesses to thrive.

With no FDI restrictions, foreign exchange or capital flow restrictions and a stable USD-pegged currency, Hong Kong provides an open market for new data centre investments.

Government support

The Hong Kong Government continues to support innovation in the technology sector.

There are numerous special development zones (such as the Hong Kong Science and Technology Park and Hong Kong Shenzhen Innovation and Technology Park) dedicated to fostering start-ups and innovation in the technology industry. They provide friendly ecosystems that can bring various commercial opportunities to technology sector players and subsequently drive the demand for data centre capacity.

The Government runs a dedicated Data Centre Facilitation Unit (now under the Digital Policy Office) providing one-stop support and operates a website consolidating the relevant land, planning and lease information for data centre developers.

US export controls

US export controls continue to limit Hong Kong's access to advanced AI chips and technologies, with clear flow on effects for data centre development.

Core hardware-related restrictions remain and are expected to persist. While these controls limit the ability for developers and operators to source and deploy high-performance computing infrastructure, they also create opportunities for local companies to advance domestic chip development and explore alternative technologies to meet growing data centre demand.

> Hong Kong is a leading destination for data centres in Asia, thanks to its unrivalled connectivity, reliable power and water access, transparent regulatory framework and attractive financing options. In the past 12 months, we have seen a lot of renewed interest in new data centre developments in Hong Kong. This reflects its strategic location and strong business ecosystem.

Tian Xu
Partner, King & Wood



01 Power

Getting power to a site

Power in Hong Kong is supplied through Hong Kong Electric (**HKE**) and China Light & Power (**CLP**).

Each utility has its own process. In general, new supply begins with an inspection of the installation to be connected. The timing for completion of new supply will depend on the precise geographical location and existing utility equipment in that location.

Compared with other nearby jurisdictions, Hong Kong has not experienced the same long lead times for data centre operators to acquire grid connection.

HONG KONG ELECTRIC

Supplying Hong Kong and Lamma Islands

CLP

Supplying Kowloon and the New Territories

BOTH ARE...

vertically integrated utilities operating as monopolies within their respective geographic remits

regulated under Scheme of Control Agreements with the Hong Kong Government (regulating electricity tariffs)

Power purchase agreements

Electricity is supplied based on the general conditions of either CLP or Hong Kong Electric (depending on location).

CLP and Hong Kong Electric are the only electricity utilities in Hong Kong and there is no alternative to procuring electricity under their general conditions. As a result, corporate PPAs are not permitted.

There is some local solar power generation, mainly small-scale rooftop panels on industrial and residential buildings, as well as private houses. This is used for self-consumption and/or for sale to the relevant utility under a net metering scheme. Space constraints and land pricing are likely to make the use of solar power generation a technically challenging option for data centre operators.

The purchase of Renewable Energy Certificates from CLP and Hong Kong Electric is an alternative for operators looking to mitigate their carbon footprint. This is a strategy that some multinational enterprises adopt to demonstrate there is a notional consumption of green energy on a portfolio or global basis (represented by the Renewable Energy Certificates (**REC**)).

02 Water

Water supply

Water is supplied by the Government's Water Supplies Department. Supply is based on their standard terms and conditions.

Water laws, policies and guidelines

There are no government water policies that specifically impact the construction and operation of data centres.

03 Land

Where can developers build data centres?

General zoning requirements apply. Data centres may operate in areas zoned as:

- 'Commercial'
- 'Industrial' and
- 'Other Specified Uses' (OU) annotated 'Business' (OU(B)).

In other zones, additional consents may be required.

Data centre operators should also confirm if there are any restrictive covenants under the government lease for the target land (most large industrial and commercial buildings are owned under government leases) and in the deed of mutual covenants (where there are multiple owners) which may restrict or limit the development and operation of data centres.

Are any permits or approvals required?

No bespoke permits or land-related approvals are required to develop, construct or operate data centres. However, standard permits for the development of commercial or industrial buildings will also apply to data centre developments, including:

- building plan/superstructure approval from the Buildings Department
- Fire Service Installation approvals from the Fire Services Department (FSD)
- an Occupation Permit prior to occupation from the Buildings Department , and
- EMSD certification for electrical, lift and escalator installations

If there are restrictive covenants in the government lease which may materially impact the development and operation of a data centre, a lease modification or a waiver may be required to develop.

As many data centre projects in Hong Kong are brownfield projects which repurpose existing buildings and sites not originally intended for data centres, waivers and modifications under the government leases are often required. The applications for waivers and modifications are made to the Lands Department.

What if rezoning or changes to covenants are needed?

Applications for rezoning must be made to the Town Planning Board, which is required to hold a meeting with the applicant to consider the application within 2 months of receiving the application. However, the timeframe for making the final decision is more fluid.

Applications to change or relax restrictive covenants under the government lease must be made to the Lands Department. There are no clear timelines for applicants to change the terms of the government lease and some applications can take several years.

04 Telecommunications

Is a telecommunications licence required?

A telecommunications licence is not ordinarily required to operate a data centre, where the operator is simply providing rack space or processing capacity in a data centre. However, a data centre operator may need a licence if it:

- provides telecommunications services at or to the facility, or
- operates certain types of specialised telecommunications equipment requiring a licence. A list of telecommunications services that require licensing is available on the website of the Communications Authority.

Applicability of telecommunications laws to data centres

Data centre developers and operators are not subject to telecommunications regulations in Hong Kong, unless they provide telecommunications services or operate equipment requiring a licence (see above).

05 Foreign investment restrictions

There are no material foreign investment restrictions in Hong Kong. Hong Kong has no general foreign investment screening regime.

Sector-specific licensing rules (for example, broadcasting, telecommunications carrier licences) may apply ownership tests, but these are not relevant to a typical colocation data centre operator.

06 Tax and other incentives

Special economic zones

The Hong Kong Government has proposed a new development that is intended to grow into an international centre for innovation and technology. Known as the Northern Metropolis and integrating with nearby Shenzhen, it includes a technology hub, San Tin Technopole. Other key Innovation & Technology (**I&T**) hubs include Cyberport (Pok Fu Lam) and Hong Kong Science and Technology Park, which sit outside the Northern Metropolis, but form part of the wider I&T ecosystem.

> Cyberport, Hong Kong Science and Technology Park and Hong Kong-Shenzhen Innovation and Technology Park are examples of thematic development areas within Hong Kong.

In March 2026, the Sandy Ridge Data Facility Cluster site (Lot No. 953 in DD89, c.116,365 sq m, rezoned in November 2025 to 'OU' annotated 'Innovation and Technology' for data-and-computing-facility-cluster use), which is slated to form part of the Northern Metropolis, was awarded by tender to Range (Hong Kong), with a 50-year lease and a maximum permissible GFA of 250,000 sq m. The tender adopted a 70/30 weighted two-envelope approach (technical/financial), reflecting a shift in Government policy toward outcome-based data centre site disposals.

Due to Hong Kong's existing low taxation and convertibility of capital, the tax incentives provided in the special economic zones (**SEZs**) are more limited than in other jurisdictions, but they nevertheless also offer various grants, subsidies and incubator programmes (not necessarily specifically targeted at data centres).

> Located in the heart of the Northern Metropolis and in close proximity to Shenzhen's I&T zone in Huangang and Futian, San Tin Technopole will become a hub for clustered I&T development that creates synergy with Shenzhen I&T zone.
>
> **Northern Metropolis**

Tax incentives and other incentives

There are generally no available tax incentives for operators, developers or owners of data centres. However, the Hong Kong Government has indicated it is open to considering, on a case by-case basis, waivers of onerous or restrictive covenants in government leases (under which most of the land relevant to data centre developers is held) to facilitate the development of data centres.

07 Data protection and cyber security

A general framework for the collection, processing and protection of personal data is in the *Personal Data (Privacy) Ordinance* (**PDPO**). The PDPO primarily regulates data users who control the collection, holding and processing of personal data.

Data users are required to ensure that their data processors (that is, persons who process personal data on behalf of a data user and not for its own purposes) comply with certain regulatory requirements such as data security. Practically, these regulatory requirements are more likely to apply to customers of data centre operators rather than the operators themselves.

The Digital Policy Office has also published a Practice Guide on Data Centre Security (addressing physical and cyber security baseline expectations).

Financial services providers

The major financial services providers that have specific rules or guidelines on the use of data centres and data centre services are:

01 LICENSED CORPORATIONS

Licensed by the Securities and Futures Commission of Hong Kong (**SFC**) and regulated by the *Securities and Futures Ordinance* (Cap. 571 of the Laws of Hong Kong) and other circulars and FAQs published by the SFC

02 AUTHORISED INSTITUTIONS (THAT IS, BANKS)

Licensed by the Hong Kong Monetary Authority (**HKMA**) and regulated by the *Banking Ordinance* (Cap. 155 of the Laws of Hong Kong) and Supervisory Policy Manuals

03 STORED VALUE FACILITIES (SVF) LICENSEES

Licensed by the HKMA and regulated by the *Payment Systems and Stored Value Facilities Ordinance* (Cap. 584 of the Laws of Hong Kong) and the Guideline on Supervision of Stored Value Facility Licensees

04 AUTHORISED INSURERS

Licensed by the Insurance Authority of Hong Kong and guided by the Guideline on Cyber security and the Cyber Resilience Assessment Framework

Digital asset providers

Virtual asset trading platform (**VATP**) operators, such as virtual asset exchanges, licensed by the SFC are regulated under:

- the *Anti-Money Laundering and Counter-Terrorist Financing Ordinance* (Cap. 615 of the Laws of Hong Kong)
- the Guidelines for Virtual Asset Trading Platform Operators, and other circulars and FAQs published by the SFC.

These require VATP operators to obtain prior written approval from the SFC before they can keep regulatory records with an external electronic data storage provider and impose various data security requirements relating to offsite data storage. This includes back-up and contingency planning requirements.



08 Critical infrastructure and security

Critical infrastructure laws

A new range of organisational, preventative, monitoring and reporting obligations on operators of critical infrastructure, with a view to minimising cyberattacks, took effect on 1 January 2026 under the *Protection of Critical Infrastructures (Computer Systems) Ordinance* (Cap. 653) (**PCICSO**).

The PCICSO defines 'critical infrastructure' to mean:

- any infrastructure that is essential to the continuous provision in Hong Kong of an essential service in 8 specified sectors, including, relevantly:
  - energy
  - information technology
  - banking and financing services
  - telecommunications, and
  - broadcasting services, or
- any other infrastructure, the damage, loss of functionality or data leakage of which, may hinder or otherwise substantially affect the maintenance of critical societal or economic activities in Hong Kong.

The definition is broad enough to capture data centres, depending on their customer base and use.

On 1 January 2026, the Office of the Commissioner of Critical Infrastructure (Computer-system Security) was established, and the Commissioner issued a Code of Practice under the PCICSO. The Code of Practice is not subsidiary legislation but is the central reference for regulators in assessing critical infrastructure operator compliance and may inform written directions, a breach of which is an offence.

National security issues

National security matters are regulated by the *Law of the PRC on Safeguarding National Security in the HKSAR* (**National Security Law**) and *Instrument A305 Safeguarding National Security Ordinance* (**Instrument A305**).

These regulations impose various criminal sanctions against a wide range of offences relating to national security. They are not specific to data centres but are of general application. However, section 50 of Instrument A305 expressly criminalises actions in relation to a computer or electronic system which endangers, or is likely to endanger, national security.

Government bodies

The Hong Kong Government has its own policies in relation to IT security (Government Information Technology Security Policy and Guidelines), some of which deal with data centres. They are mostly relevant to data centre operators providing services to the Hong Kong Government.

Specifically, data centre operators must ensure that their data centres:

- have good physical security and strong protection from disaster and security threats
- comply with the relevant government requirements on physical security, and
- monitor all visitors and keep active records of visitor access.

09 Data localisation

In general, there are no data localisation or residency requirements in Hong Kong.

The Stablecoins Bill was passed in May 2025 by the Legislative Council of Hong Kong, and the *Stablecoins Ordinance* (*Cap. 656 of the Laws of Hong Kong*) came into effect on 1 August 2025.

The Financial Services and Treasury Bureau, the HKMA and the SFC are separately working on the regulatory requirements relating to the supervision and custody of digital assets such as stablecoins.

We expect there will be granular requirements in relation to the physical location of private keys and other records, which may impact data centre operators providing services to regulated entities under the Stablecoins Ordinance.

10 Environmental, social and governance

International ESG commitments

China is a party to the Paris Agreement. By designation of the government of China, the Paris Agreement applies to Hong Kong.

Key ESG laws, regulations and guidelines

There is no specific statute relating to implementation of the Paris Agreement, but the Hong Kong Government has issued schemes and plans, including the:

- Buildings Department's several practice notes and guides including the Green Data Centres Practice Guide
- Climate Action Plan 2050, which sets decarbonisation targets for electricity, transport, buildings and waste
  - which applies to a wide range of building types (including industrial and commercial buildings)
- *Building Energy Efficiency Ordinance,* which:
  - imposes energy efficiency standards on the design of new buildings (or existing buildings undertaking major retrofitting works) - noting that recent amendments expressly regulate the building services energy efficiency standards of all data centres in Hong Kong, shorten the energy audit interval from 10 to 5 years, and require public disclosure of specified energy audit information, and
- Fresh Water-Cooling Towers Scheme, a voluntary government scheme, that sets standards for the design, installation, operation and maintenance of water-cooling towers.

ESG reporting

ESG reporting only applies to companies listed on the Hong Kong Stock Exchange (**HKEX**). From the financial year commencing on or after 1 January 2025, HKEX-listed issuers are required to make new climate-related disclosures aligned with IFRS S2, on a phased basis, from 'comply or explain' to mandatory disclosure.

There are currently no ESG reporting requirements which are specifically targeted at the data centre sector.

BEAM Plus

The Hong Kong Green Building Council has been promulgating the use of the BEAM Plus standards for new buildings in Hong Kong, which include a number of energy efficiency and sustainability standards for the design, construction and operation of buildings.

Buildings meeting the BEAM Plus standards (which set out different ratings based on a building's environmental footprint) can apply to be certified by the Hong Kong Green Building Council. It is becoming increasingly common for construction contracts in Hong Kong to require buildings to receive BEAM Plus certification.

BEAM Plus standards apply generally to all buildings and there are no specific standards applicable to data centres.

'As one of the world's biggest financial hubs, Hong Kong is decarbonising its economy by playing to its strengths: Finance and technology. Find out how these 'dual engines' are powering transformation – and what it means for businesses.'

Mallesons APAC Climate Guide – Hong Kong SAR

In this guide, references to 'Hong Kong' are references to the Hong Kong Special Administrative Region of the People's Republic of China.



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Click here to access our full Data Centre APAC Regulatory Guide covering all 14 markets and exploring key themes across the region.

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