

Coming to Hong Kong

Hong Kong, with a population of about 7.35 million in mid-2022, is a small but dynamic city which has earned an international reputation as a leading commercial and financial centre as well as a highly efficient entrepot.

Almost from the outset 150 years ago, Hong Kong enjoyed a prosperous entrepot trade, thanks mainly to its world-class harbour strategically located on the main Far Eastern trade routes. Subsequent historical and political events led to the development of the manufacturing industry. Hong Kong has also seen a rapid expansion of its services sector in the past two decades, contributing significantly to the Hong Kong economy in recent years.

In 2021, services sector constituted up to 94 per cent of Hong Kong's Gross Domestic Product (GDP).

The Hong Kong Special Administrative Region: The Hong Kong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was established on July 1, 1997. Under the principle of "one country, two systems", Hong Kong's previous capitalist system and way of life shall remain unchanged. The HKSAR shall be administered by Hong Kong people and shall exercise a high degree of autonomy.

The Basic Law: The Basic Law, enacted in accordance with the Constitution of the PRC, is a constitutional document for the HKSAR. It enshrines within a legal document the basic policies of the PRC regarding Hong Kong and prescribes the systems to be practised in the HKSAR. It prescribes the relationship between the Central Authorities and the HKSAR; the fundamental rights and duties of Hong Kong residents; the political structure of the HKSAR; the economic and social systems of the HKSAR; the conduct of external affairs by the HKSAR, as well as the interpretation and amendment of the Basic Law.

The Government: The main administrative and executive functions of government are carried out by policy bureaux and departments, and the Chief Executive (CE) of the HKSAR is the head of the HKSAR government. According to the Annex I to the Basic Law, the CE shall be elected in accordance with the Basic Law by an Election Committee which is broadly representative, suited to the actual situation of the HKSAR, and represents the overall interests of society. The Election Committee is composed of 1,500 members from five sectors, each with 300 members: (1) industrial, commercial and financial sectors; (2) the professions; (3) grassroots, labour, religious and other sectors; (4) LegCo members and representatives of district organisations; (5) Hong Kong deputies to the NPC, Hong Kong members of the National Committee of the Chinese People's Political Consultative Conference and representatives of Hong Kong members of related national organisations.

The Executive Council assists the CE in policy making. The CE shall consult the Executive Council before making important policy decisions, introducing bills to the Legislative Council (LegCo), making subordinate legislation, or dissolving the LegCo.

The LegCo shall exercise the powers and functions, which include to enact, amend or repeal laws in accordance with the Basic Law and legal procedures; examine and approve budgets introduced by the government; approve taxation and public expenditure; and raise questions on the work of the government.

Pursuant to the Annex II to the Basic Law, the LegCo shall be composed of 90 members for each term, including 40 seats returned by the Election Committee, 30 seats returned by functional constituencies, as well as 20 seats returned by geographical constituencies through direct elections.

At the district level, the HKSAR has established 18 District Councils which are to be consulted by the Government on district administration and other affairs, and to promote public participation in district affairs.

The Improved Electoral System: To ensure that the electoral system of the HKSAR upholds the principle of "one country, two systems" and accords with the actual situation of the HKSAR, the principle of "patriots administering Hong Kong" can be fully implemented, which is conducive to safeguarding sovereignty, national security, and development interests of the Country, and maintaining Hong Kong's long-term prosperity and stability, the National People's Congress ("NPC") made the Decision on Improving the Electoral System of the HKSAR on 11 March 2021 and authorised the NPC Standing Committee ("NPCSC") to amend Annex I on Method for the Selection of the Chief Executive of the HKSAR and Annex II on Method for the Formation of the LegCo of the HKSAR and Its Voting Procedures to the Basic Law. Subsequently, the NPCSC adopted the amended Annexes I and II to the Basic Law on 30 March. Key amendments include adjusting and enhancing the composition of the Election Committee and entrusting it with new functions with a view to enhancing balanced and orderly political participation of the Hong Kong community and ensuring broader representation of the political structure, so as to better realise the overall and fundamental interests of the Hong Kong society. To implement the amended Annexes I and II to the Basic Law, the HKSAR Government gazetted the Improving Electoral System (Consolidated Amendments) Ordinance 2021, which was passed by the Legislative Council and came into effect on 31 May 2021. The HKSAR Government, in accordance with the new electoral system and relevant electoral legislation, successfully conducted the Election Committee Subsector Ordinary Elections, the Legislative

Council General Election, the Chief Executive Election and the Legislative Council Election Committee constituency by-election in September and December 2021 and in May and December 2022 respectively. The four elections were held smoothly in a fair, just and honest manner, fully demonstrating the broad representation, political inclusiveness, balanced participation and fair competition of the new electoral system. The implementation of the new electoral system has substantially improved and enhanced the democratic system of the HKSAR.

Laws and Justice: Laws in Hong Kong consist of the Basic Law, locally enacted ordinances, subsidiary legislation, the common law, rules of equity and customary law. A few national laws listed in Annex III to the Basic Law are also applicable (covering subjects such as national security, national flag and anthem, nationality law and diplomatic privileges and immunities).

The courts of justice in the HKSAR comprise the Court of Final Appeal, the High Court (which includes the Court of Appeal and the Court of First Instance), the Competition Tribunal, the District Court (which includes the Family Court), the Lands Tribunal, the Magistrates' Courts (which include the Juvenile Courts), the Coroner's Court, the Labour Tribunal, the Small Claims Tribunal, and the Obscene Articles Tribunal.

Public Finance: As at end-March 2023, the Government's fiscal reserves stood at \$834.8 billion. Estimated government revenue for 2023-24 amounts to \$642.4 billion. About 41.1 per cent of the revenue comes from direct taxes and 27 per cent from indirect taxes. Other sources of revenue include land premium, investment income and fees and charges.

Estimated public expenditure for 2023-24 amounts to \$810.5 billion, representing about 26.7 per cent of GDP. This includes government expenditure of \$761 billion and expenditure by the Housing Authority and the Trading Funds of \$49.5 billion. The major areas of public expenditure in the year are: social welfare (15.9 per cent), education (14.2 per cent) and health (15.4 per cent).

Economy: Hong Kong is a leading international trade, finance and business centre, and has areas of strength such as fine tradition of the rule of law and judicial independence, business-friendly environment with a level playing field for all, clean and efficient government, simple tax regime with low tax rates, an open and free trade regime, free flow of capital and information, well-educated workforce, and world-class infrastructure. Over the past 20 years, the Hong Kong economy has grown by an average annual rate of 2.8 per cent per annum in real terms. In 2022, GDP at current market prices amounted to \$2,827 billion, while per capita GDP has reached \$384,831.

Trade: The value of total trade (including merchandise imports, domestic exports and re-exports) in 2022 was \$9,459.1 billion, 7.9 per cent lower than that of 2021. The principal market for Hong Kong's total exports was the mainland of China which took 56.7 per cent of Hong Kong's total export value in 2022, followed by the United States of

America (6.5 per cent), India (3.8 per cent), Taiwan (3.4 per cent) and Vietnam (2.5 per cent). The main suppliers of imports were the mainland of China (42.2 per cent), Taiwan (11.9 per cent), Singapore (8.1 per cent), Korea (5.9 per cent) and Japan (4.9 per cent).

Housing: According to the General Household Survey conducted by the Census and Statistics Department, as at the fourth quarter of 2022, there were a total of about 2.68 million households in Hong Kong, among which about 777 900 households or 2.08 million (around 29 per cent) of the Hong Kong population lived in public rental units of the Hong Kong Housing Authority (HA), and about 31 500 households or 80 000 persons lived in public rental units of the Hong Kong Housing Society (HKHS). Furthermore, about 417 600 households or 1.13 million (roughly 16 per cent) of the Hong Kong population lived in subsidised sale flats. In other words, almost half of the households in Hong Kong are living in housing units with government subsidies. Of the remaining 1.45 million households who were living in private housing, about 964 000 were owner-occupiers.

Health: On the whole, Hong Kong has a good health and healthcare system. The general health indices compare favourably with those in Western countries. The hospitals are among the finest and best equipped in the world. Comprehensive medical facilities and specialist services are available throughout Hong Kong. There is no National Health Service and medical consultation and treatment have to be paid for. However, public medical services are available to Hong Kong residents at highly subsidized rates.

As at end of 2022, the total number of hospital beds were 36 564[#] distributed in 43 public hospital and institutions, and 13 private hospitals and 20 Correctional Services Department hospitals. The bed-population ratio was 5.0 beds per thousand population. At the same time, there were 15 815 registered doctors, 8 296 registered Chinese medicine practitioners and 2 436 listed Chinese medicine practitioners in Hong Kong.

Education: In the 2022/23 school year, there were 1 026 kindergartens, 593 primary schools and 510 secondary day schools. Enrolment in kindergartens was 143 676, with another 333 551 and 321 162 in primary and secondary day schools respectively. The student enrolment of the University Grants Committee (UGC) funded programmes offered by the eight UGC-funded universities in the 2021/22 academic year was 97 348. The student enrolment of locally-accredited self-financing post-secondary programmes (except the Vocational Training Council) at sub-degree and undergraduate levels was 61 172. For the Vocational Training Council, the student enrolment of the pre-employment programmes in the 2021/2022 academic year was 41 470. The existing academic structure covers three-year junior secondary, three-year senior secondary and four-year higher education. The three-year senior secondary education has been implemented since September 2009 while the four-year undergraduate programmes have been implemented since September 2012.

Social Welfare: The Government provides a variety of welfare services to people in need, including elderly, rehabilitation, youth, family and child welfare services, etc. The Social Welfare Department (SWD), apart from focusing on providing social security assistance and performing statutory functions, also provides subsidies to non-governmental organisations (including 171 subvented welfare organisations) and private operators through different modes of service agreement or contract for operating a variety of welfare services to safeguard the well-being of under-privileged groups. The SWD also provides information on social welfare services to the public through a 24-hour hotline. During office hours, social workers of the hotline provide immediate telephone counselling, support and referral services. Outside office hours, the public can choose to transfer their calls to the hotline operated by Tung Wah Group of Hospitals and subsidised by the SWD for immediate counselling and advice from social workers.

Transportation: Sea: In 2022, there were about 67 000 vessel arrivals at Hong Kong Port. The port cargo throughput was over 192 million tonnes and there was 13.8 thousand cross-boundary ferry and cruise passenger journeys. Due to the COVID-19 pandemic, the two marine ferry terminals managed by Marine Department suspended the cross-boundary ferry services to/from the Mainland and Macao by jetfoils and catamarans in early 2020.

Upon the return to normalcy, the terminals have resumed service gradually as from January 2023.

Road: In 2022, there are 2 223 kilometres of roads with a total number of 810 383 licensed vehicles and government vehicles, a density of 365 vehicles per kilometre. Three immersed-tube cross-harbour tunnels link Hong Kong Island and Kowloon. As at end 2022, about 5 827 franchised buses and more than 3.11 million daily passenger journeys were recorded during the year. There were 4 349 public light buses, 18 163 taxis and 168 tram cars.

Railways: The railway system in Hong Kong is operated and managed by the Mass Transit Railway (MTR) Corporation Limited. There are 99 stations along the 271 kilometre route. It consists of Kwun Tong Line (Tiu Keng Leng – Whampoa), Tsuen Wan Line (Tsuen Wan – Central), Island Line (Chai Wan – Kennedy Town), South Island Line (Admiralty – South Horizons), Tung Chung Line (Hong Kong – Tung Chung), Tseung Kwan O Line (Po Lam/LOHAS Park – North Point), East Rail Line (Admiralty – Lo Wu/Lok Ma Chau), Tuen Ma Line (Tuen Mun – Wu Kai Sha) and Disneyland Resort Line (Sunny Bay – Disneyland Resort). The MTR also operates a 35.2 kilometre Airport Express, and a 36.2 kilometre Light Rail network which has 68 stops in the northwest New Territories. MTR bus services provide rail passengers with a more comprehensive service network.

The Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section) connects Hong Kong to the national high speed rail network and reduces the rail journey time between Hong Kong and various major cities in the Mainland. In 2022, the entire railway system carried an average of 4 million passengers each day.

Air: Hong Kong International Airport is among the busiest airports in the world, with around 120 airlines operating direct

services to around 150 destinations worldwide. In 2022/23 fiscal year, it handled around 12.4 million international passengers, about 4.1 million tonnes of air cargo and around 160 000 air traffic movements.

Telecommunications: As at December 2022, the fully digitalised telephone systems serve 3.74 million telephone lines. The mobile telecommunication systems serve 22.3 million subscriptions, a penetration rate^{##} of about 298.1 mobile customers per 100 inhabitants, which is one of the highest in the world. In April 2020, fifth generation (5G) mobile services were commercially launched, enabling mobile users to enjoy more innovative communications services and applications. By end 2022, 5G mobile subscriptions reached 4.6 million. Overall mobile data usage recorded 157 348 Terabytes (i.e. 157 347 750 Gigabytes), or an average of about 21 358 Mbytes per capita^{##}. This represents 1.37 times the mobile data usage over the same period in 2021. The local broadband Internet service market had 2.98 million subscriptions. The household broadband penetration rate has reached 99.5 per cent.

Hong Kong is also one of the leading wireless cities in the world with 86 392 hotspots, covering 15 525 locations which enable the public to access the Internet via Wi-Fi.

Banks: Hong Kong is an international banking centre. As at March 2023, there were 154 licensed banks, 15 restricted licence banks and 12 deposit-taking companies in Hong Kong. Together they operated a comprehensive network of 1 109 local branches. There were also 35 representative offices of banks incorporated outside Hong Kong. These institutions come from 34 economies and include 76 out of the world's largest 100 banks.

Exchange Rate: Since October 1983, Hong Kong has been adopting the linked exchange rate system under which the Hong Kong dollar is linked to the US dollar at the fixed rate of HK\$7.80 to US\$1.

Taxation: Under the territorial source concept of taxation, only income arising in or derived from Hong Kong is chargeable to tax. Profits from any trade, business or profession carried on in Hong Kong are chargeable to profits tax. Starting from the year of assessment 2018/19, the profits tax rate for the first \$2 million of assessable profits of corporations is lowered to 8.25 per cent. Assessable profits above \$2 million continue to be subject to the tax rate of 16.5 per cent. For non-corporate persons, the two-tiered profits tax rates are correspondingly set at 7.5 per cent and 15 per cent. Income from employment is chargeable to salaries tax which is calculated at progressive rates after deducting various deductions and allowances. Salaries tax is however limited to the standard rate of 15 per cent on the net income before deduction of allowances. Property tax is charged on the owner of any properties in Hong Kong at the standard rate of 15 per cent on the annual rent receivable less rates and a statutory deduction of 20 per cent for repairs and outgoings.

Mass Media: Hong Kong has one of the highest newspaper readerships in Asia. It is also one of the world's largest centres

for Chinese-language publications. There were a total of 495 local newspapers and periodicals registered as at March 2023, 90 of which were newspapers including 59 Chinese-language dailies and 13 English dailies. There were 405 periodicals covering a wide variety of subjects from public affairs/politics to technical matters and entertainment.

As at June 2023, Hong Kong's television viewers can access to over 280 domestic and non-domestic television programme service channels broadcast by local licensees. These include 10 free TV channels provided by three domestic free television programme service licensees, four free TV channels provided by the public service broadcaster (i.e. Radio Television Hong Kong (RTHK)), over 200 pay TV channels, and around 60 non-domestic TV channels. Also, Hong Kong listeners can access to 14 radio channels, comprising eight channels operated by RTHK and six channels operated by two commercial broadcasters.

1 <https://www.gov.hk/tc/about/govdirectory/govstructure.htm>

2 Basic Law Article 60

The number of hospital beds includes all hospital beds in Hospital Authority hospitals, private hospitals issued with licences under the Private Healthcare Facilities Ordinance (Cap. 633) of Hong Kong, and correctional institutions. The bed-population ratio may not be directly comparable with figures for other countries. Starting from 1 January 2021, the Private Healthcare Facilities Ordinance (Cap. 633) replaced the Hospitals, Nursing Homes and Maternity Homes Registration Ordinance (Cap. 165) to provide a new regulatory regime for private hospitals. Other healthcare institutions registered previously under the repealed Cap. 165 (e.g. nursing homes) are regulated under new regulatory regimes by different government departments and excluded in the number of hospital beds. The bed-population ratio cannot be directly compared with figures in years before 2021.

Calculations of mobile penetration rate and mobile data usage per capita do not include machine type connections
