

HONG KONG: THE FACTS



Coming to Hong Kong

Hong Kong, with a population of about 7.01 million* in mid-2009, 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 up to 92 per cent of Hong Kong's Gross Domestic Product (GDP) in recent years.

* Provisional figure.

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 for 50 years and the HKSAR will be run by Hong Kong people. The HKSAR enjoys a high degree of autonomy except for the foreign and defence affairs.

The Basic Law: The Basic Law 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 various 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 Chief Executive (CE) is the head of the HKSAR. According to the Basic Law, the CE shall be selected by election or through consultations held in Hong Kong, and be appointed by the Central People's Government. At present, the Election Committee which is responsible for selecting the CE is composed of 800 members. Most members of the Election Committee are returned by election.

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. At present,

Legislative Council has 60 members: 30 from geographical constituencies, 30 returned by functional constituencies.

At the district level, 18 District Councils offer advice on the matters affecting the well-being of the people in their districts and provide a forum for public consultation.

Constitutional Development: The Basic Law prescribes the methods for electing the CE and for forming the LegCo. The Basic Law further prescribes the ultimate aim of selecting the CE by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures, and of electing all the members of the LegCo by universal suffrage in the light of the actual situation in the HKSAR and in accordance with the principle of gradual and orderly progress.

According to Annexes I and II to the Basic Law, if there is a need to amend the methods for electing the CEs and for forming the LegCos for the terms subsequent to the year 2007, such amendments must be made with the endorsement of a two-thirds majority of all the members of the LegCo and the consent of the CE, and they shall be reported to the Standing Committee of the National People's Congress (NPCSC) for approval or for the record.

The NPCSC made a decision on December 29, 2007 that the CE may be elected by universal suffrage in 2017, and that all the members of the LegCo may be elected by universal suffrage in 2020. The NPCSC also decided that appropriate amendments conforming to the principle of gradual and orderly progress may be made to the methods for electing the fourth-term CE and for forming the fifth-term LegCo in 2012.

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 of the PRC listed in Annex III to the Basic Law are also applicable (covering subjects such as 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 District Court (which includes the Family Court), the Lands Tribunal, the Magistrates' Courts (which include the Juvenile Courts), the Labour Tribunal, the Small Claims Tribunal, the Obscene Articles Tribunal and the Coroner's Court.

Public Finance: As at end-March 2009, the Government's fiscal reserves stood at \$494.4 billion. Estimated government revenue for 2009-10 amounts to \$261.7 billion. About 42 per cent of the revenue comes from direct taxes and 27 per cent from indirect taxes. Other sources of revenue includes land premium, investment income and fees and charges.

Estimated public expenditure for 2009-10 amounts to \$319.4 billion, representing about 19.4% of GDP. This includes government expenditure of \$297.7 billion and expenditure by the Housing Authority and the Trading Funds of \$21.7 billion. The major areas of public expenditure in the year are: education (19%), social welfare (13%), health (12%), infrastructure (12%) and security (10%).

Economy: The success of Hong Kong as a leading trade, finance and business centre stems from a policy of free enterprise and trade, industrious work-force, well-developed infrastructure and excellent telecommunications. Over the past 20 years, the Hong Kong's GDP has grown by an average annual rate of 4.1 per cent per annum in real terms. In 2008, GDP at current market prices amounted to \$1,676.9 billion, while per capita GDP has reached \$240,327.

Trade: The value of total trade (including merchandise imports, domestic exports and re-exports) in 2008 was \$5,849.4 billion, 5.3 per cent higher than that of 2007. The principal market for Hong Kong's total exports was the mainland of China which took 48.5 per cent of Hong Kong's total export value in 2008, followed by the United States of America (12.7%), Japan (4.3%), Germany (3.3%) and the United Kingdom (2.7%). The main suppliers of imports were the mainland of China (46.6%), Japan (9.8%), Singapore (6.4%), Taiwan (6.3%) and the United States of America (5.0%).

Housing: One of the key objectives of the Government's housing policy is to help families and persons in need gain access to adequate and affordable housing. The Government provides housing assistance to eligible families and persons through the public rental housing programme. Our target is to maintain the average waiting time for public rental housing at around three years. The Government also strives to maintain a fair and stable operating environment to facilitate the sustained and healthy development of the private housing market.

As at March 31, 2009, over half of Hong Kong's families lived in self-owned accommodation. About 29 per cent of the population (2.0 million people) lived in public rental housing.

Health: Hong Kong is, on the whole, a healthy place. 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 advice and treatment have to be paid for. However, government medical services are available to all residents at a nominal charge.

As at end-December 2008, the total number of hospital beds were 35 048, distributed in 38 public and 13 private hospitals as well as 34 nursing homes and 22 Correctional Services Department hospitals. The bed-population ratio was 5.0 beds per thousand population. At the same time, there were 12 215 registered doctors, 5 860 registered Chinese medicine practitioners and 2 823 listed Chinese medicine practitioners in Hong Kong, equivalent to 1.7 registered doctors, 0.8 registered Chinese medicine practitioners and 0.4 listed Chinese medicine practitioners per thousand population respectively.

Education: In 2008/09 school year, there were 964 kindergartens, 601 primary schools and 527 secondary schools. Enrolment in kindergarten was 137 630, with another 365 056 and 478 173 in primary and secondary schools respectively. The Government has extended free education in public sector schools from 9 years to 12 years

in the 2008/2009 school year. This enables senior secondary students to benefit from the initiative which previously applied only to primary and junior secondary students. In addition, the Government subsidises fully the full-time courses run by the Vocational Training Council for Secondary 3 school leavers. The Pre-primary Education Voucher Scheme, introduced in September 2007 provides fee subsidy for parents of children attending local non-profit-making kindergartens and, in parallel, subsidizes teachers' professional development. The enrolment of the University Grants Committee (UGC) funded programmes offered by the eight UGC-funded higher education institutions in 2008/09 was 72 536 students.

Social Welfare: The Social Welfare Department and non-governmental organisations (including 171 subvented welfare organisations) provide a full range of welfare services through about 2 800 service units. Services include social security, family and child welfare, medical social work, group and community work, services for young people, services for the elderly, rehabilitation services for the disabled, and services for offenders. The department operates a 24-hour hotline providing information on social welfare services. Social workers are also available round the clock to provide immediate telephone counselling, support and referral services.

Transportation: *Sea:* In 2008, 35 850 ocean-going ships and 181 510 river trade vessels arrived at the port of Hong Kong – one of the busiest container ports in the world. During the year, about 11.3 million passengers came from the Mainland and Macau on board jetfoils and catamarans to land at the China Ferry Terminal in Tsim Sha Tsui, the Macau Ferry Terminal in Central or the Tuen Mun Ferry Terminal in Tuen Mun. About 12.6 million passengers made outbound ferry trips from the three terminals.

Road: In 2008, there are 2 040 kilometres of roads with a total number of 575 106 licensed vehicles and government vehicles, a density of 282 vehicles per kilometre. Three cross-harbour tunnels link Hong Kong Island and Kowloon. As at December 2008, some 5 794 franchised buses and more than 3.87 million daily passenger journeys were recorded during the year. There were large fleets of minibuses and taxis, and 161 tram cars.

Railways: The railway system in Hong Kong is operated and managed by the Mass Transit Railway (MTR) Corporation Limited. It consists of Kwun Tong Line (Tiu Keng Leng – Yau Ma Tei), Tsuen Wan Line (Tsuen Wan – Central), Island Line (Chai Wan – Sheung Wan), Tung Chung Line (Hong Kong – Tung Chung), Tseung Kwan O Line (Po Lam/LOHAS Park – North Point), East Rail Line (Hung Hom – Lo Wu/Lok Ma Chau), West Rail Line (Tuen Mun – Hung Hom), Ma On Shan Line (Wu Kai Sha – Tai Wai) and Disneyland Resort Line (Sunny Bay – Disneyland Resort). There are over 80 stations along the 174.7 kilometre route. The MTR also operates a 35.2 km Airport Express Line. The above lines carry an average of about 3.7 million passengers per weekday.

The MTR operates the Light Rail Transit system with feeder bus routes in the northwest New Territories, embracing the new towns of Tuen Mun, Yuen Long and Tin Shui Wai. About 376 000 passengers travel daily on the Light Rail system.

Besides, the MTR also operates intercity passenger and freight services to and from the Mainland. Intercity Passenger Services extend the East Rail Line network to many major cities in the Mainland, including Guangzhou, Shanghai and Beijing.

Air: Hong Kong International Airport is among the busiest in the world. There are more than 87 airlines providing about 5 500 scheduled passenger and freight flights each week. In 2008, it handled over 47.1 million international passengers and 3.6 million tones of air cargo.

Telecommunications: As at June 2009, the fully digitalised telephone systems serve over 3.68 million telephone exchange lines. The mobile telephone systems serve over 11.7 million subscribers, a penetration rate of 167 subscribers per 100 inhabitants, which is one of the highest in the world. With more than 3.13 million subscribers, the third generation (3G) mobile service continues to grow, enabling consumers to enjoy high-speed mobile multi-media services. The local broadband Internet service market has also been growing rapidly in recent years by having more than 1.97 million of subscribers as at June 2009. The household broadband penetration rate has reached 78.7%. With over 1.16 million subscribers, Hong Kong has also become the most advanced IP television service market in the world. Hong Kong has also developed into a leading wireless city with 8 640 hotspots (as of August 2009) covering over 4 800 locations which enable the public to access the Internet via Wi-Fi.

Banks: Hong Kong is an international banking centre. As at the end of August 2009, there were 146 licensed banks, 26 restricted licence banks and 28 deposit-taking companies in Hong Kong, together with 74 local representative offices of overseas banking institutions. These institutions come from 38 countries and include 68 out of the world's largest 100 banks. Together they operated a comprehensive network of 1 372 local branches, excluding their principal place of business in Hong Kong.

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. For the year of assessment 2008/09, profits from any trade, business or profession carried on in Hong Kong are chargeable to profits tax at 16.5 per cent for corporations and at the standard rate of 15 per cent for other businesses. Income from employment is charged with salaries tax which is calculated at progressive rates after deducting various 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 land and/or buildings in Hong Kong at the standard rate of 15 per cent on the annual rent receivable less 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 centre for Chinese-language publications. There were a total of 706 publications registered as at June 2009, 45 of which were newspapers including 20 Chinese-language dailies and 13 English dailies. There were 661 periodicals covering a wide variety of subjects from public affairs/politics to technical matters and entertainment.

Hong Kong's television viewers can access to over 350 domestic and non-domestic television programme service channels broadcast by local licensees. These include 14 free-to-air channels provided by two domestic free television programme service licensees, about 300 pay TV channels provided by three domestic pay television programme service licensees, and about 50 non-domestic television programme service channels. The three radio stations in Hong Kong have 13 channels in Chinese and English and broadcast more than 2 000 hours of programmes a week.