

## Coming to Hong Kong

Hong Kong, with a population of about 7.53 million in mid-2024, is a small but dynamic city. As an international financial, shipping and trade centre, Hong Kong has always been the “super connector” and “super value-adder”, serving as a bridge linking the Chinese Mainland and the rest of the world.

**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<sup>1</sup>, and the Chief Executive (CE) of the HKSAR is the head of the HKSAR Government<sup>2</sup>. 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) Legislative Council (LegCo) members and representatives of district organisations; (5) Hong Kong deputies to the National People’s Congress (“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 is an organ for assisting the CE in policy-making. Except for the appointment, removal and disciplining of officials and the adoption of measures in emergencies, the CE shall consult the Executive Council before making important policy decisions, introducing bills to the 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 members returned by the Election Committee, 30 members returned by functional constituencies, as well as 20 members 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 the district affairs affecting the livelihood and living environment in the District and well-being of the people in the District.

**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 NPC made the Decision on Improving the Electoral System of the HKSAR on March 11, 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 March 30, 2021. 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 May 31, 2021. The HKSAR, in accordance with the new electoral system and relevant electoral legislation, has successfully conducted several important elections. The abovementioned elections were held smoothly in an open, honest, fair, orderly, efficient and user-friendly manner, fully demonstrating the broad representation, political inclusiveness, balanced participation and fair competition of the improved electoral system.

**District Council:** To fully implement the principle of “patriots administering Hong Kong” and bring the District Councils back on track to fulfil their mission to serve the community, the Government introduced the District Councils (Amendment) Bill 2023 into the Legislative Council which was passed by the Legislative Council, and the related Ordinance came into effect

on July 10, 2023. The seventh-term District Council election was successfully held on December 10, 2023, which enables the District Councils to return to the positioning under Article 97 of the Basic Law as advisory and service bodies which are not organs of political power. The seventh-term District Councils are composed of representatives from different sectors, with various expertise and district experiences, and incorporating various professionals, experienced and capable persons to participate in district administration, which are broadly representative and conducive to reflecting the overall interest of each district.

**Laws and Justice:** Laws in Hong Kong consist of the Basic Law, which was enacted in accordance with the Constitution of the PRC, 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 Hong Kong comprise the Court of Final Appeal, the High Court (comprising 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 Court), the Coroner's Court, the Labour Tribunal, the Small Claims Tribunal, and the Obscene Articles Tribunal.

**Public Finance:** As at end-March 2025, the Government's fiscal reserves stood at \$654.3 billion. Estimated government revenue for 2025-26 amounts to \$659.4 billion. About 45.7 per cent of the revenue comes from direct taxes and 24.5 per cent from indirect taxes. Other sources of revenue include land premium, investment income, non tax-loaded fees and charges, etc.

Estimated public expenditure for 2025-26 amounts to \$877.7 billion, representing about 26.1 per cent of GDP. This includes government expenditure of \$822.3 billion and expenditure by the Housing Authority and the Trading Funds of \$55.4 billion. The major areas of public expenditure in the year are: health (16.1 per cent), social welfare (15.8 per cent) and infrastructure (13.6 per cent).

**Economy:** Hong Kong is an international financial, shipping and trade 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 2.5 per cent per annum in real terms. In 2024, GDP at current market prices amounted to \$3,175.1 billion, while per capita GDP has reached \$421,990.

**Trade:** The value of total trade (including merchandise imports, domestic exports and re-exports) in 2024 was \$9,464.5 billion, 7.3 per cent higher than that of 2023. The principal market for Hong Kong's total exports was the Chinese Mainland which took 59 per cent of Hong Kong's total export value in 2024,

followed by the United States of America (6.5 per cent), Vietnam (3.2 per cent), Taiwan (3.1 per cent) and India (3 per cent). The main suppliers of imports were the Chinese Mainland (43.6 per cent), Taiwan (11.3 per cent), Singapore (7.9 per cent), Korea (5.8 per cent) and Japan (4.6 per cent).

**Housing:** According to the General Household Survey conducted by the Census and Statistics Department, as at the first quarter of 2025, there were a total of about 2.78 million households in Hong Kong, among which about 797 800 households or 2.06 million (around 28 per cent) of the Hong Kong population lived in public rental units of the Hong Kong Housing Authority, and about 31 200 households or 71 000 persons lived in public rental units of the Hong Kong Housing Society. Furthermore, about 434 500 households or 1.14 million (roughly 15 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 1.51 million households who were living in private housing, about 981 900 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 subsidised rates.

As at end of 2024, the total number of hospital beds were 36 796<sup>3</sup> (30 816 beds in the Hospital Authority) distributed in 43 public hospital and institutions, and 14 private hospitals and 20 Correctional Services Department hospitals. The bed-population ratio was 4.9 beds per thousand population. At the same time, there were 16 533 registered doctors, 8 575 registered Chinese medicine practitioners and 2 079 listed Chinese medicine practitioners in Hong Kong.

**Education:** In the 2024/25 school year, there were 980 kindergartens, 590 primary schools and 512 secondary day schools. Enrolment in kindergartens was 125 426, with another 319 447 and 340 607 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 2023/24 academic year was 100 786. The student enrolment of locally-accredited self-financing post-secondary programmes (except the Vocational Training Council) at sub-degree and undergraduate levels was 62 597. For the Vocational Training Council, the student enrolment of the pre-employment programmes in the 2023/2024 academic year was 39 580. 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 (NGOs) (including 179 NGOs receiving subvention) and private operators through different modes of service agreement or contract for operating a variety of welfare services for individuals and families in need. The SWD also provides information on social welfare services to the public through a 24-hour hotline in the form of voice messages or facsimile transmission. Social workers from the SWD hotline as well as that from the Hotline and Outreaching Service Team operated by Tung Wah Group of Hospitals provide brief counselling, support and advice, and arrange appropriate follow-up services for those in need during and outside office hours respectively.

**Transportation:** *Sea:* In 2024, there were about 100 600 vessel arrivals at Hong Kong Port. The port cargo throughput was about 177 million tonnes and there were 9.47 million cross-boundary ferry and cruise passenger journeys.

In 2024, the two marine ferry terminals managed by Marine Department recorded 6.78 million passengers travelling to and from Macao and 1.49 million passengers travelling to and from Chinese Mainland ports.

*Road:* In 2024, there are 2 241 kilometres of roads with a total number of 808 771 licensed vehicles and government vehicles, a density of 361 vehicles per kilometre. Three immersed-tube cross-harbour tunnels link Hong Kong Island and Kowloon. As at end 2024, about 5 870 licensed franchised buses and around 3.78 million daily passenger journeys were recorded during the year. There were 4 340 registered public light buses, 18 163 registered taxis and 165 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 Chinese Mainland. In 2024, the entire railway system carried an average of 5.18 million passengers each day.

*Air:* Hong Kong International Airport is among the busiest airports in the world. As of March 2025, with over 130 airlines operating direct services to around 200 destinations worldwide. In 2024/25 fiscal year, it handled more than 54 million

international passengers, about 4.94 million tonnes of air cargo and around 370 000 air traffic movements.

**Telecommunications:** As at December 2024, Hong Kong's fixed telecommunications networks served 3.31 million telephone lines, whereas mobile networks provided services to around 27.9 million subscribers, a penetration rate<sup>4</sup> of about 360 mobile customers per 100 inhabitants, which was 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 2024, 5G mobile subscriptions reached almost 8 million, with overall mobile data usage at around 233 204 Terabytes, or about 30 723 Megabytes per capita<sup>4</sup>. This represents 1.2 times the mobile data usage over the same period in 2023. The local broadband Internet service market had 2.99 million subscriptions. The household broadband penetration rate reached 96.8 per cent. Hong Kong has comprehensive external telecommunications infrastructure. As of July 2025, there are 12 regional or transcontinental submarine cable systems in operation.

Hong Kong also has extensive public Wi-Fi coverage in the world with 85 508 hotspots, covering 14 839 locations which enable the public to access the Internet via Wi-Fi.

**Banks:** Hong Kong is an international banking centre. As at June 2025, there were 149 licensed banks, 15 restricted licence banks and 11 deposit-taking companies in Hong Kong. Together they operated a comprehensive network of 1 064 local branches. There were also 28 representative offices of banks incorporated outside Hong Kong. These institutions come from 35 economies and include 70 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, or certain offshore passive income received in Hong Kong by multinational enterprises with no economic presence in 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 or at standard rates on net income before deducting allowance, whichever is lower. Starting from the year of assessment 2024/25, a two-tiered standard rates regime for salaries tax is implemented. In calculating the amount of tax for taxpayers whose net income exceeds \$5 million and whose salaries tax is to be charged at a standard rates, the first \$5 million of their net income will continue to be subject to the standard rate of 15 per cent while the portion of their net income exceeding \$5 million will be subject to the standard rate of 16 per cent. 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 is one of the world's largest centres for Chinese-language publications. There were a total of 422 local newspapers and periodicals registered as at June 2025, 90 of which were newspapers including 61 Chinese-language dailies and 11 English dailies. There were 332 periodicals covering a wide variety of subjects from public affairs/politics to technical matters and entertainment.

The broadcasting sector offers diversified services to local viewers and listeners. As at June 30, 2025, Hong Kong audiences have access to over 700 local and overseas television channels in various languages through free-to-air terrestrial (15 channels, for which 10 are provided by 3 free TV licensees and 5 by Radio Television Hong Kong (RTHK)) and satellite reception (503 channels) or pay television services (210 channels), and 14 analogue radio channels provided by two commercial broadcasters and RTHK, the public service broadcaster.

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

2 Basic Law Article 60

3 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.

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