

Asia's world city at a Glance

Overview

Hong Kong became a Special Administrative Region (SAR) of China upon its return to the motherland on July 1, 1997. Under the sanction of the National People's Congress of the People's Republic of China and the principle of "One Country, Two Systems", Hong Kong retains its economic, legal and social systems.

Asia's world city does not have much natural resources except for its superb harbour. A hardworking, enterprising, educated population of more than seven million people forms the bulwark of the SAR's productivity and creativity.

Hong Kong was the world's 9th largest trading entity in 2012, its 6th largest foreign exchange market, 7th largest banking centre and one of Asia's top three stock markets. As at end June 2013, we had 1 567 listed companies with a combined market capitalisation of US\$2,670 billion. It is also a premier aviation, maritime and logistics hub.

Famous for its hard assets, such as skyscrapers, world-class infrastructure and superb transportation system, Hong Kong also has many soft appeals in the form of beautiful countryside, unique geological formations, interesting islands, rich cultural life and exciting sports events.

The Economist Intelligence Unit ranked Hong Kong number one in the Spatial Adjusted Liveability Index among the 70 cities evaluated.

One Country, Two Systems

- A high degree of autonomy, with executive, legislative and independent judicial powers, including that of final adjudication.
- The rule of law upheld by an independent judiciary.
- A clean, efficient administration and civil service.

- The fundamental rights of residents protected by law.
- Hong Kong people administer Hong Kong.
- Separate immigration, customs, police and anti-corruption authorities and jurisdictions.
- Hong Kong continues to participate in international forums in its own right (e.g. the World Trade Organization, Asia-Pacific Economic Cooperation, World Customs Organization, Financial Action Task Force).
- Chinese and English are official languages.

National 12th Five-Year Plan

The National 12th Five-Year Plan (the Plan), the blueprint for China's economic and social development, devotes a chapter to Hong Kong and Macao, highlighting the Central Government's support for Hong Kong to consolidate and enhance its position as a vital node in a network and continue to serve as an international financial centre and a business hub for the nation.

The Plan also maps out the Central Government's backing for Hong Kong to consolidate its status as an international financial, trading and shipping centre, and its development into an international asset management and offshore renminbi (RMB) business centre, as well as a high-value logistics centre.

The Central Government has also pledged support for Hong Kong's leading role in the financial system of the Pearl River Delta (PRD), as well as economic co-operation between Guangdong, Hong Kong and Macao.

A Free and Competitive Economy

- The US-based Heritage Foundation has ranked Hong Kong the world's freest economy in its annual index of Economic Freedom since 1995.

A similar study by Canada's Fraser Institute has also consistently ranked Hong Kong number one in the world in terms of economic freedom.

- Hong Kong ranked third globally and first in Asia in the World Competitiveness Yearbook published by the International Institute for Management Development in 2013.
- In 2012, for the second consecutive year, Hong Kong topped the league table of the World Economic Forum's Financial Development Index.
- Over the past two decades, the Hong Kong economy has more than doubled in size, with GDP growing at an average annual rate of 3.7 per cent in real terms, outperforming the world economy.
- One of the world's most open, externally oriented economies – trade-to-GDP ratio of 448 per cent in 2012.
- Free flow of capital, free trade, free market.
- No foreign exchange controls.
- Over 300 000 small and medium-sized enterprises account for over 98 per cent of business units and about 48 per cent of the private sector workforce.

International Business Hub

- World's 9th largest trading economy in 2012
- World's 11th largest exporter of commercial services in 2012.
- Level playing field – local and international companies compete on an equal footing.
- Prime location at the mouth of the PRD.
- International aviation and maritime centre.
- Regional logistics hub.
- Regional corporate hub – Hong Kong hosted 3 883 regional headquarters or regional offices of overseas, Mainland

and Taiwan companies as at June 2012.

- Hong Kong ranked the second easiest place in the world to do business, according to the World Bank's Doing Business Report 2013.
- The city was again voted the Best Business City in the World in the *Business Traveller Asia-Pacific* magazine's 2012 readers' poll.
- Regional communications and broadcasting hub with world-class telecommunications infrastructure.
- Free flow of information and major media hub with about 90 foreign media organisations.
- Over 70 of the world's 100 largest banks operate in Hong Kong.
- Intellectual property is well protected.

Mainland Opportunities

The Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA) is a special free-trade pact that brings new business opportunities to the Mainland, Hong Kong and foreign investors.

It allows tariff-free entry to the Mainland of all Hong Kong goods meeting CEPA rules of origin. Inclusive of the measures in Supplement IX, a total of 338 liberalisation measures have been announced in 48 service sectors under CEPA, which enable Hong Kong service suppliers to enjoy preferential market access in the Mainland.

The Hong Kong-Guangdong Framework Agreement is set to create a new world-class economic zone and enhance Hong Kong's position as an international financial centre.

Hong Kong has a huge pool of entrepreneurs and professionals with decades of business and trade experience in China.

Arts, Culture and Creative Industries

- With a wide array of arts and cultural events from East and West, Hong Kong is becoming an international cultural metropolis.
- The West Kowloon Cultural District, a world-class integrated arts and cultural district – which will have a variety of arts and cultural venues – is taking shape on a prime 40-hectare

waterfront site situated in a great new park overlooking Victoria Harbour.

- Hong Kong is a creative powerhouse with close to 193 000 practitioners engaged in fields ranging from jewellery design to fashion, painting to publishing, interactive games to comics, advertising to architecture, and music production to performing arts.
- Additional funding of US\$19.3 million has been allocated to strengthen the training of arts administrators over the next five years.
- The Government has further injected US\$38.7 million into the CreateSmart Initiative to further develop creative industries.

Building for the Future

Hong Kong is pushing ahead with major infrastructure projects to promote economic development and create employment opportunities, while giving due emphasis to heritage conservation.

They include:

- 'One-hour living circle' – a combination of infrastructure and transport projects aims to greatly reduce travel time between Hong Kong, Shenzhen and other PRD cities.
- Hong Kong's rail network will expand to more than 270 km by 2020.
- New roads, railways and bridges have enhanced connections with the Mainland, especially the PRD.
- Hong Kong-Zhuhai-Macao Bridge, linking the three cities, is in progress.
- Kai Tak Cruise Terminal – the terminal building and the first berth started to welcome cruise ships in June 2013. The second berth is due for completion in 2014. The terminal will be able to accommodate the world's largest cruise vessels.
- The Energizing Kowloon East initiative is being undertaken to facilitate the transformation of Kowloon East into another central business district of Hong Kong to support its economic development.

Low Tax System

- Maximum salaries tax rate 15 per cent.
- Corporation profits tax rate 16.5 per cent.

- No value added or sales tax.
- No capital gains tax.
- No withholding tax on dividends and interest; no estate duty.
- No global taxation; only Hong Kong-sourced income taxable.

Soft Appeals

- Convenient, compact, cosmopolitan city with stunning harbour, skyline and parkland vistas – Hong Kong's countryside covers 70 per cent of the territory and features hill walks and a unique geopark.
- Many interesting islands are just a short ferry trip from urban areas.
- World-class sports events held throughout the year – rugby, golf, cricket, tennis, table-tennis, squash, badminton and volleyball.
- Vibrant cultural scene with world-class cultural performances, arts and drama festivals, art exhibitions and street carnivals.
- One of the world's safest large cities with a law-abiding community and a well-trained, professional police force.
- Great education with 48 international schools and universities ranked among the world's best.
- Culinary paradise with over 280 eating places, ranging from deluxe restaurants to modest noodle shops, featured in the *Michelin Guide to Hong Kong and Macau 2013*.

Caring Society

- Comprehensive medical and welfare systems.
- 12 years of free education.
- Nearly 70 per cent of young people have access to post-secondary education.
- Social security net for the less privileged and the elderly.
- Statutory minimum wage.
- About 50 per cent of local people live in public rental housing or subsidised sales flats in one of the most successful public housing programmes in the world.
- Pluralistic and inclusive society.
- Active and robust civil society.

For more information, please visit www.gov.hk