

# **Full Text: The Practice of the "One Country, Two Systems" Policy in the Hong Kong Special Administrative Region**

BEIJING, June 10 (Xinhua) -- The Information Office of the State Council, or China's Cabinet, issued a white paper on the practice of the "one country, two systems" policy in Hong Kong on Tuesday.

Following is the full text:

## **The Practice of the "One Country, Two Systems" Policy in the Hong Kong Special Administrative Region**

Information Office of the State Council  
The People's Republic of China  
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### **Fore word**

"One country, two systems" is a basic state policy the Chinese government has adopted to realize the peaceful reunification of the country. Following this principle, the Chinese government successfully solved the question of Hong Kong through diplomatic negotiations with the British government, and resumed the exercise of sovereignty over Hong Kong on July 1, 1997, fulfilling the common aspiration of the Chinese people for the recovery of Hong Kong. As a result, Hong Kong got rid of colonial rule and returned to the embrace of the motherland, and embarked on the broad road of common development with the mainland, as they complemented each other's advantages.

Hong Kong's return to the motherland turned "one country, two systems" from a scientific concept

into vivid reality. The central government strictly adheres to the Basic Law of Hong Kong, earnestly performs its constitutional duties and stands firm in supporting the administration of the chief executive and the government of the Hong Kong Special Administrative Region (HKSAR) in accordance with the law. The HKSAR exercises a high degree of autonomy in accordance with the law, and is vested with executive, legislative and independent judicial power, including that of final adjudication. The previous capitalist system and way of life remain unchanged, and most laws continue to apply. Hong Kong continues to prosper, its society remains stable, and full development is being witnessed in all undertakings. The "one country, two systems" policy enjoys growing popularity in Hong Kong, winning the wholehearted support from Hong Kong compatriots as well as people in all other parts of China. It is also thought highly by the international community.

"One country, two systems" is a new domain in which we constantly explore new possibilities and make new progress in pioneering spirit. A summary of the policy's implementation in the HKSAR, and a comprehensive and correct understanding and implementation of the policy will prove useful for safeguarding China's sovereignty, security and development interests, for maintaining long-term prosperity and stability in Hong Kong, and for further promoting the "one country, two systems" practice along the correct track of development.

## **I. Hong Kong's Smooth Return to China**

In the early 1980s, China's state leader Deng Xiaoping put forward the scientific concept known as "one country, two systems" in an effort to realize the peaceful reunification of China, and this ingenious design was first applied to solve the question of Hong Kong. According to Deng Xiaoping, "one country, two systems" means there is only but one China and under this premise the mainland adheres to the socialist system while Hong Kong, Macau and Taiwan may retain their capitalist systems over a long time to come.

On December 4, 1982, the Fifth Session of the Fifth National People's Congress (NPC) endorsed a new Constitution of the People's Republic of China. Its Article 31 provides, "The state may establish special administrative regions when necessary. The systems to be instituted in special administrative regions shall be prescribed by law enacted by the National People's Congress in the light of the specific conditions." Giving expression to the "one country, two systems" concept, this Article provides the constitutional basis for the establishment of special administrative regions in certain areas that adopt different social systems and different policies from those on the mainland, as the Chinese government makes efforts to realize the peaceful reunification of China. After in-depth investigations and research, the Chinese government formulated 12 basic policies regarding the question of Hong Kong, known as the "12 Principles," in early 1983. The main contents were: (1) The Chinese government decided to resume the exercise of sovereignty over Hong Kong as of July 1, 1997. (2) After resuming the exercise of sovereignty over Hong Kong, the central government would establish a special administrative region in Hong Kong in accordance with the provisions in Article 31 of the Constitution. The Hong Kong Special Administrative Region would be directly under the authority of the Central People's Government and would enjoy a high degree of autonomy. (3) The HKSAR would be vested with legislative and independent judicial power, including that of final adjudication. The laws, decrees and regulations currently in force in Hong Kong would remain basically unchanged. (4) The government of the HKSAR would be composed of local inhabitants. The principal officials would be selected by election or through consultations

held locally and be appointed by the Central People's Government. Those previously working in the public and police services in the government departments of Hong Kong may remain in employment. British and other foreign nationals may also be employed to serve as advisers to government departments of the HKSAR. (5) The current social and economic systems in Hong Kong would remain unchanged, and so would the life-style. Freedoms, including those of speech, of the press, of assembly, of association, of travel, of movement, of correspondence, and of religious belief would be ensured in the HKSAR. Private property, ownership of enterprises, legitimate right of inheritance and foreign investment would be protected by law. (6) The HKSAR would retain the status of a free port and a separate customs territory. (7) The HKSAR would retain the status of a financial center, and its markets for foreign exchange, gold, securities and futures would continue. There would continue to be a free flow of capital, and the Hong Kong dollar would continue to circulate and remain freely convertible. (8) The HKSAR would have independent finances. (9) The HKSAR may establish mutually beneficial economic relations with the United Kingdom, whose economic interests in Hong Kong would be given due regard. (10) Using the name "Hong Kong, China," the HKSAR may on its own maintain and develop economic and cultural relations and conclude relevant agreements with states, regions and relevant international organizations. The government of the HKSAR may itself issue travel documents for entry into and exit from Hong Kong. (11) The maintenance of public order in the HKSAR would be the responsibility of the government of the HKSAR. And (12) the above-stated policies would be stipulated in the Basic Law of the HKSAR by the NPC of the People's Republic of China (PRC), and they would remain unchanged for 50 years.

During his meeting with the visiting British Prime Minister Margaret Thatcher on September 24, 1982, Deng Xiaoping made clear the Chinese government's position on the question of Hong Kong, pointing out that sovereignty was not a matter for discussion and that China would take back Hong Kong in 1997. It was under this premise that China and Britain would negotiate to ensure the smooth transfer of Hong Kong and clarify what was to be done about Hong Kong 15 years later. This marked the beginning of the negotiations between China and Britain on the question of Hong Kong. On December 19, 1984, after 22 rounds of negotiations, the governments of China and Britain signed the Joint Declaration of the Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland on the Question of Hong Kong in Beijing, confirming that the government of the PRC would resume its exercise of sovereignty over Hong Kong with effect from July 1, 1997. The Chinese government also made clear in the Joint Declaration its basic policies regarding Hong Kong based on the "12 Principles." The signing of the Sino-British Joint Declaration marked the entry of Hong Kong into a 13-year transition period before its return to China. During this period, the Chinese government unswervingly followed the "one country, two systems" policy, closely relied on the Hong Kong compatriots, and resolutely held off interference to promote the preparation work for Hong Kong's return.

On April 10, 1985, the Third Session of the Sixth NPC decided to form the Drafting Committee for the Basic Law of the HKSAR of the PRC. In July, the Drafting Committee began its work. It completed its mission in February 1990, taking four years and eight months to develop the Basic Law of Hong Kong. The drafting of the Basic Law of Hong Kong was highly democratic and open, and the compatriots of Hong Kong were widely involved. Twenty-three of the 59 members of the Drafting Committee came from various walks of life in Hong Kong, and the Drafting Committee

entrusted its Hong Kong members to set up a 180-member counseling committee in Hong Kong to collect the views and opinions of the people of Hong Kong. In April 1988, the Drafting Committee published the Basic Law of Hong Kong (draft) for comments, and in February 1989 the Standing Committee of the NPC made public the Basic Law of the HKSAR (draft) and twice widely solicited views in Hong Kong and on the mainland. People from all walks of life in Hong Kong and the mainland took active part in the deliberation and discussion of the draft, and in Hong Kong alone nearly 80,000 files of views and comments were collected. The Basic Law of Hong Kong embodies the common will of all Chinese people, including Hong Kong compatriots, and encapsulates the wisdom of the Chinese nation.

On April 4, 1990, the Third Session of the Seventh NPC passed the Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, and made the decision to establish the HKSAR. The Basic Law of the HKSAR is a basic law formulated in accordance with the Constitution of the People's Republic of China. It stipulates the system and policies to be instituted in the HKSAR, and is the legalization and institutionalization of the "one country, two systems" policy. It also provides a legal basis for the implementation of "one country, two systems" in the HKSAR. The Basic Law was lauded by Deng Xiaoping as a "law of historic and international significance" and "a creative masterpiece."

Following the promulgation of the Basic Law, the Chinese government began preparation work for the establishment of the HKSAR. In July 1993, the NPC Standing Committee authorized the formation of the Preliminary Working Commission of the Preparatory Committee of the HKSAR (the Preliminary Working Commission). In January 1996, the Preparatory Committee of the HKSAR of the NPC (the Preparatory Committee) was established. Both the commission and the committee did a great deal of work for the smooth transition and transfer of government in Hong Kong.

On July 1, 1997, the Chinese government resumed its exercise of sovereignty over Hong Kong. At the same time, the HKSAR was established and the Basic Law came into effect. Hong Kong entered a new epoch characterized by "one country, two systems," "Hong Kong people governing Hong Kong" and a high degree of autonomy. As members of the big Chinese family, the people of Hong Kong and the people of the mainland share the pride and glory of the great mother country, and bear the common responsibility and mission of rejuvenation of the Chinese nation.

## **II. Establishment of the Special Administrative Region System in Hong Kong**

The system of the special administrative region, as prescribed in the Constitution of the People's Republic of China and the Basic Law of the HKSAR, is a special administrative system developed by the state for certain regions. Under this system, the central government exercises overall jurisdiction over the HKSAR, including the powers directly exercised by the central government, and the powers delegated to the HKSAR by the central government to enable it to exercise a high degree of autonomy in accordance with the law. The central government has the power of oversight over the exercise of a high degree of autonomy in the HKSAR.

### **1. The Central Leadership Directly Exercises Jurisdiction over the HKSAR in Accordance with the Law**

As prescribed in the Constitution of the People's Republic of China and the Basic Law of the HKSAR, the organs of power by which the central leadership directly exercises jurisdiction over the HKSAR are the NPC and its Standing Committee, the president of the state, the Central

People's Government, and the Central Military Commission. The NPC decided on the establishment of the HKSAR, formulated the Basic Law of the HKSAR to prescribe the system to be instituted in the HKSAR, and has the power of amendment to the Basic Law. The NPC Standing Committee has the power of interpretation regarding the Basic Law of the HKSAR, the power of decision on revising the selection methods of the chief executive and the Legislative Council of the HKSAR, the power of supervision over the laws formulated by the legislative organs of the HKSAR, the power of decision on the HKSAR entering a state of emergency, and the power of making new authorization for the HKSAR. The HKSAR comes directly under the Central People's Government, and its chief executive is accountable to the Central People's Government. The Central People's Government appoints the chief executive and the principal officials, is responsible for foreign affairs relating to the HKSAR in accordance with the law, and issues directives to the chief executive. The Central Military Commission is the leading body of the Hong Kong garrison, and performs defense and other duties. The central authorities perform overall jurisdiction and constitutional duties as prescribed in the Constitution of the People's Republic of China and in the Basic Law of the HKSAR, and exercise effective administration over the HKSAR.

-Forming the power organs of the HKSAR. Prior to the return of Hong Kong, the Preparatory Committee of the HKSAR completed the organization of the Selection Committee of the First Government of the HKSAR. The Selection Committee elected Tung Chee-hwa as the first chief executive of the HKSAR, and then the Central People's Government appointed him as the chief executive. The Selection Committee also elected members of the interim Legislative Council. The first chief executive, Tung Chee-hwa, appointed the judges of the Court of Final Appeal, and the chief justice of the High Court. The completion of the above work ensured the effective administration of the HKSAR by the central leadership upon its establishment. After the return of Hong Kong to China, the Central People's Government appointed Tung Chee-hwa, Donald Tsang and Leung Chun-ying, all elected, as chief executives of the HKSAR in that order, and appointed and dismissed key officials of their administrations. China's state leaders attended the inauguration ceremonies of the chief executives and key government officials, and heard them take their oaths of office.

-Supporting and guiding the administration of the chief executive and government of the HKSAR in accordance with the law. The chief executive reports his/her work to the central government on an annual basis, on the implementation of the Basic Law and other items for which he/she is accountable to the central government; and the state leaders give guidance to the chief executive on major matters related to the implementation of the Basic Law. The central government has established the Hong Kong and Macau Affairs Office of the State Council as an administrative office of the State Council to handle Hong Kong and Macau affairs. The office works to implement the "one country, two systems" principle and related directives of the central government, and is responsible for communicating with the government of the HKSAR. The Liaison Office of the Central People's Government in the HKSAR is a resident organ of the Central People's Government in Hong Kong. Its duties involve communication with the Office of the Commissioner of the Ministry of Foreign Affairs in the HKSAR and the PLA Hong Kong Garrison, the promotion of exchanges and cooperation between Hong Kong and the mainland in various areas, communication with personages from all sectors of Hong Kong society, and the handling of affairs involving Taiwan.

-Responsible for foreign affairs involving the HKSAR. First, the central leadership supports the

HKSAR in actively carrying out international exchanges and cooperation; supports and assists the HKSAR in participating in international organizations and conferences in a proper capacity; assists the HKSAR in bidding to host important international conferences of various kinds, and supports the HKSAR in developing international conference centers, regional legal services and dispute settlement centers; supports the recommendation of Hong Kong residents to take up posts in international organizations; supports the promotion of visa waivers for HKSAR passport holders in other countries and regions; and supports the work of trade offices of the HKSAR government in other countries and regions. Second, the role of the central leadership also includes properly handling legal issues involving Hong Kong, such as the application of international conventions in Hong Kong. The number of multilateral treaties and amendments that have become applicable in the HKSAR now exceeds 170, and the number of agreements concluded with other countries with the authorization of the central government regarding investment protection, civil aviation, taxation and judicial assistance has reached 338. The central government assists the HKSAR in accepting reviews on the implementation of international conventions, supports it in maintaining and developing ties, and in signing and implementing treaties and agreements with other countries, regions and related international organizations in the name of "Hong Kong, China" in the areas of economy, trade, finance, maritime transport, communications, tourism, culture and sports. It also authorizes and assists Hong Kong in conducting judicial cooperation with other countries. Third, it ratifies the establishment of consulates and other governmental or quasi-governmental organizations of foreign countries in the HKSAR. Currently, there are 66 consulates-general set up by foreign countries under related agreements in the HKSAR, with 73 honorary consuls. Fourth, it strives to ensure the safety and legitimate rights and interests of Hong Kong compatriots while in other countries, and actively offers consular protection to Hong Kong travelers abroad. By the end of 2013, Chinese embassies and consulates overseas had handled over 10,000 cases of consular protection involving Hong Kong residents. Fifth, it prevents foreign forces from interfering in Hong Kong's affairs. Hong Kong's affairs are internal affairs of China, and the Chinese government has made timely representations with certain countries through diplomatic channels regarding their words and actions of interference. The Ministry of Foreign Affairs has established the Office of the Commissioner in the HKSAR to attend to foreign affairs involving Hong Kong.

-Responsible for the defense of the HKSAR. The central leadership made the decision and authorized the formation of the People's Liberation Army (PLA) Hong Kong Garrison in January 1996, and on December 30 the same year, the 23rd Session of the Eighth NPC Standing Committee adopted the Law of the People's Republic of China on Garrisoning the Hong Kong Special Administrative Region. At midnight on July 1, 1997, troops of the PLA Hong Kong Garrison entered Hong Kong to take over the defense of the HKSAR. The Garrison's duties include guarding against and resisting aggression, ensuring the security of the HKSAR, performing defense services, managing military installations, and handling military affairs involving other countries in accordance with the law. The Garrison adheres to the law in performing its duties, and oversees military conduct in accordance with the law. It diligently fulfills its duties in defense, organizing sea and air patrols and carrying out search and rescue exercises in case of maritime or air emergencies, joint exercises of combined arms, and cross-district maneuvers, vigorously safeguarding China's sovereignty and territorial integrity. The Garrison also actively takes part in activities to promote the public good in Hong Kong, inviting local residents to visit the Garrison barracks and holding summer military camps for young students, in an effort to strengthen ties

between the Garrison and the local community. All this has helped enhance the mutual understanding and trust between the Garrison and the people of Hong Kong, fully exemplifying the valor and good conduct of the PLA.

-Exercising power granted to the NPC Standing Committee by the Constitution of the PRC and the Basic Law of the HKSAR. First, the NPC Standing Committee keeps record of the laws drawn up by the legislature of the HKSAR for review. By the end of 2013, the HKSAR had reported a total of 570 local laws to the NPC Standing Committee for the record. Second, it adds or subtracts national laws applicable in the HKSAR as listed in Annex III of the Basic Law of the HKSAR. Currently, 12 national laws are listed in Annex III of the Basic Law of the HKSAR for implementation. Third, it makes new authorizations to the HKSAR. In 1996, the NPC Standing Committee empowered the HKSAR government to appoint its immigration department as the office to accept applications for nationality in the HKSAR and handle the applications in accordance with the Nationality Law and its interpretations. In 2006, the NPC Standing Committee authorized the HKSAR to run the Hong Kong section of the Shenzhen Bay Port in accordance with the laws of the HKSAR. Fourth, it makes interpretations regarding the Basic Law of the HKSAR. The NPC Standing Committee made interpretations of the related articles of the Basic Law in 1999, 2004, 2005 and 2011 on the following questions respectively: the right of abode in Hong Kong for permanent Hong Kong residents' children born outside Hong Kong and with Chinese nationality, the legal procedure for modifying the selection methods of the chief executive and the Legislative Council, the length of the term of a by-elected chief executive, and the principles of state immunity, and interpretations of relevant provisions in the Basic Law and its appendixes. Fifth, it decides on issues relating to the constitutional development in the HKSAR. The NPC Standing Committee made decisions in 2004 and 2007, respectively, on the selection method of the chief executive for 2007 and the Legislative Council for 2008, and the selection method of the chief executive, the Legislative Council and the general election for 2012. Sixth, it ratifies and keeps record of the amendments to the selection methods of the chief executive and Legislative Council of the HKSAR. In 2010, the NPC Standing Committee ratified the HKSAR's amendment to the selection method of the chief executive for 2012, agreeing to put on record the amendment to the selection method and voting procedure of the Legislative Council for 2012. Seventh, it keeps records of the appointment and removal of the judges of the Court of Final Appeal and the chief judge of the High Court of the HKSAR. In addition, according to the Basic Law of the HKSAR and relevant decisions of the NPC, the Basic Law Committee of the HKSAR of the NPC Standing Committee, established on July 1, 1997, when the Basic Law came into effect, is composed of members from the mainland and Hong Kong, and is responsible for providing opinions to the NPC Standing Committee on issues such as whether the laws drawn up by the HKSAR's legislature comply with the provisions of the Basic Law on the range of affairs responsible by the central government and the relationship between the central government and the HKSAR, on adding or subtracting the national laws applicable in Hong Kong as listed in Annex III and on the interpretation or revision of the Basic Law, and related issues.

## 2. The HKSAR Exercises a High Degree of Autonomy in Accordance with the Law

After the establishment of the HKSAR, the previous capitalist system and way of life remain unchanged in Hong Kong, and existing laws remain basically unchanged. Adhering to the law, the HKSAR protects the right of ownership of private property, maintains the status of Hong Kong as a free port and a separate customs territory, maintains independent finances, practices an independent taxation system, and formulates its own policies regarding trade, finance, education, science,

culture, public health and sports. In accordance with the Basic Law of the HKSAR and the decision of the NPC Standing Committee on handling the laws previously practiced in Hong Kong, the laws previously in force in Hong Kong, that is, the common law, rules of equity, ordinances, subordinate legislation and customary law are maintained, except for any that contravene the Basic Law and are subject to any amendment by the legislature of the HKSAR. On this basis, the HKSAR exercises a high degree of autonomy, and fully exercises its administrative, legislative and independent judicial power, including that of final adjudication.

The chief executive of the HKSAR is the head of the Special Administrative Region. He/she represents the HKSAR and is accountable to both the Central People's Government and the HKSAR. The chief executive is also the head of the government of the Special Administrative Region, and exercises powers and functions conferred by the Basic Law, such as leading the government of the region and being responsible for the implementation of the Basic Law. While exercising his/her powers and functions, the chief executive shall implement the directives issued by the Central People's Government in respect of the relevant matters provided for in the Basic Law of the HKSAR. The government of the HKSAR is composed of permanent residents of Hong Kong in accordance with the relevant provisions of the Basic Law, with a Department of Administration, a Department of Finance, a Department of Justice, and various bureaus, divisions and commissions to exercise powers and functions such as formulating and implementing policies and conducting administrative affairs, as prescribed by the Basic Law. The HKSAR enjoys administrative power in a wide range of areas, including the economy, education, science, culture, sports, religion, social services, public order, and control of entry and exit of the region. In addition, the HKSAR conducts external affairs as authorized by the Central People's Government.

The Legislative Council of the HKSAR is the legislature of the HKSAR. It is formed by election, and exercises the following powers and functions in accordance with the Basic Law: enacting, amending or repealing laws in accordance with the provisions of the Basic Law and legal procedures; examining and approving budgets introduced by the government, and approving taxation and public expenditure, among others. The HKSAR enjoys legislative power in a wide range of areas, and is empowered to formulate laws relating to civil, criminal and commercial affairs, as well as judicial proceedings, for application in the region in accordance with the Basic Law. The laws drawn up by the Legislative Council of the HKSAR must be reported to the NPC Standing Committee for the record. If the NPC Standing Committee, after consulting the Committee for the Basic Law of the HKSAR, considers that any law enacted by the legislature of the region is not in conformity with the provisions of the Basic Law regarding affairs within the responsibility of the central leadership or regarding the relationship between the central leadership and the region, the Standing Committee may return the law in question but shall not amend it. Any law returned by the NPC Standing Committee is immediately invalidated.

The courts of the HKSAR at all levels are the judiciary of the region, exercising the judicial power of the region. After the establishment of the HKSAR, the Court of Final Appeal was established to exercise the power of final adjudication in the region. The judicial system previously practiced in Hong Kong is maintained except for those changes consequent upon the establishment of the Court of Final Appeal. The common law and relevant judicial principles and systems previously practiced in Hong Kong, including the principle of independent adjudication, the principle of following precedents, and the jury system, continue to apply. The courts of the HKSAR have no jurisdiction over acts of state such as defense and foreign affairs. They have jurisdiction over all civil and



criminal cases in the region, except that the restrictions on their jurisdiction imposed by the legal system and principles previously in force in Hong Kong are maintained. When adjudicating cases, the courts of the HKSAR may refer to precedents of other common law jurisdictions, and the Court of Final Appeal may as required invite judges from other common law jurisdictions to sit in the Court of Final Appeal.

### **III. Comprehensive Progress Made in Various Undertakings in the HKSAR**

Since the establishment of the HKSAR, the government of the Special Administrative Region has, with energetic support from the central government and the mainland, rallied people of all walks of life in Hong Kong, worked hard and overcome difficulties, made full use of the advantage of the policy of "one country, two systems," maintained overall social, economic and political stability, promoted the development of all undertakings and made new achievements one after another.

-HKSAR residents' fundamental rights and freedoms are fully protected. Hong Kong residents enjoy basic rights and freedoms in accordance with the law, which are under the full protection of the Constitution, the Basic Law and the local laws. The Constitution and the Basic Law safeguard the HKSAR residents' fundamental rights and freedoms at the constitutional level. The HKSAR provides further protection to residents' rights and freedoms by enacting the Sex Discrimination Ordinance, Race Discrimination Ordinance, Personal Data (Privacy) Ordinance, Independent Police Complaints Council (IPCC) Ordinance, Minimum Wage Ordinance and other ordinances. A multitude of organs, including the Equal Opportunity Commission, Office of the Privacy Commissioner for Personal Data, Office of the Ombudsman, Legal Aid Department, Independent Police Complaints Council, Legal Aid Services Council, Women's Commission and Commission on Poverty, have been set up by the HKSAR government to help promote and protect HKSAR residents' fundamental rights and freedoms. In addition, the Basic Law explicitly stipulates that Chinese citizens who are residents of the HKSAR shall be entitled to participation in the management of state affairs according to law. In accordance with the assigned number of seats and the selection method specified by the NPC, the Chinese citizens among the HKSAR residents elect deputies of the region to the NPC to participate in the work of China's supreme organ of state power. The HKSAR has held in succession four such elections and 36 deputies were elected each time by the broadly representative Conference for Electing Deputies of the HKSAR to the NPC. The Chinese People's Political Consultative Conference (CPPCC) always values the participation of Hong Kong compatriots. Aside from specially inviting Hong Kong personages, other CPPCC groups also include representatives from Hong Kong. The 12th CPPCC National Committee had a 124-member Hong Kong group, and 16 other CPPCC groups had 82 members from Hong Kong.

-The democratic political system has been steadily promoted. Before the return of Hong Kong to China in 1997, the United Kingdom designated governors to enforce colonial rule over Hong Kong for more than 150 years. Since 1997, the HKSAR government and the legislature have been composed of local residents. The chief executive of the HKSAR is appointed by the Central People's Government on the basis of the results of elections or consultations held locally; the legislature of the HKSAR is established by elections. The Basic Law of the HKSAR explicitly stipulates that the chief executive and all the members of the Legislative Council must be elected by universal suffrage, making universal suffrage a legal objective. Since the establishment of the HKSAR, the central government and the HKSAR government have unwaveringly and steadily promoted Hong Kong's democratic political system, featuring the election methods for the chief

executive and the Legislative Council, according to the Basic Law and relevant decisions of the NPC Standing Committee.

The election of the chief executive of the HKSAR has become increasingly democratic. Candidates for the first chief executive were elected by a 400-member Selection Committee, while candidates for the second, third and fourth chief executives were elected by the Election Committee, the membership of which in the meantime had grown from 800 to 1,200. Members of the Election Committee came from the four major sectors of "industry, commerce and finance," "the professions," "labor, social services, religious and other sectors" and "members of the Legislative Council, representatives of district boards and Heung Yee Kuk, HKSAR deputies to the NPC, and representatives of HKSAR members of the National Committee of the CPPCC" in equal proportions. Such a composition is an expression of equal participation and broad representativeness.

The election of the Legislative Council is becoming more and more direct. The first Legislative Council formed in 1998 had 20 members elected directly by geographical constituencies, 30 members by functional constituencies, and ten members by the Election Committee. The second Legislative Council formed in 2000 had 24 members elected directly by geographical constituencies, 30 members by functional constituencies, and six members by the Election Committee. The third and fourth Legislative Councils formed respectively in 2004 and 2008 both had 30 members elected directly by geographical constituencies, and 30 members by functional constituencies. The membership of the fifth Legislative Council elected in 2012 expanded to 70, including 35 members elected directly by geographical constituencies and 35 members by functional constituencies. The additional five members elected by functional constituencies were nominated by district boards, and elected by voters who had enjoyed no right to vote under functional constituencies.

The timetable has been set for universal suffrage. The 31st Session of the Standing Committee of the Tenth NPC made a decision on December 29, 2007 "that the election of the fifth chief executive of the HKSAR in 2017 may be implemented by the method of universal suffrage; that after the chief executive is selected by universal suffrage, the election of the Legislative Council of the HKSAR may be implemented by the method of electing all the members by universal suffrage," thus setting a timetable for the selection of the chief executive and all members of the Legislative Council by universal suffrage. From December 4, 2013 to May 3, 2014, the HKSAR government initiated a five-month public consultation on the election of the chief executive in 2017 and that of the Legislative Council in 2016, starting the relevant procedures for introducing universal suffrage.

-The HKSAR has maintained steady economic growth. From 1997 to 2013, Hong Kong's Gross Regional Product (GRP) grew by 3.4 percent annually in real terms, and its per-capita GRP increased by a total of 39.3 percent calculated in US dollar. According to the 2013 statistics of the International Monetary Fund (IMF), Hong Kong's GRP and per-capita GRP, respectively, ranked the 35th and 7th in the world, as calculated by purchasing power parity.

Hong Kong has maintained and enhanced its status as an international financial, trade and shipping center. As an important international banking center, Hong Kong boasts the world's sixth-largest securities market and fifth-largest foreign exchange market. Hong Kong ranks high in various lists of international financial centers. As the world's ninth-largest trading economy, Hong Kong has regular trading ties with almost every country and region in the world. Hong Kong is one of the world's largest container shipping ports and fourth-largest ship-registration center. The Hong Kong

International Airport is one of the world's busiest. Its air freight volume has led the world for many years, and its passenger transport volume ranks fifth.

Hong Kong's robust industries have been strengthened even further. Trade and logistics, tourism, finance, and professional services and support services for industry and commerce continue to play an important role as Hong Kong's four pillar industries. In 2012, these four sectors employed 47.2 percent of Hong Kong's total working population, and their added value accounted for 58 percent of Hong Kong's total GRP. Hong Kong also focuses on the cultivation and development of the cultural and creative, innovation and technology, testing and certification, and environmental protection industries.

Hong Kong has maintained a sound business environment, and is generally recognized as one of the world's freest economies. For many years, it has ranked high in the World Bank's evaluation of business environments of 185 economies. In its World Investment Report 2013, the United Nations Conference on Trade and Development (UNCTAD) ranked Hong Kong the third in the world in attracting foreign direct investment (FDI). For many years, Hong Kong has been listed among the world's most competitive economies by the World Competitiveness Yearbook compiled by the International Institute for Management Development based in Lausanne, Switzerland.

-Social programs have been further enhanced. Hong Kong leads the Asia-Pacific region in education, as the HKSAR government continues to increase its investment in education, the biggest government expenditure item. During the 2014-2015 fiscal year, the HKSAR government's current budgetary spending on education reached HK\$75.37 billion. Since the 2008-2009 school year, Hong Kong has implemented 12-year free education in public schools. The University of Hong Kong and the Hong Kong University of Science and Technology are among Asia's top-ten universities, according to the Times Higher Education Asian University Rankings 2013. The University of Hong Kong was the 43rd according to the World University Rankings 2013-2014. Hong Kong continues to rank high in the global test of the Program for International Student Assessment (PISA) 2012, which reflects the quality of primary education.

Hong Kong continues to provide quality medical and health care services. During the 2014-2015 fiscal year, the HKSAR government's budget for expenditure on medical and health care is HK\$52.4 billion, accounting for 17 percent of the government's recurrent expenditure. All Hong Kong residents enjoy equal access to affordable public medical services. By the end of 2012, Hong Kong had more than 35,500 beds in various medical institutions. The infant mortality rate dropped from 4 per thousand in 1997 to 1.6 per thousand in 2013, which is among the world's lowest. In 2013, the life expectancy of Hong Kong's male and female residents was 80.9 years and 86.6 years, respectively, which are among the world's highest.

Cultural and sports activities are flourishing in Hong Kong, where the Chinese and foreign cultures intermingle. The HKSAR government encourages the diverse development of Hong Kong's culture and promotes cultural exchanges. Four unique Hong Kong cultural events were added to the third batch of the State-level Non-material Cultural Heritage List, namely, Yu Lan Ghost Festival, Tai Hang fire dragon dance, Tai O dragon boat parade, and Cheung Chau Jiao Festival. Hong Kong hosted the equestrian events of the Beijing 2008 Olympic Games, and the fifth East Asian Games in 2009. Hong Kong athletes have excelled themselves in events such as windsurfing, table tennis, cycling and martial arts during the Olympics, World Championships and Asian Championships.

Hong Kong's social security service has been continuously improved. During the fiscal year 2014-2015 the HKSAR government's budget for social welfare reached HK\$61.9 billion, 3.03 times as

compared with the HK\$20.4 billion during the fiscal year 1997-1998. Hong Kong has put in place a multilayer and diversified social security and welfare service system. Hong Kong has more than 400 social service agencies, and the number of registered social workers has increased from 8,300 at the end of 1998 to more than 18,000 today. The HKSAR government actively promotes the construction of public housing, moves low-wage residents into public housing, and provides financial aid to those who purchase housing units. Around half of Hong Kong's residents live in housing provided or funded by the government. Among them, more than 2 million live in rented public housing, and over 1 million have purchased housing units with government financial aid.

-Hong Kong's international exchanges and its international influence have further expanded. Hong Kong's international exchanges have been broadened. By June 2013, Hong Kong, as a member of a Chinese government delegation or in other appropriate capacities, had participated in 41 events held by inter-governmental international organizations, and joined 37 inter-governmental international organizations whose membership is not limited to sovereign states. As a member of a Chinese government delegation or in other appropriate capacities, Hong Kong has attended more than 1,400 international meetings; using the name of "Hong Kong, China" it has attended more than 20,000 international meetings not limited to states. It has also hosted or co-hosted more than 1,000 international meetings. The HKSAR has visa waiver agreements with 42 countries, and 150 countries or regions provide visa-free entry or grant visas upon arrival to HKSAR passports holders.

Hong Kong has civil air transport agreements, agreements on avoidance of double taxation, agreements on investment promotion and protection, and agreements on criminal justice assistance with many countries. The HKSAR government has economic and trade offices in 11 places, such as Geneva, London, Tokyo, New York and Berlin. Six international organizations, including the European Commission, have representative offices in Hong Kong.

Outstanding Hong Kong professionals have taken important positions in international organizations.

Supported by the central government, Chan Fung Fu-chun, former director of health of the HKSAR, was elected director-general of the World Health Organization (WHO) in November 2006, and was reelected in May 2012. She is the first Chinese to head an inter-government international organization since the founding of the United Nations. Shun Chi-ming, director of the Hong Kong Observatory, was elected president of the Commission for Aeronautical Meteorology of the World Meteorological Organization in February 2010.

#### **IV. Efforts Made by the Central Government to Ensure the Prosperity and Development of the HKSAR**

The central government has always given high priority to Hong Kong's economic development and improvement of its people's livelihood, and fully supported it in meeting various difficulties and challenges. It gives full play to its role in adopting and executing the national development strategy, and actively promotes exchanges and cooperation between Hong Kong and the mainland, thus providing solid backing for Hong Kong's prosperity and stability.

##### **1. Supporting the HKSAR in Defusing Risks and Meeting Challenges**

-Supporting Hong Kong in the fight against the Asian financial crisis. In 1997, the Asian financial crisis broke out, and spread rapidly around the region. Hong Kong was attacked by international speculative forces, its financial market was volatile, its dollar pegged exchange rate system came under attack, and its financial system faced a grave threat. Given these circumstances, the central government solemnly announced that it would safeguard the stability and prosperity of the HKSAR

at all costs, strongly support the HKSAR government in protecting the pegged exchange rate system, and not depreciate the RMB. With this support from the central government, the HKSAR government took swift measures that ensured the stability of its financial system and the Hong Kong society.

-Supporting Hong Kong in the fight against SARS. In the first half of 2003, the SARS epidemic hit Hong Kong. It not only posed a threat to the lives and health of the Hong Kong people, but also dealt a blow to Hong Kong's economy that had not recovered from the Asian financial crisis, resulting in deflation, market slump and a high unemployment rate of 8.7 percent. To ensure the safety of life of the Hong Kong people and help the Hong Kong economy climb out of recession, the central government promptly lent a helping hand. Although the mainland also needed medical supplies in the fight against SARS, the central government provided a large quantity of free medical supplies to Hong Kong. The Chinese leaders also went to the hardest-hit areas and hospitals of Hong Kong to inspect local conditions and console victims. On June 29, the mainland and Hong Kong signed the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), which outlines the steps that the mainland and Hong Kong should take in trade in goods and services, and trade and investment facilitation as well as the goals to be achieved. Later, the Individual Visit Scheme was introduced, allowing mainland residents to visit Hong Kong on their own. These measures helped Hong Kong overcome the SARS attack and boosted its economic growth.

-Supporting Hong Kong in the fight against the international financial crisis. When the international financial crisis broke out in the second half of 2008, the central government was highly concerned about its impact on Hong Kong. In December of that year, it introduced 14 policies to ensure economic and financial stability in Hong Kong. In January 2009, the central government launched more policies, including the signing of a RMB200 billion currency swap agreement by the People's Bank of China with the Hong Kong Monetary Authority. Later, when visiting Hong Kong, the Chinese leaders announced a number of policies to support Hong Kong's economic development, improve the local people's livelihood, and strengthen its exchanges and cooperation with the mainland. All these policies played a positive role in boosting confidence, strengthening capability to defuse risks and stimulating the economic recovery of Hong Kong.

## 2. Supporting the HKSAR in Reinforcing and Enhancing Its Competitive Strengths

-Supporting Hong Kong as an international center of finance, trade and shipping. The central government supports Hong Kong in launching individual use of RMB, issuing RMB bonds and conducting trials of RMB settlement in cross-border trade, thus consolidating Hong Kong's position as a leading offshore RMB market. It has continued to encourage the listing of mainland enterprises on the stock market in Hong Kong, and introduced other measures to support Hong Kong's financial sector. In 2013, a total of 216 Hong Kong banks joined the RMB clearing platform, and the amount of cross-border RMB settlement in Hong Kong reached RMB3.84 trillion, accounting for 82.9 percent of the total cross-border RMB settlement of China. The balance of Hong Kong's RMB customer deposits and depository receipts reached RMB1 trillion. Hong Kong has become the world's largest offshore RMB trading center. After the signing of the CEPA in 2003 and its coming into force in January 2004, the mainland signed and implemented ten supplementary agreements with Hong Kong. The mainland now gives zero tariff treatment to all products of Hong Kong origin. From that time to the end of 2013, the mainland imported from Hong Kong goods worth US\$7.161 billion under the CEPA, with tariff preference of RMB3.983 billion for Hong Kong. The mainland

also adopted a total of 403 liberalization measures in respect of trade in services. Based on WTO classification, the mainland has opened to Hong Kong 149 areas of trade in services under the CEPA and its supplementary agreements, accounting for 93.1 percent of the total number of such areas of the mainland. This makes the CEPA the most open agreement on free trade that the mainland has ever signed. In addition, Guangdong Province has adopted 82 pilot measures to open its services industries to Hong Kong. When drawing up the National Plan for the Layout of Coastal Ports, and the 12th Five-Year Plan for the Comprehensive Development of Transportation Systems, the central government took into account the need to consolidate and enhance Hong Kong's position as an international shipping center.

-Supporting Hong Kong in developing its tourism and retail sectors, and Hong Kong-invested companies on the mainland. At the request of the HKSAR government, the central government gradually expanded the Individual Visit Scheme to 49 pilot cities, with a total population of over 300 million. By the end of 2013, some 129 million mainland residents had visited Hong Kong under the Individual Visit Scheme. According to estimate of the HKSAR government, in 2012 alone the Individual Visit Scheme contributed to 1.3 percent increase of Hong Kong's GRP of the year, and it created more than 110,000 jobs, accounting for 3.1 percent of the local employment. To bring more benefits to medium-sized and small businesses and residents in Hong Kong, the central government also allows Hong Kong residents to start individual businesses on the mainland. By the end of 2013, a total of 5,982 individual businesses opened by Hong Kong residents had been registered on the mainland, employing 16,476 people. The central government encourages the development of Hong Kong processing and trading companies on the mainland, and has assisted the transformation and upgrading of Hong Kong-invested companies on the mainland. In 2009, Guangdong Province introduced 30 policies to help companies established with Hong Kong, Macau and Taiwan investment weather the international financial crisis and accelerate their transformation and upgrading. In December 2011, the central government issued the Guidelines on Promoting the Transformation and Upgrading of Processing Trade, and set up demonstration zones and pilot cities for the transformation and upgrading of processing trade in Suzhou and Dongguan, as well as 44 key areas in central and western China to relocate enterprises of processing trade in a phased way.

### 3. Supporting the HKSAR in Strengthening Exchanges and Cooperation in Various Fields with the Mainland

Since Hong Kong's return to China in 1997, the central government has made the maintenance of its prosperity and stability an important part of the country's overall development strategy. Both the 10th and 11th Five-Year Plans stress the need to ensure lasting prosperity and stability in Hong Kong, and strengthen its position as an international center of finance, trade and shipping. In the 12th Five-Year Plan, for the first time, the development of Hong Kong and Macau is dealt with in an independent section. This has further defined Hong Kong's strategic position in China's development strategy and stressed the state support for Hong Kong in enhancing its competitive edge, fostering emerging industries and deepening economic cooperation with the mainland.

-Supporting the HKSAR further in developing economic and trade cooperation with the mainland. The implementation of the CEPA and its supplementary agreements has removed a great deal of institutional barriers in trade, investment and other sectors between Hong Kong and the mainland, strengthened their economic and trade relations, and broadened the range of cooperation, with both sides benefiting from their cooperation. Currently, the mainland is the largest trading partner of

Hong Kong. According to Hong Kong statistics, in 2013 the trade volume between Hong Kong and the mainland reached HK\$3.8913 trillion, 3.49 times that of 1997 and accounting for 51.1 percent of Hong Kong's external trade. At the same time, Hong Kong is the mainland's most important trading partner, a key export market and the mainland's largest off-shore financial center. By the end of 2013, mainland enterprises listed in Hong Kong had totaled 797, accounting for 48.5 percent of the total number of Hong Kong listed companies. In addition, their total market value had reached HK\$13.7 trillion, accounting for 56.9 percent of the total value of the Hong Kong stock market. In addition, the mainland and Hong Kong are each other's largest source of overseas direct investment (ODI). By the end of 2013, Hong Kong's ODI from the mainland had exceeded US\$358.8 billion, accounting for nearly 60 percent of the mainland's total ODI; the mainland had approved nearly 360,000 projects with Hong Kong investment, involving US\$665.67 billion in total and accounting for 47.7 percent of the mainland's total ODI.

-Supporting the HKSAR in strengthening cooperation with mainland provinces, autonomous regions and municipalities directly under the central government, particularly Guangdong Province. The central government has endorsed the establishment of the Hong Kong-Guangdong Cooperation Joint Conference, and the Pan-Pearl River Delta Regional Cooperation and Development Forum. It approved the implementation of the Outline of the Plan for the Reform and Development of the Pearl River Delta (2008-2020), the Overall Development Plan of Hengqin, the Overall Development Plan for the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, and the Development Plan for the Nansha New District of Guangzhou, and approved the signing by Guangdong with the HKSAR of the Framework Agreement on Hong Kong-Guangdong Cooperation, which identifies the three key areas of cooperation, namely, building the Hengqin New District of Zhuhai, the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone and the Nansha New District of Guangzhou, the central government has urged Guangdong and Hong Kong to work together to build more competitive world-class urban cluster with cutting-edge manufacturing and service industries. The central government has also approved the establishment by the HKSAR of regional cooperation mechanisms with Beijing and Shanghai, and supported the HKSAR government to set up offices on the mainland. Currently, in addition to its Beijing Office, the HKSAR government has also set up commercial offices in Guangzhou, Shanghai, Chengdu and Wuhan, and liaison offices in Shenzhen, Chongqing and Fuzhou, which are instrumental in promoting Hong Kong's economic and trade cooperation with the various localities in the mainland and exchanges in other areas.

-Supporting efforts by the HKSAR and the mainland in cross-border infrastructure construction and facilitation for personnel and cargo customs clearance. The Hong Kong-Shenzhen Western Corridor, which opened to traffic in 2007, has become the fourth land passage linking Hong Kong with the mainland. The Hong Kong-Zhuhai-Macau Bridge, the construction of which started in 2009 and scheduled for completion in 2016, will connect Hong Kong in the east and Zhuhai and Macau in the west, and will become a new road transport corridor linking eastern and western banks of the Pearl River. The Guangzhou-Shenzhen-Hong Kong High-Speed Railway, when completed, will connect Hong Kong with China's national high-speed rail network. As things stand now, the mainland and Hong Kong have achieved full mutual recognition of inspection results at all land and water ports. In 2013, a total of 40.75 million mainland residents visited Hong Kong, which was 17.3 times that of 1997; while 76.88 million Hong Kong residents visited the mainland, up from 39.77 million in 1997.

-Supporting the HKSAR in strengthening exchanges and cooperation with the mainland in education, science and technology, culture and some other fields. The central government has supported universities of Hong Kong and the mainland in enrolling students from each other; supported cooperation in academic affairs between institutions of higher learning of Hong Kong and the mainland, and supported teaching staff and students from the two sides in carrying out exchange activities. It has supported Hong Kong's institutions of higher learning, research bodies and the science and technology parks in Hong Kong in setting up Partner Labs of Key State Laboratories, the Hong Kong branch of the National Engineering Research Center and the National High-tech Industrialization Base; supported Hong Kong universities in establishing research institutes in Shenzhen; supported Hong Kong science workers and institutions in applying for projects under China's National Research Program; and endeavored to make the country's key sci-tech projects more accessible to Hong Kong. In 2005, the mainland and Hong Kong signed the Mainland and Hong Kong Closer Cultural Ties Arrangement Agreement, launching overall cooperation in cultural conservation, and industrial development and exchanges. The central government supported Hong Kong, Macau and Guangdong in jointly and successfully including the Yueju opera in the UNESCO's Representative List of Intangible Cultural Heritage of Humanity in 2009; and supported Hong Kong's successful bid to list its Geopark in Sai Kung as part of the UNESCO Global Geoparks Network in 2011. It has also supported Hong Kong in joint production of films with the mainland; since the signing of the CEPA, Hong Kong and the mainland have worked together in producing 322 films, accounting for 70 percent of mainland's total in such area. The central government has supported Hong Kong in cooperating with the mainland in sports personnel exchanges, training and some other aspects. It invites Hong Kong athletes to take part in National Games and other events. It has also supported exchanges and cooperation between the two sides in the development of traditional Chinese medicine, health care management, notification and prevention and treatment of infectious diseases, notification and cooperation in cases of public health crises, etc.

-Supporting the HKSAR government in establishing exchange and cooperation mechanisms with relevant departments of the central government. The HKSAR government has established a number of exchange and cooperation mechanisms at different levels and covering different areas with relevant departments of the central government to coordinate and promote related work. For example, the two sides established the CEPA Joint Steering Committee to oversee the implementation of the CEPA, solve problems, and supplement and amend the CEPA; and cooperation mechanisms in the areas of entry-and-exit control, customs, inspection and quarantine, finance, public health, tourism and other fields, to promote communication, jointly handle emergencies and combat illegal activities. In addition, the central government established a Joint Inter-ministerial Conference System for the Promotion of Qianhai, Nansha and Hengqin, to strengthen guidance, coordination and services for the development and building of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Nansha New District in Guangzhou and Hengqin New District in Zhuhai; and the HKSAR government is a member of this system. These mechanisms have played a positive role in promoting mutually beneficial cooperation between Hong Kong and the mainland, and in handling related issues of regional development and governance of common concern.

#### 4. Ensuring Secure and Stable Supplies of Basic Necessities to the HKSAR

Because of the limitations of its natural environment, Hong Kong mainly relies on the mainland for



the supply of fresh water, vegetables, meat and other basic necessities. Since the early 1960s, when the mainland opened "three express trains" to supply Hong Kong with fresh and frozen goods, and started the Dongjiang-Shenzhen Water Supply Project, the central government and the relevant local governments on the mainland have made great efforts to ensure the supply of foodstuff, agricultural and sideline products, water, electricity, natural gas, etc., to the HKSAR. By the end of 2013, some 95 percent of live pigs, 100 percent of live cattle, 33 percent of live chicken, 100 percent of freshwater fish, 90 percent of vegetables and 70 percent or more of flour on the Hong Kong market had been supplied by the mainland. The first pass yield of foodstuff supplied by the mainland to Hong Kong has maintained at a fairly high level. In 2013, in accordance with the revised agreement, Guangdong supplied Hong Kong with 606 million cu m of fresh water. From 1994, the Daya Bay Nuclear Power Plant started to supply Hong Kong with electricity, and now its annual power supply accounts for a quarter of the annual power consumption of Hong Kong. In 2013, the mainland supplied Hong Kong with 2.531 billion cu m of natural gas.

## **V. Fully and Accurately Understanding and Implementing the Policy of "One Country, Two Systems"**

As a groundbreaking initiative, "one country, two systems" is a major issue of governance to the central leadership, and marks a major historical turning point for Hong Kong and Hong Kong people as well. While comprehensive progress has been made on all fronts in the HKSAR, the practice of "one country, two systems" has come to face new circumstances and new problems. Some people in Hong Kong have yet felt comfortable with the changes. Still some are even confused or lopsided in their understanding of "one country, two systems" and the Basic Law. Many wrong views that are currently rife in Hong Kong concerning its economy, society and development of its political structure are attributable to this. The continued practice of "one country, two systems" in Hong Kong requires that we proceed from the fundamental objectives of maintaining China's sovereignty, security and development interests and maintaining the long-term stability and prosperity of Hong Kong to fully and accurately understand and implement the policy of "one country, two systems," and holistically combine upholding the principle of "one country" with respecting the difference of "two systems," maintaining the power of the central government with ensuring the high degree of autonomy of the HKSAR, and letting the mainland play its role as a strong supporter of the HKSAR with improving the competitive edge of Hong Kong. In no circumstance should we do one thing and neglect the other.

### **1. Fully and Accurately Understanding the Meaning of "One Country, Two Systems"**

"One country, two systems" is a holistic concept. The "one country" means that within the PRC, HKSAR is an inseparable part and a local administrative region directly under China's Central People's Government. As a unitary state, China's central government has comprehensive jurisdiction over all local administrative regions, including the HKSAR. The high degree of autonomy of HKSAR is not an inherent power, but one that comes solely from the authorization by the central leadership. The high degree of autonomy of the HKSAR is not full autonomy, nor a decentralized power. It is the power to run local affairs as authorized by the central leadership. The high degree of autonomy of HKSAR is subject to the level of the central leadership's authorization. There is no such thing called "residual power." With China's Constitution stipulating in clear-cut terms that the country follows a fundamental system of socialism, the basic system, core leadership and guiding thought of the "one country" have been explicitly provided for. The most important

thing to do in upholding the "one country" principle is to maintain China's sovereignty, security and development interests, and respect the country's fundamental system and other systems and principles.

The "two systems" means that, within the "one country" the main body of the country practices socialism, while Hong Kong and some other regions practice capitalism. The "one country" is the premise and basis of the "two systems," and the "two systems" is subordinate to and derived from "one country." But the "two systems" under the "one country" are not on a par with each other. The fact that the mainland, the main body of the country, embraces socialism will not change. With that as the premise, and taking into account the history of Hong Kong and some other regions, capitalism is allowed to stay on a long-term basis. Therefore, a socialist system by the mainland is the prerequisite and guarantee for Hong Kong's practicing capitalism and maintaining its stability and prosperity. For Hong Kong to retain its capitalist system and enjoy a high degree of autonomy with "Hong Kong people governing Hong Kong" according to the Basic Law, it must fully respect the socialist system practiced on the mainland in keeping with the "one country" principle and, in particular, the political system and other systems and principles in practice. The mainland should respect and tolerate the capitalism embraced by Hong Kong while upholding its socialist system, and draw on the successful experience of Hong Kong in economic development and social management. Only by respecting and learning from each other can the "two systems" in the "one country" coexist harmoniously and achieve common development.

## 2. Resolutely Safeguarding the Authority of the Constitution of the PRC and the Basic Law of Hong Kong

The Constitution of the PRC and the Basic Law together constitute the constitutional basis of the HKSAR. As the fundamental law of the country, the Constitution, with supreme legal status and the highest legal authority, is applicable throughout the territory of the People's Republic of China, including the HKSAR. The Basic Law, which was formulated in accordance with the Constitution, provides for the system of the HKSAR and enjoys the legal status as its constitutional law. The systems and policies of the HKSAR are all based on the provisions of the Basic Law; no law enacted by the legislature of the HKSAR shall contravene the Basic Law. All the executive, legislative and judicial practices in the HKSAR must conform to the Basic Law. And all individuals, groups and organizations of the HKSAR shall obey the Basic Law. As a national law, the Basic Law is applicable throughout the country.

We should have a full understanding of the provisions of the Basic Law. All the provisions of the Basic Law underlie the HKSAR system. They are not isolated from but interrelated with each other. Each of these provisions must be understood in the context of the Basic Law and the HKSAR system as a whole. The implementation of the Basic Law shows that if we comprehend individual provisions of the Basic Law in an isolated way without taking into account the Basic Law as a whole, stressing one aspect while ignoring others, ambiguity or even contentious interpretation will occur, which will severely hamper the implementation of the Basic Law. Only by comprehensively understanding all the provisions of the Basic Law can we find that the HKSAR system, along with all its components, is an integrated whole complementary to each other and that this system plays the role of protecting the fundamental rights and freedoms of Hong Kong residents, and ensures the prosperity and stability of Hong Kong.

We should respect and uphold the power of interpretation and amendment of the Basic Law vested in the NPC and its Standing Committee. The Basic Law provides that the power of interpretation of

the Basic Law shall be vested in the NPC Standing Committee, and the power of amendment shall be vested in the NPC. The Basic Law also provides that the courts of the HKSAR, in the process of adjudication, may give their own interpretation of the provisions in the Basic Law that are within the limits of the autonomy of the HKSAR and other provisions. This power of interpretation comes from the authorization of the NPC Standing Committee. However, if the courts of the HKSAR, in the process of adjudicating cases, need to interpret the provisions of the Basic Law concerning affairs which are the responsibility of the central government, or concerning the relationship between the central authorities and the HKSAR, and if such interpretation will affect the judgments on the cases, the courts of the HKSAR shall, before making their final judgments which are not appealable, seek an interpretation of the relevant provisions from the NPC Standing Committee through the Court of Final Appeal of the HKSAR. When the NPC Standing Committee makes an interpretation of the provisions concerned, the courts of the HKSAR, in applying those provisions, shall follow the interpretation of the NPC Standing Committee, which enjoys the same status with HKSAR laws. The fact that the Standing Committee of the NPC exercises the power of interpretation of the Basic Law in accordance with the law is aimed at maintaining the rule of law in Hong Kong, as it oversees HKSAR's implementation of the Basic Law and protects the high degree of autonomy of the region.

We should improve the systems and mechanisms related to implementing the Basic Law, which will help enhance its authority. Since the Basic Law came into force, a series of systems and mechanisms related to its implementation have been put in place. For example, in amending the method for selection of the chief executive of the HKSAR and method for the formation of the Legislative Council of the HKSAR, a "five-step" legal procedure has been established and the five steps are: the chief executive makes a report to the NPC Standing Committee; the NPC Standing Committee makes a corresponding decision; the Legislative Council endorses the decision; and the chief executive gives his consent; and the NPC Standing Committee approves or puts it on the record. Regarding the interpretation of the Basic Law, the relevant procedures and working mechanisms that have been established include: the NPC Standing Committee interprets the Law on its own initiative; the chief executive makes a report to the State Council, which then submits it to the NPC Standing Committee and asks it to give an interpretation; or the Court of Final Appeal of the HKSAR seeks an interpretation of the relevant provisions from the NPC Standing Committee. Regarding legislation in the HKSAR, the working procedure for the NPC Standing Committee to put on the record of laws enacted by the HKSAR has been established; in terms of judicial aid between the mainland and HKSAR, arrangements have been made in mutual service of judicial documents, reciprocal recognition and enforcement of arbitration awards of civil and commercial cases as well as judgments of certain civil and commercial cases. Regarding accountability the chief executive holds to the central government, a system is in place for the chief executive to make reports to the central government on his/her own work. As the practice of "one country, two systems" continues and the Basic Law is further implemented, it is imperative to further improve the systems and mechanisms in relation to the implementation of the Basic Law. In particular, it is necessary to, with an eye to the lasting peace and order in Hong Kong, exercise well the power invested in the central government as prescribed in the Basic Law and see to it that the relationship between the central government and HKSAR is indeed brought onto a legal and institutionalized orbit.

3. The Hong Kong People Who Govern Hong Kong Should Above All Be Patriotic

There are lines and criteria to be observed in implementing "Hong Kong people governing Hong Kong," that is what Deng Xiaoping stressed, Hong Kong must be governed by the Hong Kong people with patriots as the mainstay, as loyalty to one's country is the minimum political ethic for political figures. Under the policy of "one country, two systems," all those who administrate Hong Kong, including the chief executive, principal officials, members of the Executive Council and Legislative Council, judges of the courts at different levels and other judicial personnel, have on their shoulders the responsibility of correctly understanding and implementing the Basic Law, of safeguarding the country's sovereignty, security and development interests, and of ensuring the long-term prosperity and stability of Hong Kong. In a word, loving the country is the basic political requirement for Hong Kong's administrators. If they are not consisted of by patriots as the mainstay or they cannot be loyal to the country and the HKSAR, the practice of "one country, two systems" in the HKSAR will deviate from its right direction, making it difficult to uphold the country's sovereignty, security and development interests, and putting Hong Kong's stability and prosperity and the wellbeing of its people in serious jeopardy.

The fact that Hong Kong must be governed by patriots is well grounded in laws. Both the Constitution and the Basic Law provide for the establishment of the HKSAR, which works for China's national unification, territorial integrity and maintaining Hong Kong's long-term stability and prosperity. In that context, the Basic Law requires that the chief executive, principal officials, members of the Executive Council, president and over 80 percent of the members of the Legislative Council, chief justice of the Court of Final Appeal and chief judge of the High Court shall be Chinese citizens who are permanent residents of Hong Kong with no right of abode in any foreign country; that, when assuming office, the chief executive, principal officials, members of the Executive Council and Legislative Council, judges of the courts at all levels and other members of the judiciary in the HKSAR must, in accordance with the law, swear to uphold the Basic Law and swear allegiance to the HKSAR of the PRC; and that the chief executive be accountable to the central government and the HKSAR with respect to implementing the Basic Law. All this is necessary for displaying sovereignty, ensuring loyalty to the country by the mainstay of Hong Kong administrators and helping them to subject to oversight by the central government and Hong Kong society, while taking their responsibility for the country, the HKSAR and Hong Kong's residents.

#### 4. Firmly Supporting Chief Executive and the HKSAR Government in Governing Hong Kong in Accordance with the Law

The chief executive, as head of both the HKSAR and its government, is the prime responsible person for implementing the policy of "one country, two systems" and the Basic Law in Hong Kong. The central government has always firmly supported the chief executive and the HKSAR government in governing Hong Kong in accordance with the law, in rallying the broad sections of the Hong Kong society for economic development, in taking effective steps to improve people's livelihood, and in advancing democracy in a gradual and orderly way to promote inclusiveness, mutual support and harmony.

Developing the economy and improving the people's livelihood are common aspirations of the Hong Kong people. They serve as an important basis for solving social problems and ensuring overall stability in the HKSAR, and also the main task before the chief executive and the HKSAR government in governing Hong Kong in accordance with the law. At present, Hong Kong is at a critical juncture of development, with both opportunities and challenges. It should seize the opportunities and vigorously address the salient problems in its economic and social development,

so as to bolster and enhance its own competitive edge, maintain a steady economic and social development, and upgrade the texture of people's life. The mainland has always been a powerful backing for Hong Kong.

The central government continues its support for the HKSAR in developing a system of democratic governance that suits the actual conditions in Hong Kong in a gradual and orderly manner as provided for in the provisions of the Basic Law. The ultimate aim of selection of the chief executive will be one by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures and the election of all the members of the Legislative Council by universal suffrage. This solemn commitment of the central government has been incorporated in the Basic Law and the relevant resolutions by the NPC Standing Committee. The central government is sincerely in favor of moving Hong Kong's democratic governance forward. The system of universal suffrage for selecting the chief executive and forming the Legislative Council must serve the country's sovereignty, security and development interests, tally with Hong Kong's actual conditions, take into consideration the interests of all social strata, give expression to the principle of equal participation, and be conducive to the development of capitalism in Hong Kong. In particular, the systems must conform to HKSAR's legal status as a local administrative region directly under the central government and accord with the Basic Law and relevant resolutions adopted by the NPC Standing Committee. Furthermore, the chief executive to be elected by universal suffrage must be a person who loves the country and Hong Kong. As long as all sectors of the Hong Kong society hold pragmatic discussions and build a consensus based on the above principles, these two ultimate goals are sure to be reached.

Hong Kong is a free, open and pluralistic society. It is also an international commercial metropolis where Chinese and non-Chinese cultures converge and mingle. Maintaining social harmony and stability serves the interests of all strata and all sectors of the Hong Kong society as well as those of outside investors. It is a prerequisite for retaining Hong Kong's status as an international financial, trade and shipping center. The central government will continue to encourage the people of Hong Kong to carry forward their fine traditions of inclusiveness, mutual support and respect for the rule of law and order. It calls on the Hong Kong people to seek common ground while reserving differences, be tolerant and help each other in the fundamental interests of the nation and the general and long-term interests of Hong Kong, achieve the broadest unity under the banner of loving the country and Hong Kong with strengthened social harmony and stability through compromise and mutual assistance.

##### 5. Continuously Promoting Exchanges and Cooperation Between the Mainland and Hong Kong

Increasingly frequent exchanges and closer cooperation between Hong Kong and the mainland have expanded channels for common development by leveraging complementary advantages. Hong Kong has gained access to enormous space and momentum for development by taking advantage of the broad market and abundant factor resources of the mainland and opportunities of China's rapid development. By consolidating and enhancing its existing advantages, Hong Kong can better play its role in introducing external investment and talents, in absorbing internationally advanced technologies and managerial expertise, in serving as a bridge for implementing China's "go global" strategy, and in helping quicken the shift of the growth mode on the mainland. In addition, Hong Kong's experience can be of reference for the mainland to pursue innovative ways in social and economic management.

As contacts between the mainland and the HKSAR become closer and mutual understanding

between the people deepens, the Hong Kong compatriots are getting a stronger sense of national identity and commitment. They pay closer attention to the development of the country and take an active part in the country's modernization drive as well as public welfare activities, such as poverty alleviation, education and protection of the rights of women and children. When the mainland suffered major natural disasters, the Hong Kong compatriots extended generous and active support for the rescue and relief work and post-disaster reconstruction. These fully demonstrate the strong ties of blood and affection between the people on the mainland and the Hong Kong compatriots.

The central government will continue to support the HKSAR government in forming a closer working relationship with relevant government departments at both the central and local levels, support the Hong Kong compatriots in having more exchanges with people on the mainland, and support Hong Kong in playing its unique role in the country's endeavor of comprehensive reform and opening up. The central government encourages Hong Kong to carry out broader and deeper exchanges and cooperation with the mainland, and make concerted efforts with the mainland to build the common home of the Chinese nation.

## **Conclusion**

The implementation of the principle of "one country, two systems" in the HKSAR has achieved widely recognized success. This fully proves that "one country, two systems" is not only the best solution to the Hong Kong question left over from history but also the best institutional arrangement for the long-term prosperity and stability of Hong Kong after its return to the motherland. Firmly advancing the cause of "one country, two systems" is the common wish of all the Chinese people, the Hong Kong compatriots included, and is in the fundamental interests of the country and people, the general and long-term interests of Hong Kong and the interests of foreign investors.

The endeavor to further the practice of "one country, two systems" requires both a comprehensive and accurate understanding and implementation of the policy to ensure that the practice moves forward on the right track and proactive and effective response to the difficulties and challenges confronting Hong Kong in its development. In the face of profound adjustments and changes in the economic environment both within and outside the region, Hong Kong needs to continuously enhance its competitiveness. Some deep-seated problems that have built up over a long period of time are becoming more conspicuous and need to be solved by pooling the efforts of all sectors. The deepening exchanges and cooperation between the HKSAR and the mainland call for better communication and coordination, and the concerns of the people should be properly addressed. Meanwhile, it is necessary to stay alert to the attempt of outside forces to use Hong Kong to interfere in China's domestic affairs, and prevent and repel the attempt made by a very small number of people who act in collusion with outside forces to interfere with the implementation of "one country, two systems" in Hong Kong. A proper handling of these issues and further implementation of "one country, two systems" in Hong Kong will further demonstrate the strong vitality of the policy of "one country, two systems."

Now, people all over the country are working hard with full confidence towards the "two centenary goals" - to complete the building of a moderately prosperous society in all respects when the Communist Party of China celebrates its centenary in 2021, and to turn China into a modern socialist country that is prosperous, strong, democratic, culturally advanced and harmonious when the PRC marks its centenary in 2049 - as well as the Chinese dream of the great rejuvenation of the Chinese nation. Continuously enriching and developing the practice of "one country, two systems"

in the HKSAR and maintaining long-term prosperity and stability in the region are integral part of the Chinese dream. It is also a necessary requirement for improving and developing socialism with Chinese characteristics and promoting the modernization of the national governance system and governing capability. The central government will continue to work with the HKSAR government and the Hong Kong compatriots to fully and faithfully implement the principle of "one country, two systems" and the Basic Law, so as to further the development of all undertakings in Hong Kong. We are convinced that the HKSAR will advance steadily forward under the principle of "one country, two systems" and the Basic Law, and work hand in hand with the mainland toward a better future for the Chinese nation.

## **Appendix**

### **I. Statistics of Hong Kong's Economic and Social Development**

1. The Gross Regional Product (GRP) of Hong Kong rose from HK\$1.37 trillion in 1997 to HK\$2.12 trillion in 2013, an average annual growth rate of 3.4 percent.
2. The fiscal reserves of the HKSAR government had increased by 65.2 percent from HK\$457.5 billion at the end of 1997 to HK\$755.7 billion at the end of March 2014.
3. Hong Kong's foreign exchange reserves had grown by 3.35 times from US\$92.8 billion at the end of 1997 to US\$311.2 billion by the end of 2013.
4. According to the 2013 statistics released by the International Monetary Fund (IMF), Hong Kong's GRP and per-capita GRP respectively ranked 35th and 7th in the world, as calculated by purchasing power parity (PPP).
5. As Hong Kong is a leading international banking center, 73 of the world's top 100 banks operate in Hong Kong.
6. As Asia's second-largest and the world's sixth-largest securities market, Hong Kong recorded a market capitalization of HK\$24.04 trillion by the end of 2013. IPO funds raised by the Hong Kong Stock Exchange in 2013 totaled HK\$166.5 billion, making Hong Kong the second-largest IPO market in the world.
7. Hong Kong's foreign exchange market scored an average daily turnover of US\$274.6 billion in 2013, making it the fifth-largest foreign exchange market in the world.
8. According to the 2012 Financial Development Report released by the World Economic Forum in October 2012, Hong Kong's financial development index ranked top worldwide. Hong Kong ranked third in the Global Financial Centres Index published by the City of London Corporation in September 2013.
9. As the world's ninth-largest trading economy, Hong Kong is home to approximately 100,000 import and export companies, which trade with almost every country and region in the world.
10. Hong Kong's external merchandise trade grew by a factor of 2.48 from HK\$3.07 trillion in 1997 to HK\$7.62 trillion in 2013.
11. Hong Kong is one of the largest recipients of foreign direct investment (FDI). The World Investment Report 2013 released by the United Nations Conference on Trade and Development (UNCTAD) shows that Hong Kong is the world's third-largest recipient of FDI. By the end of 2013, the total number of overseas companies registered in Hong Kong reached 9,258, an 83 percent increase over 1997. By June 2013, 1,379 foreign-funded companies in Hong Kong served as

regional headquarters and 2,456 foreign representative offices served as regional offices, recording 52.7 percent and 52.5 percent increase respectively over that at the end of 1997.

12. As one of the largest container ports in the world, Hong Kong handled 22,288,000 ISO containers in 2013, 52.9 percent higher than in 1997.

13. Hong Kong is the world's fourth-largest ship registry. By the end of 2013, Hong Kong-registered ships numbered 2,327, totaling 86.43 million dwt.

14. The Hong Kong International Airport, from which more than 100 airlines operate flights, is the world's fifth-busiest passenger airport and has the world's most active air cargo operation. Its passenger traffic and cargo throughput in 2013 were 2.18 times and 2.53 times the 1998 figures, respectively.

15. Hong Kong ranked third among over 660 international port cities or regions in the 2013 Global International Shipping Center Index.

16. The HKSAR government's 2014-2015 budget recurrent expenditure on education is HK\$67.13 billion, 21.8 percent of the government's total recurrent expenditure. The budget for expenditure on education is HK\$75.37 billion, accounting for as high as 18.3 percent of the government's total expenditure budget and ranking first in all budget expenditure items. Hong Kong has been providing 12-year free education through public schools starting from the 2008/09 school year.

17. Since Hong Kong returned to China in 1997, institutions of higher learning that award local degrees have increased from 12 to 17, of which eight are funded by the government. The University of Hong Kong and the Hong Kong University of Science and Technology were among the top 10 in the Asia University Rankings released by Times Higher Education in 2013. The University of Hong Kong was ranked 43rd in the Times Higher Education World University Rankings 2013/14.

18. From the second quarter of 2000 to the third quarter of 2013, the percentage of people with post-secondary education in the entire employed population rose from 23.7 percent to 35.1 percent, and the percentage of those with higher education in the employed population increased from 14.5 percent to 26 percent. Hong Kong students remained high in the 2012 rankings of the Programme for International Student Assessment (PISA). Hong Kong ranked third in the Global Index of Cognitive Skills and Educational Attainment published by education company Pearson in 2012.

19. In the 2014/15 fiscal year, the HKSAR government's budget expenditure on medical and health care reaches HK\$52.4 billion, accounting for 17 percent of the government's recurrent expenditure.

20. By the end of 2012, all types of health facilities in Hong Kong had a total of 35,500 beds. Public medical facilities with 90 percent of their funding coming from the government comprise 38 public hospitals, 48 specialist clinics and 73 general out-patient clinics, with 64,000 employees and 27,000 beds. They provide 90 percent of the in-patient services and 30 percent of the out-patient services of Hong Kong.

21. Hong Kong's infant mortality rate, dropping to 1.6 per thousand in 2013 from 4 per thousand in 1997, is one of the lowest in the world. Hong Kong also enjoys one of the highest life expectancies in the world - 80.9 for men and 86.6 for women.

22. By June 2013, Hong Kong had, as a member of a Chinese government delegation or in other appropriate capacities, participated in activities of 41 international inter-governmental organizations limited to states. Among these organizations were the International Monetary Fund, World Bank, International Civil Aviation Organization, Food and Agriculture Organization of the United Nations, and International Criminal Police Organization. Hong Kong joined 37 international inter-governmental organizations not limited to states, including the World Trade Organization,



Asia-Pacific Economic Cooperation and World Meteorological Organization. Hong Kong had attended over 1,400 international conferences as a member of Chinese government delegations or in other appropriate capacities and over 20,000 international conferences not limited to states under the name of Hong Kong, China.

23. Each year, the HKSAR hosts an average of over 100 visits by foreign senior government officials and influential personages of academic circles and think tanks from all over the world. Many heads of state and heads of government have paid visits to or attended international conferences in Hong Kong. Hong Kong has hosted or co-hosted over 1,000 international conferences, such as the annual meetings of the World Bank Group and IMF, the Sixth WTO Ministerial Meeting, Telecom World of the International Telecommunication Union, Diplomatic Conference of the International Maritime Organization, Asian Regional Workshop of the World Intellectual Property Organization, and Asian-Pacific Postal Union Executive Council Meeting.

24. The HKSAR has signed visa waiver agreements with 42 countries, and 150 countries and regions have provided visa-free entry or visa upon arrival for HKSAR passport holders.

25. The HKSAR has signed civil air services agreements and civil air services transit agreements with 67 countries, double taxation avoidance agreements with 35 countries and regions, investment promotion and protection agreements with 17 countries, legal assistance in criminal matters agreements with 30 countries, transfer of fugitives agreements with 19 countries, and transfer of sentenced persons agreements with 13 countries.

26. The HKSAR government has established 11 economic and trade offices in Geneva, Brussels, London, Toronto, Tokyo, Singapore, Sydney, Washington D.C., New York, San Francisco and Berlin to promote Hong Kong's economic, trade, investment and public relations with relevant countries and regions.

27. There are 66 foreign consulates-general and 73 honorary consuls in Hong Kong. The European Commission, Bank for International Settlements, IMF, UN High Commissioner for Refugees, International Finance Corporation, and Hague Conference on Private International Law have offices in Hong Kong.

## II. Statistics of Exchanges and Cooperation Between the Mainland and Hong Kong

1. The mainland is the largest trading partner of Hong Kong. According to Hong Kong statistics, in 2013 the trade volume between Hong Kong and the mainland reached HK\$3.8913 trillion, 3.49 times over 1997 and accounting for 51.1 percent of Hong Kong's external trade.

2. Hong Kong is the most important trading partner of the mainland and one of the mainland's major export markets. According to the data from the General Administration of Customs, the mainland's exports to Hong Kong in 2013 totaled US\$384.79 billion, constituting 17.4 percent of the mainland's total exports.

3. The mainland is the largest source of overseas direct investment for Hong Kong. By the end of 2013, direct investment from the mainland to Hong Kong had exceeded US\$358.8 billion, accounting for nearly 60 percent of the mainland's total outbound direct investment.

4. Hong Kong is also the mainland's largest source of overseas direct investment. According to the data from the Ministry of Commerce, the mainland had approved nearly 360,000 projects with Hong Kong investment by the end of 2013, with US\$665.67 billion paid-in investment, accounting for 47.7 percent of the total overseas investment in the mainland. Hong Kong is the largest recipient of the mainland's overseas investment as well as the mainland's largest financing center. By the end of 2013, the mainland's non-financial direct investment in Hong Kong had reached US\$338.669

billion, taking up 59 percent of the mainland's total outbound non-financial direct investment.

5. By the end of 2013, the number of mainland enterprises listed in Hong Kong had reached 797, accounting for 48.5 percent of the total number of companies listed in Hong Kong. Their total market value had reached HK\$13.7 trillion, accounting for 56.9 percent of the total value of the Hong Kong stock market.

6. By the end of 2013, RMB deposits and depository receipts in Hong Kong amounted to RMB1.05 trillion, an increase of 46 percent over 2012. RMB loans totaled RMB15.6 billion, and outstanding RMB bonds totaled RMB310 billion.

7. The Mainland/Hong Kong Science and Technology Co-operation Committee has, with the support of institutions of higher learning, research institutes and Hong Kong Science and Technology Parks, established 16 Partner State Key Laboratories, one Hong Kong branch of the Chinese National Engineering Research Center, and two National High-tech Industrialization Bases in Hong Kong. The Committee supports Hong Kong's institutions of higher learning in setting up research institutes in Shenzhen, Hong Kong's neighboring city on the mainland, and encourages Hong Kong's participation in key national science and technology programs.

8. Since 2010, four projects under the national 973 Program have been undertaken by Hong Kong's science and technology professionals and institutes, and have received total research and development funding of RMB160 million.

9. China's Chang'e-3 lunar lander and its Yutu rover landed on the moon in December 2013. The camera pointing system on Yutu was developed by experts from the Hong Kong Polytechnic University.

10. By the end of 2013, the number of academicians of the Chinese Academy of Sciences and the Chinese Academy of Engineering from Hong Kong had reached 39, including foreign nationals. In addition, 88 Hong Kong scientists had won 44 state science and technology awards, including the State Natural Science Award, State Scientific and Technological Progress Award and State Technological Invention Award.

11. Mainland students studying at institutions of higher learning in Hong Kong numbered 22,000 in the 2012/13 academic year. By October 2013, the number of Hong Kong students studying at institutions of higher learning in the mainland topped 14,000.

12. The University of Hong Kong, the Chinese University of Hong Kong, Hong Kong Polytechnic University, Hong Kong Baptist University and City University of Hong Kong have worked with mainland universities in jointly holding academic programs and running institutions of higher learning. Universities in cities and provinces of Guangdong, Beijing, Shanghai, Zhejiang, and Fujian on the mainland have established over 400 pairs of sister-school partnerships with Hong Kong universities.

13. In 2009, Yueju opera, jointly nominated by Hong Kong, Macau and Guangdong Province, was officially inscribed on UNESCO's Representative List of the Intangible Cultural Heritage of Humanity.

14. In September 2011, with the support of the central government, Hong Kong Global Geopark was listed by UNESCO as part of its Global Geoparks Network.

15. Since the mainland and Hong Kong signed the Closer Economic Partnership Arrangement (CEPA) in 2003, Hong Kong and the mainland have worked together in producing 322 films, accounting for 70 percent of mainland's total in such area. Moreover, 61 of the 322 co-productions topped RMB100 million each in box office receipts.

