

"One country, two systems"

Overview

Since the establishment of the Hong Kong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) on July 1, 1997, "one country, two systems" has been the bedrock of Hong Kong's stability and continued success. The Basic Law, a constitutional document and a national law of China, is the legal foundation for the establishment of the HKSAR under Article 31 of the PRC Constitution and the "one country, two systems" principle. Under "one country, two systems", Hong Kong exercises a high degree of autonomy while preserving its own economic and social systems and common law system. Since 1997, the HKSAR has continued to prosper and thrive as an international financial and trading centre and Asia's world city.

Speaking at the celebration of the 25th anniversary of the establishment of the HKSAR in 2022, **President Xi Jinping reiterated to the world that "one country, two systems" is not going to change.** President Xi said: "one country, two systems" serves the fundamental interests of not only Hong Kong and Macao, but also the whole country and the nation. It has gained wide support from the 1.4 billion-plus Chinese people including the residents of Hong Kong and Macao. It is also widely accepted by the international community. "There is no reason for us to change such a good policy, and we must adhere to it in the long run."

Successful Implementation of "One Country, Two Systems"

- Hong Kong is a Special Administrative Region of the PRC.
- Hong Kong's capitalist system, free economy and trusted legal system provide the foundation for economic development and social progress.
- Hong Kong residents continue to enjoy freedom of speech, assembly, procession, information, press and religious belief.
- HKSAR passport holders enjoy visa-free or visa-on-arrival access to 178 countries and territories.
- Hong Kong's legal system is separate from the legal system in the Chinese Mainland. The continuation of the common law system in Hong Kong is protected by the Basic Law.
- Hong Kong maintains its own laws, its own courts exercising judicial power independently, and its own legal profession.
- Hong Kong is a free port and a separate customs territory, exercises its own immigration control and maintains a separate police force as well as other law enforcement agencies.

Participation in International Organisations

- Hong Kong continues to actively participate, as a separate member, in relevant international organisations such as the World Trade Organization, the World Customs Organization and the Asia-Pacific Economic Cooperation using the name "Hong Kong, China". The HKSAR may also participate as a separate team under the name "Hong Kong, China" at international events such as the Olympic Games.
- Over 260 multilateral international conventions apply to Hong Kong, while there are more than 260 binding bilateral agreements between Hong Kong and other jurisdictions. Major topics of these agreements are air services, investment promotion and protection, surrender of fugitive offenders,

mutual legal assistance in criminal matters, transfer of sentenced persons, avoidance of double taxation and tax information exchange.

Closer Connections with the Chinese Mainland

- Since 1997, much closer connections and deeper exchanges have been forged with the Chinese Mainland in trade, commerce and finance, as well as infrastructure, innovation and technology, education, art and culture, environmental protection, tourism and public health.
- Economic integration with the Chinese Mainland has become entrenched, as Hong Kong plays to its strengths to assist national development and expand its own economic footprint and potential in the Chinese Mainland and globally.
- The Chinese Mainland and Hong Kong signed the “Mainland and Hong Kong Closer Economic Partnership Arrangement” (CEPA) in June 2003 to foster progressive market liberalisation as well as facilitate trade and investment. CEPA applies a zero tariff on goods of Hong Kong origin entering the Chinese Mainland, and basically achieves liberalisation of trade in services between the two sides.
- Hong Kong plays a pivotal role in the internationalisation of the Renminbi (RMB) and the opening up of the Chinese Mainland’s financial markets and is the world’s largest offshore RMB hub.
- Hong Kong possesses the distinctive advantage of enjoying strong support of the motherland and being closely connected to the world, continuing to play its role as a “super connector” and “super value-adder”.

Under “one country, two systems”, Hong Kong has been rated:

- World’s freest economy (Canada-based Fraser Institute: Economic Freedom of the World 2025 Annual Report)
- World No.2 and Asia-Pacific No.2 for competitiveness (International Institute for Management Development (IMD): World Competitiveness Yearbook 2026)
- World No.3 and Asia-Pacific No.1 global financial centre (UK-based Z/Yen and China Development Institute from Shenzhen: Global Financial Centres Index released in March 2026)
- World No.2 for Initial Public Offering (IPO) funds raised in the first half year of 2026¹ (US\$26.86 billion)
- World’s 7th largest and Asia’s 4th largest stock market by market capitalisation among exchanges at end-May 2026 (around US\$6,006 billion)
- Asia-Pacific No.2 and World No.4 for digital competitiveness (IMD: World Digital Competitiveness Ranking 2025)

Under “one country, two systems”, Hong Kong remains:

- A global business and financial hub with 11,070 overseas and Chinese Mainland companies operating in the city.
- A major publishing hub in Asia – 89 daily newspapers and 321 periodicals are published in Hong Kong, which is also a regional base for international media.
- Asia’s world city – welcoming people from all over the world to work, live and study in one of the world’s freest economies and a global nexus for international finance, trade, aviation, shipping, logistics, arts, culture and creativity.

¹ Funds raised exclude fundraising by listing of special purpose acquisition companies.

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