

# The Industrial, Commercial and Professional Sectors and the Basic Law





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Note : The full names of “Basic Law” and “Hong Kong National Security Law” mentioned in this booklet are “The Basic Law of the Hong Kong Special Administrative Region of the People’s Republic of China” and “The Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region” respectively.



# Foreword

Convenor of the Working Group on Industrial, Commercial and Professional Sectors, Basic Law Promotion Steering Committee

With the reform and opening up of the country in the past forty or so years, Hong Kong’s economy has gained extraordinary momentum and been brought to new heights. Since China’s resumption of the exercise of sovereignty over Hong Kong, the Basic Law has been implemented in the Hong Kong Special Administrative Region for over 24 years. Hong Kong has further advanced its social and economic development by leveraging the unique advantages of “one country, two systems”. Looking forward, the Guangdong-Hong Kong-Macao Greater Bay Area is developing rapidly. With enhancements in systems and infrastructure, the flow of people, goods, capital, and information within the region will be further facilitated. Furthermore, the Mainland and Hong Kong will become more integrated in terms of economic and livelihood matters, resulting in greater synergy in development.

Having served on the Basic Law Promotion Steering Committee (BLPSC) for many years, I fully recognise that since the industrial, commercial and professional sectors have first-hand experience in enjoying the significant benefits brought about by the Basic Law and “one country, two systems”, they are in a better position to understand the current development of our country and the opportunities that it can bring to Hong Kong. We can see that there are management executives commuting from Hong Kong to Shenzhen by car every day. There are also Hong Kong citizens residing in the Mainland. They take public transport to return to their homes in Shenzhen conveniently after finishing their work in Hong Kong. Hong Kong’s industrial, commercial and professional sectors have been integrating into the overall development of the country, and enjoying the fruits of the country’s high-quality development. In turn, we should strive ahead and contribute towards the further development of our country by making good use of our expertise and skills.

The Hong Kong National Security Law has been implemented for more than one year and the city’s stability has been restored. It is conducive to maintaining a favourable environment for business and investment in Hong Kong. There are claims that the implementation of the Hong Kong National Security Law may affect the



Mr Lau Ping-cheung



Hong Kong and the Mainland are closely connected  
with well-developed transportation networks



confidence of international investors. However, facts and figures are the strongest rebuttal. We have not seen any hesitation from European and American enterprises in expanding their investment in Hong Kong. Capital flow into Hong Kong has continued, and large multinational corporations have hired more staff in Hong Kong and the Mainland with a view to expanding their business in the Greater China region. With China adopting further opening up policies, is there any place better than Hong Kong for gaining access to the Mainland market?

With reference to the overseas practices, there are a greater number of and more stringent national security laws put in place by European countries and the United States than that of Hong Kong. The Basic Law protects the freedoms and rights of the citizens. Its baseline is no different from any other countries in the world: nothing is above national security and public interest, separation and secession attempts must be prohibited, and terrorism and collusion with foreign powers must be squashed.

In a focused and “down-to-earth” manner, this booklet contains experience sharing from people in the industrial, commercial and professional with regards to their success stories in Hong Kong, the Greater Bay Area and the Mainland. By compiling this booklet, the Working Group on Industrial, Commercial and Professional Sectors (ICPWG) under the BLPSC aims to assist those who have less contact with the business sectors in the Mainland to better understand national affairs, and recognise that with the protection of the Basic Law, Hong Kong citizens and enterprises can seize the advantages and benefits of “one country, two systems” in achieving growth and development.

I encourage the industrial, commercial and professional sectors, especially the younger generation, to visit the Mainland more often for exchanges, opportunities and development. For example, they can first join the Mainland offices of Hong Kong companies. On one hand, they can experience the working environment in the Mainland under Hong Kong-style management, and on the other hand, colleagues from similar background can provide support to each other. Such experience is useful for familiarising themselves with the working culture in the Mainland, building life-long friendships with their Mainland counterparts, gaining working and living experience, and building a strong foundation upon which their career can flourish along with the country's growth.

Finally, I would like to urge colleagues in the industrial, commercial, and professional sectors to unite our efforts in striving for the well-being of the Hong Kong Special Administrative Region, and bringing the development of Hong Kong and our personal careers to new heights.

International commercial  
and financial centre



Over **9,000** Mainland and  
overseas companies

Over **3,300** start-ups



Chapter 1 - Introduction of Interviewees



Mr Jason Chan

Executive Director of Hong Kong Chamber of Commerce in Guangdong, General Manager of Chanson Asia Limited and Sun Tong Management Limited. His companies, with 300 retail outlets in the Mainland, engage in garment manufacturing and act as an agent for international apparel brands.



Mr Terence Chan

General Manager of Guangzhou Tianhe Hong Kong and Macao Youth Entrepreneurship Headquarters. Start-up entrepreneur and investor in innovative and technological ventures in the Guangdong-Hong Kong-Macao Greater Bay Area. Successfully helped over 200 start-ups established by young people from Hong Kong and Macao to enter the Mainland market.



Mr Andrew Ho

Entrepreneur and consultant in the food and beverage industry. Established several world-acclaimed bars in Guangdong. Consultant for international brands by sharing his successful experience in the Mainland and assisting in the formulation of marketing strategies.



Mr Amirali Nasir

Vice-president of the Law Society of Hong Kong. Settled in Hong Kong to develop his career since 1989 and witnessed the establishment of the Hong Kong Special Administrative Region in 1997. A solicitor admitted in Hong Kong, England and Wales, Notary Public and the founder of Nasirs© Solicitors.



Mr Paul Starr

Partner of King & Wood Mallesons. Practice Team Leader in Hong Kong for Construction and Dispute Resolution, and joint coordinator of the law firm's worldwide arbitration practice. Cited by Euromoney as a world leader in litigation and named asialaw's Hong Kong Disputes Star of the Year.



Mr Nury Vittachi

Award-winning journalist and Hong Kong-based author. Has held senior editorial positions at the Far Eastern Economic Review and the South China Morning Post. Author of more than 50 books, ranging from non-fiction works to novels to stories for children.



## Chapter 2 - Views on the Basic Law, “One Country, Two Systems” and the Hong Kong National Security Law



Among the largest 100 banks in the world  
Over **70** have a presence in Hong Kong

In 2020, Hong Kong ranked 3rd and 4th in global foreign direct investment inflows and outflows respectively



### Mr Jason Chan

With the backing from our country and the “one country, two systems” principle, Hong Kong possesses unique advantages that are envied by the world. Hong Kong is the best platform for global businesses. By facilitating foreign investment into the promising China market, Hong Kong contributes to the country's advancement and creates employment and entrepreneurial opportunities for Hong Kong citizens, resulting in a win-win situation.

Social stability is crucial to Hong Kong's development. After the implementation of the Hong Kong National Security Law, social unrest has declined significantly and people's lives have gradually regained stability. The end of violence has also restored the confidence of international investors which benefits all in Hong Kong.

### Mr Terence Chan

People who care about Hong Kong must uphold the rule of law as a core value in Hong Kong and cherish the unique advantages and status conferred on us by the Basic Law and the “one country, two systems” principle. With an internationally trusted tax and legal system as well as our global perspectives, Hong Kong is well positioned to be the “super-connector” driving economic advancement of our country and our own.

When the fast-growing Mainland market was bringing Hong Kong's development into full steam, our society descended into chaos in 2019, resulting in a loss of confidence of multinational and local enterprises in Hong Kong's stability and business environment. Not only did it deal a heavy blow to our economic development, it also impacted on the rule of law in Hong Kong which we pride on. Fortunately, the implementation of the Hong Kong National Security Law has restored peace and stability to the society as well as the international community's confidence in Hong Kong. The Hong Kong National Security Law is the anchor and comfort for our society and the business sectors.







## Mr Andrew Ho

The implementation of “one country, two systems” has created a win-win situation for both Hong Kong and the Mainland. To accelerate development and internationalisation, our country has a strong need for talents with global perspectives to participate in its economic development. The “one country, two systems” principle obviates the complicated visa procedures in order for Hong Kong talents and professionals to provide services in both the Mainland and Hong Kong. Apart from contributing to our country’s economic development, they can have more opportunities for career development.

Besides, as an international logistics hub with good sourcing networks and low tax rates, Hong Kong has access to goods of a wider range and lower prices, offering more choices to the Mainland consumers and bringing bigger opportunities for the enterprises.

As a Hong Kong citizen, I witnessed the implementation of the Hong Kong National Security Law restore stability in Hong Kong and put an end to law-breaking acts. With the return of peace and order, I consider that international investors will regain confidence in the future of Hong Kong as well as the whole China. The Hong Kong National Security Law has played a positive and proactive role in restoring the confidence of Hong Kong citizens and improving the business environment. I believe that only when the community is safe and stable would private consumption resume and businesses improve.



World No. **2** business-friendly tax system\*

World No. **3** easiest place to do business#

\* PricewaterhouseCoopers LLP and the World Bank Group: Paying Taxes 2020

# World Bank: Doing Business Report 2020

## Mr Amirali Nasir

The “one country, two systems” principle has worked extremely well in Hong Kong, and the city has remained economically vibrant because of it. The legal profession is one of its beneficiaries: we now have 12,500 solicitors and barristers in Hong Kong across over 900 law firms, as well as 85 international law firms with more than 1,500 registered foreign lawyers from 33 different jurisdictions. The continued appeal of Hong Kong to expatriate practitioners is to a large extent due to the expanding Chinese market that leverages on our strength in providing services on cross-border and international legal issues.

On Hong Kong’s introduction of the Hong Kong National Security Law (NSL), as Chair of the Constitution and Human Rights Committee of the Law Society, I have attended numerous conferences related to the NSL. It seems

that there were misconceptions at the initial announcement of the NSL. Some people were also concerned about whether the NSL would disrupt the operation of commercial law in Hong Kong, or if businesses and individuals may inadvertently violate the NSL.

Countering these claims, I observe that Hong Kong’s NSL is in fact in line with international practice of safeguarding national security and that its enactment is grounded in a strong rule of law tradition. In addition, it caters to Hong Kong’s unique qualities by accommodating both civil law and common law systems, which is not an uncommon practice in our field. Upon the foundation of the Basic Law and the NSL, Hong Kong will continue to attract investment and businesses, and flourish as a highly respected professional and legal hub.



**12,500** solicitors and barristers  
in **900+** law firms  
**85** international law firms  
**1,500+** registered foreign lawyers  
from **33** jurisdictions

Hong Kong

Spe

Supporting

Association of Attorneys







Arbitral awards enforceable in over  
**160** states and regions

**483** new dispute resolution cases handled by  
Hong Kong International Arbitration Centre in 2020

Total disputed amount HK **\$51.3** billion

Hong Kong is one of the most preferred arbitral  
centres in the world.

## Mr Paul Starr

The continued success story of Hong Kong as a regional dispute resolution centre can be attributed to the “one country, two systems” principle. Under this principle, Hong Kong practices common law which provides a business friendly and predictable legal framework for investors and the international business community.

There has been a concerted effort by the Central Authorities and Hong Kong Government to ensure that our business, regulatory and legal frameworks under the “one country, two systems” principle are globally respected. Especially in the field of arbitration, Hong Kong has a significant and unique arrangement with Mainland China in terms of enforcing asset preservation measures at the start of court proceedings, which is not possible elsewhere in the world. Similarly, civil and commercial judgments can be reciprocally recognised and enforced between Mainland China and Hong Kong, which strengthens the attraction of Hong Kong courts or arbitral institutions as the chosen forum for dispute solution.

Not only does the Basic Law uphold Hong Kong’s continuation of the common law system, the recent Hong Kong National Security Law (NSL) has reinforced the solid legal and financial infrastructure of this city. I am sure that many of us here and overseas were concerned about the local situation in 2019. Therefore, with the NSL, which aims to improve the legal system and enforcement mechanisms for safeguarding national security in the HKSAR, it is important to explain to our friends all over the world the reality on the ground, that is business as usual. From my personal experience, none of our client companies has left Hong Kong, and investments have continued to flow into the city. Hence, I remain very optimistic about the future opportunities for Hong Kong.



World’s  
**No.4** for Human Development\*  
**No.8** for Safest City#  
**No.1** for Infrastructure Security#  
**No.3** for Health Security#

\*United Nations’ 2020 Human  
Development Index

# The Economist Intelligence Unit’s Safe  
Cities Index 2021



## Mr Nury Vittachi

Hong Kong is modernised, but it is also a part of the oldest civilisation in the world. The “one country, two systems” principle has worked, and will continue to work, wonderfully well in capturing the best of the East and West, granting Hong Kong the unique advantages of both philosophies. While the Hong Kong Special Administrative Region (HKSAR) functions on capitalistic mechanisms, it also flourishes within Mainland China’s socialist state. In fact, the Basic Law and “one country, two systems” principle enable Hong Kong to boast extremely competitive students, consistently positive health statistics and world-class safety ratings. Hence, I believe that citizens of Hong Kong have so much to be proud of. Hong Kong’s success as a hybrid of vast differences cannot be better symbolised by the Bauhinia, the city flower of Hong Kong, which is a hybrid plant and unique in the world.

The Hong Kong National Security Law is a necessity to ensure the long-term prosperity and stability in Hong Kong. My research shows that our laws are far more lenient and restrained than most around the world, for example the US and the UK, which both have extremely overreaching and draconian national security laws. It is perfectly reasonable that nations should not allow other parties to interfere in its internal affairs and to incite violent or illegal behaviours. So I sincerely hope, for the sake of both our national and individual wellbeing, that eventually, all of Hong Kong’s businesses and citizens will realise the benefits and necessity of safeguarding national security in the HKSAR, which will preserve stability of our city and further strengthen our legal system that is enshrined in the Basic Law.



## Chapter 3 - Experience of Starting New Business and Working in the Mainland



### Mr Jason Chan

After graduating from university, I worked for several large banks in Hong Kong. Later on, when I realised the rapid economic growth of the Mainland, its strong domestic demands as well as its staunch policy support for the development of the Guangdong-Hong Kong-Macao Greater Bay Area, I decided to devote myself to garment business. Apart from continuing my family business, I hope to create my own brand in the garment industry.

As the sales of the new brand is mainly conducted online, it is necessary to keep track of the sales volume and promptly adjust the inventory. I chose Guangzhou as the company's headquarters because of its proximity to suppliers and factories in Zhongshan and Foshan, and its sophisticated infrastructure which allows efficient distribution of goods to all parts of China. The geographic advantage of Guangzhou is very favourable for e-commerce operation. Moreover, it takes less than an hour to travel back to Hong Kong by high-speed rail, which enables me to take care of business in both places.

Under the framework

of the Basic Law and “one country, two systems”, the Central Government has formulated a comprehensive development plan to build regional synergy in the Greater Bay Area, taking into account the unique advantages of the 9+2 cities in the Area. Specific measures have been introduced by those cities to actively support the development of the Greater Bay Area. For example, the Guangzhou Municipal Government has been actively promoting MultiChannel Network (MCN) to help expand sales channels for industry, and assist traditional industries in overcoming bottlenecks and exploring innovative growth models. Also, the Youth Development Fund set up by the Hong Kong SAR Government provides targeted support to young people in Hong Kong who wish to pursue their careers in the Mainland.

Apart from policy support, Hong Kong's industrial, commercial and professional organisations regularly organise exchange programmes from time to time so that young people who would like to work in the Mainland can gain a better understanding and first-hand experience of national development and national affairs. I am responsible for youth affairs and retail services at the Hong Kong Chamber of Commerce in Guangdong (formerly known as Hong Kong Chamber of Commerce in China – Guangdong). I assist Hong Kong students studying in the Mainland in finding internships so that they can broaden their horizons and lay the foundations for career development in the Mainland after graduation.

I encourage young people in Hong Kong to visit the Mainland more often which is valuable for broadening their horizons and career development.





## Mr Terence Chan

After graduation in 2014, I set up a design company in Hong Kong. With good business networks, the business went well all along. However, there were constraints on business expansion due to the market size of Hong Kong. When I pondered my next move, the "Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" was promulgated. I decided not to miss this golden opportunity for I was determined to give full play to my business plan to explore the Mainland market.

Moving to a new and unfamiliar environment, there were certainly hurdles to be overcome. Fortunately, the government of Tianhe District in Guangzhou and my friends there offered me great help, so that I could get hold of the market situation and complete all the required procedures. Once I adapted to the market environment and business culture in the Mainland, my business started to bloom. The business volume in the Mainland for just three months had well surpassed the annual volume in Hong Kong. I have also expanded my business to cover other provinces and cities in the Mainland.

When I looked back on my career path, I fully recognised the importance of having a good business network. With that in mind, I came up with a plan to help like-minded young people in Hong Kong and Macao. My plan was well supported by many government departments in the Greater Bay Area. Under the framework of the Basic Law and the "one country, two systems" principle, many support measures are tailor-made to facilitate the youth from Hong Kong and Macao to seek employment opportunities or start their business in the Greater Bay Area. For example, the Guangzhou Tianhe Hong Kong and Macao Youth Entrepreneurship Headquarters, with support from the Guangzhou Municipal Government, was established as an NGO which provides office and residential space at an attractive rate for entrepreneurs from Hong Kong and Macao, caters for their daily needs. The Entrepreneurship Headquarters also offers assistance on company registration and financial return filing; provides business services such as



The total population in the GBA is over **86** million  
Collective GDP is about US\$ **1.7** trillion

legal advice; and actively organises industry collaboration and resources matching. All these supports enable young people from Hong Kong and Macao to integrate into a new environment smoothly and build a business network quickly.

The Hong Kong SAR Government also provides strong support for budding entrepreneurs to explore and develop the Mainland market. For example, the Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) provides funding for Hong Kong enterprises to develop their brands, upgrade and restructure their operations and promote domestic sales in the Mainland.



Within three years, Youth Entrepreneurship Headquarters



has served over **8,000** young people from Hong Kong and Macao  
has attracted over **800** young members from Hong Kong and Macao to work in the GBA  
has assisted in the setting up of over **200** start-ups by young people from Hong Kong and Macao, **8** of which have a market value of over RMB **100** million

Youth Entrepreneurship Headquarters has achieved remarkable results. Mr Han Zheng, Vice-Premier of the State Council and Head of the Leading Group for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area; Mr Edmund Ho, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference, as well as leading officials from Guangdong Province and Guangzhou City have visited our office. Mrs Carrie Lam, Chief Executive of the Hong Kong SAR, also visited us during her official visit to Guangzhou in 2018. These visits have given lots of encouragement to us.

I urge fellow young people from Hong Kong not to hold back themselves, but explore new horizons and make good use of their time.



## Mr Andrew Ho

After completing the hotel management course in Switzerland, I gained management experience by working in five-star hotels in the Mainland and Hong Kong. I considered that the development prospect in the Mainland is much better and so I made the decision to pursue my career in Guangzhou when I was still young and energetic. In Guangzhou, I started to build up my business network and pay attention to the lifestyle and spending habits of local consumers. Compared to places like Shanghai or Beijing, the high-end bar market in Guangzhou was less competitive and it made it easier for me to open my first bar. The bar I opened in Guangzhou was ranked the 15th best bar in Asia within just five years of operation, and it was rated on social media platforms as one of the "Top 10 photo spots in Guangzhou". I was delighted that the process of opening my first bar was much smoother than I expected. For example, the application for business licence application was smooth and the cost of opening the bar including renovation expenditure was much lower than that in Hong Kong. Later on, I expanded my business in Guangzhou and Shenzhen and it ran well.

My successful experience clearly demonstrates the huge potential of the Mainland market. Having a

success story, I have been invited to serve as a consultant to help international restaurants and hotels explore the high-end consumer market in China.

China is a large country. With its great market potential, business opportunities in the high-end consumer market are not limited to first-tier cities. With adaptation, similar success stories can be replicated in many second- and third-tier cities in China.

Nowadays, starting business in the Mainland is much easier. With the introduction of the "Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area", many supportive policies have been offered. Chambers of commerce have also provided a wide range of consultation and liaison services. These measures have greatly reduced the hurdles that may be encountered in starting a business, and helped young people from Hong Kong adapt more easily to the Mainland's living environment and working culture. Young people in Hong Kong should seize the opportunity and make good use of these policies and assistance.





# Chapter 4 - Experience of Living and Working in Hong Kong



## Mr Amirali Nasir

After qualifying as a lawyer in London, I came to Hong Kong to develop my career in 1989 and never looked back. Not only do I appreciate Chinese culture, I also enjoy the fact that Hong Kong is extremely tolerant of other cultures. As a Muslim family, my children go to local schools and speak fluent Cantonese, and at the same time, we have the freedom to practise our religion without interference. Sometimes, I even attend Law Society meetings in traditional clothing, and my colleagues have always shown respect to my beliefs and culture.

The Law Society is regularly invited to visit the Ministry of Justice of the People's Republic of China and the Great Hall of the People to meet different government departments that deal with law. This has given me a great advantage in speaking with policymakers, whom I find very open and receptive to progressive ideas, such

as adopting international systems in commercial law, shipping law, intellectual property etc. Similarly, for our overseas business trips, the support from the Chinese authorities, Hong Kong Trade Development Council and the Hong Kong Economic and Trade Offices (ETOs) is immensely helpful.

Being actively involved in projects on the Belt and Road Initiative, I learned first-hand that most foreign and the Mainland Chinese companies prefer to conduct business using the Hong Kong legal system. As their individual systems may not always be compatible, they place their trust in using Hong Kong as a legal and financial medium to carry out commercial transactions. This international confidence is a testament to Hong Kong's open and stable market, and ensures that there are ample opportunities in Hong Kong and the Greater Bay Area.



5 ETOs  
11 liaison units in the mainland

- Strengthen communication and liaison with the Mainland
- Enhance trade and commercial relations with provinces and municipalities
- Foster exchange and co-operation
- Facilitate investment
- Promote Hong Kong, and provide better support to Hong Kong residents and enterprises







## Mr Nury Vittachi

Working in journalism for more than 30 years, I feel that the press enjoys much more freedom than before. Back in the 1990s, I recall my work being heavily edited, and that I was sacked several times over my published opinions. In contrast, in today's society, I have more editorial freedom in making socio-political observations, and even expressing constructive criticism of government policies.

Recently, I started an online project aiming to set the record straight for Hong Kong, and to counterbalance some of the critical voices and misinformation that perpetuate social media platforms. We publish daily on a wide variety of topics, including light-hearted discussion on traditional and modern cultural influences as well as in-depth investigative pieces in written or video format, in order to provide independent and comprehensive content for both local and international consumption. Ultimately, we hope to offer a balanced account that combats certain biases commonly seen on some media narratives

and to support the growth of professional investigative journalism in Hong Kong.

As a journalist, I always base my observations on statistics and facts. Contrary to the claims of naysayers, Hong Kong is in fact faring extremely well: international investments continue to pour in, bank deposits are increasing, more companies are listing here than anywhere in the world, the property market is booming, and the Hong Kong dollar is stronger than ever before. I remember that during the 1990s, many publications were concerned over the future of Hong Kong post-1997. However, I personally witnessed that these concerns did not come to materialisation. Therefore, it is interesting to see similarly unsubstantiated statements appear again in the media in recent years, citing unease over the newly promulgated Hong Kong National Security Law. Just as before, I am confident that Hong Kong will navigate these new changes successfully and remain a place for business and citizens to thrive. I have even gone so far to

invest in the property market lately, which is a clear testimony of my love of and commitment to this city I call home.

## Mr Paul Starr

Over the three decades that I have been living and working in Hong Kong, the city has become more cosmopolitan and as business transactions flourished, so has the work in dispute resolution and arbitration.

As a construction practitioner and disputes lawyer, there are many reasons clients choose to do business in Hong Kong. We offer a great variety of professional consultants, including lawyers, accountants and infrastructure specialists, who can work in collaboration on projects in a holistic way. Also, Hong Kong is a cost-effective and efficient deal-making hub in the region that clients can easily access from

the Belt and Road countries and the Greater Bay Area. These advantages are particularly appealing for potential clients who seek a reliable service delivery in an environment conducive to international business and finance.

For companies originating from countries that practise civil law, they are confident to establish offices in Hong Kong as they believe in the quality of our judiciary and legal system, with an independent judiciary and ample precedents. Personally, my firm has also benefited from working on cross-border business transactions with support of our international expert network.



over **90** daily newspapers  
**500** periodicals

Hong Kong is a major publishing hub in Asia





## Chapter 5 - Questions and Answers on the Hong Kong National Security Law

### Will the Hong Kong National Security Law affect Hong Kong's status as a separate customs territory and its economic ties with foreign economies?

- Relations between Hong Kong and our global trading partners are based on Hong Kong's unique status under "one country, two systems" conferred upon by the Basic Law.
- Hong Kong's status as a separate customs territory, enshrined in Article 116 of the Basic Law, is assured by the World Trade Organization. Hong Kong's status of participation in international organisations as a separate member using the name "Hong Kong, China" cannot be arbitrarily taken away.
- The Hong Kong National Security Law aims to effectively prevent, suppress and impose punishment for any act or activity endangering national security. It will not affect overseas investors running business legally in Hong Kong nor the city's status as a separate customs territory as well as its economic ties with foreign economies.
- With the Hong Kong National Security Law in place, Hong Kong will maintain a favourable environment for business and investment, and continue to explore economic and trade co-operation with other countries and regions extensively.



Hong Kong is a founding member of the World Trade Organization, and has signed with other economies:

- 8 Free Trade Agreements
- 22 Investment Promotion and Protection Agreements
- 45 Comprehensive Avoidance of Double Taxation Agreements/Arrangements

### Will the Hong Kong National Security Law undermine Hong Kong's economy or market edge?

Many countries in the world such as Singapore, the United Kingdom and the United States have implemented their national security laws for many years. They have not lost their edge as a result of the implementation of their national security laws. For instance, in the United States, many bodies including the Federal Government, the Congress, enforcement agencies, judicial authorities, state governments, local governments and so on work together in order to maintain national security. Such complex structure has not affected companies from all around the world to carry out trading and commercial activities in the United States. Singapore has also implemented her National Security Law for many years and is still an international financial centre. Therefore, Hong Kong will not lose its market edge due to the implementation of the Hong Kong National Security Law.

Since the implementation of the Hong Kong National Security Law from 30 June 2020, the Linked Exchange Rate System has continued to work well. In addition, Hong Kong's GDP has ended six consecutive quarters of decline. As at end-June 2021, total deposits in the Hong Kong banking system amounted to over HK\$15 trillion, up by almost 8% when compared with end-June 2020.



exceeded **HK\$300** billion

The amount of funds flowing into the Hong Kong dollar system from the implementation of Hong Kong National Security Law in July 2020 to October 2020

over end-June 2020



**+8%**

Total deposits in the Hong Kong banking system as at end-June 2021

over the end of 2019



**+20%**

The net asset value of funds management at the end of 2020

These figures reflect that the Hong Kong National Security Law has not eroded investors' confidence in Hong Kong. Instead, they are more confident of Hong Kong's financial prospect. It can be seen that the implementation of the Hong Kong National Security Law will not undermine Hong Kong's position as an international financial hub.



# Conclusion

The implementation of the Hong Kong National Security Law plays a key role in maintaining a favourable environment for business and investment, and reinforcing the city's strengths and competitiveness as an international financial and business centre. In the past year, the SAR Government has communicated with various chambers of commerce and has organised many activities to promote the Constitution, the Basic Law and the Hong Kong National Security Law. It is hoped that the public, investors and the international community get to know more about the actual content of the Hong Kong National Security Law so that doubts or misunderstandings will be dispelled.

For more information about the Hong Kong National Security Law, please visit the Virtual Exhibition of the Hong Kong National Security Law.

This booklet is compiled by the Working Group on Industrial, Commercial and Professional Sectors under the Basic Law Promotion Steering Committee

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基本法推廣督導委員會工商專業界工作小組

Working Group on Industrial, Commercial and Professional Sectors  
under the Basic Law Promotion Steering Committee

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