



**THE SIX-MONTHLY REPORT ON HONG KONG
1 JULY TO 31 DECEMBER 2013**

Deposited in Parliament by the Secretary of State for Foreign and
Commonwealth Affairs

February 2014

FOREWORD

This is the 34th in a series of reports to Parliament on the implementation of the Sino-British Joint Declaration on the Question of Hong Kong. It covers the period from 1 July to 31 December 2013.

During the reporting period the bilateral links between the UK and Hong Kong went from strength to strength. The depth of our exchanges is a reflection of the continuing importance of Hong Kong and the UK to each other. I look forward to deepening our relationship further in the year ahead as we approach the 30th anniversary of the signing of the Joint Declaration.

Britain's commitment to Hong Kong remains as strong as ever. As a signatory of the Sino-British Joint Declaration and a country with many ties to Hong Kong in the field of trade, economy, culture and education, it is vital to us that Hong Kong continues to prosper. Hong Kong's success is underpinned by its autonomy, rights and freedoms which are guaranteed by the Joint Declaration. I believe that the best way to preserve Hong Kong's strengths is through a transition to universal suffrage which meets the aspirations of the people of Hong Kong.

During the reporting period, the Chinese government and the Hong Kong Special Administrative Region (SAR) government have reaffirmed their commitment to promoting the democratic development of Hong Kong, and to taking forward the constitutional development of Hong Kong towards the ultimate aim of universal suffrage. Significant developments included the establishment of a high level Constitutional Reform Task Force led by Chief Secretary Carrie Lam and the launch of a public consultation on methods for selecting the next Chief Executive in 2017 and the Legislative Council in 2016. I welcome reports that a broad range of groups and individuals are engaging in the consultation, and the clear commitment in the consultation document that: the electoral procedures should be '*conducive to maintaining an open, fair and honest electoral system*'.

Of course, the ultimate shape of the constitutional reform package will be for the people of Hong Kong, and the governments of Hong Kong and China to decide, in line with the Basic Law and the decisions made by the Standing Committee of the National People's Congress (NPCSC). There is no perfect model, but the important thing is that the people of Hong Kong have a genuine choice and feel that they have a real stake in the outcome. I believe that this is essential to Hong Kong's future stability and prosperity, and will provide continued confidence in Hong Kong as a world class trade and investment destination.

Rt Hon William Hague MP
Foreign Secretary

INTRODUCTION

This series of Six Monthly Reports reflects the British government's continuing interest in developments in Hong Kong and our commitment to the faithful implementation of the Sino-British Joint Declaration on Hong Kong. In this, the Chinese government undertook that the Hong Kong Special Administrative Region (SAR) would enjoy a high degree of autonomy, except in foreign and defence affairs, and that the continuation of Hong Kong's social and economic systems, lifestyles, rights and freedoms would be guaranteed.

CONSTITUTIONAL DEVELOPMENTS

In our last report, we noted that constitutional reform was a key theme for Hong Kong during the first half of 2013. This continued in this reporting period with a number of significant developments. Most noteworthy was the launch of a long-awaited five-month public consultation on the methods for selecting the Chief Executive in 2017 and for forming the Legislative Council (LegCo) in 2016. Prior to publishing the consultation document, the Hong Kong SAR government established a Constitutional Development Task Force comprising Chief Secretary Carrie Lam, Secretary for Justice Rimsky Yuen and Secretary for Constitutional and Mainland Affairs Raymond Tam.

In launching the consultation document, the Chief Secretary stressed that Hong Kong must adhere to the four major principles on constitutional development stipulated in the Basic Law: meeting the interests of different sectors of society, facilitating the development of the capitalist economy, gradual and orderly progress, and appropriate to the actual situation in the Hong Kong SAR.

The Chinese government reinforced the principles outlined by the Chief Secretary. On 17 December, President Xi Jinping said that Hong Kong people should "hold discussions in a pragmatic manner, based on the Basic Law and National People's Congress Standing Committee's decisions, and forge consensus" to elect their Chief Executive by universal suffrage in 2017.

On the methods for selecting the Chief Executive and forming LegCo, the consultation document served as a reminder that any amendments to the existing methods must follow the “five-step process” in accordance with the Basic Law (Articles 45 and 68 respectively) and the interpretation of the NPCSC decision in 2004.

Five-step process

First step: the Chief Executive to make a report to the NPCSC, so as to invite the NPCSC to decide whether it is necessary to amend the method of selection/formation.

Second step: the NPCSC to make a determination on whether any amendment to the method of selection/formation may be made.

Third step: if the NPCSC determines that amendments to the method of selection/formation may be made, the Hong Kong SAR government to introduce to LegCo a resolution on the amendments to the method for selecting the Chief Executive/method for forming LegCo, to be passed by a two-thirds majority of all LegCo members.

Fourth step: the Chief Executive to consent to the resolution as passed by LegCo.

Fifth step: the Chief Executive to lodge the relevant bill to the NPCSC for approval or for the record.

Election of the Chief Executive

Article 45 of the Basic Law outlines the three main steps for selecting the Chief Executive by universal suffrage, namely “nomination”, “selection by universal suffrage” and “appointment”.

Article 45 of the Basic Law

The Chief Executive of the Hong Kong SAR shall be selected by election or through consultations held locally and be appointed by the Central People’s government. The ultimate aim is the selection of the Chief Executive by universal suffrage upon nomination by a broadly representative nominating committee in accordance with democratic procedures.

The consultation document identified seven key issues relating to the method for selecting the Chief Executive upon which the Hong Kong SAR government sought views. These were:

1. the size and composition of the Nominating Committee;
2. the electorate base of the Nominating Committee;
3. the method for forming the Nominating Committee;
4. the procedure for the Nominating Committee to nominate Chief Executive candidates;
5. voting arrangements for electing the Chief Executive by universal suffrage;
6. procedures for appointing the Chief Executive; and
7. the political affiliation of the Chief Executive.

Legislative Council

Article 68 of the Basic Law

The Legislative Council of the Hong Kong SAR shall be constituted by election. The method for forming the Legislative Council shall be specified in the light of the actual situation in the Hong Kong SAR and in accordance with the principle of gradual and orderly progress. The ultimate aim is the election of all the members of the Legislative Council by universal suffrage.

1. number of seats and composition of LegCo;
2. composition and electoral base of functional constituencies; and
3. number of geographical constituencies and seats in each geographical constituency.

STAKEHOLDER VIEWS

Before and after publishing the consultation document, the Hong Kong SAR government and the Chinese government hosted a number of events with legislators, district councillors and the public to discuss constitutional reform and how to implement universal suffrage for the Chief Executive election in 2017 and the election to form the Legislative Council in 2016.

The Chief Executive of the Hong Kong SAR government Leung Chun-ying (CY Leung) hosted a number of meetings with different stakeholders. Particular issues on the agenda included formation of the Nominating Committee for the 2017 Chief Executive election and whether a cap should be imposed on the number of candidates. The Central Government Liaison Office Director Zhang Xiaoming hosted a lunch for members of LegCo which was attended by 59 of 70 legislators. During these events, both Mr Leung and Mr Zhang stressed that the introduction of universal suffrage in Hong Kong must be in line with the Basic Law and NPCSC decisions.

An energetic debate ensued throughout the reporting period focused primarily on the election of the Chief Executive in 2017, in particular on the processes by which candidates could be selected; the size, composition and functioning of the Nominating Committee, including nomination thresholds; and whether there should be multiple rounds of voting. There have been some reports of concerns that the parameters set out in the consultation document were too restrictive. Overall, the consultation was welcomed by a broad range of stakeholders in politics and civil society.

During the reporting period, a number of stakeholders put forward specific proposals on methods for selecting the Chief Executive for 2017. Groups such as the Alliance for True Democracy suggested allowing political parties or members of the public to nominate candidates, in addition to the Nominating Committee. Others, including Professor CK Low of the Chinese University of Hong Kong and Ronny Tong of the Civic Party, suggested that only the Nominating Committee should have the right to select candidates, but sought to increase the Committee's representativeness by increasing its members' electoral mandate.

Some civil society stakeholders who did not put forward specific proposals sought to encourage the public to participate in the debate on constitutional reform and respond to the government's consultation document. For example, the Occupy Central movement held a series of public meetings to discuss reform proposals and said that the planned 1 July 2014 protest would be postponed until the government had presented its proposals. The University of Hong Kong launched a website called

Design Democracy which aimed to provide information and stimulate public debate on different models of universal suffrage.

In an article published by the *South China Morning Post* on 14 September, to mark the International Day of Democracy on 15 September, Foreign and Commonwealth Office (FCO) Minister The Rt Hon Hugo Swire MP re-stated the UK's longstanding position that the transition to universal suffrage is in the best interests of Hong Kong, and vital to its future stability and prosperity. The article prompted a lot of commentary.

The UK's position on Hong Kong remains unchanged. The UK government shares the stated goal of the Hong Kong SAR and Chinese governments to move to a system of universal suffrage in Hong Kong (as stated in the Basic Law) which we believe should provide the people of Hong Kong with a genuine choice and a stake in the outcome. It is for the people of Hong Kong, the Hong Kong SAR government and the Chinese government to decide on the process and the outcome. We have no intention of interfering in either.

BASIC RIGHTS AND FREEDOMS

Throughout the reporting period, Hong Kong people continued to exercise their basic rights and freedoms, and these were generally well respected. However, there were some concerns over reports that press freedoms and freedom of expression were under threat.

Article 27 of the Basic Law

Hong Kong residents shall have freedom of speech, of the press and publication; freedom of association, of assembly, of procession and of demonstration; and the right and freedom to form and join trade unions, and to strike.

MARCHES AND DEMONSTRATIONS

On 1 July, there were reports that 225,000 people attended city-wide events marking the 16th anniversary of the establishment of the SAR. Large numbers of protesters joined a rally to demand genuine universal suffrage. Rally organiser Civil Human Rights Front estimated the turnout was 430,000, contrasting with the police's figure of 66,000 at the march's peak.

The protesters demanded the introduction of universal suffrage and that the current Chief Executive step down. Other demands aired during the march focused on livelihood issues, discrimination on grounds of sexual orientation, increasing the number of permanent teaching posts, legislating standard working hours and more medical and welfare support for the grassroots.

On the same day, the Occupy Central campaign held a peaceful rally which organisers claimed was attended by more than 10,000 people. The police put the figure at 6,100 at its peak.

In response to the protests, a Hong Kong SAR government spokesman said that:

“The Hong Kong SAR government fully respects people's legal rights to take part in processions and their freedom of expression, and will listen to their views in a humble manner. Taking forward the constitutional development of Hong Kong is an important policy objective of the current-term government. The government will implement universal suffrage for the Chief Executive election in 2017 strictly in accordance with the provisions of the Basic Law and the relevant decisions of the Standing Committee of the National People's Congress. The government will listen carefully to the views and opinions from various sectors of the community on the methods and principles for the implementation of universal suffrage for the Chief Executive election in 2017. We will launch the consultation on the methods of the 2017 Chief Executive election and the 2016 Legislative Council election and initiate the constitutional procedures at an appropriate juncture. We hope the community can forge a consensus on the implementation of universal suffrage by adopting a rational, pragmatic and accommodating attitude. The government also took heed of

other public aspirations expressed in today's procession. The government will continue its endeavour to tackle various problems including those related to economic development, housing, poverty, ageing society and the environment.”

On 7 July, it was reported that 23,000 protesters from property-related industries participated in a march organised by a coalition against the government's property cooling measures, urging the government to relax its measures. Police put the figure at 5,500 at the peak of the march.

In response, a government spokesman said the measures were in line with broad social interests and subject to review when normal market conditions resumed, adding that the government had been mindful of the employment situation in the real estate industry.

On 1 October, during National Day celebrations, it was reported that a number of protests and marches took place including a silent protest by about 40 people from the Scholarism group who staged a 'no-banner, no-chanting with gestures only' protest to express the group's views on the need for public nomination in the 2017 Chief Executive election and complained that several of its members were carried away by security guards.

The Hong Kong Human Rights Monitor criticised the Home Affairs Department for not allowing peaceful demonstrations and the police for deploying excessive manpower at the venue. The Home Affairs Department reiterated that members of the public must abide by the rules while the flag-raising ceremony is in progress and the police said they had not removed any people from the venue.

Between 20 October and 6 November, organisers estimated that around 185,000 people participated in 4 rallies outside government offices in response to the government's decision on TV licences (covered in more detail below). Police estimated around 50,000 people had participated in total.

On 9 November, organisers claimed a record 5,200 people marched as part of the Hong Kong Pride Parade to demand rights for sexual minorities. The police

estimated that 4,500 people took part during its peak. Leading the Hong Kong Pride Parade, Equal Opportunities Commission Chairman York Chow said that pushing for discrimination law to cover sexual minorities might take time, hoping that lesbian, gay, bisexual and transsexual people would enjoy equal rights and be treated fairly in society.

FREEDOM OF THE PRESS AND FREEDOM OF EXPRESSION

During the reporting period, the Hong Kong Journalists Association (HKJA) annual report (published in July 2013) said that the past year was the worst for press freedom since 1997. The HKJA report noted a rise in the number of clashes between journalists and police (11 cases) and said that the Chief Executive had failed to respond adequately to cases of violence against Hong Kong journalists or media organisations in the Hong Kong SAR and in mainland China.

The HKJA report pointed out other instances which indicated an increasing intolerance towards those exercising their right to freedom of expression. Examples highlighted by the HKJA included a greater willingness to confront practitioners, and an increase in the number of arrests and convictions of demonstrators.

The HKJA pointed out that the Hong Kong SAR government issued 182 press statements and blog postings in its first 11 months in office, in contrast with 22 statements issued by the previous administration from July 2005 to May 2006. Its assessment was that the government was attempting to avoid press enquiries. In response, a government spokesman said that they valued the work done by journalists and that information was released via different channels to the media to enhance government transparency.

During much of the reporting period, there was also a great deal of media interest, and widespread criticism of the government from a cross-section of the community for failing to protect the Hong Kong SAR's core values by breaching a policy to liberalise the broadcasting market by deciding to approve two applications for free-to-air TV licences for Fantastic Television Ltd and Hong Kong Television

Entertainment Company Ltd (HKTVE) but rejecting a third application submitted by Hong Kong Television Network Ltd (HKTV).

ECONOMY AND FINANCE

The Hong Kong economy grew by 2.9 per cent in the third quarter. This represented the first drop in the rate of growth for five quarters, below the ten-year trend growth rate of 4.5 per cent. Nonetheless, it remained towards the top end of the Hong Kong SAR government's forecast, and growth for the whole year was expected to be around 3 per cent.

Robust domestic demand from residents and tourists remained the key growth driver. Private consumption expenditure grew by 2.8 per cent in the third quarter, a drop from 4.8 per cent in the previous quarter, accounting for the unexpected slowdown in overall growth.

The Consumer Price Index stood at 4.3 per cent in November. The government forecast that this rate would remain stable in 2014. Nominal wages for regular employment income grew 4.8 per cent year on year in September 2013.

On 18 December, the US Federal Reserve announced that, from January 2014, it would slow down its economic stimulus plan by gradually reducing the pace at which money supply increased in the market. In response, Financial Secretary John Tsang warned that this may trigger substantial capital outflows from Hong Kong, but no such outflow occurred during the reporting period and the Hong Kong Monetary Authority commented that it was confident that Hong Kong banks were adequately capitalised to withstand any outflows.

Hong Kong's property market remained quiet during the reporting period: residential sales volumes decreased by 47 per cent year on year and residential property prices grew just 1 per cent during the third quarter.

Closer Economic Partnership Agreement

On 29 August, the tenth supplement of the Closer Economic Partnership Arrangement (CEPA) (a free trade agreement with the mainland established in 2003) was signed by the Hong Kong SAR Financial Secretary John Tsang and Chinese Vice Minister of Commerce Gao Yan, outlining 73 measures focused on service industries and facilitating cross-border trade and investment.

One high-profile measure endorsed plans for mutual recognition of investment funds, allowing Hong Kong-domiciled funds to be sold in the mainland and vice versa. Market experts agree that this is significant, as mutual recognition could cement Hong Kong's status as China's asset and wealth management hub.

Financial Services

The Financial Services Development Council, established in January 2013, has a remit to make recommendations to support the long-term development of Hong Kong's financial services industry amid rising regional competition from centres such as the Shanghai Free Trade Zone, which was inaugurated on 26 September.

On 18 November, its Chairperson Laura Cha released six reports which were well received by financial markets experts. The reports assessed the current position of Hong Kong and concluded that, while its strengths and competitive edge remain clear, proactive steps need to be taken to stay ahead. Cha articulated a long-term vision for Hong Kong's financial services that hinged around consolidating existing strengths, building up new market areas and developing a coherent message for Hong Kong's financial services industry.

The reports also contained 21 specific recommendations. Some focused on developing new markets – for example, encouraging the market in real estate investment trusts – but most focused on enhancing Hong Kong's role as the leading offshore Renminbi (RMB) hub.

Financial Markets

The RMB market continued to flourish in Hong Kong in the second half of 2013.

RMB deposits increased to RMB861 billion in December 2013, an increase of 23.2 per cent compare to June 2013. RMB trade settlement (handled by banks in Hong Kong) increased to RMB469.6 billion in the month of December, an increase of 73 per cent compared to the month of June 2013. Dim sum bond issuance totalled RMB116 billion in 2013 and the outstanding dim sum bonds increased 30 per cent to RMB310 billion, compared to the end of 2012.

However, Hong Kong faced increasing competition from alternative RMB centres including London, Singapore and Taiwan. Hong Kong's RMB market share shrank over 2013, according to the Standard Chartered Renminbi Globalisation Index, from 78 per cent in January to 74.7 per cent in September.

Nonetheless, global RMB activity is currently growing at almost 80 per cent annually, far offsetting any small decrease in Hong Kong's market share. This rapid growth is driven in part by increasing competition from the other RMB centres noted above. Government officials remain consistently confident that Hong Kong will maintain its leading position in the offshore RMB market.

POVERTY

During the reporting period, there were reports of concerns over a number of livelihood issues, including the levels of poverty and inequality in Hong Kong.

On 18 September, Chief Secretary Carrie Lam, as Chair of the Commission on Poverty, established the poverty line at 50 per cent of median income. The Commission's stated purpose is to understand poverty's extent, to better focus measures to ease poverty and to assess their effectiveness. By this measure, one in six people in Hong Kong are in poverty.

On 10 November, the Commission on Poverty members agreed that a subsidy for low-income working households would form a key element of the solution. Mrs Lam endorsed this proposal but noted that implementation of such a complex scheme would take time.

UK/HONG KONG – BILATERAL RELATIONS

Bilateral ties between Hong Kong and the UK continued to be in good shape, as evidenced by numerous high-level visits in both directions during the reporting period. There were ministerial visits to Hong Kong by the Secretary of State for Transport, The Rt Hon Patrick McLoughlin MP, the then Economic Secretary to the Treasury Sajid Javid MP and the First Minister of Scotland Alex Salmond MSP. The Lord Mayor of the City of London Alderman Roger Gifford and Mayor of London Boris Johnson also visited. From Hong Kong, there were visits to the UK by the Financial Secretary John Tsang and Justice Secretary Rimsky Yuen amongst others.

In addition, there continued to be regular exchanges between senior officials and experts on a range of policy issues including global economic developments, climate change, financial services regulation, legal and judicial cooperation, and religious and social development.

EDUCATIONAL LINKS

In September, nine Hong Kong Chevening scholars went to the UK for the 2013/14 academic year, studying a range of one-year master's degree courses. As in previous years, Hutchison Whampoa and HSBC provided significant funding to support Hong Kong scholars.

The British Chevening Scholars (Hong Kong) Association remained active, including a highly successful annual alumni dinner in October which attracted an influential keynote speaker (Bernard Chan, a member of Exco) and was attended by over 140 alumni of the programme from Hong Kong and parts of mainland China.

Bilateral UK and Hong Kong research collaboration continued to flourish with a second British Council-coordinated visit to Hong Kong in November, during which a funded framework agreement between the Scottish Funding Council and Hong Kong's University Grants Committee was signed by the two parties and witnessed by the First Minister of Scotland Alex Salmond and the Chair of the Hong Kong University Grants Committee, Mr Edward Cheng Wai-sun. The joint research activities will focus on life sciences and energy. In addition, the Hong Kong-Scotland Post-Doctoral Research Scheme, a research exchange scheme funded by the Scottish government and the Hong Kong Research Grants Council, continued for a second year. The aim is to strengthen institutional partnerships in renewable and new energies, healthcare and life sciences, sustainable development, and economics and finance.

The Scholarships for Excellence programme, administered by the British Council since 2006, enabled 15 scholars from ten UK universities to study a range of subjects such as fine art, engineering and international relations at Hong Kong universities. The scholarships are jointly funded by the UK and Hong Kong.

A series of Education UK information seminars and workshops were held at the British Council in September and October, attracting over 400 students, parents and teachers. The series covered topics such as how to choose a UK boarding school, personal statement writing skills and studying medicine in the UK. Prominent speakers included Hilary Moriarty, National Director of the Boarding Schools' Association, and Nick Strong, Director for International and External Affairs at Aberystwyth University.

BRITISH COUNCIL

In addition to its work promoting education links between the UK and Hong Kong, the British Council delivered programmes in English language learning and examination services, and participated in a range of arts, education and science partnerships.

From July to December 2013:

- 76,165 people contacted its customer services centre;
- 27,168 students took exams with the Council;
- 10,496 learners were engaged in English learning services;
- 116 arts, education and science events took place; and
- There were 467,776 visits to the British Council Hong Kong website.

These figures represent a significant increase from the first half of 2013.

TRADE AND INVESTMENT

Bilateral trade between Hong Kong and the UK in goods for the period January to November 2013 amounted to £11.17bn. In this period, exports of UK goods to Hong Kong amounted to £4.75bn, an increase of 3.3 per cent year-on-year; whilst UK goods imports from Hong Kong decreased by 1.4 per cent year-on-year to £6.42bn. Hong Kong was the UK's 14th largest export market for goods and the second largest in Asia Pacific, after mainland China.

High Value Opportunities

A focus of FCO and UK Trade & Investment (UKTI) work during the reporting period has been on major infrastructure projects, also known as high-value opportunities (HVOs).

The Hong Kong SAR government is investing heavily in infrastructure with a capital spend of over £5 billion per year. Seven projects are active priorities in UKTI's HVO programme, including development of the former Kai Tak Airport site, the West Kowloon Cultural District project and the Hong Kong–Zhuhai–Macau Bridge.

As well as trade and investment work we engaged on broader policy issues to create the conditions for growth. This included productive discussions with the Hong Kong SAR government on the Prime Minister's G8 agenda of trade, tax and transparency. We also held bilateral talks on issues ranging from air services to government procurement practices. On low carbon, the Consulate General partnered with the Hong Kong Stock Exchange on an event to promote the business case for carbon disclosure. The Lord Mayor of the City of London hosted an event to promote the UK's expertise on green bonds. Consulates General in Hong Kong and Guangzhou increased their co-operation in the Pearl River Delta to help ensure that the UK is able to take advantage of the growing integration of Hong Kong and Guangdong Province.

CONCLUSION

The Foreign Secretary's Six Monthly Reports to Parliament reflect the UK government's continued commitment to the faithful implementation of the Sino-British Joint Declaration on Hong Kong, an international treaty to which the UK is party.

We consider that 'One Country, Two Systems' continues to work well, in general, and that the rights and freedoms enshrined in the Joint Declaration continue to be upheld. It is important that confidence in 'One Country, Two Systems' and in the Hong Kong SAR is safeguarded, and that Hong Kong continues to enjoy the full measure of autonomy, rights and freedoms which have been central to its continued success, stability and prosperity, and which underpin its international standing.

GLOSSARY

The Basic Law of Hong Kong: was drafted and signed by the UK and Chinese governments in accordance with the Joint Declaration. It stipulates the basic policies of the Chinese government towards the Hong Kong SAR. The Basic Law is the Hong Kong SAR's constitution.

Basic Law Article 23: refers to national security legislation that the Hong Kong SAR government has yet to introduce, which prohibits the theft of state secrets; prohibits any act of treason, secession, sedition or subversion against China; prohibits foreign political organisations from carrying out political activities in Hong Kong; and prohibits Hong Kong political bodies from building ties with foreign political organisations.

Basic Law Article 27: refers to the Hong Kong people's right to freedom of speech; freedom of the press and of publication; freedom of association, of assembly, of procession and of demonstration; and the right and freedom to form and join trade unions, and to strike.

Basic Law Article 45: refers to the method for selecting the Chief Executive, who is elected by the Election Committee or through consultations held locally and appointed by the CPG in accordance with the principles of gradual progress and democratic procedures. The ultimate aim is to elect the Chief Executive by full universal suffrage in 2017.

Basic Law Article 68: refers to the method by which LegCo should be formed. The ultimate aim is the election of all the members of LegCo by universal suffrage in 2020.

Basic Law Article 72: refers to the President of LegCo's powers and functions. These include presiding over meetings and deciding the agenda; giving priority to government bills for inclusion in the agenda; deciding on the time of meetings; calling special sessions during the recess; calling emergency sessions at the request of the

Chief Executive; and exercising other powers and functions as prescribed in the rules of procedure of LegCo.

Basic Law Article 82: refers to the power vested in the Court of Final Appeal, which may invite judges from other common law jurisdictions to sit on the Court of Final Appeal.

Basic Law Article 88: refers to the appointment of judges by the Chief Executive on the recommendation of an independent commission comprising local judges, members of the legal profession and distinguished members of other professions.

Basic Law Article 158: refers to the courts of the Hong Kong SAR to interpret on their own the provisions of the Basic Law within the limits of the autonomy of the region. On matters related to defence and foreign affairs, the courts of the Hong Kong SAR shall seek an interpretation of the relevant provisions of the Basic Law from the NPCSC.

District councils: are the local councils for the 18 districts of Hong Kong. There are 507 seats in the district councils comprising 68 appointed, 412 directly elected and 27 ex officio members who are chairpersons of rural committees in the New Territories.

District council elections: are held every four years to elect the 412 directly elected members of the district councils. The elections are conducted by simple plurality.

The Election Committee: consists of 1,200 members for the purpose of electing the Chief Executive. The term of office of the Election Committee is five years and ties in with the electoral cycle and five-year term of the Chief Executive.

Functional constituencies: are professional, special interest or trade-based groups involved in the electoral process. Eligible voters in a functional constituency may include individuals, organisations and corporations. There are 35 functional constituency seats in LegCo. Thirty are returned under the existing arrangements of a simple plurality system and five are directly elected.

Geographical constituencies: there are five in the SAR, from which 35 representatives are directly elected to LegCo using a party list proportional representation voting system, with seats allocated by the largest remainder method.

The Legislative Council (LegCo): is the Hong Kong SAR's legislature. The number of seats in LegCo increased to 70 in 2012, with 35 seats returned by geographical constituencies through direct elections and 35 seats returned by functional constituencies.

LegCo election: is held every four years at the expiry of a LegCo term or if the Chief Executive dissolves the legislature and calls a new election.

One Country, Two Systems: is the principle that, after Hong Kong returned to China on 1 July 1997, Hong Kong's existing social and economic systems, lifestyles, rights and freedoms would remain unchanged for 50 years.

Pan-Democrats: refers to legislators from pro-democracy political parties or groups.

The Sino-British Joint Declaration: is the negotiated settlement on the question of Hong Kong co-signed by the governments of the United Kingdom of Great Britain and Northern Ireland and the People's Republic of China in 1984.

The 2010 constitutional reform package: proposed measures which included that, in 2012, the Chief Executive will be elected by an enlarged Election Committee of 1,200 (up from the previous 800); LegCo will be enlarged from 60 seats to 70; and the ten new seats will all be directly elected to enhance the democratic elements of LegCo. Of the ten new LegCo seats, five will be directly elected from each of the SAR's geographical constituencies, and the other five 'super seats' will be elected from district councils, but sit as 'functional members'. The ultimate aim is to elect all members of LegCo by universal suffrage in 2020. The constitutional reform package was endorsed by the NPCSC.