

Hong Kong & Mainland China News – January-2017

Mainland manufacturing expands at faster pace

By news.rthk.hk

Tuesday, January 3, 2017

The mainland's manufacturing activity expanded at its quickest pace in nearly four years in December, an independent research firm said on Tuesday, in a sign of improving health for the world's second-largest economy.

The private Caixin Purchasing Managers' Index (PMI), an indicator of conditions at smaller manufacturers, beat expectations with a reading of 51.9 in December, up from 50.9 the previous month.

A PMI figure above 50 marks an expansion of activity, and below 50 a contraction.

It was the survey's highest score since January 2013, the financial magazine said in a joint statement with data compiler IHS Markit.

"The Chinese manufacturing economy continued to improve in December, with the majority of sub-indices looking optimistic", Caixin analyst Zhong Zhengsheng said in the statement.

December's reading was boosted by stronger demand and an increase in new clients for the mainland manufacturers, which pumped output growth to a 71-month high, it said.

On Sunday, the official PMI, which focuses on larger factories and mines, came in at 51.4 in December, down from 51.7 the previous month, which marked its fastest growth for two years.

Money laundering study launched

By www.news.gov.hk

Friday, January 6, 2017

The Government launched today two consultation exercises on legislative proposals to enhance the regulatory regime for combating money laundering and terrorist financing.

It will consult the public on a proposal to amend the Companies Ordinance to improve the transparency of beneficial ownership of companies incorporated in Hong Kong.

It will also consult stakeholders from affected industries on a proposal to amend the Anti-Money Laundering & Counter-Terrorist Financing (Financial Institutions) Ordinance.

The proposal requires designated non-financial businesses and professions to conduct customer due diligence when they engage in specified transactions.

The two legislative proposals are intended to bring Hong Kong's regulatory regime in line with international requirements, as promoted by the Financial Action Task Force.

The task force is an inter-governmental body that sets international standards on combating money laundering and terrorist financing. Hong Kong has been a member since 1991.

The Financial Services & the Treasury Bureau said the proposals will enable Hong Kong to fulfil the obligations under the task force, and further reduce the risks of money laundering and terrorist financing in Hong Kong.

They will safeguard the integrity of Hong Kong as an international financial centre, adding to its credibility as a trusted and competitive place to invest and do business.

Both consultations end March 5. People can submit their views by email.

Over 1m local companies registered

By www.news.gov.hk

Sunday, January 8, 2017

The total number of live local companies registered was 1,341,223 at the end of 2016, up 52,557 from the end of 2015, the Companies Registry announced today.

The total number of local companies newly registered in 2016 was 144,883, with 36,166 companies incorporated online via e-Registry.

Registrar of Companies Ada Chung said the Company Search Mobile Service launched last May allows the public to search company information using their smartphones and mobile devices.

For non-Hong Kong companies that have established a place of business in Hong Kong, 874 were newly registered last year, a slight decrease of 2.24% from 894 in 2015.

The total number of registered non-Hong Kong companies reached 9,983 by the end of 2016.

Positive China data give boost to local market

By www.thestandard.com.hk

Wednesday, January 11, 2017

China's CPI rose 2.1 percent in December and the producer price index gained 5.5 percent, the highest reading since September 2011.

Various factors explain the gains. First was the rebound of commodity prices since November. For instance, Brent crude had risen from US\$30 (HK\$234) per barrel to US\$55 at end- 2016. Second, a weaker yuan made import prices more expensive. Third, China's bid to trim overcapacity has started to yield results. The Shanghai Composite index yesterday dipped 0.2 percent to 3,161 but the Hang Seng index rose 0.8 percent to 22,744.

Offshore yuan fell to 6.89 against the US dollar from 6.78 last Thursday. The greenback was relatively weak against the yen and euro, but the cable looks more vulnerable as it fell below key support at 1.2130 against the US dollar. Analysts said the pound may head toward 1.18 before it finds support.

HK economy to grow 2 percent in 2017: IMF

By news.rthk.hk

Friday, January 13, 2017

The International Monetary Fund (IMF) said on Friday that Hong Kong's economic growth slowed to 1.5 percent in 2016, but is expected to pick up modestly to about 2 percent this year.

In a report, however, it warned that the local real estate market, rebalancing by the mainland and global market uncertainties all posed risks to the territory.

The report also called for steps to increase the housing supply and noted the property cooling measures the government had introduced.

It said the measures should be scaled back when price rises are under control.

The report also said the Hong Kong dollar peg to the American currency remained the best arrangement for the territory.

HK, Belarus sign tax pact

By www.news.gov.hk

Monday, January 16, 2017

Hong Kong and Belarus have signed a comprehensive agreement for the avoidance of double taxation, signifying the Government's sustained efforts in expanding Hong Kong's tax agreement network, in particular with economies along the Belt & Road.

Secretary for Financial Services & the Treasury Prof KC Chan and Belarusian Minister of Taxes & Duties Sergei Nalivaiko signed the agreement today.

Chief Executive CY Leung and Belarusian First Deputy Prime Minister Vasily Matyushevsky witnessed the signing.

The agreement sets out the allocation of taxing rights between the two jurisdictions which will help investors better assess their potential tax liabilities from cross-boundary economic activities.

This is the 36th tax agreement Hong Kong has signed with its trading partners.

Under the agreement, any Belarusian tax paid by Hong Kong companies will be allowed as a credit against the tax payable in Hong Kong on the same profits, subject to the provisions of the tax laws of Hong Kong.

For Belarusian companies, the tax they pay in Hong Kong will be allowed as a credit against the tax payable on the same income in Belarus.

The agreement will come into force after the completion of ratification procedures on both sides.

For Hong Kong, it will be implemented by an order to be made by the Chief Executive in Council under the Inland Revenue Ordinance, subject to Legislative Council vetting.

Mainland's last quarter growth beats forecast

By news.rthk.hk

Friday, January 20, 2017

The mainland's economy grew a faster-than-expected 6.8 percent in the fourth quarter of last year, from the same period in 2015.

The slight pickup was supported by higher government spending and record bank lending.

For the whole of 2016, the economy grew 6.7 percent, roughly in the middle of the government's growth target range but still the slowest pace in 26 years.

Economists polled by Reuters had expected Beijing would report a 6.7 percent growth for both the fourth quarter and the full year. The economy grew 6.7 percent in the third quarter.

While the mainland is on more solid economic footing than this time last year, it will face increasing uncertainties this year with a housing frenzy showing signs of cooling, with the impact of previous stimulus measures expected to fade.

Sluggish exports could also come under fresh pressure if US President-elect, Donald Trump, takes a more protectionist stance on trade. The yuan is also widely expected to depreciate further, weighing on the mainland's foreign exchange reserves.

Gross domestic product between October and December last year rose 1.7 percent quarter-on-quarter from the previous three months, compared with growth of 1.8 percent between July and September. Analysts had expected quarterly growth to ease marginally to 1.7 percent.

HK, Korea sign tax pact

By www.news.gov.hk

Tuesday, January 24, 2017

Hong Kong has signed an agreement with Korea to give effect to automatic exchange of financial account information in tax matters in 2019.

Korea is the third country, after Japan and the UK, to sign such an agreement with Hong Kong.

The Government will include Korea in the list of "reportable jurisdictions" under the Inland Revenue Ordinance.