

## Hong Kong & Mainland China News – Oct-2013

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### **Total retail sales up 8.1%**

by news.gov.hk, Hong Kong  
Thursday, October 3, 2013

The value of total retail sales in August, provisionally estimated at \$38.7 billion, rose 8.1% year-on-year, the Census & Statistics Department announced today.

After netting out the effect of price changes over the same period, the total retail sales volume grew 7.2%.

The revised estimate of the total retail sales value in July increased 9.3% over a year earlier, while the total retail sales volume rose 8.7%.

For the first eight months, total retail sales grew 13.4% in value and 12.8% in volume over a year earlier.

Analysed by broad type of retail outlet, the volume of sales of jewellery, watches and clocks, and valuable gifts increased 22.4% year-on-year in August. This was followed by sales of commodities in department stores (21.5%); miscellaneous consumer durable goods (11.2%); Chinese drugs and herbs (12.7%); and, optical shops (15.1%).

The volume of sales of electrical goods and photographic equipment decreased by 7.6%. This was followed by sales of motor vehicles and parts (-18.1% in volume); fuels (-2.5%); books, newspapers, stationery and gifts (-1.9%); and, furniture and fixtures (-6%).

The department noted that the growth of retail sales in August, though somewhat slower than those earlier this year, was still notable on a year-on-year comparison.

Looking ahead, it said the performance of the retail business in the near term should continue to receive support from the still-favourable labour market conditions and further growth of inbound tourism. However, it added the Government needs to closely monitor whether the unsteady external environment will affect the local economy going forward.

### **Tax agreements gazetted**

by news.gov.hk, Hong Kong  
Friday, October 4, 2013

Three orders avoidance of double taxation with Italy, Guernsey and Qatar were gazetted today.

The agreements, made under the Inland Revenue Ordinance, will ensure that investors do not pay tax twice on a single source of income, bringing businesses more certainty regarding tax liabilities.

The orders will be tabled at the Legislative Council on October 9 for negative vetting, and take effect after Hong Kong and its treaty partners complete ratification procedures.

Hong Kong signed the agreements with Italy in January, with Guernsey in April, and with Qatar in May.

## **China growth above 7.5% - central bank**

by rthk.hk, Hong Kong

Friday, October 11, 2013

China's economic growth should exceed 7.5 percent this year, according to the mainland's deputy central bank governor Yi Gang.

He was quoted as saying on the sidelines of the International Monetary Fund meeting that growth could hit 7.6 percent, and that the government had the nation's shadow banking system and its debt problems under control.

"I think for this year we're going to have certainly above 7.5 percent growth rate," Mr Yi was reported by Xinhua new agency to have said in Washington. "Maybe 7.6 percent (or) something like that."

After cooling in 12 of the past 14 quarters, China's economy is finally showing signs of stabilisation, helped in part by government measures to shore up growth, including lowering taxes for small firms and quickening infrastructure spending.

## **More outside firms coming to HK**

by news.gov.hk, Hong Kong

Wednesday, October 23, 2013

The number of business operations in Hong Kong with parent companies overseas and in Mainland China grew 2.7% year-on-year to 7,449, according to the 2013 Annual Survey of Companies. Those with parent companies located in Asia grew 7.8% to reach 3,461.

Invest Hong Kong and the Census & Statistics Department released the survey results today.

In terms of source country or territory, Japan topped the survey with 1,389 companies in Hong Kong, a gain of 14%. Two others in the top five were the Mainland and Taiwan.

Director-General of Investment Promotion Simon Galpin said the survey findings showed Hong Kong's robustness, particularly for its regional neighbours.

"Japan has become the number one source of foreign companies that are based here and has overtaken the US for the first time since 2001. So it is quite significant and the growth is also significant. We are seeing Japanese companies in a wide variety of sectors, in transportation and logistics. A very strong number are in food-related businesses."

Mr Galpin said it is an encouraging trend and hopes it will continue.

"One of the things we have to watch when it comes to the sharp increase in Japanese companies is whether the recent devaluation of the Japanese yen will have an impact on Japanese companies' interest and ability to invest outside of Japan."

The survey found Hong Kong's simple tax system and low tax rate, free flow of information, geographical location, free port status, rule of law, and independent judiciary as influential factors in companies' choosing to open headquarters here.

## **Total exports value up 1.5%**

by news.gov.hk, Hong Kong

Thursday, October 24, 2013

Hong Kong's total exports' value increased 1.5% in September over a year earlier to \$317.8 billion, compared to a year-on-year decrease of 1.3% in August, the Census & Statistics Department said today.

Within this total, re-exports' value increased 1.8% to \$313.4 billion, while domestic exports' value decreased 18% to \$4.4 billion.

Comparing September 2013 with September 2012, imports' value increased 0.4% to \$359.8 billion, after a year-on-year decrease of 0.2% in August.

A visible trade deficit of \$42 billion was recorded for September, equivalent to 11.7% of imports' value.

Total exports' value rose 3.2% year-on-year for the first nine months of 2013 as a whole. Within this total, re-exports' value increased 3.4%, while domestic exports' value decreased 7.3% and imports' value increased 3.6%.

A visible trade deficit of \$364.5 billion was recorded for this period, equivalent to 12.3% of imports' value.

Comparing the third quarter of 2013 with the second quarter on a seasonally adjusted basis, total exports' value rose 2.3%. Within this total, re-exports' value increased 2.4%, while domestic exports' value dropped 1.3% and imports' value increased 2.1%.

## **HK still Alibaba's 'favorite'**

**Alibaba stressed Hong Kong remains its ideal listing destination although it has been approached frequently by US exchanges seeking the e-commerce giant's mega offering.**

**Grace Cao in Hangzhou**

by thestandard.com.hk, Hong Kong

Friday, October 25, 2013

Alibaba stressed Hong Kong remains its ideal listing destination although it has been approached frequently by US exchanges seeking the e-commerce giant's mega offering.

Company management told visiting Hong Kong journalists at Alibaba's Hangzhou headquarters that negotiations on a proposed initial public offering with SAR authorities reached a deadlock.

But they emphasized the firm has no urgent need for financing.

"It takes time for Hong Kong to digest innovative management concepts," said chief executive Jonathan Lu Zhaoxi, referring to the company's proposed partnership listing structure.

"But Hong Kong has always been our favorite," Lu stressed.

He said chairman Jack Ma Yun felt upset that months of talks had come to nothing and that Ma had a strong desire to come back to Hong Kong after the group's B2B unit was delisted from the main board in 2012.

Lu, speaking in Cantonese, said "the fault is ours as we failed to actively communicate with the SAR. We underestimated the complexity of listing regulations in Hong Kong." He vowed to boost communication in the future.

Alibaba expressed gratitude to New York's Nasdaq exchange which, through CEO Bob Greifeld, said it would be honored to have the tech giant list there.

Lu also said meeting with British officials in Hong Kong during the recent visit by London mayor Boris Johnson was a mere formality.

## **Creative upgrade announced**

by news.gov.hk, Hong Kong

Thursday, October 31, 2013

Part of the Lok Ma Chau Loop will be allocated to the creative industry to boost the sector's development.

Chief Executive CY Leung made the announcement today, saying he attaches great importance to creative industry development.

Speaking to the media with Financial Secretary John Tsang, Secretary for Commerce & Economic Development Gregory So and working group convenors after the Economic Development Commission's third meeting today, Mr Leung said Hong Kong has signed an agreement with Shenzhen on the loop's development, and the creative industry will play a major role in the area.

He said there is a lot of talent in Hong Kong, and the introduction of two more free television licences will also promote the creative industry.

Manufacturing industries, innovative technology, and cultural and creative industries convenor Victor Lo said cities in South Korea, Taiwan and the Mainland have rapidly developed creative industries, and Hong Kong must formulate a strategy to speed up its development.

Transportation working group convenor Chow Chung-kong said a \$100 million training fund for maritime and aviation transport has been allocated in the 2013-14 budget, and the group has suggested forming a civil aviation training college. The Civil Aviation Department has started a feasibility study.

Convention and exhibition industries and tourism convenor Jack So said the group hopes the recreational landmark "Kai Tak Fantasy" in the Kai Tak Development will turn into a world-class tourist attraction. He said Hong Kong should strengthen its capacity to receive tourists, and set up more attractions in different districts.

Lau Ping-cheung of the professional services working group said the Government should help the professional sector explore more opportunities on the Mainland.