

## Hong Kong & Mainland China News – October-2015

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### **Yuan moves past yen as world's payments currency**

By news.rthk.hk

Tuesday, October 06, 2015

The yuan has overtaken the Japanese yen and moved into fourth place among the world's payments currencies, global transactions organisation Society for Worldwide Interbank Financial Telecommunication (SWIFT) said on Tuesday, as Beijing pushes greater international use of its currency.

The yuan held a 2.79 percent share in world payments based on value in August, SWIFT said in a statement, compared with the yen's 2.76 percent. The yen's position eroded to fifth place.

SWIFT stressed that over the last three years, the yuan has jumped past seven currencies. In August 2012, it ranked 12th with a share of just 0.84 percent.

The currency has also further established itself as the dominant currency for trade and finance behind the US dollar, it added.

In August, the greenback ranked as the top payments currency with a 44.82 percent share, Swift said, followed by the euro at 27.2 percent and the British pound at 8.45 percent.

### **Auditor backs SAR to be top for offerings**

By thestandard.com.hk

Wednesday, October 07, 2015

Global auditor PwC expects Hong Kong to become the world's top IPO destination by fund-raising amount this year, with 90 listings on the main board expected to raise a total of HK\$248 billion.

"Although the performance of Hong Kong's IPO market was sluggish in the third quarter, there are still a lot of companies in the pipeline that are qualified for listing," PwC said.

It attributed the poor performance in the third quarter to a volatile stock market, affected by an uncertain global economy and a potential US interest rate hike and slumps in stock valuations. Hong Kong recorded 62 new listings on the main board between January and September, down 17.3 percent year-on-year.

A total of HK\$154.5 billion was raised, a 19 percent increase from a year earlier, thanks to listings that raised more than HK\$10 billion in the first half, PwC said.

About half of the newly listed companies from January to September are from the retail, consumer goods and services sectors.

PwC said 40 percent of the new listings in the first three quarters have diluted price-earning ratios of more than 20 times, compared to 26 percent in the same period last year.

About 65 percent of newly listed firms posted share-price increases on their debut, up from 59 percent last year. However, Inner-Mongolia-based Hengtou Securities, which closes its retail book today, generated just HK\$2.37 million worth of margin orders, or 1.4 percent of its retail target.

The retail tranche of China Partytime Culture, led by its chairman and chief executive Chen Shengbi, was oversubscribed by over two hundred times. It will price shares at a P/E ratio of between 8 and 9.9.

## **HK-Macau CEPA talks to start**

By archive.news.gov.hk

Friday, October 09, 2015

Negotiations will start soon on the Hong Kong & Macau Closer Economic Partnership Arrangement, the Government announced today.

It said the free trade agreement will further enhance the two places' economic co-operation and development.

Hong Kong and Macau have each entered into a separate CEPA framework with the Mainland. After the HK-Macau CEPA is established, it will allow the three places to build on a new, common platform to further facilitate trade and investment in the Greater China region.

The new arrangement will cover elements including commitment to bind tariff at zero, minimising non-tariff barriers, avoiding imposing trade remedies, customs facilitation procedures, liberalisation and facilitation of trade in services, and legal and institutional arrangements.

## **Global yuan payment system launched**

By thestandard.com.hk

Friday, October 09, 2015

China's central bank yesterday launched a global payment system in a significant step to help yuan-clearing transactions, bolstering Beijing's quest to internationalize its currency and challenge the primacy of the US dollar in world finance.

The cross-border interbank payment system, known as China International Payment System, or CIPS, will remove one of the biggest hurdles to boosting yuan liquidity globally by cutting transaction costs and processing times.

CIPS will be used to support cross-border goods and services trade settlement, direct investment, and financing and individual fund transfers, the People's Bank of China said.

Nineteen banks have been selected to participate in CIPS, eight of which are Chinese units of foreign banks, including Citi, Deutsche Bank, HSBC (0005), Standard Chartered (2888) and ANZ.

The new system will put the yuan on a more even footing with other leading global currencies such as the dollar CIPS is expected to use the same messaging format as other international payment systems helping to promote the currency in global trade.

Standard Chartered Bank (China) Ltd said it has completed a yuan-clearing transaction for Sweden's IKEA through CIPS the first such deal to be announced hours after Beijing launched the worldwide system.

China Industrial and Commercial Bank Singapore also announced yesterday it has completed a trade settlement payment worth 35 million yuan (HK\$42.7 million) from Singapore's Raffemet Pte to Baosteel Resources in Shanghai through CIPS.

Previously, cross-border yuan clearing had to be done through one of the offshore clearing banks, or with the help of a correspondent bank in China. REUTERS

## **Hong Kong's tax co-operation status clarified by EC**

By info.gov.hk

Wednesday, October 14, 2015

The Hong Kong Special Administrative Region Government noted that the European Commission (EC) updated its webpage on October 12 on the listing of non-cooperative tax jurisdictions amongst the European Union (EU) Member States. After the Government's liaison and clarification with relevant authorities, the technical error of presenting Hong Kong on the Spanish blacklist in June 2015 was rectified.

"The updating is appreciated. Following the signing of the Comprehensive Agreement for the Avoidance of Double Taxation (CDTA) between Spain and Hong Kong in 2011, Spain has cleared Hong Kong from its national list as from April 1, 2013. The EC's publication in mid June 2015 failed to take this into account and wrongly classified Hong Kong as a non-cooperative tax jurisdiction listed by 10 EU Member States. We are glad that the EC has reflected the updated situation of Hong Kong on its website," a Government spokesman said.

According to the EC's updated webpage, Estonia no longer presents a national list. Hong Kong was also featured on Estonia's list when the EC published the EU Member States' national lists in June 2015.

The CDTA with Italy has been ratified in Hong Kong and Italy. The Government will appeal for the early removal of Hong Kong from Italy's national list.

"We will continue our dialogue with the EU and its Members States to keep them abreast of our long-standing commitments and efforts on tax co-operation. Amongst the 28 EU Member States, Hong Kong has signed 13 CDTAs and two agreements on tax information exchange with over half. Negotiations are under way with five others", the spokesman added.

The Government would like to express its gratitude to many stakeholders in the business community for their assistance in helping refute the unfounded allegation against Hong Kong as a tax haven, and in putting across a correct message on Hong Kong's position on tax co-operation.

## **Yuan set for inclusion in currency basket: report**

By news.rthk.hk

Monday, October 26, 2015

The International Monetary Fund (IMF) is set to give the all-clear for the yuan to be included in the lender's benchmark currency basket, laying the groundwork for a favorable decision by policymakers, people familiar with the discussions said on Sunday.

The IMF's executive board is scheduled to decide in November on putting the yuan on a par with the dollar, yen, euro and pound sterling and a key factor will be its performance against a checklist of technical criteria, as assessed by IMF staff.

Three people briefed on the IMF discussions, who asked not to be named because of the sensitivity of the issue, said a draft report from staff reached a favourable conclusion on including the yuan, which is also known as the renminbi (RMB).

"Everything is on course technically and there is no obvious political obstacle. The report leans clearly towards including the RMB in the (basket) but leaves the decision for the board", one of the officials said.

Two other officials said staff would recommend the yuan join the basket, which determines the mix of currencies that countries like Greece receive as part of disbursements from the IMF.

Beijing is pushing for the yuan to join the Special Drawing Rights (SDR) basket as part of its long-term strategic goal of reducing dependence on the US dollar and to mark the country's coming of age as an economic power.

## **Outside businesses hit new record**

By news.gov.hk

Monday, October 26, 2015

The number of business operations in Hong Kong with parent companies overseas and on the Mainland has reached an all-time high of 7,904 this year, up 4.2% on last year, according to an annual survey by Invest Hong Kong and the Census & Statistics Department.

In terms of source country or territory, the US topped the list with 1,368 companies in Hong Kong. Two others in the top 10 were the Mainland and Taiwan, with the former registering the strongest growth of 14%.

More than 1,400 of the operations are regional headquarters, 2,397 are regional offices and 4,106 are local offices.

They employ a record 422,000 people - up 4.3% on last year.

Director-General of Investment Promotion Simon Galpin said as the Mainland continues to open its economy and on the back of the Belt & Road initiative, Hong Kong will continue to be the super-connector helping the nation in its gradual economic reform, generating many new business opportunities.

Chinese and overseas companies are using Hong Kong to access opportunities across the Mainland and the world, so global macro-economic factors can have an impact, he added.

## **HK leads in ease of doing business**

By news.gov.hk

Wednesday, October 28, 2015

The Government today welcomed the World Bank's assessment which ranks Hong Kong as the world's fifth easiest place in which to do business.

In a statement, the Government said this affirmed its incessant efforts in business facilitation, adding that it would strive to cut red tape, eliminate outdated or unnecessary regulations, enhance regulatory efficiency and reduce business compliance costs.

According to the World Bank's Doing Business 2016 Report released today, the top five performers are Singapore, New Zealand, Denmark, the Republic of Korea and Hong Kong. The report compares the "ease of doing business" in 189 economies across 10 indicators.

Hong Kong scored 83.67 this year, up from 82.87 last year, indicating an improvement in its overall business environment.

The World Bank also commended Hong Kong's successful implementation of reform measures to make doing business easier, including eliminating the requirement for a company seal as part of the process of starting a business, and improving access to credit by implementing a modern collateral registry.

Other measures included reducing the processing time for electricity connection and excavation permit applications, and simplifying compliance with companies' Mandatory Provident Fund obligations to make paying taxes easier.