

Hong Kong & Mainland China News – September-2014

Stock Connect trial goes off 'smoothly'

By thestandard.com.hk

Monday, September 01, 2014

The first full trial of the Shanghai-Hong Kong Stock Connect was successfully completed during the weekend.

"The test was smoothly done," said Bright Smart Securities and Commodities (1428) marketing director Kwok Sze-chi. "Though some minor problems remain due to differences between the two markets, the scheme is technically fine with settlement and clearing. We are all set for the launch in late October."

Bright Smart was among firms working through the weekend in the trial, which saw brokers place mock trades to test their computer systems for clearing and settlement processes.

A September 13 trial run will simulate a failure of the stock connect system.

This comes after the stock exchange ran smaller-scale tests the previous weekend with 96 brokers that handle 80 percent of the SAR's trading volume.

In other action, Hong Kong Exchanges and Clearing (0388) published a "concept paper" on Friday to seek market opinion on whether a structure of weighted voting rights should be allowed for firms listed or seeking to list on the local bourse.

"The market needs to be regulated, but it also needs to be developed," chief executive Charles Li Xiaojia wrote in his blog, noting "a responsibility to take a closer look ... to determine if any changes or flexibility are required."

Hong Kong has followed the "one share, one vote" principle for 25 years.

It sparked heated discussions after Alibaba sought to list last year with its 27-member partnership committee having decisive voting power in the firm.

The mainland e-commerce giant finally chose to list in the United States, where companies with dual-class share structures make up 14 percent of total market capitalization of listed firms.

Dagong opens HK subsidiary

By news.gov.hk

Thursday, September 04, 2014

Dagong Global Credit Rating opened a Hong Kong subsidiary today, catering to the increasing demand for Mainland China-specific credit ratings in the city's capital market.

The Hong Kong subsidiary will be Dagong's regional headquarters, overseeing regional credit research and ratings, business development, client management and regional co-ordination.

The company's Chief Executive Officer Brian McCullough said that Hong Kong's robust renminbi market was a strong factor of consideration for Dagong to have a foothold in the city.

Permanent Secretary for Financial Services & the Treasury (Financial Services) Au King-chi said that with its unique "One Country, Two Systems" advantage and international DNA, Hong Kong is the logical domicile for Dagong to grow its regional and global business.

Associate Director-General of Investment Promotion Charles Ng welcomed Dagong's entry to Hong Kong.

He said that as Mainland China's economy continues to open up, and given Hong Kong's unique edge in terms of its geographic proximity with the Mainland, the city's role as the major offshore RMB centre will continue to expand and evolve, and create business opportunities for financial institutions such as Dagong to come and expand.

Services come back to keep up growth

By thestandard.com.hk

Thursday, September 04, 2014

Activity in China's services sector rebounded in August after a drop in July, two surveys showed yesterday, offsetting factory-sector weakness and letting the government stick with its "targeted" policy stance to keep growth on track.

The government is determined to achieve its 7.5 percent economic growth target for 2014 to keep employment stable.

The services purchasing managers' index compiled by HSBC/Markit jumped to 54.1 in August the strongest in 17 months from a nine- year low of 50 in July.

A reading above 50 in PMI surveys indicates an expansion in activity while one below that points to a contraction.

The official non-manufacturing PMI, published by the National Bureau of Statistics, rose to 54.4 from July's six-month low.

Both PMIs painted a mixed picture: demand picked up but a cooling property sector remained a drag, while employment was weak.

The employment sub-index of the official PMI indicated a slight contraction in August while the sub- index of HSBC slipped from July.

"The economic expansion is quite uneven," said Bill Adams, economist for PNC Financial Services Group. "As exports accelerate, investment slows, and the real estate correction intensifies, but on balance, headline real GDP growth is probably a bit faster."

REUTERS

China's trade surplus surges

By rthk.hk

Monday, September 08, 2014

China's trade surplus for August has surged just under 78 percent to nearly US\$50 billion as exports rose while imports declined.

The General Administration of Customs said exports increased 9.4 percent year-on-year to US\$208.5 billion -- while imports fell 2.4 percent to US\$158.6 billion.

Gov't supports tax info exchange standard

By news.gov.hk

Monday, September 15, 2014

The Government supports the new global standard for automatic exchange of financial account information, which can enhance tax transparency and combat cross-border tax evasion, Secretary for Financial Services & the Treasury Prof KC Chan said today.

"It is crucial for Hong Kong to adopt the latest global standard on tax transparency in order to maintain our international reputation and competitiveness as an international financial and business centre," he added.

The Organisation for Economic Co-operation & Development in July released a common standard for automatic exchange of financial account information in tax matters, calling on governments to obtain account information from their financial institutions and exchange that information automatically with the account holders' residence jurisdictions annually.

Hong Kong is committed to implementing the new global standard on a reciprocal basis with partners which meet relevant privacy protection, confidentiality and proper use of data requirements.

"The Government will go through the usual due process of engaging relevant stakeholders, addressing relevant policy and legal issues involved, and seeking the Legislative Council's approval of the legislation required to implement the new global standard," Prof Chan said.

The first automatic information exchanges are expected to start by the end of 2018.

Cap on yuan purchase may be removed soon

By rthk.hk

Monday, September 15, 2014

The Hong Kong Monetary Authority said on Monday that Hong Kong officials were hoping that the cap on how much yuan Hong Kong permanent residents can buy each day could be removed before the Hong Kong-Shanghai Stock Connect programme comes into effect next month.

At the moment, there is a daily cap of 20,000 yuan per person.

The Authority's Chief Executive, Norman Chan, said the mainland's central bank does not see any problem with removing the quota.

The Hong Kong-Shanghai Stock Connect programme will allow investors in Hong Kong and on the mainland to trade and settle shares listed on each other's markets via the exchange and clearing house in their home markets.

It will allow a total of 23.5 billion yuan of daily equity purchases between the two cities.

Mr Chan said the Authority was setting up a 10 billion yuan repurchase facility to ensure an adequate supply of the yuan for Hong Kong investors.

China's overseas investment soars

By rthk.hk

Wednesday, September 17, 2014

The mainland's outbound investment increased 112 percent in August to US\$12.6 billion, compared with a year ago.

But foreign direct investment sank 14 percent during the same period to US\$7.2 billion.

Both sets of figures exclude investment in financial sectors.

The Commerce Ministry denied that the fall in foreign direct investment was linked to Beijing's multiple probes into foreign companies for anti-monopoly practices.

Manufacturing rise in September

By rthk.hk

Wednesday, September 24, 2014

Activity in China's manufacturing sector unexpectedly picked up in September even as factory employment slumped to a five-and-a-half year low.

The HSBC Purchasing Managers' Index rose to 50.5 in September from August's final reading of 50.2. Figures above 50 indicate growth, figures below 50 indicate contraction.

A hefty drop in employment could raise alarm bells for the Chinese government, which has indicated it will tolerate slower economic growth as long as employment is not affected.