

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

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### China growth 'on target'

By thestandard.com.hk

Tuesday, September 08, 2015

China's power usage, rail freight and property market have all shown improvement since August, indicating the economy is stabilizing, the top planning agency said.

The effects of supportive policies, including interest rate cuts, property market stimulus and local government debt swaps, will feed into the economy over the next few months and help underpin growth, the National Development and Reform Commission said yesterday.

The commission has given the green light to 77 billion yuan (HK\$93.74 billion) worth of highway and bridge projects the latest in a spate of such approvals, as Beijing looks to infrastructure to support economic growth. The projects include a feasibility study for a 23.3 billion yuan highway in southwestern Guizhou, and a 7.3 billion yuan bridge project in central Hubei.

"The economy is expected to maintain steady growth, and we are able to achieve annual economic growth target," the commission said.

A flurry of recent soft indicators and a collapse in China's stock markets had heightened fears of a hard landing for the world's second-biggest economy, sending global financial markets into a tailspin.

China's economy, which grew 7 percent in the first half from a year earlier, in line with the government's target for the year, is headed for its slowest economic expansion in 25 years in 2015.

But the recent downbeat data has raised the risk the government could miss the full-year growth target.

The National Bureau of Statistics said yesterday that it had revised economic growth in 2014 to 7.3 percent from the previously released figure of 7.4 percent.

The NDRC cited data from the State Grid as saying total power consumption in August rose 2.47 percent on the year the fastest growth so far this year and steady growth was likely to continue in September.

## **PBOC explains fall in reserves**

By thestandard.com.hk

Wednesday, September 09, 2015

The People's Bank of China said its intervention in the forex market is one of the reasons for a fall in foreign exchange reserves and any future fluctuations in reserves will be "normal."

China's foreign exchange reserves, the world's largest, shrank by US\$93.9 billion (HK\$732.4 billion) in August, the biggest monthly fall on record to US\$3.557 trillion, it was revealed on Monday.

The bank said yesterday the fall in forex reserves is also due to currency fluctuations. It also said the Chinese economy may maintain medium- to high-speed growth in the long term and the current account will remain in surplus over the long term.

It also defended new regulations imposed on the currency forwards market this month, saying they are not a form of capital control and were introduced after investors had speculated in the market.

The controls will help to stabilize China's financial system at a time when increased yuan volatility is likely to cause more companies to incur foreign exchange losses, the PBOC said.

Meanwhile, the yuan weakened slightly yesterday.

## **Service industry receipts rise**

By news.gov.hk

Thursday, September 10, 2015

More than half of the major service industries saw a rise in business receipts in the second quarter, according to provisional figures released by the Census & Statistics Department today.

Double-digit year-on-year increases were recorded for the financing (except banking) (+43.8%), banking (+27.8%), real estate (+13.4%), information and communications (+11.6%), warehousing and storage (+11.4%), and insurance (+10.8%) industries.

Accommodation services industry receipts fell 10.9%.

Half of the major service industries recorded increases in business receipts in the second quarter when compared with the first quarter.

The Financing (except banking) industry recorded the largest increase of 20.5%. The accommodation services industry saw a decrease of 5.8%.

## **HK GNI up 7.5%**

By news.gov.hk

Monday, September 14, 2015

Hong Kong's Gross National Income rose 7.5% year-on-year to \$595.3 billion in the year's second quarter, while Gross Domestic Product grew 7.7% to \$566.2 billion, the Census & Statistics Department announced today.

Compared with GDP, the GNI was larger by \$29.1 billion, representing a net external primary income inflow of the same amount, and equivalent to 5.1% of GDP in that quarter.

After netting out the effect of price changes, Hong Kong's GNI increased 4.9% in real terms compared to a year earlier, while the corresponding GDP grew 2.8%.

Total primary income inflow into Hong Kong - estimated at \$378.2 billion and equivalent to 66.8% of GDP - rose 0.1% compared to the previous year.

Meanwhile, total primary income outflow - estimated at \$349.1 billion and equivalent to 61.7% of GDP - dropped 0.2% year-on-year.

Taking the inflow and outflow together, a net external primary income inflow of \$29.1 billion was recorded in the second quarter.

## **HK tops fiscal freedom ranking**

By news.gov.hk

Monday, September 14, 2015

The Government today welcomed Fraser Institute's ranking of Hong Kong again as the world's freest economy, saying that the decision affirms the city's steadfast commitment to free market principles.

Among the five major areas of assessment, Hong Kong ranks first in "size of government", "freedom to trade internationally" and "regulation".

The Government noted that it attaches great importance to Hong Kong's economic freedom, and will strive to uphold the tradition of the rule of law and an independent judiciary, a small and efficient public sector, and a free and open business and trade environment, which are the cornerstones of Hong Kong's economic success.

It will work hard to sustain Hong Kong's institutional strengths and position as one of the world's leading cities, it added.

## Startup ecosystem grows 46%

By news.gov.hk

Tuesday, September 15, 2015

An Invest Hong Kong survey of 40 co-work space, incubator and accelerator locations in Hong Kong has revealed 1,558 startups were registered in their premises, a 46% increase over last year.

The survey conducted in August showed there were 3,721 staff employed by the startups - a rise of 56%, and 4,535 workstations available in these locations, a jump of 60% compared to a year ago.

In terms of origin, 43% of the founders were from overseas, including the Mainland and Taiwan; 50% were Hong Kong locals; and the remaining 7% were Hong Kong returnees.

Top sectors included information, computer and technology which accounted for 19%; hardware (IoT, prototypes and wearables) accounting for 14%; and e-commerce/supply chain management and professional or consultancy services accounting for 10%.

Director-General of Investment Promotion Simon Galpin said the survey results demonstrate Hong Kong's continued appeal to global founders as one of the fastest growing startup hubs in the world, noting that a big part of InvestHK's job is to assist startups and promote the startup ecosystem in Hong Kong.

He added that InvestHK plans to conduct these polls more regularly so that it can effectively adjust its promotion strategy based on the latest findings and developments.

The department's 2016 StartmeupHK Festival will be held from January 23 to 30 to promote Hong Kong as a "super-connector" and one of the world's fastest growing ecosystems for innovative startups, investors and enterprises.

## 'One country, two systems' benefits HK: FS

By news.gov.hk

Sunday, September 20, 2015

Hong Kong people recognise the 'One country, two systems' principle has provided the city with a competitive edge since it returned to China's sovereignty, and they take advantage of it on all development fronts, Financial Secretary John Tsang said tonight.

He made the remarks when speaking to reporters at the airport before leaving with a business delegation for Central Europe, in response to a query about remarks Chinese Association of Hong Kong & Macau Studies President Chen Zuo'er made.

In a speech today, Mr Chen said the city's development had been hampered by its failure to de-colonise and that this had harmed the 'One country, two systems' principle. Mr Tsang said Hong Kong people are pragmatic and have confidence in the 'One country, two systems' principle.

On the economy, he said it is inevitable that the United States will raise interest rates in a matter of months, and he called on people to take this into account when making business decisions. An interest rate increase would have a negative impact on the global economy, and Hong Kong would surely be affected.

Mr Tsang noted the delegation he is leading, comprised of representatives from key sectors of the economy, is the first of its kind to explore business opportunities in countries along the New Silk Road Economic Belt, linking China with Europe, and the Maritime Silk Road, connecting China to Southeast Asia, Africa and Europe.

## Warner Bros and CMC set up HK-based venture

By news.rthk.hk

Sunday, September 20, 2015

The Chief Executive CY Leung has welcomed the creation of a joint venture between US entertainment giant Warner Brothers and Shanghai-based private equity firm China Media Capital (CMC).

The new company – Flagship Entertainment Group – will have its headquarters in Hong Kong, and offices in Beijing and Los Angeles. It plans to develop films for distribution both in China and internationally, and the first movies may emerge as early as next year.

Warner Bros. Entertainment will hold 49 percent of the venture, and the remaining 51 percent will be held by a consortium set up by CMC, which includes Hong Kong broadcaster Television Broadcasts Ltd (TVB). No financial details were given.

In a statement, Leung said he had hosted a dinner at Government House with the management of CMC and Warner in January. He added that he and the government “attach great importance to cultural and creative industries in Hong Kong... This collaboration highlighted that the cultural and creative industries in Hong Kong have international flavour.”