HK getting back to what it's known for: Zheng Yanxiong

by news.rthk.hk
Wednesday, Aug 02, 2023

Beijing's top official in the SAR, Zheng Yanxiong, said on Wednesday that Hong Kong is turning away from political turmoil and returning its focus to what made its name – economic development based on the rule of law.

The liaison office chief said the territory is heeding the clear directives President Xi Jinping issued last year regarding the central government's expectations of the SAR.

Hong Kong is a super-connector and is world class when it comes to attracting wealth and seizing opportunities provided by global changes, Zheng said at a forum.

He added that unity is the key to everyone's fortunes.

"It's very important to be united and work hard together. There's no need to ask about a hero's origins. It doesn't matter if a company is from Hong Kong, the mainland or overseas. It doesn't matter if you're a business leader or a grassroots person," he said.

"If everyone doesn't argue and scrap internally and moves forward together by finding common ground, then we can forge a new consensus and provide the vigorous strength for building a better Hong Kong."

At the same forum, Chief Executive John Lee said the SAR can prosper by tying into the nation's development, expanding international links, telling a good Hong Kong story on the global stage and staying united.

Hong Kong also needs to embrace the major opportunities provided by the nation's speedy development, he said.

Lee also stressed that the SAR government is working hard to get Hong Kong admitted into the Regional Comprehensive Economic Partnership (RCEP) free trade pact.

HK airport has all pieces needed to retain hub status

by news.rthk.hk
Friday, Aug 04, 2023

The International Air Transport Association (IATA) has said Hong Kong International Airport has all the things needed to retain its international hub status.

The association's deputy director general Conrad Clifford made the comment on Thursday during a visit to the SAR.

He told RTHK: "The key to a successful hub, the first absolute requirement is a hub-based carrier. And obviously Hong Kong has that, Cathay Pacific makes a lot of sense."

Clifford added another edge for Hong Kong is its experience and expertise in handling perishable goods, lithium batteries and other dangerous cargo.

But he said though passenger processing is speedy, Hong Kong airport can consider ditching processes where travellers are required to fill paper forms. Clifford said they should be able to just "walk through" with minimal requirements.

In terms of the pace of recovery, he also said Hong Kong is not lagging behind.

The IATA revised its forecast for the recovery of the territory's aviation industry last month, predicting that it will return to pre-pandemic levels by the end of 2024, three years earlier than previously expected.

"We were really pleasantly surprised earlier this year when China actually opened up the international market again," Clifford explained. "We're quite sure that Hong Kong and Asia will be back by the end of 2024."

However, Clifford said he is concerned with the airport's capacity to cope with passenger demand, particularly after the supply chain took a beating from the pandemic.

"What happened during the pandemic was that a number of downstream suppliers went out of business... And then as those have reverted back up again many of those suppliers are no longer there or they've cut capacity or capability," he said.

"So they can't actually supply the [spare] parts that are needed for new aircraft or existing aircraft."

He said it will take about up to two years for the supply chain to be back to pre-pandemic levels.

China rolls out measures to boost economic recovery, confidence

by www.thestandard.com.hk
Saturday, Aug 05, 2023

Despite challenges at home and abroad, China's economic recovery continues apace, and the country is extending support measures to boost confidence, ensure sustained recovery and promote high-quality development.

A slew of policy pledges, targeting specific sectors ranging from consumption, private economy, and property market to capital market and forex market, have been made public after a key meeting of the top leadership vowed to strengthen counter-cyclical regulation and make more policy options available.

At a press conference Friday, National Development and Reform Commission (NDRC) official Yuan Da said the country would mull a raft of policy options that are stronger and more targeted and take action in response to changes in situations.

To encourage consumption, which the government said plays a fundamental role in driving economic growth, the NDRC released a 20-point plan this week to spur consumer spending on a wide range of goods and services, including new energy vehicles, home appliances, electronics, catering, and tourism.

The top economic planner urged local authorities to ban new restrictive measures on auto purchasing while improving those that have already been in place.

NDRC also unveiled 28 policy measures to support the private economy, including encouraging private investment in major national projects and enhancing financial support to the sector that contributes to a majority of the country's urban jobs.

For the property sector, a pillar of the country's economy, the authorities demanded timely adjustment and improvement of policies in the sector in response to the new situation, stating that "major changes have taken place in the relationship between supply and demand in China's real estate market."

Ni Hong, minister of Housing and Urban-Rural Development, said at a recent symposium with the country's real-estate developers that effective policy steps, such as reducing down payment ratios for first-time homebuyers, lowering mortgage rates and easing purchase restrictions for people wanting to buy a second house, will be firmly implemented.

On the financial front, the Ministry of Finance and the State Taxation Administration unveiled a package of tax relief measures to support small businesses, tech startups, and rural households.

These pro-growth policies, covering a wide range of areas, are well-aligned and consistent with each other. This round of policies highlighted policymakers' determination to stabilize growth, investment bank CICC said in a report to clients.

Amid global headwinds, China's economy expanded 6.3 percent in the second quarter of the year, accelerating from 4.5 percent in the previous quarter. It grew 5.5 percent in the first half of the year, above the government's target of around 5 percent set for 2023.

Besides improvement in the headline GDP data, a breakdown also showed optimization in economic drivers, with final consumption contributing to 77.2 percent of economic growth in the first half.

The readings came after various international institutions revised their forecasts for China's economic growth this year. In June, the World Bank raised its China growth forecast to 5.6 percent from January's projection of 4.3 percent, while the Organization for Economic Co-operation and Development (OECD) lifted China's growth expectation to 5.4 percent from 5.3 percent it forecast in March.

On Monday, the purchasing managers' index for the manufacturing sector, a key measure of China's factory activity, came in at 49.3 in July, up from 49 in June and 48.8 in May, adding to the evidence of stable recovery in the world's second-largest economy.

The continued recovery and supportive measures are helping boost business confidence. A survey by the American Chamber of Commerce in South China pointed to growing optimism, as more than 90 percent of the participating companies had partially or fully recovered from the pandemic, while 57 percent of them stayed optimistic about the Chinese market, up 4 percent compared with a survey result released in late February.

Top leaders believed the Chinese economy's long-term sound fundamentals remain unchanged but warned of new difficulties and challenges that mainly arise from insufficient domestic demand, difficulties in the operation of some enterprises, risks and hidden dangers in key areas, as well as a grim and complex external environment.

There were twists and turns in the second quarter, but those would not reverse the trend of China's economic recovery, said Wang Qing, an analyst at Golden Credit Rating.

Wang expected policymakers to unveil more supportive measures in a progressive and moderate manner in the second half of the year.

At Friday's press conference, Zou Lan, an official with the People's Bank of China, the central bank, said the country has ample policy space and sufficient policy tools and has the confidence, condition, and capability to deal with various risks.

Gao Ruidong, chief economist at Everbright Securities, expected the country's fiscal policy to be more proactive by stepping up the issuance of special local government bonds as well as the use of policy-based and developmental financial instruments in the third quarter to boost investment in infrastructure.

Yuan Da said with the effect of the supportive measures gradually playing out, the economy will maintain its stable and sound trend in the second half of this year, following a sustained recovery in the January-June period.

Economy grows 1.5% in Q2

by news.gov.hk
Friday, Aug 11, 2023

Led by inbound tourism and private consumption, Hong Kong's economy continued to recover in the second quarter of 2023, with real gross domestic product (GDP) growing by 1.5% from a year earlier.

Presenting the latest economic figures and the Half-Yearly Economic Report 2023 at a press conference today, Government Economist Adolph Leung also noted that the momentum of recovery softened on the back of the strong rebound in the preceding quarter.

On a seasonally adjusted quarter-to-quarter comparison, real GDP fell by 1.3% in the second quarter.

Total goods exports plunged further by 15.2% year-on-year in real terms in the second quarter amid weak external demand. Exports to the Mainland, the US and the European Union fell sharply.

On the other hand, services exports continued to grow markedly by 22.9% year-on-year, with exports of travel services jumping over eight-fold thanks to a further surge in visitor arrivals.

Domestically, private consumption expenditure rose notably further by 8.2% year-on-year in real terms in the second quarter alongside the continued economic recovery.

Overall investment expenditure reverted to a mild decline of 0.9% amid tightened financial conditions.

The labour market continued to improve in the quarter, with the seasonally adjusted unemployment rate declining further from 3.1% in the first quarter to 2.9% in the second quarter.

As for the residential property market, the number of transactions declined by 13% from the preceding quarter to 12,199. Overall flat prices recorded a 1% decline in the quarter.

Mr Leung said inbound tourism and private consumption will remain the major drivers of economic growth for the rest of the year, noting that visitor arrivals should increase further with the continued recovery of transportation and handling capacity.

"The improving economic situation and prospects should bode well for domestic demand, though tight financial conditions may impose constraints.

"Improved labour market conditions and the Government's various measures that boost the momentum of the recovery will provide additional support to private consumption. Yet, the difficult global economic environment will continue to weigh on Hong Kong's exports of goods."

Taking into account the actual outturn in the first half and all preceding factors, real GDP growth forecast 2023 as a whole is revised to 4-5% from 3.5-5.5% in the May review.

Looking ahead, overall inflation should stay moderate in the near term. The forecast rates of underlying and headline consumer price inflation for 2023 are revised down to 2% and 2.4% respectively, from 2.5% and 2.9%.

Securities trading channels enriched

by news.gov.hk
Friday, Aug 11, 2023

The Hong Kong Special Administrative Region Government today welcomed the decision by the China Securities Regulatory Commission and the Securities & Futures Commission to jointly introduce block trading (manual trades) under the mutual market access programme.

According to the joint announcement issued by the two regulatory bodies, offshore investors will be able to conduct block trades on the Shanghai Stock Exchange and the Shenzhen Stock Exchange through the northbound trading of Stock Connect.

At the same time, Mainland investors can conduct manual trades on the Hong Kong Stock Exchange through the southbound trading of Stock Connect under the initiative.

After studying the business, technical and regulatory arrangements and consulting the market, the stock exchanges will develop an implementation proposal. The implementation details and launch date will be announced later.

Chief Executive John Lee said: “The measure announced by the regulators of the two places today signifies another breakthrough of Stock Connect, enriching the existing trading channels and enhancing trading efficiency.

“The measure will further facilitate the mutual access and concerted development of the two capital markets, strengthening Hong Kong’s position and function as an international financial centre and global offshore renminbi business hub.

“I am most grateful to the Central People’s Government and relevant authorities for their staunch support.”

Financial Secretary Paul Chan pointed out that the new arrangement will play a key role in deepening the interaction and integration of the capital markets.

“It can enhance the certainty and transparency in the transaction price and timing for large-sized securities transactions, thereby allowing investors to manage their asset allocation more efficiently at lower costs, while reducing the potential price impact of relevant transactions through auto-matching.

“The measure would help meet the increasing demand of cross-border block trading from investors in the two places, and is conducive to further enhancing cross-border liquidity.”

Apart from expressing gratitude to the Central People’s Government, the finance chief added: “We will continue to closely liaise with relevant Mainland authorities and institutions to implement the arrangement as soon as possible.”

Hong Kong primed to help EU firms' entry into Chinese mainland market: Chief Executive

by www.thestandard.com.hk
Saturday, Aug 19, 2023

Chief executive John Lee Ka-chiu said on Thursday that Hong Kong has the advantages that can facilitate the vibrant development of European Union (EU) companies in Hong Kong and their entry into the vast markets of the Chinese mainland and the wider Asian region.

Hong Kong boasts a favorable business environment, low taxation, free capital flow, abundant multicultural talent, and internationally recognized professional services, he said in a social media post.

Lee said he recently had a luncheon meeting with the head of the EU office to Hong Kong and 13 EU consuls general and representatives and shared with them the views of the HKSAR government on various issues.

The EU has always been a crucial trading partner for Hong Kong, ranking as the third-largest trading partner in merchandise trade, which reached 524 billion Hong Kong dollars (about 67 billion U.S. dollars) in 2022, and currently there are 1,600 EU companies located in Hong Kong, he said.

Lee said the HKSAR government values its trade and investment relationship with the EU and will strengthen communication and cooperation with the EU office to Hong Kong and consuls general of EU countries in various aspects.

SF eyes US$3b in year's biggest share sale

by www.thestandard.com.hk
Tuesday, Aug 22, 2023

China's largest express delivery company SF Holding filed an application for a second listing in Hong Kong yesterday with expectations to raise up to US$3 billion (HK$23.5 billion), potentially making it the city's share sale of the year.

The filing did not provide details on the fundraising size or timeline. The share sale could raise US$2 billion to US$3 billion, Bloomberg News reported in May, citing people familiar with the matter.

The Shenzhen-listed company, also known as SF Express, is working with Goldman Sachs, Huatai Securities and JP Morgan on the potential share sale.

The company is valued at about 218.6 billion yuan (HK$235.7 billion). It is the world's fourth-largest listed delivery services firm following United Parcel Service, Deutsche Post and FedEx, according to data compiled by Bloomberg.

Established in 1993 in Shunde, Guangdong province, SF has built a delivery network that encompasses 99.7 percent of Chinese cities extending to 208 countries and regions as of March 31, according to the filing. Additionally, the company operates a fleet of 95 aircraft and over 176,000 vehicles.

According to the prospectus, SF had a net income of 8.1 billion yuan in 2022, marking a 28 percent rise from the previous year.

Based on its 2022 revenue, SF Express has solidified its position as the largest integrated logistics service provider in Asia.

As of December 31, the company had roughly 1.8 million credit account customers engaged in regular monthly transactions, in addition to around 585 million retail customers.

The company said it would use the cash raised to fund the upgrade of its logistics services and network coverage in Asia, especially Southeast Asia.

It said it would also "selectively pursue strategic initiatives through mergers and acquisitions, strategic alliances joint ventures and other majority investments."

Meanwhile, Chinese intelligent vending machine maker Beijing Ubox Online Technology has filed for an initial public offering in Hong Kong for a third time yesterday.

According to data from Frost & Sullivan, based on the total commodity value in 2022, the company's market share accounts for 7.4 percent.

As of June 30, Beijing Ubox's network comprises 61,888 spots, spreading across 157 cities in 28 mainland provinces, with 87.3 percent of them concentrated in first-tier and second-tier cities.

China's Xi calls for BRICS unity as bloc weighs expansion

by www.thestandard.com.hk
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China's President Xi Jinping called for unity among his BRICS counterparts at a summit in South Africa on Wednesday as he pushed the case for expanding the grouping to face a global "period of turbulence and transformation".

Leaders of the bloc of leading developing nations Brazil, Russia, India, China and South Africa are meeting in Johannesburg with discussions around establishing a framework and criteria for admitting new members topping the agenda.

While all BRICS members have publicly expressed support for growing the bloc, divisions remain over how much and how quickly.

Bloc heavyweight China has long pushed for expansion and views its deteriorating relations with Washington as well as heightened global tensions resulting from the Ukraine war as adding urgency to the enlargement project.

"The world is undergoing major shifts, division and regrouping ... it has entered a new period of turbulence and transformation," Xi said.

"We, the BRICS countries, should always bear in mind our founding purpose of strengthening ourselves through unity."

BRICS group countries have economies that are vastly different in scale and governments that often seem to have few foreign policy goals in common, complicating decision-making.

The economy of China for example, is more than 40 times larger than South Africa's, Africa's most developed country.

Russia, isolated by the United States and Europe over its invasion of Ukraine, is also pushing to quickly grow BRICS and forge it into a counterweight to the West.

Russian President Vladimir Putin, who is wanted under an international arrest warrant for alleged war crimes, sees BRICS membership as a way of showing the West he still has friends.

He did not travel to South Africa but used a video address to attack Western powers.

"I want to note that it was the desire to maintain their hegemony in the world, the desire of some countries to maintain this hegemony that led to the severe crisis in Ukraine," he said.

South Africa's President Cyril Ramaphosa said on Tuesday that he and Xi had similar positions on BRICS expansion.

But pushback has come from Brazil and India, which have both forged closer ties with the West.

Brazil's President Luiz Inacio Lula da Silva on Tuesday rejected the idea the bloc should seek to rival the United States and Group of Seven wealthy economies.

While he is pushing for neighbour Argentina to join, he said any new members would need to meet certain conditions, so the group does not become a "Tower of Babel".

Indian Prime Minister Narendra Modi said on Wednesday his country, which is wary of Chinese dominance, fully supported expansion.

However, an Indian official familiar with discussions late on Tuesday between the leaders said Modi indicated "there have to be ground rules about how it should happen and who can join".

India and China periodically clash over their disputed Himalayan border.

More than 40 countries have expressed interest in joining BRICS, say South African officials, 22 of whom have formally asked to be admitted.

Details of criteria for joining could be included in a joint declaration due to be finalised on Wednesday.

Beyond the enlargement question, boosting the use of member states' local currencies in trade and financial transactions to lessen dependency of the U.S. dollar is also on the summit agenda.

South African organisers had said there would be no discussions of a common BRICS currency, an idea floated by Brazil as an alternative to dollar-dependence.

At least 15 potential new member countries - including Saudi Arabia, Algeria and Argentina - are under consideration to join the bloc's New Development Bank (NDB), its chief financial officer said on Wednesday.

The NDB, which has long tapped China's capital market for funding, is registering an Indian rupee bond programme worth $2.5 billion over five years, after it issued its first South African rand bond last week.