

## Hong Kong & Mainland China News – Sep-2023

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### 5pc growth likely, says Li

by [www.thestandard.com.hk](http://www.thestandard.com.hk)

Thursday, Sep 07, 2023

Premier Li Qiang has expressed confidence that China will likely achieve the economic target of 5-percent growth as set at the beginning of the year.

Speaking at the Asean summit yesterday, Li said China has promising economic development that will continue to provide new opportunities for the region and the rest of the world.

He called on members of the Regional Comprehensive Economic Partnership to support Hong Kong's application to join the world's largest free trade pact.

As the premier spoke, the onshore yuan fell to a 10-month low against the US dollar before state banks stepped in to offer support by selling the greenback onshore. The yuan closed up by 4 basis points to 7.3084 against the US dollar.

Meanwhile, Morgan Stanley has returned to a bearish view on emerging-market currencies, citing concerns over China's growth risk that not only weighs on the yuan but also puts further pressure on a weak global economy.

It warned that offshore yuan's weakness and China's macro weakness could spill over to the rest of emerging markets.

"We are not expecting a significant rebound in sentiment towards China's outlook in the short term," strategists at Morgan Stanley wrote, citing low private-sector confidence, deleveraging in the property sector and longer-term issues from debt to demographics.

Goldman Sachs also expects the yuan to remain soft along with weak exports, sluggish domestic consumption and deflationary pressures.

## Hong Kong set to tell its story

by news.gov.hk

Monday, Sep 11, 2023

Financial Secretary Paul Chan

I am happy to share with you a few thoughts on the state of our legal system. As you all know, it is based on the common law system. This ensures fair hearing rights. Equally important is that our institutional setup continues to ensure access to justice. And the judiciary exercises its power independently. Our legal system is the cornerstone of the very trust and confidence investors and business people have in doing business here.

Yet there has been no lack of negative narrative about it, especially since the implementation of the National Security Law back in 2020. This has unfortunately led to an emerging sentiment in the West that Hong Kong is becoming less and less distinct from the Mainland.

I am here to tell you that this is a misplaced sentiment. I believe foreign businesses and diplomats who work, live or raise their families here would agree with me. I believe you would continue to see the rule of law at work, functioning as it should be, day after day here in Hong Kong.

Victor (Hong Kong Bar Association Chairman Victor Dawes) will surely share his thoughts on this.

But allow me to add one point. The central government is entirely committed to maintaining the “one country, two systems” principle in the long term. That commitment has been made consistently and clearly. It was made by President Xi Jinping during his visit in Hong Kong in July last year. It was made at the 20th National Congress of the Communist Party of China last October. And again in March, at the annual high-level meetings in Beijing.

No doubt it is our country’s compelling interest to ensure Hong Kong as an IFC (international financial centre) and as the premier gateway for trade, investment, talent and travel between the Mainland and the rest of the world.

This is compellingly illustrated by the roles that our country has given us under the 14th Five-Year Plan. Hong Kong is tasked with serving as the international or regional hub in eight discrete areas: finance, innovation and technology, aviation, maritime, trade, legal and dispute resolution, intellectual property trading, and also as an East-meets-West centre for international cultural exchange.

These roles require Hong Kong to maintain - and emphatically so - our much trusted common legal system and our regulatory systems, which align with the world’s best standards, as well as free flow of goods, capital, information and people, and ultimately a friendly business environment.

Looking to the future, be assured of the unwavering support of our nation and Hong Kong's long-standing connectivity with the world. I have high confidence on the prospects and promise of business and the finance here.

In the short to medium term, our economic growth will be powered by two main engines, namely financial services and innovation and technology. “One country, two systems” is very important in this respect. Take financial services as an example. The common law system is underpinning international financial centres.

For developing innovation and technology, free flow of information, talent, data are all very important for such industries as artificial intelligence and big data analytics; not to mention the ability to attract enterprises and talent.

“One country, two systems” and the common law legal system are here to stay. Our commitment is firm.

But we need to do more. Here in Hong Kong, from the Government to the business sector, we all know very well their importance, but we have to communicate our commitment to the outside world. As I mentioned earlier, for different reasons - misunderstanding, information gaps, etc - narratives about Hong Kong in the US and in Europe are not very positive.

After all, we had gone through difficulties, with COVID-19 somewhat cutting us off from the rest of the world for over three years. Many people haven’t had the chance to visit Hong Kong and experience the situation here for themselves.

I believe seeing is believing. Going forward, one strategy of the Government is to invite as many (people) as possible - business visitors, think tanks, investors and tourists - to come to Hong Kong. Then, they would have the opportunity to talk to their business associates, contacts, friends and other people here so that they could gauge the situation, and compare with what they have read or seen from the media.

In the coming few months, a lot of mega events will take place in Hong Kong. Just in the next few days, we will organise the Belt & Road Summit. In October, we will hold the annual Fintech Week symposium, attracting another three to four thousand people. And in November, we will have the Global Financial Leaders’ Investment Summit. Last year, when I said in the Budget that we were going to organise the first Global Financial Leaders’ Investment Summit, there was some suspicion whether it was really going to happen. But we proved we did, and the global financial community was keen to come to Hong Kong to learn the situation here first-hand and to reap the business opportunities here. So, we are going to do the expanded version this year.

There will also be a Bloomberg regulatory forum in October. And in December, the FII (Future Investment Initiative) Institute, from the Middle East, is going to hold its first Asian Summit in Hong Kong. More events are coming in the first half of next year.

We also need to go out, too. The Chief Executive, a few other secretaries and I have been making overseas visits and leading delegations to the Middle East, Southeast Asia and other places. I will be leaving for Europe at the end of this week. And we need your help. We need the help of the business community, and indeed everybody. Do talk to your friends in your visits and tell them what Hong Kong is like. Tell them about the opportunities in Hong Kong and our competitive advantages, particularly using Hong Kong as a gateway for easy access to the Greater Bay Area, to the Mainland and even as a hub for the entire Asia Pacific.

*Financial Secretary Paul Chan gave these remarks at the InterCham Hong Kong Business Luncheon on September 11.*

## **HK role unique in Belt-Road**

by news.gov.hk

Thursday, Sep 14, 2023

Secretary for Financial Services & the Treasury Christopher Hui today said with its robust financial ecosystem, Hong Kong is uniquely positioned to contribute to the Belt & Road Initiative.

He added that Hong Kong's participation in the initiative enables the city to explore new opportunities for collaboration with financial institutions from around the world.

Delivering his opening remarks at the thematic session "Hong Kong: Capital Raising Hub for ASEAN, Middle East & Beyond" of the first Finance Chapter of the Belt & Road Summit today, Mr Hui illustrated Hong Kong's strengths in infrastructure financing.

He noted that as infrastructure development gains momentum within the Belt & Road region, enterprises can turn to Hong Kong for diverse avenues of capital raising and financing.

Renowned as Asia's leading bond market, Hong Kong offers a range of options such as initial public offerings, post-listing arrangements, bond issuance and bank loans.

According to the International Capital Market Association, in terms of bonds issued internationally by Asia-based entities, the volume arranged by Hong Kong ranked first globally for seven consecutive years since 2016, exceeding US\$100 billion and capturing 30% of the market in 2022.

Mr Hui added that as a premier asset and wealth management centre, Hong Kong is endeavouring to attract corporations in the Belt & Road countries and regions to set up corporate treasury centres, by making efforts in the diversification of fund structure.

This includes the Open-ended Fund Company and Limited Partnership Fund regimes, and provision of re-domiciliation mechanism for foreign funds to migrate to Hong Kong.

On the pivotal role of Middle East & Association of Southeast Asian Nations within the Belt & Road Initiative, Mr Hui said the regions present numerous opportunities for collaboration and growth.

He noted that Hong Kong stands ready to provide one-stop solutions with its world-class financial infrastructure and professional services for countries and regions along the Belt & Road to attract international capital to support project developments.

## Singapore keeps faith in China

by [www.thestandard.com.hk](http://www.thestandard.com.hk)

Thursday, Sep 14, 2023

Singapore's giant state investment firm Temasek is "still excited about the China market," a senior executive said, even as investing in the world's No 2 economy has become more challenging amid a slowdown and tension with the West.

Speaking at the Milken Institute Asia Summit in Singapore yesterday, Temasek's head of China, Wu Yibing, said he sees attractive opportunities in China in areas such as advanced manufacturing and energy transition.

"While people tend to look at the weakness in the traditional sectors such as the traditional manufacturing or real estate, they tend to overlook that these emerging sectors," Wu said.

Meanwhile, GIC is also "doubling down" on some sectors in China as the country remains investable, even if it has become hard to make top-down allocations, according to Lim Chow Kiat, the Singaporean sovereign wealth fund's chief executive officer.

China is leading the world in certain industries like green technology, Kiat told the summit, adding that consumption will play a bigger role in the nation over the long term and could present opportunities.

## **HK among top freest economies**

by news.gov.hk

Tuesday, Sep 19, 2023

Hong Kong continues to rank among the top in the Economic Freedom of the World 2023 Annual Report published by the Fraser Institute, coming in second place globally.

Among the five assessment areas in the 2023 report, the city continued to rank top in “Freedom to trade internationally”, and third globally in “Regulation”.

Hong Kong’s scores and rankings in “Size of government” and “Sound money” also improved from those of last year.

In a statement, the Hong Kong Special Administrative Region Government said Hong Kong is one of the most liberal and easiest places to do business in the world, being home to almost 9,000 Mainland and overseas companies.

This is a testament to Hong Kong’s distinctive institutional strengths under ‘one country, two systems’. Hong Kong remains the only place in the world where the global advantage and the China advantage come together in a single economy.

The Fraser Institute’s claims that the Mainland imposed new and significant barriers to entry, limits on the employment of foreign labour, and increases in the costs of doing business in Hong Kong are factually wrong.

The Hong Kong SAR Government said it totally disagreed with and was disappointed in such unfounded claims.

It pointed out that there is no change to the labour policy in the Hong Kong SAR. On the premise of according employment priority to local workers, the Hong Kong SAR Government operates different schemes for employers to apply for importation of labour on account of their actual circumstances.

Such schemes serve to supplement skills not readily available in the local labour market, and sustain the competitiveness and meet the development needs of Hong Kong. The Hong Kong SAR Government also strives to maintain the city as an attractive place for labour from different places to work.

It also stressed that the argument of the so-called “Mainland’s military interference on Hong Kong’s rule of law” in the 2023 report is completely fictitious and contrary to the facts, noting that the Hong Kong SAR enjoys a high degree of autonomy under “one country, two systems”. The rule of law in Hong Kong is not subject to military interference.

Under Article 14 of the Basic Law, military forces stationed by the Central People’s Government in the Hong Kong SAR for defence shall not interfere in the local affairs of the region and in addition to abiding by national laws, members of the Garrison shall abide by the laws of the Hong Kong SAR.

Similarly, under Article 9 of the Garrison Law, the Hong Kong Garrison shall not interfere in the local affairs of Hong Kong.

In relation to the so-called “eroding confidence in judicial independence and the impartiality of Hong Kong courts”, the Hong Kong SAR Government reiterated that, as a matter of fact, Hong Kong’s legal and judicial system has always been highly regarded by international communities.

The Constitution and the Basic Law provide constitutional guarantees for fundamental rights and freedoms. The appointment and removal of judges in Hong Kong are free from political or other irrelevant considerations.

Judgments of the courts contain detailed reasoning for the relevant decision and are publicly available on the website of the Judiciary, which the public can access at any time. Equality before the law is a fundamental principle observed in Hong Kong.

The allegation against the independence and impartiality of the Hong Kong SAR’s judiciary is totally groundless and unsupported by objective evidence, the statement added.

In relation to the implementation of the National Security Law, the Hong Kong SAR Government reiterated that national security is a matter within the purview of the central authorities. It is the responsibility and right of every country to safeguard its national security.

The Hong Kong SAR’s law enforcement agencies have been taking law enforcement actions based on evidence and strictly in accordance with the law in respect of the acts of the people or entities concerned, and have nothing to do with their political stance or background.

The 2023 report’s comments on the relevant enforcement actions are biased, casting doubt on the impartiality of the report’s conclusion.

The Hong Kong SAR Government said that since the return of Hong Kong to the motherland, it has been fully, faithfully and resolutely implementing the principles of “one country, two systems”, “Hong Kong people administering Hong Kong” and a high degree of autonomy in accordance with the Constitution and the Basic Law to ensure Hong Kong’s long-term prosperity and stability.

Hong Kong has entered a new stage of advancing from stability to prosperity, it added.

## **HK economy to grow by 4.7pc this year**

by [www.thestandard.com.hk](http://www.thestandard.com.hk)  
Tuesday, Sep 19, 2023

Hong Kong's economy is expected to grow by 4.7 percent this year, supported by the government's huge fiscal and foreign exchange reserves and resilient banking system, according to the ASEAN +3 Macroeconomic Research Office.

The economy has rebounded strongly in the first half of this year, primarily driven by robust domestic consumption and inbound tourism after the reopening of the mainland, the office also known as AMRO said.

Growth for the rest of 2023 and 2024 is projected to be further boosted by the normalization of cross-border travel and the provision of targeted fiscal support.

Inflation may face some upward pressures, reflecting the economic recovery and tightening labor market, but should remain moderate, it predicted.

While Hong Kong's near-term growth outlook has improved, risks and uncertainties remain amid the global trade down cycle and US interest rate hikes.

AMRO also mentioned that a challenging outlook for Hong Kong's property market and a faltering economic recovery in mainland China would also weigh on the city's economic growth.



## Local banks strong, no outflows

by [www.thestandard.com.hk](http://www.thestandard.com.hk)

Wednesday, Sep 27, 2023

Hong Kong banks have upheld liquidity coverage and capital adequacy levels that surpass international standards, Deputy Financial Secretary Michael Wong Wai-lun yesterday said at an event, adding that the financial hub has not suffered capital outflows.

Despite various headwinds, total deposits in the local banking system rose by 0.19 percent in the first half of the year, Wong told delegates at the 2023 Hong Kong Institute of Bankers annual banking conference yesterday.

"So if people tell you that there is a flight of capital away from Hong Kong, they don't know the facts", said Wong.

Hong Kong's banking industry remained resilient amid fears of a global recession brought by higher interest rates and geopolitical tensions, Wong said.

Wong also noted the number of financial technology companies in Hong Kong has increased to more than 800 from about 180 five years ago, adding the government continues to promote projects such as the Central Bank Digital Currency.

Speaking at the same event, Hong Kong Monetary Authority deputy chief executive Arthur Yuen Kwok-hang said the classified loan ratio - or the nonperforming loan ratio - may see a slight rise in the coming months among local banks due to the mainland property sector exposure, which has not yet fully stabilized.

The ratio rose to 1.5 percent as of June this year, Yuen said.

This came as the HKMA loaned out HK\$1.39 billion through its discount window on Monday, the highest amount released in three weeks.

Meanwhile, the overnight Hong Kong interbank offered rate surged to 5.78 percent yesterday, the highest in 17 years.

## HK ranks among top in innovation

by [news.gov.hk](http://news.gov.hk)

Wednesday, Sep 27, 2023

The Shenzhen-Hong Kong-Guangzhou science and technology cluster ranked second globally for four consecutive years in the Global Innovation Index 2023 published by the World Intellectual Property Organization.

Hong Kong's ranking remains fifth in Asia and 17th globally among 132 economies.

As regards the two sub-indices under the index, Hong Kong continued to perform well in the Innovation Input sub-index, at eighth globally, while its ranking in the Innovation Output sub-index improved to 24th.

The Hong Kong Special Administrative Region Government today said the National 14th Five-Year Plan indicates clear support for Hong Kong's development into an international innovation and technology (I&T) centre.

To chart the city in moving towards that vision, the Hong Kong SAR Government promulgated the Hong Kong I&T Development Blueprint last year to establish a clear development path and formulate systematic strategic planning for the city's I&T development over the next five to 10 years.

“Nearly \$200 billion has been committed in the past few years to enhancing technological research infrastructure, subsidising research and development activities, supporting collaboration among industry, academic and research sectors, as well as pooling together and nurturing technology talent.

“Moreover, we proactively attract strategic enterprises to set foot in Hong Kong with a view to accelerating and boosting the vibrant development of our I&T ecology.”

The Hong Kong SAR Government said according to the index, the Shenzhen-Hong Kong-Guangzhou science and technology cluster has ranked second globally for four consecutive years among the top 100 clusters, which shows that the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) has unlimited potential for I&T development.

With a view to making a greater contribution to the GBA and national development, the Hong Kong SAR Government will fully implement the spirit of the 20th National Congress and the “two sessions”, and to tie in with the National 14th Five-Year Plan to promote I&T development in the GBA.

It pointed out: “One of the development paths set out in the blueprint is to proactively integrate into the overall development of the country and consolidate our role as a bridge connecting the Mainland and the world.

“Hong Kong has distinctive institutional strengths under 'one country, two systems' including the continuation of the common law system, the exercise of independent judicial power by the Judiciary, a favourable business environment with efficient and transparent markets, a regulatory regime in line with international rules, an efficient and clean government, a simple and low tax system, world-class professional services, and free flow of goods and factors of production including talent, capital and information, enjoying our country's staunch and robust support and staying closely connected to the world.

“As our country adheres to the strategy of two-way opening up and sustains high-quality development, and many economies in the region see rapid growth, Asia will remain a major engine of global economic growth and bring enormous opportunities to Hong Kong, in particular the development opportunities brought by national strategies, including the GBA development and the high-quality development of the Belt & Road Initiative.”