'Wealth connect scheme could be widened further'

by rthk.hk
Jun 05, 2024

Hong Kong Monetary Authority chief executive Eddie Yue on Wednesday said authorities are looking into the feasibility of further widening a wealth connect scheme to attract large sums of capital from the Greater Bay Area to the SAR.

Speaking at a wealth summit, Yue noted that the city’s de facto central bank upgraded the “Cross-boundary Wealth Management Connect Scheme” to a 2.0 version in February, to cover a greater variety of investment products and enabling more mainland investors to trade.

Yue said the authorities are now studying whether the scheme can be upgraded to a 3.0 version, so the city can better cater to private banking customers.

“It’s still in the early days, [but] we are talking to the industry very closely about what's needed. Is it the quota? Or is it the scope of products? Or is it the selling process?” he said.

“For example, the quota. Currently, the individual quota is up to three million renminbi, but that's actually not quite enough for private bank clients. Is there a way to have a separate channel to capture the private bank clients?”

“The selling process has been a lot easier and smoother than before. But can it be further streamlined? Or can the marketing be made more active? Can the education be done better? I think there are still areas that we can look into in terms of improvements,” he said.

Yue added that a significant increase in capital inflows from the north to the SAR was observed following the previous upgrade, and indicated that a further expansion could potentially attract more middle-class investors in the development zone who have the greatest need to diversify their assets.

The scheme, launched in September 2021, was Beijing’s first tailor-made plan to boost sales and capital flows between Hong Kong, Macau and the nine other cities in the Greater Bay Area.

Data, facts reflect HK's bright future

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The Government today said the remarks by some individuals on Hong Kong's economic and financial development have clearly overlooked the city's existing advantages and the current positive development momentum and added that it needs to set the record straight.

In a statement, the Government stressed that the real economic growth rates of the Mainland in the first quarter this year and the whole of last year were both above 5%, which are higher than the respective target, ranking it among the fastest-growing major economies in the world.

According to a study by the International Monetary Fund, the Mainland economy contributed to more than 30% of global economic growth. The country's innovative research and development as well as application capabilities in new economic areas such as new energy vehicles, industrial robots, artificial intelligence and green development are widely recognised worldwide.

As regards Hong Kong, its economy is growing steadily as well, having achieved a positive growth rate of 3.3% in 2023. Taking on the momentum of the steady development of the economy, the real gross domestic product grew at a year-on-year rate of 2.7% in the first quarter this year and it is estimated that there will be a growth of about 2.5 to 3.5% for the whole year.

The statement pointed out that Hong Kong's status as an international financial centre is being reinforced and upgraded, with the market capitalisation of Hong Kong stocks exceeding $33 trillion, 10 times of that at the time of the return to the motherland in 1997.

The Stock Connect has also brought about cumulative northbound and southbound capital flows of more than 1.8 trillion renminbi and $3.1 trillion respectively.

The statement added that these figures demonstrate that Hong Kong as an international financial centre has fully utilised its ability to mobilise both Mainland and foreign capital, and will continue to play a key role in helping to "bring in" international enterprises and investors, as well as assisting Mainland enterprises to "go out".

Additionally, the statement emphasised that the Hong Kong stock market has also seen numerous new highlights in recent years, with the average daily transaction volume of Exchange Traded Funds on the Hong Kong Stock Exchange exceeding $13 billion in the first quarter this year, an increase of more than 70% from 2021.

Regarding derivatives, the total futures trading volume reached 149 million last year. Apart from representing a 40% increase from 2021, this also reflects Hong Kong's ongoing development as an international risk management centre, it added.

The statement noted that the China Securities Regulatory Commission recently announced five new measures to support the development of Hong Kong's financial sector.

Besides creating a positive market atmosphere, these measures would also bring long-term structural enhancements to the Hong Kong market, such as including real estate investment trusts in the Stock Connect, further enriching the choice of products available.

On wealth management, Hong Kong's asset management scale exceeds $30.5 trillion. Plus, recent market research estimates there are over 2,700 single family offices in the city, making it an ideal location for high-net-worth asset owners to set up and develop their business.

The statement indicated that the effective functioning of "one country, two systems" is the cornerstone of Hong Kong's ongoing prosperity while the Basic Law explicitly protects freedom of speech and freedom of the press.

It also highlighted that vast opportunities lie ahead and they will attract talent and businesses to develop in Hong Kong.

As of end-April, around 290,000 applications had been received under various talent admissions schemes, and around 180,000 had been approved. Over 120,000 people already arrived in Hong Kong, bringing support to the city's labour force and economic development.

As of 2023, there were over 9,000 companies in Hong Kong with their headquarters in the Mainland or overseas.

In attracting strategic enterprises, more than 50 companies have established or expanded business in Hong Kong or will do so in the future, and they are expected to bring over $40 billion in investment and over 13,000 job opportunities in the coming few years.

The Government said it has been implementing the "one country, two systems" principle under which the people of Hong Kong administer Hong Kong with a high degree of autonomy, in strict accordance with the Basic Law.

The successful implementation of the Hong Kong National Security Law and Safeguarding National Security Ordinance has brought about a safe and stable environment conducive to investment and financial development, it added.

A survey conducted by a major foreign chamber of commerce early this year revealed that nearly 80% of its members had confidence in the rule of law in Hong Kong, and nearly 70% of them also said the operation of their enterprises had not been affected by the security law.

Furthermore, the statement revealed that the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" supports Hong Kong's status as an international financial centre, a global offshore RMB business hub, an international asset and risk management centre, as well as its development into a green finance centre and a platform for investment and financing serving the Belt & Road Initiative.

The Government said that various data and facts not only reflect the performance of Hong Kong's economic and financial development, but more importantly highlight the city's unique advantages and strategic position under the "one country, two systems" principle, as well as its resilience and flexibility, in the face of global instability.

While the external environment will remain complicated, the Mainland and Hong Kong's economic growth is steadily improving and even in a faster pace than some developed economies, it added.

Hong Kong's financial sector grows despite NSL: Eddie Yue

by www.thestandard.com.hk
Jun 09, 2024

Hong Kong's financial industry has continued to grow after the 2020 enactment of the national security law, despite predictions of a flight of capital from the city, according to de-facto central bank chief Eddie Yue.

The number of private equity and hedge fund managers as well as family offices operating in the city has increased 24 percent in the last three years, the Hong Kong Monetary Authority chief executive said at an event on Saturday marking the fourth-anniversary of the legislation. A transcript of the speech was posted on the HKMA's website.

Yue took over the top job at HKMA in October 2019, when the city was engulfed in political unrest and rumors were rife about Hong Kong's financial stability. Some predicted the collapse of the local dollar's peg to the US dollar, while others speculated that capital flight would force the city to devalue its currency.

"Some even incited the public to withdraw their savings from targeted banks," Yue said on Saturday. Total deposits in the city's banking system have risen 21 percent over the past five years, he said, "We are seeing money flowing in, not flowing out."
(Bloomberg)

China-Australia ties on the right track: Li Qiang

by rthk.hk
Jun 17, 2024

China's relationship with Australia is on the right track, Premier Li Qiang said in Canberra on Monday as the two trading partners moved on from their economic dispute.

The highest-ranking Chinese official to visit Australia since 2017, Li held high-level talks with Prime Minister Anthony Albanese following a welcome ceremony at Parliament House.

"In less than one year Prime Minister Albanese and I have met multiple times and exchanged visits to each other's country," Li said following their meeting.

"This shows that our countries attach great importance to our relationship and that this relationship is on the right track of steady improvement and development."

Li said he and Albanese had a "candid exchange of views on some differences and disagreements", and the two countries have agreed to properly manage those differences.

The premier added the further development of bilateral ties requires joint efforts from both sides.

In his opening remarks, Albanese said China and Australia had complementary economies and shared interests in addressing climate change.

"We also have our differences... that's why candid dialogue is so important. For Australia, we consistently advocate the importance of a region and world that is peaceful, stable and prosperous, where countries respect sovereignty and abide by international laws," he said.

“Australia advocates that we should all work together to promote a regional balance where no country dominates and no country is dominated.”

Starting in 2020, a slew of Australia's most lucrative export commodities were effectively banned from China as diplomatic relations rapidly unravelled. But as ties have gradually improved under a new government in Canberra, Beijing has wound back most of these trade barriers.

"China remains overwhelmingly Australia's largest trading partner. Australian farmers, miners and exporters are already seeing the benefits of the removal of trade impediments – benefits that flow to our economy," Albanese said.

He also described the discussions with Li as constructive.

Premier Li also said the two countries would expand cooperation in energy and mining, and China would include Australia in its visa waiver programme.

And the two sides will take steps to improve military communication to avoid incidents. "One of the very practical measures that we spoke about was improving military-to-military communication so as to avoid incidents," Albanese said.

In an incident last month, a Chinese air force jet dropped flares near an Australian defence helicopter in international airspace over the Yellow Sea. Canberra called it a dangerous encounter whereas the Foreign Ministry in Beijing accused the Australian military of provocative and threatening behaviour.

Li visited New Zealand before Australia and is scheduled to stop in Malaysia on Tuesday before returning to China. (Agencies)

HK ranks 5th in competitiveness

by news.gov.hk
Jun 18, 2024

Hong Kong was ranked the fifth most competitive economy by the International Institute for Management Development in its World Competitiveness Yearbook 2024, up two places from last year.

Among the four competitiveness factors, Hong Kong's rankings in business efficiency and infrastructure rose notably and came within the top 10 globally.

The city's ranking in government efficiency also stayed high among the top three, while its ranking in economic performance saw significant improvement, reflecting the economic recovery in 2023.

As regards the sub-factors, Hong Kong topped the rankings in international trade and business legislation, and was among the global top five in tax policy, international investment, basic infrastructure, finance and education.

The Hong Kong Special Administrative Region Government pointed out that the yearbook continues to recognise Hong Kong as one of the most competitive economies in the world, having taken into account a host of factors including objective data and business opinions.

With staunch support from the central government, Hong Kong's economy has continued to recover after the epidemic, it added.

The Hong Kong SAR Government emphasised that it has launched an array of measures to bolster market confidence and organised mega events to bolster tourism and consumption, with a view to consolidating the momentum of economic recovery.

At the same time, it is vigorously attracting enterprises, capital and talent from around the world to come to Hong Kong, proactively driving the development of areas including financial services, innovation and technology, and trading where Hong Kong enjoys an edge.

Additionally, the Hong Kong SAR Government highlighted that it is embracing green transformation and digital economy development, so as to expedite the formation of new quality productive forces and spearhead the high-quality development of the city's economy in the medium to long run.

The Hong Kong SAR Government also mentioned that, under "one country, two systems", Hong Kong enjoys the strong support of the motherland while being closely connected to the world, and is the only city that combines Chinese advantages and international advantages.

Furthermore, it noted that the city will continue to perform its roles and functions as a super-connector and a super value-adder, and proactively integrate into the overall national development and align with national development strategies.

IMF opens new Shanghai centre to engage Asia-Pacific

by rthk.hk
Jun 19, 2024

The International Monetary Fund (IMF) on Wednesday announced it had opened a new regional centre in Shanghai to further strengthen its engagement and partnership in the Asia-Pacific region.

The opening was announced on the first day of the two-day annual Lujiazui financial forum in the mainland's financial hub.

In a statement, the IMF said the new centre "will serve as a hub to promote research that can inform policies in areas of interest to emerging market and middle-income countries".

"It will help deepen the IMF's dialogue with member countries and other stakeholders in the region, including international financial institutions, academics, think-tanks, CSOs, and the private sector," the statement read.

In addition, it said the new establishment would facilitate targeted capacity-building in the region, including via peer-to-peer learning, in collaboration with the China IMF Capacity Development Centre (CICDC).

It also expressed gratitude to China's central bank for its generous financial support to its Shanghai Regional Centre.

Speaking at the centre's launch ceremony, Pan Gongsheng, Governor of the People's Bank of China, said he welcomed the new establishment in Shanghai.

"We believe the Shanghai Regional Centre will deepen cooperation between the IMF and China, enhance macroeconomic policy exchange and coordination among the Asia Pacific countries, and support regional and global financial stability," Pan said.

Echoing Pan, IMF Managing Director Kristalina Georgieva said at the same event that the Shanghai centre "will deepen understanding of perspectives from member countries, and foster international economic cooperation".

The opening of the new centre came after the IMF earlier upgraded its estimate for China's economic growth for this year from 4.6 percent to five percent last month, putting its projections in line with Beijing's full-year growth estimate at around five percent.

HK, Armenia sign tax pact

by news.gov.hk
Jun 24, 2024

Hong Kong today signed a comprehensive avoidance of double taxation agreement (CDTA) with Armenia.

Secretary for Financial Services & the Treasury Christopher Hui said the CDTA is the 50th agreement that Hong Kong has concluded, marking a major milestone in the Hong Kong Special Administrative Region Government's drive to expand the city's tax treaty network.

“We will continue to sign CDTAs with more trading and investment partners to promote closer economic and trade ties between Hong Kong and the rest of the world. This will enhance the attractiveness of Hong Kong as a business and investment hub, and consolidate the city's status as an international economic and trade centre.”

Mr Hui also pointed out that the CDTA sets out the allocation of taxing rights between Hong Kong and Armenia, which will help investors better assess their potential tax liabilities from cross-border economic activities.

“I have every confidence that the CDTA will encourage the business sectors of both sides to do business or make investments,” he added.

According to the Hong Kong-Armenia CDTA, Hong Kong companies can enjoy double taxation relief in that any tax paid in Armenia, whether directly or by deduction, will be allowed as a credit against the tax payable in Hong Kong in respect of the same income, subject to the provisions of the tax laws of Hong Kong.

Moreover, Armenia's withholding tax rate for Hong Kong residents on dividends will be capped at 0% or 5%, while that on interest and royalties will be capped at 5%.

The CDTA will come into force after both jurisdictions complete their ratification procedures.

The Financial Services & the Treasury Bureau explained that in Hong Kong's case, the CDTA will be implemented by way of an order to be made by the Chief Executive-in-Council under the Inland Revenue Ordinance, which is subject to negative vetting by the Legislative Council.

China's economy off to a good start in 2024: Li

by rthk.hk

Jun 25, 2024

Premier Li Qiang on Tuesday said the Chinese economy had gotten off to a "good start" this year, and that the nation will continue to strive to create an open environment for technological innovations.

Li made the remarks at a keynote speech at the opening of a World Economic Forum meeting – also known as Summer Davos – in Dalian city.

He said: "The rapid growth of new industries and new drivers has buttressed the sound and sustained development of the Chinese economy."

"Since the start of this year the Chinese economy has sustained the momentum of recovery. It got off to a good start in the first quarter of this year... and continued steady growth in the second quarter. We're confident and capable in achieving the growth target of around five percent for this year," Li said.

He also proposed that there should be a deepening of exchanges and cooperation in science and technology.

"Science and technology are key variables in future development and major sci-tech progress usually comes from unrelenting research accumulation and extensive cooperation," Li said.

The premier also told delegates that the nation's electric vehicles and lithium batteries were not only meeting domestic demand, but also enriching global supply amid trade tensions with the West.

Some 1,600 leading figures from the public and private sectors across nearly 80 countries and regions are attending the 15th Annual Meeting of the New Champions event which is being held until June 27. (Additional reporting by Reuters)