55 agreements signed with three Asean nations: CE

by rthk.hk
Aug 02, 2024

Chief Executive John Lee has hailed his six-day trip to Southeast Asia for allowing him to "meet new friends and strength past relationships", with a total of 55 non-binding deals signed with three countries.

"[We signed] 12 with Laos, 13 with Cambodia and 30 with Vietnam, covering a wide range of cooperative areas, such as trade and economic partnership, investment, customs collaboration, education, cultural exchanges and tourism promotion," he told reporters in Ho Chi Minh City on Friday.

"We have confirmed the support from the three countries' governments for Hong Kong in joining the Regional Comprehensive Economic Partnership."

During an earlier luncheon with business leaders, Lee pledged to strengthen ties with Asean countries and reiterated his wish for Hong Kong to join the free trade pact.

"Hong Kong is making good use of the free trade agreement and investment agreement between Asean and Hong Kong to deepen our collaboration with Vietnam and other Asean countries. And we are eager to go beyond those free trade agreements," he said.

"We hope, too, to join RCEP, the Regional Comprehensive Economic Partnership. Through RCEP, I'm confident Hong Kong can make an even bigger contribution to the overall economic growth of Vietnam, Asean and the larger Asian region."

Lee also met Vietnamese politicians on his last day, including the chairman of the Ho Chi Minh City People's Committee, Phan Van Mai.

Other visits included a trip to a Hong Kong-owned garment manufacturing factory, where the firm's chief executive officer was quoted as saying the company will continue to keep its headquarters in the SAR and attract talent from Asean countries to the territory.

The SAR delegation was returning to Hong Kong on Friday evening.

Adrian Cheng expects HK to become top wealth hub

by www.thestandard.com.hk
Aug 14, 2024

The scion of one of Hong Kong's richest families said he expects the city to become the world's top destination for family offices, as it steps up efforts to lure and retain more billionaires and their heirs.

"I'm very confident we will be number one for family office wealth management in the future," said Adrian Cheng, the chief executive officer of property firm New World Development Co. and the chairman of the recently-created Hong Kong Academy for Wealth Legacy. The institute was set up by the city last year to help develop and promote Hong Kong as a global hub for the super-rich.

Cheng didn't specify a time frame for the goal, which is to be the biggest in terms of the number of family offices and assets under management, adding that it could be in the "medium term." Hong Kong had more than 2,700 single family offices at the end of 2023, according to estimates in a government-commissioned study by Deloitte published earlier this year. About a third of them managed at least $100 million in assets, the study said.

The semi—autonomous Chinese territory is trying to regain its stature as a global financial hub following years of draconian Covid-19 restrictions and a sweeping crackdown against political dissent. Rival Singapore has benefited from expatriates and international businesses that have shifted away from Hong Kong, and is also a popular regional base for family offices. The Southeast Asian nation had about 1,400 single family offices that had been awarded tax incentives at the end of 2023, more than triple the total at the end of 2020.

Hong Kong has introduced a slew of tax and residency incentives to attract more money management firms, including family offices, but it faces headwinds ranging from geopolitical risks tied to China, and Beijing's crackdown on the country's billionaires.

Family offices and private trusts in Hong Kong made up roughly HK$2 trillion ($257 billion) in assets under management at the end of 2023, according to government figures. The overall asset and wealth management business oversaw more than HK$31 trillion at year end.

Hong Kong is home to about tens of thousands of wealth management practitioners that have been serving generations of wealthy families for decades, which gives it an advantage over other financial hubs, Cheng said. "It's not just about the capital, it's about the values too," he added.

Cheng said the new Hong Kong academy hopes to be a "super connector" for family offices seeking to establish a presence in the city, with a particular focus on second generation wealth owners as well as governance issues. The entity will hold a summit next month that is expected to attract more than a hundred family offices, he added.

Family offices managing over HK$240 million ($30.8 million) are exempted from profit taxes on their qualified financial investments. The government could also implement better tax rules for philanthropic activities, Cheng said. “I think we can improve that,” he added, pointing to other cities that have tax exemptions for charitable contributions. Singapore, for instance, currently allows 100% tax deduction for overseas cash donations made by family offices.

Hong Kong is also trying to establish itself as a top global venue for trading and storing art, and is building a tax-free art hub near its airport. That could help bring more wealthy people to Hong Kong regularly, Cheng said.

Cheng is one of the heirs of a prominent real estate clan that also owns a stake in Chow Tai Fook Jewellery Group Ltd. His late grandfather, Cheng Yu-tung, founded New World Development in 1970, and his father, billionaire Henry Cheng, is its chairman. The Hong Kong-based company owns hotels, shopping malls and other properties. The Cheng family is worth more than $20 billion, according to the Bloomberg Billionaires Index.

Wealth preservation has been a major challenge for Hong Kong’s property tycoons and their families, as many of them have been caught up in the city’s real estate slump. New World Development shares have lost more than half their value over the past year, significantly underperforming the Hang Seng Index’s 8.5% decline over the same period.

Hong Kong has previously drawn controversy in its public quest to woo more family offices. Earlier this year, Bloomberg News and other media outlets reported on a Dubai Sheikh’s pledge to invest up to $500 million in a Hong Kong family office. He also attended an invitation-only wealth summit hosted by the government, but it later turned out that officials hadn’t vetted his identify and financial background. The investment has yet to happen.

Succession within the Cheng clan has also been a hot topic. Cheng was widely seen as the leading candidate to take over his family’s business group, but been facing increasing uncertainty over his heir-apparent status after his father said last year that he was still looking for a successor.

Cheng didn’t address his own family’s succession plans in the interview. He said wealth management professionals can advise on how to preserve capital for the generations to come, but it is up to the family members to stay together. “Once you preserve the values, you will have harmony,” Cheng added.

Bloomberg

Sharp rise in firms locating in HK

by news.gov.hk
Aug 16, 2024

As Hong Kong's economic recovery gathers pace, bolstered by support at a national level, data from Invest Hong Kong (InvestHK) indicates that companies are accelerating their business expansion in the city.

In the first half of 2024, the department assisted 322 companies in setting up or expanding their operations in Hong Kong, representing a 43% increase compared to the same period last year.

The majority of the companies, or 150 in total, were from the Mainland, followed by 30 from the US, 19 from the UK, 18 from Singapore, and 15 from France.

In terms of sectors, financial services and fintech led the pack, with 77 companies. This was followed by innovation and technology, with 61 firms, and family offices, with 52.

Total investment reached $38.3 billion, representing a 6% year-on-year increase, with more than 3,500 job opportunities being created.

Associate Director-General of Investment Promotion Jimmy Chiang highlighted that Hong Kong gives unique business advantages as an international financial centre, whether to Mainland companies looking to go global or overseas firms aiming to enter the Mainland market.

"Hong Kong is Asia's most important asset and wealth management centre, and also the world's largest offshore renminbi service hub," he said. "And also we are a leading transport and logistics hub in Asia as well.

"Hong Kong is the only jurisdiction within China that practises the common law system. Our common law system is familiar (to) a lot of global investors. Global investors have full confidence that in Hong Kong their properties and interests are well protected."

Among the 322 companies assisted, 47, or roughly 15%, came from economies involved in the Belt & Road Initiative.

Of these, Singapore, with 18 companies, and South Korea, with eight, accounted for a majority, followed by Malaysia and the United Arab Emirates, with four companies each.

The companies from the Belt & Road economies are engaged in a variety of sectors led by innovation and technology, with 11, financial services and fintech, with 10, and the creative industries, with seven.

For the whole of 2024, the number of companies from Belt & Road economies is projected to reach 94, a 47% increase from last year.

Mr Chiang commented: "(Belt & Road) economies' companies can utilise Hong Kong for fund-raising purposes. We have a very significant IPO (initial public offerings) centre in Hong Kong here and also a vast number of VC (venture capital) and PE (private equity) firms that are constantly looking for attractive investment opportunities."

He added that companies locating in Hong Kong contribute to wider economic development, not least by creating demand for Hong Kong's professional services. Firms' employees and their families also have diverse needs that stimulate economic activity locally, he said.

The department said that last year it assisted a total of 382 companies to invest in Hong Kong. After assisting 322 firms in only the first six months of 2024, it expressed confidence that the city will surpass the target set in the 2022 Policy Address of attracting 1,130 companies within three years.

Economy grows 3.3% in Q2

by news.gov.hk
Aug 16, 2024

The Government today reported that Hong Kong's economy continued to record moderate growth in the second quarter of 2024, with real gross domestic product (GDP) rising by 3.3% year on year.

It added that it expects the economy to record further growth in the rest of the year.

Government Economist Adolph Leung reported the second-quarter figure as he presented the Half-yearly Economic Report 2024 at a press conference. The real GDP increased by 0.4% on a seasonally adjusted quarter-to-quarter comparison.

Mr Leung highlighted that total goods exports continued to grow strongly, rising by 7.5% in real terms year on year during the second quarter thanks to sustained external demand.

Exports of services declined 1.4%, with exports of travel services turning to a contraction amid changes in visitors' consumption patterns and the strength of the Hong Kong dollar.

Domestically, the labour market stayed tight in the second quarter, with the seasonally adjusted unemployment rate staying low at 3%. Employment earnings continued to record solid growth.

Private consumption expenditure turned to a slight decline of 1.5% year on year in real terms, mainly affected by changes in residents' consumption patterns, while overall investment expenditure rose by 6%.

The residential property market was highly active at the beginning of the second quarter but quietened progressively thereafter as pent-up demand faded. Market sentiment turned increasingly cautious during the quarter as the prospect of US interest rate cuts dimmed, with overall flat prices recording a 2% decline.

Consumer price inflation remained modest in the second quarter. The underlying Composite Consumer Price Index rose by 1% year on year.

Looking ahead, Mr Leung said the economy should continue to grow in the remainder of the year.

"Continued local economic expansion should lend support to fixed asset investment, but geopolitical tensions and interest rate uncertainties may dampen business confidence and asset markets.

"As regards inbound tourism and private consumption, the central government's various measures benefitting Hong Kong, our strenuous efforts to boost market sentiment and improving employment earnings would provide support, but the changes in the consumption patterns of visitors and residents and the relatively strong Hong Kong dollar may continue to pose challenges."

The real GDP growth forecast for 2024 as a whole has been maintained at between 2.5% and 3.5%.

Mr Leung said overall inflation should stay mild in the near term. The forecast rates for underlying and headline consumer price inflation for the year have been revised down to 1.3% and 1.9% respectively, from the 1.7% and 2.4% announced in May.

Plan to upgrade Alibaba's HK listing approved

by rthk.hk
Aug 23, 2024

E-commerce giant Alibaba on Friday said it would upgrade its Hong Kong-listed shares to primary status, opening it up to China's huge army of investors that could potentially rake in billions of dollars for the firm.

The decision by shareholders during its annual general meeting on Thursday will provide a much-needed boost to the firm, which has underperformed the market in recent years due to to weak consumption and after a crackdown by Beijing on the tech industry.

"We are pleased to announce that the voluntary conversion of our secondary listing to primary listing on the Hong Kong Stock Exchange will become effective on August 28, 2024," the company announced on Friday.

The firm, which is also listed in New York, had flagged the idea two years ago amid worries about a regulatory drive by US authorities as tensions simmered between Beijing and Washington, though that was later put off.

Alibaba has been primarily traded in New York since 2014 and remained dual-listed after its notable return to Hong Kong through a second listing in 2019.

However, the firm's shares in Hong Kong are down about 75 percent from their peak in 2020.

A conversion to primary status in Hong Kong could pave way for Alibaba to enter a cross-border scheme that allows investors in Shenzhen and Shanghai to trade Hong Kong-listed shares.

That would open it up to China's more than 200 million investors and could see capital inflows of up to US$19.5 billion in the first six months of inclusion, according to Bloomberg News.

Alibaba this month reported a 29 percent fall in quarterly profit as it battles sluggish activity among China's consumers.

Uncertainty about Alibaba's future development has persisted since Beijing scuttled a planned initial public offering of the company's financial services arm, Ant Group, in late 2020.

The cancelled listing -- which would likely have been the biggest in history -- was followed a month later by an announcement that Alibaba was under formal investigation in China for alleged monopolistic practices. (AFP)

HK exports improve for fifth consecutive month

by rthk.hk
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Hong Kong's export figures have improved for the fifth consecutive month, rising 13.1 percent to HK$390.4 billion in July, when compared to the same month last year.

Official figures released on Tuesday showed imports rose 9.9 percent year-on-year to HK$412.3 billion, which left the city with a trade deficit of HK$21.8 billion.

Exports to the mainland, the United States and the European Union continued to rise, while sales to other major Asian markets had a mixed performance.

Combining the figures for the first seven months of the year, exports jumped 12.4 percent year-on-year, while imports rose 8 percent.

A government spokesperson said Hong Kong's exports should remain positive as long as external demand holds up.

But the spokesperson added that there are still risks associated with geopolitical tensions and trade conflicts.

HKMA data platform's link with Companies Registry eases SMEs' path to banks

by www.thestandard.com.hk
Aug 27, 2024

Staff reporter

The Hong Kong Monetary Authority said the Companies Registry has fully connected to its data-sharing platform with banks as regulators stepped up efforts to support small and medium enterprises in streamlining banking services for them.

The HKMA's Commercial Data Interchange's link with the Companies Registry - the first government data source - is now fully operational and banks can directly obtain company particulars such as company names, registered office addresses, and share capital structure, the de facto central bank said in a statement yesterday.

The connection was made via the government's Consented Data Exchange Gateway or CDEG.

The new link will help streamline various banking processes including the opening of accounts, fraud detection, and know-your-customer or KYC procedures, the HKMA said.

The Hongkong and Shanghai Banking Corporation and Bank of China (Hong Kong) (2388) were among the first banks to access such government data via the HKMA's CDI platform.

The HKMA will continue to explore the possibility of including additional business operation data to assist banks in obtaining more comprehensive company search records, it said.

Howard Lee Tat-chi, deputy chief executive of HKMA, said the authority will invite more government bureaus and departments to share consented data with banks.

The CDI, launched in October 2022, was a consent-based financial data infrastructure, aiming to enhance data sharing by facilitating financial institutions to retrieve enterprises' commercial data, in particular the data of SMEs, from both public and private data providers.

Since its launch, CDI has successfully enhanced the SME loan approval processes, facilitating more than 27,000 loan applications and reviews, with an estimated credit approval amount exceeding HK$23.8 billion as of the end of June, according to HKMA.

To unleash the potential of the CDI beyond the corporate level and to bolster the government's digitalization initiatives, the HKMA said will look at extending the use of CDI to a personal level.

HKMA launches digital currency sandbox

by rthk.hk
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The Hong Kong Monetary Authority (HKMA) has launched an initiative that allows financial institutions to experiment with the use of its wholesale central bank digital currency (wCBDC) in a controlled space.

The digital currency was introduced in March with the purpose of letting financial institutions settle interbank payments and trades faster and easier.

Project Ensemble Sandbox provides a virtual environment in which financial institutions can look at how to use digital currencies in various scenarios, with no risk of affecting the real-world market.

Speaking at the launch ceremony, HKMA chief executive Eddie Yue said he is pleased to see financial institutions expressing great interest in experimenting with wCBDC.

He said the launch of the sandbox is the city's "first step" towards harnessing blockchain technology and smart contracts.

“We see the sandbox as a pioneering financial infrastructure and also a collaborative platform to test and refine different use cases, covering areas ranging from fixed income and investment funds, liquidity management, green and sustainable finance to trade and supply chain financing,” he said.

“But the potential of the sandbox extends far beyond these initial applications. It is designed in a way that will enable it to support various forms of digital money and digital assets and ensure seamless integration with other infrastructure in the future.”

Yue said he hopes the pilot use cases would help set industry benchmarks for tokenisation in Hong Kong, as well as offer solutions to pain points in the real economy, including supply chain finance and cross-border payments.

The chief executive of the Securities and Futures Commission (SFC), Julia Leung, said the financial regulator fully supports HKMA's project.

She said the SFC has been ahead of the game in providing guidance to the industry on the use of tokenised securities, as well as allowing the launch of investment funds in the field.

“We are among the first to set clear regulatory expectations in these areas… These pilots have demonstrated cost savings and efficiency gains in the different phases of the product lifecycle, but they also point to the hurdles in reaping the full benefits of on-chain primary issuance, secondary market trading, custody, and hypothecation during the full product lifecycle. This is where today's sandbox comes in,” she said.

Leung added that the SFC is aware of hurdles the industry participants may face as they pilot test different use scenarios in the sandbox and assured them that the SFC will work closely with the HKMA to provide guidance and address concerns that arise.

Representatives from six sandbox participants – Bank of China, Hang Seng Bank, HSBC, Standard Chartered Hong Kong, HashKey Group and Ant Digital Technologies – also attended the ceremony and spoke about their individual plans for the sandbox.

The HKMA said it will hold regular meetings with the financial institutions and the SFC to review the sandbox candidates' readiness to operate in the live market.

HKMA deputy chief executive Howard Lee said there is no specific timetable or expected duration for the sandbox programme, saying some cases may reach maturity in two to three months, while others may take longer.

"I would say it would depend on individual cases and what kind of activities they are going to touch upon. If they are talking about tokenised bond this is a pretty mature financial product … that would be more ready to be transferred to the real life environment using different settlement methods or even tokenised deposit to do it… But for those who are a little bit less familiar and they might require more discussion with HKMA, with SFC, then these projects might need a little bit more time," he said.