

Hong Kong & Mainland China News – Sep-2024

US business advisory misleading

by news.gov.hk
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The Hong Kong Special Administrative Region Government today rejected the misleading and untruthful remarks on Hong Kong's legal system and business environment in the so-called updated "business advisory" issued by various departments of the US government which tried to create panic.

It said in a statement that it is necessary to make clarifications to set the record straight.

The Hong Kong SAR Government said the successful implementation of the laws relevant to safeguarding national security in the city has brought about a stable and safe environment conducive to business and investment.

Under "one country, two systems", the rule of law in Hong Kong is strong and robust, with the common law system aligning with major global financial hubs, it added.

The statement pointed out that Hong Kong ranked fifth in global competitiveness this year, and its foreign direct investment inflow was the fourth largest in the world last year. Hong Kong was also the world's 10th largest trading entity in merchandise trade.

These objective facts are the best evidence that high-level security guarantees high-quality development, and cannot be altered by a so-called "business advisory" issued by the governments of some countries, the statement added.

The Hong Kong SAR Government noted that it is each and every sovereign state's inherent right to enact laws safeguarding national security, and it is also an international practice.

The offences endangering national security stipulated by the Hong Kong National Security Law (NSL) and the Safeguarding National Security Ordinance (SNSO) target acts endangering national security with precision, and define the elements and penalties of the offences with clarity.

The statement outlined that Hong Kong SAR 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 persons or entities concerned, which have nothing to do with their political stance, background or occupation.

The prosecution has the burden to prove beyond reasonable doubt that the defendant had the actus reus and mens rea of an offence before the defendant may be convicted by the court.

It also made it clear that the laws and work relevant to safeguarding national security in the city will not affect normal business operations and local institutions, organisations and individuals that engage in normal exchanges worldwide.

Law-abiding persons will not engage in acts and activities endangering national security and will not unwittingly violate the law, the statement said.

The Hong Kong SAR Government also said the extraterritorial effect for the offences endangering national security under the NSL and the SNSO fully aligns with the principles of international law, international practice and common practice adopted in various countries and regions.

It is both necessary and legitimate, and is also in line with those of other countries and regions around the world. It can be seen that the national security laws of various countries also have extraterritorial effect under the “personality principle” and the “protective principle”, the Hong Kong SAR Government added.

As a matter of fact, during the public consultation of the Basic Law Article 23 legislation, 98.6% of the submissions of opinions showed support and gave positive comments, reflecting a strong consensus in society for the legislation, and it is also the people’s aspiration.

After the SNSO was passed by the Legislative Council unanimously, members of the public and various sectors of the community, including the commercial sector and major chambers of commerce, the legal sector, real estate association, the youth sector, other professional sectors and political parties, welcomed and voiced support for the legislation, the statement said.

According to a survey conducted by a major foreign chamber of commerce early this year, almost 80% of its members interviewed expressed confidence in Hong Kong's rule of law, and almost 70% expressed that their operations had not been impacted by the NSL.

Meanwhile, another major foreign chamber of commerce's survey released last month revealed that business confidence in Hong Kong almost matched the pre-COVID-19 level.

The Hong Kong SAR Government pointed out that business communities from different countries have recognised the city’s advantages and have been enthusiastic about doing business here, as is evident by their continuous significant direct investments made in Hong Kong after the implementation of legislation of the NSL and SNSO.

Invest Hong Kong has completed 358 projects in the first seven months this year, representing a substantial 40% increase as compared with that in the same period last year. Among them, 32 completed projects were from the US, which was ranked at the third place.

In addition, according to the Report on Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong, the number of companies stationed in Hong Kong exceeded 9,000 again in 2023 and the US was also ranked at third place, with 1,273 companies.

All in all, the cornerstone of Hong Kong's success remains intact, the Hong Kong SAR Government said.

It urges the US government to stop making false and baseless accusations about the situation in Hong Kong and trying to create panic by issuing the so-called “business advisory” to US companies and individuals operating in Hong Kong.

As a free and open international city, Hong Kong continues to welcome overseas companies, including American companies, to make full use of the business opportunities introduced by Hong Kong and the Guangdong-Hong Kong-Macao Greater Bay Area, to set up offices in Hong Kong, and take the city as their regional headquarters or regional offices.

Belt and Road brings great benefits to SAR: CE

by rthk.hk

Sep 11, 2024

Chief Executive John Lee on Wednesday called on foreign investors to make good use of Hong Kong for their Belt and Road projects, saying connections with the economies under the global infrastructure initiative has boosted the city's trade.

Speaking at the Belt and Road Summit, Lee said the SAR, as China's most open and international city, is perfectly positioned to play a pivotal role in the initiative.

"Investors around the world, and that includes over 2,700 family offices here, can take full advantage of Hong Kong, and its broad range of professional services, from financial and legal services, to architectural, engineering, logistics and more, for their Belt and Road projects," he said.

Citing recent economic figures, Lee lauded the impact brought by the Belt and Road Initiative.

"Between 2013 and 2023, Hong Kong's external trade with Belt and Road economies, other than the mainland, has surged by almost 60 percent, 3.8 times the growth rate of our trade with all economies," he said.

"Last year, Belt and Road economies accounted for more than 43 percent of Hong Kong's external trade, in value, with the rest of the world other than the mainland. That compares with less than one-third in 2013. These figures reflect the enormous potential, and promise, of the Belt and Road."

The chief executive also said more than 4,000 students from Belt and Road countries had come to study in publicly funded university programmes through a scholarship, adding that they could benefit from the city's talent admission schemes and stay for up to two years after graduation to look for opportunities.

Li Yongjie, the deputy China international trade representative of the commerce ministry, told the same event that Beijing would further expand the scope of a free trade agreement signed between the mainland and Hong Kong and give the city more room to participate in the Belt and Road Initiative.

"We support Hong Kong in signing free trade and investment protection agreements with more countries and regions, while backing Hong Kong in joining the Regional Comprehensive Economic Partnership as soon as possible," she said.

"We support Hong Kong in enhancing its status as an international financial, maritime and trade centre and in playing an important role as a hub and platform in the Belt and Road economic and trade cooperation."

Speaking at the same occasion, Financial Secretary Paul Chan called on businesses and countries along the Belt and Road to consider listing in Hong Kong.

"We provide an ideal environment for Belt and Road governments and companies to raise funds for infrastructure, green transition, and community projects," he said.

"With a capitalisation of about US\$4 trillion, we welcome companies and projects from the Belt and Road economies to come to Hong Kong to list on our stock exchange, where they could get access to both mainland and international capital."

More than 6,000 people from 70 countries and regions, including delegates from 38 state-owned enterprises, are attending the two-day summit in Hong Kong.

HK ranks ninth in World Talent list

by rthk.hk

Sep 19, 2024

Hong Kong has risen to ninth in an annual talent ranking, with the government crediting achievements in education and talent admission schemes for the move up the table.

The International Institute for Management Development unveiled its latest World Talent Ranking on Thursday, after researchers assessed data from 67 economies.

Researchers ranked the economies based on three talent competitiveness factors: readiness, investment and development, and appeal.

Hong Kong's ranking rose to ninth place from 16th last year, putting the SAR back in the top 10 for the first time since 2016.

The SAR improved across all three factors with readiness jumping from sixth place to fourth, investment and development from 15th to 13th, and appeal from 32nd to 28th.

Hong Kong topped the ranking in the percentage of science graduates. The SAR was also among the top five in availability of finance skills, effectiveness of management education and remuneration of management.

A government spokesperson said Hong Kong has sound education infrastructure, renowned universities and outstanding research talent.

"The HKSAR Government announced in the 2022 Policy Address an array of admission measures to entice global talent to come to Hong Kong. These include the launch of the Top Talent Pass Scheme, which targets high-income talent and graduates from the world's top universities, as well as enhancement of various talent admission schemes to trawl for outside quality talent to enrich the local talent pool," the spokesperson said in a statement.

The spokesman also said that over 360,000 applications were received under various talent admission schemes as of the end of August this year, with nearly 230,000 applications approved. He added that over 150,000 applicants arrived during the same period.

"The arrivals of outside quality talent and their family members boost Hong Kong's labour force and inject new momentum into our local economy," he said.

"The HKSAR Government established the Hong Kong Talent Engage in end-October 2023 to provide one-stop support services to incoming talent to enable their settlement in Hong Kong."

Switzerland kept the top spot on the table, while Singapore rose to second from eighth last year and Luxembourg fell one place to come in third.

PBOC expected to cut rates and roll out more stimulus

by www.thestandard.com.hk

Sep 24, 2024

Bloomberg and staff reporter

China will have a rare briefing on the economy today by three top financial regulators just as it cut one of its short-term policy rates, fueling speculation officials are preparing to ramp up efforts to revive growth.

Authorities yesterday announced that central bank governor Pan Gongsheng will hold a press conference on financial support for economic development, alongside National Financial Regulatory Administration Minister Li Yunze and China Securities Regulatory Commission Chairman Wu Qing.

Also yesterday, the People's Bank of China lowered the 14-day reverse repurchase rate from 1.95 percent to 1.85 percent, catching up with reductions initiated in July.

The cut also came ahead of the weeklong nationwide break that begins October 1.

Taken together, the moves bolster expectations for the PBOC to lower rates, after the US Federal Reserve finally started cutting rates last week, easing pressure on China's need to defend its currency. A slew of disappointing data in August raised concerns that President Xi Jinping's government could miss its annual growth target of around 5 percent without unleashing more support.

Traders appeared to be pricing in more stimulus, with the yield on China's 10-year government bonds falling to a fresh low of 2.03 percent in yesterday's morning session.

The event kicks off at 9am, 20 minutes before the PBOC's daily announcement on its short-term policy loans and their costs, in contrast to more typical 10am start times.

Pan used a similar briefing in January to announce a cut to the amount of money banks must hold in reserve -- the reserve requirement ratio -- two weeks ahead of time, as authorities tried to halt a US\$6 trillion (HK\$46.8 trillion) stock-market rout.

The central bank chief vowed to "enhance the intensity of monetary policy adjustment" yesterday at an event in Macau, according to a statement posted on the PBOC website. The authority recently signaled it was preparing additional policies.

British advertising mogul Martin Sorrell said China needs to be more aggressive in cutting interest rates to stem the slowdown in the world's second-biggest economy.

Meanwhile, the National Development and Reform Commission said the two schemes to speed up trade-ins of large-scale equipment and consumer goods have gradually worked. With funds totaling 300 billion yuan (HK\$331 billion) from treasury bonds allocated, new energy vehicle retail sales climbed 17 percent in August from one month ago.

HK, Türkiye enter into tax pact

by news.gov.hk

Sep 24, 2024

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

Signing the agreement on behalf of the Hong Kong Special Administrative Region Government, Secretary for Financial Services & the Treasury Christopher Hui said the CDTA will further promote economic and trade relations between Hong Kong and Türkiye, and contribute to the high-quality development of the Belt & Road Initiative through enhanced connectivity.

He explained that while Türkiye is participating in the Belt & Road Initiative, the signing of the CDTA at the Fifth Belt & Road Initiative Tax Administration Cooperation Forum highlights the commitment of the two jurisdictions to deepening tax co-operation under the initiative.

“We will continue to negotiate with trading and investment partners with a view to expanding Hong Kong's CDTA network. 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,” he added.

This CDTA is the 51st agreement that Hong Kong has concluded.

According to the Hong Kong-Türkiye CDTA, Hong Kong companies can enjoy double taxation relief in that any tax paid in Türkiye, 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.

The Hong Kong-Türkiye CDTA also provides other tax relief arrangements.

Representing the Türkiye Government was the Commissioner of the Turkish Revenue Administration Bekir Bayrakdar.

HK rises to 3rd in finance hub ranking

by news.gov.hk

Sep 24, 2024

Hong Kong has been ranked third in the Global Financial Centres Index 36 Report, published today by the UK's Z/Yen and the Shenzhen-based China Development Institute, up from fourth place in the March version of the index.

The city also ranked first in the Asia-Pacific region. Its overall rating rose by eight points, the largest improvement among the top five financial centres.

The Government said the report clearly affirms Hong Kong's status and strengths as a leading global financial centre, highlighting that its scores were among the highest for business environment, human capital, infrastructure, and reputational and general competitiveness.

The city's rankings for investment management, insurance, banking and professional services also rose significantly. In particular, the city's ranking rose to first globally for investment management.

In the ranking of financial centres' fintech offerings, Hong Kong rose five places to ninth, putting it among the top 10 fintech hubs globally.

Hong Kong's asset and wealth management business is also booming, with assets under management growing by about 2% from the previous year to more than \$31 trillion at the end of 2023. Net fund inflows reached \$390 billion, more than 3.4 times the level of the previous year.

The development of Hong Kong's family office sector also continues to gain momentum. Since its launch in March, the New Capital Investment Entrant Scheme has so far received more than 550 applications. It is expected to bring in investment of more than \$15 billion to the city.

The Government said that as an international financial centre, Hong Kong brings together the world's top financial institutions and talent, provides professional financial services, and has a deep and broad capital market.

Hong Kong's regulatory system aligns with those of major overseas markets, allowing the free flow of information and capital, it added.

The Government stressed that under "one country, two systems", Hong Kong enjoys the unique position of being backed by the motherland and connected to the world, which empowers it to fully leverage its role as a "super connector" and "super value-adder".

The Government added that it will continue to promote the financial sector's high-quality development.

Bumper Midea sale puts city fourth in IPO race

by www.thestandard.com.hk

Sep 26, 2024

June Chen

Hong Kong has moved into fourth place in the global initial public offering race, up from eighth just a year ago, following the bumper listing of Chinese home appliance maker Midea (0300), Deloitte China said.

The improvement comes even though deal volumes on new listings in the first three quarters still showed a significant gap from highs of 2021, it said.

The city has seen 45 companies go public in the first three quarters with total raised proceeds surging 107 percent year-on-year to HK\$50.9 billion, as Midea's dual listing in Hong Kong is the world's second-largest IPO this year.

In comparison, IPO fundraising in the city in 2021 was HK\$328.8 billion, with 98 firms listed.

Within the period, Hong Kong recorded four IPO applicants from overseas - seven less than the same period last year - of which two are from the US, and three are in the medical and pharmaceutical industries.

The SAR market has seen improved performance on measures and policies for IPOs by A-share listed companies and other listing candidates this year, and has recently benefited from the US Federal Reserve's 0.5 percentage point interest rate cut.

However, the rate cut's stimulus effect is seen to be short-term. According to Deloitte China, the macro-environment - impacted by such factors as the outcome of the US presidential election, shifts in China-related policies, the pace of China's recovery from recent economic slowdown, and the implementation of capital market stimuli by the central bank - is more significant to the market, given how it could influence companies' cash flow and business performance.

Deloitte China predicts the city's ranking will remain unchanged for the rest of this year with nearly 100 listing applicants, including some potential large and mega IPOs, and maintains its prospects that Hong Kong will see 80 initial public offerings this year with total fundraising of up to HK\$80 billion.

In other news, Midea's share price increased by as much as 8 percent to HK\$75.8 yesterday, following the announcement of strategic cooperation with American home renovation retailer Home Depot on smart manufacturing and sustainable development in the US, Canada, and Mexico markets.

The company's stock price fell back in the afternoon and closed at HK\$70.7, mildly increasing by 0.78 percent versus a day earlier.

In the mainland, the A-share IPO market chalked up 70 new listings in the first three quarters with 48 billion yuan (HK\$53.18 billion) raised, compared with 323.6 billion yuan over the same period in 2023.

Beijing cuts key lender reserve requirement ratio

by rthk.hk

Sep 27, 2024

The central government on Friday cut the amount banks must hold in reserve, a bid to boost its economy by releasing an estimated US\$142.6 billion in liquidity into the financial market.

Beijing has this week unveiled a raft of measures to boost its economy, which it has targeted to grow five percent this year.

On Thursday, the Chinese Communist Party convened a meeting of its top body, the Politburo, to "analyse and study the current economic situation".

Beijing on Friday also cut the seven-day reverse repo rate, the short-term interest paid by the central bank on loans from commercial lenders.

The central bank announced it cut the key rate from 1.7 percent to 1.5 percent.

Growth in China is being dragged down by a prolonged debt crisis in the property sector, sluggish domestic consumption and high youth unemployment.

"Some new situations and problems have emerged in the current running of the economy," the Xinhua news agency reported after Thursday's Politburo meeting.

"We must view the current economic situation comprehensively, objectively and calmly, face difficulties squarely, (and) strengthen confidence," it added.

Politburo members also agreed on the need to "further improve the focus and effectiveness of policy measures" aimed at lifting the economy.

The raft of measures unveiled by Beijing, including key rate cuts and policies intended to encourage home purchases, have been welcomed by investors, with stocks in Shanghai and Hong Kong up more than nine percent so far this week. (AFP)