

## Hong Kong & Mainland China News – Oct-2024

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### **LME may expand warehousing to HK**

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

Oct 03, 2024

The London Metal Exchange is set to approve the expansion of its global metals warehousing network into Hong Kong before the end of this year, three sources with knowledge of the matter said, opening the door to mainland China.

Registering warehouses in China, the world's largest consumer of industrial metals, to store metal traded on the LME has been a strategic aim since Hong Kong Exchanges and Clearing (0388) bought the LME in 2012 for US\$2.2 billion (HK\$17.08 billion).

Expanding into Hong Kong would mean a significant boost to LME trading volumes.

In a presentation made to the LME's warehousing committee last December, the exchange said companies in the region had indicated interest in Hong Kong as a place to store industrial metals as an alternative to the mainland. "An LME warehouse in Hong Kong could be seen as a showcase for in-depth cooperation between Mainland China and Hong Kong," the presentation said.

"The LME is actively exploring listing Hong Kong as an LME warehouse location, as part of our commitment to ensure we provide maximum global connectivity for the metals community," the LME said in response to a request for comment.

"The process for listing a new location in a new jurisdiction may take some time, but we are making good progress ... and we hope to be able to provide a more detailed update by the end of the year."

The LME has been working to identify sites that could rival those that have long benefited from proximity to China including Singapore, Malaysia and Taiwan - all are major storage locations of LME-deliverable metals.

Reuters

## **HK a top place to do business**

by news.gov.hk

Oct 03, 2024

Hong Kong is among the top 10 performers of 50 economies covered in the first Business Ready 2024 Report published by the World Bank Group (WBG) today, the Government said.

In a statement, the Government noted that the WBG Report has given recognition to Hong Kong as an international trading centre with simple and clear regulations in business entry as well as stable and efficient utility infrastructure.

The report, which is pilot in nature, compares the overall performance of economies in terms of their business environment under 10 topics and three pillars.

For Hong Kong, the three topics with the highest score are: "International Trade" (90.77 points), "Business Entry" (85.49 points) and "Utility Services" (77.71 points). Among the three pillars, it ranks fifth in "Operational Efficiency" with a score of 78.52 points.

The Government said the report highlights that Hong Kong has few restrictions on international trade in services and implements good practices in terms of information provision and regulations relating to company registration.

It fully illustrates Hong Kong's role as a super-connector and a super value-adder, and as a two-way door in attracting overseas enterprises and assisting Mainland enterprises to "go global", it added.

Noting that the report has not reflected some of Hong Kong's elements conducive to a friendly business environment such as implementing common law, a robust rule of law and safeguarding gender equality, the Government said it will maintain close communication with the WBG to explain comprehensively the city's situation, and its policies and measures that facilitate the business environment.

It will also proactively provide feedback for the WBG to improve the methodology and approach of the report.

The Government will conduct in-depth studies on the report and work closely with the business sector and other stakeholders to create a more business-friendly and efficient environment for Hong Kong, the statement added.

## **Over 10 strategic enterprises to establish business in HK: Paul Chan**

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

Oct 06, 2024

A new list of strategic enterprises that agreed to set up or expand their operations in Hong Kong will be announced next month, with most of them related to artificial intelligence and big data industries, said Financial Secretary Paul Chan Mo-po.

The list, to be released by the Office for Attracting Strategic Enterprises (OASES), is expected to include more than ten firms from China, the U.S., and Europe.

In his latest weekly blog post, Chan observed that there has been a significant improvement in market sentiment, with the Hang Seng Index reaching its highest point in approximately two and a half years.

The financial chief believes that more companies, particularly those in the innovation sector, might be encouraged to go public in Hong Kong after China unveiled a series of stimuli to boost the ailing economy as well as the start of the rate cut cycle in the U.S.

He also highlighted the city's listing system reforms that made it more appealing to innovation firms while expressing his hopes for the Securities and Futures Commission to balance regulation with market growth, embrace technology, and improve cross-border cooperation.

Chan also plans to lead a delegation to the Middle East at the end of the month to deepen cooperation with Gulf countries and promote Hong Kong's latest developments and opportunities.

## Family office collaboration unveiled

by news.gov.hk

Oct 09, 2024

The Financial Services & the Treasury Bureau today announced the establishment of the Hong Kong Family Office Nexus, a strategic collaboration between the bureau and Bloomberg L.P.

The partnership is aimed at attracting family offices from around the world to establish or expand their presence in Hong Kong, and at reinforcing the city's status as a leading global asset and wealth management hub, the bureau said.

Specifically, it will focus on four “pillars”, namely community building, knowledge sharing, technological support, and philanthropic collaboration. Together with Invest Hong Kong and the Hong Kong Academy for Wealth Legacy, the bureau will work with Bloomberg on various initiatives designed to bolster Hong Kong's family office ecosystem.

The bureau said the alliance was forged following a pivotal meeting in New York, in April, between Secretary for Financial Services & the Treasury Christopher Hui and Founder of Bloomberg L.P. & Bloomberg Philanthropies Michael Bloomberg. Their discussions centred on Hong Kong's initiatives to establish itself as a global hub for family offices and philanthropy, and how the two parties might collaborate on achieving this goal.

Mr Hui said: “Michael and I share a common vision to develop Hong Kong into a global centre for family offices and philanthropists. His insights, together with Bloomberg's extensive international reach and its expertise in financial data and technology, will be invaluable to further enhance Hong Kong's appeal to family offices worldwide.

“We look forward to working closely with Bloomberg to create an environment where family offices and philanthropic initiatives will thrive.”

Additionally, the bureau said Bloomberg will inaugurate a new wealth management summit in Hong Kong next March. With a view to sustaining and building on growing momentum in Hong Kong's family office sector, the event will coincide with the bureau's Wealth for Good in Hong Kong Summit.

Other Hong Kong Family Office Nexus initiatives will commence in phases from late 2024, the bureau stated.

## **HK hones its financial edge**

by news.gov.hk

Oct 16, 2024

Chief Executive John Lee unveiled bold plans in his 2024 Policy Address for consolidating and enhancing Hong Kong's status as an international financial centre.

Upon highlighting the fact that Hong Kong is an international financial centre, ranking third globally and first in investment environment, he stated that the Government will continue with reforms to reinforce and enhance the city's status.

The Chief Executive explained that Hong Kong is an attractive location for investors for gold storage, spurring relevant activities such as gold trading, settlement, and delivery.

As such, his administration will capitalise on Hong Kong's strengths as an international financial centre to build the city into an international gold trading centre.

The Chief Executive provided details of the objective of building an international gold trading market given the city ranks among the world's largest import and export markets for gold by volume.

"The Government will promote the development of world-class gold storage facilities, facilitating the storage and delivery of spot gold by users and investors in Hong Kong, and driving demand for related services such as collateral and loan businesses, opening up new growth areas of the financial sector."

He added that the Financial Services & the Treasury Bureau (FSTB) will set up a working group to take forward the establishment of an international gold trading centre.

"This will include, among other things, strengthening the trading mechanism and regulatory framework, promoting application of cutting-edge financial technology, and actively exploring with the Mainland authorities on the inclusion of gold-related products in the mutual market access programme."

Mr Lee also outlined his plan to deepen market access and enriching offshore renminbi business.

"We will continue to enhance the mutual market access regime and reinforce our status as the world's largest offshore renminbi business hub, contributing to the internationalisation of RMB. Key measures include continuously improving our infrastructure and upgrading the Central Moneymarkets Unit to facilitate the settlement of various assets in different currencies by international investors.

"We will also develop the fixed income market infrastructure by, for instance, setting up a central clearing system for RMB-denominated bond repurchase (repo) transactions, making RMB sovereign bonds issued in Hong Kong a more popular choice of collateral in offshore markets. We will look to enhance the Cross-boundary Wealth Management Connect Scheme as well."

The Chief Executive indicated that the Government will strive to make better use of the currency swap agreement between the Hong Kong Special Administrative Region with our country to enhance offshore RMB liquidity.

In doing so, it will provide more RMB-denominated investment products.

Part of that plan calls for the Hong Kong Exchanges & Clearing (HKEX) to encourage more listed companies to have shares listed in the RMB stock trading counter.

Apart from increasing the issuance of RMB bonds and supporting issuance of more green and sustainable offshore RMB bonds in Hong Kong, it will also seek support from the Ministry of Finance for boosting the size and frequency of issuing RMB sovereign bonds, and launching offshore RMB sovereign bond futures as soon as possible, in Hong Kong.

Additionally, the Government will actively liaise with Mainland authorities to expand the Bond Connect (Southbound Trading) as appropriate, including expanding the scope of eligible Mainland investors to non-bank financial institutions, and enriching liquidity management tools that facilitate offshore investors' investment in onshore bonds by actively exploring and introducing various bond repo and collateral products and arrangements using onshore RMB bonds.

Mr Lee shared the Government's plans to enhance Hong Kong's status as an international risk management centre and an international asset and wealth management centre.

"Hong Kong has the highest concentration of insurance companies and the highest insurance density in Asia. To further strengthen Hong Kong's position as a global risk management centre, the Insurance Authority will initiate a review next year.

"We will examine capital requirements for infrastructure investment, to enriching insurance companies' asset allocation for risk diversification and driving investment in infrastructure such as the Northern Metropolis. We will also continue to invite Mainland and overseas enterprises, including large state-owned enterprises in the Mainland, to establish captive insurers in Hong Kong."

He added that there are 2,700 single-family offices in Hong Kong, and the industry has predicted that Hong Kong will become the world's largest cross-boundary wealth management centre by 2028.

"We will make every effort to attract more global capital to be managed in Hong Kong, including facilitating the opening of new distribution channels for private equity funds through HKEX's listing."

On top of that, he stressed that the Government will collaborate with sovereign wealth funds in regions along the Belt & Road.

"We will strive to collaborate with large-scale sovereign wealth funds in regions such as the Middle East, in financing the setting up of funds to invest in assets in the Mainland and other regions."

Mr Lee also explained the measures to enhance the New Capital Investment Entrant Scheme, effective today. This means that investment in residential properties is allowed provided that the transaction price of the residential property concerned is no less than \$50 million, with the amount of real estate investment to be counted towards the total capital investment capped at \$10 million.

Additionally, by expanding the scope of tax concessions, the Government will consult the industry on the proposal to add qualifying transactions eligible for tax concessions for funds and single-family offices.

The Government is committed to proactively expanding markets and deepening overseas networks, Mr Lee said, as he conveyed its strategy to accomplish such a goal.

“We will continue to actively expand and deepen our overseas networks, including forging financial co-operation with the Middle East and the region of the Association of South East Asian Nations, organising more international financial mega events, and exploring further collaboration with Islamic markets in the area of finance.”

Mr Lee expounded on how the Government will accomplish its aim of further enhancing the securities market.

Relevant measures include opening up new sources of capital overseas, striving for more listing of enterprises in Hong Kong, optimising vetting of listing applications and boosting market efficiency.

He also noted the Government’s proposal for providing convenient cross-boundary financial services arrangement.

“To promote financial inclusion, we will facilitate members of the public in making cross-boundary transactions and payments.

“The Hong Kong Monetary Authority and the People’s Bank of China are pushing forward the linkage of fast payment systems in the two places, ie the Faster Payment System in Hong Kong and the Internet Banking Payment System in the Mainland, to facilitate real-time, cross-boundary small-value payments by residents on both sides; and they will implement the arrangement enabling issuance of bank cards by Mainland branches of Hong Kong-incorporated banks in the Mainland.”

Mr Lee revealed that his Policy Address embraces measure to enhance Hong Kong’s green finance ecosystem, due to the fact that the city is a leading sustainable finance hub in Asia.

“The international carbon market (Core Climate) launched by the HKEX is the world’s only carbon market to offer Hong Kong dollar and RMB settlement for trading of international voluntary carbon credits.

“The Hong Kong Monetary Authority will roll out the Sustainable Finance Action Agenda. In addition, the FSTB will launch a roadmap on the full adoption of the International Financial Reporting Standards – Sustainability Disclosure Standards this year, leading Hong Kong to be among the first jurisdictions to align its local requirements with the standards of the International Sustainability Standards Board.”

## **HK ranked world's freest economy**

by news.gov.hk

Oct 16, 2024

The Fraser Institute's Economic Freedom of the World 2024 Annual Report published today has ranked Hong Kong as the world's freest economy among 165 economies, up by one place from 2023.

Among the five areas of assessment in the report, the city ranked top in "Freedom to trade internationally" and "Regulation", while its ranking in "Sound money" rose to third.

In a statement, the Hong Kong Special Administrative Region Government said that Hong Kong has for long, fully leveraged the advantages of a free market, and maintained a free, open, effective and fair business environment, and the ranking fully reflects the international recognition of these advantages.

The statement noted that Hong Kong's free market and premier business environment are attributable to its distinctive institutional strengths under "one country, two systems".

These include the practice of the common law system, robust rule of law, a judiciary that exercises powers independently, free flow of goods and factors of production such as capital, talent, and information, a simple tax system and low tax rates, a conducive business environment as well as efficient and transparent markets, and a regulatory regime that adheres to international standards.

These factors have made Hong Kong an ideal city for doing business, it added.

Looking forward, the Hong Kong SAR Government said that with the staunch support of the country, Hong Kong will proactively integrate into the overall national development, align with national development strategies, maintain and improve a free and open business environment, and continue to serve as a two-way springboard for attracting international enterprises to Hong Kong and supporting Mainland enterprises to "go global".

The Policy Address delivered by the Chief Executive today has set out clear directions as well as specific and impactful policies and measures to reinforce and enhance Hong Kong's status as an international financial, shipping and trading centre, build itself into an international hub for high-calibre talent, develop new quality productive forces tailored to local conditions, and foster collaboration with the Greater Bay Area, to further enhance the city's development momentum and promote the high-quality development of its economy.



## HK's gold market can shine: FS

by rthk.hk

Oct 20, 2024

Financial Secretary Paul Chan said on Sunday gold trading in Hong Kong has great room for growth amid global market developments, and building up the SAR's market is of great strategic significance.

In announcing his Policy Address last week, Chief Executive John Lee spoke of the vision to turning Hong Kong into an operating centre for international commodity trading, including storage, delivery and shipping.

Chan, for his part, said commodities trading is an important part of economic activities as it could play a pivotal role in ensuring the stable supply of raw materials.

"Creating a commodity trading ecosystem can become a new point of support for the development of Hong Kong as an international financial, aviation and trading hub," he wrote on his weekly blog.

The minister said this could drive the development of aviation and trading for the Greater Bay Area, and offer stability to the supply chain in the region.

The priority is to boost trade volume in the short to medium term, Chan said.

The minister said as geopolitical uncertainties rise, demand for gold is expected to stay high for risk-averse investors, and some market players expect trade volume to multiply.

He said once the local infrastructure for gold storage and trading is built up, the SAR can further look into fostering closer links with the mainland gold market.

Chan said developing more risk-management and derivative products can help boost the country's global influence in the gold market in the long run.

This, he said, has great strategic significance in raising Hong Kong's status as an international financial centre.

## **HK a dynamic fintech hub**

by news.gov.hk

Oct 27, 2024

The Government is committed to promoting fintech development in Hong Kong, to enhance the competitiveness of its financial services industry and accelerate digitalisation.

To support the Government's strategy, Invest Hong Kong actively assists enterprises in the sector in setting up or expanding their business in Hong Kong.

In the first eight months of this year, the department gave assistance to 59 fintech companies from 12 economies, including the Mainland, the US, France, Singapore, Canada and the UK. This represented a 44% increase in the number of companies compared to the same period in 2023.

### **Tech base**

Invest Hong Kong's Global Head of Financial Services, Fintech & Sustainability King Leung described this as great news for Hong Kong, with the firms bringing investment and job opportunities to the city, in addition to helping to grow its reservoir of fintech expertise.

He noted that a leading digital banking firm based in Shenzhen, has set up its technology company headquarters in Hong Kong and plans to invest US\$150 million.

Mr Leung highlighted that as an international financial centre, there are thousands of companies covering different sectors in Hong Kong, making it the most fertile soil for a business-to-business fintech market.

### **Foreign investment**

Swiss-based global private equity firm Partners Group, which has US\$150 billion in assets under management, also opted to set up its new office in Hong Kong, with a view to further expanding its business in the Asia-Pacific region.

Its Head of Private Wealth APAC and Hong Kong Office Henry Chui believes that developing the firm's private wealth business in Hong Kong was a crucial step as the city is the largest wealth centre in the Asia-Pacific, with 2,700 family offices and over 12,000 ultra-high-net-worth individuals.

Mr Chui also noted that with its global talent and unparalleled infrastructure, Hong Kong was the ideal place for the business to develop and expand its talent pool.

Not to mention, Hong Kong's close proximity to the Mainland.

"It is an excellent springboard for us to develop our business and expand into the Greater China region," he added.

Invest Hong Kong believes that as an international financial centre, Hong Kong offers a robust regulatory environment, along with abundant business opportunities and financial support, making it the ideal location for the development of fintech and digital finance. There are approximately 1,000 fintech companies in Hong Kong, covering various sectors.

Looking ahead, the department pointed out that there are three major trends worth watching.

First, Hong Kong, as the second largest cross-boundary wealth management centre in the world, has attracted a lot of wealthtech companies.

Second, the Government's policies in promoting digital assets, including Web3 and blockchain, encourages relevant companies to develop their business in Hong Kong. The digital assets and blockchain segments have been the fastest growing segments for Invest Hong Kong over the past two years.

Third, aside from fintech, a sub-segment called green fintech has become a major focus for future development, seeing as Hong Kong is also a leading international green finance and greentech hub.

### **Promoting fintech**

A range of events focused on fintech development in Hong Kong will be held throughout this month, including Hong Kong FinTech Week 2024.

With the theme "Illuminating New Pathways in FinTech", the event will be held from October 28 to November 1, and is anticipated to attract approximately 30,000 attendees from more than 100 economies.