HK is home to 74 billionaires

by www.thestandard.com.hk
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Cici Cao

A total of 74 billionaires among 981 in the Asia-Pacific region are from Hong Kong, a UBS report shows.

The total billionaire wealth increased by 121 percent globally from US$6.3 trillion (HK$49.14 trillion) to US$14 trillion between 2015 and 2024, with the number of billionaires growing by more than half, according to the 10th UBS Billionaire Ambitions report.

UBS tracked the wealth of more than 2,500 billionaires across the Americas, Europe, the Middle East and Africa and the Asia-Pacific region, focusing on the last decade.

The Swiss bank also conducted an online survey using 82 billionaire clients across the world's main regions from June to September.

The report found the number of billionaires in Asia-Pacific fell 3.7 percent from 1,019 in 2023, while the wealth increased by 1.8 percent to US$3.8 trillion.

Mainland billionaires fell to 427 from 520, with wealth shrinking by 20 percent year-on-year to US$1.4 trillion, while Hong Kong recorded 74 billionaires - six more than last year, with wealth increasing slightly by 1.4 percent to US$326 billion.

The bank said the growth of new billionaires has fallen amid the declining growth rate of global economies - not only in China, adding that the upcoming US tariff threats could be partly offset by Beijing's further stimuli.

The past decade has seen the number of global billionaires rise from 1,757 to 2,682, with 1,877 self-made billionaires and 805 multi-generational in 2024.

China's leaders vow more 'relaxed' monetary policy in 2025

by www.thestandard.com.hk
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Chinese President Xi Jinping and other top leaders said Monday they would adopt a more "relaxed" approach to monetary policy as they hashed out plans to boost the economy next year, the first easing of its stance in some 14 years.

The world's second-largest economy is battling sluggish domestic consumption, a persistent crisis in the property sector and soaring government debt -- all of which threaten Beijing's official growth target for this year.

Leaders are also eyeing the second term of Donald Trump in the White House, with the president-elect indicating he will reignite his hardball trade policies, fuelling fears of another standoff between the superpowers.

On Monday, the Politburo, the country's top decision-making body, "held a meeting to analyse and study the economic work of 2025", state news agency Xinhua said.

"We must vigorously boost consumption, improve investment efficiency, and comprehensively expand domestic demand," Xinhua quoted officials as having said.

"Next year we should... implement a more active fiscal policy and an appropriately relaxed monetary policy," they added.

China will also step up "unconventional" counter-cyclical adjustments, focusing on expanding domestic demand and boosting consumption, Xinhua reported.

In 2025, authorities must adhere to "the principle of pursuing progress while maintaining stability," Xinhua said.

The remarks came ahead of the annual Central Economic Work Conference in the coming days to set key targets and policy intentions for next year.

Stocks jumped and China's government bonds rallied following the Politburo meeting readout, with Hong Kong's Hang Seng index climbing 2.8 percent to its highest in a month.

The new wording for monetary policy marks the first easing of the stance since late 2010, according to official announcements on the Politburo meetings.

"We think it points to strong fiscal stimulus, big rate cut and asset buying in 2025," said Xing Zhaopeng, ANZ's senior China strategist. "The policy tone shows strong confidence against Trump threats" of tariffs.

Beijing has unveiled a string of measures since September aimed at bolstering growth, including cutting interest rates, cancelling restrictions on homebuying and easing the debt burden on local governments.

And in October, the central bank said it had cut two key interest rates to historic lows.

But economists have warned that more direct fiscal stimulus aimed at shoring up domestic consumption is needed to restore full health in China's economy as fears of a renewed trade war with the United States mount.

Underscoring the continued sluggish consumption facing China, official data on Monday showed consumer price growth slowed in November.

The consumer price index, a key measure of inflation, came in at 0.2 percent, down from 0.3 percent in October, the National Bureau of Statistics said.

That was below the 0.4 percent forecast in a Bloomberg survey of economists.

Beijing's leadership also said it would intensify an anti-corruption drive, calling for a "high-pressure posture in punishing" graft.

Xi has overseen a wide-ranging campaign against official corruption since coming to power just over a decade ago, with critics saying it also serves as a way to purge political rivals.

Recent efforts have focused on the military, with top official Miao Hua last month joining a host of high-ranking figures to be removed from their positions in just over a year.

Officials on Monday pledged to "strengthen the mechanism for investigating and addressing unhealthy practices and corruption".

They also called for China to "deepen integrated efforts to rectify unhealthy practices and combat corruption", according to state media.

(AFP and Reuters)
(Updated at 6.01 pm)

HK commits to crypto-asset reporting

by news.gov.hk
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The Government informed the Global Forum on Transparency & Exchange of Information for Tax Purposes of the Organisation for Economic Co-operation and Development (OECD) today of Hong Kong's commitment to implementing the Crypto-Asset Reporting Framework (CARF) for enhancing international tax transparency and combating cross-border tax evasion.

Secretary for Financial Services & the Treasury Christopher Hui said CARF is the latest global standard on tax transparency and its implementation is crucial for maintaining Hong Kong's reputation as an international financial and business centre. It also reflects Hong Kong's ongoing efforts in promoting international tax co-operation as a responsible tax jurisdiction.

Hong Kong is committed to implementing CARF on a reciprocal basis with appropriate partners that meet the required standards for protecting data confidentiality and security.

Based on the latest timetable set by the global forum, the Government aims to commence the first automatic exchanges with relevant jurisdictions under CARF from 2028, based on the initial plan that the necessary local legislative amendments can be put in place by 2026.

Mr Hui added that the Government will engage relevant stakeholders and members of the public when preparing the necessary legislative amendments.

The OECD published CARF in 2023 with a view to ensuring that global tax transparency would be maintained in light of the rapid growth of the crypto-asset market.

As an extension of the existing Common Reporting Standard for Automatic Exchange of Financial Account Information in Tax Matters, CARF provides for a similar mechanism for annual automatic exchange of tax-relevant crypto-asset account and transaction information among jurisdictions where crypto-asset users or controlling persons are tax residents.

Private banks boost HK hiring to woo rich Chinese clients

by www.thestandard.com.hk
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Wealth managers are ramping up hiring in Hong Kong to cater to an inflow of mainland Chinese money.

UBS Group AG is adding staff as it looks to double the assets it manages for millionaire clients in Greater China over the next three to five years. Bank of Singapore has boosted staff in Hong Kong by 30 percent, while Julius Baer Group Ltd., a Swiss wealth manager, grew its office space in Hong Kong by 40 percent last year along with hiring.

For the city, it’s a welcome reprieve after years of political turmoil, rigid Covid restrictions, and an exodus of people. Led by policies to entice the rich, the push is likely to see private wealth assets nearly doubling to $2.3 trillion by 2030 as Chinese seek offshore diversification, according to Bloomberg Intelligence.

“This year, we’ve seen an increase in mainland Chinese clients due to various government initiatives,” said Jamee Wong, head of private client, Greater China at the wealth management arm of UBS. “We’re strategically expanding our team in Hong Kong by hiring new client advisers and team heads.”

Hong Kong has been rolling out the red carpet for family offices and the wealthy with tax concessions as well as residency plans. Affluent Chinese have moved billions to the city, seeking higher yielding investments and snapping up insurance. A flow of cash to rival Singapore has also slowed after the island state stepped up scrutiny following a blockbuster money laundering case.

While Chinese have for years sought to park their money offshore, Xi Jinping’s push for “common prosperity” has accelerated that process. The slowing economy and sinking real estate prices have also prompted the wealthy to look overseas.

The tide has also shifted to the modestly wealthy — with assets of $5 million to $10 million. Hong Kong’s Private Wealth Management Association predicts that the number of firms targeting the lower wealth segment will see the biggest jump over the next five years.

Overall, private wealth net inflows to Hong Kong nearly tripled to HK$341 billion ($44 billion) in 2023, according to the association. Total assets rose to about HK$9 trillion after sliding for two years.

Since launching in March, over 500 have applied for a plan that offers residency to people who invest HK$30 million in Hong Kong. Government body InvestHK estimates they will bring in more than HK$15 billion to the city.

The expansion in wealth helped boost licensed finance jobs to a record of almost 42,000 in October, offering momentum to the financial hub which has struggled with an exodus of people in the wake of the pandemic.

Among other large banks, Standard Chartered Plc is planning to double its investment in the wealth business in coming years, adding staff in Hong Kong and other cities. Citigroup Inc. plans to add talent in Hong Kong as it’s bullish on the city and its links with the surrounding Greater Bay Area in mainland China, wealth chief Andy Sieg told Bloomberg Television in September.

The talent plan has contributed to an influx of white collar professionals with young families relocating to Hong Kong, said Wong at UBS. To cater to digitally savvy mainland Chinese clients, the Swiss bank has enhanced its digital capabilities and offers authorized communication channels via WeChat and WhatsApp.

Bank of Singapore, the private banking arm of Oversea-Chinese Banking Corp., boosted the number of relationship managers by more than 30 percent in Hong Kong through October this year and plans to hire more, according to Rickie Chan, head of private banking for Greater China.

Chan is seeing “strong demand” from the $5 to $10 million segment but also the $100 million and above segment. Chinese clients are observing what’s happening in the US and geopolitics more closely, and are looking to diversify their investments and the banks they work with, he said.

“Amid geopolitics, we have been seeing a lot of interest from Chinese clients to open accounts with an Asian bank,” said Chan.

Simple accounts, including individual accounts with a very clear source of wealth, can take days to open but for more complicated accounts, it can take up to two months, he said.

The bank works closely with its OCBC China, which has commercial and corporate banking relationships as well as onshore private banking. It also collaborates with Bank of Ningbo, in which OCBC has a 20 percent stake, for referrals.

Mainland Chinese face strict capital controls that only allow the equivalent of $50,000 to be taken out annually.

Julius Baer expanded its Hong Kong office by over 40 percent last year, and continues to “strategically hire” relationship managers to strengthen its front office, according to David Shick, market head for Greater China.

The Swiss bank has seen inflows from Greater China clients this year, and clients are “progressively transitioning” from holding cash to making investments across asset classes, including equities, fixed income and alternatives, according to Shick. It has cut down its accounting opening times by 20 percent across Asia, he said.

Julius Baer also has a strategic partnership with GROW Investment Group, a Chinese asset management company.

Consultants such as Deloitte are also seeing increased inquiries from mainland clients for advice on immigration.

“I’m getting three to four calls daily from clients regarding immigration-related matters including the capital investment entrant scheme,” said Patrick Yip, vice chair for Deloitte China. “Many of the wealthy Chinese are looking for options. They want to be able to travel with a “user-friendly” passport and get education overseas for their kids.”

For the cash for residency plan, we need to verify their assets for the past 24 months, and that’s the “most complicated part,” according to Yip.

(Bloomberg)

Company figures reach record high

by news.gov.hk
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The Government today announced that the number of companies in Hong Kong with overseas or Mainland parent companies rose to 9,960 in 2024, while the number of startups in Hong Kong increased to 4,694, both reaching record highs.

The figures were released in the 2024 Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong and the 2024 Startup Survey today.

The survey results demonstrate that Hong Kong is becoming increasingly attractive to businesses and remains an ideal place for Mainland and overseas enterprises to set up or expand their operations.

Secretary for Commerce & Economic Development Algernon Yau said: “With our unique advantages under 'one country, two systems', Hong Kong is the best two-way platform for overseas enterprises to tap into the Mainland market and for Mainland enterprises to go global, and therefore is their prime destination for investment.

“While factors such as global economic uncertainties, a shift in market behaviour after the epidemic and geopolitics have hindered enterprises' global expansion plans, Hong Kong's business-friendly environment has maintained its unique advantages and attractiveness, offering enterprises vast opportunities.”

Mr Yau added that the number of startups in the city continues to grow at an impressive rate, reflecting that the Government's proactive implementation of various support measures in recent years have been effective in nurturing an ideal startup ecosystem for local startups to thrive.

There were 9,960 companies in Hong Kong with parent companies located outside Hong Kong in 2024, representing an increase of 10% year-on-year. The number of people employed reached 493,000.

In terms of where these companies came from in 2024, the Mainland ranked first with 2,620 companies, followed by Japan with 1,430, the US with 1,390, the UK with 720 and Singapore with 520.

Mr Yau pointed out that companies from the Mainland continued to top the list, proving once again that Hong Kong is Mainland enterprises' preferred platform to go global.

“As for the continued growth in the number of companies from overseas, it indicates that businesses remain pragmatic about business expansion and are sensibly choosing Hong Kong as their base to expand in Asia despite geopolitical headwinds.

“As the only city in the world where the global advantages and the China advantages come together in a single economy, Hong Kong will continue to proactively play the bridging roles as a super connector and a super value-adder, attracting overseas enterprises to invest in the Mainland while assisting Mainland enterprises to tap into overseas markets, thereby creating stronger impetus for growth in Hong Kong's trade and economic development.”

By sectors, the import and export trade, wholesale and retail sector topped the list with 4,730 companies, followed by the financing and banking sector with 2,020 and the professional, business and education services sector with 1,530.

Separately, startups in Hong Kong continued to flourish with a record high number of 4,694, up 10% from last year. These startups engaged 17,651 people.

Notably, the number of startups in the health and medical sector as well as the sustainable technology/green technology sector recorded year-on-year increases of 54% and 82% respectively.

HKMA and CBUAE deepen financial market co-operation between Hong Kong and UAE

by www.thestandard.com.hk
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The Hong Kong Monetary Authority and the Central Bank of the United Arab Emirates held the second bilateral meeting in Hong Kong on December 20, aiming to further promote cooperation and connectivity between the financial services sectors.

A Memorandum of Understanding was signed by Eddie Yue Wai-man, Chief Executive of the HKMA, and H.E. Khaled Mohamed Balama, Governor of the CBUAE, to strengthen and formulate the cooperation arrangements.

Under the MOU, the two authorities have agreed to establish connectivity of the debt capital markets and the related financial market infrastructures between Hong Kong and the UAE, for facilitating cross-border debt securities issuance and investment activities.

The MOU will further enhance mutual cooperation and the exchange of expertise between the HKMA and the CBUAE in debt capital markets, and reinforce Hong Kong's strategic role as a gateway to both the Renminbi and international debt markets, said Yue.

Following the first bilateral meeting in Abu Dhabi in 2023, the HKMA and the CBUAE have continued engaging in in-depth discussions covering several major areas, including cross-border debt capital market connectivity, financial infrastructure development, and investment outlook and opportunities in both the Middle East and North Africa region and Mainland China.

World Bank raises China's GDP forecast

by www.thestandard.com.hk
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Reuters and staff reporter

The World Bank raised its forecast about China's economic growth to 4.9 percent this year and 4.5 percent next year on the recent easing measures, but it warned that domestic consumption would further weaken next year.

"Addressing challenges in the property sector, strengthening social safety nets, and improving local government finances will be essential to unlocking a sustained recovery," Mara Warwick, the World Bank's country director for China, said.

"It is important to balance short-term support to growth with long-term structural reforms," she added in a statement.

Thanks to the effect of recent policy easing and near-term export strength, the World Bank raised China's gross domestic product growth this year by 0.1 percentage points up from its June forecast of 4.8 percent. Although growth for 2025 is also expected to fall to 4.5 percent, that is still higher than the World Bank's earlier forecast of 4.1 percent.

Beijing set a growth target of "around 5 percent" this year, a goal it says it is confident of achieving.

Yesterday, China revised upwards its 2023 GDP by 2.7 percent to 129.4 trillion yuan (HK$137.7 trillion). However, the National Bureau of Statistics said the revision of 2023 GDP would not have a significant impact on China's 2024 GDP growth rate.

Slower household income growth and the negative wealth effect from lower home prices are expected to weigh on consumption into 2025, the Bank added.

The spending is already losing momentum in some sectors. China's box office revenues for Christmas Eve plummeted to 38.4 million yuan, the lowest in at least 13 years, according to data from the ticket booking platform Maoyan (1896).

To revive growth, Chinese authorities were reported to have agreed to issue a record 3 trillion yuan in special treasury bonds next year.

The figures will not be officially unveiled until the annual meeting of China's parliament, the National People's Congress, in March 2025, and could still change before then.

While the housing regulator will continue efforts to stem further declines in China's real estate market next year, the World Bank said a turnaround in the sector was not anticipated until late 2025.

On Wednesday, China's State Council added more industries into the investment scope of special treasury bonds, including digitalization and low-altitude economy. It also allowed the local governments to use as much as 30 percent of special treasury bonds as the capital of the eligible projects, up from 25 percent previously.

HK's economy remains strong going into 2025: FS

by rthk.hk

Dec 29, 2024

Financial Secretary Paul Chan said on Sunday that Hong Kong's economy remains strong and resilient, despite potential market volatility stemming from uncertainties like geopolitics and high interest rates by 2025.

Writing in his weekly blog, Chan said Hong Kong's asset market has shown substantial improvement, with the local stock market rising by about 18 percent this year and the Hang Seng Index rebounding to 20,000 points.

"Trading volume has also significantly increased, reaching a historical high of over HK$600 billion in a single day in October. This year, the average daily trading volume exceeds HK$132 billion, up more than 25 percent from last year," he wrote.

"The initial public offering (IPO) market has also become more active, with fundraising from new listings exceeding HK$80 billion, ranking fourth globally."

Chan said family office businesses are also thriving, with about 2,700 single family offices now operating in the SAR. Additionally, the number of companies from the mainland and overseas in Hong Kong has nearly reached 10,000, including around 4,700 start-ups.

The finance chief also pointed out that authorities are actively working to attract more professionals to Hong Kong, having received approximately 410,000 applications through various talent schemes over the past two years, and approving around 260,000 of them.

Chan acknowledged that the retail and dining sectors continue to face challenges, but he believes that the reintroduction of multiple-entry visas for Shenzhen residents, along with the holiday season, will bring in more visitors and give the industry a much needed boost.

Looking ahead to the new year, he stressed that Hong Kong will continue to capitalise on its unique advantages, enhance systematic investment in local innovation and technology, and solidify the SAR's position as an international financial, trade, and shipping hub.