HK economy to grow in 2025 despite headwinds

by www.thestandard.com.hk
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Hong Kong's economic growth slowed in 2024 as stagnant consumption and a lackluster property sector weighed on activity, but the government said it was optimistic for growth this year despite heightened uncertainties.

Gross domestic product rose at a 2.5 percent annual pace last year, according to advance estimates from the Census and Statistics Department yesterday, slowing from 3.3 percent in 2023 and matching the government's forecast.

Growth picked up to 2.4 percent in the fourth quarter, from an upwardly revised 1.9 percent in the prior three-month period.

The result slightly outperformed economists' estimate of a 2.3 percent increase.

On a seasonally adjusted quarter-to-quarter comparison basis, the GDP increased by 0.8 percent in real terms in the fourth quarter of 2024 when compared with the third quarter.

Private consumption expenditure fell by 0.2 percent in the fourth quarter from a year earlier, from a decrease of 1.3 percent in the third quarter. For 2024, the PCE fell by 0.6 percent in real terms from 2023.

A government spokesman said that Hong Kong's economy is projected to register further growth in 2025 despite heightened uncertainties in the external environment.

"Trade protectionist policies implemented by the United States may disrupt global trade flows and adversely affect Hong Kong's goods exports. They may also lead to a slower pace of interest rate cuts in the US and keep the Hong Kong dollar strong for longer," the spokesman said.

The spokesman said the mainland's proactive policy to boost its economy will help bolster market confidence and benefit a wide spectrum of economic segments in Hong Kong.

The central government's various measures benefitting Hong Kong, coupled with the city's range of initiatives to promote economic growth, will also provide support to various economic activities, he said.

Hang Seng Bank (0011) chief economist Thomas Shik Chun-sing said the acceleration of growth in the last quarter reflected the continued recovery of the tourism industry and the resilience of external trade.

The external environment is becoming increasingly complex this year, but the stabilization of the mainland economy, policy support from the mainland and Hong Kong governments, and the downward trend in global interest rates will be factors conducive to Hong Kong's economic development, he said.

He expects Hong Kong's economy to continue to recover, with GDP in 2025 also similar to last year's 2.5 percent.

200 family offices target will be met, says Hui

by www.thestandard.com.hk
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Staff reporter

The Hong Kong government has introduced 140 family offices to the city through its investment promotion arm InvestHK, says Secretary for Financial Services and the Treasury Christopher Hui Ching-yu.

Hui expressed strong confidence it will meet the target of assisting at least 200 family offices seeking to establish or expand their businesses in the city from 2022 to 2025, as proposed in the 2022 policy address.

He also highlighted Hong Kong's advantages in various areas including its connections with the mainland, tax system, talent pool and ability to offer tailor-made solutions for family offices.

Many family offices are looking for better allocations amid the challenges of a multipolar global landscape, and Hong Kong needs to seize this opportunity, according to Hui.

He said the government will reach out to family members who have not yet assumed power or inherited wealth, offering them insights into Hong Kong's investment opportunities, and cultivate relationships early on.

He said that within the family office ecosystem, in addition to wealth management and handling family legacy matters, non-traditional assets will also be addressed such as green investments, artwork and even philanthropy.

As a hub for arts and culture, Hong Kong has the right talent, which also aligns with the city's financial DNA, according to Hui.

China's CPI at five-month high

by www.rthk.hk
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China's consumer price index (CPI), a main gauge of inflation, accelerated to its fastest in five months, government data showed on Sunday.

According to the National Bureau of Statistics (NBS), the CPI was up 0.5 percent year on year last month, up from the 0.1 percent increase in December.

NBS statistician Dong Lijuan said the increase in January was due largely to the influence of the Spring Festival holiday.

The core CPI, which excludes food and energy prices, rose 0.6 percent from a year ago in January, up from the 0.4 percent increase in December.

On a monthly basis, the CPI expanded 0.7 percent in January.

Analysts said consumer spending over the holiday was mixed. While people flocked to movie theatres and spent more on shopping, catering and domestic travel, per capita spending during the holiday grew by only 1.2 percent from a year earlier, versus a 9.4 percent rise in 2024, analysts at ANZ estimated.

The NBS data also showed the country's producer price index (PPI), which measures costs for goods at the factory gate, went down 2.3 percent year on year in January, matching the drop the month before.

On a month-on-month basis, the PPI dropped 0.2 percent. (Xinhua/Reuters)

InvestHK backs supply chain drive

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With the Government committed to establishing Hong Kong as a multinational supply chain management centre, Invest Hong Kong (InvestHK) believes that the city's unique advantages can attract more businesses to establish multinational supply chain management centres here.

Supply chain management encompasses the administration of all processes from the procurement of raw materials and the production of goods to their delivery to customers.

“Currently and globally, all the enterprises are undergoing major transformation of diversifying their sourcing bases, diversifying their end market, so there is cause for elevating their supply chain management to a multinational level,” stated Associate Director-General of Investment Promotion Arnold Lau.

“For companies who want to set up these supply chain management centres in Hong Kong, their physical goods do not necessarily need to go through Hong Kong.”

As an international financial, shipping and trade hub, Hong Kong has a strong trade foundation supported by comprehensive infrastructure. Mr Lau stressed that the city's robust financial system and deep market offer various financing options for enterprises. Additionally, its large talent pool and advantageous geographical location are also attractive to businesses seeking to establish multinational supply chain management centres.

Sany Group, a Mainland engineering machinery company ranked among the top 500 firms on the Forbes Global 2000 list, has established a settlement platform in Hong Kong for its global import and export orders, taking full advantage of the city's world-class financial and professional services.

Sany Hong Kong Group Board Member and General Manager Jacky Chen reflected on the city's advantages, saying: “Hong Kong's advanced banking system and capital market offer enterprises diverse services, including international settlement, cross-boundary financing, and risk management. In light of exchange rate fluctuations, these advantages offered by Hong Kong are particularly dominant.”

He added: “We chose to set up a settlement platform here for three reasons: a well-structured taxation system, relatively low financing costs, and the absence of foreign exchange controls on funds.”

For its part, China Brilliant Group, a Mainland supply chain service provider, acquired and rented warehouses in Hong Kong a decade ago to leverage the city's cross-boundary logistics network and geographical advantages, with a view to enhancing the group's international trade efficiency.

Vice President Wayne Yu stated that Hong Kong's first-rate ports and airport, its overall transportation efficiency and its excellent logistics infrastructure combine to significantly reduce cargo shipping times and logistics costs.

He added: "Hong Kong boasts a long-standing foundation in foreign trade, high-quality professional services, airport and other infrastructure, as well as reliable trade financing channels, making it an ideal location for establishing a multinational supply chain management centre."

InvestHK has 34 global offices, including five in the Mainland, offering free support services to local companies interested in establishing, or expanding, operations in Hong Kong.

InvestHK and the Hong Kong Trade Development Council are stepping up collaborative efforts to help businesses make the most of Hong Kong as a platform. InvestHK is striving to attract more Mainland enterprises to establish international or regional headquarters in Hong Kong and provides one-stop, diversified professional advisory services to assist them in doing so.

Complementing these efforts, the Hong Kong Trade Development Council assists such firms to go global, partly through organising exhibitions and trade fairs.

President Xi attends gathering on private enterprises

by www.rthk.hk
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President Xi Jinping on Monday called for efforts to promote the healthy and high-quality development of China's private sector.

He made the remarks when attending a symposium on private enterprises.

President Xi said the private sector enjoys broad prospects and great potential on the new journey in the new era, and it is a prime time for private enterprises and entrepreneurs to give full play to their capabilities.

He also called for efforts to reach consensus and firming up confidence, to promote the healthy and high-quality development of the private sector.

"We hope that all private enterprises and private entrepreneurs will have the ambition to serve the country, strive for development, operate in accordance with the law and promote common prosperity, so as to make new and greater contributions to promoting Chinese-style modernisation," Xi said.

He added that policies regarding the private sector would not change.

The president delivered the speech after listening to representatives of private companies at the Great Hall of the People in Beijing.

Premier Li Qiang and Vice Premier Ding Xuexiang were among those attending the symposium, which was presided over by Chinese People's Political Consultative Conference chairman Wang Huning.

Reuters reported on Friday, citing sources, that Xi planned to chair a symposium to boost private sector sentiment, a meeting which would be attended by the country's business leaders, including Alibaba co-founder Jack Ma.

The symposium would be aimed at boosting private-sector sentiment, and Xi was expected to encourage company chiefs to expand their businesses domestically and internationally.

Xi first chaired a high-profile symposium for the private sector in 2018. At the time, he pledged tax cuts and a level playing field while reaffirming that private firms would have access to financial backing.

The symposium also comes as DeepSeek's AI platform has triggered investor speculation about its potential to buoy China's broader tech sector, leading to calls for an upward repricing of Chinese assets. (Xinhua & agencies)

HK to expand, open up virtual assets market

by www.thestandard.com.hk
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Themis Qi

Hong Kong yesterday unveiled a roadmap to expand and grow its virtual assets market on the sidelines of a premier global crypto event under way in the city.

The initiative was announced by Securities and Futures Commission chief executive Julia Leung Fung-yee at CoinDesk's Consensus Hong Kong 2025 conference, with the SFC revealing the roadmap separately later.

Several thousands of chief executives, industry experts and the like are at the three-day flagship cryptocurrency and Web3 event.

Leung told delegates at the conference that the virtual asset market is currently very imbalanced and it is necessary to take a bold but careful approach to further develop the industry.

The SFC's regulatory roadmap named ASPIRe has 12 initiatives that include derivatives and margin lending for some investors.

ASPIRe stands for access, safeguards, products, infrastructure and relationships for investor protection, sustainable liquidity and adaptive regulation, the SFC said.

Under these pillars, the SFC will streamline access to the market by establishing licensing regimes for over-the-counter trading and custody services for virtual assets and attracting global platforms and other stakeholders

The SFC also plans to explore a framework for new token listing and virtual asset derivative trading exclusively for professional investors.

It will explore margin financing requirements that align with securities market safeguards and consider allowing staking - a way of earning rewards for holding certain cryptocurrencies from some platforms - as well as borrowing and lending services with clear guidelines.

Besides, it will explore a "dynamic approach" to custody technologies and storage ratios related to the proportion of cryptocurrencies kept online or offline to prioritize security without hurting issuers' appetite.

Among the other initiatives, the SFC plans to enhance insurance and compensation frameworks, clarify investors onboarding and product categorization, enhance reporting efficiency and strengthen collaboration with agencies and overseas markets.

SFC intermediaries division executive director Eric Yip Chee-hang said the regulator has set no timetable for the roadmap.

Lawmaker Johnny Ng Kit-chong welcomed the roadmap and said it has addressed market concerns.

Ng noted that while Hong Kong has 10 licensed virtual asset trading platforms, even the most active ones see daily trading volumes below US$100 million (HK$780 million) compared to US$5.9 billion on similar exchanges in the United States.

He attributed this to Hong Kong's stricter regulations but pointed out that the roadmap proposes allowing licensed platforms to offer more investment options for professional investors and list more products.

HK to gain more strategic enterprises

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While unveiling his Budget speech today, Financial Secretary Paul Chan highlighted the bold steps the Government is taking to strengthen Hong Kong's foundation with the aim of accelerating the city's development.

He explained that Hong Kong's economy has recorded moderate growth for two consecutive years as the Government has been active in promoting innovation and technology (I&T) development, while striving to attract more enterprises, capital and investment institutions through diversified business promotion activities.

He pointed out that the Government's efforts to build a vibrant economy and compete for enterprises and talent have yielded considerable results, including the city's buoyant stock market.

Mr Chan said: "The sentiment and trading performance of the local stock market improved last year. Since the beginning of this year, trading has been even more active, with average daily turnover exceeding $200 billion recently, up by more than 50% over last year's average. Total market capitalisation reached $40 trillion."

When it comes to vibrant initial public offering (IPO) activities, he emphasised that enterprises are increasingly confident about Hong Kong's financing prospects.

"Funds raised from new listings in Hong Kong amounted to $88 billion last year, a year-on-year increase of nearly 90% and ranking fourth globally. Over 100 new IPO applications are being processed by the Hong Kong Exchanges & Clearing."

In addition to noting that Hong Kong's expertise in wealth management is excellent, Mr Chan underlined that the city is expected to become the world's largest cross-boundary wealth management centre by 2028.

"Hong Kong is Asia's largest hedge-fund centre and the second-largest centre for private equity management after the Mainland. There are more than 470 open-ended fund companies in Hong Kong, double that of a year ago, and over 1,050 registered limited partnership funds, a year-on-year increase of about 40%."

Additionally, Hong Kong is poised to attract enterprises, capital and talent on all fronts, the Financial Secretary said.

"Since its establishment, the Office for Attracting Strategic Enterprises (OASES) has attracted 66 strategic enterprises, 80% of which have established or planned to establish their global or regional headquarters in Hong Kong. Many are I&T enterprises with a market valuation of over $10 billion and engaging in cutting-edge technologies.

"In addition, Invest Hong Kong successfully attracted over 500 Mainland and overseas enterprises to set up or expand their businesses in Hong Kong last year, representing an increase of over 40%. These enterprises are expected to bring in direct investment of over $67.7 billion."

When it comes to attracting capital, Mr Chan revealed that at the end of last year, total deposits in Hong Kong amounted to more than $17 trillion, a year-on-year increase of 7%. As for attracting capital from emerging markets, two exchange-traded funds tracking Hong Kong stocks were listed on the Saudi Exchange last year, with asset size exceeding $13 billion.

The Government is also making a concerted effort to trawl for talent, he added.

"As at the end of last year, various talent admission schemes have received a total of over 430,000 applications and approved more than 270,000, bringing some 180,000 talents to Hong Kong."

The Financial Secretary highlighted five examples of how the Government is proactively introducing additional measures to attract more enterprises or organisations to establish their presence in Hong Kong, bringing more mega events and visitors to the city.

OASES will announce a new batch of more than ten strategic enterprises next month. Together with those previously announced, they will invest a total of about $50 billion in Hong Kong and create more than 20,000 jobs over the next few years.

Mr Chan stated that the Government will strive to attract enterprises from the Mainland and around the world to set up headquarters or corporate divisions in Hong Kong.

"We have submitted a bill to the Legislative Council (LegCo) for the introduction of a company re-domiciliation mechanism to provide facilitation for companies domiciled overseas to re-domicile in Hong Kong."

Furthermore, he announced that the headquarters of the International Organization for Mediation (IOMed) will open by the end of this year at the earliest.

"As the first international inter-governmental organisation to set up its headquarters in Hong Kong, IOMed is also the first of its kind in the world that specialises in resolving international disputes by means of mediation. It is conducive to affirming the positioning of Hong Kong as the capital for international mediation."

Another fine example is Kai Tak Sports Park, which is set to open officially in three days. In addition to providing a world-class venue for hosting international mega events, taking forward the development of culture, sports and tourism as an industry in Hong Kong, it is also one of the event venues of the National Games.

Moreover, Mr Chan indicated that the World Tourism Cities Federation (WTCF)'s 2025 WTCF Fragrant Hills Tourism Summit will be held in Hong Kong for the first time in April. The summit is expected to attract representatives from some 40 countries and regions.

Hong Kong's vision for AI: A strategic move attract global firms

by www.thestandard.com.hk
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Financial Secretary Paul Chan Mo-po announced on Thursday that Hong Kong aims to attract more artificial intelligence (AI) technology firms as part of a vision to develop AI into a core industry in the latest budget.

Chan said given the current geopolitical landscape, many AI companies view Hong Kong as a gateway to the mainland market, while numerous mainland firms seeking international expansion are also drawn to the Special Administrative Region (SAR).

He highlighted that these companies can tap into Hong Kong's robust capital chain, which includes privately offered funds for investment, and benefit from expedited channels to go public on the Hong Kong Stock Exchange.

In addition to financial advantages, Chan said the city's rich talent pool, noting that many overseas Chinese who excel in AI are eager to advance their careers in Hong Kong.

He referenced conversations with technology professionals during his recent visit to the United States.

Chan also revealed plans to engage major Chinese technology firms like Tencent, Alibaba, and SenseTime in exchanges with Hong Kong students to inspire interest in technology among the younger generation.

In his latest fiscal proposals, Chan allocated HK$1 billion to establish the Hong Kong AI Research and Development Institute, which Secretary for Innovation, Technology and Industry Sun Dong described at an AI-themed forum as key to advancing the industrial application of AI in the city.

Sun acknowledged the critical issues of safety, responsibility, and trust related to AI, urging a proactive approach to fully leverage the technology's potential.

Cyberport chairman Simon Chan welcomed the government's increased investment in innovation and technology despite significant fiscal pressures, underscoring Hong Kong's ambition to become a global tech hub.

In a related development, the World Digital Technology Academy, based in Geneva, announced plans to open a research institute in Cyberport focused on establishing regulations and standards for AI.

(Jamie Liu)