

Hong Kong & Mainland China News – Aug-2025

HK could reverse fiscal deficits from this year: FS

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Aug 03, 2025

Financial Secretary Paul Chan on Sunday said that Hong Kong could reverse its expected fiscal deficit for this financial year, as the performance of the market in the first half of the year had been positive.

The SAR recorded three percent economic growth in the first quarter, Chan said, and noted there had been 3.1 percent year-on-year growth in the second quarter.

He also said the city also marked a 0.3 percent year-on-year increase in value of retail sales in May and June, while the property market also performed well with monthly average transactions hitting 5,600 in the second quarter, a 37 percent increase from the same period last year.

Speaking on a radio programme, the minister said the government's operating account might be able to record a surplus by the end of the fiscal year.

"We originally expected deficits of a few billion in our operating account for the 2025/26 fiscal year, but if this momentum continues, there is a chance our operating account may have a surplus. We will continue to optimise our financial resources and develop our economy, so I expect a surplus will be recorded each year from 25/26," he said.

"On the other hand, we have to speed up the development of the Northern Metropolis and build infrastructure, so we will have to spend money there.

"The consolidated account may still record deficits, as land sales income has not resumed yet. But as a whole, the government's finances are very stable and healthy."

The minister said the economy would continue to grow in the third quarter, but may not perform as well as the first half of the year, given export activity had been vibrant in the first two quarters which had fuelled growth.

But he expected the asset market and the business environment to improve, with increased tourists numbers, mega events, and the US possibly cutting rates in September.

Meanwhile, writing on his blog, Chan said the government's report on the city's business environment -- which was released on Wednesday -- was well received by business leaders and analysts.

"This is particularly meaningful in the current complex geopolitical situation, and the report serves as a more objective and comprehensive reference for foreign enterprises and investment organisations," he wrote.

China, HK garner net fund inflows over US\$44b

by www.thestandard.com.hk

Aug 03, 2025

China and Hong Kong attracted about US\$44.3 billion (HK\$345.5 billion) in net fund inflows between April and late July, the Hong Kong Monetary Authority said, expressing confidence in the outlook for the city's asset and wealth management markets.

This reversed earlier net outflows of approximately US\$10.6 billion recorded between January and March, according to fund-tracking firm EPFR.

Uncertainties are prompting international investors to adopt more proactive diversification strategies, with China-related and yuan assets increasingly taking up a larger share of their portfolios, HKMA chief executive Eddie Yue Wai-man said in his blog.

A large portion of the inflows came from traditional funds in Europe and the US, mainly targeting Chinese bonds, with about 50 to 60 percent channeled via Hong Kong's Bond Connect, according to HKMA executive director (external) Kenneth Hui Wai-chi.

"The mainland's economic growth and wealth accumulation, along with enhancements and expansions to various Connect Schemes, will further broaden the client base for Hong Kong's wealth management industry," Yue said.

The city is aiming to become the world's largest wealth management center by 2028.

STAFF REPORTER

HK IPOs surge sixfold to HK\$128 bln amid listing boom

by www.thestandard.com.hk

Aug 06, 2025

Hong Kong's new share sales volume surged over 6 times with 53 new members for the first seven months of the year, as the city's bourse is one of the most active markets across the world amid the risk diversification need.

Hong Kong Exchanges and Clearing (0388) announced that 53 new companies were listed in the first seven months of 2024, up by 33 percent year-on-year. These include one company transferring from the GEM board to the Main Board and one Special Purpose Acquisition Company (SPAC) merger transaction.

Total initial public offering fundraising reached HK\$127.9 billion during the period, surging more than sixfold compared to the same period last year. Overall market fundraising totaled HK\$331.8 billion, marking an increase of nearly 200 percent.

Additionally, the total market capitalization of Hong Kong's securities market stood at HK\$44.9 trillion by the end of July, rising 44 percent year-on-year. Average daily turnover in July rose to HK\$262.9 billion, soaring almost 170 percent year-on-year.

For the first seven months, average daily turnover reached HK\$243.7 billion, reflecting a 120 percent increase from one year ago.

Exchange Traded Funds also saw the average daily turnover hit HK\$33.3 billion in the January-July period, 180 percent more than one year ago.

STAFF REPORTER

Hong Kong sees opportunities from tokenized asset growth

by www.thestandard.com.hk

Aug 07, 2025

The increase in scale of tokenized funds is bringing opportunities to Hong Kong as the global fintech focal point is reshaping the financial markets, said Secretary for Financial Services and the Treasury Christopher Hui Ching-yu at a summit.

Citing market research, Hui revealed that global tokenized fund assets under management have surpassed US\$2 billion (HK\$15.6 billion) and may reach US\$600 billion by 2030 — about 1 percent of the global mutual fund and exchange-traded fund market.

This trend presents unprecedented opportunities alongside challenges for Hong Kong, said Hui.

The government is committed to establishing Hong Kong as a premier global digital asset hub, fostering a risk-controlled and innovation-friendly market environment to deliver tangible benefits for the real economy and financial markets, Hui noted.

Hui highlighted Hong Kong's pioneering achievements in tokenization. In February 2023, the city issued the world's first HK\$800 million tokenized green bond, utilizing blockchain for delivery-versus-payment settlement.

In February 2024, a financial institution launched Asia-Pacific's first retail tokenized money market fund, investing in short-term Hong Kong dollar deposits and high-quality instruments. This lowers investment thresholds, enhances accessibility, and advances digital transformation in asset management.

With the city's stablecoin law taking effect in August, Hong Kong is among the fastest major economies to implement such policies, demonstrating the government's support for the digital asset industry and marking a critical step toward establishing Hong Kong as an international digital asset hub, said Ray Chan, chairman and chief executive of MemeStrategy (2440).

This law and licensing system further pave the way for building the SAR into a global cryptocurrency hub, but stablecoins are not forecast to replace banknotes or the traditional Hong Kong dollar anytime soon, said public policy and public affairs consultant Scott Cheng and David Ketchum chief executive of digital marketing firm Current Asia and an adjunct faculty member at the Hong Kong University of Science and Technology Business School teaching in the MSc marketing programme.

STAFF REPORTER

Hong Kong on track to exceed target of 200 family offices by year-end, says Hui

by www.thestandard.com.hk

Aug 08, 2025

Hong Kong is on course to surpass its goal of attracting or expanding at least 200 family offices in the city by the end of this year, as part of broader efforts to develop a thriving ecosystem for global asset owners, said Financial services secretary Christopher Hui Ching-yu.

Speaking at a launch ceremony, Hui outlined three core pillars of the city's strategy to develop its asset and wealth management industry, including scaling up asset management, enhancing integration with mainland China and the Greater Bay Area, and boosting competitiveness through policy and project innovation.

Hui noted that Hong Kong has already made progress in cross-border financial services, citing the development of remote account opening and the cross-boundary Wealth Management Connect scheme.

Hong Kong's private equity capital under management surged to over US\$237.4 billion (HK\$1.85 trillion) as of June, ranking second in Asia after mainland China, he said. Meanwhile, the total assets under management in the city's asset and wealth management sector exceeded HK\$35 trillion at the end of 2024, up 13 percent from a year earlier. Net fund inflows jumped 81 percent year-on-year.

STAFF REPORTER

HK to lure non-local companies while tapping emerging markets, says John Lee

by www.thestandard.com.hk

Aug 10, 2025

Chief Executive John Lee Ka-chiu pledged on Sunday to attract more mainland and international enterprises to establish headquarters or corporate divisions in Hong Kong, aiming to boost the economy and generate employment.

In a social media post, the city's leader highlighted Hong Kong's stable consumer market and untapped potential, emphasizing its role as a strategic springboard for overseas businesses seeking access to the mainland market.

He also expressed confidence that mainland enterprises would increasingly collaborate with Hong Kong companies to explore emerging markets abroad.

In addition to the Middle East and ASEAN nations, Lee stated that the government will persist in exploring emerging markets that exhibit significant potential in the future.

Meanwhile, Lee highlighted that the total number of registered local companies exceeded 1.5 million by the end of July while registered non-local companies surpassed 15,000, both achieving a historical high.

He added that Invest Hong Kong has facilitated 1,333 enterprises in establishing or expanding operations in the city, attracting HK\$174 billion in first-year in direct investment and creating over 19,000 job opportunities.

He emphasized that despite navigating complex and ever-evolving geopolitical challenges and a new trade environment, Hong Kong's endeavors to attract investment will remain unwavering, but increase in steadiness and speed, thereby generating enhanced momentum for the local economy.

HK economy to grow 2-3pc this year

by www.rthk.hk

Aug 15, 2025

The SAR government on Friday maintained its forecast for the city's economic growth prospects this year at between two and three percent, noting that uncertainty over US tariffs and the trajectory for interest rate cuts could still weigh on growth.

The unchanged forecast came after official data released by the Census and Statistics Department showed that Hong Kong's gross domestic product expanded 3.1 percent year on year in the second quarter, putting it in line with estimates.

This follows the three percent growth recorded in the first quarter of the year.

On a seasonally adjusted quarter-to-quarter basis, the economy grew by 0.4 percent.

Acting government economist Cecilia Lam said the growth numbers were boosted by a strong performance in exports, which rose 11.5 percent year on year.

Robust inbound tourism, "vibrant" financial and business service activities, a "buoyant" local stock market and stabilisation in the residential real estate market also contributed to growth, she added.

Looking ahead, Lam expects the city's economic expansion to continue, thanks to steady growth on the mainland and across Asia as well as increases in income from local employment.

But uncertainties in global trade and inflation brought a warning from her.

"The tariff rates announced by the US in early August stay elevated, and its tariff policy on some commodities remains quite uncertain," she said.

"The impact of these developments on international trade flows, and also the US inflation and economic activities, may surface gradually later this year.

"Furthermore, the uncertainty surrounding the pace of interest rate cuts in the US will also affect local investment sentiment."

In the short term, however, Lam expects export growth to continue due to the "front-loading effect", in which exporters rush to send shipments out before any new tariffs take effect.

Local inflation should remain modest, she added, with underlying and headline consumer price inflation rates for this year forecast to be at 1.5 and 1.8 percent, respectively, making them the same as in the previous forecast.

HK-Middle East ties expand beyond finance and trade

by www.rthk.hk

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Financial Secretary Paul Chan has highlighted the rapidly growing relationship between Hong Kong and the Middle East, noting that interactions have expanded well beyond finance and trade to include cultural, artistic and sports exchanges.

Writing in his weekly blog, Chan pointed to the recent Saudi Super Cup final, held for the first time in East Asia at Hong Kong Stadium, as a prime example.

He reported a strong turnout of 30,000 spectators, many of whom had travelled to the city specifically for the event.

This follows a pattern of increased cultural dialogue, with Chan citing a Hong Kong film festival held in Dubai this March, which featured a local blockbuster that grossed over a HK\$100 million.

"These interactions help deepen our understanding of each other's cultures, histories and customs, laying a solid foundation for future cooperation between Hong Kong and the Middle East in various fields," he said.

The connection is also strengthening through a significant increase in travel, according to the finance minister.

Visitor arrivals from Gulf Cooperation Council (GCC) countries surged by 70 percent year-on-year, with the first seven months of this year seeing an additional growth by more than half.

The high demand is further evidenced by the direct flight to Riyadh, resumed last October, which Chan said is consistently fully booked, suggesting potential for more frequent services.

He said the economic underpinnings of this relationship are robust, with bilateral trade between Hong Kong and the Gulf region reaching HK\$150 billion last year, boasting an average annual growth of 11 percent over the past five years.

He noted that Hong Kong now stands as the seventh-largest trading partner for the UAE.

To further capitalise on this momentum, authorities are accelerating the establishment of an Economic and Trade Office in Riyadh.

This will join Hong Kong's existing offices in Dubai, Cairo and Izmir, enhancing economic and cultural ties across the Middle East and North Africa.

Chan also said that Middle Eastern countries are focused on accelerating infrastructure development, adopting innovative technologies and promoting industrial diversification.

This, he said, presents a perfect landscape for Hong Kong's startups, tech firms and professional service providers to commercialise their innovations and research.

Looking ahead, he said the government plans to continue promoting the city's advantages globally in conjunction with the mainland, which includes leading delegations to emerging markets to strengthen multi-faceted cooperation and create new opportunities for local enterprises.