HSBC jumps on buyback, dividend plans

By www.thestandard.com.hk
Thursday, August 4, 2016

HSBC Holdings (0005) rose the most since April in Hong Kong after it announced a US$2.5 billion (HK$19.5 billion) stock buyback while keeping its dividend at the current level for the foreseeable future.

Shares in Hong Kong added 1.57 percent to HK$51.60, while those in London jumped 4.5 percent at the market open.

Europe's largest bank posted a 28 percent dip in its half-year net profit to US$6.91 billion, weaker than market expectations, as lower customer transaction volumes dragged down global business revenues, said chairman Douglas Flint. Revenue fell 10.5 percent to US$29.47 billion.

Loan impairment charges surged 64 percent to HK$2.37 billion from a year earlier, mainly in the oil and gas, and metals and mining sectors, and in Brazil due to its economic weakness.

An interim dividend of 31 US cents per share was declared, compared to 30 US cents during the same period last year. HSBC said it was committed to sustain annual ordinary dividend for the year at current levels, or 51 US cents, for the foreseeable future. The dividend level translates into a dividend yield of 8 percent and a payout ratio of 77 percent of net profit last year.

Chief executive Stuart Gulliver, however, said the bank had removed the word "progressive" from its guidance on dividend payout plans, as a reflection of tougher market conditions.

As Britain's vote to leave the European Union clouds economic prospects and Hong Kong absorbs slower growth in China, HSBC warned it had decided to "remove a timetable" for reaching its targeted return on equity in excess of 10 percent by the end of next year.

Return on equity at end-June was 7.4 percent, down from 10.6 percent a year earlier.

As proof of its ability to maintain the current dividend level, Gulliver said the lender's core equity ratio would move to more than 12.6 percent by year-end from 12.1 percent at the end of June, thanks to the sale of its Brazil business.

The sale has reduced an extra US$40 billion risk-weighted assets, after US$48 billion was removed in the first half.

The bank announced it has gained approval to use US$2.5 billion, or nearly half the proceeds of the Brazil sale, to buy back shares in the second half, as a smaller business scale should be financed by a proportionally smaller amount of outstanding shares.

Gulliver added that repurchased shares will be held in treasury and no longer qualify for dividends. Thus, investors will benefit in the longer term when dividends will be split by a smaller amount of outstanding shares.

The lender said it may conduct a share buyback of similar size next year, as the Federal Reserve approved its US unit returning "substantial" capital to the parent derived from a sale of a US credit card business years ago.

Trade deal to boost HK-ASEAN ties

By www.archive.news.gov.hk
Sunday, August 7, 2016

The Hong Kong, China - Association of Southeast Asian Nations (ASEAN) Free Trade Agreement, which is under negotiation, will strengthen economic ties between Hong Kong and ASEAN and by facilitating the flow of goods, services and investments.

Secretary for Commerce & Economic Development Gregory So made the comment in his speech at the 13th ASEAN Leadership Forum on “China - Hong Kong - ASEAN Partnership: Growing together for Shared Prosperity” in Laos today.

He said Hong Kong can bring to the partnership its locational advantages, such as world-class infrastructure, a deep pool of talent, its unique role under the Belt & Road Initiative, as well as the forthcoming Hong Kong, China - ASEAN Free Trade Agreement.

He said Hong Kong possess unparalleled access across the Asia-Pacific region, and unrivalled connections both to the international markets and to Mainland China.

With its unique location and remarkable infrastructure and logistics network, Hong Kong has been serving and supporting ASEAN businesses in capitalising all forms of growth opportunities, including those emerging from the Belt & Road Initiative.

On the software side, Mr So said Hong Kong attracts an abundance of the world’s best professionals, ranging from engineers and surveyors to architects, designers and planners, as well as other professionals in financing, insurance, arbitration, risk management and project consulting.

He said all of them are excited to take part in the development, management and operation of infrastructure projects overseas.

"Hong Kong is well placed to partner with ASEAN countries and companies to participate in the Belt & Road Initiative. With our distinctive advantages operating under the unique ‘one country, two systems’ framework, Hong Kong can play a central role in delivering the enormous opportunities presented by this grand scheme."

He said when the Hong Kong, China - ASEAN Free Trade Agreement negotiation is completed, he believes the China - ASEAN Free Trade Area, the Hong Kong, China - ASEAN Free Trade Agreement, coupled with the Mainland & Hong Kong Closer Economic Partnership Arrangement, will provide a solid platform to facilitate trade and investment among Hong Kong and ASEAN countries.

It will also help unleash Hong Kong’s full potential as a hub for international trade and investment, he added.

Before the forum, Mr So met with Acting President of the Lao National Chamber of Commerce & Industry Oudet Souvannavong, as well as Hong Kong people in Laos.

Tonight he will meet representatives of the Lao Chinese Chamber of Commerce before returning to Hong Kong tomorrow.

Signs of mainland slowdown at bottom

By www.thestandard.com.hk
Wednesday, August 10, 2016

China's producer prices fell at their slowest rate in nearly two years in July, the government said yesterday in a sign of improving conditions in the world's second largest economy.

The producer price index, which measures the cost of goods at the factory gate, fell 1.7 percent year-on-year last month, the National Bureau of Statistics said, as a rebound in some commodity prices reduced downward pressures.

China's PPI has been negative for more than four years but narrowing declines in the past three months have fueled hopes the country could be reaching the bottom of a painful slowdown. Consumer inflation, meanwhile, eased slightly in July.

The consumer price index - a main gauge of inflation - rose 1.8 percent year-on-year, the NBS said, lower than June's 1.9 percent rise but matching forecast.

Moderate inflation can be a boon to consumption as it pushes buyers to act before prices go up. A drop in food price inflation marred the figures, Julian Evans-Pritchard of Capital Economics said.

Hong Kong GDP rebounds in second quarter

By news.rthk.hk
Friday, August 12, 2016

Hong Kong economy has regained momentum after growth slumped to a four-year low earlier this year.

It expanded 1.7 percent between April and June, compared to the same period a year ago. Growth in the first quarter of the year was only 0.8 percent – the weakest since 2012.

The rebound was largely underpinned by a pick-up in exports.

The Acting Government Economist, Andrew Au, said local exporters have benefited from an improving global economy.

The government is sticking to its full-year economic growth forecast of between 1 and 2 percent..

HK, Guangdong IP meeting held

By news.gov.hk
Thursday, August 18, 2016

The 15th Meeting of the Guangdong-Hong Kong Expert Group on Protection of Intellectual Property Rights was held in Guangzhou today, with participants agreeing to further strengthen co-operation.

Director of Intellectual Property Ada Leung said the group’s co-operation items will increase to 24, including strengthening the co-operation on intellectual property trading of the two places and among high-end service agencies in the Guangdong Free Trade Zone.

The group's co-operation projects for 2016-17 also include improving the mechanism of intellectual property co-operation items and guidance services, reinforcing work on cross-boundary protection of intellectual property, and organising publicity activities.

They will also promote intellectual property trading, and exchange and deliberation on intellectual property in both places.

The two sides reviewed the co-operative projects completed in the past year, and noted law enforcement agencies in both places have continued to combat cross-boundary infringement through intelligence exchange and joint operations.

Stored value facilities licences granted

By news.gov.hk
Thursday, August 25, 2016

The Monetary Authority has granted stored value facilities licences to five organisations - Alipay Financial Services (HK), HKT Payment, Money Data, TNG (Asia), and Octopus Cards.

The licences were issued under the Payment Systems & Stored Value Facilities Ordinance which came into effect in November to empower the Monetary Authority to implement a mandatory licensing system for multi-purpose stored value facilities (SVF) and perform supervision and enforcement functions.

The authority’s Chief Executive Norman Chan said the grant of the first batch of licences turns a new page in Hong Kong’s retail payment development, noting the implementation of the licensing regime will facilitate the introduction and adoption of new retail payment means while safeguarding users’ interests.

The licence of Octopus Cards will be effective from November 13 while that of the other four became effective from today.

A one-year period is allowed for existing SVF issuers or new market operators to apply for SVF licences.

From November 13 it will be illegal for any person, unless being exempt, to issue or operate SVF without a licence.

Mainland's new 'land king'

By www.thestandard.com.hk
Tuesday, August 30, 2016

A commercial site in Shenzhen yesterday fetched a record high of 31 billion yuan (HK$35.99 billion) from China Merchants Shekou and Overseas Chinese Town, which teamed up for the purchase. The 528,200- square-meter site will provide about 1.54 million sq m of floor area for a hotel, office, flats, serviced apartments and an underground store. The floor price for the site, which can be used for 40 years, is about 21,500 yuan per sq m.

The Shenzhen site has emerged as the mainland's new "land king" as its purchase price beat the 25.5 billion yuan that R&F Properties (2777), Agile Property (3383) and Country Garden (2007) paid in December 2009 for a 4.38-million-sq-m plot at Guangzhou's Asian Games Village. The floor price for the Guangzhou site was 5,810 yuan per sq m. Only six companies were invited to bid for the Shenzhen site, including China Vanke (2202), China Resources and Poly Real Estate. China Vanke reportedly offered as much as 36.2 billion yuan.

The Shenzhen municipal government has fixed to 22 years the contractual term for the residential units. The project will provide 320,000 sq m of residential premises.

It also requires developers to make a minimum investment of 5.53 billion yuan in the project and finish its construction in five years.

Meanwhile, state-backed developer Greentown China Holdings (3900), led by chief executive Cao Zhou-nan said its first-half net profit rose by 16.4 percent to 604 million yuan.

But revenue fell by 10 percent to 9.68 billion yuan, due mainly to lower average selling price. It attributed the price drop to the high proportion of flats delivered to second-, third- and fourth-tier cities.

November start for Shenzhen-HK stock trading scheme

By www.thestandard.com.hk
Tuesday, August 30, 2016

The Shenzhen-Hong Kong Stock Connect mutual stock trading scheme is expected to start in mid or late November, an official with the Chinese securities watchdog said today.

Technical preparations are under way, according to Qi Bin, a senior official with the China Securities Regulatory Commission. The CSRC will discuss cross-border supervision and investor rights with its counterpart in Hong Kong, while stock exchanges, clearing companies and brokerages will be engaged in operational and technical preparations.

The State Council announced the new stock connect program earlier this month. About 70 percent of Shenzhen-listed shares and 86 percent of Hong Kong-listed shares are available for trading under the program.

Authorities have also decided to remove the aggregate trading cap but will maintain a daily quota. This will help attract more overseas long-term investors, Qi said.