

Hong Kong & Mainland China News – December-2016

Mainland factories continue to see rise in orders

By news.rthk.hk

Thursday, December 1, 2016

An official survey has found that factory activity on the mainland rose again in November to its highest in more than two years.

The monthly purchasing managers' index by the Chinese Federation of Logistics and Purchasing released on Thursday climbed to 51.7 last month from 51.2 in October.

The index is based on a 100-point scale with numbers below 50 indicating contraction. The widely watched indicator for the manufacturing sector hasn't been this high since July 2014.

A separate index compiled by financial publication Caixin showed that factory activity eased from the previous month but still maintained a robust pace. Caixin's index slipped to 50.9 from 51.2 previously.

The federation's survey is mainly focused on larger, state-owned enterprises while Caixin's report gives more weighting to small and mid-sized, private businesses.

Lukewarm start for Hong Kong-Shenzhen Connect

By news.rthk.hk

Monday, December 5, 2016

The new stock trading link between Hong Kong and Shenzhen got off to a lukewarm start on Monday compared to the launch of a similar link with Shanghai two years ago.

Investors from Hong Kong snapped up more than 2.7 billion yuan worth of shares in Shenzhen – about 21 percent of the daily quota. But interest from mainland investors was more subdued, with just 850 million yuan taken – mere 8 percent of the 10.5-billion yuan quota.

When the Shanghai link was introduced two years ago, the daily quota of buying mainland stocks was used up within hours of its debut.

The Chairman of Hong Kong Exchanges and Clearing, CK Chow, along with top government officials and regulators, celebrated the launch of the Shenzhen-Hong Kong Stock Connect scheme.

The first deal from Shenzhen was a HK\$25,000 purchase of HSBC shares. The first transaction from Hong Kong was the purchase of 481-yuan worth of Konka Group shares.

The scheme was initially expected to be launched at the end of last year. But a mainland market rout last summer is believed to have delayed the launch.

FS welcomes IMF praise

By www.news.gov.hk

Wednesday, December 7, 2016

Financial Secretary John Tsang has welcomed positive comments from the International Monetary Fund Staff Mission on Hong Kong's strong policy frameworks and robust oversight of the financial system.

Publishing the Concluding Statement of the IMF Mission today, the IMF acknowledged Hong Kong's track record as a standard setter in financial regulation and supervision and in filling data gaps, which enabled it to limit the build-up of systemic vulnerabilities.

Areas for continued attention include further enhancing stress testing and reviewing financial institutions' plans in response to stress events.

Mr Tsang welcomed the feedback, saying the Government will monitor the market situation closely and take measures when necessary.

"I am confident Hong Kong can continue to capitalise on our unique advantages and seize the massive opportunities arising from the growing economic and financial ties with the Mainland," he said.

Monetary Authority Chief Executive Norman Chan welcomed the IMF's support for the Linked Exchange Rate System and its recognition of the Government's measures to safeguard banking stability.

"I am also grateful for the mission's support for our efforts in maintaining Hong Kong's role as a global financial centre as well as the leading RMB offshore business centre. We will continue to strengthen our work in these areas, with a view to enhancing Hong Kong's competitiveness in financial development," Mr Chan said.

The staff mission visited Hong Kong from October 25 to November 3 for the 2016 Article IV Consultation.

The full report will be discussed by the IMF Executive Board next month.

Romanian tax deal in force

By www.news.gov.hk

Friday, December 9, 2016

The agreement between Hong Kong and Romania for the avoidance of double taxation and prevention of income tax fiscal evasion has come into force, the Government announced today.

The agreement was signed in November 2015.

After ratification procedures were completed in Hong Kong and Romania, the tax agreement came into force on November 21 this year. It will be in effect with respect to income derived on January 1 next year.

IP agreement signed

By www.news.gov.hk

Tuesday, December 13, 2016

Hong Kong, Macau and nine intellectual property offices of the Pan-Pearl River Delta region signed an agreement today to boost IP co-operation.

The agreement was signed at the 11th Pan-PRD Intellectual Property Co-operation Joint Conference in Nanchang.

The nine IP offices represent the provinces or regions of Fujian, Jiangxi, Hunan, Guangdong, Guangxi, Hainan, Sichuan, Guizhou and Yunnan.

The initiative will promote comprehensive IP development in the region, facilitate creation and utilisation, and strengthen IP protection.

Director of Intellectual Property Ada Leung signed the agreement on behalf of the Hong Kong Special Administrative Region Government at the conference.

She said the gradual expanding of co-operation within the region facilitates the deepening of IP co-operation to further strengthen IP protection, foster trading and promote the development of high-end services.

The first agreement on IP co-operation in the region was signed in 2005.

SAR out of worlds most expensive cities list

By www.thestandard.com.hk

Thursday, December 15, 2016

Hong Kong has dropped out of an international ranking of the world's top 10 most expensive cities for expatriates, according to an ECA International survey on costs of living.

What its survey implies is it is relatively less expensive for expats to live in Hong Kong these days. Hong Kong ranked 11th in the survey, down from 9th spot last year.

Lee Quane, ECA International regional director for Asia, said Hong Kong dropped out of the top 10 ranking because of the yen's strength against major currencies, pushing costs in all Japanese cities above those in the SAR. Tokyo again emerged as the world's most expensive city, a spot it last occupied in 2012. It was in 12th spot in the survey last year. The survey was conducted in September.

ECA International conducts two main surveys a year to help companies calculate the cost of living allowances so their employees' spending power is not compromised while on international assignments. Quane said that with the US dollar expected to remain strong against major currencies in the next six months, its Hong Kong counterpart will also gain strength, raising the cost of living in the city. This raises the prospect of Hong Kong possibly overtaking Tokyo in the future.

Meanwhile, Shanghai dropped from 7th in 2015 to 13th in 2016, while Beijing ranked 15th this year. "We have seen a small depreciation of the yuan against the yen and the Hong Kong dollar over the past year, and this has led to Shanghai and Beijing falling below Tokyo and Hong Kong in the rankings," said Quane.

Optimism on SAR exports

By www.thestandard.com.hk

Thursday, December 15, 2016

The Hong Kong Trade Development Council forecast the SAR's export volume will grow 0.5 percent in the fourth quarter this year and export value to slid 2 percent this year.

Following a 1.8 fall in 2015, total exports slid 2.5 percent in the first ten months of this year from the same period last year to about HK\$2.9 trillion.

The overall HKTDC Export Index for the fourth quarter this year was 33.7, down 5.1 from the previous quarter.

"As the survey was done before the US presidential election, many exporters remained pessimistic with the short-term export performance.

"[But] exporters maintain a neutral outlook towards next year," said Nicholas Kwan Ka-ming, director of research at HKTDC, pictured.

"There's chance for the export value to rebound or remain flat next year," he added.

Last year, HKTDC estimated a zero percent export value growth in 2016, and later [(earlier this year change the estimation to minus two percent. Kwan said the change was due mainly to the vertiginous economy environment.

"We had even estimated a minus four percent growth," said Kwan.

He also expected the pace of interest hike will quicken after Donald Trump take his role as the US president.

Kwan also believed Trump will not apply tougher trade policies on China.

The stronger US dollar and weakened yuan are also positive to exporters who have factories in the mainland, he added.

Besides, exports of augmented reality and virtual reality applications and health and sports related wearable electronics are expected to fuel growth next year, said Daniel Poon Wing-choi, principal economist of global research at HKTDC.

Toys sales, especially those incorporate VR and AR applications, should steadily pick up. While jewellery exports should have positive development next year, added Poon.

Mainland introduces e-commerce law

By news.rthk.hk

Monday, December 26, 2016

Mainland lawmakers are moving to regulate the booming e-commerce market.

At the bi-monthly session of the National People's Congress Standing Committee, which ended on Sunday, an e-commerce bill was given its first reading.

Mainland media says protecting personal information is the main goal of the draft law. It says operators must ensure personal information security for consumers. Those that fail will face fines of up to 500,000 yuan and could have their business certificates revoked.

The Xinhua news agency says China is the world's largest e-commerce market, with trade amounting to about US\$2.87 trillion in 2015.