One in two firms expect business to pick up in 2022

by www.thestandard.com.hk
Friday, Dec 03, 2021

Nearly half of companies in Hong Kong expect business turnover to increase next year, while 32 percent expect a decrease compared to pre-pandemic levels, a Hong Kong General Chamber of Commerce survey showed.

The survey was conducted from November 8 to 12 and received a total of 320 responses from companies.

Cross-border travel curbs remains the primary concern for businesses and has escalated in intensity compared to the July survey. The loss of talent has overtaken restrictive social-distancing measures as the second biggest impediment facing businesses, notably for larger corporations, the result showed.

Chief executive George Leung Siu-kay expected the city's economic growth next year to slow to 2.8 percent but added that the estimate does not include the potential impact of the new Omicron coronavirus variant.

With the economy back on its feet, a less favorable base effect will contribute to growth moderation next year, Leung said, adding that the resumption of cross-border activities is therefore critical in sustaining the economy.

Leung also predicted that inflation in Hong Kong next year will be at 2.2 percent, pushed up by the supply chain stains and the increase in demand caused by the economic stimulus policy.

A shortage of talent in the financial hub will also add to the pressure for higher wages, while high energy prices are also factors that push up inflation, Leung added.

HK will see 6.4pc growth says Chan

by www.thestandard.com.hk
Tuesday, Dec 07, 2021

Hong Kong's economy is expected to grow by 6.4 percent for the whole year, Financial Secretary Paul Chan Mo-po said.

He also expects steady growth for this quarter, with the pandemic under control.

The financial hub grew its economy by 7 percent in the first three quarters this year and saw double-digit growth in export in October, Chan said, pointing out that the government's spending voucher scheme is supporting the retail market.

Speaking via a video link to a forum yesterday, Chan pointed out that some governments are reintroducing stricter anti-epidemic measures and entry restrictions to curb the spread of new Omicron Covid-19 variant, and this will continue to take a toll on the global supply chain.

He said that there is greater uncertainty in the fiscal and monetary policies of major economies with higher prices of energy and commodities pushing up inflation across the planet.

He said reopening the border with the mainland would be crucial for Hong Kong's economy in the coming year, and the government would strive for an orderly resumption of cross-border travel.

However, Hong Kong General Chamber of Commerce chief executive George Leung Siu-kay expected economic growth in Hong Kong next year would slow to two to three percent, in line with its mid-year forecast.

China aims for steady economic growth in 2022

by rthk.hk
Friday, Dec 10, 2021

The central government on Friday promised tax cuts and support for entrepreneurs to shore up slumping economic growth.

China will continue implementing proactive fiscal policies and prudent monetary policies so as to pursue steady progress in the economic development of next year, according to a statement released after the annual Central Economic Work Conference held in Beijing from Wednesday to Friday.

“Our country’s economic development is facing the triple pressure of demand shrinking, supply shocks and weakening expectations,” the statement said.

In a speech at the conference, President Xi Jinping reviewed the country's economic work in 2021, analysed the current economic situation and arranged next year's economic work.

The country will promote both the economic development and the well-being of its people, and efforts will be made to boost the employment of young people.

“Policymakers are clearly concerned about the economy,” Larry Hu and Xinyu Ji of Macquarie said in a report this week. “Priority is shifting from regulatory tightening to supporting economic growth.”

China’s central bank governor pledges support for Hong Kong as financial hub

by www.thestandard.com.hk
Friday, Dec 10, 2021

China's central bank governor Yi Gang on Thursday said the bank will continue to support the development of Hong Kong as an international financial center.

The People's Bank of China will make efforts to optimize financial market connectivity mechanisms linking the Chinese mainland and the special administrative region, and develop more yuan-denominated products, Yi said at a symposium.

The central bank will also seek closer cooperation with Hong Kong in central bank digital currency and regulatory technology, and support the development of green finance in the region, Yi said.

Citing the progress in financial cooperation between the mainland and Hong Kong, Yi said that mainland firms now account for more than half of the listed companies in Hong Kong, with their stock value accounting for over 80 percent of the total.

Yi said he also expects Hong Kong to play a bigger role in channeling capital into Belt and Road construction, and attract more overseas investors to this undertaking.

Hong Kong opens to SPAC listings from January

by www.thestandard.com.hk
Saturday, Dec 18, 2021

Blank-cheque companies known as SPACs can list in Hong Kong from Jan. 1, the stock exchange operator said on Friday, the latest global bourse to tap demand for the investment vehicles although interest in them has waned from earlier this year.

Market participants said Hong Kong hoped to attract investors from mainland-China to list SPACs, or special purpose acquisition companies that raise cash to buy private firms and take them public without a traditional initial public offering (IPO).

The move to open up to SPACs follows scrutiny from both Chinese and U.S. regulators that caused a sharp slowdown in Chinese listings in the United States.

Friday's statement from Hong Kong Exchanges and Clearing also set out adjustments to proposals for a SPAC regime that had been published in a consultation document this year, relaxing some of those initial rules.

Tweaks included saying a SPAC's securities must be distributed to a minimum of 20 institutional professional investors not 30 and adjusting rules that had restricted the circumstances in which investors could redeem shares in a SPAC.

Some investment banks and corporate advisers had said the initial regime proposals were too onerous and would make Hong Kong uncompetitive, although the adjusted rules remain stricter than those in the United States.

Victoria Lloyd, a partner in Baker McKenzie's capital markets practice in Hong Kong, expected a pick up in listing activity early in 2022, but added: "The question remains as to whether this level of activity will be sustainable given the relatively more stringent Hong Kong SPAC rules."

A Hong Kong capital markets banker welcomed the changes. "The exchange has taken consideration of the market and made this regime quite commercial and practical now ... It won't be like the U.S., but we expect to see decent interest," he said.

But others have opposed any move to open up to SPACs.

"SPACs are unsuitable for a market such as Hong Kong which has historically suffered from manipulation of shell stocks," the Asian Corporate Governance Association said.

SPACs surged in popularity in the United States about a year ago, but the pace of capital raising has slowed as investors have taken a more cautious approach after the poor financial performance of many SPACs and a regulatory crackdown led by the U.S. Securities and Exchange Commission.

Several companies are preparing to list SPACs on Singapore Exchange, which also changed its rules this year.

International trade law benefits HK

by news.rthk.hk
Tuesday, Dec 28, 2021

Secretary for Justice Teresa Cheng

The National 14th Five-Year Plan supports Hong Kong to enhance its status as an international trade centre. In international sale of goods, the United Nations Convention on Contracts for the International Sale of Goods (CISG) has been described as “the most successful substantive uniform commercial law treaty”. Yet, notwithstanding China is a contracting party to the CISG since 1988, the CISG is currently not applicable to the Hong Kong Special Administrative Region. In line with international practice and the National 14th Five-Year Plan, it is in the best interest of Hong Kong to implement the CISG.

The Sale of Goods (United Nations Convention) Ordinance was passed by the Legislative Council in September this year in order to apply the CISG to the Hong Kong SAR. The ordinance is envisaged to take effect in around the third quarter of 2022. Businesses and their legal advisors are advised to get ready for this important development in our law on international sale of goods.

Major trading partners are contracting parties to the CISG

CISG has 94 contracting states at present, including more than half of Hong Kong’s top 20 trading partners by total trade value. Businesses of Hong Kong need to be familiar and able to adopt the CISG as the guiding rules for their sale of goods contracts as it provides them with a fair and level playing field. This will also avoid the choice-of-law question when they are doing business with different commercial law regimes.

45% of Belt & Road Initiative countries are contracting parties to the CISG

Apart from the National 14th Five-Year Plan, the Belt & Road Initiative is another major policy launched by our country. About 45% of the countries and regions participating in the Belt & Road Initiative are also contracting parties to the CISG. Therefore, extension of the CISG to Hong Kong allows for a uniform law to govern the bulk of Hong Kong businesses’ international sales transactions, providing more certainty and predictability, which will in turn facilitate more deals and transactions.

Reduce costs of doing business

Without the adoption of the CISG, parties to an international sale of goods need to decide on the law which governs the transaction. Very likely, the answer will be the domestic sales law of one of the parties. The need to deal with different laws involving different jurisdictions will increase legal costs and business risks. The CISG is able to address the applicable law issue by providing a modern and uniform regime for contracts with multiple countries for international sale of goods.

Enhance development of legal and dispute resolution sectors

With national policies expressly supporting Hong Kong to develop a leading centre for international legal and dispute resolution services, there will be an increasing demand for practitioners who are qualified for offering advice on international commercial transactions. Extension of the CISG to Hong Kong will encourage more practitioners to enhance their capability in handling international trade disputes, reinforcing our position as an international legal hub.

It is noteworthy that the CISG does not apply to transactions within China, including those transactions between the Mainland enterprises and the Hong Kong SAR enterprises. We are in discussion with the Central People's Government to arrive at an arrangement for reciprocal application of the CISG rules to such transactions. This approach has been successfully adopted in the context of enforcing arbitral award under the New York Convention.

In order to enable the business and legal sectors to get ready for the application of the CISG, the Department of Justice will roll out a series of events, including two seminars jointly organised with the Hong Kong General Chamber of Commerce on January 19 and 26, as well as a webinar and a workshop respectively on January 24 and February 21 both jointly organised with the Asian Academy of International Law, with a view to promoting a more in-depth understanding of the CISG and practical tips for cross-border sale of goods in light of its application to Hong Kong. Details of the events will be announced later.

You are also welcome to visit the department's dedicated webpage on the CISG for more practical information on the convention.

Business confidence in HK unchanged: Christopher Hui

by rthk.hk

Wednesday, Dec 29, 2021

The Secretary for Financial Services and the Treasury, Christopher Hui, says figures show the confidence of international investors in Hong Kong remains unchanged after the introduction of the national security law.

Speaking on RTHK's Overview Policy, Hui said both the deposits in the banking sector and the foreign currency reserve have increased following the introduction of the law.

"The national security law has quickly restored the stability in Hong Kong, allowing the city to focus on its development. It's unarguable," he said.

He added that Hong Kong can start afresh in light of the new electoral system.

The financial services chief also said the central government is supportive of Hong Kong as it has introduced a series of policies to enhance the SAR's status as an international financial centre.

Going forward, Hui said officials will look into letting investors buy Hong Kong stocks with renminbi and further promote green bonds.

Mainland factory activity edges up in December

by rthk.hk

Friday, Dec 31, 2021

Manufacturing activity on the mainland edged up in December, official data showed on Friday, beating expectations as the price of commodities eased and despite sporadic closures due to Covid outbreaks.

The Purchasing Managers' Index (PMI) -- a key gauge of manufacturing activity -- rose to 50.3, remaining above the 50-point mark separating growth from contraction

The data from the National Bureau of Statistics marks a slight increase from last month's reading of 50.1 and beats expectations from analysts who had broadly predicted a slight decline.

"With the intensification of efforts to stabilise the economy, such as securing supply and stabilising prices... the prices of some commodities have fallen significantly, and the cost pressure on companies has eased," said NBS statistician Zhao Qinghe.

Factory activity returned to expansion in November after seven months of decline due to power shortages and high raw material prices.

The PMI reading contracted below 50 for two months in September and October as the power crunch hit business operations.

Meanwhile, the non-manufacturing business activity index was 52.7 percent in December, an increase of 0.4 percentage points from the previous month.

The recovery was driven in part by the recuperating air transport sector and hospitality.