

Hong Kong & Mainland China News – February-2018

Retailing shines in race back to growth

By www.thestandard.com.hk

Friday, February 2, 2018

Hong Kong retailing has stepped out of the doldrums and grew for the first time in three years. The value of retail sales increased by 2.2 percent year on year in 2017, and the boom is likely to continue this year.

In 2017, total retail sales were HK\$446.1 billion, growing 1.9 percent in volume compared with 2016.

Sales in four categories saw a drop in value: electrical goods and photographic equipment fell 9 percent, the largest decrease; miscellaneous consumer durable goods slid 1.8 percent; footwear, allied products and other clothing were down 2.1 percent; and commodities in supermarkets decreased 0.2 percent.

However, sales of electrical goods and photographic equipment are seen recovering. They gained 12.2 percent year on year in December, said the chairman of the Hong Kong Retail Management Association, Thomson Cheng.

Cheng forecast that the region would see a 3-4 percent growth in retail sales in 2018, supported by a stronger yuan, which would motivate mainland tourists on consumption, the low unemployment rate in Hong Kong and the activation of high rail and the Hongkong-Zhuhai-Macao Bridge.

Meanwhile, the luxury product market looks positive to Cheng.

A new group of luxury buyers is coming out from the mainland who are mainly millennials. They have brought new opportunities to luxury brands, said Cheng.

Elsewhere, Sun Hung Kai Properties (0016) has launched a mobile application which promotes its 26 shopping arcades.

The developer has spent HK\$20 million developing the platform, which will cover 11 malls in the first stage including apm and New Town Plaza.

The application was piloted last October and has accumulated 100 thousand downloads, executive director Christophe Kwok Kai-wang said.

HK again ranked freest economy

By www.news.gov.hk

Friday, February 2, 2018

The Government today welcomed the Heritage Foundation's recognition of Hong Kong as the world's freest economy for the 24th consecutive year.

Chief Executive Carrie Lam received a copy of the 2018 Index of Economic Freedom report from the foundation's founder Edwin Feulner at Government House on January 31.

In the report, issued today, Hong Kong's overall score improved by 0.4 of a point over last year to reach 90.2, making it the only economy with an overall score of more than 90.

Among the 12 components measured in the report, Hong Kong achieved high scores of 90 or above in eight, and obtained top scores in fiscal health, business freedom, trade freedom and financial freedom.

The foundation recognised Hong Kong's economic resilience, high-quality legal framework, low tolerance for corruption, high degree of government transparency, efficient regulatory framework and openness to global commerce.

Financial Secretary Paul Chan said: "I am glad Hong Kong has been ranked the world's freest economy for 24 consecutive years. Our steadfast commitment in upholding free market principles in Hong Kong is again affirmed internationally.

"The Government will strive to uphold Hong Kong's strengths, including the rule of law and judicial independence, a simple and low tax system, an open and free trade regime, a level-playing field for all businesses and an efficient public sector."

Carrie Lam touts Hong Kong's strengths to mainland

By news.rthk.hk

Saturday, February 3, 2018

The Chief Executive, Carrie Lam, has called on Hong Kong to use its strategic advantages to help the mainland meet its needs through the “One Belt, One Road” initiative.

The initiative seeks to revive ancient trade routes through a massive infrastructure-building programme that will connect Asia and Europe with new road, rail and sea links.

Speaking at a seminar co-hosted by the SAR government and the Belt and Road General Chamber of Commerce at the Great Hall of the People in Beijing, Lam said Hong Kong should use its strengths to match the mainland's needs and contribute to its development under the One Country, Two Systems principle.

The seminar aims to promote Hong Kong’s international identity and professional expertise to mainland ministries and state-owned enterprises, so partnerships can be formed to take advantage of opportunities brought about by the initiative.

Lam is also in the capital visiting central ministries and other organisations. She will return to Hong Kong on Sunday.

Also speaking at the seminar on Saturday, the chairman of the National People's Congress Standing Committee, Zhang Dejiang, said he hopes Hong Kong will focus on the mainland's needs and cooperate with its development strategy.

He said Hong Kong needs to be creative and build new platforms for cross-border cooperation.

Zhang also praised Hong Kong government's efforts in leading different sectors of society to take part in the initiative.

HKMA opens door to virtual banks

By www.thestandard.com.hk

Wednesday, February 7, 2018

The Hong Kong Monetary Authority welcomes virtual banks, and there will be no minimum account balance requirement or low-balance fees.

The HKMA published a revised guideline on authorization of virtual banks for public consultation, saying that it welcomes the establishment of such banks, but there are some updates on basic principles in their guidelines compared to the guidelines issued in 2000.

First of all, banks, financial institutions and technology companies may apply to own and operate a virtual bank in Hong Kong.

Virtual banks should take care of the needs of their target customers, be they individuals or SMEs. They should not impose minimum account balance requirements or low-balance fees.

Virtual banks should operate in the form of locally incorporated banks. This is in line with the arrangement for banks engaged in retail businesses. They will be subject to the same set of supervisory principles and key requirements applicable to conventional banks, although some of the requirements will need to be adapted to suit their business models.

Also, they should provide an exit plan at the time of application, so that they can unwind their businesses in an orderly manner should it become necessary.

"Digital is not just the future of banking - it's the present. Virtual banks can help drive innovation and be an important part of the industry's development. Customers expect digital platforms that are convenient, reliable and secure to bring them simpler, better and faster services. That's why we enhanced our Mobile Banking App, launched a series of new digital platforms and will continue to invest in our digital services," said HSBC chief executive for Hong Kong Diana Cesar.

Ann Kung Yeung Yun-chi, deputy chief executive at Bank of China (Hong Kong), said the bank supports the development of virtual banks, saying that the HKMA's guideline will encourage banks, financial institutions as well as technology companies to provide innovative and convenient financial services.

The public consultation will last until March 15, 2018.

Elsewhere, the HKMA welcomes the introduction of cash withdrawal service for the elderly without the need to make purchases by Hongkong Post.

Hongkong Post announced yesterday that it will launch an EPS cash withdrawal service without the need for purchases by the elderly in seven selected post offices, mainly on outlying islands and in the New Territories, in phases starting from April.

HKMA chief executive Norman Chan Tak-lam, said "this initiative enhances the accessibility of cash-withdrawal service to the elderly in remote areas."

HSBC pre-tax profit soars to US\$17.2b

By www.thestandard.com.hk

Tuesday, February 20, 2018

HSBC Holdings reported today pre-tax profit for the year ended December 31, 2017, jumped to US\$17.2 billion, up by US\$10.1 billion or 141 percent from the same period of 2016.

Pre-tax profit adjusted for foreign currency translation and one-off items came to US\$2.1 billion, up by 11 percent, the bank reported.

Full year attributable profit was US\$9.68 billion from US\$1.29 billion in 2016.

Incoming group chief executive John Flint, said that "the fundamentals of HSBC will remain the same as they always have - strong funding and liquidity, strong capital, and a conservative approach to credit."

Outgoing group CEO, Stuart Gulliver, said: "These good results demonstrate the strength and potential of HSBC. All our global businesses grew adjusted profits and we concluded the transformation program that we started in 2015. HSBC is simpler, stronger, and more secure than it was in 2011."

He said it had been a "great privilege to lead HSBC for the last seven years."

Return on equity was 5.9 percent in 2017, up from 0.8 percent in 2016.

Powers of attorney study extended

By www.news.gov.hk

Wednesday, February 21, 2018

The Department of Justice has extended the consultation exercise for the proposed legislation regarding continuing powers of attorney.

The new deadline for the submission of views is April 28.

The existing enduring powers of attorney scheme allows a person to appoint attorneys to oversee their property and financial affairs in the event they become mentally incapacitated.

The proposed Continued Powers of Attorney Ordinance will extend the scheme's scope to cover decisions relating to a person's personal care.

The consultation paper was published on December 28.

Having considered requests made by different groups interested in the matter, the department decided to extend the consultation period to give the public more time to submit their views.

Government budget surplus put at HK\$138 billion

By news.rthk.hk

Wednesday, February 28, 2018

The government has posted a massive budget surplus of HK\$138 billion, sending fiscal reserves to over HK\$1 trillion.

During his budget speech on Wednesday, Financial Secretary Paul Chan said he plans to share 40 percent of the annual surplus with society and use the rest to improve services and invest in the future.

The massive budget surplus was driven by much higher-than-expected revenues from land premium and stamp duties. Overall revenue was more than HK\$612 billion – 20.6 percent higher than the original estimate.

Chan said he is expecting a more buoyant economy this year, projecting the economy to grow between three and four percent – after it expanded 3.8 percent last year. He also said he thinks consumption and retail sales will perform well and push up costs. Thus headline inflation for this year will be slightly higher at 2.2 percent and underlying inflation at 2.5 percent, he said.

The secretary said he's aiming to develop Hong Kong into a more diversified economy and find a new growth driver. He said the government will inject HK\$50 billion for supporting innovation and technology development and review regulatory and tax requirements to remove red tape.

But a shortage of land and manpower are hindering economic and social development. Chan said, so Hong Kong should consider increasing imported labour. He said the government will also enhance arrangements to attract overseas talent.

(Budget) Economy projected to grow at 3pc

By www.thestandard.com.hk

Wednesday, February 28, 2018

Paul Chan today forecast average growth of 3 percent per year in real terms for the medium term from 2019 to 2022, noting that it is slightly higher than the trend growth rate of 2.7 percent over the past decade.

He says underlying the inflation rate is expected to average 2.5 percent per annum.

"The medium-term economic forecast has taken into account the impact of an aging population on economic growth, with the assumption that there are no severe external shocks during the period. That said, as the complicated and volatile political and economic environment around the world may cause fluctuations in the financial markets, and affect Hong Kong's asset prices and economic sentiments, we must remain vigilant."