

Hong Kong & Mainland China News – June-2019

Hong Kong scores high on ease of business

By www.thestandard.com.hk

Wednesday, June 5, 2019

Hong Kong is the fourth easiest place to do business in Asia, after Australia, New Zealand and Japan, and less complex than destinations like Singapore, China and Indonesia, a survey shows.

The city's low complexity for accounting and tax procedures can be attributed to IFR standardization, extendable tax filing deadlines and no withholding tax, according to the survey by administrative services group TMF International.

"Traditionally, Hong Kong has and continues to act as a channel for both inbound and outbound; for Chinese enterprises to launch overseas and for international SMEs to access the China market through Hong Kong as an entrepot," said TMF group managing director Margaret Fung.

In contrast, the mainland ranks after Indonesia as second-most complex in Asia and the ninth-most complex in the world.

Addressing the Greater Bay Area, Fung said international SMEs are increasingly entering lower-tiered mainland cities such as Shunde and Foshan in sectors ranging from F&B services to fitness products with fintech companies tapping into R&D talent in the area.

Fitch affirms Hong Kong at 'AA+

By www.thestandard.com.hk

Wednesday, June 12, 2019

Fitch has affirmed Hong Kong's long-term foreign-currency issuer default rating at 'AA+', citing strong public and external finances, high income levels, and a resilient and flexible economy.

The credit rating agency added that the ratings are mainly constrained by SAR's deeper integration with lower-rated mainland China, which got 'A+'.

It may review the rating differential between the mainland and Hong Kong if there is "a move towards greater alignment of institutional and regulatory frameworks that diminish the autonomy of Hong Kong".

Fitch predicted that Hong Kong's GDP will grow by 1.6 percent this year, below the official 2 to 3 percent forecast.

"The external environment has become more challenging in light of US-China trade tensions, prompting contractions in Hong Kong's export and import values year-on-year since late 2018, and a sharp decline in import and export-related employment," said Fitch.

Alibaba listing slated for third quarter: sources

By www.news.rthk.hk

Thursday, June 13, 2019

Mainland online retail giant Alibaba has reportedly filed for a Hong Kong listing and sources say the listing will take place as soon as the third quarter of this year.

The listing is said to aim to raise as much as US\$20 billion, lining the e-commerce group up for a second blockbuster deal following its 2014 record US\$25 billion float in New York.

The deal would be the biggest follow-on share sale globally in seven years and would give Alibaba a war chest for technology investment – a priority for China as growth flags and as the world's second-largest economy is locked in a mounting trade spat with the United States.

It was widely reported that Alibaba picked New York over Hong Kong to go public in 2014 because the SAR at that time didn't allow dual class share structure which many tech companies prefer.

The Chief Executive of the Hong Kong Stock Exchanges and Clearing, Charles LI, has said that Alibaba's decision to list in New York had forced him to rethink about dual class share structure.

Last year, the market operator lifted rules and allowed tech companies to list in Hong Kong under weighted-voting rights structure, which give some shareholders more voting rights than other.

HK pursues free trade

By www.news.gov.hk

Thursday, June 13, 2019

Secretary for Commerce & Economic Development Edward Yau stressed that Hong Kong vigorously pursues a free trade policy and firmly believes in a multilateral trading system, as he continued his duty visit to Washington, DC.

Mr Yau shared his insights on the state of free trade from Hong Kong's perspective with about 60 US business and academic leaders at a luncheon co-organised by the Hong Kong Economic & Trade Office, Washington, DC and the Brookings Institution.

He stated despite its small size, Hong Kong has been the seventh largest merchandise trading entity in the world.

Noting the emergence of trade tensions and protectionist sentiments around the world, Mr Yau said this is a testing time as the free trade philosophy that many economies subscribe to comes into doubt.

He also noted that as a free trade practitioner and staunch supporter of the multilateral trading system, Hong Kong believes that disputes are best dealt with through negotiations and the World Trade Organization rather than unilaterally.

Mr Yau made it clear that Hong Kong has taken a multipronged approach to diversify its economy and broaden its consumer market catchment by reinforcing partnerships.

He shared that Hong Kong is forging alliances through the signing of free trade agreements (FTAs) such as the FTA it signed with Australia in March.

In addition to joining the luncheon, Mr Yau met Deputy Chief of Mission and Minister of the Chinese Embassy in the US Li Kexin.

The commerce chief will leave for Hong Kong tomorrow.

Under Secretary for Commerce & Economic Development Bernard Chan will, in the place of Mr Yau, lead a business and professional mission to Dubai, the United Arab Emirates on June 16 and 17.

HK, UAE sign investment pact

By www.news.gov.hk

Sunday, June 16, 2019

Hong Kong and the United Arab Emirates today signed an Investment Promotion & Protection Agreement (IPPA).

The pact will enhance investors' confidence, expand investment flows and further strengthen economic and trade ties between the two places.

Under Secretary for Commerce & Economic Development Bernard Chan, who is leading a delegation comprising over 60 business leaders and services professionals to visit Dubai, signed the agreement with Undersecretary of the Ministry of Finance of the UAE Younis Haji Al Khoori.

Under the agreement, the two governments will provide investors of the other side with fair, equitable and non-discriminatory treatment of their investments, compensation in the event of expropriation of investments and the right to free transfers abroad of investments and returns.

"An IPPA enables investors of the two parties to enjoy corresponding protection of their investments in the host economies, and thus enhance investors' confidence in making investments overseas," Mr Chan said.

"Hong Kong has been making dedicated efforts to expand its network of IPPAs in order to enhance two-way investment flows and boost our economy."

During his visit, Mr Chan attended a networking luncheon co-organised by the Chinese General Chamber of Commerce of Hong Kong and the Mainland China – Hong Kong Belt & Road Business & Professional Services Council to talked about Hong Kong's advantages as a global financial centre and an offshore Renminbi centre.

He also joined a briefing jointly organised by the Hong Kong Trade Development Council and the Dubai Investment Development Agency to learn about the investment opportunities arising from the latest infrastructure projects in the UAE.

Mr Chan then paid a visit to the Expo 2020 Dubai site and the Pad, a residential building designed by a Hong Kong architect combining architecture with technology, in Dubai's Business Bay district.

Anti-money laundering system lauded

By www.news.gov.hk

Wednesday, June 26, 2019

The Government welcomes the Financial Action Task Force's recognition of the compliance and effectiveness of Hong Kong's anti-money laundering and counter-terrorist financing system.

Financial Secretary Paul Chan made the statement today in response to the task force's Mutual Evaluation Report of Hong Kong, which assesses the compliance and effectiveness of Hong Kong's anti-money laundering and counter-terrorist financing regime against the international standards.

The report was examined at the task force's plenary on June 20 in Orlando, the US.

Hong Kong's system has been assessed to be compliant and effective overall, making it the first jurisdiction in the Asia-Pacific region to have achieved an overall compliant result.

So far only five out of 23 assessed jurisdictions have been rated overall compliant by the task force.

The report said Hong Kong has a strong legal and institutional framework for combating money laundering and terrorist financing, and is particularly effective in the areas of risk identification, law enforcement, asset recovery, counter-terrorist financing and international co-operation.

"It is a proud testament to Hong Kong's commitment to upholding the integrity of the financial system and its reputation as an international financial centre that is safe and clean for doing business," Mr Chan said.

The report is expected to be published in September.

Comprising 39 major economies of the world, the task force is an inter-governmental organisation which sets global standards for combating money laundering and terrorist financing.

Hong Kong has been a task force member since 1991.

HK, Cambodia sign tax pact

By www.news.gov.hk

Wednesday, June 26, 2019

Hong Kong and Cambodia today signed a comprehensive avoidance of double taxation agreement.

The agreement sets out the allocation of taxing rights between the two jurisdictions, which will help investors better assess their potential tax liabilities from cross-border economic activities.

Under it, any tax paid in Cambodia by Hong Kong companies will be allowed as a credit against the tax payable in Hong Kong on the same income, subject to the provisions of Hong Kong tax laws.

For Cambodian companies, the tax they pay in Hong Kong will be allowed as a deduction from the tax payable on the same income in Cambodia.

The agreement also provides several tax relief arrangements and has incorporated an article on exchange of information which enables Hong Kong to fulfil its international obligations on enhancing tax transparency and combating tax evasion.

Secretary for Financial Services & the Treasury James Lau, who signed the agreement on behalf of the city, said Cambodia was Hong Kong's 38th largest trading partner in 2018.

"We have all along treasured our economic and trade ties with Cambodia and I have every confidence that this agreement will encourage more bilateral investments and bring our co-operation to a new level."

The agreement will come into force after the completion of ratification procedures by both sides.

Record high listings in first half in HK

By www.thestandard.com.hk

Wednesday, June 26, 2019

KPMG maintained its forecast that the Hong Kong will raise at least HK\$200 billion in initial public offerings through 200 new listings.

More than 190 companies have applied to list on the stock market in the first half, a record high, said KPMG.

Paul Lau, partner and head of capital markets of KPMG China said the forecast did not include potential IPO applications such as Alibaba Group, which is yet to be confirmed.

Lau added that it is possible for Hong Kong to top the world's IPO markets this year if Alibaba Group returned.