

Hong Kong & Mainland China News – May-2018

Xiaomi picks Hong Kong for its 'US\$10bn' listing

By news.rthk.hk

Thursday, May 3, 2018

Smartphone maker Xiaomi has kicked off what is expected to be the world's biggest initial public offering (IPO) in years after it filed documents to list in Hong Kong.

Xiaomi submitted a heavily redacted filing to the Hong Kong exchange late on Wednesday laying out its financial details in what appeared to set the stage for a full IPO announcement.

If confirmed, a share offering in the SAR would be a coup for Hong Kong, which was said to be vying with New York and Shanghai for Xiaomi's listing.

The papers, which appeared on the bourse's website, did not indicate how much Xiaomi is potentially looking to raise in the IPO.

But Bloomberg News, citing people with knowledge of the matter, reported that it was expected to be worth at least US\$10 billion and could value the business as high as US\$100 billion.

That could make Xiaomi's IPO rival Alibaba's US\$25 billion debut in 2014 in New York.

Xiaomi is taking advantage of changes in Hong Kong that mean companies with different share classes can now list in the city.

The filing said the company posted a loss of 43.9 billion yuan in 2017, but that revenue jumped 67.5 percent to 114.5 billion yuan.

It was accompanied by an upbeat letter from the company's founder and chairman Lei Jun saying Xiaomi intends to become a "part of the lives of billions of people globally in the future", adding "please join us on our journey."

Bank rule amendments gazetted

By www.news.gov.hk

Friday, May 4, 2018

The Banking (Disclosure) (Amendment) Rules 2018 and the Banking (Specification of Multilateral Development Bank) (Amendment) Notice 2018 were gazetted today to implement recent international standards on banking regulation in Hong Kong.

The disclosure rules seek to implement the latest disclosure requirements issued by the Basel Committee on Banking Supervision in March 2017 to enhance the requirements in terms of transparency, comparability and user-relevance of bank disclosures.

The amendment notice reflects a decision by the committee in October to specify the Asian Infrastructure Investment Bank as a multilateral development bank to which banks' exposures will be eligible for preferential capital and liquidity treatment.

The Government said the continuation of Basel III implementation shows Hong Kong's commitment to aligning its regulatory regime with the latest international regulatory standards, which is important to the city as a major international financial centre.

The Monetary Authority said the disclosure rules are a continuation of efforts to promote market discipline in the banking sector through enhanced regulatory disclosure, while the amendment notice will ensure the capital and liquidity frameworks of local authorised institutions are brought up to date.

The amendments will be tabled at the Legislative Council on May 9 for implementation on June 30.

First virtual bank license by year-end

By www.thestandard.com.hk

Thursday, May 10, 2018

The Hong Kong Monetary Authority (HKMA) is encouraging the development of virtual banks in Hong Kong, and hopes to approve the first license by the end of this year, deputy chief executive Arthur Yuen said.

New guidelines on virtual banking are to be released, which will further boost efficiency in the industry, he said, adding that online banking trading volumes have been growing at an average of 14 percent for the past five years.

There are 13 million online banking accounts in the city.

Meanwhile, the HKMA has issued guidelines on credit risk management for personal loans, giving banks rights to use innovative technology such as big data and consumer behavioral analytics when processing the loans "instead of collecting borrowers' income proof to assess their repayment ability". However, banks are required to set a limit for the loan to not exceed more than 10 percent of the client's capital base.

Bank of China (Hong Kong) chief executive Ann Kung Yeung Yun-chi welcomed the new guidelines saying it offers more flexibility for granting personal loans.

HK economy grows by 4.7pc in first quarter

By www.thestandard.com.hk

Friday, May 11, 2018

Hong Kong's economy grew by 4.7 percent in real terms in the first quarter from the year before, the Government economist, Andrew Au, said today.

Growth came in above the 3.4 percent rate in the previous quarter, marking the sixth consecutive quarter of growth above the trend growth rate of 2.7 percent per year in the past 10 years.

There is no change in the growth forecast of 3-4 percent for the year, as announced in the budget, considering external uncertainties, particularly on the trade and financial fronts.

Private consumption expenditure grew markedly by 8.6 percent in real terms over a year earlier. On a seasonally adjusted quarter-to-quarter comparison, private consumption expenditure increased by 3.1 percent in real terms in the first quarter.

Government consumption expenditure continued to grow steadily by 3.9 percent year-on-year in the first quarter, following 3.2 percent growth in the previous quarter.

Excluding the effects of one-off relief measures, underlying consumer price inflation was 2.4 percent in the first quarter, up from 1.6 percent in the previous quarter.

Headline consumer price inflation climbed to 2.4 percent from 1.6 percent in parallel.

Xi promises support for HK innovations aspirations

By www.thestandard.com.hk

Monday, May 14, 2018

President Xi Jinping has called for greater cooperation in science and technology between Hong Kong and the mainland.

He also promised support for Hong Kong's efforts to become an international center of innovative technologies and for scientists to contribute to building national strength.

Xinhua reported that Xi ordered "timely actions to be taken" in response to a letter written to him by 24 Hong Kong-based academics from the Chinese Academy of Sciences and the Chinese Academy of Engineering in June 2017.

In the letter, the academics expressed their strong intensions to make contributions to the motherland and enthusiasm to boost scientific and technological innovation.

Related government departments have acted "fast," on Xi's instructions, Xinhua said, and sci-tech cooperation between the mainland and Hong Kong has been pushed forward.

In November last year, the president of the Chinese Academy of Sciences, Professor Bai Chunli, called on Chief Executive Carrie Lam Cheng Yuet-ngor. He also officiated at a Forum on Technology and Innovation for One Belt One Road and Greater Bay Area Development co-organised by the CAS and the Hong Kong Science Park.

Twenty five Hong Kong scientists have been elected as members of the CAS.

New-economy IPOs 'will peak in fourth quarter'

By www.thestandard.com.hk

Friday, May 18, 2018

Hong Kong Exchanges and Clearing (0388) yesterday predicted that new-economy companies will flock to Hong Kong for initial public offerings (IPOs) in the fourth quarter of this year.

HKEX chief executive Charles Li Xiaojia said that the IPO season usually hit its peak in the second half of the year. He forecast that more candidates will take advantage of the new listing rules and go public between the months of September and November.

Speaking at a metals industry event hosted by the bourse, Li said he remained confident about the local IPO market, and that there would be a steady flow of listing applications.

He also said it would take time for the HKEX to develop its metals business on the Chinese mainland. That includes plans such as developing its mainland commodity business in Qianhai in southern China and starting warehousing through its London Metal Exchange (LME) operations.

"We need a lot of patience. We need to develop the relationship and trust," Li said.

The LME, bought by HKEX around five years ago, has for years pursued its ambition to set up warehouses in China, the world's biggest consumer of metals. But it has been without success so far as Chinese regulators have nurtured mainland exchanges.

Elsewhere, Alibaba-backed Ant Financial, which is considering an IPO, said its wealth management business now has assets under management of 2.2 trillion yuan, which would make it the world's largest consumer wealth management platform.

In other IPO action, LH Group, which operates the well-known Gyu-Kaku (Japanese) and The Banqueting House (Chinese) restaurant chains, saw its retail tranche oversubscribed 531 times, according to six brokers.

HK 2nd most competitive economy

By www.news.gov.hk

Thursday, May 24, 2018

Hong Kong has been ranked as the world's second most competitive economy by the International Institute for Management Development in its World Competitiveness Yearbook 2018.

The Government welcomed the report, reiterating it is committed to enhancing the competitiveness and vibrancy of Hong Kong's economy.

In a statement it said: "Amid the fierce competition from other economies, it is of utmost importance for us to consolidate Hong Kong's competitive edges, including the fine tradition of the rule of law, an open and free market, an efficient public sector, and a robust institutional framework.

"The Government will strive to develop innovation and technology as the new engine of economic growth. Substantial resources have been allocated in recent years to upgrade technological infrastructure, build a vibrant ecosystem for startups, and pool and nurture more technology talent in Hong Kong."

It added a wide range of measures rolled out by the current-term administration to improve the city's business environment demonstrate the Government's determination to further strengthen Hong Kong's competitiveness.

Out of the 63 economies assessed, the US ranked first, Hong Kong second, followed by Singapore, the Netherlands and Switzerland.

The report assessed each economy on four competitiveness factors: economic performance, government efficiency, business efficiency and infrastructure.

Hong Kong continued to maintain the top rank in government and business efficiency.

Its ranking in economic performance climbed up from 11th to ninth place, while that in infrastructure fell from 20th to 23rd.

HK, Finland sign tax pact

By www.news.gov.hk

Thursday, May 24, 2018

Hong Kong and Finland have signed a comprehensive agreement for the avoidance of double taxation.

Secretary for Financial Services & the Treasury James Lau and Finnish Consul-General Jari Sinkari signed the agreement today.

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

It is the 40th tax agreement Hong Kong has signed with its trading partners, including the 16 member states of the European Union.

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

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

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

For Hong Kong, it will be implemented by an order to be made by the Chief Executive in Council under the Inland Revenue Ordinance, subject to Legislative Council vetting.