Hopes high as Lee touts HK asset in Greater Bay Area plan

by www.thestandard.com.hk
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Hong Kong will work with neighboring Shenzhen to attract international investment, talent and enterprises, Chief Executive John Lee Ka-chiu said yesterday, as he welcomed opportunities brought by collaboration in the Greater Bay Area.

Speaking by video link at a conference on the central government's GBA initiative, Lee cited Chinese president Xi Jinping as hailing Hong Kong's competitive advantages and encouraging the city to maximize its role in national development.

"Hong Kong will leverage our highly market-oriented and international business environment, our well-developed professional service sectors, as well as our status as an international financial, trade and shipping hub, and join hands with the other Greater Bay Area cities in developing a world-class city network for life, travel and work," Lee said.

He also quoted Xi as saying that the next five years will be a critical period for Hong Kong to "break new ground" and achieve a "new leap forward" through the GBA initiative.

While Hong Kong's economy is vulnerable to external factors such as market volatility and trade friction, Lee said it has Beijing's support and is connected to the rest of the world.

He cited plans for cooperation between Hong Kong and Shenzhen under the SAR's Northern Metropolis development initiative.

"Hong Kong and Shenzhen have launched a joint policy package to attract talent and enterprises around the world," Lee said, adding that the plan would facilitate the two cities' participation as a world-class innovation and technology hub.

Speaking at the same event, former chief executive Leung Chun-ying called on local media and professional organizations to set up branches in the GBA to facilitate information flow between the SAR and neighbor cities.

It is important that Hong Kong and other GBA cities maintain close relations, he added.

Xi stresses high-quality economic development

by news.rthk.hk
Sunday, Oct 16, 2022

Xi Jinping said China will pursue high-quality economic development in a speech marking the start of the 20th Communist Party Congress.

"We must fully and faithfully apply the new development philosophy on all fronts, continue reforms to develop the socialist market economy, promote high-standard opening up, and accelerate efforts to foster a new pattern of development that is focused on the domestic economy and features positive interplay between domestic and international economic flows," Xi said.

He said efforts to boost domestic demand and deepen supply-side structural reform will go hand in hand.

The president and party general secretary said the world's second-largest economy has enjoyed historic growth in the past decade, with its GDP rising from 54 trillion yuan to 114 trillion yuan and its share of the global economy climbing from 11.3 percent to 18.5 percent.

Xi said China will strive towards a high-standard socialist market economy. "We will work to see that the market plays the decisive role in resource allocation and that the government better plays its role."

He also said the country will speed up efforts to achieve greater self-reliance in science and technology.

"We must regard science and technology as our primary productive force, talent as our primary resource, and innovation as our primary driver of growth," Xi said.

"We will open up new areas and new arenas in development and steadily foster new growth drivers and new strengths."

HK to outline ambition to become top virtual asset hub: Paul Chan

by www.thestandard.com.hk
Sunday, Oct 16, 2022

Hong Kong wants to become an international center for virtual assets as the city seeks to bolster its status as a global financial hub following the disruptions caused by the pandemic.

The government will announce its framework for developing virtual assets, such as cryptocurrencies and non-fungible tokens, during Hong Kong's Fintech Week from Oct. 31 to Nov. 4, Financial Secretary Paul Chan said in a blog post on Sunday.

Chan said the policies would include a regulatory system and trial programs for the assets.

Fintech Week has attracted participants from more than 500 organizations and over 200 speakers from China and abroad.

Hong Kong has lost its crown as Asia's top financial center to long-time rival Singapore, after years of political turmoil and Covid-19 restrictions caused the economy to slow and talent to flee.

Last month, the city scrapped its hotel quarantine requirements for visitors arriving via the airport. It is also considering a package of policies, including easing property taxes and visa restrictions to attract workers from mainland China and overseas.

Billionaires arise in lucrative Asian markets

by www.thestandard.com.hk
Wednesday, Oct 19, 2022

China and India now have the second- and third-largest number of billionaires in the world respectively.

Meanwhile, family offices in Asia have grown tenfold in the past decade.

The 2022 Centi-Millionaire Report released by Henley & Partners shows the US has 9,730 centi-millionaires - making up 38 percent globally. China and India follow with 2,021 and 1,132 centi-millionaires, respectively.

Misha Glenny, financial journalist, author, and contributor to the report, points out: "At around 57 percent, the growth of centi-millionaires in Asia will be twice that of Europe and the US over the next decade. They are primarily concentrated in China and India."

The fastest growing market for billionaires over the next decade is forecast to be Vietnam, with a 95 percent growth rate predicted for this emerging Asian manufacturing hub. Strong growth is expected in the real estate, technology, and financial services sectors.

On the other hand, the number of family offices worldwide has soared from 4,200 in 2012 to 10,000 this year, according to research from the Roger King Center for Asian Family Business and Family Office, located at the Hong Kong University of Science and Technology.

There are now 1,200 family offices in Asia, a tenfold increase from 100 in 2012, with 60 to 70 percent of them based in Hong Kong.

In other news, over US$100 billion (HK$780 billion) from Hong Kong retail investors could be allocated to sustainable investing - investing in progress and companies with potential for growth - by 2030, as Standard Chartered Hong Kong's latest report showed.

Retail investors in Hong Kong have demonstrated a strong interest in sustainable investing in recent years - about 60 percent of investors currently hold sustainable funds in their investment portfolio, the highest among key sustainable investment products. This is expected to increase to 74 percent in the next two to three years.

The report predicts that by 2030, there could be an US$8.2 trillion potential for retail capital mobilization, of which US$112 billion could be from Hong Kong, largely due to the city's rising domestic wealth.

(Policy Address 2022) Hong Kong to enhance financial services

by www.thestandard.com.hk
Wednesday, Oct 19, 2022

Hong Kong is to issue measures to focus on its financial services as the city's position as an international financial center and the largest offshore RMB business center.

The Hong Kong Exchanges and Clearing Limited (HKEX) will revise the Main Board Listing Rules next year to facilitate the fundraising of advanced technology enterprises that have yet to meet the profit and trading record requirements. It is also planning to revitalize GEM (formally known as the Growth Enterprise Market) to provide small and medium enterprises (SMEs) and start-ups with a more effective fundraising platform.

"We will enhance our strengths as the largest offshore RMB business center to promote the launch of more RMB-denominated investment tools and the provision of stable and highly efficient treasury services," said Chief Executive John Lee Ka-chiu during his 2022 Policy Address.

He added the government will also promote mutual market access, including introducing a bill this year to exempt the stamp duty payable for transactions conducted by dual-counter market makers.

Meanwhile, the city will develop green and sustainable finance as well as develop Hong Kong into an international carbon market, Lee said.

Besides, the city will enhance competitiveness in Fintech by introducing bills to propose establishing a statutory licensing regime for virtual asset service providers.

"We also aimed to attract no less than 200 family offices to establish or expand their operations in Hong Kong by the end of 2025," he noted.

New fund to attract overseas firms

by www.news.gov.hk
Wednesday, Oct 19, 2022

Chief Executive John Lee today said the Co-Investment Fund announced in the 2022 Policy Address can attract technology companies as well as those with strategic development value to set up operations in Hong Kong.

In his address, the Chief Executive proposed to set aside $30 billion from the Future Fund to establish the Co-Investment Fund.

Speaking during a press conference on the Policy Address this afternoon, Mr Lee pointed out that the Government's involvement could act as an incentive for the private sector to invest in the target enterprises.

“The Co-Investment Fund is set up so as to, first of all, attract companies to come to Hong Kong.

“And also, it will help companies to come because if the Hong Kong Special Administrative Region Government invests in it, then it will be much easier for that company to also get investment from the private sector.

“But what companies will be selected? Of course, it will be examined thoroughly and carefully by the board and also a committee which comprises professionals and experts in this area.”

He added that the ultimate goal was to enhance the city's competitiveness.

“The Government will be in charge, so it is not a financial return that we want from the investment. It is more of how that investment can help develop Hong Kong's capabilities, attractiveness and potential.

“While we will be very focused on tech companies, we will also be looking at companies which have strategic development value for Hong Kong.”

China to promote foreign investment in manufacturing

by news.rthk.hk
Tuesday, Oct 25, 2022

Beijing said on Tuesday it will promote foreign investment with a focus on manufacturing industries, after President Xi Jinping called on the nation to "win the battle" in core technologies during the Communist Party Congress that ended over the weekend.

China will encourage foreign enterprises to invest in high-tech equipment and components, according to a statement published on the website of the planning agency, National Development and Reform Commission.

China will also strengthen financial support for foreign enterprises, including fund-raising by eligible enterprises through listings on the mainland's stock markets, the statement said.

China's economy grew 3.9 percent in the September quarter from a year earlier, rebounding at a faster-than-expected pace.

Tuesday's statement also promised support for foreign enterprises posting personnel to China.

"China will facilitate the entry and exit to the country of multinational companies' executives, technicians and their families, under the prevention and control of Covid-19."

Business tax bill to be gazetted

by news.gov.hk
Tuesday, Oct 26, 2022

The Government today said that the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Bill 2022 will be gazetted on October 28 and will be introduced into the Legislative Council (LegCo) on November 2.

The bill is to refine and strengthen Hong Kong's tax regime to better combat cross-boundary tax avoidance arising from double non-taxation.

A package of measures will be put in place to minimise the tax compliance burden for corporations, mitigate possible double taxation, enhance tax certainty and maintain the city's tax competitiveness.

The bill creates a new Foreign-sourced Income Exemption (FSIE) regime that will allow tax exemptions for specified foreign-sourced passive income, namely interest, dividends, disposal gains in relation to shares or equity interests and intellectual property income, received in Hong Kong by multinational enterprise entities provided that certain exemption conditions as described below are met.

The bill upholds Hong Kong's territorial source principle of taxation to the effect that determination of the source of profits will not be affected by the new regime. Under the new regime, taxpayers can still be exempted from tax in respect of the specified foreign-sourced passive income received in Hong Kong if they have a substantial economic presence in the city.

The Government said the bill aligns with the international tax standard of requiring a corporate taxpayer benefitting from preferential tax treatment in a jurisdiction to have a substantial economic substance in that jurisdiction, and prevents shell companies from deriving tax benefits through double non-taxation.

The European Union (EU) has placed Hong Kong on a watchlist since October 2021 on the grounds that the non-taxation of foreign-sourced passive income is not accompanied by adequate substance requirements and robust anti-abuse rules.

The EU invited Hong Kong to make a commitment to amend its FSIE regime by December 31, 2022, and that the amended regime would take place with effect from January 1, 2023.

To avoid Hong Kong being blacklisted by the EU as a non-co-operative jurisdiction for tax purposes, Hong Kong aims to implement the new FSIE regime in January 2023 by amending its tax law.

The Government said the bill was drawn up based on the legislative building blocks confirmed by the EU Code of Conduct Group (Business Taxation) (COCG) in June 2022. Due regard has been given to the EU's promulgated Guidance on Foreign Source Income Exemption Regimes and the parameters as communicated by the COCG.

To mitigate possible double taxation, a range of enhancement and mitigation measures would be introduced such as a participation exemption regime.

To minimise the compliance burden and enhance tax certainty, a business-friendly approach will be taken including simplified reporting procedures and a dedicated unit which provides technical support to taxpayers and responds to enquiries.

To prepare for the introduction of the new regime, taxpayers affected by the new regime may apply for a Commissioner's Opinion in respect of their compliance with the economic substance requirement as a transitional measure upon the bill gazettal.

The Government said it will request the EU to remove Hong Kong from the watchlist once the bill is passed by LegCo.