

Hong Kong & Mainland China News – Sep-2020

China exports make best gains in over a year

by www.thestanadard.com.hk

Tuesday, Sep 08, 2020

China's exports made their strongest gains in August since March 2019, while foreign exchange reserves rose by a less-than-expected US\$10.2 billion (HK\$79.56 million) to US\$3.165 trillion.

Exports rose 9.5 percent in US dollar terms in August from a year earlier to US\$235.3 billion, the third-highest level on record, customs data showed yesterday.

Both the value of shipments to the United States and the bilateral trade surplus were at the highest levels since November 2018.

China's exports continued to expand due to demand for medical goods and electronics - with the effects of major trading partners seeing business activities gradually resuming. Imports, however, slumped 2.1 percent, compared with market expectations for a 0.1 percent increase and extending a 1.4 percent fall in July.

The trade surplus in August was US\$58.93 billion.

Meanwhile, Beijing plans to build a pilot zone for digital trade and big data exchange, in a bid to boost technological innovation and opening-up of its services sector and digital economy.

An array of documents for the making of the trade zone were released by the Beijing Municipal Bureau of Economy and Information Technology, the Beijing Municipal Commerce Bureau, and the Beijing Local Financial Supervision and Administration yesterday.

China's foreign exchange reserves rose 0.3 percent month-on-month in August to its highest level since October 2016, central bank data showed. The expansion marked the fifth straight month of growth for forex reserves.

And in Hong Kong, foreign currency reserve assets - including unsettled foreign exchange contracts - stood at around US\$450 billion in August, unchanged from July, the Hong Kong Monetary Authority said.

HK still freest economy

by www.news.gov.hk

Thursday, Sep 10, 2020

The Government today welcomed the Fraser Institute's ranking of Hong Kong as the world's freest economy, saying the decision recognises the city's steadfast commitment to building a free economy with a level playing field.

Hong Kong has held the top rank since the inception of the Fraser Institute's report. Among the latest report's five areas of assessment, Hong Kong ranked first in "Freedom to Trade Internationally" and "Regulation".

Noting that the Government and the community have been determined to uphold and defend the rule of law, the Government said it is with regret that the institute pre-empted lower future scores in this area with biased comments and unfair speculation based on selective ungrounded views.

The rights to freedom of expression and of peaceful assembly are well-protected in Hong Kong under the Basic Law but these rights and freedoms are subject to restrictions as prescribed by law and necessary in the interests of, for example, public order.

Over the past year, Hong Kong experienced social turmoil, with the stable law and order situation being severely challenged. Police have the duty to adopt lawful measures to maintain public safety and order, as well as safeguard people's life and property.

On the enactment of the National Security Law and relevant enforcement actions mentioned in the report, the Government reiterated that safeguarding national security through legislation is in line with international practice.

The National Security Law is enacted to ensure the full and resolute implementation of "one country, two systems", safeguard national security, and prevent, suppress and impose punishment for offences endangering national security.

Its enactment also maintains the prosperity and stability of the Hong Kong Special Administrative Region as well as protects the lawful rights and interests of its residents.

The Government noted that free market principles have long been essential considerations of its policies and the cornerstone of the Hong Kong economy, adding that it is fully committed to upholding the city's institutional strengths.

These strengths include the rule of law and independence of the judiciary, a free trade and investment regime, a simple and low tax system, a favourable business environment and an efficient government.

They have provided a consistent and conducive environment for businesses to thrive, and enabled our economy to prosper, the Government added.

Ant eyes record as IPO target raised to US\$35b

by www.thestandard.com.hk

Tuesday, Sep 22, 2020

Jack Ma Yun's Ant Group is seeking to raise at least US\$35 billion (HK\$273 billion) in its initial public offering after assessing early investor interest, people familiar with the matter said, putting the Chinese fintech giant on track for a record debut sale.

Ant lifted its IPO target based on an increased valuation of about US\$250 billion, up from previous estimates of US\$225 billion, said the people. It was earlier expecting to raise at least US\$30 billion.

Ant's simultaneous listing in Hong Kong and Shanghai may mark the biggest IPO ever, topping Saudi Aramco's record US\$29 billion sale.

Meanwhile, the Hong Kong Monetary Authority yesterday sold HK\$14.725 billion - the largest sale so far this year - into the market yesterday, as the local currency once again hit the strong end of its trading band with the US dollar, boosted by IPO activities. The aggregate balance will rise to HK\$239.379 billion on September 23.

Chinese No 2 online retailer JD.com (9618) said last night it plans to spin off its health business in Hong Kong, while the IPO timing will depend on market conditions, it said.

JD Health is set to submit an application to the Hong Kong Stock Exchange this week for its IPO that could raise about US\$2 billion, mainland media reported.

But Guangzhou Yatsen E-Commerce, parent of Perfect Diary cosmetics brand, has dropped its Hong Kong IPO plan and is seeking to list in the United States, mainland media reported. The company is valued at US\$4 billion after five rounds of financing.

In other IPO action, shares of Huazhu Group (1179) inched up by less than 2.4 percent in grey markets ahead of its mainboard debut. The New York-listed hotel group has raised HK\$5.92 billion after pricing its IPO at HK\$297 apiece. Its retail portion was oversubscribed by 2.39 times.

Biopharmaceutical company Everest Medicines has started a roadshow for its public sale that could raise US\$450 million.

Four companies were offering new shares yesterday. Express delivery giant ZTO Express Cayman had attracted margin loans worth HK\$1.23 billion by yesterday, meaning its retail portion is oversubscribed one time.

In other news, Hong Kong Exchanges and Clearing (0388) has set up a platform, FiNL, to shorten the IPO settlement cycle from the current five days, local media reported.

Yuan's global role growing, says Li

by www.thestandard.com.hk

Wednesday, Sep 23, 2020

Hong Kong Exchanges and Clearing (0388) Chief Executive Charles Li Xiaojia said yesterday that the yuan will play a more important role in the global fixed income and currencies market, and that the HKEX plans to relaunch Chinese treasury bond futures.

Speaking to delegates at the RMB Fixed Income and Currency Conference 2020, a virtual event hosted by the exchange, Li said the US Federal Reserve and Treasury have taken "unprecedented steps" to flood the market with liquidity.

"We have never seen this much US dollar liquidity in the market," he said. "That is essentially pumping assets all over the world. It is absolutely legitimate for people to ask whether or not this is something sustainable."

But Li said the dominance of the US dollar is still secure, as there was still no alternative to the greenback, and he believed that China should propel the internationalization of the yuan.

Li said Hong Kong does not have a free exchange rate regime and is not the biggest US dollar trading center, and investors will question whether Hong Kong's fixed-income and currencies market will be affected by geopolitical tensions, accelerating decoupling between China and the US, and slowing globalization.

He added that western countries still play a dominant role in fixed income businesses, and Hong Kong will face challenges as a new participant.

"The progress of renminbi internationalization will go on. It is important for Hong Kong to prepare itself to provide all types of trading facilities and products for the yuan while a massive amount of the currency will be traded in Hong Kong," Li said.

Li said average daily volumes of the Bond Connect scheme reached 20 billion yuan, ten times as much as when the scheme was first introduced.

"We are now actively discussing the potential inclusion of China's bond market into the FTSE Russell or government indexes," he added.

Li, 59, took the market by surprise in May when he said he is to step down next year. When Li was asked by a member of the press whether he was seeking to run for Hong Kong chief executive, he asked back if his heart was big enough to take up the role.

In terms of the search for his successor, Li said last month that he is not involved in that process, but "the board is actively working on it."

HK's financial ranking goes up

by www.news.gov.hk
Friday, Sep 25, 2020

Hong Kong ranked fifth in the latest Global Financial Centres Index (GFCI) Report, up by one place from the last index, the Government said today.

The GFCI Report, which assessed 111 financial hubs, was published by Z/Yen from the UK and the China Development Institute from Shenzhen.

In a statement, the Government said the overall ratings of financial centres that ranked from number three to seven in the report were very close, adding that Hong Kong was ranked top five in five areas of competitiveness, including financial sector development and infrastructure.

In particular, the city attained third place in the areas of business environment and human capital.

Moreover, compared with two financial centres with a higher overall ranking, Hong Kong ranked above each of them in four areas of competitiveness.

The report said the average rating of all financial centres dropped visibly during a time of continuing uncertainty around international trade, the impact of the COVID-19 pandemic and geopolitical environment. Meanwhile, Hong Kong's overall rating and ranking improved from those in March, when the report was last released.

Noting that various parts of the world are facing a varying degree of challenges under the impact of the pandemic, the Government pointed out that Hong Kong's financial system remains resilient.

HK-ASEAN pact to take effect

by www.news.gov.hk
Monday, Sep 28, 2020

The commitments relating to Hong Kong and Brunei Darussalam, an Association of Southeast Asian Nations (ASEAN) member state, under the trade and investment agreements between Hong Kong and ASEAN will enter into force on October 20.

Tariff reduction commitments under the Free Trade Agreement covers different kinds of Hong Kong commodities, including jewellery, apparel and clothing accessories, watches and clocks, and toys.

Hong Kong service providers will enjoy better business opportunities and legal certainty in market access for services sectors in Brunei Darussalam, such as business, telecommunications, construction and related engineering, education, tourism and travel related services, and transport services that have traditional strengths or potential for development.

Upon the Investment Agreement's implementation, Brunei Darussalam will provide Hong Kong enterprises investing in its area with fair and equitable treatment of their investments, physical protection and security of their investments, and the assurance of the free transfer of their investments and returns.

So far, the commitments relating to the eight ASEAN member states of Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam have taken effect.

The date of entry into force for the remaining ASEAN member state of Cambodia will be announced as soon as it is confirmed.

7th virtual bank up and running

by www.thestanadard.com.hk
Wednesday, Sep 30, 2020

Ping An OneConnect Bank, a member of Ping An Insurance (2318), has become the seventh virtual bank in Hong Kong to start operations.

Among the eight virtual banks licensed by the Hong Kong Monetary Authority, only Fusion Bank backed by Tencent (0700) has not commenced operations.

PAOB provides lending service Trade-Connect Loan exclusively to small and medium enterprises from Tradelink Electronic Commerce (0536), an e-commerce services provider. The bank promises to approve loans worth up to HK\$2 million within five business days with an interest rate of 8-12 percent.

Apart from SME banking, PAOB also provides retail banking services.

Individual customers can tap into a savings interest rate of 1 percent per annum.

Customers can also benefit from a cash rebate of HK\$288 upon opening a savings account with PAOB before October 31.

China's September factory activity gathers pace

by www.thestandard.com.hk

Wednesday, Sep 30, 2020

China's factory activity expanded at a faster pace in September helped by a return to exports growth after several months of shrinking sales, bolstering a steady recovery for the economy as it rebounds from the coronavirus shock, Reuters reports.

The official manufacturing Purchasing Manager's Index (PMI) climbed to 51.5 in September from 51.0 in August, data from the National Bureau of Statistics (NBS) showed today, and remained above the 50-point mark that separates growth from contraction.

Analysts had expected it to pick up slightly to 51.2.

A private survey, also released on the day, painted a similar picture of the manufacturing sector gaining momentum backed by stronger overseas demand.

The official PMI, which largely focuses on big and state-owned firms, also showed the sub-index for new export orders stood at 50.8 in September, improving from 49.1 a month earlier and snapping eight months of declines.

The signs of stronger overseas demand were also highlighted in the Caixin/Markit Manufacturing Purchasing Managers' Index (PMI), which focuses more on small and export-oriented firms. Its gauge for new export orders rose at the fastest pace in over three years.

A sub-index for employment in the official PMI improved slightly but remained in contractionary territory. It stood at 49.6 in September from 49.4 the month before, indicating the pressure on jobs and keeping policymakers primed for more support measures.