# Hong Kong & Mainland China News – Apr-2021

## HK IPOs on course for record takings

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Hong Kong's initial public offering market is on course for record-breaking fundraising this year, driven by ten US-listed Chinese new listings, according to Deloitte.

Deloitte forecasts 120-130 IPOs will raise more than HK$400 billion in Hong Kong for 2021, and it is likely to surpass the previous fundraising record of HK$450 billion in 2010.

Four to five new economy firms are expected to go public this year, each of them will raise more than HK$10 billion. That will help Hong Kong to retain its position as a top-three IPO market around the world.

Total fundraising in the first quarter surged 8.4 times to HK$132.8 billion, with 32 new listings.

Chinese online travel platform Trip.com kicks off a Hong Kong secondary listing today to raise as much as HK$10.53 billion. It is offering 31.64 million shares at no more than HK$333 apiece, with 7 percent of shares for retail investors.

The minimum investment is HK$16,818 per board lot of 50 shares.

Some new economy stocks have entered into correction recently with some trading below IPO prices in debut, affected by geopolitical tensions and the market situation, said Edward Au, managing partner of the southern region at Deloitte China.

However, he expects funds will continue to flow into the sector, helped by abundant liquidity, with investors having a better understanding of new-economy firms.

## Number of multi-millionaires soars despite pandemic

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The number of self-reported multi-millionaires in Hong Kong reached a record high of 515,000 in 2020 – up nearly a quarter from the year before, despite the economic impact of the Covid-19 pandemic.

Citibank, which conducted the survey, defines a multi-millionaire as an individual with net assets of HK$10 million and liquid assets of HK$1 million. The multi-millionaire figure of 515,000 equates to about 1 in 12 of the city's adult population.

"Although Covid is here, most governments released liquidity and action to help the economy and the financial market," explained Josephine Lee, head of retail banking for Citibank Hong Kong.

"As such, the multi-millionaires gained some profits from the equity, the FX markets, or the fixed-income market," Lee said. "We can see a well-diversified portfolio is better to weather through the ups and downs."

"We found that the affluent diversified their investment into different assets, and also globally, into stocks, FX, renminbi, mutual funds and bonds, and even property, to address their personalised financial needs," she added.

Lee said there were slightly more male than female multi-millionaires, with an average age of 60 for male multi-millionaires and 61 for females. Eastern district on Hong Kong Island had the highest density of multimillionaires among the SAR's 18 districts.

Citibank's random telephone survey of 4,043 adults aged 21 to 79, was conducted between November 2020 and January 2021.

The survey found that the median net asset value of multi-millionaires in 2020 was HK$15.5 million – slightly lower than the HK$17 million in 2019.

Looking ahead, Lee said they foresee a better economic recovery in 2021, with manageable inflation and lower unemployment rates. She said they were also positive about mainland stocks and the Hong Kong market.

## Chinese economic planner tries to build bridges with some US companies

by www.thestanadard.com.hk
Wednesday, Apr 14, 2021

China is taking more direct steps to mend relations with U.S. investors, ramping up its communication with businesses in an environment of heightened economic tensions, Bloomberg reports.

Officials from the National Development and Reform Commission, the government's top economic planning body, met Tuesday with representatives of companies like Tesla Inc., Qualcomm Inc. and Dell Technologies Inc – the first of possibly more similar meetings planned with U.S. firms.

Business circles in China and the U.S. have formed "a community of shared interests," and their economic exchanges have been growing, Ning Jizhe, vice chairman of the NDRC, told delegates at the meeting. The commission is seeking a mechanism to communicate with U.S. businesses to "exchange information and clear up confusion," he said.

Ties between the U.S. and China deteriorated to the worst in decades under former President Donald Trump. And while China has expressed optimism that relations would improve under the Biden administration, tensions between the two superpowers remain over issues ranging from human rights and Taiwan to geopolitics.

Separately, Premier Li Keqiang spoke to U.S. business leaders Tuesday on a video conference hosted by Henry Paulson, former U.S. Treasury secretary. Li called for cooperation with U.S. companies and said economic "decoupling" between the two nations serves no good.

China is gradually opening up its economy and financial system to overseas investors and is reliant on foreign investment to meet its ambitious growth targets.

In the Tuesday meeting, Ning and other officials from the commission provided more details of China's five-year economic plan, such as its carbon neutral initiative and digital economy goals.

"The U.S. companies can talk to relevant Chinese government in a frank manner for their problems – no matter its business operation or trade relations," said Zhang Huanteng, a deputy director at the commission's general department.

# China's first quarter growth bounces to record 18.3pc from low base

by www.thestanadard.com.hk
Friday, Apr 16, 2021

China's economic recovery quickened sharply in the first quarter from a low base, driven by stronger demand at home and abroad and continued government support for smaller firms.

Gross domestic product (GDP) jumped by a record 18.3 percent in the first quarter from a year earlier, official data showed on Friday, slower than the 19 percent forecast by economists in a Reuters poll, and following 6.5 percent growth in the fourth quarter last year.

State media said strong domestic and foreign demand powered the recovery from a low base in early 2020 when the coronavirus disease epidemic in the mainland stalled the economy.

GDP reached 24.93 trillion yuan (US$3.82 trillion) in the first quarter.

While the reading is heavily skewed by the plunge in activity a year earlier, the increase is the strongest since at least 1992, when official quarterly records started.

Aided by strict virus containment measures and emergency relief for businesses, the economy has recovered steadily from a steep 6.8 percent slump in the first three months of 2020, when an outbreak of the virus in the central city of Wuhan turned into a full blown epidemic, which then spread across the world.

The recovery has been led by export strength as factories raced to fill overseas orders and a steady pickup in consumption that comes despite sporadic infections in some cities.

On a quarterly basis, growth slowed to 0.6 percent in January-March from a revised 3.2 percent in the previous quarter, the data showed.

March industrial output grew by 14.1 percent year-on-year, slowing from a 35.1 percent surge in the January-February period and lagging a 17.2 percent on-year rise forecast by analysts in a Reuters poll.

Retail sales increased by 34.2 percent year-on-year in March, beating a 28 percent gain expected by analysts and stronger than the 33.8 percent jump seen in the first two months of the year.

Fixed asset investment grew by 25.6 percent in the first three months from the same period a year earlier, versus a forecast 25 percent increase, and slowing from January-February's 35 percent rise.

## Report says southbound bond trading link to start in July

by www.thestanadard.com.hk
Monday, Apr 26, 2021

Hong Kong plans to expand its trading link with the mainland to include southbound flows on bonds in early July, the Hong Kong Economic Journal reported, citing an unidentified source.

The southbound link will have quotas in place and only allow trading in certain eligible bonds, the HKEJ reported on Monday, Bloomberg said.

Hong Kong has a trading link with mainland China for investors on both sides to buy stocks in respective markets and has since 2017 allowed trades in mainland Chinese bonds. At the time, the aim in Hong Kong was also to allow mainland investors to buy bonds in Hong Kong.

The Hong Kong Monetary Authority, and the People's Bank of China in December formed a working group to study allowing southbound flows in bonds. In a speech in February, Hong Kong's Financial Secretary Paul Chan Mo-po said the city targets to open southbound bond trading "within this year."

A spokesman for the HKMA on Monday confirmed that work is in progress on the southbound bond connect study and that it "will inform the market with updates in due course."

Spokespeople for Hong Kong Exchanges & Clearing and the city's Financial Services and Treasury Bureau weren't immediately available to comment.

## Hong Kong reports strong growth in trade figures

by news.rthk.hk
Tuesday, Apr 27, 2021

Hong Kong posted strong trade figures for March on the back of what officials said was a sharp rebound in global demand.

Latest government figures showed exports last month jumped 26.4 percent year on year.

Imports, meanwhile, spiked 21.7 percent from a year ago.

In a statement, a government spokesperson said there had been a jump in exports to many major markets, including the mainland, Taiwan and India.

It said while the global economic recovery should continue to support Hong Kong's export performance going forward, authorities would keep a close watch on the pandemic development as well as other risk factors such as Sino-US relations and other geopolitical tensions.

# China's March industry profits jump to 711.1b yuan from low base

by www.thestanadard.com.hk
Tuesday, Apr 27, 2021

Profits at China's industrial companies grew sharply in March from a low base a year ago, as demand for raw materials surged along with the economic recovery, but the pace of growth slowed, official data showed on Tuesday, Reuters reports.

Profits increased to 711.18 billion yuan (US$109.66 billion) in March, up by 92.3 percent from a year ago, when the economy was hard hit by the coronavirus disease pandemic in the mainland, data from the National Bureau of Statistics (NBS) showed.

The pace of growth slowed from the first two months of the year. Profits grew by 179 percent in January-February compared with the same period in 2020, when coronavirus restrictions disrupted economic activity. This year also saw more production than usual around the Lunar New Year holiday period as workers stayed put due to a resurgence of virus infections in Beijing and Hebei, rather than going back home.

Strong profits in raw materials extraction and processing industries, in particular chemicals, metals and petroleum, helped drive overall industrial profit growth in March as demand picked up, said Zhu Hong, an official at the NBS in a statement.

Industrial company profits increased to 1.825 trillion yuan in the January-March period, up by 137 percent from a year ago and 50.2 percent from same period in 2019, according to the NBS. That brought the two-year average growth to 22.6 percent, it said.

"There are still fairly large uncertainties in the global epidemic trend and the international environment, and the recovery between industries is still uneven ... the price of raw materials has been rising significantly, increasing cost pressures for enterprises," said Zhu.

## Small business upbeat over prospects

by www.thestanadard.com.hk
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The business confidence of local small and medium enterprises continued to recover, an index shows.

The "Standard Chartered Hong Kong SME Leading Business Index" for the second quarter reached a two-year high, the Hong Kong Productivity Council, said.

It recorded the largest quarter-over-quarter gain of 9.8, to a two-year high of 42.2.

Done in March, the survey interviewed 805 local SMEs.

All five component sub-indices went up in the second quarter, among which "global economy" recorded the most significant surge from 19.9 in last quarter to 43.6. As for industry indices, "information and communications," performed the best among the 11 industries surveyed as it was the first industry sector to reach a level above 50.

All three key industry indices, namely manufacturing industry, import/export trade & wholesale industry, and retail industry, also recorded a gain.

Meanwhile, 62 percent of SMEs expect sales to increase, or remain unchanged, in the coming quarter, representing a climb of 25 percent from the last quarter.

Kelvin Lau, senior economist, Greater China, Global Research, Standard Chartered Bank (Hong Kong), said, "a big lift to sentiment came from an improving 'Global Economic' sub-index, fuelled by a strong resumption in China production after the Lunar New Year, but also swift vaccine rollout and strong fiscal spending in the US. This helps explain the impressive quarter to quarter improvements in industry sub-indices for manufacturers, exporters and those in transportation. More domestically oriented respondents also felt more upbeat over the past quarter, possibly due to the unwinding of social distancing measures since February."