Hong Kong & Mainland China News – January-2018

China services PMI shows solid growth

By www.thestandard.com.hk
Friday, January 5, 2018

China's services sector activity expanded at its fastest pace in over three years in December on solid growth in new business, with the outlook improving to a six-month high, a private sector survey showed yesterday.

The upbeat findings broadly echo those of an official gauge of the non-manufacturing sector last week that showed activity accelerated at a faster rate in December than the previous month, reinforcing the view that an expected slowdown in the broader economy would be gradual.

The Caixin/Markit services purchasing managers' index rose to 53.9 in December from 51.9 in November and the highest reading since August 2014.

New business increased at the fastest pace since May 2015, with survey respondents reporting sales supported by strong underlying client demand and new projects.

China is counting on growth in services and consumption to rebalance economic expansion from its heavy reliance on investment and exports.

The services sector accounts for over half of the economy, with rising wages giving Chinese consumers more spending power at home and abroad.

Meanwhile, growth in China's manufacturing sector unexpectedly picked up to a four-month high in December as factories cranked up production to meet a surge in new orders.

The Caixin/Markit Manufacturing Purchasing Manager's Index rose to 51.5 last month, from 50.8 in November, and far outpacing economists' expectations for a slight dip to 50.6.

Analysts have expected some softening in China's manufacturing activity as a punishing crackdown on air pollution, a cooling property market and higher borrowing costs all start to weigh.

That view appeared to be borne out by the official data at the weekend which suggested that production expanded in December at a slightly more modest pace.

But Caixin's findings showed output grew at the fastest pace in three months, bolstered by improving demand.

Total new orders at home and from abroad rose at the strongest pace since August, with the sub-index jumping to 53.0 in December from 51.8 the previous month.

The Caixin survey tends to focus on small and mid-sized firms which are believed to be more export-oriented.

While the official data pointed to a wobble in production, it also showed a pickup in overseas orders which should help support China's exporters in the next few months.

1.38m local companies registered

By www.news.gov.hk
Sunday, January 7, 2018

The total number of registered local companies reached 1,383,946 at the end of last year, up by 42,723 on 2016, the Companies Registry announced today.

The total number of local companies newly registered in 2017 was 160,229, among which 51,002 were incorporated online using the e-Registry.

The Companies Registry said it will implement a new licensing regime for trust and company service providers to combat money laundering and terrorist financing.

All companies incorporated in Hong Kong, except listed companies, will also be required to maintain a significant controllers register for inspection by law enforcement agencies.

Registrar of Companies Ada Chung said the registry plans to implement the new initiatives in March subject to the passage of amendment bills by the Legislative Council.

For non-Hong Kong companies establishing a place of business in Hong Kong, 1,028 were newly registered last year, up 17.6% on 2016.

The total number of registered non-Hong Kong companies reached 10,434 by the end of 2017.

FS says Hong Kong finances in good shape

By news.rthk.hk
Sunday, January 7, 2018

Financial Secretary Paul Chan says he expects the government to record a surplus this financial year. Writing in his blog, Chan said as of the end of November the surplus had already reached HK$57.2 billion, which is higher than the HK$16.3 billion predicted for the whole period.

He said this is because of higher-than-expected income from stamp duty and land premiums.

The finance chief said he will strike a balance between handing out sweeteners and increasing recurrent expenditure when his budget is unveiled next month. Chan said the government is committed to investing for the long term and will not offer short term relieve measures just to win applause.

Alibaba will look to list in Hong Kong: Jack Ma

By news.rthk.hk
Tuesday, January 9, 2018

Alibaba's founder Jack Ma has indicated that he will “seriously consider” listing the internet retail giant in Hong Kong.

He made the comment during a ceremony on Monday held to mark the formation of the Hong Kong Association of Zhejiang Entrepreneurs in response to an invitation by the Chief Executive.

In her speech at the same event, Carrie Lam had said she hoped Alibaba would consider returning to Hong Kong to list.

Ma said the open invitation was a strong commitment, and he will "definitely seriously" consider it.

Alibaba went public in New York in 2014. Back then Hong Kong didn't allow dual class share structure which give some shareholders more voting power than others. But from later this year, the ban will be lifted.

'New economy firms could start listing by June'

By news.rthk.hk
Tuesday, January 16, 2018

The stock exchange could take listing applications by "new economy" firms as early as June, said the chief executive of Hong Kong Exchanges and Clearing, Charles Li.

He said HKEx is preparing for a consultation that he hopes can start after the lunar new year and last for up to eight weeks.

This is part of a major revamp the local bourse has been rolling out, which included allowing startups and technology companies with weighted voting rights structures to list.

Under the current rules, this is not allowed. In 2014, the restriction led to mainland e-commerce firm Alibaba listing in New York after initially looking to list in Hong Kong. Ever since, the exchange has been under pressure to amend the rules.

Li said his team is aiming to unveil a final plan by early June and have it in place later in the same month.

He also said there's a chance that a highly anticipated exchange-traded fund (ETF) trading link with the mainland can be launched this year. The ETF Connect will let investors buy and sell index-tracking fund products listed in Hong Kong, Shanghai and Shenzhen.

Li said there are still technical details, among other things, to be sorted out before this third trading link with mainland markets can be introduced. Analysts are expecting it to come in the second half of this year.

Referring to the two existing stock and bond trading links with the mainland, Li said the Bond Connect, launched last July, has seen its average daily turnover reach four billion yuan so far this year.

China beats forecast with 6.9 percent growth

By news.rthk.hk
Thursday, January 18, 2018

China's economy grew a forecast-beating 6.9 percent last year, picking up steam for the first time since 2010, official data showed on Thursday.

Analysts surveyed by AFP had predicted 6.8 percent growth, which was better than the government target of around 6.5 percent.

The performance was a welcome uptick for the world's second largest economy, which registered 6.7 percent growth in 2016, the slowest for more than a quarter of a century.

"The national economy has maintained the momentum of stable and sound development and exceeded the expectation with the economic vitality, impetus and potential released," National Statistics Bureau head Ning Jizhe said in a report.

"We should also be aware that there are still difficulties and challenges confronting the economy and the improvement of quality and efficiency remains a daunting task," Ning said.

The national statistics bureau said the economy expanded 6.8 percent in the final three months of the year, matching its third quarter growth but slightly down from the 6.9 percent in each of the previous two quarters.

FS welcomes IMF report

By www.news.gov.hk
Tuesday, January 23, 2018

Financial Secretary Paul Chan today welcomed the International Monetary Fund's latest report, which reinforced its November assessment of Hong Kong's economic and financial positions.

The IMF noted the city was well positioned to navigate external and domestic challenges, helped by strong fiscal reserves and robust regulatory and supervisory frameworks, which have been strengthened in the past decade.

"With our strong fiscal and financial buffers as well as the robust policy frameworks in place, I am confident Hong Kong can sail through challenges ahead. The Government will play a more active role as a facilitator to promote diversified economic growth," Mr Chan said.

"We will strive to enhance the quality and competitiveness of Hong Kong's markets, in order to reinforce our status as an international financial centre and a premier capital raising centre, and to capitalise on the opportunities presented by major development strategies, including the Belt & Road Initiative and the Guangdong-Hong Kong-Macao Bay Area Development.

"Looking ahead, Hong Kong will continue to benefit from the stable economic growth of the Mainland of China and the opening up of the Mainland's financial markets."

The IMF also said it continues to support the Linked Exchange Rate System, which remains the best arrangement for the city.

Monetary Authority Chief Executive Norman Chan said the IMF's continued support for the system validates its robustness and its importance to the economic and financial stability of Hong Kong.

Govt reserves to be HK$1.2 trillion by March: PwC

By news.rthk.hk
Monday, January 29, 2018

Accounting firm, PricewaterHouseCoopers, expects the government budget surplus to hit HK$168 billion in the current fiscal year – over ten times the original forecast by the Financial Secretary Paul Chan.

The firm said a surge in revenue from land sales, profits tax and stamp duty contributed to the “greater than predicted" surplus.

It said the government fiscal reserves will stand at more than HK$1.12 trillion by the end of March – equivalent to 30 months of government expenditure.

The accounting firm said the government should strengthen the city’s competitive position and mooted several suggestions.

It recommended widening salaries tax brackets and increasing self-education expenses to HK$160,000.

PwC also said increasing deductions for child allowance from HK$100,000 to HK$120,000 and extending the mortgage interest deduction period up to a maximum of 25 years, would help the middle class in the city.