Hong Kong & Mainland China News – July-2019

China to remove ownership caps for brokers, insurers next year

By www.thestandard.com.hk
Tuesday, July 2, 2019

China will scrap ownership limits for securities firms, futures businesses and life insurance companies by 2020, one year ahead of the original target of 2021, Premier Li Keqiang said at the World Economic Forum in Dalian today.

The rule change would mean foreign entities could wholly own firms in those sectors, further evidence of policy makers' efforts to open up China's financial sector.

No global recession before 2021, says HSBC

By www.thestandard.com.hk
Thursday, July 11, 2019

HSBC Global Asset Management said the global economy is unlikely to suffer from a recession before 2021, despite an economic growth slowdown.

Investors around the world are overly pessimistic, as a combination of reasonable global growth, solid corporate fundamentals and supportive monetary policy means that the risk of a recession looks more likely in 2021 or beyond, said Bill Maldonado, chief investment officer Asia-Pacific, and global chief investment officer of equities at HSBC Global Asset Management.

Maldonado says it favors risk assets and equities. "Among emerging markets, Asia stands out while other markets grapple with market uncertainties. Asia equities ex Japan are trading at an attractive discount compared with the US market at present."

As for fixed income assets, Alfred Mui, head of Asian credit, said that Asian credit is well equipped with technical improvement and solid fundamentals, which should be able to help this asset class weather market uncertainties.

Asset management firm LW Group, meanwhile, said the possibility of a financial crisis within a year is over 30 percent, and it expects the US Fed to cut interest rates twice, in September and December, by a total of 50 basis points.

Andy Wong, chief investment strategist at LW, sees the Hang Seng Index in a range of 26,600 to 30,280, and forecasts the gold price will rise above US$2,000 (HK$15,600) per ounce in the next two years.

China's first half foreign direct investment grows to US$70.7b

By www.thestandard.com.hk
Thursday, July 11, 2019

China reported steady growth in foreign direct investment in the first half, official data showed today, Xinhua reports.

The used foreign investment in China increased by 7.2 percent from a year ago to 478.33 billion yuan during the January-June period, Gao Feng, spokesperson with the Ministry of Commerce, told a press conference. This amounts to US$70.74 billion, up by 3.5 percent from a year ago.

Foreign direct investment used in the free trade zones grew by 20.1 percent on-year and accounted for 14.5 percent of the total.

In the first half, 20,131 new foreign-funded enterprises were established.

In June alone, total foreign investment used climbed by 8.5 percent year-on-year to 109.27 billion yuan, ministry data show. This amounts to US$16.13 billion, a 3-percent growth compared to the same period last year.

Banking, securities and insurance sectors were not included in the monthly data, according to the ministry.

FDI into the high-tech sector grew rapidly. The used amount increased by 44.3 percent on-year and accounted for 28.8 percent of the total FDI, Gao said.

The high-tech manufacturing industry drew 50.28 billion yuan, up by 13.4 percent on-year, with electronics and communications equipment rising by 25 percent compared to the same period last year.

Some 87.56 billion yuan flowed into the high-tech services industry, a sharp increase of 71.1 percent on-year. FDI in services of information, research and development, and design, as well as sci-tech achievement transformation surged by 68.1 percent, 77.7 percent and 62.7 percent, respectively.

Foreign investment from South Korea and Germany climbed quickly, rising by 63.8 percent and 81.3 percent on-year, respectively.

HK-Chile pact takes effect

By www.news.gov.hk
Sunday, July 14, 2019

The Investment Agreement between Hong Kong and Chile entered into force today, bringing the total number of investment agreements in force between Hong Kong and foreign economies to 20.

Under the agreement, the two sides undertake to provide investors of the other side with protections.

These include fair, equitable and non-discriminatory treatment of investments, compensation in the event of expropriation of investments, and the right to free transfers abroad of investments and returns.

It also provides for settlement of investment disputes under internationally accepted rules.

Hong Kong has so far signed 21 investment agreements with 30 foreign economies.

All these investment agreements, except for the one with the United Arab Emirates, have entered into force

Alibaba shareholders approve stock split ahead of HK float

By www.thestandard.com.hk
Tuesday, July 16, 2019

Alibaba Group Holding shareholders voted overwhelmingly in favor of a stock split that the company said could help with further fundraising activities, CNBC reports.

That stock split, which must come into effect before July 15, 2020, will see one ordinary share split into eight. That would mean the current number of ordinary shares — which stands at 4 billion — will increase to 32 billion. The vote took place at Alibaba's annual general meeting late on Monday.

It comes as Alibaba is reportedly looking into an initial public offering in Hong Kong which could raise as much as US$20 billion.

In the stock split proposal, which was released last month, Alibaba said the move would boost the number of shares at a lower price, but importantly also "increase flexibility in the company's capital raising activities, including the issuance of new shares."
That appears to be a nod toward a potential secondary listing in Hong Kong. Alibaba is already listed in New York after it went public in 2014. However, the tech giant declined to comment on reports of a Hong Kong listing.

HK to hold Belt-Road forum

By www.news.gov.hk
Wednesday, July 17, 2019

The Hong Kong Special Administrative Region Government will hold the second Belt & Road Joint Conference in Beijing on July 19 in collaboration with central authorities.

They include the National Development & Reform Commission, the Hong Kong & Macao Affairs Office of the State Council, and other relevant Mainland authorities.

The conference will focus on work priorities and suggestions related to promoting Hong Kong's participation in and contribution to the Belt & Road Initiative.

The event will discuss the setting up of a Belt & Road-related dispute avoidance and resolution mechanism as well as fostering collaborations on policy exchanges and capacity building between the Hong Kong SAR Government and relevant Mainland authorities.

Secretary for Justice Teresa Cheng and Secretary for Commerce & Economic Development and Hong Kong-side Convenor of the Joint Conference Edward Yau will attend.

Mr Yau will depart for Beijing tomorrow. Apart from attending the conference, he will meet representatives of the Ministry of Commerce and state-owned enterprises.

Under Secretary for Commerce & Economic Development Bernard Chan will be Acting Secretary during Mr Yau’s absence.

HK, Mainland sign tax pact

By www.news.gov.hk
Friday, July 19, 2019

Financial Secretary Paul Chan signed the fifth protocol to an arrangement for the avoidance of double taxation and the prevention of income tax evasion with the Mainland today.

He signed the treaty with State Taxation Administration Commissioner Wang Jun in Beijing.

Mr Chan said the protocol "will provide tax relief to qualified Hong Kong and Mainland teachers and researchers working on the other side. This would promote training, exchanges of talents and co-operation between the two places, and further drive the development of the Guangdong-Hong Kong-Macao Greater Bay Area."

Under the protocol, a qualified teacher or researcher, who is employed in Hong Kong or the Mainland and engages in teaching and research activities on the other side, shall be exempt from taxation on that other side for a period of three years, provided that the relevant income has been subject to tax on the side where the person concerned is employed.

The pact also incorporates into the arrangement measures to prevent tax treaty abuse, which form part of the Base Erosion & Profit Shifting package promulgated by the Organisation for Economic Co-operation & Development in 2015, to ensure that the arrangement follows the latest international standard.

It will come into force after the completion of ratification procedures and notification by both sides.

The arrangement was signed by the Mainland and Hong Kong in 2006 and the two sides further signed the second, the third and the fourth protocols in 2008, 2010 and 2015 respectively to refine the arrangement.

China opens up finance sector to foreign investors

By news.rthk.hk
Saturday, July 20, 2019

China lifted some restrictions on foreign investment in the financial sector on Saturday, as the world's second largest economy fights slowing growth at home and a damaging trade war with the US.

China will remove shareholding limits on foreign ownership of securities, insurance and fund management firms in 2020, a year earlier than originally planned, the Financial Stability and Development Committee said in a statement posted by the central bank on Saturday.

Foreign investors will also be encouraged to set up wealth management firms, currency brokerages and pension management companies, the statement said.

Beijing has long promised to further open up its economy to foreign business participation and investment but has generally dragged its feet in implementing the moves – a major point of contention with Washington and Brussels.

Saturday's announcement followed a Friday meeting chaired by economic czar Liu He where policymakers focused on tackling financial risk and financial contagion and pledged new steps to support growth, according to a state council statement.

Additional measures include scrapping entry barriers for foreign insurance companies like a requirement of 30 years of business operations and cancelling a 25 percent equity cap on foreign ownership of insurance asset management firms.

Foreign owned credit rating agencies will also be allowed to evaluate a greater number of bond and debt types, the statement said.

US President Donald Trump has launched a damaging tariff war in an attempt to force Beijing to further open up its economy and limit what he calls its unfair trade practices.

The US and China have hit each other with punitive tariffs covering more than US$360 billion in two-way trade.

Trump and Xi Jinping agreed to revive fractious trade negotiations when they met on the sidelines of the G20 summit in Japan on June 29 and top US and Chinese negotiators have held phone talks this month.