Hong Kong & Mainland China News – Sep-2022

Stock Connect expansion will attract more IPOs: FS

by news.rthk.hk
Sunday, Sep 04, 2022

Financial Secretary Paul Chan on Sunday said China's move to allow mainland investors to trade in shares of more overseas companies listed in Hong Kong, will help entice more firms to list in the SAR.

Writing in his blog, Chan said the expansion of the Stock Connect trading scheme – announced by the vice-chairman of the China Securities Regulatory Commission Fang Xinghai on Friday – would also help increase the liquidity and valuation of the securities benefiting from the scheme.

The expansion, he said, will "help to attract high-quality and well-known firms with close business ties to the mainland to list in Hong Kong, enhancing Hong Kong's competitiveness and uniqueness as the nation's international financial hub."

Chan noted that mainland authorities are also looking for Hong Kong to launch yuan-denominated stock trading counters in future, saying investors would have greater trading flexibility once they have the option of using two different currencies to trade in the same stock.

The finance chief said a government working group has been preparing for the technical challenges, and a bill to waive stamp duty for market makers in yuan-denominated southbound stock trading should reach the Legislative Council later this year.

Chan said the new initiatives mark a new stage in the increasing interconnection between financial markets in Hong Kong and the mainland, and urged the city to innovate further so it can contribute more to the country's overall development.

HK set to lift wealth hub crown from Switzerland

by www.thestandard.com.hk
Thursday, Sep 08, 2022

Hong Kong is expected to overtake Switzerland next year to become the world's largest cross-border wealth management center by assets under management, says an advisory body set up by the government.

To capture future opportunities, the Financial Services Development Council has proposed enhancements to existing regimes in the latest report, says its chairman, Laurence Li Lu-jen.

The report mainly focuses on five areas: know-your-customer practices, professional investor regime, suitability framework, tax treatments, and education and talent development.

The recommendations include aligning the KYC regimes with other regimes, including anti-money laundering across the financial services industry.

It also suggests introducing a sophisticated professional investor classification and a higher asset-based professional investor test in which suitability obligations could be exempted.

Introducing tax treatments favorable to the private wealth management industry can also be considered, the FSDC report states.

This came as a total of 8,600 claims to withdraw from the Mandatory Provident Fund were made in the second quarter due to permanent departures from the city, up by 14.7 percent from the previous quarter, government data showed yesterday.

Residents leaving Hong Kong for good withdrew a total of HK$2.114 billion from their pension accounts in the April-June period, up 5 percent quarter on quarter.

Curbs to control the spread of Covid are partly blamed for a net outflow of 113,200 people from Hong Kong between mid-2021 and mid-2022, government estimates say.

The Mandatory Provident Fund Scheme Authority said multiple claims are sometimes made by a single person as a scheme member may have more than one account under the MPF System.

In other news, Hong Kong's foreign currency reserve assets amounted to US$431.8 billion (HK$3.37 trillion) at the end of last month, down US$10 billion from July, says data from the city's de facto central bank.

Separately, Financial Secretary Paul Chan Mo-po said yesterday that Hong Kong will be better integrated into the overall development of the country through the development of the Greater Bay Area.

The economic integration can be facilitated as the cross-border infrastructure between Hong Kong and other Greater Bay Area cities have been completed in recent years, he added.

HK ranked freest economy again

by news.rthk.hk
Thursday, Sep 08, 2022

The Government today welcomed the Fraser Institute's ranking of Hong Kong as the world's freest economy, saying the decision affirms the city's commitment to maintaining an efficient, free, open and fair business environment.

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, the city continued to rank top in “Freedom to Trade Internationally” and “Regulation”.

In relation to the institute's unfair comments regarding Hong Kong’s rule of law, the implementation of the National Security Law and the so-called interference by the Mainland, the Government emphasised that the success of “one country, two systems” has won recognition throughout the world.

In his important speech on July 1, President Xi Jinping stressed that “one country, two systems” must be adhered to in the long run, and Hong Kong's distinctive status and advantages must be maintained. This serves the fundamental interests of the country, meets the interests of the residents of Hong Kong, and is conducive to maintaining the city’s prosperity and stability.

The Government stressed that any law enforcement actions taken by Hong Kong law enforcement agencies are based on evidence, strictly according to the law, for the acts of the persons or entities concerned, and that the National Security Law already clearly stipulates that human rights shall be respected and protected in safeguarding national security in the city.

After more than two years of implementation of the National Security Law, data and facts have indicated that investors' confidence has been reinforced following the stabilisation of society. The value of Hong Kong’s asset and wealth management business reached $35.5 trillion at the end of 2021, with an increase of more than 20% when compared to that at the end of 2019.

The Government noted it will continue to consolidate Hong Kong's strengths, providing a conducive environment for businesses to thrive and to strengthen their competiveness, enabling the city's economy to prosper.

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

The Government added Hong Kong will leverage on the motherland's strong support and connection with the world market. It has every confidence in the city's long-term economic development.

IPO epicenter shifts to China

by www.thestandard.com.hk
Monday, Sep 19, 2022

The epicenter of global initial public offering activity has shifted east to China as waves of volatility and slumping stock markets have sent virtually all sizable listings in the US into limbo.

Stock listings in Asia have raised US$104 billion (HK$811.2 billion) this year, accounting for a record 68 percent of global volume, data compiled by Bloomberg show.

By contrast, US IPOs represent just 14 percent of the US$153 billion fetched globally, the lowest ever for what has traditionally been the busiest listings market in the world.

The strong Asian showing is mostly down to Chinese IPOs.

Of the 10 largest listings globally this year, six were from Chinese companies either on mainland exchanges - the so-called A shares market - or in Hong Kong, the data show.

This came as US watchdogs will review the audit documents of Chinese businesses that trade in New York starting this week in Hong Kong, according to US Securities and Exchange Commission Chair Gary Gensler.

Meanwhile, China Vanke's (2202) property manager Onewo Space-tech Service opens its retail books today, aiming to raise up to HK$6.17 billion, more than 60 percent less than the previous target.

Bloomberg reported in July that the unit of the Shenzhen-based real estate developer was aiming to raise US$2 billion (HK$15.6 billion).

The firm is offering 116 million shares at between HK$47.1 and HK$52.7, with a minimum investment of HK$5,323 per board lot.

Onewo is expected to debut on September 29.

Elsewhere, China's securities regulator approved the first batch of market makers on the tech-focused Star market in Shanghai, in order to improve liquidity and deepen reform.

Huatai Securities, Guosen Securities, Orient Securities and China Securities are among the list of eight brokers.

HKMA to ready HK for its own digital currency

by news.rthk.hk
Tuesday, Sep 20, 2022

The Monetary Authority (HKMA) announced on Tuesday that it will go ahead with preparations for the eventual issuance of Hong Kong's own digital currency, after looking into its prospects and garnering support in a market consultation.

The authority will start looking into developing a system for the e-HKD, its potential uses and the necessary legislative amendments in the upcoming quarter.

"The digital economy is growing and evolving so rapidly that a lot of people see the availability of a CBDC (central bank digital currency) including a retail level e-Hong Kong dollar should be conducive to further development of digital economy, so we agree with this vision," said Howard Lee, a deputy chief executive of the HKMA.

Lee acknowledged that the there has not been any imminent application need for digital currency here yet, but he pointed out that the authority wants to "future-proof" Hong Kong for when a "digital e-Hong Kong dollar era" arrives.

He said the authority will be working with banks, payment operators and tech firms to explore the potential usage of digital currency in the SAR.

"We want to provide some kind of system, some kind of environment for them to come up with creative, imaginative use cases," said Lee.

However, he said the preparation work is expected to take years and the eventual launch of e-HKD would depend on the global development of digital currencies.

HK comes 4th in finance hub ranking

by www.news.gov.hk
Thursday, Sep 22, 2022

Hong Kong ranked fourth out of 119 in the Global Financial Centres Index 32 Report published today by Z/Yen of the UK and the China Development Institute from Shenzhen.

Apart from its better overall rating of 725, Hong Kong jumped four places in the area of financial sector development compared with the previous issue.

The report noted that compared to the assessment by financial industry practitioners from other major financial centres on the prospects of the cities in which they were based, Hong Kong-based practitioners were the most confident about Hong Kong's future competitiveness as an international financial centre.

"We will continue to listen to views and be bold in taking forward reforms to consolidate and strengthen Hong Kong's capital market and our role as an international financial centre," the Government said in a press release.

It also highlighted that President Xi Jinping had said in his important speech on July 1 that the Central People's Government fully supports Hong Kong in the effort to maintain its distinctive status and edges, and consolidate its competitiveness as an international financial centre.

To this end, the Government has been making good use of national policies and Hong Kong's institutional advantages under "one country, two systems".

"At the same time, thanks to our sound and robust regulatory regime and risk management system, coupled with the strong and solid buffer and resilience built in our financial markets that help us withstand various shocks, the financial markets of Hong Kong has all along remained resilient."

Moreover, Hong Kong has all along strived to connect markets and investors of the Mainland and overseas, facilitating the further reform and opening up of the Mainland financial markets.

Such moves, to name a few, include the China Securities Regulatory Commission's announcement about the further expansion of mutual market access arrangements, and the 18 measures for Supporting the Linked Development of Shenzhen & Hong Kong Venture Capital Investments in Qianhai jointly promulgated by the Financial Services & the Treasury Bureau and Shenzhen Qianhai Authority.

"We will continue to develop the financial services sector of Hong Kong with an innovative mindset, proactively align ourselves with the development strategy and needs of our country, so as to broaden the development of our financial markets as well as better serve the real economy and national development," the Government stressed.

"We will also roll out new measures with an innovative mindset to attract talent and enterprises, strengthen the impetus of growth of the Hong Kong economy, and further enhance the competitiveness of the financial industry of Hong Kong," it added.

Chinese millionaires to double by 2026, says Credit Suisse

by www.thestandard.com.hk
Thursday, Sep 22, 2022

The number of Chinese millionaires is expected to double by 2026, says a report by Credit Suisse, despite Beijing's national drive to ease wealth inequality and a sharply slowing economy.

Total household wealth in China reached US$85.1 trillion (HK$663.78 trillion) in 2021, up 15.1 percent or US$11.2 trillion from 2020.

Beijing's "common prosperity" push has in recent years sharply escalated in official rhetoric and a crackdown on excesses in industries including technology and private education has rattled investors.

In 2021, China had 6.2 million millionaires, up by more than a million from 2020, while globally the total number of millionaires increased by 5.2 million. The number in China is expected to double to 12.2 million in five years time, the report said.

The bullish China wealth growth outlook comes even as the world's second-largest economy narrowly avoided contracting in the second quarter as widespread Covid-19 lockdowns and the slumping property sector hit consumer and business confidence.

Global household wealth expanded 12.7 percent in 2021, the fastest annual rate recorded, excluding exchange rate factors, but prospects were overshadowed by heightened geopolitical and financial uncertainties.

In addition, global household wealth reached US$463.6 trillion by the end of 2021, mainly propelled by a strong rise in financial assets, which worsened inequality in 2021.

The US, China and Canada led in household wealth expansion, the report said. The US saw an increase of US$19.5 trillion, China US$11.2 trillion and Canada US$1.8 trillion.

HK summit to welcome financial leaders in November

by news.rthk.hk
Thursday, Sep 29, 2022

The Hong Kong Monetary Authority on Thursday said more than 30 leaders of global financial institutions will attend a summit it plans to host in the SAR on November 2.

The authority's chief executive, Eddie Yue, said top executives and chairs would be among some 200 representatives from over 100 major institutions including banks and securities firms, as well as private equity and venture capital firms, who will take part. The event's theme is "Navigating Beyond Uncertainty".

According to the programme released on the authority's website, a welcoming dinner will be held at the M+ Museum on November 1 and the summit will run from 9am to 2pm at the Four Seasons Hotel the next day.

Those who will speak in panel discussions include the Morgan Stanley CEO James Gorman, Blackstone President Jonathan Gray, UBS Chairman Colm Kelleher, and the CEO of Goldman Sachs, David Solomon.

Yue noted that Covid-related travel restrictions have made it difficult for financial leaders to visit Hong Kong for almost three years.

He said he was grateful to those who will travel to attend the summit at a time when some anti-epidemic controls remain in place in Hong Kong.

"For most of them this will only be a short visit and we need to make sure they can meet people, do business and build relationships in the kind of business-as-usual way they expect from a vibrant international city," Yue wrote.

"The latest relaxation of some of the control measures is helpful and provides a good basis for us to finalise an appropriate set of arrangements to facilitate the visit of our guests and make the summit a success, which will underline Hong Kong's status as an international financial centre."