

Financial Services**Industry News****AIRCRAFT
LEASING****The Stock Exchange of Hong Kong Proposes Listing Rule Exemption for Aircraft Leasing Activities**

To complement the HKSAR Government's latest effort to promote the development of Hong Kong as an aircraft leasing and financing hub and noting that aircraft leasing companies have significant capital funding needs to operate and manage their business, the Stock Exchange of Hong Kong (the Exchange) issued on 17 November 2017 a consultation paper which proposes exempting aircraft leasing activities from the specific disclosure and shareholders' approval requirements applicable to the Exchange's notifiable transactions.

The proposed exemption applies to acquisitions, disposals and finance leases of aircraft by listed issuers that are actively engaged in aircraft leasing with aircraft operators and whose principal activities are in that area, provided that:

(a) the board of directors of the Qualified Aircraft Lessor must confirm that (i) the transactions are entered into by the lessor in the ordinary and usual course of business and on normal commercial terms, and (ii) the transactions are fair and reasonable and in the interest of the lessor and its shareholders as a whole; and

(b) the Qualified Aircraft Lessor must disclose brief details of the transactions by way of an announcement and provide additional disclosures in its next interim/annual report.

The proposed exemption is targeted to address practical difficulties faced by the listed aircraft lessors in complying with the notifiable transaction requirements such as to disclose the actual consideration of the transaction, net book value of the assets subject to the transaction, profits attributable to the assets for the last two financial years and any gain or loss on disposal. Under the current approach, specific waivers are granted case by case for the exemptions concerned. The proposed changes, if adopted, would provide more certainty and transparency as to the circumstances under which aircraft leasing activities are conducted.

Source: www.hkex.com.hk

PRIVATE WEALTH MANAGEMENT



The Private Wealth Management Industry in Hong Kong Sees Double-Digit Growth in 2017

The Private Wealth Management Association conducted a survey on Hong Kong's private wealth management industry in July 2017. According to the survey report, a 14 percent increase in assets under management (AUM) was recorded, compared to a year ago. The estimated total private wealth in terms of AUM in Hong Kong is over US\$800 billion. Hong Kong's wealth management professionals believe that the growth is primarily driven by Mainland China's growing wealth.

In the survey, 100 percent of respondents cited Mainland China as the main driver of growth in Hong Kong's private wealth AUM. This may be unsurprising, as China has become home to the highest number of billionaires in the world. Asia is surpassing North America in wealth creation, and Hong Kong is second only to New York in having the highest number of billionaires, according to Billionaire Census (Wealth-X, 2017).

Approximately 80 percent of respondents ranked multi-channel delivery as the most important attribute in attracting next-generation clients, followed by holistic wealth solutions (61 percent) and self-service investment platforms (58 percent).

Source: www.pwma.org.hk

SECURITIES



First Half of Year 2017 Registered Net Profits Growth in Hong Kong Securities Industry

On 25 September 2017, the Securities and Future Commission published the Financial Review of the Hong Kong Securities Industry for the half year ended 30 June 2017 (the Review). The Review reports that in the first half of 2017, the net profits of all securities dealers and securities margin financiers totaled HK\$14.2 billion, up 10.6 percent from the previous six-month period. The increase was mainly attributable to decreases in overheads and interest expense. In respect of participants of the Stock Exchange of Hong Kong, Category A (the top 14 participants by market turnover), Category B (participants ranked 15th to 65th by market turnover) and Category C (the remainder) brokerages reported net profits of HK\$1.3 billion, HK\$3.9 billion and HK\$2.5 billion respectively.

Source: www.sfc.hk

VENTURE CAPITAL



Innovation and Technology Venture Fund Opens for Application by Venture Capital Funds

The Innovation and Technology Commission (ITC) launched a HK\$2 billion Innovation and Technology Venture Fund (ITVF) on 15 September 2017 to encourage venture capital (VC) funds' investment in local innovation and technology start-ups.

The Secretary for Innovation and Technology, Nicholas W Yang, said that the ITVF will help fill the funding gap for local technology startups. He believed that having this new fund will be conducive to developing a more vibrant Hong Kong innovation and technology ecosystem.

VC funds, whether incorporated in Hong Kong or overseas, are welcome to apply to become co-investment partners of the ITVF. The selection of VC funds will be based on a number of criteria as well as the advice of an independent Advisory Committee, which comprises veterans from the business and investment sectors, professionals and academics. Each selected VC fund and the Government will enter into an agreement, which will set out the details of co-operation as well as the rights and obligations of each party.

The Government and each VC fund will invest in eligible startups concurrently at an overall ratio of approximately 1:2. Appropriate carried interest and other performance incentives will be available.

The ITVF is open for application from VC funds until 15 January, 2018.

Source: www.itc.gov.hk/en/funding/itvf.htm

INSURANCE



Insurance Authority Launched Fast Track Application Scheme and Formed a New Working Group to Work on the Statutory Licensing Regime for Insurance Intermediaries

The Insurance Authority (IA) has recently introduced a pilot scheme of the Fast Track. The scheme provides a dedicated queue for new authorisation applications from applicants which own and operate solely digital distribution channels. The applicants under the Fast Track should have an innovative and robust business model using digital distribution to bring benefits to policyholders in product development, delivery, customer service and cost efficiency.

To prepare for the launch of a statutory licensing regime for regulating insurance intermediaries in mid-2019, the IA has set up a Working Group on Direct Licensing Regime for Insurance Intermediaries (Working Group) to succeed the Working Group on Transition convened by the Financial Services and the Treasury Bureau. The main functions of the new Working Group are to listen to comments from industry representatives on the draft rules, codes and guidelines to be issued by the IA, and to map out various transitional matters with the three Self-Regulatory Organisations (SROs). The top priority of the Working Group is the drafting of some 20 sets of rules, codes and guidelines covering at least four aspects of the new licensing regime, namely licensing, conduct, selling process and disciplinary measures. When preparing these drafts, the Working Group will make reference to the prevailing requirements set out by the SROs, and take into consideration the international best practice and current market situations.

Source: www.ia.org.hk

CONTACT US

If you would like to know more about how InvestHK's Financial Services team can help you to set up or expand your business in Hong Kong, please get in touch. Our services are free, confidential and tailored to your needs.

Priscilla Law

Head of Financial Services

T: (852) 3107 1085

E: plaw@investhk.gov.hk

Willy Lam

Manager of
Financial Services

T: (852) 3107 1087

E: willylam@investhk.gov.hk

Mazy Chau

Manager of
Financial Services

T: (852) 3107 1086

E: mchau@investhk.gov.hk

Karen Mak

Manager of
Financial Services

T: (852) 3107 1064

E: kwkmak@investhk.gov.hk

Helen Tsui

Manager of
Financial Services

T: (852) 3107 1058

E: htsui@investhk.gov.hk

investhk.gov.hk

About InvestHK

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