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April 13, 2024 -- April 19, 2024

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# CHINA OBSERVATION

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## **HKEX to develop Orion derivatives platform**

The new platform, being developed in-house by HKEX's technology teams with an expected launch in 2028, will give HKEX the capability to offer near 24-hour derivatives trading, introduce new products and provide enhanced efficiency. Bonnie Chan, HKEX Chief Executive Officer, said that developing an in-house platform that is adaptable, efficient and scalable, will give HKEX a unique competitive advantage in the global derivatives space. The launch of ODP will strengthen HKEX's capability to support the needs of global investors, and cement Hong Kong's leading position as Asia's risk management center and an international financial center. Derivatives are one of the fastest-growing segments of HKEX's diverse business, achieving record-breaking volumes in both 2023 and 2022.

April 19, 2024

## **China's Honor unveils new mobile phone in Türkiye**

With its good performance, camera features, and a sleek design, the Honor Magic6 Pro is slated to hit store shelves on April 30. Online orders are already available on Türkiye's e-shopping platforms. President of Honor Eurasia Multi-Country Region, said at the event that he firmly believed that the model, priced at 59,999 Turkish liras (1,845 U.S. dollars), will provide consumers with fine innovation and premium experience.

April 19, 2024

## **2024 Summer Davos to be held in late June**

The 2024 Summer Davos meeting will be held from June 25 to 27 in northeast China's coastal city of Dalian. Also known as the 15th World Economic Forum Annual Meeting of the New Champions, this year's forum will feature the theme 'Next Frontiers for Growth.' Six major topics will be discussed during the meeting: a new global economy; China and the world; entrepreneurship in the age of AI; new frontiers for industries; investing in people; and connecting climate, nature and energy.

April 19, 2024

## **China's youth unemployment rate remains flat in March at 15.3%**

The jobless rate of those aged 25 to 29 was 7.2 percent in March, rising from 6.4 percent from a month earlier. The rate for those aged 30 to 59 was 4.2 percent, down 0.1 percentage point from February. The youth unemployment rate, excluding students from 16 to 24, was 15.3 percent in March, remaining flat on a monthly basis, the National Bureau of Statistics (NBS) said.

April 18, 2024

## **Bolstering demand high on agenda**

Liu Sushe, deputy head of the National Development and Reform Commission, said the country will accelerate the issuance and use of local government special bonds and speed up the implementation of the central budget investment plan. 'So far, China has already allocated more than 200 billion yuan (\$27.63 billion) of the investment plan within the central government budget, accounting for over 30 percent of the total plan for 2024.' 'The commission has completed the preliminary screening of this year's local government special bond projects. And the Ministry of Finance is currently reviewing the balance of project financing and revenues, and localities are also preparing for projects in advance.'

April 18, 2024

## **China-US economic working group convenes 4th meeting**

The meeting was co-chaired by China's Vice Minister of Finance Liao Min and Jay Shambaugh, Under Secretary of the U.S. Department of the Treasury, the MOF said in a statement. Focusing on implementing the important consensus reached by the lead persons, the two sides conducted in-depth, pragmatic and constructive communication on the macroeconomic situations and balanced growth in the two countries and the world, as well as arrangements for future communication. The Chinese side expressed concern over the U.S. economic and trade restrictions against China, and made further responses on the issue of production capacity.

April 18, 2024

## **Tesla's new mega factory project in Shanghai to start construction**

U.S. carmaker Tesla Inc. will break ground in May on its new mega factory project capable of producing 10,000 Megapacks a year in Shanghai, the company has announced. As Tesla's first energy storage mega factory project outside the U.S. market, it is expected to go into mass production in the first quarter of 2025. The factory will initially produce 10,000 Megapack units every year, equal to nearly 40 GWh of energy storage. Megapack is a powerful battery that provides energy storage and support, helping to stabilize the grid and prevent outages, according to details on Tesla's website.

April 18, 2024

## **Nation to keep expanding market access**

China will step up its efforts to align with high-standard international economic and trade rules, continue to expand market access, and implement measures to ensure national treatment for foreign-funded enterprises, Premier Li Qiang said, when addressing a symposium attended by representatives of overseas buyers on the sidelines of the ongoing 135th China Import and Export Fair, also known as the Canton Fair, in the provincial capital. More efforts will be made to facilitate people-to-people exchanges for the purpose of international business and to provide support for foreigners who live and work in China. China will firmly expand high-level opening-up and promote trade and investment liberalization and facilitation, injecting greater stability into global trade and the world economy with the certainty of its own development and providing broader room for enterprises from various countries to grow further.

April 18, 2024

## **CSRC refutes market rumor about delisting mechanism adjustment targeting small-cap stocks**

The adjustment of the delisting mechanism is intended to clear out 'zombie shell' companies and 'black sheep' stocks, and does not target 'small-cap stocks,' said the China Securities Regulatory Commission (CSRC), adding that proper arrangements for standard making and the transitional period have been made, so there will no big short-term impact. In 2025, the number of companies on the Shanghai and Shenzhen stock markets to hit the delisting mark is expected to be around 30. In terms of market value, only four companies facing delisting in the Shanghai and Shenzhen stock exchange markets are worth less than 500 million yuan, and none in Shanghai's tech-heavy STAR Market and the NASDAQ-style ChiNext bourse in Shenzhen are worth under 300 million yuan.

April 17, 2024

## **Biden-Harris Administration Announces New Actions to Protect U.S. Steel and Shipbuilding Industry**

The White House announced actions President Biden would be taking against China to help protect the U.S. steel and shipbuilding industries. It called to triple the tariff rate on steel and aluminum imports from China. The United States Trade Representative will investigate China's unfair shipbuilding practices. 'The Biden-Harris Administration recognizes growing concerns that unfair Chinese trade practices, including flooding the market with below-market-cost steel, are distorting the global shipbuilding market and eroding competition,' the White House said.

April 17, 2024

## **China posts narrowed declines of home prices in March**

The National Bureau of Statistics (NBS) said that in the four first-tier cities, namely Beijing, Shanghai, Guangzhou and

Shenzhen, prices of new homes edged down 0.1 percent in March from a month ago. Meanwhile, 31 second-tier cities and 35 third-tier cities registered 0.3 percent and 0.4 percent home price declines, respectively. Prices of resold homes fell 0.7 percent, 0.5 percent and 0.5 percent from a month ago in first, second and third-tier cities, respectively, the NBS said. Compared to a year earlier, the 70 large and medium-sized cities in general saw price drops. In March, new home prices in first-tier cities slipped 1.5 percent from a year ago, and those in second and third-tier cities went down 2 percent and 3.4 percent, respectively. For resold homes, the price in March fell 7.3 percent, 5.9 percent and 5.7 percent year on year in first, second and third-tier cities, respectively.

April 16, 2024

### **Xi meets German chancellor, calls for achieving mutual success**

Noting that this year marks the 10th anniversary of the establishment of the all-round strategic partnership between China and Germany, Chinese President Xi Jinping said over the past 10 years, despite tremendous changes in the international landscape, China-Germany relations have maintained steady growth, and bilateral cooperation has strengthened and deepened across the board, providing impetus for the development of both countries. China's policy toward Germany is highly stable and consistent, Xi said, noting that the two sides need to continue engaging in close exchanges with an open mind and enhance strategic mutual trust. As long as the two sides uphold mutual respect, seek common ground while reserving differences, enhance exchanges and mutual learning, and pursue win-win cooperation, China-Germany relations will continue to enjoy solid and sustained progress.

April 16, 2024

### **China's GDP expands 5.3% year on year in Q1**

The country's GDP reached 29.63 trillion yuan (about 4.17 trillion U.S. dollars) during this period, the NBS data showed. On a quarterly basis, the economy increased 1.6 percent in the first three months. The NBS mentioned positive factors during the period such as rising production demand, stable employment and prices, and growing market confidence. China's GDP grew 5.2 percent year on year last year and the country has targeted its full-year economic growth at around 5 percent for 2024.

April 16, 2024

### **German car parts supplier continues investment in China with confidence**

A new project of German tire manufacturer Continental AG's Hefei plant in the capital city of east China's Anhui Province, is currently in full construction mode. With advanced production techniques and product technologies, it is expected to commence operations in July. This move signifies another investment by the world-leading auto parts provider in China, indicating that the plant's annual output of passenger car tires will increase to 15.3 million from 13 million upon reaching full capacity by 2027.

April 15, 2024

### **San Francisco mayor's visit to inject new impetus and play positive role**

The official start of San Francisco Mayor London Breed's visit to China by invitation, marking her inaugural trip to the country since assuming office. Breed is arriving in Hong Kong on 14 April and will immediately proceed to Shenzhen that evening. She is scheduled to depart from Shanghai on April 21 and arrive back in San Francisco on the same day due to the time change. The mayor's visit is intended to bolster diplomatic relations, stimulate economic growth and deepen cultural ties in China. While her full itinerary has not been finalized, she plans to visit Shenzhen, Beijing, Guangzhou and Shanghai, where she will celebrate the 45th anniversary of San Francisco and Shanghai as Sister Cities, the mayor's office said.

April 14, 2024

### **Phase III Expansion project of Boeing's first joint venture in China begins operation**

The project is expected to double the production capacity of the Tianjin plant, according to Boeing. The expansion was launched in the original factory area in 2019. With a total floor area of about 58,000 square meters, the new facility

can also provide more space for the assembling work involving more high-end and complex parts. Boeing will continue cooperation in China in a wide range of fields, including composites manufacturing, research, training, completion and delivery center, and sustainability. Established in 1999, Boeing Tianjin Composites Co., Ltd. is the largest production base of composite materials in the Boeing supply chain in China. Its products cover all Boeing aircraft models.

April 14, 2024

### **China unveils plan to promote trade-ins of consumer goods**

China aims to establish a trade-in mechanism that facilitates the scrapping of used goods in exchange for smart, green and low-carbon ones, according to the plan. To promote the trade-ins of automobiles, subsidies will be given to consumers who scrap high-emission passenger cars to buy energy-efficient vehicles or new energy vehicles. The practice of reverse invoicing for second-hand car transactions will be promoted, as well as the service model where the old cars can be collected at their doorsteps. For used home appliances, the country will provide financial support to establish recycling systems for renewable resources. Local governments and home appliance companies are encouraged to offer subsidies or preferential policies for consumers. Localities are encouraged to support the upgrading and renovation of old houses.

April 13, 2024

### **China's yuan loans grow by 9.46 trillion yuan in Q1**

The M2, a broad measure of money supply that covers cash in circulation and all deposits, climbed 8.3 percent year on year to 304.8 trillion yuan at the end of last month, according to data from the People's Bank of China. The M1, which covers cash in circulation plus demand deposits, stood at 68.58 trillion yuan at the end of March, up 1.1 percent year on year. Outstanding social financing stood at 390.32 trillion yuan at the end of March, up 8.7 percent year on year. Outstanding yuan loans reached 247.05 trillion yuan at the end of March, marking an increase of 9.6 percent year on year, the data showed.

April 13, 2024

### **China's securities regulator tightens delisting regulation**

The guideline, released by the China Securities Regulatory Commission, focuses on improving the overall quality of listed companies, clearing out 'zombie shell' companies and 'black sheep' stocks, and reducing the value of 'shell' resources through stricter delisting regulation, expanding diverse exit channels and strengthening investor protection. Specifically, the guideline demands adopting stricter standards for compulsory delisting, forcing companies found guilty of serious falsification within a year or engaging in continuous falsification to delist. It also calls for a resolute crackdown on vicious and long-term systemic financial frauds. It requires improving policies and regulations in areas such as mergers and acquisitions, encouraging and guiding leading companies to integrate industrial chains based on their main businesses.

April 13, 2024

### **China tells telecom firms to phase out foreign chips in blow to Intel, AMD**

The move would impact U.S. chip giants Intel and Advanced Micro Devices, according to the report. Their shares were down more than 1.5% in premarket trading. Beijing has ramped up efforts to replace Western-made technology with domestic alternatives amid Sino-U.S. tensions, as Washington tightens curbs on high-tech exports to its rival. State-owned enterprises were instructed in 2022 to replace office software systems with domestic products by 2027, the first time such specific deadlines were imposed, according to five brokerage firms that cited a September 2022 order from China's state asset regulator. Reuters could not independently verify the order. China's Ministry of Industry and Information Technology ordered state-owned mobile operators to inspect their networks for non-Chinese semiconductors and map out timelines to replace them.

April 13, 2024

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