Hong Kong & Mainland China News – April-2020

Banking system well-capitalized, HKMA assures

by www.thestanadard.com.hk
Thursday, April 02, 2020

The Hong Kong Monetary Authority has assured financial markets that the banking system has ample capital levels, with an average capital adequacy ratio of over 20 percent, well above the minimum regulatory requirements.

The assurance follows HSBC and Standard Chartered abandoning dividend payments.

The HKMA says it is able to continue to provide stable credit to support the Hong Kong economy.

But it will continue to closely monitor the impact of the epidemic on the economy and the financial situation of banks, and review it in due course.

People's bank of China to cut small banks' reserve ratio

by www.thestanadard.com.hk
Friday, April 03, 2020

The People's Bank Of China announced it will cut by 1 percentage point the reserve requirement ratio for small and medium banks on April 15 and May 15.

It is expects to release 400 billion yuan (HK$437 billion).

Besides, the PBoC adjusted down the extra RRR for financial institutions from 0.72 percent to 0.35 percent from next Tuesday, the first time since 2008.

The People's Bank Of China Vice-Governor Liu Guoqiang said the impact of the coronavirus global pandemic has not exceeded that of the financial crisis in 2008.

He says economic data for the first quarter would not be good, but the March's data has improved, compared with February.

Liu said the PBoC will continue to enhance the reform of the loan prime rate.

Meanwhile, the PBoC will use 300 billion yuan loans for the virus, 500 billion yuan specific loan and discount rate policy, 1 trillion yuan quota for inclusive loan and discount rate policy, and focus on targeted reserve requirement ratio.

HKMA frees up cash so banks can lend

by news.rthk.hk
Saturday, April 03, 2020

The Hong Kong Monetary Authority said on Friday it would free up billions of dollars of lending capacity to banks, and ensure sufficient access to US dollars, as businesses suffer during the coronavirus outbreak.

In a statement, it said: "The current level of regulatory reserves will be reduced by half to release a total of HK$200 billion of lending capacity, providing banks with more room on their balance sheets to cater for future financing needs."

The regulatory reserves come from commercial banks' earnings and are deposited with the Monetary Authority, Hong Kong's de facto central bank, as a buffer against losses.

And with most international trade taking place in US dollars, the authority said it would obtain the US currency through so-called repo transactions with the US central bank, the Federal Reserve. These US dollars would then be lent to local banks.

The authority also asked banks to consider automatically extending loan maturities, or principal repayment holidays, to qualified small and medium-sized businesses without requiring them to apply. It said borrowers would just need to indicate whether they would accept the offer.

IMF: mainland will grow, HK to contract this year

by news.rthk.hk
Tuesday, April 14, 2020

Some of Asia's biggest economies are likely to narrowly avoid recession this year and are poised to bounce back strongly in 2021 if the coronavirus is contained, the IMF forecast on Tuesday, with the mainland leading the recovery.

However, more advanced economies in the region – Hong Kong, Japan, South Korea, Australia and Singapore – will dip into recession, according to the forecast.

The pandemic has hammered the world economy, with millions of jobs lost and businesses shut because of unprecedented lockdown measures to slow the spread of the disease.

But unlike the United States and major Western nations, China – the world's second-largest economy – will scrape through 2020 without going into recession, the IMF said in its latest World Economic Outlook.

It predicted growth of 1.2 per cent growth for China this year, the slowest expansion in more than four decades.

"Emerging Asia is projected to be the only region with a positive growth rate in 2020 (1.0 per cent), albeit more than five percentage points below its average in the previous decade," the IMF said.

"Other regions are projected to experience severe slowdowns or outright contracts in economic activity."

The Fund forecast China to bounce back next year with 9.2 per cent.

India, Asia's third-biggest economy, is also expected to grow at 1.9 per cent in 2020 before surging 7.4 per cent next year.

China is expected to lead the economic recovery in Asia, and Beijing has unveiled a number of massive stimulus measures.

But economists have warned that the Beijing government's domestic measures like increased credit will have a limited effect as long as the rest of the world is in turmoil, analysts said.

"Beyond China's own domestic challenges, the global recession poses additional threat to the economy," Chang Shu and David Qu of Bloomberg Economics said in a note.

Alibaba to invest 200b yuan in the cloud

by www.thestanadard.com.hk

Tuesday, April 21, 2020

Alibaba (9988) said it will invest 200 billion yuan (HK$219.4 billion) in its cloud infrastructure over the next three years, following a boom in demand for business software as the coronavirus pandemic peaked in the mainland.

The company said in a statement it will spend the funds on semiconductor and operating system development as well as building out its data center infrastructure.

While most of China's white-collar employees worked from home throughout February, the country's dominant cloud player saw a usage surge for its software, most notably DingTalk, a workplace chat app used by both businesses and schools.

At one point, users complained of lags on the app due to the high volume of activity, and the company had to acknowledge the technical issue on Weibo.

Alibaba's cloud division is one of its fastest-growing businesses.

Fourth-quarter revenue climbed 62 percent to 10.7 billion yuan, the first time it has topped 10 billion yuan in a single quarter.

Meanwhile, mainland smartphone maker Xiaomi (1810) yesterday said it intends to issue US dollar-dominated senior notes to repay its existing borrowings and for general corporate purposes.

Xiaomi said a wholly-owned subsidiary will conduct an international offering of the notes, which will only be provided to professional investors.

The principal amount, interest rate, payment date and other terms and conditions are yet to be finalized.

HK first approved crypto fund eyes US$100m

by www.thestanadard.com.hk
Tuesday, April 21, 2020

Venture Smart Asia has launched Hong Kong's first approved cryptocurrency fund with a target first-year size of US$100 million (HK$780 million), offering an officially sanctioned window for institutional investors in Bitcoin.

Arrano Capital, the Hong Kong asset manager's blockchain arm, announced yesterday the rollout of its Bitcoin fund, after clearing licensing conditions to let it deal in virtual assets with the Securities and Futures Commission this month. It's the first such fund approval since local regulators started to look into ways to exert oversight over the crypto industry a year ago.

The SFC has previously granted licenses to crypto asset managers like Hong Kong's Diginex, but those haven't met the full criteria to run pure crypto funds that can be marketed to professional investors only. While institutions and family offices around the globe have found ways to invest in digital tokens like Bitcoin and Ether, an investment vehicle with a regulatory thumbs-up will likely gain traction.

Despite no specific launch target, Arrano Capital seeks to surpass US$100 million in total assets under management through a fund tracking Bitcoin prices within the first year.

China Guangfa Bank gets HK license

by www.thestanadard.com.hk
Friday, April 24, 2020

Mainland Guangzhou-based incorporated commercial bank, China Guangfa Bank, was granted a banking license in the Hong Kong market by the Hong Kong Monetary Authority under the Banking Ordinance, with effect from today.

After the granting of a banking license to CGB, the number of licensed banks in Hong Kong is 163, said the HKMA.

GD, HK boost IP co-operation

by news.rthk.hk
Friday, April 24, 2020

Guangdong and Hong Kong today endorsed the co-operation projects on intellectual property (IP) rights protection for 2020.

The Guangdong/Hong Kong Expert Group on the Protection of Intellectual Property Rights agreed to further strengthen co-operation, continue to promote the development of IP trading and high-end service industries, and foster regional innovation.

It will also promote the further development of IP co-operation between Guangdong and Hong Kong through embracing the Guangdong-Hong Kong-Macao Greater Bay Area development.

The group's co-operation projects for 2020 cover areas such as strengthening IP co-operation in the Greater Bay Area, and promoting co-operation on IP protection, trading, exchange and deliberation in Guangdong and Hong Kong.

Apart from organising the Guangdong-Hong Kong-Macao Greater Bay Area High Value Patent Portfolio Contest 2020, the group will continue to promote the development of IP trading in both places to enhance the commercialisation and exploitation of scientific research achievements, and to promote settlement of IP disputes by arbitration or mediation.

On cross-boundary IP protection, customs authorities in both places will continue to focus on combating infringing goods destined for Hong Kong or Belt & Road countries through Hong Kong.

In the past year, group members have implemented 27 co-operation projects to promote regional IP development.

The expert group was set up in August 2003 to enhance exchanges and co-operation in IP protection, in the aspects of promotion and education, training, enforcement, research study and information dissemination.