

Hong Kong & Mainland China News – March-2020

HKEX says most firms will report on time

by www.thestanadard.com.hk

Tuesday, March 03, 2020

Hong Kong Exchanges and Clearing (0388) expects more than 80 percent of listed companies will post their earnings results by the March 31 deadline despite the Covid-19 virus outbreak making it difficult for auditors and issuers to complete their reports.

Bonnie Chan, HKEX's head of listing, said 1,781 listed companies, whose fiscal year ends in December, are due to publish annual results by March 31. Among them, 1,304 companies are to issue financial announcements as scheduled, and 122 firms will be able to post unaudited results before the deadline, under the guideline issued by the stock exchange operator and the Securities and Futures Commission.

She said at the Legislative Council's financial affairs panel meeting yesterday that the bourse operator is communicating closely with other companies on the matter.

Chief executive Charles Li Xiaojia said around 30-40 percent of HKEX staff is working from home, and the company also has adopted a split working arrangement for employees in the office.

He said financial market volatility increased due to the virus outbreak, but the good thing is Hong Kong stocks never "went up as crazy as" US equities last year.

For the long term, Li said Hong Kong has been attracting international funds to invest in mainland companies, and he hopes more overseas companies will list in Hong Kong to attract capital from the mainland through the Stock Connect.

Digital bank Mox readies for launch

by www.thestanadard.com.hk

Monday, March 09, 2020

Virtual bank Mox, backed by Standard Chartered Bank (Hong Kong), PCCW (0008), HKT(6823) and Trip.com, will be launched this year.

Mox is the first Asian bank to partner with Mastercard to launch the first numberless bank card, Mox Card. This actual bank card has no card number, expiry date and CVV. This lowers the risk of personal data leakage, the bank says.

Mox chief executive Deniz Güven said the group will provide a digital and personalized banking experience.

HKMA lowers interest rate in line with Fed cut

by news.rthk.hk

Monday, March 16, 2020

The Hong Kong Monetary Authority on Monday lowered its benchmark interest rate to 0.86%, in line with a drastic emergency measure by the US Federal Reserve to slash its key interest rate to virtually zero in an effort to shore up confidence and keep the financial sector running, in the face of a growing economic shutdown from the coronavirus pandemic.

Hong Kong typically follows US monetary policy because of the US dollar peg, but local banks are not obliged to follow suit.

Nonetheless, the director of Centaline Mortgage Broker, Wong Mei-fung, expects the interest rate cut to have a positive impact on the property market, saying it would relieve the financial burden on homeowners with mortgages. She says interbank lending rates would fall below 2 percent, and mortgages rates would also fall to between 1.7 and 2 per cent within this year.

She added the saving rates in Hong Kong were already close to zero and have no room for any further reduction, saying she doesn't think there would be negative interest rates.

New Zealand's central bank also slashed its base rate to a record low of 0.25 percent while the Bank of Japan said it is holding a special meeting later on Monday, advancing the regular meeting set for Wednesday and Thursday.

Financial system highly resilient

by www.news.gov.hk

Monday, March 16, 2020

The financial system in Hong Kong is highly resilient with strong buffers, despite sharply volatile global markets due to the spread of the coronavirus in different countries.

Monetary Authority Chief Executive Eddie Yue made the remarks to reporters today, noting that the authority has been closely monitoring the financial markets following the US Federal Open Market Committee's latest rate cut and other policy measures.

"Asian equity markets, including Hong Kong markets, have seen significant corrections and sharp volatility today, but local markets continue to operate in a smooth and orderly manner."

He added that the Hong Kong dollar exchange rate remains stable at around \$7.76.

"Hong Kong dollar interest rates are holding firm today, mainly because of an IPO activity. When this funding demand eases, we expect that the Hong Kong dollar interest rates will likely follow the downward trend of US interest rates."

Mr Yue noted the global financial markets have been highly volatile in the past few weeks.

"While measures taken by central banks and fiscal authorities around the world will help support the economy and stabilise the markets, future market movements will depend on the effectiveness of the measures to contain the spread of the coronavirus in different countries.

"Going forward, the financial markets will continue to be volatile in response to news flows relating to both public health and financial measures."

He stressed the local banking system is robust and well capitalised with ample liquidity and that the authority will monitor the market situation in co-ordination with other regulators.

"We will safeguard monetary stability in Hong Kong in accordance with the Linked Exchange Rate System.

"We expect that the financial markets will remain highly volatile and the public should assess and manage the risks carefully before making any investment decisions."

HK ranked 2nd freest economy

by www.news.gov.hk

Tuesday, March 17, 2020

Hong Kong has ranked at number two in the Heritage Foundation's 2020 Index of Economic Freedom.

The Government today said it is naturally disappointed that Hong Kong, which held the world's freest economy title for 25 successive years, has dropped to number two.

However, it welcomed the foundation's continued recognition of Hong Kong's various strengths and its awareness that the city remains a dynamic global financial centre with a high degree of competitiveness and openness.

The Government added that it is gratifying to note Hong Kong attained the highest score among the assessed economies in terms of Fiscal Health, Business Freedom, Trade Freedom and Financial Freedom.

Hong Kong attained high scores of 90 or above in seven out of 12 components adopted for measuring economic freedom, though the city's overall score decreased by 1.1 points from the previous year to 89.1 primarily because of a decline in the Investment Freedom score which was due to security issues arising from the social unrest in the latter half of 2019.

While the local social unrest and turbulence in the past year, and how these were perceived overseas, might have affected Hong Kong's score in the investment environment, the Government stressed that Hong Kong's institutional strengths are unscathed and its underlying fundamentals remain strong.

The Government also said it is relevant to note that Hong Kong's scores in the three components relating to the rule of law - Property Rights, Judicial Effectiveness and Government Integrity - have all increased in the 2020 Index of Economic Freedom.

It added that investors continue to have confidence in Hong Kong's long-term economic prospects, especially given the city's platform role for international investors to access the Mainland market.

The statement also noted that since the return to the Motherland, the Hong Kong Special Administrative Region has been exercising "Hong Kong people administering Hong Kong" and a high degree of autonomy in strict accordance with the Basic Law. The "one country, two systems" principle has been fully and successfully implemented.

Under the "one country, two systems" principle, Hong Kong's capitalist system, free economy and trusted legal system remain as robust as ever, the free flow of capital within, into and out of Hong Kong is guaranteed and Hong Kong residents continue to enjoy a wide array of freedoms, including freedom of speech, of the press, of assembly and of demonstration.

With the further opening up and deepening of economic reform in the Mainland, Hong Kong is poised to be both a facilitator and a beneficiary of important national development strategies such as the Guangdong-Hong Kong-Macao Greater Bay Area and the Belt & Road Initiative.

The Government pointed out that contrary to the foundation's concern, such integration with the Mainland through trade, tourism and financial links will not erode Hong Kong's freedoms.

Given that free market principles have long been essential considerations of policies and the cornerstone of the Hong Kong economy, the Government will continue to uphold the fine tradition of the rule of law and judicial independence, maintain a simple and low tax system, improve government efficiency, safeguard an open and free trade regime, and build a level-playing field for all, to create a favourable environment for business to thrive and to enable the economy to prosper, it added

JD.com hires two banks for HK listing

by www.thestanadard.com.hk

Tuesday, March 17, 2020

Mainland e-commerce giant JD.com is reportedly working with UBS Group and Bank of America on a planned secondary listing in Hong Kong.

The Nasdaq-listed company hopes to kick-off a Hong Kong initial public offering in the first half, the local Hong Kong Economic Journal reported, adding the IPO size and time frame would be subject to market conditions.

The company has not yet filed confidential paperwork for its IPO to the Hong Kong stock exchange.

JD.com denied commenting about the deal.

Hong Kong Exchanges and Clearing (0388) yesterday said its priorities for 2020 will include reviewing its regime for overseas companies to facilitate such listings in Hong Kong.

Bonnie Chan, head of listing at HKEX, said the stock exchange will also be reviewing how to optimize the IPO price discovery process and market infrastructure, such as the IPO settlement cycle, to ensure that Hong Kong remains competitive amongst its peers.

Chinese cancer drug developer InnoCare Pharma has priced its Hong Kong IPO at the top end of its marketing range to raise HK\$2.25 billion, in the city's biggest float over the last two months, according to Reuters.

In other IPO action, Malaysia-based apparel maker MBV International launched Hong Kong IPO yesterday to raise up to HK\$138 million.

Shares of mainland mobile game developer Jin Zun Digital Interactive Entertainment (1961) fell 3.7 percent to HK\$1.3 while local contractor Sang Hing (1472) surged 52 percent to HK\$0.76 in the Bright Smart gray market before their market debut today.

China to return fast to potential growth

by www.thestanadard.com.hk

Monday, March 23, 2020

China's economy will swiftly return to its potential growth rate and there'll be significant improvement in the coming three months, a senior central bank official said yesterday.

"Economic indicators will likely show significant improvement in the second quarter and the Chinese economy will return to potential output level rather swiftly," People's Bank of China Deputy Governor Chen Yulu told reporters in Beijing.

Chen repeated earlier pledges to keep credit growth stable and make good use of the central bank's targeted easing approach, and did not announce any new stimulus measures.

The stock market has been more resilient than other global markets, with risks low and the impact of the virus being absorbed, said Li Chao, vice chairman of China's securities regulator, who spoke at the same briefing.

The currency will continue to stay at around 7 per dollar with movement on either side of that level, according to Chen.

China's factory activity recovers in March

by www.thestanadard.com.hk

Tuesday, March 31, 2020

China's factory activity in March rebounded from a record low base, latest data show and officials cautioned it does not indicate that economic activity is stable.

The purchasing managers' index (PMI) for manufacturing firmed up to 52 in March from 35.7 in February, the National Bureau of Statistics said today. A reading above 50 indicates expansion, while a reading below reflects contraction.

Also, the purchasing managers' index (PMI) for non-manufacturing sector came in at 52.3 in March, up from 29.6 in February. A reading above 50 indicates expansion, while a reading below it reflects contraction.

For some weeks now mainland China has begun to slowly reopen factories while the human and economic devastation from the coronavirus that first emerged in Wuhan in Hubei province and rapidly spread across the world continues to exact a heavy price.