

Chinese bankers flock to Hong Kong as expats retreat

REUTERS, Hong Kong

A flood of Chinese bankers is changing the social fabric of Hong Kong, as they rapidly expand their footprint in one of the world's premier financial centers, even as Beijing struggles to tame the former British colony politically.

Twenty years after Hong Kong's handover to Chinese rule, scores of mainland professionals are filling the elite financial ranks of Hong Kong, while a series of lay-offs at Western banks has led to an exodus of expatriates.

The largest increase in mainland staff over the past decade has come in investment banks, with 80 percent seeing an increase of at least 20 percent, according to a 2015 Financial Services Development Council survey.

"It has a much better environment than Beijing where I used to work," said Hong Hao, a managing director at BOCOM International, who has lived in Hong Kong for five years. "The food is good, and the tax rate is also good."

Tax rates in Hong Kong are around 15-17 percent, while they can be as much as 45 percent in mainland China.

Chinese initial public offerings (IPO) dominate the Hong Kong market, the world's largest IPO market in

2016 when mainland offerings represented 80 percent of all new listings, according to Thomson Reuters data.

Hong Kong's financial services industry accounts for 18 percent of the territory's economy, compared with just 10.4 percent in 1997 when the city returned to Chinese rule.

Evan Zhang, a 26-year-old from Guangdong province, is one of those new kids on the block in Hong Kong. For Zhang, one of the younger hires at CITIC Securities International, the increasing outward flow of Chinese capital in recent years is an opportunity. "With Chinese people more willing now to allocate assets overseas, and overseas investors willing to invest in China, I can play a go-between role to help them," he said.

As top banks such as Goldman Sachs, UBS, and Bank of America trim their Asia headcount, businesses across Hong Kong have taken a direct hit.

Bo Innovation, a Michelin-star restaurant, said its Western expat customers fell roughly 10 percent in the last 10 years, according to owner and executive chef Alvin Leung. Mainland clients increased by about the same percentage, he added.

Western companies are also increasingly turning to more affordable locations such as Quarry Bay, at a

time when Chinese companies are boosting their presence in the prime Central district, according to Tom Gaffney, a managing director at real estate services firm CBRE.

The value of a typical expat package for middle managers in Hong Kong, has fallen by two percent in U.S. dollar terms over the past five years, while the value of their benefits has fallen five percent over the same period, according to consultancy firm ECA International.

"I have seen an enormous change in the expat landscape and packages offered," said Christine Davis, a manager at international relocation firm The Santa Fe Group who was an expat in Hong Kong in 1999-2001 and again since 2011.

Everything was paid for by hosting companies in the past, she said, but now expat terms have been reduced "drastically".

Hong Kong dropped two places to 13th in the world in HSBC's 2016 Expat Explorer Survey, which measures various aspects of expat life.

The new expat environment is making it easier to recruit talent. Several Chinese brokerages, asset management firms, and a Big Four Chinese bank told Reuters in recent months they intend to expand and hire more people in Hong Kong.



UD Jayawardana, CEO of LTL Holdings, and Abrar A Anwar, CEO of Standard Chartered Bangladesh, attend a programme at the Westin Dhaka hotel. StanChart raised Tk 160 crore for RajLanka Power, a subsidiary of LTL Holdings, to help the company refinance its existing preference shares.

Local brands outshine imports

FROM PAGE B1

Storeowners thought the fright over the uniform 15 percent VAT on clothes would dampen sales ahead of Eid-ul-Fitr, the biggest shopping season in Bangladesh. But it did not happen.

Sales were slow at the beginning of Ramadan, said Azharul Haque Azad, president of the Fashion Entrepreneurs Association of Bangladesh (FEAB).

"Usually, consumers have a mindset that living costs will rise due to the new budget proposals, and as a result, they remain cautious about expenditure."

Azad estimated that the total sales of local clothing brands would come to about Tk 4,000 crore this Eid.

The homegrown brands are doing much better vis-à-vis foreign brands this time, said Azad, also the owner of Sadakalo, another local clothing brand.

"I prefer the local brands as the price is reasonable," said Roksana Yesmin Tithi, a service-holder who came to Bashundhara City on Saturday to finish her Eid shopping.

Nabila Ahmed, who works at a local private bank, was the exact opposite: she prefers imported salwar suits as there are more options. "The price is high but the designs and quality are to my liking."

The sales of fashion houses were slow until the 15th of Ramadan due to adverse weather, said Shahnin Ahmed, vice-president of the FEAB. He, however, sounded less sanguine than Azad: though sales increased from the last week it will not cover the expected turnover.

Ahmed, also the chief executive officer of local clothing brand Anjan's, said the demand for saris, especially in cotton and traditional weave, is more than for salwar suits.

At Anjan's, salwar suits are selling for Tk 3,000 to Tk 4,000 and saris between Tk 1,500 and Tk 5,000.

Envoy Textiles to raise Tk 150cr thru' bonds

FROM PAGE B1

The board of directors has decided to issue the 5-year series zero coupon bonds with a face value of Tk 150 crore and at a discounted value of Tk 122.42 crore.

The issuance of the bonds is subject to approval of Bangladesh Securities and Exchange Commission.

"Envoy Textiles wants to raise the fund for importing machinery to strengthen its production capacity," said Abdus Salam Murshedy, managing director of Envoy Group.

He said the company has decided to raise the fund by issuing bonds instead of offloading shares because of cost-effectiveness. The zero coupon bonds will be redeemable and non-convertible in nature with a discount rate of 7.75 percent to be issued in series with maturity periods starting from six months to five years, according to the company.

Envoy Textiles' prices closed at Tk 37.80 on the Dhaka bourse yesterday, gaining Tk 0.30 compared to the previous session. The paid-up capital of the company is Tk 156.61 crore. The company declared 12 percent cash and 3 percent stock dividends for 2016. It made a profit of Tk 22 crore in the nine months from July 2016 to March 2017.

Envoy Textiles is a manufacturer of fashion denim, with annual production capacity of 50 million yards of fabric, according to the company's website.

Qatar riyal quoted below peg but no threat of devaluation, bankers say

REUTERS, Dubai

Qatar's riyal is being quoted weaker than its peg against the US dollar as Doha grapples with a diplomatic crisis, but that is the result of poor liquidity in the currency market rather than a serious threat to the peg, bankers in the region say.

The riyal, officially fixed at 3.64 to the dollar since 2001, has been offered as low as 3.6680 since Saudi Arabia and other Arab states cut diplomatic and transport ties with Doha on June 5, accusing it of backing terrorism.

That was not a big move in absolute terms, less than 1 percent, but it marked the weakest spot market rate since July 2005, Thomson Reuters data shows.

Furthermore, previous dips in the riyal were usually one-day affairs, but this time the Qatari currency has been quoted significantly weaker than its peg for two weeks.

Gulf bankers inside and outside Qatar, however, said they did not think the spot market quotes showed any change in Qatar's determination or ability to maintain the peg.

Instead, they said, the fluctuations seemed to be the result of the way in which economic sanctions against Qatar have distorted trading between banks. Many Saudi, United Arab Emirates and Bahraini banks have cut

back or suspended trading with Qatari institutions, fearing the displeasure of their governments. International banks have become more cautious because of political risk.

This has slowed foreign exchange trade, particularly between banks operating onshore and offshore, and caused bottlenecks in the supply of dollars to offshore institutions, pushing down the riyal.

"The fact that the spot quote has gone below the pegs due to low liquidity, not a change in Qatar's policy," said a treasury manager at a Saudi bank, speaking on condition of anonymity because of political sensitivities.

He noted that in the past, the Saudi riyal had also fluctuated by significant margins around its dollar peg because of temporary liquidity squeezes, even though Riyadh's central bank had maintained the peg.

A Dubai-based fixed income portfolio manager said he didn't view the move of the spot rate off the peg as alarming.

"It might be a sign of a little speculative pressure, hard to say. It doesn't seem like banks have had massive outflow pressure from Qatar," he said.

The emir's 2001 decree establishing the peg said the central bank would "buy the dollar at a rate not exceeding 3.6385 riyals and sell the dollar at a rate not exceeding 3.6415

riyals to the banks operating in the State of Qatar".

It is continuing to do this, bankers said. A treasury banker at a Qatari bank in Doha said his institution remained able to obtain dollar supplies it needed from the central bank.

"We can buy dollars from the central bank," he said. "We are selling dollars in the market at 3.6415."

Because links between onshore Qatari banks and offshore banks in centres such as Bahrain and London have been damaged by the sanctions, however, these supplies are not reaching all corners of the market promptly.

Some traders said they were surprised the central bank had not acted immediately to quash any speculation about a change to the peg by releasing huge amounts of dollars into the market.

In his only public statement since the crisis erupted, central bank governor Skeikh Abdullah bin Saoud Al-Thani declared last week that Doha had "sufficient foreign currency reserves to meet all requirements" but did not explicitly mention the peg.

However, bankers in the Gulf noted the emir's decree did not commit the central bank to massive intervention as soon as the spot rate moved off the peg; it merely said the bank had the right to determine the volume and timing of dollar sales.

INTERNATIONAL LEASING AND FINANCIAL SERVICES LIMITED

21st Annual General Meeting

২১তম বার্ষিক সাধারণ সভা



MA Hashem, chairman of International Leasing and Financial Services Ltd (ILFSL), presides over the company's 21st annual general meeting at FARS Hotel and Resort in Dhaka on June 15. The company declared 5 percent stock dividend for 2016. Rashedul Haque, managing director, was also present.

Senegal's corner shops go digital to track trade

AFP, Dakar

Corner shops, markets and street traders are still the traditional way most Senegalese do their shopping, but micro-businesses are turning to digital means of tracking clients in the west African nation's informal economy.

Amadou Bawol Bah, like many owners of the corner "boutiques" in Senegal, used to have a large ledger he filled in each day with purchases and credit offered to his customers.

"One day I was filling in some details and some cooking oil tipped onto the ledger," he recalled of the moment in 2015 that wiped out years of careful bookkeeping.

Bawol Bah's disaster became the inspiration for a locally-designed app called "Weebi", meaning "easy" in the local Pulaar language, and the trader hasn't looked back since downloading it.

"Weebi simplifies sales and my invoices. The tablet and smartphone replaces the notebook and pen," explained Weebi's co-founder Cheikh Sene, who began his start-up with two other Senegalese and a Frenchman.

A micro-printer for receipts completes the mix, Sene added.

Around half of Senegal's registered businesses are one-man traders like Bawol Bah, according to government statistics, and operate at thin margins with clients often reliant on credit paid back at the end of the month.

In the case of accidents like Bawol Bah's, the app comes with confidential backup for each user, according to Weebi, so data remains safe in case of loss or damage to a device.

After winning a prize for digital innovation at the Africa-France summit held in Bamako in January, Weebi's ambitions are growing in the capital.

Although just 40 users so far have the app, which is a standalone download or can be bought for 118,000 FCFA (\$200) preloaded onto a tablet, 300 clients have shown an interest in the product in the Dakar area.

Marieme Assietou Diagne, who manages a health food delivery business, says she has gained "more free time and better sales" since using the software.

"It helps us to follow clients -- who are the regulars, the number of orders, and how many meals we are selling per day," she told AFP. "We can reward loyal customers at the end of the month."

Other small business owners have begun using "Somtoul", a console launched in May with an interface specifically designed for Senegal's majority illiterate population that works with icons and voice commands.

The upstart costs of buying a laptop and the electricity required to run it all day are prohibitive for most, and training in accountancy programmes or software such as Microsoft Excel hard to come by without paying for classes.

With sturdy casing and bright graphics, Somtoul is aimed squarely at market traders and small businesses, said its Cameroonian creator Ted Boulou.

"It allows those in the informal sector to manage their work more effectively, and gives them more precise estimates of income, revenue and clients," Boulou said.

Excise duty hike to go, says Muhith

FROM PAGE B1

Muhith said: "When you started shouting, it seemed the excise duty was something new, but it has been around for a long time."

The minister also said the government wants to plug the loopholes in laws that help people amass black money.

"Why is money siphoned off? Because there is black money [in the economy]. So I will take initiatives to destroy the sources of black money."

He said, for example, the actual price of a katha of land is 10 times higher than its sales value. "It means a huge sum of black money is created through this kind of transactions."

The government will introduce a system so that land is bought and sold at actual prices, he said.

High interest of savings tools takes toll on bonds

FROM PAGE B1

On the other hand, the borrowing cost stands between 2.84 percent and 7.13 percent through treasury bills and bonds.

BB data shows, the government borrowed over Tk 42,098 crore through savings tools during July-April period of the outgoing fiscal year, up by nearly 59 percent from Tk 26,488 crore in the same period a year ago.

"High interest rates on savings schemes are not only distorting the market but also pushing the government's debt burden up," a BB official said.

Banks offer 5-6 percent for fixed deposits and the bond rate is around 6.5 percent. Call money rate has been hovering around 3.5 percent for the last one year.

Another BB official said turnover in the secondary bond market witnessed a significant rise in transaction during the October-February period, as the central bank allowed operation of the Trader Work Station (TWS) in a full-fledged manner since October last year.

Sellers and buyers are now allowed to settle their transactions through the TWS, a web-portal, operated by the BB, which attracts the clients to invest in bonds, he said.

But, transactions in the secondary market fell sharply in the last few months due to the government's initiative to cut the auctions in the primary market amid its excessive reliance on national savings schemes.

The government suspended all auctions of treasury bills and bonds in March and May and also squeezed its borrowing from the tools in April, according to BB.

StanChart raises Tk 160cr for Sri Lankan power producer

FROM PAGE B1

The facility is also known as the non-convertible redeemable cumulative preference share, the bank said in a statement.

There has been a diverse mix of investments in the transaction from banks, non-banking financial institutions and corporates, which testifies to StanChart's strong relationship with investors from all segments and issuer's strong business fundamentals and reputation, the bank said.

At the event, UD Jayawardana, CEO of LTL Holdings, thanked StanChart for facilitating the transaction which will help the company expand its business in Bangladesh.

Abrar A Anwar, CEO of the bank, said: "We are delighted to be the mandated lead arranger for this landmark transaction. As a committed partner in progress to the nation, we strive to bring in innovative products to the market."

Standard Chartered is leading the debt capital market in Bangladesh. Since pioneering the market in 1997, the bank's capital market unit has arranged local and foreign currency funding of over \$6.5 billion for sectors such as power, telecom, infrastructure, food, beverage, textile and services.

The bank has arranged about 70 percent of the total syndicated debt raised in the market in the last 15 years.

MJMN Marikkar, managing director of Raj Lanka Power, also spoke.



Dave McCaughan, chairman and co-founder of Marketing Futures, poses with the participants of a three-day training in Bangladesh on "Brand strategy and storytelling, media planning in a digital world". Marketing Futures, a platform for marketing communication, branding and media planning, organised the event.