

Launch of eTradeConnect and collaboration with we.trade (with photos)

The following is issued on behalf of the Hong Kong Monetary Authority:

The Hong Kong Monetary Authority (HKMA) announced today (October 31) the official launch of eTradeConnect, a blockchain-based trade finance platform developed by a consortium of twelve major banks in Hong Kong. Formerly known as the Hong Kong Trade Finance Platform, eTradeConnect aims to improve trade efficiency, build better trust among trade participants, reduce risks and facilitate trade counterparties to obtain financing by digitising trade documents, automating trade finance processes and leveraging the features of blockchain technology.

The commercialisation of the trade finance project was first announced in October 2017 arising from the fruitful results of an earlier proof-of-concept (PoC) trial facilitated by the HKMA. The project was initially led by seven major banks (Note 1) and later joined by five additional banks (Note 2), adding up to a consortium of twelve member banks. eTradeConnect is the first large-scale multi-bank blockchain project in Hong Kong.

In order to facilitate cross-border trades, the HKMA has been proactively looking for opportunities to connect eTradeConnect with trade platforms in other regions. Today, the HKMA witnessed the signing of a Memorandum of Understanding between the operators (Note 3) of eTradeConnect and the we.trade (Note 4) to conduct a PoC trial on connecting the two platforms.

Deputy Chief Executive of the HKMA Mr Howard Lee said, "It is a remarkable moment to witness the birth of the first blockchain-based trade finance platform built by key industry players in Hong Kong. It demonstrates the willingness of the financial industry to adopt new technology in the new era of smart banking. Our next key milestone is to link eTradeConnect with platforms from other regions in order to enable cross-border trade financing. The connection between eTradeConnect and we.trade platform paves the way for the digitalisation of cross-border trades in the Asia and Europe trade corridor, and will serve as a good reference for the future connection of eTradeConnect to other trade finance platforms."

The Chief Operating Officer of we.trade, Mr Roberto Mancone, echoed this sentiment, "we.trade is delighted to partner with eTradeConnect, a platform facilitated by the HKMA. Our co-operation confirms our roadmap and as the first step of developing "network of networks" in blockchain-based trade finance solution. This exciting collaboration has the potential to unlock trade finance barriers for between Europe and Asia and through interoperability create an ecosystem that combines all the different stages

of trade."

Note 1: The seven major banks include Bank of China (Hong Kong) Limited, The Bank of East Asia Limited, Hang Seng Bank Limited, DBS Bank (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank (Hong Kong) Limited and Australia and New Zealand Banking Group Limited.

Note 2: The five additional banks include Shanghai Commercial Bank Limited, Industrial and Commercial Bank of China (Asia) Limited, Agricultural Bank of China Limited, Bank of Communications Co., Ltd and BNP Paribas.

Note 3: we.trade was established by nine banks in Europe to address the expectations of their customers to make cross-border trade more straightforward. At present, we.trade is available across fourteen European countries.

Note 4: The operator of eTradeConnect is Hong Kong Trade Finance Platform Company Limited; whereas the operator of we.trade is we.trade Innovation Designated Activity Company.



[S for IT calls on Parliamentary Vice-](#)

Minister of Education, Culture, Sports, Science and Technology of Japan (with photos)

The Secretary for Innovation and Technology, Mr Nicholas W Yang, called on the Parliamentary Vice-Minister of Education, Culture, Sports, Science and Technology of Japan, Mr Takaki Shirasuka, in Tokyo this afternoon (October 31) to boost links between Hong Kong and Japan on the innovation and technology front.

The meeting enabled the two sides to have a good exchange on the promotion of science as well as innovation and technology. Mr Yang said that innovation and technology is high on the Hong Kong Special Administrative Region (HKSAR) Government's agenda. Since the setting up of the Innovation and Technology Bureau in late 2015, the HKSAR Government has launched initiatives on various fronts with heavy investment to enhance the local innovation and technology ecosystem.

Mr Yang added that Hong Kong is vigorously building up technology clusters on healthcare technologies and artificial intelligence and robotics technologies. With the provision of financial and other support, the Government aims to attract world-class scientific research institutions to join forces with local universities and research institutions in conducting more applied research and development (R&D) projects. Japanese scientific and research institutions are welcome to establish a presence in Hong Kong. Mr Yang said he looked forward to more collaboration between the two places and learning from the good practices and experiences of Japan, in particular in healthy ageing and smart city development.

Earlier in the afternoon, Mr Yang was joined by the Chairman of the Board of Directors of the Hong Kong Science and Technology Parks Corporation, Dr Sunny Chai; the Chairman of the Board of Directors of the Hong Kong Cyberport Management Company Limited, Dr George Lam; and the Chief Executive Officer of the Hong Kong Cyberport Management Company Limited, Mr Peter Yan, on company visits to learn more about the companies' smart city initiatives.

The first company visit was made at Fujitsu, where Mr Yang and his party gained a deeper understanding on how the company integrates information and communications technology into daily lives to solve challenges, including its elderly care solutions using proprietary sound analysis to support home living and the AI-IoT Intelligent Dashboard using artificial intelligence and the Internet of Things to optimise production line operation.

At a meeting with the Fujitsu Corporate Vice Chairman, Mr Nobuhiko Sasaki, Mr Yang gave an update on the exciting innovation and technology developments in Hong Kong amid the Central Government's support for Hong Kong to develop into an international innovation and technology hub. Mr Yang said

the HKSAR Government has made a significant move of promoting R&D activities in Hong Kong by introducing a super tax deduction for R&D expenditure incurred in Hong Kong. The first HK\$2 million of qualifying R&D expenditure will be eligible for a 300 per cent tax deduction, while expenditure above that will enjoy a 200 per cent deduction and with no cap. Mr Yang encouraged Japanese companies to make good use of the super tax deduction for R&D expenditure and opportunities available in Hong Kong.

Mr Yang and his party also visited the Toyota Mirai Showroom to learn more about Toyota's latest developments in smart mobility. A presentation on the Mirai hydrogen-powered fuel cell vehicle and autonomous driving technology was given.

Tomorrow (November 1), Mr Yang will attend the opening session of "Think Global, Think Hong Kong" in Tokyo.



[Manager of unlicensed guesthouse fined](#)

A woman was fined \$8,000 at the Kowloon City Magistrates' Courts today (October 31) for contravening the Hotel and Guesthouse Accommodation

Ordinance.

The courts heard that in April this year, officers of the Office of the Licensing Authority (OLA), the Home Affairs Department, inspected a suspected unlicensed guesthouse on Nam Cheong Street in Sham Shui Po. During the inspection, the OLA officers posed as lodgers and successfully rented a room in the guesthouse on a daily basis.

According to the OLA's record, the guesthouse did not possess a licence under the Ordinance on the day of inspection. The woman responsible for managing the premise was charged with contravening section 5(1) of the Ordinance.

A department spokesman stressed that operating or managing an unlicensed guesthouse is a criminal offence and will lead to a criminal record. Upon conviction, the offender is liable to a maximum fine of \$200,000 and two years' imprisonment.

The spokesman appealed to anyone with information about suspected unlicensed guesthouses to report it to the OLA through the hotline (tel: 2881 7498), by email (hadlaenq@had.gov.hk), by fax (2504 5805) using the report form downloaded from the OLA website (www.hadla.gov.hk), or through the mobile application "Hong Kong Licensed Hotels and Guesthouses".

Monetary Statistics for September 2018

The following is issued on behalf of the Hong Kong Monetary Authority:

According to statistics published today (October 31) by the Hong Kong Monetary Authority, total deposits with authorized institutions grew by 0.6 per cent in September 2018. Hong Kong-dollar deposits increased by 0.6 per cent during the month, as the increase in time deposits exceeded the decrease in demand and savings deposits. Overall foreign-currency deposits also increased by 0.6 per cent in September. Renminbi deposits in Hong Kong declined by 2.9 per cent to RMB600.3 billion at the end of September. The total remittance of renminbi for cross-border trade settlement amounted to RMB348.8 billion in September, compared with RMB360.4 billion in August.

Total loans and advances edged down by 0.1 per cent in September. Among the total, loans for use in Hong Kong (including trade finance) decreased by 0.2 per cent from a month ago, while loans for use outside Hong Kong stayed virtually unchanged. The Hong Kong-dollar loan-to-deposit ratio edged down to 85.0 per cent at the end of September from 85.1 per cent at the end of August, as Hong Kong-dollar loans increased at a slower pace than Hong Kong-dollar deposits.

In the third quarter of 2018, loans for use in Hong Kong (including trade finance) declined by 1.2 per cent following an increase of 1.7 per cent in the previous quarter. Analysed by economic use, the decrease in loans during the third quarter was mainly led by trade finance, loans to financial concerns and loans to stockbrokers.

On a seasonally-adjusted basis, Hong Kong-dollar M1 declined by 1.5 per cent in September and decreased by 0.3 per cent year-on-year. Seasonally unadjusted Hong Kong-dollar M3 edged up by 0.5 per cent during the month and grew by 4.3 per cent from a year earlier.

Release Schedule of Monetary Statistics in Hong Kong

The monthly release schedule of monetary statistics in Year 2019 is as follows.

Reference Month	Release Date
January 2019	February 28, 2019
February 2019	March 29, 2019
March 2019	April 30, 2019
April 2019	May 31, 2019
May 2019	June 28, 2019
June 2019	July 31, 2019
July 2019	August 30, 2019
August 2019	September 30, 2019
September 2019	October 31, 2019
October 2019	November 29, 2019
November 2019	December 31, 2019
December 2019	January 31, 2020

[Government welcomes passage of Inland Revenue \(Amendment\) \(No. 4\) Bill 2018](#)

The Secretary for Food and Health, Professor Sophia Chan, welcomed the passage of the Inland Revenue (Amendment) (No. 4) Bill 2018 by the Legislative Council today (October 31).

The new Ordinance gives effect to a tax deduction under salaries tax and personal assessment to people who purchase eligible health insurance products for themselves or their specified relatives under the Voluntary Health Insurance Scheme (VHIS), starting from April 1, 2019.

Professor Chan said, "We will fully implement the VHIS with the added incentive of tax deduction."

Under the new arrangement, a taxpayer can claim deductions for VHIS premiums paid up to \$8,000 per insured person for insurance policies procured for the benefit of the taxpayer and all specified relatives, which cover the taxpayer's spouse and children, and the taxpayer's or his/her spouse's grandparents, parents and siblings.

"Compared with many existing indemnity hospital insurance products, Certified Plans under the VHIS are more attractive in a number of ways, such as guaranteed renewal until the insured reaches the age of 100, premium adjustment not being based on changes in the health condition of that individual insured, no "lifetime benefit limit", and coverage extended to include unknown pre-existing conditions and ambulatory procedures including endoscopy.

"We encourage the public to purchase Certified Plans under the VHIS, so that they may choose to use private healthcare services when in need, thereby alleviating the long-term pressure on the public healthcare system," Professor Chan said.

The VHIS Office of the Food and Health Bureau has already been established in early October 2018. With the passage of the Bill, the VHIS Office will invite insurers to participate in the VHIS and submit products for certification. The first batch of Certified Plans are expected to be approved in early 2019. Taxpayers who pay the premium for the Certified Plans on or after April 1, 2019, will be eligible for tax deduction.

For further information on the VHIS, please visit the dedicated website (www.vhis.gov.hk).