

Prospects for Tencent lead to another HSI rise

Carrie Chen and Reuters

The Hang Seng Index rose 127.68 points to 27,690.36 yesterday, led by Tencent Holdings (0700) which grew 2.95 percent to a new high of HK\$320.60.

Tencent shares reached as much as HK\$321.40 at one point after Morgan Stanley lifted the target price to HK\$370 from HK\$310. Market capitalization of Tencent rose to more than HK\$3 trillion.

The US investment firm expected Tencent's mobile game sales in the second quarter to reach another record. Total game revenue is expected to grow 45 percent year-on-year, with mobile games reaching another historical

high of 15.8 billion yuan, up 65 percent year-on-year, said Morgan Stanley.

The technology firm is also expected to "pace the speed of monetization" as the firm's product WeChat Moments "is conducting tests to double its ad inventory in tier-1 cities," said Morgan Stanley.

Shares of building materials rose on news that a company involved in development of Xiong'an District was set up last month with a registered capital of 10 billion yuan.

Shares of mainland banks have not been affected by news that China's banking regulator has extended by two months a June deadline for banks to submit risk

assessments over concerns it was putting strain on the lenders.

Under the leadership of chairman Guo Shuang, the China Banking Regulatory Commission started the year promising a "windstorm" to clean up the banking sector, which had been seen as failing to control risks as credit swelled.

The commission has launched eight sets of rules in the months since March, and Guo imposed a June 12 deadline for banks to submit written assessments on their lending and other practices.

That deadline has now been extended to mid-August.

Webb speaks out on board proposal

Janice Huang

Hong Kong only needs one board and one regulator, and it has no need for a new board for listing stocks, a stock analyst said yesterday.

"We favor a single board, under a single statutory regulator [the SFC], combining listing and takeover regulations, and not the four-board mess that the HKEx [Hong Kong Exchanges and Clearing] advocates," independent stock analyst David Webb said in a published article yesterday.

He said setting up a new board will not completely resolve the problems caused by the so-called "weighted voting rights" - which refers to either listing second-class shares with reduced or no voting rights, or listing only one class of shares but which entrenches management rights.

The Hong Kong Exchanges and Clearing (0388) proposed, in a concept paper that it issued in June this year, the setting up of a new board for firms with share structures of the same shareholdings but with different rights to list in Hong Kong.

Buying that kind of shares is inevitable, said Webb, adding that if more and more assets are held via weighted voting rights, professionals who manage the public's money will have little choice but to own shares with weighted voting rights.

He said that "with so many scam stocks and corporate governance problems among Hong Kong-listed mainland companies," the last thing that Hong Kong needs is to "weaken investor rights further."

OOL back in the black

Dominique Nguy

Oriental Overseas International (0316) posted a net profit of US\$53.6 million (HK\$418.08 million) in the first half, reversing a net loss of US\$56.7 million that it incurred a year earlier. The board has recommended an interim dividend of 2.14 US cents.

The company, founded by Tung Chee-yung, father of Hong Kong's former chief executive Tung Chee-hwa, said the positive results reflected a slow and steady recovery during the first half compared to the tough market conditions a year earlier.

Revenue in the first half rose 13.2 percent to US\$2.9 billion.

It said healthier demand growth seemed to have reappeared and improving sentiment in many large economies have made the firm hopeful of the sustainability of the improving environment.

It noted however that the steady improvement in the supply demand balance does not reflect a booming market and that supply demand balance has not worsened year on year for the first time since the financial crisis.

OOL chief financial officer Alan Tung Lieh-sing said yesterday the company's sale to COSCO Shipping (1919) was a commercial decision and there was no political pressure to sell the business.

Early last month, OOL said that it was sold off to COSCO Shipping and Shanghai International Port (Group) for HK\$49.2 billion.

Tung said the decision to sell was made after a comprehensive review of the past and future developments in the industry and that the decision would meet investors' interests. He added that OOL considered different options, but eventually concluded that COSCO's was the most appropriate.



Alan Tung said OOL's sale to COSCO Shipping was a commercial decision and no politics were involved. SING TAO

He said the world's largest shipping companies are forming alliances, but over the past three years, companies of OOL's scale have been reduced from 10 to three.

The shipping industry is undergoing major changes, he said, and the capital expenditures required over the next five to 10 years can hardly compare with those in the past.

Meanwhile, Tung sidestepped questions yesterday on whether Tung family members will remain with OOL's management after COSCO Shipping completes the acquisition of OOL.

Orient Overseas Container Line's liner liftings rose 7 percent year-on-year in the first half while load factor rose 1 percent.

Revenue levels per TEU rose 8 percent.

Trans-Pacific liftings increased 23 percent. It said volumes and rates on Asia-Europe trade have both started to recover from the historic low suffered in 2016 with liftings up 22 percent.

HKEx to report higher interim net profit

Interim net profit of the Hong Kong Exchanges and Clearing (0388) is forecast to rise 11 percent for the first half this year due to better market turnover.

The local bourse operator is expected to report a HK\$3.3 billion interim net profit tomorrow, with six-month revenues also growing 11 percent to HK\$6.2 billion, according to Bloomberg.

Net profit for the second quarter is expected to rise 3 percent to HK\$1.6 billion, while second quarter revenues

are estimated to reach HK\$3.09 billion, up 7 percent.

Separately, HKEx is reportedly planning to introduce a continuous quotation system in the exchange-traded fund market to improve circulation, local media reported.

It is also reported that the exchange operator will be in discussions with the Securities and Futures Commission in mid-August, with the aim of implementing the plan next year.

CARRIE CHEN

Low interest rates good news for markets

The Hang Seng Index rose 127 points yesterday to close at 27,690, though turnover was down to HK\$80.2 billion.

But market king Tencent (800) added to its record high, reaching HK\$321.40 after Morgan Stanley lifted its target to HK\$370.

Tencent announces interim results on August 16, and it's likely we'll see its price rising until then on the expectation earnings will be above forecasts. But investors do not need to chase into this rally.

Liquidity is meanwhile ample, with the Hong Kong dollar interest rate staying low, and with blue-chip companies distributing stock dividends this month demand will fall.

We could see the one-month HIBOR down further to test May's low, which was 0.352 percent. The lower interest rate environment sure suits our stock and property markets.

Also yesterday, gains in rotational buying spread



to sectors including metals, mining, shipping and cement.

Ma An Shan Iron (323) rose 9.1 percent, Chalcoc (2600) 6.3 percent, COSCO (1919) 4.7 percent and BBMG (2009) 4.4 percent.

The big loser was Victory Group (1139). Its share price fell 45 percent to HK\$0.305 with a market cap of only HK\$262 million.

The stock exchange is delisting dormant firms, and Victory is marked for action. Its revenue has not been sufficient to cover outlays, resulting in a net loss and a negative operating cash flow.

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Environment Bureau

機電工程署
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怪神有計大比拼 2017

Energy Saving Championship Scheme 2017

獎項 Award

- 🏆 精神總冠軍
Hanson Supreme Grand Award
- 🏆 至尊精神大獎
Hanson Grand Award
- 🏆 卓越精神獎
Hanson Outstanding Award
- 🏆 傑出精神獎
Hanson Merit Award
- 🏆 積極支持團體精神獎
Hanson Supportive Group Award
- 🏆 4Ts 精神獎
Hanson 4Ts Award

查詢 Enquiry

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比賽組別 Category

第一組別 Group 1 Category

- 🏪 商場 Shopping Mall
- 🏠 住宅大廈/屋苑 Residential Building/ Housing Estate
- 🏢 辦公室大廈/商業大廈/工業大廈 Office Building/ Commercial Building/ Industrial Building
- 🏥 醫院 Hospital
- 🏨 酒店 Hotel
- 🎓 專上教育院校 Post-Secondary Education Institution

第二組別 Group 2 Category

- 🏢 辦公室 Office
- 🍽️ 餐廳/食肆/超級市場 Shop Restaurant/ Supermarket
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- 🎓 學校 (幼稚園/中小學) School (Kindergarten, Primary and Secondary)

怪神有計大比拼 2017 申請簡介會
Briefing Session - Application for Energy Saving Championship Scheme 2017

日期及時間 Date & Time: 6-9-2017; 14:00 - 17:00
地點 Venue: 機電工程署總部 EMSD Headquarters
報名 Registration: C3155 3977

截止日期 Application Deadline: **31-10-2017**

報名及比賽詳情 Application and Competition Detail
請瀏覽 Please visit: <http://www.energysaving.gov.hk/eschampion2017>