

## End game for China deposit rate curbs

People's Bank of China governor Zhou Xiaochuan yesterday said domestic deposit rates will be liberalized in one to two years, following which interest rates are likely to rise for the short term.

As for easing the 20,000 yuan (HK\$25,284) daily conversion cap for Hong Kong residents, he said more research is needed.

But he did say Hong Kong obviously has an edge over other offshore yuan centers, with continued innovations holding the key to holding the lead.

European countries want to enter offshore yuan business, he added.

Zhou said the process of interest-rate liberalization is likely to bring new opportunities for higher returns.

"Interest rates will probably rise after we first remove controls, but opportunities will dwindle as supply and demand is gradually balanced," he said.

Zhou said the internationalization of the yuan is a long process and the PBOC will not set any target or timetable for it.

Yuan capital-account convertibility will be done gradually and yuan controls will be eased in the future.

Asked about the recent weakening of the yuan, Zhou said the PBOC does not comment on the exchange rate.

Recent movements in the yuan are "very normal and also reflect the growing role of market forces," he said.

The yuan has slid 0.4 percent to the US dollar in the past three days and 1.4 percent this year.

LING WANG AND BLOOMBERG

Shares of Want Want China (0151) rose 4.6 percent yesterday on better-than-expected profit while those of smaller peer Labixiaoxin Snacks (1262) plunged 18 percent after a media report alleging it exaggerated sales data.

Want Want China, the mainland's top food and beverage maker and distributor by market value, said net profit last year jumped 24 percent from 2012 to US\$687.3 million (HK\$5.36 billion) as it spent less on promotions. The dairy

## Munching on profit

product and rice cracker maker said revenue rose 14 percent to US\$3.82 billion. Earnings per share hit 5.2 US cents.

A final dividend of 2.27 US cents was declared, taking the full-year dividend to 3.48 US cents, up 22 percent on 2012.

But profit growth in the second half was 17.6 percent, Reuters calculated. That was the slowest since 2010, due

partly to a shortage of milk powder. Dairy products make up more than half of Want Want's total revenue.

Capital outlays in 2014 are put at US\$458 million, up 67.8 percent.

Fujian-based Labixiaoxin Snacks said it sold jelly products worth 1.3 billion yuan (HK\$1.64 billion) in 2011 and 1.5 billion yuan in 2012. But weekly *Zhengquan Shichang Zhoukan* said the numbers were false.

LING WANG AND REUTERS



## Lending little hope

The Shanghai Composite Index rebounded 0.1 percent yesterday to 2,001 while the Hang Seng Index rose a mere four points to 22,269.

But when you look at the performance of mainland bank shares, you feel bearish. Based on Monday's closing, shares of 13 of the 16 mainland banks listed in Shanghai fell below their lows of last year.

In Hong Kong, shares of China Everbright Bank (6818) plunged to a historical low of HK\$2.83. Since listing at HK\$3.98 about three months back, they have declined 28 percent.

In the meantime, Hong Kong's Chong Hing Bank, acquired by Guangzhou-based Yue Xiu Group, is trading at a price-to-book ratio of 1.6 times. Most mainland banks listed locally, however, are trading between 0.7 and 1.1 times price-to-book.

The asset quality of local lenders is much better than that counterparts in the mainland, where banks face a slower economy and tight credit. Also, online finance products continue to squeeze profit margins.

All this is happening amid the possible specter of a bubble in China's shadow banking sector bursting — thereby raises fresh fears for mainland banks.

*Dr. Chock and/or The Standard bear no responsibility for any decision made based on this column.*

# Tech giants join bank business

Tencent (0700) and Alibaba are among the 10 enterprises that will take part in pilot programs to set up privately owned banks in four regions of China.

Alibaba will also buy a controlling stake in ChinaVision Media Group (1060) for HK\$6.24 billion.

The China Banking Regulatory Commission will allow privately owned banks to be set up in Shanghai and Tianjin along with Guangdong and Zhejiang provinces, chairman Shang Fulin said yesterday.

The five privately owned banks, to focus on serving small and medium-sized companies, will be approved in the first batch, the commission said.

The two mainland internet giants are also reportedly launching online credit cards next week, after both started offering high-yielding wealth management products online.

Both will cooperate separately with CITIC Bank (0998), allowing users to apply for "virtual credit cards" that can



Tencent is splashing out US\$214.7 million for a 15 percent stake in JD.com. REUTERS

be used for all online payments. Credit checking will be done solely through the databases of the two tech giants.

Meanwhile, Alibaba is set to pay HK\$6.24 billion for a majority stake in ChinaVision Media — a television drama and films producer.

Alibaba will buy 12.5 billion new

shares of China Vision for 50 HK cents, or 22 percent lower than its closing price on February 25. The new shares account for 60 percent of the enlarged share capital, which also means that its current shareholder Tencent will have its stake diluted from 8 percent to just 3 percent.

The shares subscription allows China Vision to capitalize on new content opportunities and online entertainment areas, the firm said. China Vision shares will resume trading today.

The deal comes one day after Tencent said it will splash out US\$214.7 million (HK\$1.67 billion) for a 15 percent stake in e-commerce site JD.com.

Alibaba said in January it is to pay HK\$1.33 billion to take a 54.3 percent stake of CITIC 21CN (0241) to enter the drug-data industry, and its Shanghai-listed shares have jumped nearly eight times so far.

Shares of Tencent rose 0.16 percent to HK\$617.50 yesterday.

IMOGENE WONG AND BLOOMBERG

# Joint venture promotes sustainable living

A brand new joint venture has paired environmentally-friendly luxury villas with electric cars to the delight of responsible green homeowners.



The all-new BMW i3 at The Fountainside



João Afonso, Director of Sniper Capital, and Albert Hui, BMW Macau General Manager

Located in Macau's prestigious Penha Hill district, The Fountainside is the latest luxury residential property by Headland Developments. In line with its sustainable design principles, the developer has partnered with BMW Macau to promote green living.

The four exclusive villas at The Fountainside will be sold with an environment-friendly BMW i3 electric car. Each villa has its own private garage with a specially adapted charging station for the groundbreaking new electric car.

An additional BMW i3 is also offered in a prize draw for owners of all other 38 units in the development.

"Our partnership with BMW, a world leader in next-generation driving technology, is a natural extension of the thinking that underpins The Fountainside's development as an environmentally sustainable development," said João Afonso, Director of Sniper Capital, which manages The Fountainside.

Albert Hui, General Manager of BMW Macau, further stated BMW is proud to be the automaker of

choice to partner in such an intelligently conceived and historically sensitive residential development. "BMW is committed to a sustainable motoring future and our commitment has found a natural expression at The Fountainside, with its environmentally-conscious design principles."

Apart from the partnership, the heritage development has displayed strong green credentials in other aspects too. The air-conditioning systems in common areas are fitted with environment-friendly refrigerants, and LED lighting is standard throughout the development.

As well, the property features a unique, eco-friendly "green" roof with the MEP Tray Green Roof Module system certified by the United States Green Building Council. It has the combined advantage of reducing electricity consumption and heat transmission.

Inside the residences, bathroom and kitchen are fully fitted to the highest specifications with energy-efficient amenities and appliances from renowned European brands.