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## **Meituan Hits Slump, Tencent and Alibaba Drops, Ukraine Tensions Continues**

Meituan sinks almost 15% while Tencent and Alibaba listed on U.S. 'Notorious Markets' put Hang Seng Index lowest this week. Russian-Ukraine tensions dominates market.

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HONG KONG - Hang Seng Index closed down Friday lowest in the week amidst Russian-Ukraine conflict. Meituan dropped the most for nearly 15%, as Chinese government aimed to cut service fees, while U.S. listed Tencent and Alibaba on its "notorious markets."

Hang Seng Index dropped 465.06 points or 1.88% to 24327.71 points, leaving the worst since last Tuesday. About 82.7 million shares of Meituan, Chinese food delivery service, led the index lower, as investors fear new regulations by mainland China.

The National Development and Reform Commission announced plans to lower fees charged to restaurants on delivery platforms in order to help alleviate pandemic impact, South China Morning Post reported.

As a result, Meituan plummeted HK\$32.8, the most since Jan. 27, which had HK\$15.6 or 6.93% fall. It closed down at HK\$188, lowest in one month and remained with the highest turnovers of the day.

George Au, an analyst from Phillips Securities Group said if there is no further regulation or clarification from mainland China that can worsen the situation, Meituan may rebound.

Other two giant tech companies, Tencent and Alibaba were ranked second and third in turnovers with 24 million and 36 million shares traded respectively.

Both Tencent's WeChat and Alibaba's AliExpress were listed on The Office of the United States Trade Representative's Notorious Markets List of 2021 on Thursday. The official reported them as engaging in facilitating substantial trademark counterfeiting.

Tencent then fell by 1.88% and closed down at HK\$470.00. Alibaba dropped 2.85% to HK\$119.50, higher than Tuesday where it closed down at 118.40 lowest in the week.

Au said he predicted Hang Seng Index would stay between 23500 to 25000 points next week, if these giant tech companies didn't keep declining.

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Meituan, Tencent and Alibaba's losses also put Hang Seng Tech down 182.38 points or 3.22% to 5,479.90. Au said the tech index could hold at this level or rebound next week.

The Hang Seng Properties sub-index rose on Friday, bucking the trend of most other sectors, as it gained 469.34 points or 1.48%. Three best performers in Hang Seng Index all belong to this sector. China Resources Land gained the most with HK\$1.95 or 5.05%, while Country Garden Services, and China Overseas Land and Investment increased HK\$1.45 or 2.89%, and HK\$0.70 or 2.89% respectively.

Meanwhile, Russia-Ukraine tension remained important in the long term. President Joe Biden said Friday that Russian troops had now surrounded Ukraine's borders and were planning to attack in the coming weeks.

The situation continued to dominate Hong Kong stock markets on Friday, according to KGI Securities' Market Roundup.

Au said if the conflict ceased, he expected Hang Seng Index not to drop below 21000 points this year.

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### Reference:

NDRC announce guidelines in cutting Meituan's service fees

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KGI Securities Friday Feb. 18 Market Roundup

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