BUSINESS

THE INFORMER

EVENTS

Tuesday, July 16: Joint chambers breakfast: "Public engagement – A long-term decarbonisation strategy".

Wednesday, July 17: British Chamber of Commerce breakfast: "Built environment design: How to replenish, not deplete".

German Chamber of Commerce evening: "One world, two systems – The future of liberal democracy". Cofco Tower.

Thursday, July 18: British Chamber of Commerce breakfast: "The power of experience-driven retail".

Friday, July 19: British Chamber of Commerce breakfast: "Tech war? Trade war? How will this impact financial markets?"

Monday, July 22: British Chamber of Commerce lunch with MTR Corporation chief executive Jacob Kam.

Thursday, July 25: British Chamber of Commerce breakfast: "CIC today and how you can contribute".

Thursday, August 1: Lion Rock Institute lunch: "Freedom and profit first". Foreign Correspondents' Club.

Friday, August 30: Joint chamber lunch: "Vietnam – The next manufacturing hotspot". Man Yee Building.

RESULTS

July 14 Final: China Baoli Technologies Holdings

July 16 Interim: Vinco Financial Group

July 17 Interim: Vinda International Holdings

July 18 Interim: National United Resources Holdings, Public Financial Holdings
Final: China Evergrande Group
AGM: Ocean One Holding

July 19 Interim: Greenway Mining Group

July 22 Interim: Royale Furniture Holdings

July 24 Interim: Citic Dameng Holdings, ASM Pacific Technology
AGM: Link Real Estate Investment Trust

July 25 Final: WLS Holdings
AGM: Dickson Concepts (International)

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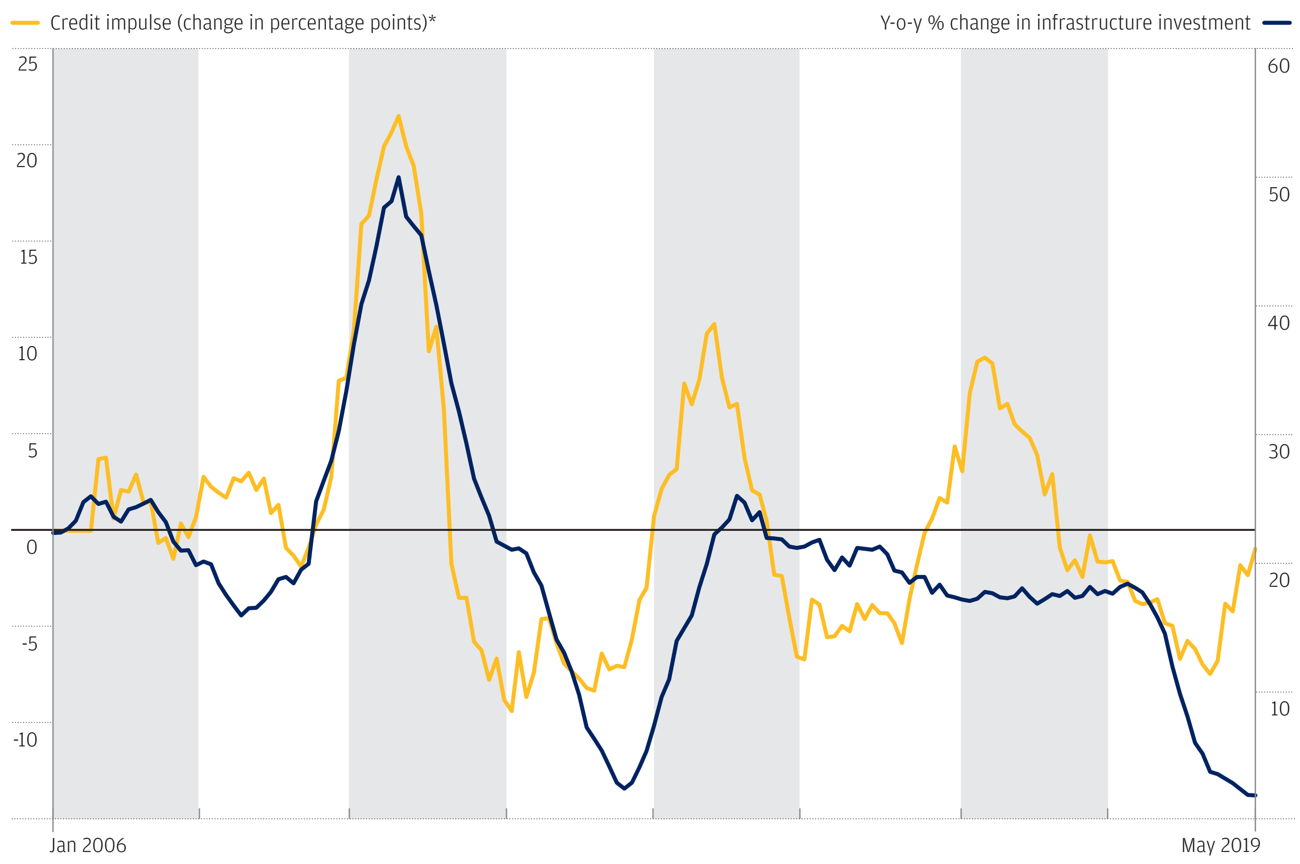
Chart of the day: Gloomy outlook

The mainland's credit impulse vs investment growth



Sources: Bloomberg, ANZ *The 12-month change in total social financing as a % of GDP expressed in percentage points SCMP

The gloom hanging over the mainland economy is unlikely to go away soon because of challenges on both domestic and external fronts. The outlook for the industrial sector is overcast, with the value added of industry growing at a record-low rate of 5 per cent in May. And the bad news is there are no imminent signs of any positive catalysts. Meanwhile, fixed-asset investment has slowed to a rise of 5.6 per cent for the year to date. The weak investment data has come even after solid loan growth over the past few months. To stabilise economic growth, ANZ believes the People's Bank of China will maintain an accommodative bias for the rest of the year. The central bank is likely to trim the seven-day reverse repurchase rate by five basis points and shave 100 basis points from the reserve requirement ratio, ANZ says in a recent research report.

EMPLOYMENT

TOUGH TIMES FOR HK'S JOBLESS EXPAT BANKERS

Cost-cutting and demand for Mandarin speakers is changing the labour market, and laid-off executives struggle to find work at the same level

Bloomberg

For years, Hong Kong was a hotspot with plum jobs for overseas bankers as global firms hired aggressively. But many recently laid-off bankers are finding that cost-cutting and a demand for Mandarin speakers have diminished the opportunities for expats in Asia's financial hub.

After Deutsche Bank announced plans for wide-ranging cuts this week, many employees worldwide are facing the challenge of job-hunting in a shrinking market. For foreign staff losing positions in Hong Kong, it could be harder than most.

Other international firms such as Nomura Holdings have also cut jobs in Hong Kong. At the same time, the city's famously expensive living costs, including some of the world's highest rents, mean that even senior bankers need to find new jobs fast to stay.

Expat bankers who lost their jobs and want to remain often have to consider lower-paying options or demotions. Some with longer-running ties to the city are looking at switching careers, weighing everything from consulting to cryptocurrency.

During the global financial crisis of 2008, Asian banks and local mainland firms hired those who had been laid off by foreign players, said Will Glover, Hong Kong-based managing director for recruitment firm Macdonald & Co. That was less likely this year, and some of those taking on new jobs might have to take pay cuts, he said.

"You get that volume of people anywhere into a market at one time and inevitably a lot of people will leave the market altogether," Glover said. "There will not be enough opportunities to absorb all that supply."

While global banks are ramping up their focus on China, more of them are looking for people with language skills and networks on the mainland.

A senior banker in Hong Kong who is in his 50s and was laid off from a European investment bank earlier this year said he would like to stay in the city, where his children go to school.

But he expected it to be hard to find a top job because banks were moving people internally or hiring more people locally.

One European banker laid off from a top Asian bank said he was now pondering working in a start-up or even moving after 20 years.

Deutsche Bank's website until Wednesday said it had more than 1,200 people in Hong Kong. That statistic has since been removed. The bank had cut about half of its

> There will not be enough opportunities to absorb all that supply
>
> WILL GLOVER, MACDONALD & CO

equities staff in Asia and plan to reduce the group by anothe per cent within a month, a per familiar with the matter s earlier this month. Deutsche B did not comment on the size o lay-offs in Hong Kong.

One former Deutsche B employee, Su Zhu, who worke the firm in Hong Kong until 2 and now runs a Singapore fore exchange and cryptocurre fund called Three Arrows Cap said that over the past year m bankers had gone into cryptocurrency industry.

Foreign banks can n choose from a widening poo young professionals raised Hong Kong, who speak mult languages, know Chinese cult have trained overseas and do require expensive relocat packages. That makes it harde foreign bankers currently in city, as well as junior professio attempting to move fr overseas, to find new position Hong Kong.

Expatriate executives in H Kong earn US$276,417 a year on average, including benefits, according to a May report by consultancy ECA International, which analysed salaries from financial and non-financial firms.

MARKETS

Central China Securities slips on product default risks

Zhang Shidong in Shanghai
shidong.zhang@scmp.com

Shares of Central China Securities tumbled in Shanghai and Hong Kong after the brokerage said two of its asset management products worth 241.5 million yuan (HK$274.6 million) might default on payments to investors.

The stock slumped 9.8 per cent to 5.22 yuan at the close yesterday in Shanghai, capping its biggest decline since May 6. The shares lost 4 per cent to HK$1.70 in Hong Kong.

The two asset management products were backed by Minxing Pharmaceutical, a drug maker in Fujian, according to the *National Business Daily*.

In an exchange filing, Central China Securities said it had spotted the risk the fundraiser might default on payments, and then obtained evidence of falsified documents provided by the fundraiser.

The firm had already reported the case to the police, it said, without providing details.

"The company will actively assume the responsibility of the manager of the products and take a variety of measures to urge the fundraisers to make the repayment as soon as possible," Central China Securities said.

The case follows a series of recent fraud cases that have rattled mainland capital markets.

Noah Holdings, the US-listed mainland wealth manager, said this week a 3.4 billion yuan product was in danger of default, accusing Camsing International Holdings of falsifying contracts. Camsing's chairwoman has been detained by police in Shanghai.

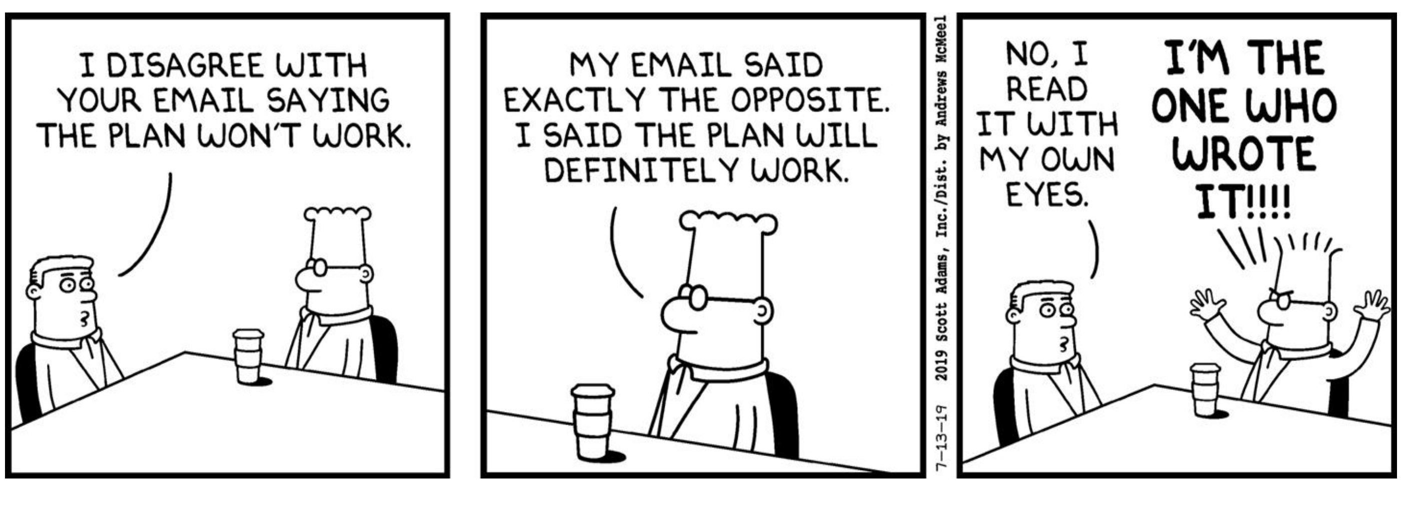
The American depositary receipts of Noah have tumbled 26 per cent in New York this week.

Two publicly traded firms, Kangmei Pharmaceutical and Kangde Xin Composite Material Group, were both found to have inflated earnings this year.

Central China Securities was ranked 70th among the nation's 98 brokerages in terms of net income last year, according to the Securities Association of China.

The brokerage's shares have risen 23 per cent in Shanghai this year, beating an 18 per cent gain on the Shanghai Composite Index, on expectations that the sector will benefit from increasing trade volumes and the launch of a new board to host home-grown technology companies.

DILBERT



COMMENTARY

How a firm with 180 years of history thrives in digital age

Procter & Gamble uses brand recognition and direct-to-consumer strategy to clean up with Tide

Howard Yu

Strategy is clear only with hindsight. A recent report by consultancy BCG documented a general decline in sales among consumer packaged goods companies in the United States in 2017, with mid-sized and large players losing market share and small firms increasing theirs.

Consultancy Catalina also revealed 90 of the 100 top brands had lost market share. Small players – those with sales of less than US$1 billion – grabbed about US$15 billion in sales from their larger peers between 2012 and 2017.

The reason is clear. Shoppers now make more purchases online, taking fewer trips to stores and seeing fewer in-store promotions. A trendy razor club with a hip logo, Harry's, attracts more Instagram followers and product subscriptions through its website than a fully stocked Gillette aisle in a supermarket ever could.

Harry's website reaches millions and has been growing 35 per cent year on year between 2014 to 2016, three times faster than the industry average, commanding 9 per cent of all online razor sales.

The implication for Gillette, or rather its owner, Procter & Gamble, is not to work more intensively with Amazon or Alibaba Group (which owns the *Post*), but to develop its capacity to respond to consumer desires and deliver a curated offering, coaching new purchase behaviours, and automate these operations quickly.

But how can big brands like P&G get started without competing directly against Amazon or Alibaba, launching into a conventional e-commerce battle that big brands can never win?

In February, P&G's Tide, the highest-selling detergent brand in the world, announced it was doubling the size of its laundry store business, aiming to have more than 2,000 cleaning stores by the end of 2020 across the US.

The airy, bright and colourful laundry stores offer features such as a 24-hour drop-off and pickup kiosk, a two-lane car-side valet service and free same-day service for drop-offs by 9am.

Laundry is one of the most hated household chores, only surpassed by toilet cleaning and doing the dishes. But the nice interiors and polite staff at Tide Cleaners are not the point. The point for P&G is that the service is tied to its Tide Cleaners app, where consumers submit cleaning instructions and their drop-box number and are notified when their washing is ready.

To access the pickup kiosk, for instance, customers register for the cleaner's rewards programme by entering their email address and credit card information. When their order is ready, customers receive an email alert and can pick up their garments by inputting their four-digit PIN or scanning a QR code from their smartphone.

P&G used to know nothing about who was buying Tide from local grocers and supermarkets, but now they know exactly who is using Tide Cleaners as well as how and when they use it.

> Tide commands … instant recognition and a likeability score higher than Starbucks

Strategy, in the end, is about leveraging one's unique assets to deliver a competitive punch in the marketplace. Whereas P&G has no edge to compete against Amazon for an e-commerce website, the Tide brand still commands the advantage of instant recognition and a likeability score higher than Starbucks. Taking a traditional product into a direct consumer business would, for the first time, allow P&G to play a different game.

No consultant could convince a sceptical management team to undertake such seemingly "unrelated diversification". But for the 180-year-old P&G to prosper for another century, it must take some bold steps to break away from its past.

Howard Yu is the author of LEAP: How to Thrive in a World Where Everything Can Be Copied *and LEGO professor of management and innovation at the IMD Business School in Switzerland*

Connect Watch

Shanghai-Hong Kong Stock Connect

Northbound trading

Turnover (m yuan)	Buy	Sell	Total
	7,893.4	7,118.2	15,011.6

Top 5 most actively traded stocks (m yuan)

Rank	Stock	Buy	Sell
1	Kweichow Moutai	335.2	500.4
2	Ping An Insurance	297.5	416.5
3	China Merchants Bank	418.4	219.9
4	China Pacific Insurance	200.5	158.2
5	Longi Green Energy Technology	265	65.9

Southbound trading

Turnover (HK$m)	Buy	Sell	Total
	2,130.3	1,871.7	4,002

Top 5 most actively traded stocks (HK$m)

Rank	Stock	Buy	Sell
1	Tencent	178.3	113.9
2	Sunac	94.8	110.1
3	China Pacific Insurance	152.3	38.5
4	Future Land	73.1	90.4
5	CSPC Pharmaceutical	8.7	119.4

Shenzhen-Hong Kong Stock Connect

Northbound trading

Turnover (m yuan)	Buy	Sell	Total
	8,124.7	7,440.6	15,565.2

Top 5 most actively traded stocks (m yuan)

Rank	Stock	Buy	Sell
1	Wuliangye Yibin	519.9	497.1
2	Ping An Bank	387.5	309.7
3	Gree Electric Appliances	251.5	427.1
4	Wens Foodstuff Group	330.2	72.4
5	Midea Group	164.9	216

Southbound trading

Turnover (HK$m)	Buy	Sell	Total
	1,779.2	929.3	2,708.5

Top 5 most actively traded stocks (HK$m)

Rank	Stock	Buy	Sell
1	China Pacific Insurance	171.9	3.6
2	Tencent	59.8	59.4
3	Future Land	31.7	67.8
4	China Life Insurance	68.9	3.8
5	Camsing International	38.1	29.7

Source: HKEX SCMP