



Metaverse crackdown: Naspers and Prosus slump as Tencent leads China tech selloff

Jeanny Yu

475 words

21 February 2022

News24 online

NWSFT

English

© 2022, News24 online, All rights Reserved - Provided by SyndiGate Media Inc.

VCG via Getty Images

Chinese technology shares slumped for a second session on Monday - on course for their worst two-day drop since July - thanks to renewed fears Beijing may roll out more restrictions for private enterprise.

The country's banking watchdog issued a [warning](#) Friday against illegal fund-raising schemes regarding the metaverse concept and an industry association [vowed](#) on Monday to resist speculative trades in the sector. Neither mentioned any company names. Tencent - China's [pioneer](#) in metaverse development - fell as much as 6.3%. Alibaba Group Holding Ltd. dropped as much as 4.3%.

Naspers and its subsidiary Prosus, which owns nearly 29% of Tencent, were down around 4% in morning trading on the JSE.

Hong Kong's Hang Seng Tech Index, which tracks the biggest Chinese tech firms, was on track to lose over 6% over the two sessions.

The decline started Friday when delivery giant Meituan plunged as much as 18% after Beijing rolled out a new policy to curb delivery platform's service fees.

"There is concern about new regulatory reforms," said Justin Tang, head of Asian research at United First Partners.

"Prior to Meituan, there was a sense of 'this is it in relation to reforms'. Investors are now thinking that there could be more to come."

China Banking and Insurance Regulatory Commission warned on Friday against fund-raising and investment products related to the metaverse concept, citing the speculative nature of such investments.

The metaverse industry body said on Monday that the sector should be developed to serve the real economy.

Tencent shares have lost 40% since a peak in January last year.

The gaming giant, along with peers such as Alibaba and Meituan, were caught in Beijing's crosshairs as China cracked down on monopolistic behaviors and tightened its grip on user data. The yearlong clampdown has wiped out more than \$1.5 trillion in market value from the nation's tech sector.

"The market is very fearful that more crackdown will come and that could leave technology companies very little room to turn around their businesses," said Castor Pang, head of research at Core Pacific-Yamaichi.

"The metaverse fears shows that the market is worried that tech firms may not be able to grow a new business rapidly, like how they did in the past in China. That's really dampening the already fragile sentiment."

Investors will find out how far-reaching China's continued clampdown has been on the profitability of some of the biggest tech firms in the coming weeks as they release earnings. Alibaba will report on Thursday.

"Nerves are on edge this week as Alibaba reports earnings -- in the midst of war, additional Hong Kong curbs and regulatory oversight," said Wai Ho Leong, strategist at Modular Asset Management.

BDPage1

ONLINE GAMING - Naspers, Prosus crash as China hits pause

Karl Gernetzky With Mudiwa Gavaza

483 words

10 September 2021

Business Day

MEWBUD

Business Day

1

English

© Copyright 2021 Arena Holdings (Pty) Ltd

ONLINE GAMINGNaspers, Prosus crash as China hits pause

Karl GernetzkyMarkets WriterProsus, which houses Naspers's global internet business, including a nearly one-third stake in Tencent, had its worst day in more than a month on Thursday after reports that Chinese regulators are stepping up efforts to limit online gaming.

The South China Morning Post, citing unidentified people, reported that regulators told Chinese tech firms that approval of new games is to be suspended. This was during a meeting at which their focus on profit was questioned.

Naspers slumped as much as 8.3% and Prosus 7.5%.

Since August 3, when markets reacted to Chinese state media describing gaming as "spiritual opium", the Naspers stable has had about R300bn of its value wiped out, almost equal to the market cap of SA's most valuable bank, FirstRand.

Vestact CEO and founder Paul Theron said it was "another painful day" for shareholders. "There is not much that Naspers /Prosus shareholders can do other than hold on grimly and hope the communists in Beijing calm down at some point."

The news is the latest blow for Tencent, which gets about 31% of its revenue from gaming and was also hit in 2018 when authorities demanded action in tackling nearsightedness.

In July, the competition authorities ordered Tencent to stop exclusive music licensing deals and levied a small fine after similar action against other firms.

Prosus was down 6.3% to R1,240.72 by the close of trade, and Naspers 7.82% to R2,429.36. Tencent closed 8.48% lower in Hong Kong; it has gained 1% since August 3 but has lost 10% since being ordered to give up exclusive licensing rights.

Since July 23, R566bn of Naspers and Prosus has been wiped out, the combined worth of FirstRand and Standard Bank.

Chinese authorities reportedly summoned Tencent and peer NetEase to discuss their focus on profits, amid efforts to limit the amount of time children spend playing video games. Chinese firms also face regulatory moves in areas such as social media, online finance and commerce, including antimonopoly and antipollution measures.

China has characterised the moves as a necessary step in its push for a development philosophy that is people-centred, which Chinese Communist Party general secretary Xi Jinping has emphasised.

China's ambassador to SA, Chen Xiaodong, wrote in a Business Day article that the measures are meant to curb the monopolistic power of large tech players, in line with similar action in the US, Europe and SA.

Oanda senior market analyst Jeffrey Halley said in a note the regulatory developments generally dampened spirits for Asian trade on Thursday. "I continue to believe that buying the dip in China equities is only for the wildly optimistic or the very nimble." With Mudiwa Gavaza

gernetzkyk@businesslive.co.za

Document MEWBUD0020210910eh9a0000w

Business

Naspers, Prosus shares slide over gaming rules plans

Edward West edward.west@inl.co.za

410 words

10 September 2021

Pretoria News

PRETNW

PN

English

© 2021 Independent Newspapers (Pty) Ltd

Naspers and Europe-based subsidiary Prosus saw their share prices plummet yesterday following reports that China's government was stepping up efforts once again to limit online gaming.

Naspers' share price retreated by 7.65 percent to close at R2 433.99 on the JSE yesterday, while Prosus, which holds almost a 30 percent stake in China internet gaming giant Tencent, dropped 6.3 percent to end trading at R1 240.72 in Johannesburg.

The South China Morning Post (SCMP) reported online yesterday that China's officials had temporarily "slowed down" all approvals of new online games for an unspecified amount of time, in what was seen as the latest crackdown by the Beijing government on what it viewed as an epidemic of video game addiction.

The SCMP cited sources who said the slowdown in approvals was announced at a meeting between government officials and gamemakers this week.

Chinese regulators had apparently summoned industry executives to a Wednesday meeting to instruct them to break their "solitary focus" on profit, and prevent minors from becoming addicted to games, Tech Central reported online, citing China's official Xinhua News Agency.

This followed another crackdown just over a week ago, when officials cut gaming playing time down to a 3-hour per week limit for under-age gamers, among other measures.

This had represented the China government's strictest crackdown yet over entertainment for youths, and had represented a blow to the world's largest mobile gaming arena.

The new rules follow other broad and tightening measures by Beijing on China's tech giants, such as Alibaba Group and Tencent Holdings, such as for instance the barring of online education for profit in China, and investors have in recent months become unnerved, forcing Chinese shares lower.

In 2018 there was a 10-month freeze on game monetisation licences, also intended then to combat addiction and myopia among children, which had caused Tencent's first profit drop in at least a decade and helped wipe about \$200 billion off its market capitalisation at one point.

Analysts, according to previous media reports, have become concerned that while the tightening of controls over gaming was initially viewed by many as a paternalistic gesture by the Chinese government, it has instead begun to resemble the beginnings of a broader, and wider tightening of controls over China's burgeoning tech sector.

Document PRETNW0020210909eh9a00016

BUZZ-Tencent's top shareholder **Prosus** drops amid fears of rising **gaming** regulatory risk in China

219 words

3 August 2021

13:46

Reuters News

LBA

English

Copyright 2021 Thomson Reuters. All Rights Reserved.

(Adds analyst comment, updates shares)

** Shares in Amsterdam-listed tech investment firm Prosus fall 5.3% following the drop in Tencent shares, in which it holds a stake

** Chinese state media outlet branded online video games "spiritual opium", repeatedly citing Tencent's flagship "Honor of Kings"

** "We believe that the risk of a restrictive regulation also on gaming ... is now more concrete and this could imply both a restriction in the number of new titles allowed ... and, in the worst case, the total or partial prohibition of monetization through in-game items," Equita analyst Gianmarco Bonacina wrote

** He cut Prosus PT by 34.7% to 77 euros, while estimating gaming business accounts for about 40% of Tencent revenue and 50% of profits

** Prosus holds close to 29% of China's biggest social media and video games firm, according to Refinitiv data

** Tencent shares dropped 6.6% at 0754 GMT to 443.8 Hong Kong dollars, cutting the value of Prosus stake by about 60 billion Hong Kong dollars (\$7.72 billion) from Monday's close

** Prosus sits at the bottom of Amsterdam's blue-chip index (\$1 = 7.7762 Hong Kong dollars) (Reporting by Piotr Lipinski)

Released: 2021-8-3T09:16:31.000Z

Document LBA0000020210803eh8301lk9

Search Summary

Text	(hd=Prosus) and wc>100 and hd=(virtual real estate or virtual properties or digital real estate or digital real assets or digital properties or metaverse properties or digital plots or virtual plots or virtual land or virtual reality platform or manufacturing simulation or virtual simulation or digital twins or virtual manufacturing or immersive learning or mixed-reality learning or metaverse learning or VR learning or AR learning or VR training or virtual recruitment or 3d training or training metaverse or virtual retail or virtual shopping or virtual clienteling or omnichannel shopping or humanising digital retail or immersive virtual stores or 3d virtual store or metaverse shopping or virtual clothing or virtual goods or gaming or digital avatar or digital character or virtual game or 3D avatars or virtual reality or interoperable VR space or digital financial ecosystems or metaverse wallets or robo advisory or virtual financial data or digital bank branches or digital touchpoint or blockchain wallets or digital wallets or digital wedding or virtual wedding or virtual event or virtual concert or virtual theme park or virtual classroom or virtual learning or virtual school or immersive learning or metaverse)
Date	In the last year
Source	All Sources
Author	All Authors
Company	All Companies
Subject	All Subjects
Industry	All Industries

Region	All Regions
Language	English
Results Found	7
Timestamp	21 February 2022 20:03