

China telecom firms slide after New York delisting as oil giants fret

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Shares in China's big three state-owned telecom companies slid in Hong Kong after the New York Stock Exchange announced their delisting

Shares in China's big three state-owned telecom companies slid in Hong Kong Monday during the first day of trading since the New York Stock

Exchange announced it was delisting the firms.

Friday's move by the NYSE seeks to comply with an order by outgoing US President Donald Trump barring investment in firms with ties to the Chinese military.

As trading began in Hong Kong, China Mobile Communications, China Telecommunications Corp and China Unicom (Hong Kong) Limited all dipped more than three percent.

Shares in China's state-owned oil giants were also down on fears they could be the next to be delisted in the United States.

CNOOC Ltd was trading down 3.06 percent while PetroChina dipped more than two percent.

The delisting comes as relations between the world's two biggest economies spiral downwards over sore points ranging from trade and the coronavirus to Hong Kong and the mass incarceration of Muslim minorities in Xinjiang.

In November, Trump signed an executive order banning Americans from investing in Chinese companies deemed to be supplying or supporting Beijing's military and security apparatus, earning a sharp rebuke from China.

China's telecom giants are thinly traded in the US and make the vast majority of profits at home, meaning the delisting was little more than symbolic.

Citigroup said the expulsion from New York might encourage "short term selling pressure" but would have little long term impact.

"Chinese telcos' operations are mainly domestic focused and their sound fundamentals along with recovery trends and positive cash flows will not be affected by the delisting," the bank wrote in a research report, according to Bloomberg News.

Trump's order listed 31 companies it said China was using for the "increasing exploitation" of US investment capital to fund military and [intelligence services](#), including the development and deployment of weapons of mass destruction.

National Security Advisor Robert O'Brien said at the time that the order would prevent Americans from unknowingly providing passive capital to Chinese companies—listed on exchanges around the world—that support the improvement of Beijing's army and spy agencies.

China has criticised the move and threatened countermeasures.

The plunge in US-China ties has generated mixed fortunes for Hong Kong's stock exchange, the fourth-largest in the world.

The bourse finished 2020 with its worst performance in two decades as the city remains mired in a deep recession.

But the year also witnessed a bumper crop of IPOs as Chinese firms chose to list closer to home because of the rising geopolitical tensions.

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