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Stock Spotlight

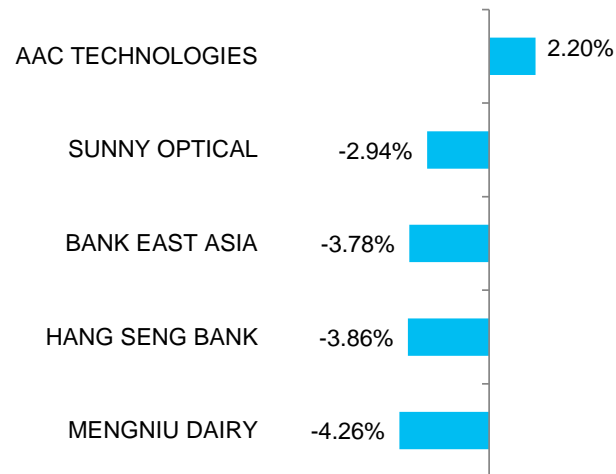
Feb 12, 2018



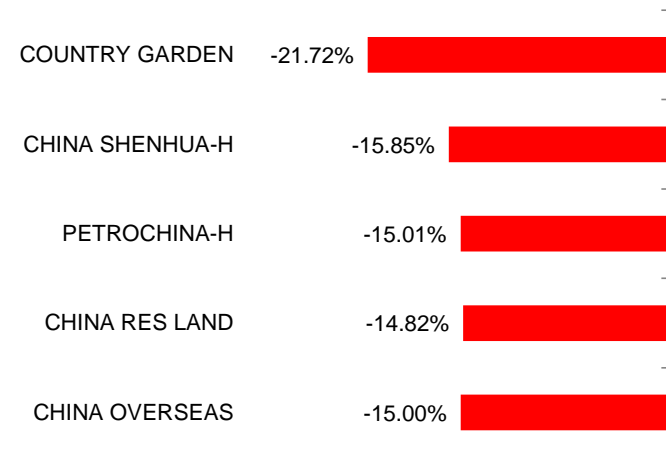
HSI fell last week

Chart: Weekly HSI Top 5 & Bottom 5 Performers

Top 5 performers



Bottom 5 Performers



Source: Bloomberg L.P., as of Feb 9, 2018

❖ The Hang Seng Index fell last week.

- ▶ Hang Seng Index tumbled 9.5% last week, as tumult on Wall Street rippled across Asia.
- ▶ China property stocks, which outperformed the market since last year, fell the most during last week's sell-off.
- ▶ Country Garden was down 21.7%, which China Resources Land and China Overseas fell 15%.

- ❖ 6 Red-chips and 4 P-chips will be included to the HSCEI, effective 5 Mar, 2018. After the change, the total no. of constituents will increase to 50 (from 40).
- ❖ Currently, the HSCEI is largely dominated by financials and energy, with the two sectors accounting for 85% of the index weight.
- ❖ After the change, the Financials sector will see the biggest weight reduction, while I.T. and Telecom will have the largest weight increase.
- ❖ We see the index enhancement a positive step in broadening the index coverage, which could improve its popularity and attract more funds tracking or benchmarking the index.
- ❖ With more private and ‘new economy’ companies to be added to the index, we expect the index to gradually close the valuation gap with other major indexes such as the HSI and MSCI China.

Ticker	Name	Type
Red-chips and P-chips to be added		
0700.HK	Tencent	P Chip
0941.HK	China Mobile	Red Chip
0883.HK	CNOOC	Red Chip
0267.HK	CITIC	Red Chip
1109.HK	China Res Land	Red Chip
0384.HK	China Gas Hld	Red Chip
2313.HK	Shenzhou Intl	P Chip
1093.HK	CSPC Pharma	P Chip
1044.HK	Hengan	P Chip
0270.HK	Guangdong Inv	Red Chip
H-share to be added		
6060.HK	ZhongAn Online	H Share
H-share to be removed		
1186.HK	CN Rail Const	H Share

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