

## Hong Kong Strategy

### HSI 3Q Rebalance Preview: Another Consumer Stock?

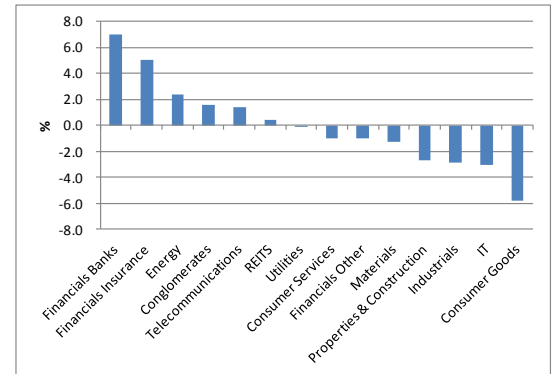
Hang Seng Indexes Co will announce the results of its 3Q18 review of the Hang Seng Family of Indexes on 9 Nov 2018 (Friday). History suggests the inclusion candidates, on average, delivered positive returns during the 5-6 days in the lead-up to the announcement, with more dramatic price movements one day post the announcement. While it is possible that Hang Seng Indexes may not make any changes this round, we identify four stocks that have higher chances for inclusions and removals should there be changes: IN – Anta Sports Products, China Gas; OUT – Sino Land, China Resources Power.

**Anta Sports Products / China Gas and Sino Land / China Resources Power are potential inclusions and removals for the 3Q18 review.** The consumer goods sector has the largest under-representation in the HSI, while banks and insurance counters have the largest over-representation. Although three stocks in the consumer goods sector have already been selected for inclusion in the past two reviews, we believe consumer goods stock Anta Sports Products is a top potential candidate for inclusion this round. Sino Land could be a potential candidate for removal, with the reason being low turnover, similar to Bank of East Asia in the last review. Should the announcement involve more changes, China Gas and China Resources Power, both in the utilities sector, could be an addition and a removal.

**Passive ETF funds flow implication appears to be minimal.** According to HKEx Market ETF data as of 15 Oct 2018, Hong Kong's listed ETFs tracking the HSI (with physical shares as underlying), including Tracker Fund of Hong Kong, accounted for HKD126.7bn. Should the change happen, and based on the estimated free float adjusted weightings and past three months' average daily trading value, we estimate passive ETFs would be able to complete the purchases of the above potential inclusion candidates in just 2-3 days, and complete the sell-off of potential removal candidates in 4-9 days.

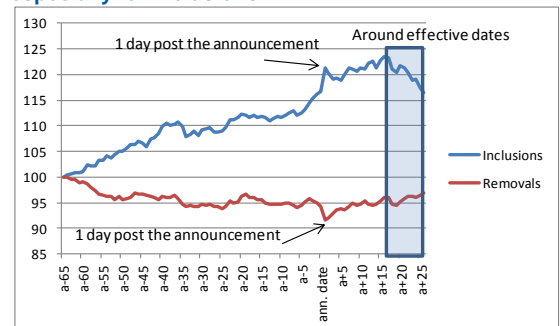
**As suggested by history, identifying the right inclusion candidates in advance may provide short-term trading opportunities.** Share prices for inclusions and removals, on average, reacted the most a day after the announcement. The inclusion stocks, on average, also experienced share price runs during the 5-6 trading days in the lead-up to the announcement. However, their share price strength faded when approaching the effective date, which is usually a month after the announcement. The removal candidates, in general, saw share prices rebound after hitting their lows post the announcements. For this round of changes, if any, the effective date is likely to be 10 Dec 2018.

Consumer goods sector has the largest under-representation in HSI



Note: Prices are as at 16 Oct 2018  
Source: Bloomberg, RHB

In past reviews since 2013, index announcements had short-term impact on share price movements, especially for inclusions



Source: Hang Seng Indexes, Bloomberg, RHB

#### Potential candidates for inclusion and removal

Ticker	Name	RHB rec.	TP HKD	Price HKD	FY1 P/E	FY1 P/BV	FY1 DY (%)
2020 HK	Anta Sports Products 安踏體育	NR	-	33.30	22.4	5.7	3.2
384 HK	China Gas 中國燃氣	NR	-	24.00	15.5	3.5	1.9
83 HK	Sino Land 信和置業	NR	-	12.66	16.2	0.6	4.2
836 HK	China Resources Power 華潤電力	NR	-	13.04	9.1	0.8	6.7

Note: Prices are as of 22 Oct 2018, Source: Bloomberg

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## Identifying Potential Inclusions And Removals

### To change or not to change? Not that we can guess

According to the past 23 quarterly reviews since 2013, there were 11 quarters with no changes. Of the 12 quarterly reviews with changes, there were two changes each in 2013, 2014, 2016 and none in 2015 (except for the change related to M&A). However, since 3Q17, there have been inclusions and removals announced in every quarterly review. While there is a possibility that Hang Seng Indexes would announce no changes in the upcoming review, we have attempted to assess some potential candidates for inclusions and removals should changes occur.

Figure 1: HSI inclusions and removals since 2013

Announcement date	Inclusion	Sector (HSICS)	Removal	Sector (HSICS)
10/8/2018	SINO BIOPHARM 中國生物製藥	Consumer Goods	BANK EAST ASIA 東亞銀行	Financials Banks
	SHENZHOU INTL GP 申洲國際	Consumer Goods	CHINA MERCHANTS 招商局港口	Industrials
4/5/2018	CSPC PHARMACEUTI 石藥集團	Consumer Goods	LENOVO GROUP 聯想集團	IT
6/2/2018	WHARF REAL ESTAT 九龍倉置業	Properties & Construction	WHARF HLDG 九龍倉集團	Properties & Construction
10/11/2017	COUNTRY GARDEN 碧桂園	Properties & Construction	KUNLUN ENERGY 昆侖能源	Energy
	SUNNY OPTICAL 舜宇光學科技	Industrials	CATHAY PAC AIR 國泰航空	Consumer Services
16/8/2017	WH GROUP LTD 萬洲國際	Consumer Goods	no change	
19/5/2017	no change		no change	
10/2/2017	GEELY AUTOMOBILE 吉利汽車	Consumer Goods	LI & FUNG LTD 利豐	Consumer Goods
11/11/2016	no change		no change	
12/8/2016	AAC TECHNOLOGIES 瑞聲科技	IT	TINGYI 康師傅控股	Consumer Goods
13/5/2016	no change		no change	
25/2/2016	CKI HOLDINGS 長江基建集團	Utilities	CHINA RESOURCES 華潤啤酒	Consumer Goods
13/11/2015	no change		no change	
14/8/2015	no change		no change	
15/5/2015	no change		no change	
13/2/2015	no change		no change	
7/11/2014	LINK REIT 領展房產基金	REITS	COSCO SHIPPING P 中遠海運港口	Industrials
15/8/2014	no change		no change	
16/5/2014	no change		no change	
12/2/2014	MENGNU DAIRY 蒙牛乳業	Consumer Goods	CHINA COAL ENE-H 中煤能源	Energy
8/11/2013	no change		no change	
9/8/2013	no change		no change	
10/5/2013	GALAXY ENTERTAIN 銀河娛樂	Consumer Services	ESPRIT HLDGS 思捷環球	Consumer Goods
6/2/2013	LENOVO GROUP 聯想集團	IT	ALUMINUM CORP-H 中國鋁業	Materials

Source: HKEX, Hang Seng Indexes, RHB

### Principles for assessment

According to Hang Seng Indexes, the principles that are applied in assessing potential constituents include:

- Market Value (MV) and turnover rank of securities – please refer to Appendix A for details on the HSI Constituent Eligibility;
- Representation of the relevant sub-sector within HSI directly reflecting the market;
- Financial performance.

While both MV and turnover requirements have more specific methodology details that are revealed by Hang Seng Indexes, the sector representation and financial performances guidelines offer less direction. We believe it allows for some subjective interpretation by the HSI Advisory Committee that makes the final selection.

If we look at the overall sector weighting defined by Hang Seng Industry Classification System (HSICS), the HS Finance sector has the largest over-representation in HSI (11% above the overall market's weightings) while the HS Consumer Goods, IT and Industrial sectors have the largest under-representation (with 5.8%, 3.1% and 2.9% below the overall market's weightings).

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Figure 2: HSI's sector weightings vs overall market

HSI sub index and HSICS	HSI	Overall market	% weighting HSI above overall market
<b>Finance</b>	<b>47.3</b>	<b>36.3</b>	<b>11.0</b>
Financials Banks	29.3	22.3	7.0
Financials Insurance	15.2	10.2	5.0
Financials Other	2.8	3.9	-1.0
<b>Properties and REITs</b>	<b>10.4</b>	<b>12.6</b>	<b>-2.2</b>
Properties & Construction	8.6	11.3	-2.7
REITs	1.8	1.4	0.4
<b>Utilities</b>	<b>5.2</b>	<b>5.3</b>	<b>-0.1</b>
Utilities	5.2	5.3	-0.1
<b>Commerce and Industry</b>	<b>37.1</b>	<b>45.8</b>	<b>-8.7</b>
Consumer Goods	5.2	11.0	-5.8
IT	10.6	13.6	-3.1
Industrials	0.7	3.6	-2.9
Materials	0.0	1.3	-1.3
Consumer Services	2.9	3.9	-1.0
Telecommunications	6.3	4.9	1.4
Conglomerates	3.9	2.3	1.5
Energy	7.5	5.1	2.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

Note: 10% cap on individual securities is applied to the weighting calculation of both HSI and overall market. Sector weightings for the overall market are RHB estimates.

Note 2: Prices are as of 16 Oct 2018.

Source: HKEX, Hang Seng Indexes, Bloomberg, RHB

While some companies rank high in terms of MV as well as turnover requirements, we believe they failed to be selected due to factors such as the following:

- i. Being in a sector that is overly represented (eg China Merchant Banks, Fosun International, and Agricultural Bank of China);
- ii. Having high shareholding concentration with more than 70% held by a single shareholder (eg China Evergrande and Wynn Macau).

Some Chinese property counters (eg Sunac China) failed to be included in the last two rounds of the review after Country Garden's inclusion in 4Q last year when sentiment over Chinese property stocks was better. We believe the decision would be the same in this coming review. Although we see room for higher HSI representation in the properties and construction industry, the rate-sensitive sectors are already overly represented if we include the finance sector.

### Potential inclusions – 1<sup>st</sup> Anta Sports Products, 2<sup>nd</sup> China Gas

In conclusion, should we see a change in the upcoming quarterly review, Anta Sports Products in the consumer goods sector appears to have the highest chance for inclusion as we believe it is in a sector that has substantial under-representation, and with relatively high trading turnover among the shortlisted candidates we identified, in our view.

Should there be more than one inclusion to be announced, we believe China Gas in the utilities sector may be a second choice. In the previous round of changes, while China Gas had a larger market cap (measured on a 12-month average basis), its turnover (average daily turnover measured in 3Q and 2Q) was lower than the two selected companies – Shenzhou and Sino Biopharm. This time, China Gas has the same issue with Anta Sports Products.

Interestingly, the next in line for potential inclusions are all from the consumer goods sector – China Resources Beer, Techtronic Industries, Sun Art Retail and Tingyi. China Resources Beer stands out among the four of them in terms of MV and turnover. However, we do not believe it will re-enter the HSI so soon given that it was removed from the HSI in 2016.

### Potential removals – 1<sup>st</sup> Sino Land, 2<sup>nd</sup> China Resources Power

With Bank of East Asia failing the turnover requirement for several quarters and finally being removed from the index in the last review, we believe Sino Land could be the next removal candidate for the same reason.

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Sino Land had the lowest daily trading value of c.HKD54m in 3Q, and the lowest average daily trading value in nearly all the past eight quarters among existing HSI constituents.

While Hang Seng Indexes may consider the removal of the smallest constituent, we believe China Shenhua generated very high turnover (ADTV of HKD363m in 3Q) and is likely to stay. Therefore, we believe China Resources Power, with the second-lowest market cap, may have a higher chance of being removed instead if Hang Seng Indexes decides to include China Gas.

Figure 3: Some shortlisted candidates for our consideration

HSICS		12mth avg mkt cap HK\$b	2018-Q3 ADTV HK\$m	2018-Q2 ADTV HK\$m	2018-Q1 ADTV HK\$m	Turnover score	
<b>Shortlisted candidates for inclusions</b>							
2020 HK Equity	ANTA SPORTS PROD 安踏體育	Consumer Goods	105.97	328	168	160	12.00
384 HK Equity	CHINA GAS HOLDIN 中國燃氣	Utilities	131.34	217	140	165	12.00
291 HK Equity	CHINA RES BEER 華潤啤酒	Consumer Goods	101.66	261	158	221	12.00
669 HK Equity	TECHTRONIC IND 創科實業	Consumer Goods	86.76	195	149	206	12.00
6808 HK Equity	SUN ART RETAIL 高鑫零售	Consumer Goods	88.67	115	103	139	12.00
322 HK Equity	TINGYI 康師傅控股	Consumer Goods	87.02	129	106	137	12.00
<b>Shortlisted candidates for removals</b>							
83 HK Equity	SINO LAND 信和置業	Properties & Construction	88.0	54	60	77	4.00
836 HK Equity	CHINA RES POWER 華潤電力	Utilities	70.1	93	116	141	12.00
1088 HK Equity	CHINA SHENHUA-H 中國神華	Energy	66.8	363	473	624	12.00

Note: Closing prices for 3Q review is as at the end of 3Q.

Note 2: Please refer to Appendix A for the calculation of the Turnover score.

Source: Bloomberg, RHB

## Funds flow implication

According to HKEx Market ETF data as of 15 Oct 2018, Hong Kong listed ETFs, including Tracker Fund of Hong Kong tracking the Hang Seng Index (with physical shares as underlying) accounted for HKD126.7bn. Based on the past three months' average trading value, the ETF providers would need 1.6 days and 2.3 days to complete the buying of Anta Sports Products and China Gas to move to the respective neutral weighting. It would take more days, ie 4.2-9.2 days, to remove counters on the potential removal list should the changes happen.

The HK-registered, single-country mutual funds with fund sizes of c.USD100bn are not included into our calculations, as we believe they are mostly actively managed and benchmarked against indices like MSCI or FTSE.

Figure 4: Days of turnover required to complete the purchases of potential inclusions or sell potential removals by Hong Kong-listed ETFs tracking the HSI

ETF passive size	HK\$m		Funds flow HK\$m	3m ADTV HK\$m	Estimated days to complete the transactions
	the weighting before changes	the weighting after changes			
	0	0.38%	481	309	1.6
Anta Sports	0	0.45%	570	243	2.3
China Gas	0.42%	0.00%	-532	58	9.2
Sino Land	0.29%	0.00%	-367	88	4.2
China Resources Power					

Note: Prices are as of 16 Oct 2018.

Note 2: The free float adjustment factors for Anta Sports Products and China Gas are estimated at 40% and 35%

Source: HKEX, Hang Seng Indexes, Bloomberg, RHB

## Short-term trading opportunities on inclusion candidates in the lead-up to announcement dates historically

As suggested by history, identifying the right candidates in advance may provide short-term trading opportunities. Share prices for inclusions and removals reacted the most one day post the announcements, as suggested by history since 2013. The inclusion stocks, on average, also had a share price run during the 5-6 trading days in the lead-up to the announcement date.

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However, their share price strength faded when approaching the effective date, usually a month after the announcement. The removal candidates, in general, gained back share price strength after hitting lows post the announcement.

**Figure 5: Share price reaction to Hang Seng Indexes' announcements in past reviews since 2013**

Announcement date	Effective date	Inclusions	3m prior to the ann. date	1m prior to the ann. date	2wk prior to the ann. date	1d post the ann. date	3d post the ann. date	5d post the ann. date	from ann. date To eff. date	3d post the eff. date
10-Aug-18	12-Sep-18	1177 HK Equity	(15.7)	(12.1)	(9.1)	4.1	(8.1)	(13.1)	(27.6)	(0.9)
10-Aug-18	12-Sep-18	2313 HK Equity	5.5	(1.1)	(1.6)	2.0	(2.3)	(2.9)	(4.0)	3.6
4-May-18	4-Jun-18	1093 HK Equity	17.3	(7.9)	0.2	5.9	5.4	3.9	25.9	(2.5)
6-Feb-18	5-Mar-18	1997 HK Equity	n.a.	(4.8)	(2.1)	(0.8)	(2.2)	(2.2)	1.5	2.7
10-Nov-17	4-Dec-17	2007 HK Equity	27.7	(2.7)	(0.2)	5.7	2.6	5.7	8.1	(7.5)
10-Nov-17	4-Dec-17	2382 HK Equity	45.7	10.3	28.1	6.0	(0.4)	1.0	(6.1)	(15.4)
10-Feb-17	6-Mar-17	175 HK Equity	30.7	23.5	9.2	6.9	9.9	6.3	5.6	5.5
12-Aug-16	5-Sep-16	2018 HK Equity	29.4	14.5	5.0	3.7	4.6	7.2	13.9	4.2
25-Feb-16	14-Mar-16	1038 HK Equity	12.4	8.8	3.3	3.1	3.1	4.4	(1.3)	(0.9)
7-Nov-14	8-Dec-14	823 HK Equity	7.0	2.2	(2.4)	2.6	1.8	5.9	6.2	0.6
12-Feb-14	10-Mar-14	2319 HK Equity	16.4	2.6	6.2	3.8	1.3	4.1	4.7	(3.1)
10-May-13	17-Jun-13	27 HK Equity	13.3	18.0	10.9	1.6	1.3	2.0	9.2	3.5
6-Feb-13	4-Mar-13	992 HK Equity	28.1	13.5	6.6	5.2	3.4	3.4	2.1	(0.6)
		<b>Average</b>	<b>18.1</b>	<b>5.0</b>	<b>4.2</b>	<b>3.8</b>	<b>1.6</b>	<b>2.0</b>	<b>2.9</b>	<b>(0.8)</b>
Announcement date	Effective date	Removals	3m prior to the ann. date	1m prior to the ann. date	2wk prior to the ann. date	1d post the ann. date	3d post the ann. date	5d post the ann. date	from ann. date To eff. date	3d post the eff. date
10-Aug-18	12-Sep-18	23 HK Equity	(11.7)	(3.8)	(3.4)	(5.8)	(4.8)	(5.8)	(3.8)	(0.2)
10-Aug-18	12-Sep-18	144 HK Equity	(8.3)	2.8	2.2	(4.0)	(5.7)	(6.8)	(10.1)	3.7
4-May-18	4-Jun-18	992 HK Equity	(13.7)	(8.4)	(1.8)	(3.2)	(0.3)	2.4	12.6	(0.2)
6-Feb-18	5-Mar-18	4 HK Equity	6.8	(2.9)	(4.3)	(4.8)	(6.4)	(6.4)	(4.3)	8.4
10-Nov-17	4-Dec-17	135 HK Equity	(4.0)	(3.1)	(2.5)	(3.9)	(5.2)	(7.0)	(1.7)	2.3
10-Nov-17	4-Dec-17	293 HK Equity	4.6	3.4	(7.6)	(1.0)	(2.9)	(3.4)	(5.7)	(3.1)
10-Feb-17	6-Mar-17	494 HK Equity	(3.9)	(4.2)	1.2	(2.3)	2.0	1.8	5.8	(0.3)
12-Aug-16	5-Sep-16	322 HK Equity	(11.1)	4.3	12.2	(3.2)	(0.8)	(4.2)	7.8	3.9
25-Feb-16	14-Mar-16	291 HK Equity	(12.9)	4.1	4.3	(2.5)	(2.5)	0.3	17.7	(2.3)
7-Nov-14	8-Dec-14	1199 HK Equity	(6.4)	4.1	5.3	(1.1)	(2.0)	(1.5)	(1.9)	(0.4)
12-Feb-14	10-Mar-14	1898 HK Equity	(12.4)	(3.1)	3.8	(3.9)	(2.9)	(0.2)	(6.6)	(1.0)
10-May-13	17-Jun-13	330 HK Equity	(0.4)	6.6	2.6	0.6	9.5	6.2	10.3	(1.4)
6-Feb-13	4-Mar-13	2600 HK Equity	6.1	(5.2)	(8.8)	(2.8)	(2.8)	(2.8)	(12.1)	1.9
		<b>Average</b>	<b>(5.2)</b>	<b>(0.4)</b>	<b>0.2</b>	<b>(2.9)</b>	<b>(1.9)</b>	<b>(2.1)</b>	<b>0.6</b>	<b>0.9</b>

Source: HKEX, Hang Seng Indexes, Bloomberg

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## About The Potential Inclusions

### Anta Sports Products (2020 HK)

Anta Sports Products is a leading domestic sportswear brand in China. In its latest 3Q18 operational updates, Anta Sports Products delivered another set of solid results with mid double-digit growth on a YoY basis for its retail sales. Sales of non-Anta branded products, mainly contributed by its *FILA* brand, grew 90-95% YoY, continuing its high-speed growth after 2Q18. On the other hand, it recorded low-teens, >25% and >20% growth for its core adults brand, kids segment and online business.

Going forward, it appears Anta Sports Products will be able to achieve above-industry performance with its core brand and deliver incremental growth via its multi-brand portfolio. The recent debate on China's consumption downgrade should not pose a significant impact on Anta Sports Products, given its mid-to-high end positioning, and still-solid consumer sentiment towards sportswear.

Moreover, despite some heavy discounts offered by other brands, Anta Sports Products recorded a 2ppts improvement in its retail discount to 26% in 3Q18 (from 28% in 3Q17). Given uncertainty towards the US-China trade war and China's economic slowdown, Anta Sports Products is positioned to be a beneficiary of relatively steady domestic consumption growth over the long term.

Downside risks include potential dividend cut or other unfavorable terms for realising its acquisition of Amer Sports.

### China Gas Holdings (384 HK)

China Gas is primarily engaged in the construction and operation of city gas pipelines, transmission of natural gas, and sale of liquefied petroleum gas (LPG) to residential, industrial and commercial users in China. China Gas' strong annual results (42% YoY net profit growth for FY18) reaffirmed its successful strategy to expand into the rural market over the past year. The superior profit growth was mainly driven by strong retail gas sales volume growth and more new household connections.

China Gas has suffered from a number of concerns including the subsidy cut for rural areas and the proposed cut on installation fees in Chongqing. That said, its share price weakness may have factored in these concerns. That would leave the market to focus on China Gas achieving its gas sales volume growth targets. Moreover, its 41% stake in Shandong Petroleum & Natural Gas (SPNG) could provide additional earnings growth catalyst over the long run, as earnings contributions from SPNG should ramp up in the next three years.

Downside risk is weaker-than-expected profit margin at its rural operations.

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## Appendix A: HSI Constituent Eligibility

### Some key requirements mentioned by Hang Seng Indexes

#### Market Value (“MV”) Requirement

The MV of each individual security refers to the average of month-end MVs for the past 12 months of any review period.

An eligible security must be among those that constitute the top 90th percentile of the total MV of the Universe.

#### Turnover Requirement

For each security, turnover in the past 24 months is assessed for eight quarterly sub-periods.

The turnover requirement adopts a scoring approach, with details as follows:

- i. For each quarterly sub-period, a security will be regarded as passing the turnover requirement in that period if it is among the top 90th percentile of the aggregate market turnover of the Universe;
- ii. Two points will be assigned for each ‘pass’ achieved over the latest four sub-periods, and one point will be assigned for each ‘pass’ attained over the previous four sub-periods, with the highest score for turnover requirement being 12 points. Securities should obtain at least eight points to meet the turnover requirement.

Constituents failing to meet the MV requirement or turnover requirement may be considered for removal from the HSI. However, even if they fulfil all the eligibility requirements, the smallest constituents and the constituents with lowest liquidity may be considered for removal from the HSI subject to the availability of appropriate replacement candidates.

#### Listing History Requirement

Companies should normally be listed for at least 24 months before becoming eligible for inclusion in the HSI. If the security has been listed for less than 24 months, the stock with a large MV will need to satisfy the more stringent MV and turnover requirements.



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## Appendix B: HSI Constituents

Figure 6: 50 HSI constituents sorted by Hang Seng Industry Classification System (HSICS) and free float adjusted weight

Ticker	Name	Sector (HSICS)	HSI FAF (%)	Index weight (%)	Year of inclusion since 2013
1 HK Equity	CKH HOLDINGS 長和	Conglomerates	70.0	2.59	
267 HK Equity	CITIC 中信股份	Conglomerates	20.0	0.79	
19 HK Equity	SWIRE PACIFIC-A 太古股份公司	Conglomerates	55.0	0.49	
175 HK Equity	GEELY AUTOMOBILE 吉利汽車	Consumer Goods	60.0	0.90	2017
1093 HK Equity	CSPC PHARMACEUTI 石藥集團	Consumer Goods	65.0	0.77	2018
2313 HK Equity	SHENZHOU INTL GP 申洲國際	Consumer Goods	50.0	0.75	2018
2319 HK Equity	MENGNUI DAIRY 蒙牛乳業	Consumer Goods	70.0	0.75	2014
288 HK Equity	WH GROUP LTD 萬洲國際	Consumer Goods	60.0	0.60	2017
1177 HK Equity	SINO BIOPHARM 中國生物製藥	Consumer Goods	55.0	0.55	2018
1044 HK Equity	HENGAN INTL 恒安國際	Consumer Goods	60.0	0.53	
151 HK Equity	WANT WANT CHINA 中國旺旺	Consumer Goods	45.0	0.38	
27 HK Equity	GALAXY ENTERTAIN 銀河娛樂	Consumer Services	55.0	1.27	2013
1928 HK Equity	SANDS CHINA LTD 金沙中國有限公司	Consumer Services	30.0	0.96	
66 HK Equity	MTR CORP 港鐵公司	Consumer Services	25.0	0.70	
883 HK Equity	CNOOC 中國海洋石油	Energy	40.0	3.16	
386 HK Equity	SINOPEC CORP-H 中國石油化工股份	Energy	100.0	2.06	
857 HK Equity	PETROCHINA-H 中國石油股份	Energy	100.0	1.52	
1088 HK Equity	CHINA SHENHUA-H 中國神華	Energy	100.0	0.75	
5 HK Equity	HSBC HOLDINGS PL 匯豐控股	Financials Banks	100.0	10.00	
939 HK Equity	CCB-H 建設銀行	Financials Banks	45.0	7.82	
1398 HK Equity	ICBC-H 工商銀行	Financials Banks	85.0	4.54	
3988 HK Equity	BANK OF CHINA-H 中國銀行	Financials Banks	95.0	3.07	
11 HK Equity	HANG SENG BANK 恒生銀行	Financials Banks	40.0	1.84	
2388 HK Equity	BOC HONG KONG HO 中銀香港	Financials Banks	35.0	1.47	
3328 HK Equity	BANKCOMM-H 交通銀行	Financials Banks	25.0	0.57	
1299 HK Equity	AIA 友邦保險	Financials Insurance	100.0	8.81	
2318 HK Equity	PING AN 中國平安	Financials Insurance	75.0	4.86	
2628 HK Equity	CHINA LIFE-H 中國人壽	Financials Insurance	100.0	1.50	
388 HK Equity	HKEX 香港交易所	Financials Other	95.0	2.82	
2382 HK Equity	SUNNY OPTICAL 舜宇光學科技	Industrials	65.0	0.69	2017
700 HK Equity	TENCENT 騰訊控股	IT	65.0	10.00	
2018 HK Equity	AAC TECHNOLOGIES 瑞聲科技	IT	60.0	0.58	2016
1113 HK Equity	CK ASSET HOLDING 長實集團	Properties & Construction	70.0	1.67	
16 HK Equity	SHK PPT 新鴻基地產	Properties & Construction	45.0	1.59	
688 HK Equity	CHINA OVERSEAS 中國海外發展	Properties & Construction	35.0	1.03	
1109 HK Equity	CHINA RES LAND 華潤置地	Properties & Construction	40.0	0.82	
2007 HK Equity	COUNTRY GARDEN 碧桂園	Properties & Construction	35.0	0.74	2017
17 HK Equity	NEW WORLD DEV 新世界發展	Properties & Construction	60.0	0.72	
1997 HK Equity	WHARF REAL ESTAT 九龍倉置業	Properties & Construction	40.0	0.68	2018
12 HK Equity	HENDERSON LAND D 恒基地產	Properties & Construction	30.0	0.58	
83 HK Equity	SINO LAND 信和置業	Properties & Construction	45.0	0.43	
101 HK Equity	HANG LUNG PPT 恒隆地產	Properties & Construction	45.0	0.35	
823 HK Equity	LINK REIT 領展房產基金	REITS	100.0	1.79	2014
941 HK Equity	CHINA MOBILE 中國移動	Telecommunications	30.0	5.67	
762 HK Equity	CHINA UNICOM 中國聯通	Telecommunications	20.0	0.64	
2 HK Equity	CLP HOLDINGS 中電控股	Utilities	75.0	1.95	
3 HK Equity	HONG KG CHINA GS 香港中華煤氣	Utilities	60.0	1.61	
6 HK Equity	POWER ASSETS 電能實業	Utilities	65.0	0.87	
1038 HK Equity	CKI HOLDINGS 長江基建集團	Utilities	25.0	0.47	2016
836 HK Equity	CHINA RES POWER 華潤電力	Utilities	40.0	0.30	

Note: Prices are as of 16 Oct 2018

Note 2: FAF = Freefloat Adjusted Factor provided by Hang Seng Indexes

Sources: HKEX, Hang Seng Indexes, Bloomberg, RHB



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**Sell:** Share price may fall by more than 10% over the next 12 months

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