



# CHINA

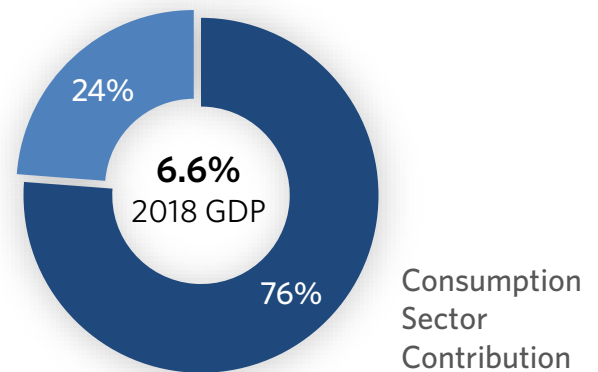
## FOCUSING ON CONSUMPTION



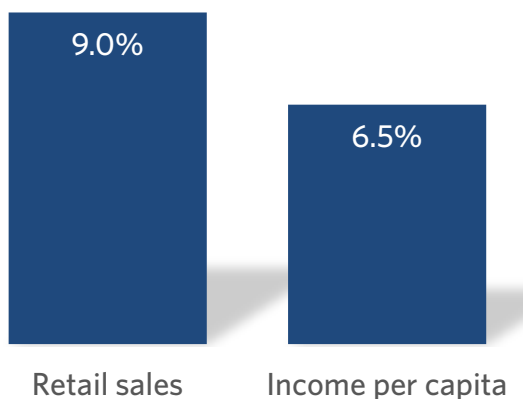
In line with a more sustainable growth pace, China had recently guided a lower GDP range for 2019 (6.0% - 6.5%). Nevertheless, the consumption sector has continued to play a bigger role in the country's economic growth as it looks to transition from an industrial-focused economy, to one that is consumption-driven. With measures continuously being put in place to drive the sector, we see China's New Economy Sectors to be the key beneficiaries of the move.

### China's consumption sector continues to drive economic GDP

- For the 6th straight year, the consumption sector was the largest contributor to the economy's growth - contributing 76.2% of the 6.6% GDP recorded in 2018
- Trend is expected to continue with supportive measures being put in place to boost consumption habits of the 1.4 billion domestic market



### Measures in place to boost consumption



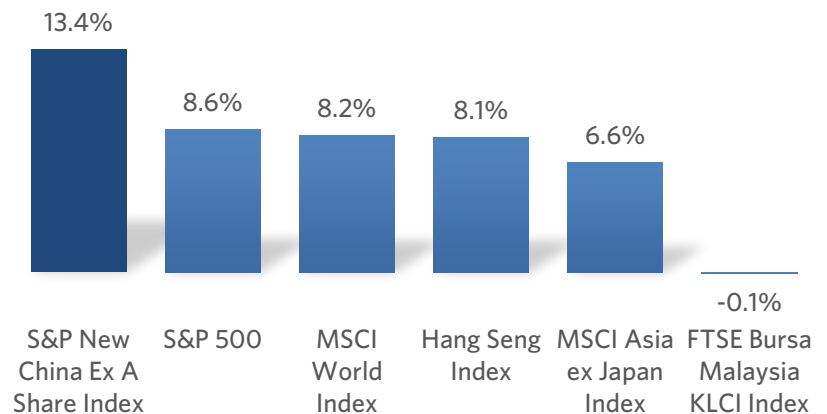
- As a measure to increase urban and rural personal incomes, threshold for individual income tax were raised, with additional 6 special expense deductions created
- Move is said to benefit 80 million tax payers.
- In 2018:
  - Retail sales grew by 9.0% YoY
  - Per capita disposable personal income grew 6.5% in real terms



### Key drivers pushes S&P New China Index ahead

- Global financial markets continue to climb higher as fears of a US-China trade war eases
- China related stocks gain favour after MSCI announces its plan to increase weightage into the domestic equity market
- On a year-to-date basis, the S&P New China ex A Share Index – the index which focuses on the consumption sector, has recorded a respectable 13.4% gain (in MYR terms), and outpaced its regional peers

Year-to-date performance  
(As at 8 March 2019)



### Tech talks hog headlines

#### Tencent Holdings has bounced back after a disappointing 2018

- Despite the 40% rebound from its October 2018 low, stock price remains below its January 2018 high
- Game approvals by regulator has boosted investors’ sentiment for the company, after the regulators’ earlier clamp down on game releases

#### JD.com sees increase in active customers

- Accounts grew by 20% YoY in 4Q2018 to bring JD.Com’s total active customers to 305.3 million
- Stock price continued to climb higher after the company announced that its 4Q18 quarterly revenue climbed 22% YoY – translating to an adjusted net income of USD109.1 million, going against analysts’ expectations of a USD19.4 billion loss

#### 5G technology takes off

- Reports of support for the 5G technology has put China at the forefront of the race, despite the resistance from the US
- It’s advanced position against its rivals puts it at an advantage, and has seen stock prices of telco related companies moving higher
- China Mobile unveiled its 5G chipset, and 5G devices at the 2018 World Mobile Congress (WMC) – the world’s largest showcase for the mobile industry. Its first commercial device is set to hit the streets in June this year
- ZTE Corp whereas, showcased its 5G phone at the 2019 WMC – which are set to be released in China, and Europe this year

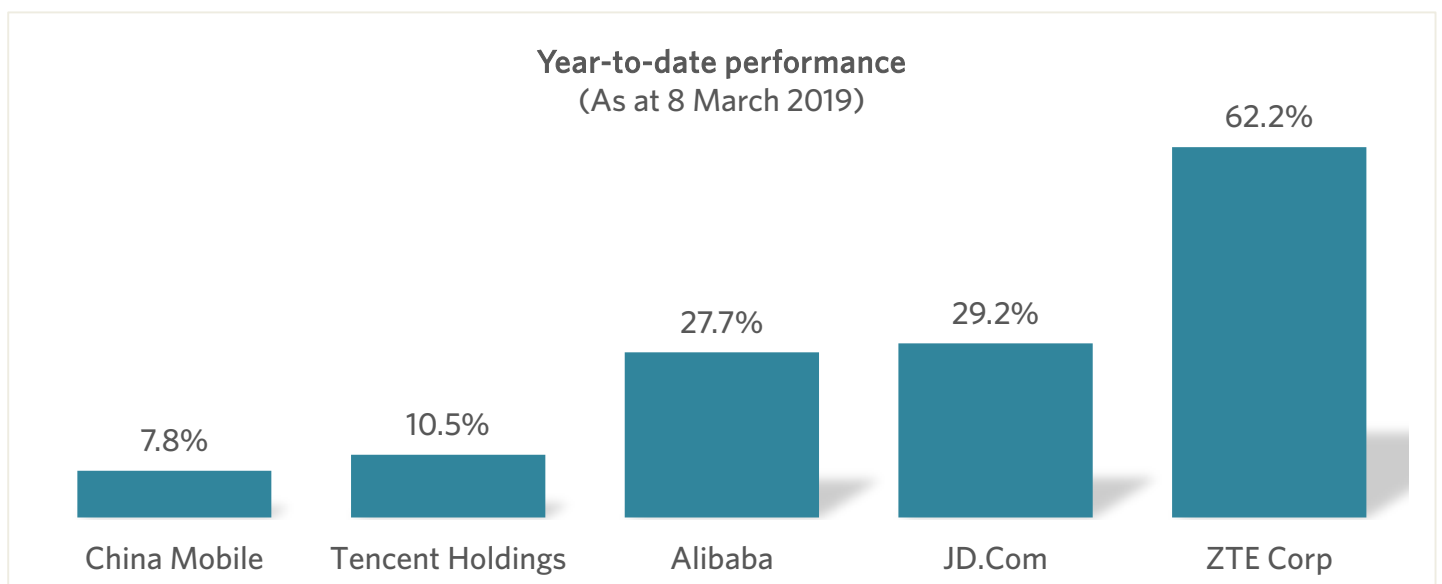


**S&P New China Ex A-Share Index Top Performers & Laggards**

Top Performers	YTD Returns (%)
iQIYI Inc	70.5
ZTE Corp	62.2
Wuxi Biologics Cayman Inc	53.0
Ctrip.com International Ltd	50.8
New Oriental Education & Technology Group	44.2
Alibaba Health Information Technology Ltd	42.7
Momo Inc	38.0
TAL Education Group	30.2
JD.com Inc	29.2
Alibaba Group Holding Ltd	27.7

Laggards	YTD Returns (%)
BeiGene Ltd	-8.2
BYD Co Ltd	-5.2
NetEase Inc	-3.7
Huaneng Power International Inc	-3.6
China Resources Power Holdings Co Ltd	-2.8
China Mengniu Dairy Co Ltd	1.2
China Telecom Corp Ltd	1.8
Geely Automobile Holdings Ltd	2.3
Baidu Inc	3.2
Galaxy Entertainment Group Ltd	3.6

**Performance of Tech Names within the Index**





## Gaining Access to the Index

Investors can gain access to the Index through the **TradePlus S&P New China Tracker**, an exchange-traded fund listed on the Main Market of Bursa Securities.

Name of ETF	TradePlus S&P New China Tracker	
Objective	The Fund aims to provide investment results that closely correspond to the performance of the Benchmark	
Benchmark	S&P New China Sectors Ex A-Shares Index	
Listed Market	Main Market – Bursa Exchange	
Trading Currencies	Malaysian Ringgit	US Dollar
Minimum Trading Units	100	100
Stock Code	0829EA	0829EB
Bloomberg Ticker	CHNMYR MK	CHNUSD MK

Data Source: Bloomberg as at 8 March 2019. Performance of indices are quoted in MYR terms, while other returns are quoted in local currency terms.

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