

March 2016

**INTRODUCTION**

Sector Index Futures are low cost and capital efficient products for investors to capture sector specific trading opportunities and manage their investment risk exposure in certain sectors.

**OVERVIEW**

HKEX's sector index futures market covers seven major business sectors in HKEX's securities market. The underlying indices are:

- CES Gaming Top 10 Index (CESGI0)
- Hang Seng Mainland Banks Index (HSMBI)
- Hang Seng Mainland Properties Index (HSMPI)
- Hang Seng Mainland Oil & Gas Index (HSMOGI)
- Hang Seng Software & Services Index (HSSSI)
- Hang Seng IT Hardware Index (HSITHI)
- Hang Seng Mainland Healthcare Index (HSMHI)

**KEY FEATURES OF UNDERLYING INDICES**

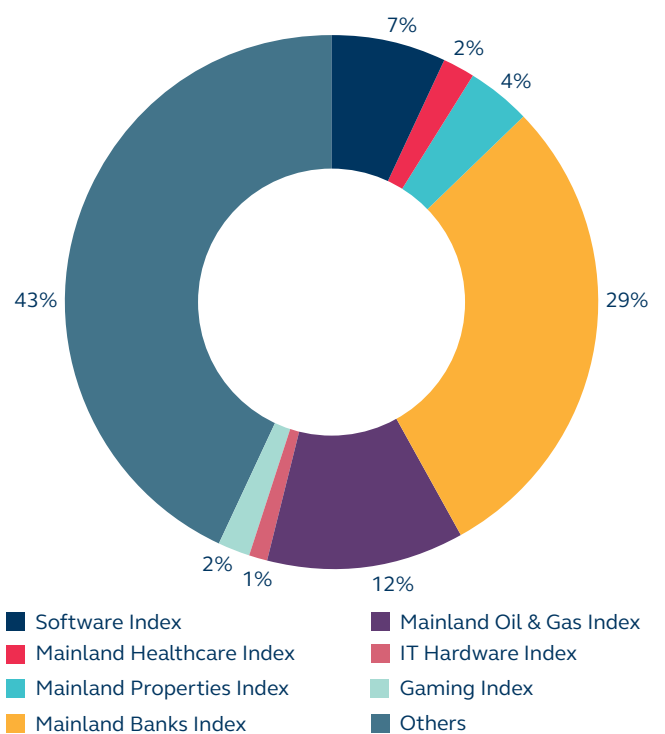
- Constituents are selected to reflect the particular business and regulatory environment of their segment
- Constituents are limited to largest companies in the sector and subject to liquidity screening
- Weighting of each constituent is capped to avoid over-concentration

**ADVANTAGES AND USES OF SECTOR INDEX FUTURES**

- Respond to sector news and policy changes
- Diversify portfolio while avoiding single stock risk
- High leverage and capital efficiency
- No stamp duty
- Short sell positioning without stock borrowing
- Long / short strategies: market vs sector, sector vs sector and sector vs single stock



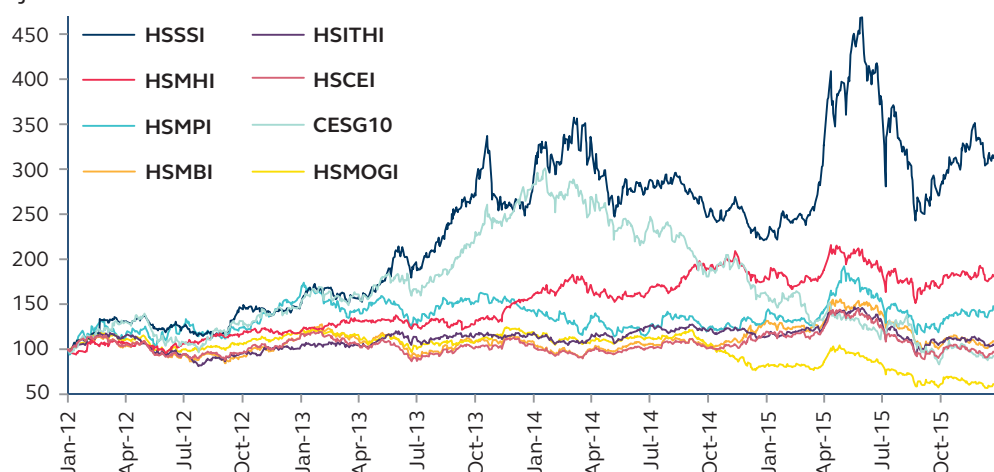
**MARKET CAPITALISATION (MC) OF SECTOR INDEX TO HONG KONG TOTAL MC\***



\*Data as at 24 Mar 2016  
Source: Bloomberg

## RETURN AND VOLATILITY COMPARISON WITH HANG SENG CHINA ENTERPRISES INDEX (HSCEI)

Adjusted index level



| Index  | Return  |
|--------|---------|
| HSSSI  | 209.72% |
| HSMHI  | 82.81%  |
| HSMPI  | 47.14%  |
| HSMBI  | 6.59%   |
| HSITHI | 5.01%   |
| HSCEI  | -5.61%  |
| CESG10 | -8.14%  |
| HSMOGI | -40.01% |

| Index                                | Gaming Index (CESG10) | Mainland Banks Index (HSMBI) | Mainland Properties Index (HSMPI) | Mainland Oil & Gas Index (HSMOGI) | Software Index (HSSSI) | IT Hardware Index (HSITHI) | Mainland Healthcare Index (HSMHI) |
|--------------------------------------|-----------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------|----------------------------|-----------------------------------|
| Return*                              | -8.14%                | 6.59%                        | 47.14%                            | -40.01%                           | 209.72%                | 5.01%                      | 82.81%                            |
| HSCEI Return*                        | -5.61%                |                              |                                   |                                   |                        |                            |                                   |
| Average Annualised Volatility*       | 31.74%                | 23.63%                       | 29.24%                            | 22.30%                            | 35.92%                 | 21.36%                     | 22.56%                            |
| HSCEI Average Annualised Volatility* | 22.14%                |                              |                                   |                                   |                        |                            |                                   |

\*Data from 3 Jan 2012 to 31 Dec 2015

Source: HSIL, CESC

Past performance information is not indicative of future performance.

## TOP 5 CONSTITUENT STOCKS OF THE SECTOR INDICES<sup>A</sup>

| Gaming Index |              |        |
|--------------|--------------|--------|
| Stock Code   | Stock Name   | Weight |
| 0027         | Galaxy Ent   | 16.44% |
| 1928         | Sands China  | 16.40% |
| 0880         | SJM Holdings | 14.64% |
| 2282         | MGM CHina    | 14.37% |
| 1128         | Wynn Macau   | 14.19% |

| Mainland Banks Index |               |        |
|----------------------|---------------|--------|
| Stock Code           | Stock Name    | Weight |
| 0939                 | CCB           | 15.09% |
| 3988                 | Bank of China | 14.91% |
| 1398                 | ICBC          | 14.60% |
| 1288                 | ABC           | 13.58% |
| 3968                 | CM BANK       | 12.38% |

| Mainland Properties Index |                |        |
|---------------------------|----------------|--------|
| Stock Code                | Stock Name     | Weight |
| 1109                      | China Res Land | 14.99% |
| 0688                      | China Overseas | 14.55% |
| 2007                      | Country Garden | 14.51% |
| 3333                      | Evergrande     | 11.94% |
| 3699                      | Wanda Comm     | 11.76% |

| Mainland Oil & Gas Index |               |        |
|--------------------------|---------------|--------|
| Stock Code               | Stock Name    | Weight |
| 0883                     | CNOOC         | 15.48% |
| 0386                     | Sinopec Corp  | 15.39% |
| 2386                     | Sinopec SEG   | 14.63% |
| 0857                     | PetroChina    | 14.58% |
| 0135                     | Kunlun Energy | 14.47% |

| Software Index |               |        |
|----------------|---------------|--------|
| Stock Code     | Stock Name    | Weight |
| 0700           | Tencent       | 17.16% |
| 3888           | Kingsoft      | 14.98% |
| 0327           | PAX Global    | 14.59% |
| 0268           | Kingdee Int'l | 12.94% |
| 0777           | NetDragon     | 9.26%  |

| IT Hardware Index |              |        |
|-------------------|--------------|--------|
| Stock Code        | Stock Name   | Weight |
| 0303              | VTech Hldgs  | 15.61% |
| 2018              | AAC Tech     | 15.32% |
| 0992              | Lenovo Group | 14.25% |
| 0763              | ZTE          | 13.79% |
| 2038              | FIH          | 12.76% |

| Mainland Healthcare Index |               |        |
|---------------------------|---------------|--------|
| Stock Code                | Stock Name    | Weight |
| 1093                      | CSPC Pharma   | 15.42% |
| 1099                      | Sinopharm     | 15.36% |
| 1177                      | Sino Biopharm | 13.55% |
| 0867                      | CMS           | 11.29% |
| 2186                      | Luye Pharma   | 9.70%  |

## LIST OF INFORMATION VENDORS AND ACCESS CODES

| Vendor                   | Access Code                            |                      |                           |                          |                  |                   |                           |
|--------------------------|--|----------------------|---------------------------|--------------------------|------------------|-------------------|---------------------------|
|                          | Gaming Index                           | Mainland Banks Index | Mainland Properties Index | Mainland Oil & Gas Index | Software Index   | IT Hardware Index | Mainland Healthcare Index |
| AASTOCKS.com Limited     | 221445                                 | 221420               | 221425                    | 221415                   | 221440           | 221435            | 221430                    |
| Activ Financial          | GTI/16K.HF                             | MBI/16K.HF           | MPI/16K.HF                | MOI/16K.HF               | SSI/16K.HF       | ITI/16K.HF        | MCI/16K.HF                |
| AFE Solutions Limited    | 870807                                 | 870809               | 870810                    | 870808                   | 870813           | 870812            | 870811                    |
| Bloomberg                | CCSA Index                             | BMWA Index           | PPTA Index                | OGIA Index               | HISA Index       | IHWA Index        | HCEA Index                |
| DB Power Limited         | GTI                                    | MBI                  | MPI                       | MOI                      | SSI              | ITI               | MCI                       |
| East Money Information   | GTI                                    | MBI                  | MPI                       | MOI                      | SSI              | ITI               | MCI                       |
| ET Net Limited           | [HV/IQ] Futures > Index Futures Screen |                      |                           |                          |                  |                   |                           |
| Hexin Flush Financial    | GTIC                                   | MBIC                 | MPIC                      | MOIC                     | SSIC             | ITIC              | MCIC                      |
| Infocast Limited         | GTI                                    | MBI                  | MPI                       | MOI                      | SSI              | ITI               | MCI                       |
| Pobo Financial           | GTI+Month                              | MBI+Month            | MPI+Month                 | MOI+Month                | SSI+Month        | ITI+Month         | MCI+Month                 |
| Shanghai Qianlong        | 209                                    |                      |                           |                          |                  |                   |                           |
| QuotePower Int'l Ltd     | P11228                                 | P11223               | P11224                    | P11222                   | P11227           | P11226            | P11225                    |
| Shanghai Wind            | GTIF+<br>yymm+HK                       | MBIF+<br>yymm+HK     | MPIF<br>+yymm+HK          | MOIF+<br>yymm+HK         | SSIF+<br>yymm+HK | ITIF+<br>yymm+HK  | MCIF+<br>yymm+HK          |
| Telequote Data Int'l Ltd | GTImy                                  | MBImy                | MPImy                     | MOImy                    | SSImy            | ITImy             | MCImy                     |
| Thomson Reuters          | 0#HGTI:                                | 0#HMBI:              | 0#HMPI:                   | 0#HMOI:                  | 0#HSSI:          | 0#HITI:           | 0#HMHI:                   |

^Data as at 29 Jan 2016

The indices automatically adjusts to changes in stock prices so caps may be exceeded between half-yearly index reviews.

## KEY CONTRACT SPECIFICATIONS

| Contract  | Sector Index Futures   |
|---|--|
| Contract Multiplier (per Index point)                 | \$50   |
| Minimum Fluctuation (Index point)                     | 0.5  |
| Contract Months                                       | Spot month, the next calendar month and the next two calendar quarter months   |
| Trading Hours   | 9:15am – 12:00 noon; 1:00pm – 4:30pm<br>(Expiring contract month closes at 4:00pm on the Last Trading Day)   |
| Last Trading Day                                      | The second last Business Day of the Contract Month   |
| Exchange Fee (per contract)                           | \$2.00   |
| Position Limit  | For Mainland Healthcare, Mainland Properties, IT Hardware, Software & Services and Gaming: 5,000 net contracts in all contract months combined<br><br>For Mainland Oil & Gas and Mainland Banks: 15,000 net contracts for all contract months combined |
| Large Open Position Reporting Requirement (contracts) | 500 open contracts, in any one Contract Month  |

## ENQUIRY

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### Hang Seng Sector Index Series

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### CES Gaming Top 10 Index

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