

Regulatory Rout (Part 2): A deeper look at the stock market sell-off

DIGITAL ENGAGEMENT TEAM

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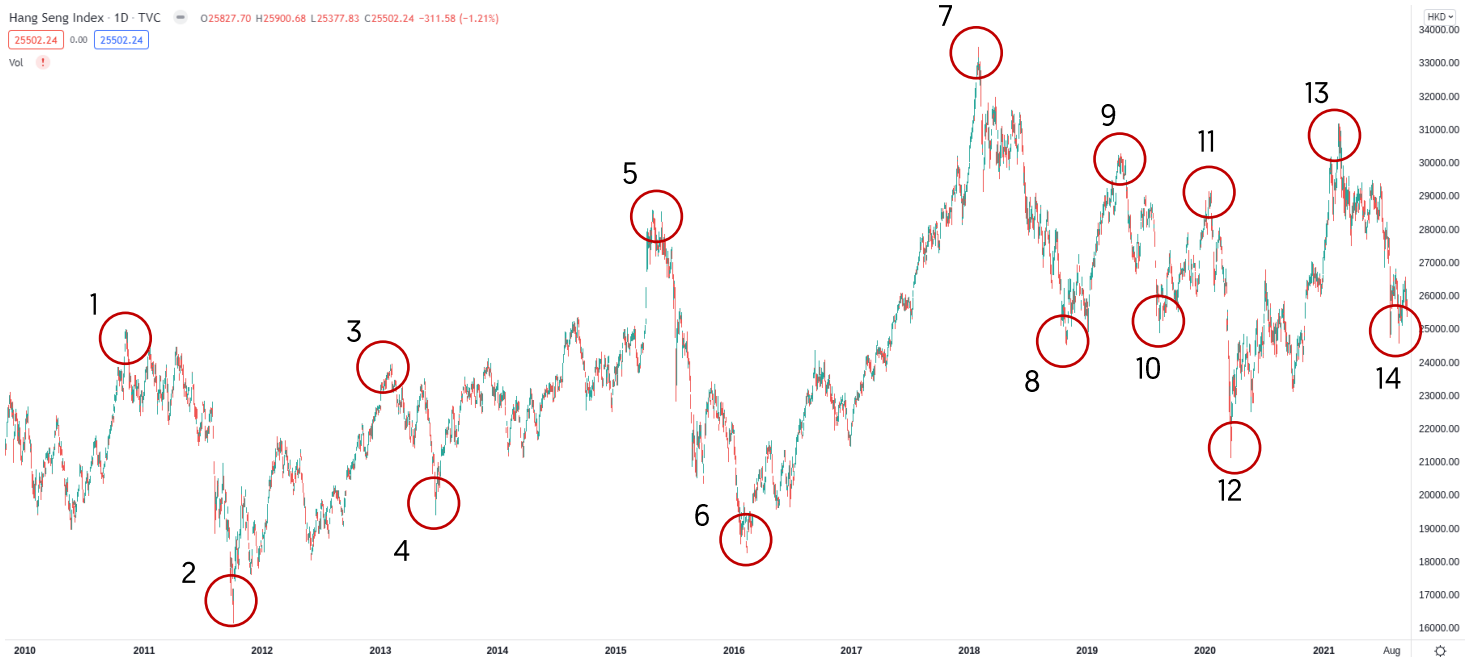
The summary and impact of a major news event

The latest on the recent China regulatory crackdown

What happened?

In our [previous highlight](#) on 23rd Aug 2021, we explored how Beijing's unprecedented regulatory clampdown on its biggest companies spanning sectors from tech to property and education had triggered a US\$1 trillion selloff amid wild market swings and volatility.^{1,2}

With the Hang Seng Index pushed into a technical bear market, investors and companies alike have been wondering if there is more pain lying ahead.^{3,4,5} Since 23rd Aug, the Hang Seng and Hang Seng TECH Indexes have rebounded from their lows, but not all investors are convinced the rebound is here to stay.^{6,7}



Source: TradingView, extracted 14 Sep 2021 closing

Historically, the Chinese equity markets are no strangers to volatility.⁸

A quick look at the chart above shows how Hong Kong's Hang Seng Index has experienced multiple large double-digit swings in both directions and of similar magnitude over the past decade since 2010. Since 2018 in particular, each upswing and downswing has taken place within the short span of only several months.

While it is unclear if the sell-off or rebound would continue, investors remain braced for unpredictability, choppy price action and short term volatility.⁶

Period	Down	Period	Up
1-2	-35.45%	2-3	+47.4%
3-4	-19.08%	4-5	+46.8%
5-6	-36.08%	6-7	+83.19%
7-8	-26.65%	8-9	+22.79%
9-10	-17.7%	10-11	+17.02%
11-12	-27.34%	12-13	+47.74%
13-14	-21.1%	N/A	N/A

Hang Seng Index

Below are the biggest equity index movers based on their % Change from 28 June 2021 – 13 September 2021



Source: TradingView, extracted 14 Sep 2021 closing

Top laggards (28 June 2021 – 13 September 2021)

Here are the biggest index laggards for this period of regulatory crackdown, to show in more detail the leaders of the recent sell-off

Ticker	Name	Price	% Change
241 HK	Alibaba Health Information Tech	12.62	-29.10%
2018 HK	AAC Technologies	41.10	-28.74%
6098 HK	Country Garden Services	58.85	-28.19%
1876 HK	Budweiser Brewing Co APAC	18.56	-27.36%
9988 HK	Alibaba Group	160.80	-25.42%
3690 HK	Meituan	247.80	-24.91%
2318 HK	Ping An Insurance Group	59.15	-24.60%
1928 HK	Sands China	25.10	-24.05%
960 HK	Longfor Group	35.50	-20.67%
700 HK	Tencent Holdings	478.00	-20.13%

Ticker	Name	Price	Latest Dividend	Ex Date	RSI	Analysts Consensus 12M Target Price	Upside from Analyst Consensus [%]
241 HK	Alibaba Health Information Tech	12.62	0.70	21/1/1998	55.80	18.85	49.37%
2018 HK	AAC Technologies	41.10	0.20	08/09/2021	35.45	53.70	30.66%
6098 HK	Country Garden Services	58.85	0.22	02/06/2021	47.77	88.34	50.11%
1876 HK	Budweiser Brewing Co APAC	18.56	0.03	17/05/2021	33.46	28.22	52.05%
9988 HK	Alibaba Group	160.80	N/A	N/A	46.40	265.14	64.89%
3690 HK	Meituan	247.80	N/A	N/A	58.89	328.07	32.39%
2318 HK	Ping An Insurance Group	59.15	0.88	28/09/2021	35.87	93.56	58.18%
1928 HK	Sands China	25.10	N/A	19/02/2021	54.94	37.12	47.88%
960 HK	Longfor Group	35.50	0.47	16/12/2021	47.87	55.87	57.39%
700 HK	Tencent Holdings	478.00	1.60	24/5/2021	51.42	646.80	35.31%

Hang Seng TECH Index

Below are the biggest equity index movers based on their % Change from 28 June 2021 – 13 September 2021



Source: TradingView, extracted 14 Sep 2021 closing

Top laggards (28 June 2021 – 13 September 2021)

Here are the biggest index laggards for this period of regulatory crackdown, to show in more detail the leaders of the recent sell-off

Ticker	Name	Price	% Change
1024 HK	Kuaishou Technology	100.10	-51.60%
1797 HK	Koolearn Technology	5.18	-49.61%
1833 HK	Ping An Healthcare and Technology	55.25	-42.45%
285 HK	BYD Electronic International	33.50	-35.14%
9626 HK	Bilibili Inc	635.00	-33.72%
3888 HK	Kingsoft Corp	31.45	-33.58%
2013 HK	Weimob Inc	12.16	-32.52%
6618 HK	JD Health International Inc	76.00	-32.38%
241 HK	Alibaba Health Information Tech	12.62	-29.10%
2018 HK	AAC Technologies	41.10	-28.74%

Ticker	Name	Price	Latest Dividend	Ex Date	RSI	Analysts Consensus 12M Target Price	Upside from Analyst Consensus [%]
1024 HK	Kuaishou Technology	100.10	N/A	N/A	53.57	133.32	33.19%
1797 HK	Koolearn Technology	4.75	N/A	N/A	55.14	13.38	181.73%
1833 HK	Ping An Healthcare and Technology	55.25	N/A	N/A	38.22	95.44	72.75%
285 HK	BYD Electronic International	33.5	0.24	10/06/2021	42.39	47.96	43.16%
9626 HK	Bilibili Inc	635.00	N/A	N/A	51.74	918.82	44.70%
3888 HK	Kingsoft Corp	31.45	0.20	31/05/2021	43.17	53.57	70.34%
2013 HK	Weimob Inc	12.16	N/A	N/A	61.34	18.17	49.42%
6618 HK	JD Health International	76.00	N/A	N/A	48.38	124.09	63.27%
241 HK	Alibaba Health Information Tech	12.62	0.70	21/01/1998	55.80	18.85	49.37%
2018 HK	AAC Technologies	41.10	0.20	8/09/2021	35.45	53.70	30.66%

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