建银国际 CCB International

Investment Strategy

Hang Seng Index consultation result and quarterly review

Hang Seng Index enhancement to improve industry coverage; favorable to higher index valuation in long term



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The Hang Seng Indexes Company released the results of its consultation on the expansion of the HSI. In line with the outline given in Dec 2020, the enhancement of the HSI will focus on five components:

1) **Expansion in industrial representation**, targeting a certain coverage ratio for each sector. Industries such as Materials, Industrials, Consumer Staples, Consumer Discretionary and Healthcare were identified as having low coverage ratios, while financials were seen as having very high coverage ratios. This is likely to lead to certain financials being dropped from the HSI while other sectors will see stocks added to the index. Seven industry groups were selected, targeting market capitalization coverage of not less than 50% for each group.

2) **Enlargement in market coverage**, with a proposal to expand constituent stocks from 55 to 80 by mid-2022, and ultimately to 100. We anticipate this expansion will be staggered on a quarterly basis (potential targets in Chart 1 below). Assuming the mid-2022 target is achieved, we will see the addition of four-to-five stocks to the HSI per quarter.

3) **Prompt inclusion of sizeable new listings** by reducing the minimum listing history to three months, equivalent to the most relaxed listing history requirement, currently applicable to only the top-five market cap stocks. This change would fast-track big-name IPOs to the index, encouraging more companies to consider listing in Hong Kong.

4) **Maintained representation of Hong Kong companies**. The enhancement is expected to maintain around the same number of Hong Kong companies as present regardless of market cap, targeting 20-25 Hong Kong local companies remaining in the HSI.

5) **Adoption of a weighting cap of 8% on all HSI constituents.** Secondary and dual class shares will see their index weighting ceiling rise from 5% to 8%, while the overall ceiling will fall from 10% to 8%. This would affect Tencent (700 HK), AIA (1299 HK), and HSBC (5 HK).

To better reflect the structural change of China's economy and the Hong Kong equity market, the HSI is likely to continue the trend of the past years of increasing the weighting of new economy stocks in the index. From 2010 to 2020, new economy sectors as a proportion of the HSI rose from 15.4% to 31.8%.

According to our calculations, previous inclusions of tech stocks resulted in the HSI valuation moving higher, as there was significantly higher movement in the price component compared with the earnings component. As weighting shifts from relatively stable financials to more volatile tech stocks, the VHSI may trend higher.

Additionally, on 26 Feb, the Hang Seng Indexes Company released the results of its 4Q20 Index Review. Key changes included the following, and are to be implemented on 15 Mar:

- HSI to expand constituents from 52 to 55, adding three stocks, Alibaba Health (241 HK), Longfor (960 HK), and Haidilao (6862 HK).
- HSCEI reduced its constituents from 52 to 50, adding two stocks, Country Garden Services (6098 HK) and Nongfu Spring (9633 HK), and removing four.
- HS Tech Index reduced constituents from 32 to 30 as it added two stocks, Haier Smart Home (6690 HK) and GDS Holdings (9698 HK), and removed four.
- HSCI expanded its constituents from 493 to 500 by adding 36 stocks while removing 29.

Added stocks have historically benefited from increased fund flow from passive investment tracking the indices and greater exposure. The three added stocks, Alibaba Health, Longfor, and Haidilao will raise the P/E ratio of the index as a whole, though the effect is likely to be smaller than the previous two rounds which saw tech industry leaders included in the index. The previous two rounds of inclusions to the index in both added approximately 1.1 points to the P/E ratio.

投资策略

恒生指数咨询总结及季度调整结果点评

指数优化将扩大行业覆盖，有利于指数估值提升



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恒生指数公司宣布了《优化「恒生指数」持续成为香港市场最具代表性和最重要的市场基准之建议》的咨询总结。根据 2020 年 12 月提纲，恒生指数正计划进行以下优化：

1. **扩充行业的代表性。**根据每个行业组合的目标覆盖率(如市值、成交额等等)来挑选成份股。恒生指数公司提出，原材料业、工业、必需性消费、非必需性消费和医疗保健业的覆盖率相对低，金融行业覆盖率过高。这意味着优化过程中可能减少一些金融股，增加其他行业的代表公司。

2. **扩大市场覆盖率，**提出扩大恒指成份股从目前的 55 只提升至 80-100 只。恒生公司提出 2022 年中目标提高成份股至 80 只。我们预测恒生指数公司将一步一步的提高成份股数量，如果达到 2022 年中的目标需要每个季度增加 4-5 只股票。我们认为可能受影响的公司在报告图表 1 列出。

3. **迅速纳入大型上市新股。**通过上市历史要求将缩短至三个月（目前最短的历史要求），恒指可以加速纳入最新的大型 IPO，可能吸引更多企业考虑在香港上市。

4. **保持香港公司代表性。**尽管市值的排序，由于恒指应该代表香港市场，指数公司将维持被分类为香港公司的成分股在一定数量（20-25 只）。

5. **对所有恒生指数成份股采用 8%的权重上线。**成份股权重上限由 10%降至 8%（目前将影响腾讯 700 HK，友邦 1299 HK，以及汇丰控股 5 HK)；及划一现有成份股和同股不同权/第二上市成份股权重上限至 8%。

为了更好地反映中国经济及港股市场结构性变化，恒指可能会延续过去几年的趋势，增加新经济股在指数中的比重。从 2010 年至 2020 年，新经济板块在恒指中的比例从 15.4%上升至 31.8%。

根据我们的计算，纳入科技股令恒指的估值中枢提升，因为价格提升明显高于盈利提速。随着权重从相对稳定的金融业转向更具波动性的科技股，恒指波动率指数（VHSI）未来可能也会上涨。

此外，2 月 26 日，恒生指数公司发布了其 2020 年第四季度指数检讨的结果。关键调整包括以下内容，将于 3 月 15 日生效：

- 恒指将成份股由 52 只扩大至 55 只，并增加三只股票（阿里健康 241 HK，龙湖 960 HK，海底捞 6862 HK）。
- 国企指数将成份股从 52 只减少至 50 只，增加了两只股票（碧桂园服务 6098 HK，农夫山泉 9633 HK），同时从指数中删除了 4 只。
- 恒生科技指数将成份股从 32 个减少至 30 个，同时增加了两只股票（海尔智家 6690 HK，万国数据 9698 HK），同时剔除了 4 只股票。
- 恒生综合指数将成份股从 493 只扩大至 500 只，增加了 36 只股票，同时剔除了 29 只股票。

从历史上看，增加的股票受益于被动投资跟踪指数和增加风险敞口的资金流。添加的三只股票也将提高该指数的整体市盈率，但其影响应该小于前两轮，其中科技行业的领导者被添加到该指数中，并使其市盈率增加了约 1.1X，因为这些股票在指数中的权重相对之前加入的标的更小。

Chart 1: Companies potentially impacted by expansion of HSI

	Existing		New (HS Co. Simulation to 65)			New (HS Co. Simulation to 80)			
Industry	**Coverage**	**Number**	**Coverage**	**Number**	**Change**	**Coverage**	**Number**	**Change**	**Potential targets**
IT	88.00%	4	94.40%	7	3	95.20%	8	4	Add 3-4 among: Kuaishou (1024 HK), JD (9618 HK), Netease (9999 HK), SMIC (981 HK)
Telecom	83.30%	2	83.30%	2	0	83.30%	2	0	No changes expected.
Financials	83.80%	11	76.80%	8	-3	83.10%	10	-1	Cut 1-3 among: BOCOM (3328 HK), BOC HK (2388 HK), Hang Seng Bank (11 HK), BOC (3328 HK), China Life (2628 HK)
Conglomerates	65.90%	2	82.20%	3	1	83.20%	3	1	Add 1 among: Fosun Intl (656 HK), NWS Holdings (659 HK), Shanghai Ind (363 HK)
Healthcare	29.30%	4	71.00%	8	4	78.30%	10	6	Add 4-6 among: JD Health (6618 HK), Wuxi Apptec (2359 HK), Hansoh Pharma (3692 HK), Beigene (6160 HK), Fosun Pharma (2196 HK), PA Gooddoctor (1833 HK), Innovent Bio (1801 HK), Microport (853 HK), Weigao Group (1066 HK), SH Pharma (2607 HK), Sinopharm (1099 HK)
Utilities	42.80%	4	68.70%	7	3	74.70%	8	4	Add 3-4 among: China Gas (384 HK), CGN Power (1816 HK), ENN Energy (2688 HK), China Longyuan (916 HK), Guangdong Inv (270 HK), China Res Gas (1193 HK)
Energy	79.50%	3	70.80%	2	-1	70.80%	2	-1	Petrochina (857 HK) most likely to be cut among 3 energy stocks in HSI.
Consumer Disc	37.30%	8	54.40%	10	2	65.50%	14	6	Add 2-6 among: BYD Company (1211 HK), New Oriental (9901 HK), Yum China (9987 HK), Huazhu (1179 HK), Prada (1913 HK), Li Ning (2331 HK), Smoore Intl (6969 HK)
Consumer Staples	37.10%	4	56.00%	5	1	64.40%	6	2	Add 1-2 among: Nongfu Spring (9633 HK), China Res Beer (291 HK), China Feihe (6186 HK)
Properties & Construction	42.20%	11	52.30%	12	1	63.90%	15	4	Add 1-4 among: China Vanke (2202 HK), Evergrande (3333 HK), Sunac (1918 HK), Swire (1972 HK), CG Services (6098 HK), Logan (3380 HK)
Industrials	21.70%	2	16.40%	1	-1	27.60%	2	0	AAC (2018 HK) may be cut.
Materials	0%	0	0.00%	0	0	0%	0	0	No changes expected.
Overall	**64.50%**	**55**	**72.50%**	**65**	**10**	**78.20%**	**80**	**25**	

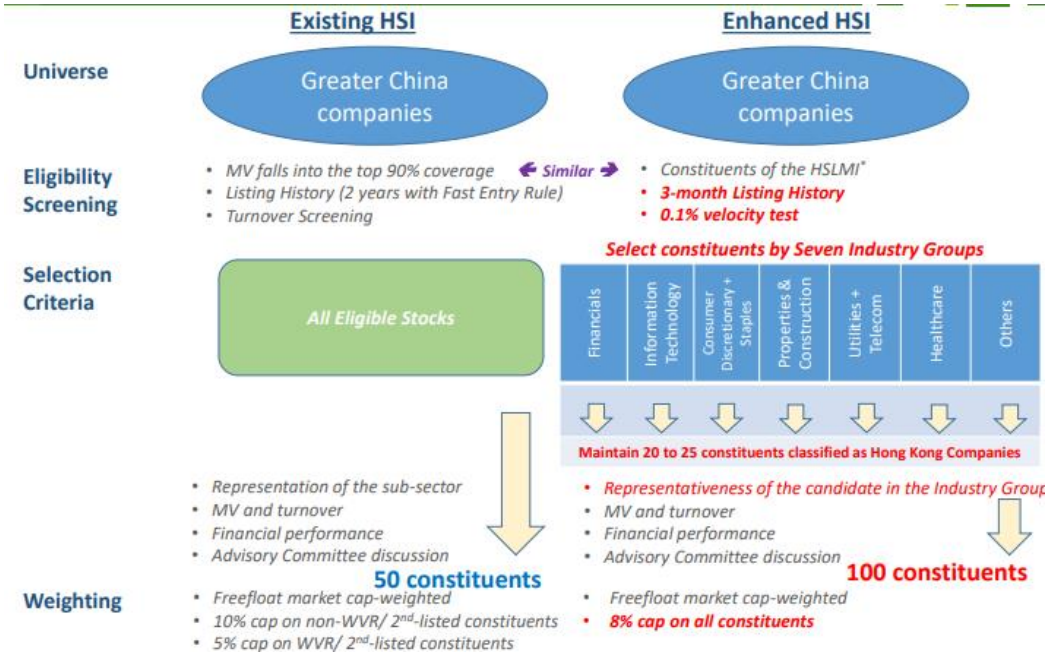
Note: Coverage is using data from Hang Seng Indexes Company (HSLMI used as universe) and updated through 4 Dec, while Number has been updated to reflect index rebalance results from Feb 26, effective Mar 15

Note 2: Potential targets are prioritized by market cap of current HSLMI constituents

Note 3: Hang Seng Company will likely have to balance coverage with representation of HK local stocks.

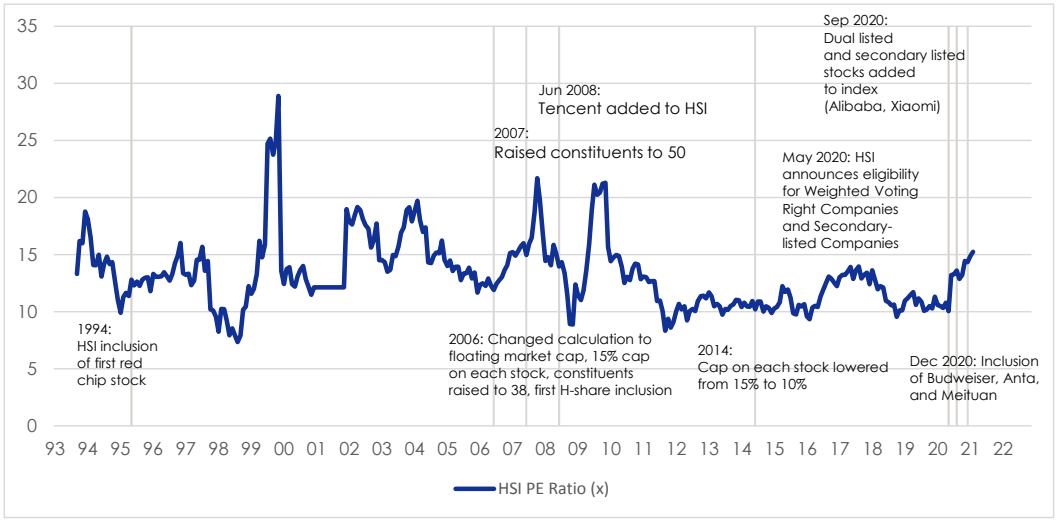
Sources: Hang Seng Indexes Company, Bloomberg, CCBIS

Chart 2: HSI enhancement proposition



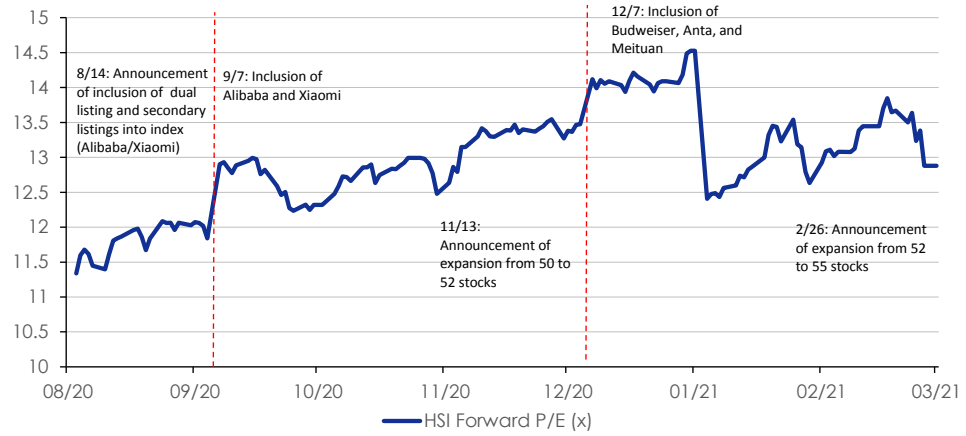
Sources: Hang Seng Indexes Company

Chart 3: Evolution of HSI P/E after key events



Sources: Bloomberg, CCBIS

Chart 4: Previous inclusion of new economy stocks had a noticeable impact on index P/E ratio



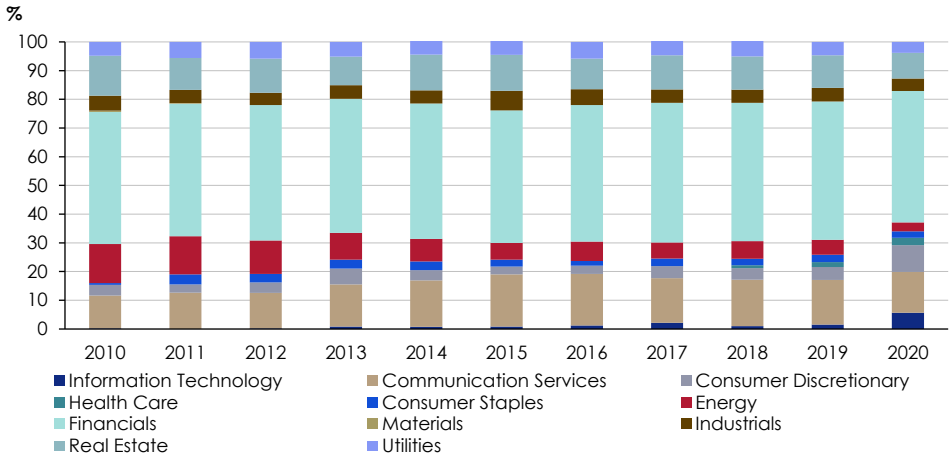
Sources: Bloomberg, CCBIS

Chart 5: Hang Seng Indexes Company forecasts PE ratio to rise to 19.1x on HSI expansion

	Existing	Simulated
Market Cap (HK$bn)		
Index	26,703	33,375 (+ 25%)
Average	514	417
Median	224	216
Top 5 Weighting	41.1%	36.1%
Coverage		
Market Cap*	56.5%	71.2% (+ 14.7 pp)
Turnover#	50.2%	66.0% (+ 15.8 pp)
Fundamentals		
Price Earnings	15.7x	19.1x
Dividend Yield	2.6%	2.1%

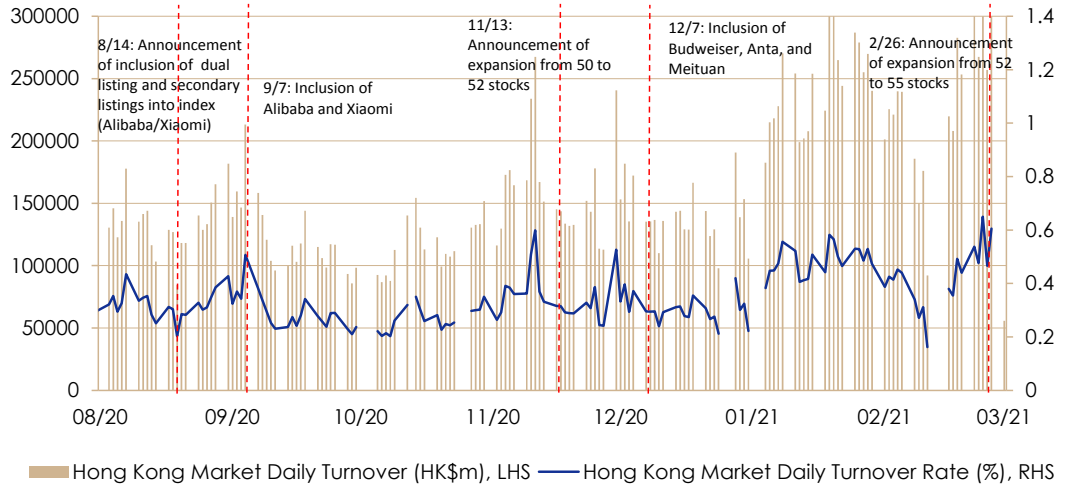
Sources: Hang Seng Indexes Company

Chart 6: Weighting of new economy sectors has steadily risen in HSI, process expected to accelerate after index enhancement reforms



Sources: Bloomberg, CCBIS

Chart 7: Impact of tech stock inclusion on market turnover has been inconclusive



Sources: Bloomberg, CCBIS

Chart 8: Lowering listing history requirements will fast track inclusion into index and allow more timely representation, but add risks to volatility

MV Rank by Review Cut Off Date	Old Min. Listing History	New Min. Listing History
Top 5	3 Months	3 Months
6 - 15	6 Months	3 Months
16-20	12 Months	3 Months
21-25	18 Months	3 Months
Below 25	24 Months	3 Months

Sources: Hang Seng Indexes Company

Chart 9: HSI Constituent Industry Group organization to target 50% coverage of each industry group

Industry Group	Industry
1	Financials
2	Information Technology
3	Consumer Discretionary, Consumer Staples
4	Properties & Construction
5	Utilities, Telecom
6	Healthcare
7	Energy, Materials, Industrials, Conglomerates

Sources: Hang Seng Indexes Company, CCBIS

Appendix: Eligible stocks in Hang Seng Universe (Hang Seng Large and Mid-Cap Index Constituents)

Number	Ticker	Constituent Name	Market Cap (HK$ b)	Number	Ticker	Constituent Name	Market Cap (HK$ b)
1	700	TENCENT	6562.65	76	267	CITIC	189.09
2	9988	BABA-SW	5045.84	77	6186	CHINA FEIHE	188.49
3	1398	ICBC	2166.99	78	2319	MENGNIU DAIRY	170.36
4	3690	MEITUAN-W	2110.38	79	6886	HTSC	170.32
5	2318	PING AN	1811.68	80	1113	CK ASSET	167.13
6	939	CCB	1569.14	81	3993	CMOC	164.25
7	3968	CM BANK	1521.67	82	6837	HAITONG SEC	163.22
8	1288	ABC	1331.83	83	1177	SINO BIOPHARM	163.15
9	1024	KUAISHOU-W	1271.80	84	2611	GTJA	163.13
10	1299	AIA	1207.08	85	763	ZTE	163.10
11	9618	JD-SW	1153.02	86	12	HENDERSON LAND	161.94
12	941	CHINA MOBILE	1118.99	87	1336	NCI	159.23
13	3988	BANK OF CHINA	1046.14	88	384	CHINA GAS HOLD	157.67
14	2628	CHINA LIFE	946.12	89	390	CHINA RAILWAY	156.38
15	5	HSBC HOLDINGS	934.93	90	1918	SUNAC	152.25
16	857	PETROCHINA	902.22	91	762	CHINA UNICOM	152.07
17	1211	BYD COMPANY	662.32	92	823	LINK REIT	151.77
18	1810	XIAOMI-W	653.86	93	968	XINYI SOLAR	148.17
19	386	SINOPEC CORP	623.34	94	1816	CGN POWER	147.96
20	388	HKEX	611.86	95	1179	HUAZHU-S	143.46
21	1658	PSBC	601.67	96	1972	SWIREPROPERTIES	142.45
22	9633	NONGFU SPRING	588.19	97	3606	FUYAO GLASS	142.13
23	9999	NTES-S	583.57	98	1997	WHARF REIC	137.54
24	2601	CPIC	457.32	99	2688	ENN ENERGY	134.52
25	6618	JD HEALTH	454.41	100	2196	FOSUN PHARMA	131.43
26	2202	CHINA VANKE	452.31	101	2328	PICC P&C	130.79
27	2359	WUXI APPTEC	432.87	102	1776	GF SEC	130.39
28	2269	WUXI BIO	419.96	103	753	AIR CHINA	128.89
29	1088	CHINA SHENHUA	399.53	104	1833	PA GOODDOCTOR	128.15
30	883	CNOOC	397.81	105	992	LENOVO GROUP	124.03
31	6969	SMOORE INTL	393.17	106	1801	INNOVENT BIO	121.18
32	241	ALI HEALTH	375.41	107	1913	PRADA	120.52
33	3328	BANKCOMM	370.72	108	1186	CHINA RAIL CONS	118.56
34	6030	CITIC SEC	363.52	109	1038	CKI HOLDINGS	117.82
35	6862	HAIDILAO	355.10			CHINA COMM	
36	16	SHK PPT	347.15	110	1800	CONS	115.74
37	2899	ZIJIN MINING	345.84	111	2331	LI NING	115.50
38	2020	ANTA SPORTS	345.49	112	1579	YIHAI INTL	115.47
39	914	CONCH CEMENT	317.68	113	2238	GAC GROUP	114.70
40	27	GALAXY ENT	313.24	114	881	ZHONGSHENG HLDG	112.89
41	1876	BUD APAC	311.22	115	168	TSINGTAO BREW	111.07
42	2333	GREATWALL MOTOR	297.18	116	1929	CHOW TAI FOOK	106.60
43	1928	SANDS CHINA LTD	294.08	117	1055	CHINA SOUTH AIR	104.45
44	960	LONGFOR GROUP	286.37	118	6881	CGS	101.16
45	981	SMIC	286.07	119	288	WH GROUP	101.01
46	66	MTR CORPORATION	284.02	120	9688	ZAI LAB-SB	100.52
47	11	HANG SENG BANK	283.53	121	285	BYD ELECTRONIC	99.70
48	1339	PICC GROUP	280.56	122	3323	CNBM	99.53
49	2388	BOC HONG KONG	268.02	123	656	FOSUN INTL	99.18
50	998	CITIC BANK	266.97	124	1093	CSPC PHARMA	97.47
51	1988	MINSHENG BANK	259.06	125	17	NEW WORLD DEV	97.11
52	175	GEELY AUTO	254.80	126	916	CHINA LONGYUAN	96.60
53	1109	CHINA RES LAND	253.50	127	268	KINGDEE INT'L	95.53
54	2313	SHENZHOU INTL	249.84	128	358	JIANGXI COPPER	94.79
55	6818	CEB BANK	242.35	129	868	XINYI GLASS	91.70
56	3908	CICC	235.14	130	6	POWER ASSETS	91.67
57	3692	HANSOH PHARMA	233.21	131	270	GUANGDONG INV	90.35
58	9901	NEW ORIENTAL-S	233.07	132	1193	CHINA RES GAS	90.13
59	6160	BEIGENE	227.92	133	101	HANG LUNG PPT	89.42
60	1	CKH HOLDINGS	226.55	134	1378	CHINAHONGQIAO	88.78
61	2057	ZTO EXPRESS-SW	225.46	135	322	TINGYI	88.19
62	669	TECHTRONIC IND	220.67	136	83	SINO LAND	86.60
63	2382	SUNNY OPTICAL	216.85	137	909	MING YUAN CLOUD	86.14
64	1766	CRRC	214.82	138	813	SHIMAO GROUP	85.26
65	688	CHINA OVERSEAS	210.60	139	853	MICROPORT	82.74
66	2007	COUNTRY GARDEN	210.22	140	670	CHINA EAST AIR	82.66
67	2338	WEICHAI POWER	208.79	141	6823	HKT-SS	80.91
68	3333	EVERGRANDE	207.39	142	3888	KINGSOFT	78.79
69	788	CHINA TOWER	205.93	143	19	SWIRE PACIFIC A	77.79
70	3	HK & CHINA GAS	205.08	144	87	SWIRE PACIFIC B	77.79
71	728	CHINA TELECOM	203.14	145	2883	CHINA OILFIELD	77.60
72	291	CHINA RES BEER	199.35	146	1128	WYNN MACAU	77.26
73	9987	YUM CHINA-S	197.17	147	6060	ZA ONLINE	76.80
74	6098	CG SERVICES	192.59	148	772	CHINA LIT	74.71
75	2	CLP HOLDINGS	189.48	149	3808	SINOTRUK	72.06

Number	Ticker	Constituent Name	Market Cap (HK$ b)
150	6110	TOPSPORTS	72.06
151	1691	JS GLOBAL LIFE	71.99
152	9668	CBHB	71.05
153	1999	MAN WAH HLDGS	68.96
154	1898	CHINA COAL	68.69
155	151	WANT WANT CHINA	68.43
156	2638	HKELECTRIC-SS	67.77
157	3380	LOGAN GROUP	67.13
158	1347	HUA HONG SEMI	66.97
159	902	HUANENG POWER	65.68
160	3799	DALI FOODS	65.32
161	6808	SUNART RETAIL	64.77
162	486	RUSAL	64.27
163	1044	HENGAN INT'L	64.06
164	489	DONGFENG GROUP	63.16
165	135	KUNLUN ENERGY	63.04
166	1313	CHINARES CEMENT	62.92
167	586	CONCH VENTURE	62.35
168	880	SJM HOLDINGS	62.23
169	2689	ND PAPER	62.13
170	966	CHINA TAIPING	60.74
171	884	CIFI HOLD GP	60.42
172	1066	WEIGAO GROUP	60.42
173	2607	SH PHARMA	59.35
174	1359	CHINA CINDA	58.39
175	1030	SEAZEN	58.06
176	4	WHARF HOLDINGS	57.81
177	1308	SITC	57.52
178	1099	SINOPHARM	56.17
179	696	TRAVELSKY TECH	55.72
180	754	HOPSON DEV HOLD	54.02
181	177	JIANGSU EXPRESS	53.54
182	3618	CQRC BANK	53.41
183	23	BANK OF E ASIA	52.62
184	2588	BOC AVIATION	51.77
185	2039	CIMC	51.57
186	2018	AAC TECH	50.94
187	2282	MGM CHINA	50.09
188	1171	YANZHOU COAL	49.69
189	493	GOME RETAIL	49.36
190	293	CATHAY PAC AIR	47.06
191	2128	CHINA LESSO	46.10
192	3918	NAGACORP	45.67
193	1951	JXR	44.32
194	836	CHINA RES POWER	44.02
195	1882	HAITIAN INT'L	43.65
196	1888	KB LAMINATES	43.06
197	522	ASM PACIFIC	42.89
198	3383	AGILE GROUP	42.70
199	9926	AKESO-B	42.41
200	144	CHINA MER PORT	42.32
201	2357	AVICHINA	42.18
202	636	KERRY LOG NET	41.90
203	148	KINGBOARD HLDG	41.69
204	425	MINTH GROUP	41.06
205	817	CHINA JINMAO	40.89
206	3898	CRRC TIMES ELEC	40.50
207	220	U-PRESID CHINA	40.34
208	1208	MMG	38.72
209	2777	R&F PROPERTIES	38.65
210	780	TONGCHENG-ELONG	38.40
211	467	UNITEDENERGY GP	38.11
212	667	CHINA EAST EDU	37.79
213	345	VITASOY INT'L	37.55
214	1813	KWG GROUP	36.77
215	3998	BOSIDENG	36.50
216	2799	CHINA HUARONG	36.34
217	683	KERRY PPT	35.90
218	1114	BRILLIANCE CHI	35.06
219	8	PCCW	34.86
220	3360	FE HORIZON	34.52
221	659	NWS HOLDINGS	34.30
222	14	HYSAN DEV	34.00
223	839	CHINA EDU GROUP	33.50
224	392	BEIJING ENT	33.32
225	2314	LEE & MAN PAPER	31.99
226	3320	CHINARES PHARMA	31.60
227	371	BJ ENT WATER	30.77
228	867	CMS	30.74
229	973	L'OCCITANE	30.20
230	1548	GENSCRIPT BIO	28.65
231	69	SHANGRI-LA ASIA	28.50
232	1060	ALI PICTURES	28.44
233	9969	INNOCARE-B	28.37
234	152	SHENZHEN INT'L	28.05
235	694	BEIJING AIRPORT	27.98
236	3900	GREENTOWN CHINA	27.84
237	3331	VINDA INT'L	27.77
238	257	EB ENVIRONMENT	27.64
239	3311	CHINA STATE CON	27.52
240	551	YUE YUEN IND	27.21
241	1316	NEXTEER	27.19
242	3396	LEGENDHOLDING	27.19
243	123	YUEXIU PROPERTY	26.63
244	2778	CHAMPION REIT	26.40
245	10	HANG LUNG GROUP	26.31
246	2869	GREENTOWN SER	26.01
247	552	CHINACOMSERVICE	25.35
248	200	MELCO INT'L DEV	24.98
249	1238	POWERLONG	24.90
250	1638	KAISA GROUP	24.60
251	604	SHENZHEN INVEST	24.39
252	570	TRAD CHI MED	23.67
253	460	SIHUAN PHARM	23.00
254	1337	RAZER	22.97
255	3669	YONGDA AUTO	22.79
256	1958	BAIC MOTOR	22.28
257	6158	ZHENRO PPT	22.28
258	1233	TIMES CHINA	21.99
259	1458	ZHOU HEI YA	21.64
260	3990	MIDEA REAL EST	21.58
261	6169	YUHUA EDU	21.54
262	1910	SAMSONITE	21.35
263	179	JOHNSON ELEC H	20.83
264	1797	KOOLEARN	20.69
265	1717	AUSNUTRIA	20.59
266	1112	H&H INTL HLDG	19.88
267	41	GREAT EAGLE H	19.87
268	3883	CHINA AOYUAN	19.73
269	535	GEMDALE PPT	19.47
270	1530	3SBIO	19.43
271	1199	COSCO SHIP PORT	19.33
272	2186	LUYE PHARMA	19.30
273	6088	FIT HON TENG	18.75
274	2858	YIXIN	18.62
275	2772	ZHONGLIANG HLDG	18.59
276	3633	ZHONGYU GAS	18.12
277	2669	CHINA OVS PPT	17.75
278	1896	MAOYAN ENT	17.17
279	1628	YUZHOU GROUP	17.14
280	165	CHINA EB LTD	17.05
281	2380	CHINA POWER	16.57
282	303	VTECH HOLDINGS	16.14
283	9996	PEIJIA-B	16.10
284	1310	HKBN	14.77
285	665	HAITONG INT'L	14.43
286	778	FORTUNE REIT	14.16
287	9990	ARCHOSAUR GAMES	14.06
288	9997	KANGJI MEDICAL	13.62
289	1788	GUOTAI JUNAN I	13.18
290	410	SOHO CHINA	13.10
291	405	YUEXIU REIT	12.98
292	2005	SSY GROUP	12.96
293	3377	SINO-OCEAN GP	12.87
294	173	K. WAH INT'L	12.73
295	2768	JIAYUAN INTL	12.29
296	1333	CHINA ZHONGWANG	12.21
297	363	SHANGHAI IND H	12.05
298	590	LUK FOOK HOLD	11.73
299	142	FIRST PACIFIC	10.86
300	1212	LIFESTYLE INT'L	10.47
301	1083	TOWNGAS CHINA	10.09
302	341	CAFE DE CORAL H	10.00
303	272	SHUI ON LAND	9.67
304	3301	RONSHINECHINA	9.37
305	581	CHINA ORIENTAL	9.16
306	119	POLY PROPERTY	8.71

Rating definitions:

Outperform (O) – expected return > 10% over the next twelve months
Neutral (N) – expected return between -10% and 10% over the next twelve months
Underperform (U) – expected return < -10% over the next twelve months

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