

Shanghai-Hong Kong Stock Connect

A big step towards greater market convergence

The scheme should increase turnover in Hong Kong and encourage greater participation by institutional investors in Shanghai's A-share market. It may also lead to a preference for large-cap value A-shares with high dividends

We expect the programme to be extended to the Shenzhen Stock Exchange and different asset classes such as derivatives, bonds and FX

This report also identifies scarcity value in both markets and comparable A and H-shares with a wide valuation gap

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Disclosures and Disclaimer This report must be read with the disclosures and analyst certifications in the Disclosure appendix, and with the Disclaimer, which forms part of it

Executive summary

Shanghai-Hong Kong Stock Connect, scheduled to start before the end of October, is a big step towards integrating China's domestic A-share market and the Hong Kong stock market. The programme will let global investors trade selected A-shares from Hong Kong and give Mainland investors access to selected Hong Kong stocks on the Shanghai Stock Exchange. This should increase the scale and relevance of these markets and also improve market efficiency and the robustness of China's financial system in general.

A big step towards greater market convergence

This report, the third in a series about what Shanghai-Hong Kong Stock Connect means for different asset classes, analyses the implications and dynamics of this move towards market convergence for equities:

- ▶ **Short term:** It's initially about identifying price differences between A-shares and H-shares. Five months after the programme was announced, both markets are up 7-8%, and the Hang Seng China AH Premium Index, which tracks the average price difference for dual-listed companies, remains largely unchanged. However, across sectors there are significant differences between A-share and H-share prices. In general we believe this will lead to an investor preference for blue-chip companies in the A-share market and mid-cap growth companies in the Hong Kong market, which means the price difference should narrow gradually.
- ▶ **Medium term:** The scheme should lead to substantially higher market turnover in Hong Kong and greater institutional participation in the A-share market. HSBC analyst York Pun estimates HKEx's turnover could rise over 80% once all restrictions related to Stock Connect are removed. Similarly, we expect to see institutional investors, who currently own only 15% of the A-share market, become far more active in China. Foreign investors alone could drive up the level of institutional ownership of A-shares by at least 5-8ppts over the next 3-5 years through Stock Connect and existing channels such as the qualified investor schemes (QFII, RQFII).
- ▶ **Long term:** We expect to see changes in the style of investment in both markets. The A-share market should move closer to Hong Kong – i.e. favouring value, large-cap and high dividend yield stocks – because of more foreign institutional participation, a lower risk-free rate and increasing dividend pay-outs. If we look at the net capital flow for both markets, defined as dividends paid by listed companies to shareholders minus the sum of equity fund raising plus stamp duty tax and stock trading commission, we find significant differences between Hong Kong and the A-share market. This is mainly driven by large-cap dividend yield stocks – the Hong Kong market recorded average positive cash flows of RMB130bn for the past three years, while the average for the A-share market was negative RMB65bn.

In search of scarcity and value

For foreign investors, there are over 500 pure A-share stocks that are investible for the first time, with a total market cap close to USD1trn; Mainland Chinese investors will have access to over 200 pure Hong Kong stocks for the first time, with a total market cap of over USD2trn.

In general, the Hong Kong stock pool is more geared towards financials, telecom services and the IT sector, while the Shanghai A-share stock pool has a much higher sector weighting, relative to Hong Kong, in industrials, materials, health care and consumer staples.

We have devised a systematic approach to generate a list of stocks for both markets:

- ▶ We first look at level four of the Global Industry Classification Standard (GICS), which covers 170 sub-industries, to compare the two investment universes and identify what's not represented in the other universe.
- ▶ For the Hong Kong market, this gives us casino and gaming, property and casualty insurance, specialised finance, electronic manufacturing services, semiconductor equipment, industry gas and integrated telecom services. For the A-share market, it identifies distillers and vintners, biotechnology, aerospace and defence, application software, IT consulting, systems software, commodity and diversified chemicals, and forest products.
- ▶ The aforementioned objective approach aside, we have also come up with a list of stocks in both markets based on floatable market cap and business model uniqueness. Excluding the names that overlap, this gives us a list of 74 out of 207 stocks in the Hong Kong investment universe and 164 out of 501 stocks in the Shanghai A-share universe (pages 17-22).
- ▶ We have also provided a list of the top 20 most favoured pure A-shares held by qualified foreign institutional investors, or QFIIs (see page 24). They are mostly regional and city commercial banks, consumer names (like home appliance manufacturers, autos, food and beverages, including dairy and white liquor, and supermarkets), railway operators and power generators.

Investment implications

- ▶ Top-down approach based on empirical analysis identifies attractive A-shares relative to H-shares.
- ▶ Twelve comparable companies across the two markets that currently have a wide valuation gap (page 28).
- ▶ Strong growth should help to support a continuing re-rating of the Hong Kong exchange (HKEx), but only selected brokers will likely benefit from the Stock Connect scheme.

What's next for market connectivity

First, assuming a smooth and successful launch of the programme, we believe the investment quota will increase significantly and the scheme will be expanded to include more securities (such as ETFs).

According to a *Reuters* report, 27 August 2014, the Shenzhen Stock Exchange has submitted a plan to connect to the Hong Kong stock market as well.

We believe the co-operation between Hong Kong and Shanghai shows the way forward for other markets in China – i.e. a co-ordinated and controlled approach to opening markets. Provided Stock Connect operates smoothly, HKEx can apply the same model to other asset classes, such as derivatives through the London Metal Exchange (LME) platform, interbank bond market and foreign exchange.

We believe Stock Connect could be expanded more rapidly than previous schemes, given the acceleration of financial and capital market reforms in China. We expect the programme's quotas to increase in the months following the launch and the limits on retail investors Southbound to be removed in a year. The quotas could be abolished in three years as China's capital market reforms progress. In our view, connectivity with other Mainland exchanges/markets will take place in the coming five years.

Good prospects

If HKEx is connected to both of China's stock exchanges, Shanghai and Shenzhen, it would offer access to a much larger market – a combined market cap of over USD7trn and a combined annual turnover of more than USD9trn. Based on 2013 numbers, this would make it the second largest stock market in the world (see page 35).

We forecast that the domestic A-share market cap alone will rise from USD4trn to USD10trn by 2020, with foreign participation representing at least 10% of the market, or USD1trn. Given the upcoming launch of Stock Connect and the acceleration of capital account liberalisation in China, we think the A-share market might potentially meet the MSCI's criteria for emerging market status review in 2015 (see [Ready for lift off – China's A-share market simply too big to ignore](#), March 2014). Were China's domestic A-shares to be included in the MSCI benchmarks, it would be a game changer, attracting billions of dollars of capital.

China's financial opening up to the world not only provides a new source of funding, but we believe it should also lead to a more diversified and stable global investor base. Stock Connect marks an important page in the development of global capital markets. It will remove the barrier between the Shanghai and Hong Kong exchanges. It may even serve as an example for collaboration between other bourses in the world.

This report is the third in a series looking at how the Stock Connect programme will affect different asset classes (see [Shanghai-Hong Kong Stock Connect. Implications for FX and Rates](#), 28 August 2014, and [Opening more gates, How Shanghai-Hong Kong Stock Connect helps China's financial reforms](#), 1 September 2014).

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Convergence dynamics

- ▶ Short term: it's initially about identifying price differences between A-shares and H-shares
- ▶ Medium term: higher turnover in Hong Kong and greater foreign ownership in China
- ▶ Long term: style rotation favours value and large-cap A-shares

A-share and H-share price differentials currently remain

The Hang Seng China AH Premium Index tracks the average price difference of A-shares over H-shares for the 54 largest and most liquid Chinese companies listed in both markets. It's an easy-to-follow indicator showing the absolute premium or discount of A-shares over H-shares of dual-listed companies. If the index is trading below 100, it means the A-shares are trading at a discount to H-shares, and vice versa.

On the day when the Shanghai-Hong Kong Stock Connect programme was announced on 10 April 2014 by Chinese Premier Li Keqiang, the index traded at 93.7, indicating a 6.3% discount for A-shares. Since then, the index has averaged 93.4 and was at 94.5 almost five months after the announcement. Simply put, **the average A-and-H price gap has barely budged** (chart 1). That said, market reaction appears to have gone through three different stages:

- ▶ 10 April – 9 May: in the first month after the announcement, A-shares outperformed H-shares by 4ppts, lifting the index reading to 97.6.
- ▶ 9 May – 23 July: instead of further closing the price gap, A-shares actually underperformed

H-shares by almost 9ppts, driving down the index to 89.0, indicating an 11% discount.

- ▶ 23 July – present: A-shares are playing catch-up following the H-share rally, closing the price gap by over 3ppts.

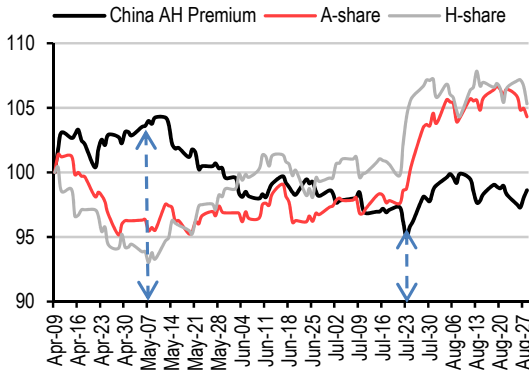
But sectors differ

It is important to note that the dynamics of A-share and H-share price differentials vary across sectors (charts 2-6). In some sectors, the H-share premium is widening, particularly for blue-chip sectors. For instance, the H-share banks' premium widened to 9% from 4% (based on a simple average of nine dual-listed banks). Similarly, H-share energy companies moved to a 4% premium from a 6% discount (a simple average of three dual-listed oil & gas companies).

One theory that explains the H-share premium is different monetary conditions in the Hong Kong stock market and the domestic A-share market, which creates different discount rates and valuation multiples.

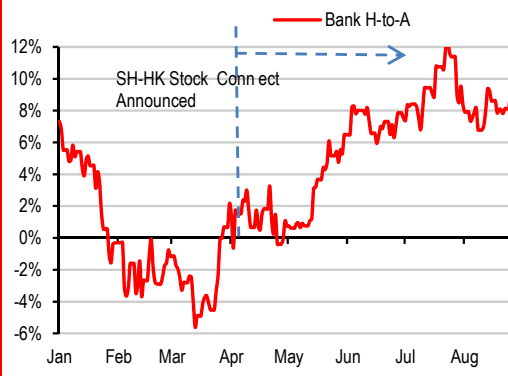
In other sectors, the H-share premium is shrinking. For example, H-share insurers' premium has narrowed to 13% from 21% (simple average of four dual-listed insurers). Elsewhere, the H-share discount is shrinking – for industrials

1. How dual-listed A-and-H companies have reacted to the Shanghai-Hong Kong Stock Connect announced on 10 April



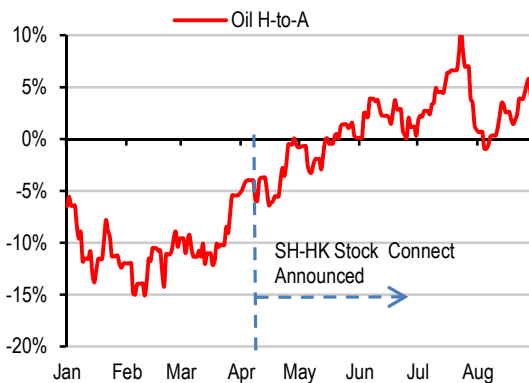
Source: CEIC (Hang Seng A and H index rebased at 100 on 9 April 2014)

2. H-share banks premium widened to 9% from 4% (simple average of nine dual-listed banks)



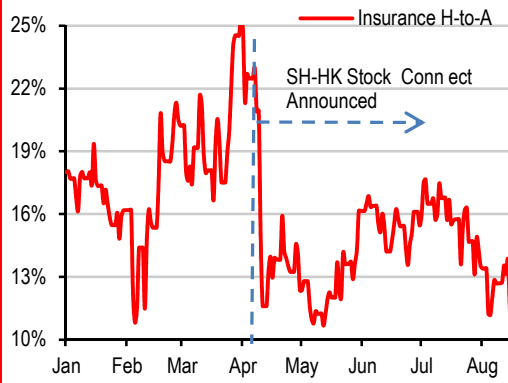
Source: Bloomberg

3. H-share energy companies moved to 4% premium from 6% discount (average of three dual-listed oil & gas companies)



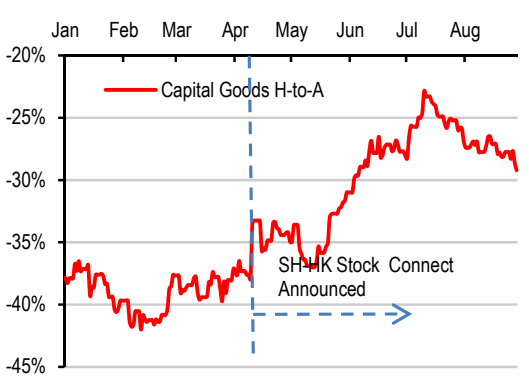
Source: Bloomberg

4. H-share insurers premium narrowed to 13% from 21% (average of four dual-listed insurers)



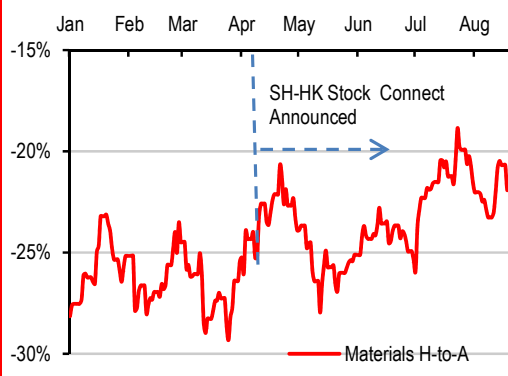
Source: Bloomberg

5. H-share industrials discount narrowed to 29% from 38% (average of 12 dual-listed companies)



Source: Bloomberg

6. H-share materials discount narrowed to 22% from 25% (average of nine dual-listed companies)



Source: Bloomberg

the discount narrowed to 29% from 38% (average of 11 dual-listed companies) and for materials it fell to 22% from 25% (average of nine dual-listed companies).

Higher turnover in HK and richer investor base in China

In the medium term, we think investors in China and Hong Kong may become more alike. Traditionally, the Hong Kong market is dominated by institutional investors, while the domestic A-share market, particularly in Shenzhen, is driven by retail and speculative trading flows (charts 7-8). For example:

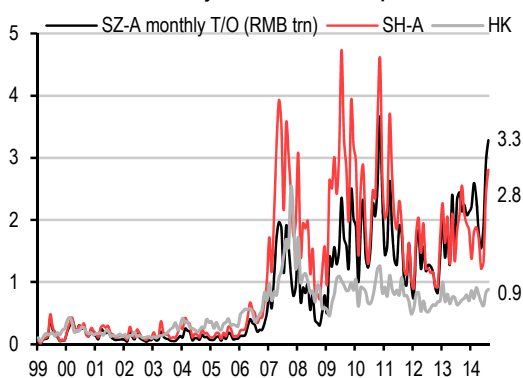
- ▶ In August, turnover on the Shenzhen Stock Exchange was over RMB3.3trn, while tradable market cap at the end of the month was RMB7.7trn, implying a monthly turnover ratio of 43%.
- ▶ Similarly, the Shanghai Stock Exchange recorded turnover of RMB2.8trn in August with a month-end tradable market cap of RMB14.7trn, a monthly turnover ratio of over 19%.
- ▶ In comparison, the Hong Kong Stock Exchange recorded turnover of only RMB0.9trn in August and its month-end market cap was over RMB20trn, giving it a monthly turnover ratio of just 4%.

- ▶ For the past 12 months, the Shenzhen A-share market has turned **four** times, the Shanghai A-share market **1.6** times and the Hong Kong stock market **0.5** times.

There are several ways to estimate to what extent Southbound liquidity from Mainland investors could affect market turnover in Hong Kong:

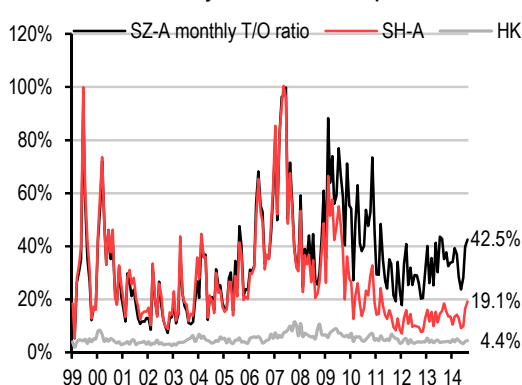
- ▶ Assuming the Southbound quota of RMB250bn will be turned over four times a year, or slightly less than the Shenzhen A-share market, it could add RMB1trn in turnover to the Hong Kong market, or over **10%** of existing annual turnover of RMB9trn.
- ▶ When an earlier scheme, the Hong Kong Stock Express, was announced on 20 August 2007, Hong Kong stock monthly market turnover surged nearly **100%** in the next three months, compared to the preceding 12 months, to an average RMB2trn. The plan was shelved indefinitely three months later and since then market turnover has dropped to around RMB1trn.
- ▶ HSBC banks' analyst York Pun thinks Stock Connect is only the beginning of connectivity with the Mainland. He believes existing limitations (on stocks, investor qualifications and quotas) will be phased out over time. As he wrote in his report, [Favourable moves around the corner](#), December 2013, HKEx's

7. Cross market monthly turnover value comparison

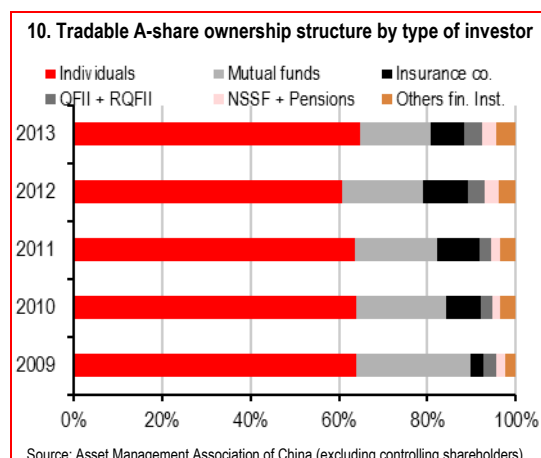


Source: Bloomberg

8. Cross market monthly turnover ratio comparison



Source: Bloomberg



turnover could rise over **80%** once Stock Connect restrictions are lifted. He also expects the programme to be expanded to include the Shenzhen Stock Exchange and other asset classes.

The main reason behind the significantly lower market turnover in **Hong Kong** is the dominance of **institutional investors**, which account for over **75%** of market trading volume, including overseas institutions (40%), local institutions (20%) and principal trading of exchange participants (chart 9). Local and overseas retail investors, mostly from Mainland China, account for the balance of the trading volume (15% and 5%, respectively).

It's the opposite in the domestic **A-share** market. According to data from the Asset Management Association, **individuals** hold over 27% of total tradable shares (RMB5.6trn). This rises to **65%** if controlling shareholders that are unlikely to trade are excluded (chart 10 and table 11). Institutional investors only own 15% of tradable A-shares (RMB3trn), or 35%, excluding controlling shareholders. Several trends are clear:

- ▶ Domestic mutual funds are the largest institutional investors, but their ownership levels have dropped from 12.8% in 2009 to 6.7% in 2013, implying a sell-down of over RMB550bn A-shares.

11. Tradable A-share ownership structure

Tradable A-share holdings (RMBbn)	2009	2010	2011	2012	2013	Change
Mutual funds	1,920.7	1,807.1	1,294.6	1,393.9	1,364.1	(556.6)
NSSF + Pension funds	138.6	163.2	151.1	226.6	278.6	140.0
QFII + RQFII	211.3	235.8	177.3	291.6	344.8	133.6
Insurance companies	216.0	688.0	650.1	769.2	660.2	444.2
Trust companies	93.0	164.3	143.7	188.7	245.5	152.6
Securities brokers	91.5	137.1	100.1	110.9	128.7	37.3
Individuals	4,731.8	5,651.5	4,395.4	4,626.5	5,579.4	847.6
Controlling shareholders	7,637.7	10,542.8	9,641.0	10,660.5	11,862.4	4,224.7
Total tradable market cap	15,040.6	19,389.8	16,553.2	18,267.9	20,463.8	5,423.3
Tradable A-share holding (%)						
Mutual funds	12.8%	9.3%	7.8%	7.6%	6.7%	-6.1%
NSSF + Pension funds	0.9%	0.8%	0.9%	1.2%	1.4%	0.4%
QFII + RQFII	1.4%	1.2%	1.1%	1.6%	1.7%	0.3%
Insurance companies	1.4%	3.5%	3.9%	4.2%	3.2%	1.8%
Trust companies	0.6%	0.8%	0.9%	1.0%	1.2%	0.6%
Securities brokers	0.6%	0.7%	0.6%	0.6%	0.6%	0.0%
Institution subtotal:	17.8%	16.5%	15.2%	16.3%	14.8%	-3.0%
Individuals	31.5%	29.1%	26.6%	25.3%	27.3%	-4.2%
Controlling shareholders	50.8%	54.4%	58.2%	58.4%	58.0%	7.2%

Source: Asset Management Association of China (change = 2013-2009)

- ▶ Insurance companies are the second largest institutional investors. Their ownership has more than doubled to 3.2% in 2013 from 1.4% in 2009, implying net buying of over RMB400bn A-shares over the same period.
- ▶ QFIIs and RQFIIs are the third largest institutional investors, adding RMB170bn of A-shares since 2012 to bring their share of ownership to RMB340bn (1.7% share).
- ▶ The National Social Securities Fund (NSSF) and corporate pension funds have added RMB140bn of A-shares since 2009 to bring total ownership to RMB280bn (1.4%).
- ▶ Trust companies doubled their ownership of A-shares to 1.2% over 2009-12, representing net buying of over RMB150bn over the period.
- ▶ Securities brokers, including principal trading and managed accounts for clients, have maintained a small presence in the A-share market (0.6%).

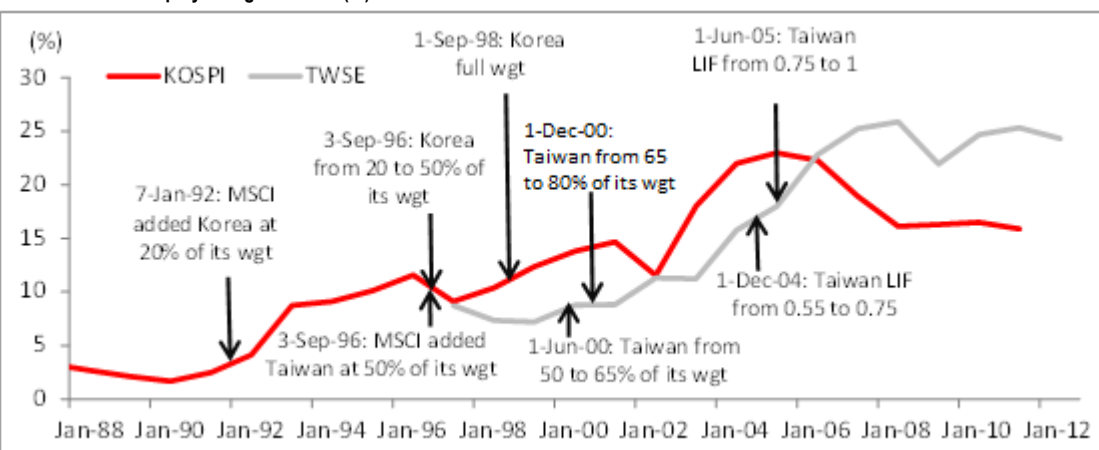
Clearly, there is room for institutional investors, who currently own only 15% of the A-share market, to become far more active. Foreign investors alone could drive up the level of institutional ownership of A-shares by 5-8ppts

over the next 3-5 years through existing channels such as the qualified investor schemes (QFII, RQFII) and the introduction of Stock Connect.

The three channels have a maximum quota of RMB740bn, RMB923bn (USD150bn) and RMB300bn, respectively. We estimate that if all the quotas are fully used, foreign institutional ownership could rise to RMB1.5trn, or 7% of total tradable A-shares, up more than 5ppts from 1.7% in 2013.

In our report, [A-share market – ready for lift-off](#), March 2014, we forecast that foreign participation could reach at least 10% of the A-share market, or USD1trn, by 2020. This is because China's presence in the global benchmark indices – the MSCI and the FTSE – is largely limited to Hong Kong-listed H-shares and red-chips. Were China's domestic A-shares to be included in those benchmarks, we believe it would be a game changer, attracting billions of dollars of capital. In 2015, MSCI will consider whether to reclassify China A-shares and give them emerging market status. If Shanghai-Hong Kong Stock Connect is a success, we believe it could enhance the case for an A-share inclusion significantly.

12. Stock ownership by foreign investor (%) vs. additions of Korea and Taiwan to the MSCI



Source: MSCI, CEIC, HSBC Equity Strategy Research

As reference, in South Korea, foreign ownership rose from 2.5% to 10.4% between 1992 and 1998, or 8ppts, the period from when domestic stocks were first included in the MSCI to when they were fully included. The equivalent rise in Taiwan between 1996 and 2005 was from 8.7% to 18%, or over 9ppts (chart 12).

Investment style

The two markets have distinct investment styles:

- ▶ There is a clear preference for **value over growth** in the Hong Kong market. Since 2001, the MSCI China value index has outperformed the MSCI China growth index by almost 200ppts (chart 13). Over the same period, the MSCI China A-share value index has only outperformed the A-share growth index by less than 40ppts (chart 14). Admittedly, the MSCI China growth index has slightly outperformed the value index for the past five years by a small margin, primarily because Tencent was added to the growth index in June 2008.
- ▶ Similarly, there is a clear preference for **large-cap over small-cap** in Hong Kong. Since 2003, the Hang Seng composite large-cap index has outperformed its small-cap index by over 80ppts (chart 15). In sharp contrast, the FTSE A50 large-cap index has underperformed the FTSE A-share small-cap index by almost 200ppts over the same period (chart 16), particularly after the global financial crisis and the inception of China's growth enterprise board in Shenzhen, the ChiNext. Size counts too. Over the past one, three and five years, large-caps have outperformed small-caps in Hong Kong and small-caps have outperformed large-caps in the A-share market.
- ▶ Lastly, there is a preference for **high dividend yield** stocks in Hong Kong. From the historical trough in 2008, the Hang Seng high dividend yield index has rebounded nearly 120%, while

the Shanghai Stock Exchange high dividend yield index has gone up less than 30% (chart 17). Primarily, it's because of the different composition of index constituents – Hong Kong includes a lot of public utilities and landlords, while Shanghai has a dominant share of Chinese banks. With persistent de-rating, Chinese banks have underperformed.

So, what impact will Stock Connect have on the style of investment in these markets? For several reasons we think the **A-share market tastes will move closer to those in Hong Kong, i.e. favouring value, large-cap and high dividend yield stocks**. They include:

- ▶ **Investor base:** currently nearly 30% of tradable shares are held by retail investors in the A-share market, twice the amount held by all institutional investors combined. That's set to change, in our view. We estimate foreign institutional ownership of A-shares, currently less than 2%, could increase by 5-8ppts to 7-10% over the next 3-5 years, while ownership levels of domestic institutions should rise to a minimum of 20% from the current 13%.
- ▶ **Risk-free rate:** the spread between China's 10-year treasury yield and Hong Kong's 10-year government bonds has stayed above 200bp on average for the past four years, or around 4% vs. 2% (chart 18). Clearly, the lower the risk-free rate, the better for value, large-cap and high dividend yield stocks. In the long run, we expect China's risk-free rate could come down.
- ▶ **Net capital flows:** if we look at the net capital flows, we find large differences between Hong Kong and the A-share market. We define net capital flow as the dividend paid by listed companies to shareholders minus the sum of equity fund raising plus stamp duty tax and stock trading commission.

13. Value has significantly outperformed growth in the Hong Kong stock market since 2001



Source: Bloomberg (rebased at 100 on 1 Jan 2001)

14. Value has outperformed growth style only moderately in the domestic A-share market since 2001



Source: Bloomberg (rebased at 100 on 1 Jan 2001)

15. Large-cap index has significantly outperformed small-cap index in the Hong Kong stock market since 2007



Source: Bloomberg (rebased at 100 on 1 July 2003)

16. Large-cap index has significantly underperformed small-cap index in the A-share market since 2007



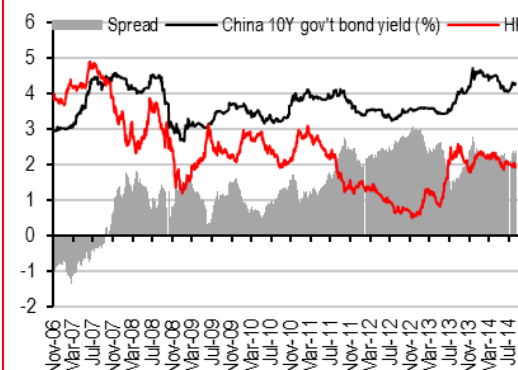
Source: Bloomberg (rebased at 100 on 1 July 2003)

17. High dividend yield stocks in Hong Kong have outperformed similar stocks in the A-share market



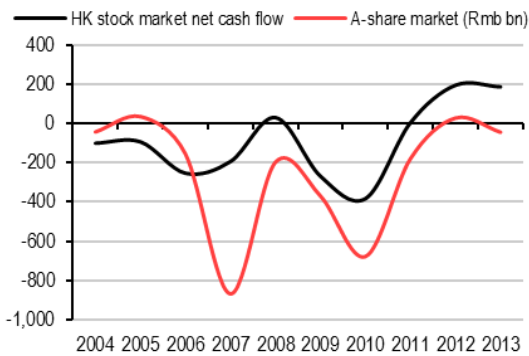
Source: Bloomberg (rebased at 100 on 1 July 2007)

18. Risk-free rate is significantly higher in Mainland China vs. in Hong Kong, or over 180bp on average in L5Y



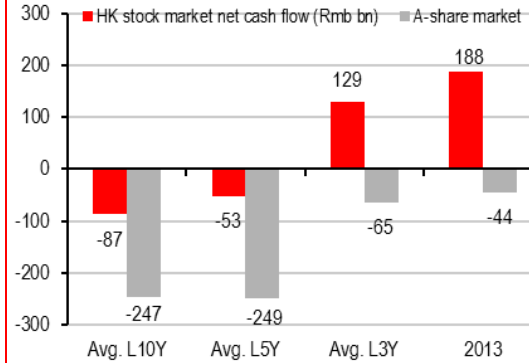
Source: Bloomberg

19. Hong Kong stock market investors are much better off than A-share market investors from a cash flow perspective



Source: HKEx, Wind, HSBC Equity Strategy Research

20. Though the A-share market is improving, particularly in the past three years



Source: HKEx, Wind, HSBC Equity Strategy Research

Essentially, this measures whether the market is rewarding investors with cash or is taking money away from them. To a large extent, the outcome depends on large-cap, dividend-paying stocks (table 21). Hong Kong stock market investors are in a much better position than A-share investors, even purely from a cash flow perspective:

- ▶ For the past decade, Hong Kong investors received nearly RMB4trn in dividends, while listed companies raised about the same amount of money. Adjusted for stamp tax and trading commission, Hong Kong investors recorded net cash outflow of RMB0.9trn, or an average of RMB90bn per year, but their counterparts in the A-share market suffered from RMB2.5trn of cash outflows, an average of RMB250bn per year. Moreover, there are a lot of share buybacks in Hong Kong, which is rare on the A-share market.
- ▶ In recent years, both markets have seen significant improvements – Hong Kong has recorded positive cash flow of RMB130bn on average for the past three years, while A-share companies have paid much higher dividends for the past three years, cutting annual cash outflows to less than RMB65bn.

With greater institutional participation, lower risk free rate and improving cash flows, we believe the change in investment style likely will shift China's A-share market towards the preferences shown in the Hong Kong market.

21. Hong Kong vs. A-share market: Net cash flow = Dividend paid – Equity fundraising – Stamp tax – Stock Commission

RMBbn	HK: dividend paid	HK: equity fund raising	Stamp tax	Stock Commission	HK: Net cash flow	A-share: dividend paid	A-share equity raising	Stamp tax	Stock Commission	A-share: Net cash flow
2004	206.6	281.4	7.2	18.0	-100.0	85.6	95.2	16.0	16.8	-42.4
2005	241.0	307.9	7.6	18.9	-93.3	88.4	34.2	6.7	11.8	35.7
2006	301.0	508.4	13.2	33.0	-253.5	131.9	238.3	17.9	31.3	-155.6
2007	443.4	524.3	32.2	80.5	-193.6	291.2	812.6	200.5	146.9	-868.8
2008	461.9	352.0	22.5	56.4	31.0	348.3	368.7	97.9	78.0	-196.3
2009	336.3	533.5	20.4	51.0	-268.6	393.9	571.1	51.0	142.0	-370.2
2010	415.8	723.7	21.4	53.5	-382.8	511.7	1027.5	54.4	108.5	-678.7
2011	473.5	399.1	19.9	49.8	4.7	611.9	678.0	43.8	68.9	-178.8
2012	490.0	239.9	15.5	38.6	196.0	694.2	585.0	30.4	50.4	28.4
2013	540.8	290.8	17.8	44.5	187.7	767.3	688.5	47.0	75.9	-44.0
L10Y	3,910.3	4,161.1	177.7	444.1	-872.6	3,924.4	5,099.0	565.7	730.4	-2,470.7
L5Y	2,256.4	2,187.1	95.0	237.4	-263.1	2,979.1	3,550.1	226.6	445.6	-1,243.3
L3Y	1,504.3	929.8	53.2	132.9	388.4	2,073.4	1,951.5	121.2	195.2	-194.4
Avg. L10Y	391.0	416.1	17.8	44.4	-87.3	392.4	509.9	56.6	73.0	-247.1
Avg. L5Y	451.3	437.4	19.0	47.5	-52.6	595.8	710.0	45.3	89.1	-248.7
Avg. L3Y	501.4	309.9	17.7	44.3	129.5	691.1	650.5	40.4	65.1	-64.8

Source: HKEx, Wind, HSBC Equity Strategy Research

In search of scarcity and value

- ▶ Valuations in the two markets vary significantly in some sectors
- ▶ We develop a systematic approach and output our findings as a list of stock for both markets
- ▶ We also analyse QFII investors' core A-share holdings

What's missing in each other's market?

When Stock Connect launches, Mainland investors will be able to trade 276 Hong Kong-listed securities, which account for 82% of Hong Kong's total market cap and 78% of the average daily trading value. Similarly, foreign investors are eligible to trade 568 Shanghai-listed securities, which account 90% of market cap and 80% of the average daily trading value of the Shanghai A-share market. Within these two investment universes, there are 67 dual-listed companies. For foreign investors, there are over **500 pure A-share** stocks that are investible for the first time, with a

total market cap close to USD1trn, and for Mainland investors, there are over **200 pure Hong Kong stocks** investible for the first time, with a total market cap of over USD2trn (table 22).

- ▶ From a scarcity perspective, the Shanghai A-share stock pool has much higher sector weighting relative to the Hong Kong stock pool in industrials (26.5% vs. 8.6%, 144 vs. 30 stocks), materials (12.3% vs. 2%, 76 vs. 14 stocks), health care (6.5% vs. 1.2%, 37 vs. 7 stocks) and consumer staples (8.1% vs. 4.5%, 33 vs. 15 stocks).

22. Cross market and sector comparison for Shanghai-Hong Kong Stock Connect eligible stocks (excluding dual-listed companies)

	SH A-share investment universe					HK investment universe					Difference		
	Mkt. cap (USDbn)	# of stocks	Sector weighting	12 fwd PE	PB	Mkt. cap (USDbn)	# of stocks	Sector weighting	12 fwd PE	PB	Weighting	PE: A/HK	PB: A/HK
Industrials	264.3	144	26.5%	18.9	2.4	180.5	30	8.6%	14.7	1.4	17.9%	28%	66%
Materials	122.3	76	12.3%	37.0	2.9	42.1	14	2.0%	10.0	1.1	10.3%	270%	171%
Health Care	64.5	37	6.5%	24.2	5.0	25.0	7	1.2%	23.9	4.6	5.3%	1%	9%
Consumer Staples	81.1	33	8.1%	19.7	3.9	94.2	15	4.5%	25.1	5.0	3.6%	-21%	-22%
Consumer Discretionary	132.9	79	13.3%	12.1	1.9	289.3	43	13.7%	18.0	6.8	-0.4%	-33%	-71%
Utilities	55.8	28	5.6%	10.5	1.8	140.6	13	6.7%	18.0	2.5	-1.1%	-41%	-30%
Energy	32.0	18	3.2%	20.9	1.7	95.2	3	4.5%	9.7	1.5	-1.3%	117%	12%
Information Technology	47.7	32	4.8%	25.3	4.7	212.4	15	10.1%	35.4	12.0	-5.4%	-29%	-61%
Telecom Services	15.3	2	1.5%	19.5	1.8	282.9	7	13.4%	14.1	1.7	-11.9%	38%	6%
Financials	181.6	52	18.2%	13.1	1.7	742.3	60	35.3%	13.5	1.5	-17.1%	-3%	11%
Total	997.4	501	100%	19.5x	2.6x	2,104.5	207	100%	17.2x	3.6x		13%	-27%

Source: Bloomberg (HK stock pool: IT valuation would be 18.4x PE and 3.8x PB without Tencent)

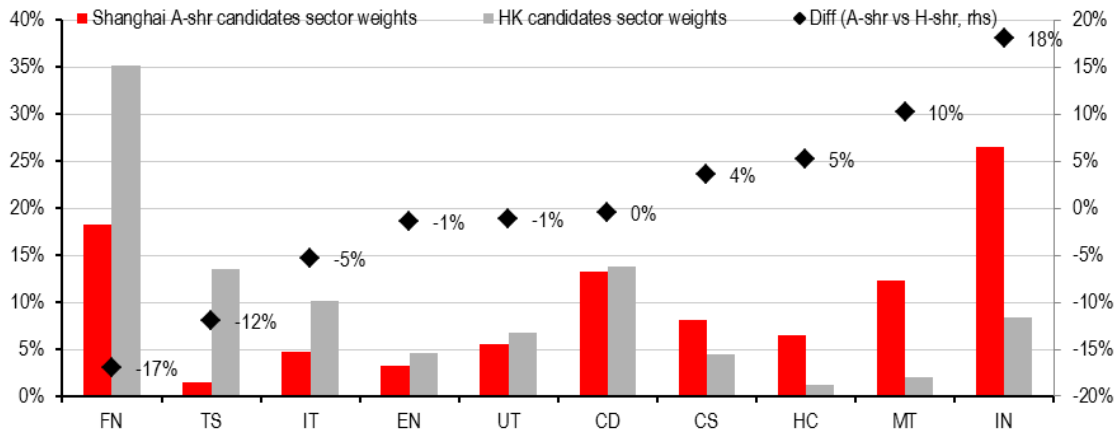
- ▶ The Hong Kong stock pool is more geared towards financials (35.5% vs. 18.2%, 60 vs. 52 stocks), telecom services (13.4% vs. 1.5%, 7 vs. 2 stocks) and IT sector (10.1% vs. 4.8%, 15 vs. 32 stocks).
- ▶ From a valuation perspective, the A-share stock pool has a cheaper sector valuation for consumer discretionary (over 70% discount by PB or 30% by PE), utilities (30-40% discount) and consumer staples (over 20% discount).
- ▶ The Hong Kong stock pool has a cheaper sector valuation for materials (60-70% discount) and industrials (20-30% discount).

A systematic approach

So what should investors be looking for? We have taken a systematic approach to generate a list of stocks for both markets:

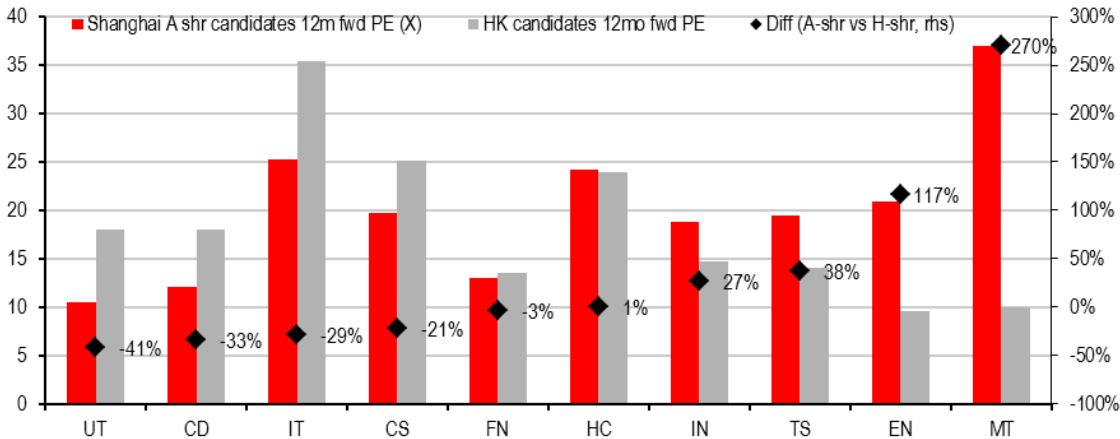
- ▶ Global Industry Classification Standard (GICS) is a standardised classification system for equities developed jointly by Morgan Stanley Capital International (MSCI) and Standard & Poor's. The GICS hierarchy begins with 10 sectors and is followed by 24 industry groups, 70 industries and 170 sub-industries. What we have done is to go down to GICS level 4 (sub-industries) to compare the two investment universes and identify what's not represented in the other universe.
- ▶ For instance, Phoenix TV (2008 HK) and TVB (511 HK) are eligible stocks for Stock Connect and their GICS level 4 is broadcasting, which is a sub-industry not found in the 500+ eligible Shanghai A-shares (i.e., the Northbound stock list). Not only that, even if we expand the A-share list to the CSI800, a broader universe, it's still not represented; therefore, the Hong Kong stocks in this sub-industry have scarcity value. Similarly, we can identify other sub-industries like casino & gaming, property & casualty insurance, specialised finance, electronic manufacturing services, semiconductor equipment, industry gas, and integrated telecom services.
- ▶ For the A-share market, we can identify sub-industries that have scarcity value such as distillers & vintners, biotechnology, aerospace & defence, application software, IT consulting, systems software, commodity & diversified chemicals, and forest products.
- ▶ This approach yields two lists – 32 stocks in the Hong Kong investment universe, where sectors are unique and not represented in the A-share universe, and 94 stocks in the Shanghai A-share investment universe.
- ▶ The aforementioned objective approach aside, we have also come up a list of stocks in both markets based on floatable market cap and business model uniqueness. This gives us 53 Hong Kong stocks for Mainland investors, covering everything from wind mills, natural gas distributors to environmental protection companies. For international investors, we show 98 A-share stocks, such as automakers, ports, industry machinery, heavy electrical equipment, semiconductor, diversified metals & mining, regional banks and brokerages, internet software and IPP companies.
- ▶ Excluding the overlapping names, we come up with a list of 74 stocks out of 207 names (roughly 36%) in the Hong Kong investment universe, and 164 stocks out of 501 in the Shanghai A-share universe (tables 26-27). More details of these companies can also be found in the Appendix 3.

23: Cross market comparison for Shanghai-Hong Kong Stock Connect eligible stocks – sector weighting and difference



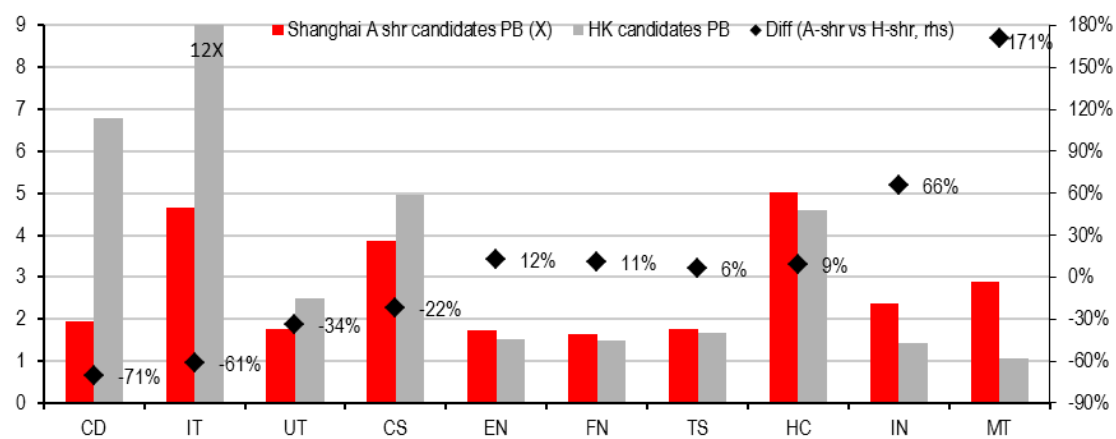
Source: Bloomberg (excluding dual-listed companies)
CD: Consumer Discretionary, CS: Consumer Staples, EN: Energy, FN: Financial, HC: Healthcare, IN: Industrials, IT: Info Tech, MT: Materials, TS: Telecom, UT: Utilities

24: Cross sector comparison for Shanghai-Hong Kong Stock Connect eligible stocks – 12-month forward PE and difference



Source: Bloomberg (excluding dual-listed companies; IT sector PE would be 18.4x without Tencent)
CD: Consumer Discretionary, CS: Consumer Staples, EN: Energy, FN: Financial, HC: Healthcare, IN: Industrials, IT: Info Tech, MT: Materials, TS: Telecom, UT: Utilities

25: Cross sector comparison for Shanghai-Hong Kong Stock Connect eligible stocks – PB and difference



Source: Bloomberg (excluding dual-listed companies; IT sector PB would be 3.8x without Tencent)
CD: Consumer Discretionary, CS: Consumer Staples, EN: Energy, FN: Financial, HC: Healthcare, IN: Industrials, IT: Info Tech, MT: Materials, TS: Telecom, UT: Utilities

26. List of Hong Kong investment universe identified by Industry Classification
(32 out of 207 names eligible for Shanghai-Hong Kong Stock Connect that are not dual-listed)

Code	Name	GICS Sector	GICS SUB-INDUSTRY	Comparing with Northbound
1880 HK	BELLE INTERNATIONAL HOLDINGS	Consumer Discretionary	Apparel Retail	<---Not found in Northbound stock list
330 HK	ESPRIT HOLDINGS LTD	Consumer Discretionary	Apparel Retail	<---Not found in Northbound stock list
2008 HK	PHOENIX SATELLITE TELEVISION	Consumer Discretionary	Broadcasting	<---Not found in Northbound stock list
511 HK	TELEVISION BROADCASTS LTD	Consumer Discretionary	Broadcasting	<---Not found in Northbound stock list
1128 HK	WYNN MACAU LTD	Consumer Discretionary	Casinos & Gaming	<---Not found in Northbound stock list
1680 HK	MACAU LEGEND DEVELOPMENT LTD	Consumer Discretionary	Casinos & Gaming	<---Not found in Northbound stock list
1928 HK	SANDS CHINA LTD	Consumer Discretionary	Casinos & Gaming	<---Not found in Northbound stock list
200 HK	MELCO INTERNATIONAL DEVELOP.	Consumer Discretionary	Casinos & Gaming	<---Not found in Northbound stock list
2282 HK	MGM CHINA HOLDINGS LTD	Consumer Discretionary	Casinos & Gaming	<---Not found in Northbound stock list
27 HK	GALAXY ENTERTAINMENT GROUP L	Consumer Discretionary	Casinos & Gaming	<---Not found in Northbound stock list
880 HK	SJM HOLDINGS LTD	Consumer Discretionary	Casinos & Gaming	<---Not found in Northbound stock list
135 HK	KUNLUN ENERGY CO LTD	Energy	Oil & Gas Exploration & Produc	<---Not found in Northbound stock list
883 HK	CNOOC LTD	Energy	Oil & Gas Exploration & Produc	<---Not found in Northbound stock list
934 HK	SINOPEC KANTONS HOLDINGS	Energy	Oil & Gas Refining & Marketing	<---Not found in Northbound stock list
165 HK	CHINA EVERBRIGHT LTD	Financials	Diversified Capital Markets	<---Not found in Northbound stock list
142 HK	FIRST PACIFIC CO	Financials	Multi-Sector Holdings	<---Not found in Northbound stock list
1339 HK	PEOPLE'S INSURANCE CO GROU-H	Financials	Property & Casualty Insurance	<---Not found in Northbound stock list
2328 HK	PICC PROPERTY & CASUALTY -H	Financials	Property & Casualty Insurance	<---Not found in Northbound stock list
3360 HK	FAR EAST HORIZON LTD	Financials	Specialized Finance	<---Not found in Northbound stock list
388 HK	HONG KONG EXCHANGES & CLEAR	Financials	Specialized Finance	<---Not found in Northbound stock list
1066 HK	SHANDONG WEIGAO GP MEDICAL-H	Health Care	Health Care Supplies	<---Not found in Northbound stock list
2038 HK	FIH MOBILE LTD	Information Technology	Electronic Manufacturing Servi	<---Not found in Northbound stock list
3888 HK	KINGSOFT CORP LTD	Information Technology	Home Entertainment Software	<---Not found in Northbound stock list
3800 HK	GCL-POLY ENERGY HOLDINGS LTD	Information Technology	Semiconductor Equipment	<---Not found in Northbound stock list
522 HK	ASM PACIFIC TECHNOLOGY	Information Technology	Semiconductor Equipment	<---Not found in Northbound stock list
566 HK	HANERGY SOLAR GROUP LTD	Information Technology	Semiconductor Equipment	<---Not found in Northbound stock list
2168 HK	YINGDE GASES GROUP CO LTD	Materials	Industrial Gases	<---Not found in Northbound stock list
215 HK	HUTCHISON TELECOMM HONG KONG	Telecommunication Services	Integrated Telecommunication S	<---Not found in Northbound stock list
552 HK	CHINA COMMUNICATIONS SERVI-H	Telecommunication Services	Integrated Telecommunication S	<---Not found in Northbound stock list
728 HK	CHINA TELECOM CORP LTD-H	Telecommunication Services	Integrated Telecommunication S	<---Not found in Northbound stock list
762 HK	CHINA UNICOM HONG KONG LTD	Telecommunication Services	Integrated Telecommunication S	<---Not found in Northbound stock list
8 HK	PCCW LTD	Telecommunication Services	Integrated Telecommunication S	<---Not found in Northbound stock list

Source: HSBC Equity Strategy Research

**27. List of Hong Kong investment universe based on HSBC's floatable market cap and business model uniqueness approach
(49 out of 207 names eligible for Shanghai-Hong Kong Stock Connect that are not dual-listed)**

Code	Name	GICS Sector	GICS SUB-INDUSTRY	Comparing with Northbound
751 HK	SKYWORTH DIGITAL HLDGS LTD	Consumer Discretionary	Consumer Electronics	Market cap and business model approach
308 HK	CHINA TRAVEL INTL INV HK	Consumer Discretionary	Hotels, Resorts & Cruise Lines	Market cap and business model approach
1169 HK	HAIER ELECTRONICS GROUP CO	Consumer Discretionary	Household Appliances	Market cap and business model approach
1117 HK	CHINA MODERN DAIRY HOLDINGS	Consumer Staples	Agricultural Products	Market cap and business model approach
606 HK	CHINA AGRI-INDUSTRIES HLDGS	Consumer Staples	Agricultural Products	Market cap and business model approach
291 HK	CHINA RESOURCES ENTERPRISE	Consumer Staples	Food Retail	Market cap and business model approach
1068 HK	CHINA YURUN FOOD GROUP LTD	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
1112 HK	BIOSTIME INTERNATIONAL HOLDI	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
1230 HK	YASHILI INTERNATIONAL HOLDIN	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
151 HK	WANT WANT CHINA HOLDINGS LTD	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
220 HK	UNI-PRESIDENT CHINA HOLDINGS	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
2319 HK	CHINA MENGNIU DAIRY CO	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
322 HK	TINGYI (CAYMAN ISLN) HLDG CO	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
506 HK	CHINA FOODS LTD	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
6863 HK	CHINA HUIZHAN DAIRY HOLDINGS	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
829 HK	SHENGUAN HOLDINGS GROUP LTD	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
1359 HK	CHINA CINDA ASSET MANAGEME-H	Financials	Asset Management & Custody	Market cap and business model approach
1299 HK	AIA GROUP LTD	Financials	Life & Health Insurance	Market cap and business model approach
966 HK	CHINA TAIPING INSURANCE HOLD	Financials	Life & Health Insurance	Market cap and business model approach
1339 HK	PEOPLE'S INSURANCE CO GROU-H	Financials	Property & Casualty Insurance	Market cap and business model approach
2328 HK	PICC PROPERTY & CASUALTY -H	Financials	Property & Casualty Insurance	Market cap and business model approach
1 HK	CHEUNG KONG HOLDINGS LTD	Financials	Real Estate Development	Market cap and business model approach
1099 HK	SINOPHARM GROUP CO-H	Health Care	Health Care Distributors	Market cap and business model approach
3898 HK	ZHUZHOU CSR TIMES ELECTRIC-H	Industrials	Electrical Components & Equipm	Market cap and business model approach
257 HK	CHINA EVERBRIGHT INTL LTD	Industrials	Environmental & Facilities Ser	Market cap and business model approach
267 HK	CITIC PACIFIC LTD	Industrials	Industrial Conglomerates	Market cap and business model approach
3899 HK	CIMC ENRIC HOLDINGS LTD	Industrials	Industrial Machinery	Market cap and business model approach
303 HK	VTECH HOLDINGS LTD	Information Technology	Communications Equipment	Market cap and business model approach
553 HK	NANJING PANDA ELECTRONICS-H	Information Technology	Communications Equipment	Market cap and business model approach
148 HK	KINGBOARD CHEMICAL HOLDINGS	Information Technology	Electronic Components	Market cap and business model approach
1888 HK	KINGBOARD LAMINATES HOLDINGS	Information Technology	Electronic Components	Market cap and business model approach
2018 HK	AAC TECHNOLOGIES HOLDINGS IN	Information Technology	Electronic Components	Market cap and business model approach
732 HK	TRULY INTERNATIONAL HOLDINGS	Information Technology	Electronic Components	Market cap and business model approach
2038 HK	FIH MOBILE LTD	Information Technology	Electronic Manufacturing Servi	Market cap and business model approach
3888 HK	KINGSOFT CORP LTD	Information Technology	Home Entertainment Software	Market cap and business model approach
700 HK	TENCENT HOLDINGS LTD	Information Technology	Internet Software & Services	Market cap and business model approach
3800 HK	GCL-POLY ENERGY HOLDINGS LTD	Information Technology	Semiconductor Equipment	Market cap and business model approach
522 HK	ASM PACIFIC TECHNOLOGY	Information Technology	Semiconductor Equipment	Market cap and business model approach
566 HK	HANERGY SOLAR GROUP LTD	Information Technology	Semiconductor Equipment	Market cap and business model approach
981 HK	SEMICONDUCTOR MANUFACTURING	Information Technology	Semiconductors	Market cap and business model approach
861 HK	DIGITAL CHINA HOLDINGS LTD	Information Technology	Technology Distributors	Market cap and business model approach
992 HK	LENOVO GROUP LTD	Information Technology	Technology Hardware, Storage	Market cap and business model approach
941 HK	CHINA MOBILE LTD	Telecommunication Services	Wireless Telecommunication Ser	Market cap and business model approach
1083 HK	TOWNGAS CHINA CO LTD	Utilities	Gas Utilities	Market cap and business model approach
1193 HK	CHINA RESOURCES GAS GROUP LT	Utilities	Gas Utilities	Market cap and business model approach
2688 HK	ENN ENERGY HOLDINGS LTD	Utilities	Gas Utilities	Market cap and business model approach
384 HK	CHINA GAS HOLDINGS LTD	Utilities	Gas Utilities	Market cap and business model approach
916 HK	CHINA LONGYUAN POWER GROUP-H	Utilities	Renewable Electricity	Market cap and business model approach
371 HK	BEIJING ENTERPRISES WATER GR	Utilities	Water Utilities	Market cap and business model approach

Source: HSBC Equity Strategy Research

28. List of Shanghai A-share investment universe identified by Industry Classification
(94 out of 501 names eligible for Shanghai-Hong Kong Stock Connect that are not dual-listed)

Code	Name	GICS Sector	GICS SUB-INDUSTRY	Comparing with Southbound
600386 CH	BEIJING BASHI MEDIA CO LTD-A	Consumer Discretionary	Automotive Retail	<---Not found in Southbound stock list
600037 CH	BEIJING GEHUA CATV NETWORK-A	Consumer Discretionary	Cable & Satellite	<---Not found in Southbound stock list
600637 CH	BESTV NEW MEDIA CO LTD-A	Consumer Discretionary	Cable & Satellite	<---Not found in Southbound stock list
600831 CH	SHAANXI BROADCAST & TV NET-A	Consumer Discretionary	Cable & Satellite	<---Not found in Southbound stock list
601929 CH	JISHI MEDIA CO LTD-A	Consumer Discretionary	Cable & Satellite	<---Not found in Southbound stock list
600628 CH	SHANGHAI NEW WORLD CO LTD-A	Consumer Discretionary	General Merchandise Stores	<---Not found in Southbound stock list
600697 CH	CHANGCHUN EURASIA GROUP CO-A	Consumer Discretionary	General Merchandise Stores	<---Not found in Southbound stock list
600858 CH	SILVER PLAZA GROUP CO LTD-A	Consumer Discretionary	General Merchandise Stores	<---Not found in Southbound stock list
600859 CH	BEIJING WANGFUJING DEPT ST-A	Consumer Discretionary	General Merchandise Stores	<---Not found in Southbound stock list
603766 CH	LONCIN MOTOR CO LTD-A	Consumer Discretionary	Motorcycle Manufacturers	<---Not found in Southbound stock list
600088 CH	CHINA TELEVISION MEDIA LTD-A	Consumer Discretionary	Movies & Entertainment	<---Not found in Southbound stock list
600373 CH	CHINESE UNIVERSE PUBLISHIN-A	Consumer Discretionary	Publishing	<---Not found in Southbound stock list
600551 CH	TIME PUBLISHING AND MEDIA-A	Consumer Discretionary	Publishing	<---Not found in Southbound stock list
600633 CH	ZHE JIANG DAILY MEDIA GRP -A	Consumer Discretionary	Publishing	<---Not found in Southbound stock list
600825 CH	SHANGHAI XINHUA MEDIA CO L-A	Consumer Discretionary	Publishing	<---Not found in Southbound stock list
600880 CH	CHENGDU B-RAY MEDIA CO LTD-A	Consumer Discretionary	Publishing	<---Not found in Southbound stock list
601098 CH	CHINA SOUTH PUBLISHING -A	Consumer Discretionary	Publishing	<---Not found in Southbound stock list
601928 CH	JIANGSU PHOENIX PUBLISH-A	Consumer Discretionary	Publishing	<---Not found in Southbound stock list
600469 CH	AEOLUS TYRE CO LTD-A	Consumer Discretionary	Tires & Rubber	<---Not found in Southbound stock list
600623 CH	DOUBLE COIN HOLDINGS LTD-A	Consumer Discretionary	Tires & Rubber	<---Not found in Southbound stock list
601058 CH	SAILUN GROUP CO LTD -A	Consumer Discretionary	Tires & Rubber	<---Not found in Southbound stock list
600059 CH	ZHEJIANG GUYUELONGSHAN SHA-A	Consumer Staples	Distillers & Vintners	<---Not found in Southbound stock list
600197 CH	XINJIANG YILITE INDUSTRY-A	Consumer Staples	Distillers & Vintners	<---Not found in Southbound stock list
600199 CH	ANHUI GOLDEN SEED WINERY-A	Consumer Staples	Distillers & Vintners	<---Not found in Southbound stock list
600238 CH	HAINAN YEDAO CO LTD-A	Consumer Staples	Distillers & Vintners	<---Not found in Southbound stock list
600519 CH	KWEICHOW MOUTAI CO LTD-A	Consumer Staples	Distillers & Vintners	<---Not found in Southbound stock list
600559 CH	HEBEI HENGSHUI LAOBAIGAN-A	Consumer Staples	Distillers & Vintners	<---Not found in Southbound stock list
600702 CH	SICHUAN TUOPAI SHEDE WINE -A	Consumer Staples	Distillers & Vintners	<---Not found in Southbound stock list
600809 CH	SHANXI XINGHUACUN FEN WINE-A	Consumer Staples	Distillers & Vintners	<---Not found in Southbound stock list
600833 CH	SHANGHAI NO.1 PHARMACY CO-A	Consumer Staples	Drug Retail	<---Not found in Southbound stock list
600998 CH	JOINTOWN PHARMACEUTICAL-A	Consumer Staples	Drug Retail	<---Not found in Southbound stock list
600651 CH	FEILO ACOUSTICS CO LTD-A	Consumer Staples	Household Products	<---Not found in Southbound stock list
600583 CH	OFFSHORE OIL ENGINEERING-A	Energy	Oil & Gas Equipment & Services	<---Not found in Southbound stock list
600387 CH	ZHEJIANG HAIYUE CO LTD-A	Energy	Oil & Gas Storage & Transporta	<---Not found in Southbound stock list
600705 CH	AVIC CAPITAL CO LTD -A	Financials	Other Diversified Financial Se	<---Not found in Southbound stock list
600161 CH	BEIJING TIANAN BIOLOGICAL-A	Health Care	Biotechnology	<---Not found in Southbound stock list
600201 CH	INNER MONGOLIA JINYU GROUP-A	Health Care	Biotechnology	<---Not found in Southbound stock list
600587 CH	SHINVA MEDICAL INSTRUMENT-A	Health Care	Health Care Equipment	<---Not found in Southbound stock list
600038 CH	HAFEI AVIATION INDUSTRY CO-A	Industrials	Aerospace & Defence	<---Not found in Southbound stock list
600118 CH	CHINA SPACESAT CO LTD -A	Industrials	Aerospace & Defence	<---Not found in Southbound stock list
600316 CH	JIANGXI HONGDU AVIATION-A	Industrials	Aerospace & Defence	<---Not found in Southbound stock list
600372 CH	CHINA AVIC ELECTRONICS CO-A	Industrials	Aerospace & Defence	<---Not found in Southbound stock list
600391 CH	SICHUAN CHENGFA AERO-SCIEN-A	Industrials	Aerospace & Defence	<---Not found in Southbound stock list
600879 CH	CHINA AEROSPACE TIMES ELEC-A	Industrials	Aerospace & Defence	<---Not found in Southbound stock list
600893 CH	XI'AN AERO-ENGINE PLC -A	Industrials	Aerospace & Defence	<---Not found in Southbound stock list
600004 CH	GUANGZHOU BAIYUN INTERNATI-A	Industrials	Airport Services	<---Not found in Southbound stock list
600009 CH	SHANGHAI INTERNATIONAL AIR-A	Industrials	Airport Services	<---Not found in Southbound stock list
600897 CH	XIAMEN INTERNATIONAL AIR-A	Industrials	Airport Services	<---Not found in Southbound stock list
601718 CH	JIHUA GROUP CORP LTD-A	Industrials	Diversified Support Services	<---Not found in Southbound stock list
600119 CH	YUD YANGTZE RIVER INVEST-A	Industrials	Trucking	<---Not found in Southbound stock list
600561 CH	JIANGXI CHANGYUN CO LTD-A	Industrials	Trucking	<---Not found in Southbound stock list
600611 CH	DAZHONG TRANSPORTATION GRP-A	Industrials	Trucking	<---Not found in Southbound stock list
600650 CH	SHANGHAI JINJIANG INTL-A	Industrials	Trucking	<---Not found in Southbound stock list
600662 CH	SHANGHAI QIANGSHENG HLDG-A	Industrials	Trucking	<---Not found in Southbound stock list
600708 CH	SHANGHAI HAIBO CO LTD-A	Industrials	Trucking	<---Not found in Southbound stock list
600446 CH	SHENZHEN KINGDOM SCI-TECH-A	Information Technology	Application Software	<---Not found in Southbound stock list
600536 CH	CHINA NATIONAL SOFTWARE -A	Information Technology	Application Software	<---Not found in Southbound stock list
600570 CH	HUNDSUN TECHNOLOGIES INC-A	Information Technology	Application Software	<---Not found in Southbound stock list
600588 CH	YONYOU SOFTWARE CO LTD-A	Information Technology	Application Software	<---Not found in Southbound stock list
600718 CH	NEUSOFT CORP-A	Information Technology	Application Software	<---Not found in Southbound stock list

Source: HSBC Equity Strategy Research

28. List of Shanghai A-share investment universe identified by Industry Classification (con't)
(94 out of 501 names eligible for Shanghai-Hong Kong Stock Connect that are not dual-listed)

Code	Name	GICS Sector	GICS SUB-INDUSTRY	Comparing with Southbound
600845 CH	SHANGHAI BAOSIGHT SOFTWARE-A	Information Technology	Application Software	<---Not found in Southbound stock list
601231 CH	UNIVERSAL SCIENTIFIC INDUS-A	Information Technology	Electronic Equipment & Instrum	<---Not found in Southbound stock list
600289 CH	BRIGHT OCEANS INTER-TELECO-A	Information Technology	IT Consulting & Other Services	<---Not found in Southbound stock list
600410 CH	BEIJING TEAMSUN TECHNOLOGY-A	Information Technology	IT Consulting & Other Services	<---Not found in Southbound stock list
600271 CH	AISINO CO LTD-A	Information Technology	Systems Software	<---Not found in Southbound stock list
600756 CH	INSPUR SOFTWARE CO LTD-A	Information Technology	Systems Software	<---Not found in Southbound stock list
600135 CH	LUCKY FILM CO-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600141 CH	HUBEI XINGFA CHEMICALS GRP-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600143 CH	KINGFA SCI.& TECH CO LTD-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600160 CH	ZHEJIANG JUHUA CO-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600260 CH	KAILE TECHNOLOGY CO LTD-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600277 CH	INNER MONGOLIA YILI ENERGY-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600409 CH	TANGSHAN SANYOU CHEMICAL I-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600458 CH	ZHUZHOU TIMES NEW MATERIAL-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600527 CH	JIANGSU JIANGNAN HIGH POLY-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600589 CH	GUANGDONG RONGTAI IND-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600618 CH	SHANGHAI CHLOR-ALKALI CHEM-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600688 CH	SINOPEC SHANGHAI PETROCHE-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600985 CH	ANHUI LEMINGKEHUA CO LTD-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
601118 CH	CHINA HAINAN RUBBER INDUST-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
601208 CH	SICHUAN EM TECHNOLOGY CO-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
601216 CH	INNER MONGOLIA JUNZHENG EN-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
601233 CH	TONGKUN GROUP CO LTD-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
601678 CH	BEFAR GROUP CO LTD-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
603077 CH	SICHUAN HEBANG CORP LTD-A	Materials	Commodity Chemicals	<---Not found in Southbound stock list
600389 CH	NANTONG JIANGSHAN AGROCHEM-A	Materials	Diversified Chemicals	<---Not found in Southbound stock list
600596 CH	ZHEJIANG XINAN CHEMICAL-A	Materials	Diversified Chemicals	<---Not found in Southbound stock list
600321 CH	SICHUAN GUODONG CONSTRUCTI-A	Materials	Forest Products	<---Not found in Southbound stock list
601996 CH	GUANGXI FENGLIN WOOD INDUS-A	Materials	Forest Products	<---Not found in Southbound stock list
600210 CH	SHANGHAI ZI JIANG ENTERPRI-A	Materials	Metal & Glass Containers	<---Not found in Southbound stock list
601515 CH	SHANTOU DONGFENG PRINTING -A	Materials	Paper Packaging	<---Not found in Southbound stock list
600200 CH	JIANGSU WUZHONG INDUSTRIAL-A	Materials	Precious Metals & Minerals	<---Not found in Southbound stock list
600459 CH	SINO-PLATINUM METALS CO-A	Materials	Precious Metals & Minerals	<---Not found in Southbound stock list
600804 CH	DR PENG TELCOM & MEDIA GR-A	Telecommunication Services	Alternative Carriers	<---Not found in Southbound stock list

Source: HSBC Equity Strategy Research

29. List of Shanghai A-share investment universe based on HSBC's floatable market cap and business model uniqueness approach (98 out of 501 names eligible for Shanghai-Hong Kong Stock Connect that are not dual-listed)

Code	Name	GICS Sector	GICS SUB-INDUSTRY	Comparing with Southbound
600741 CH	HUAYU AUTOMOTIVE SYSTEMS -A	Consumer Discretionary	Auto Parts & Equipment	Market cap and business model approach
600104 CH	SAIC MOTOR CORPORATION LTD-A	Consumer Discretionary	Automobile Manufacturers	Market cap and business model approach
600037 CH	BEIJING GEHUA CATV NETWORK-A	Consumer Discretionary	Cable & Satellite	Market cap and business model approach
600637 CH	BESTV NEW MEDIA CO LTD-A	Consumer Discretionary	Cable & Satellite	Market cap and business model approach
600138 CH	CHINA CYTS TOURS HLDG CO-A	Consumer Discretionary	Hotels, Resorts & Cruise Lines	Market cap and business model approach
600832 CH	SHANGHAI ORIENTAL PEARL-A	Consumer Discretionary	Hotels, Resorts & Cruise Lines	Market cap and business model approach
600690 CH	QINGDAO HAIER CO LTD-A	Consumer Discretionary	Household Appliances	Market cap and business model approach
600633 CH	ZHEJIANG DAILY MEDIA GRP -A	Consumer Discretionary	Publishing	Market cap and business model approach
601928 CH	JIANGSU PHOENIX PUBLISH-A	Consumer Discretionary	Publishing	Market cap and business model approach
600438 CH	TONGWEI CO LTD-A	Consumer Staples	Agricultural Products	Market cap and business model approach
600059 CH	ZHEJIANG GUYUELONGSHAN SHA-A	Consumer Staples	Distillers & Vintners	Market cap and business model approach
600519 CH	KWEICHOW MOUTAI CO LTD-A	Consumer Staples	Distillers & Vintners	Market cap and business model approach
600809 CH	SHANXI XINGHUACUN FEN WINE-A	Consumer Staples	Distillers & Vintners	Market cap and business model approach
601933 CH	YONGHUI SUPERSTORES CO LTD-A	Consumer Staples	Hypermarkets & Super Centres	Market cap and business model approach
600073 CH	SHANGHAI MALING AQUARIUS-A	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
600300 CH	V V FOOD & BEVERAGE CO-A	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
600597 CH	BRIGHT DAIRY & FOOD CO LTD-A	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
600873 CH	MEIHUA HOLDINGS GROUP CO -A	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
600887 CH	INNER MONGOLIA YILI INDUS-A	Consumer Staples	Packaged Foods & Meats	Market cap and business model approach
600256 CH	GUANGHUI ENERGY CO LTD-A	Energy	Integrated Oil & Gas	Market cap and business model approach
600583 CH	OFFSHORE OIL ENGINEERING-A	Energy	Oil & Gas Equipment & Services	Market cap and business model approach
600387 CH	ZHEJIANG HAIYUE CO LTD-A	Energy	Oil & Gas Storage & Transporta	Market cap and business model approach
600015 CH	HUAXIA BANK CO LTD-A	Financials	Diversified Banks	Market cap and business model approach
600340 CH	CHINA FORTUNE LAND DEVELOP-A	Financials	Diversified Real Estate Activi	Market cap and business model approach
600109 CH	SINOLINK SECURITIES CO LTD-A	Financials	Investment Banking & Brokerage	Market cap and business model approach
600999 CH	CHINA MERCHANTS SECURITIES-A	Financials	Investment Banking & Brokerage	Market cap and business model approach
601688 CH	HUATAI SECURITIES CO LTD-A	Financials	Investment Banking & Brokerage	Market cap and business model approach
600048 CH	POLY REAL ESTATE GROUP CO -A	Financials	Real Estate Development	Market cap and business model approach
600383 CH	GEMDALE CORP-A	Financials	Real Estate Development	Market cap and business model approach
601009 CH	BANK OF NANJING CO LTD -A	Financials	Regional Banks	Market cap and business model approach
601169 CH	BANK OF BEIJING CO LTD -A	Financials	Regional Banks	Market cap and business model approach
600276 CH	JIANGSU HENGRUI MEDICINE C-A	Health Care	Pharmaceuticals	Market cap and business model approach
600436 CH	ZHANGZHOU PIENZHEHUANG PHA-A	Health Care	Pharmaceuticals	Market cap and business model approach
600535 CH	TASLY PHARMACEUTICAL GROUP-A	Health Care	Pharmaceuticals	Market cap and business model approach
600038 CH	HAFEI AVIATION INDUSTRY CO-A	Industrials	Aerospace & Defence	Market cap and business model approach
600118 CH	CHINA SPACESAT CO LTD -A	Industrials	Aerospace & Defence	Market cap and business model approach
600316 CH	JIANGXI HONGDU AVIATION-A	Industrials	Aerospace & Defence	Market cap and business model approach
600372 CH	CHINA AVIC ELECTRONICS CO-A	Industrials	Aerospace & Defence	Market cap and business model approach
600391 CH	SICHUAN CHENGFA AERO-SCIEN-A	Industrials	Aerospace & Defence	Market cap and business model approach
600879 CH	CHINA AEROSPACE TIMES ELEC-A	Industrials	Aerospace & Defence	Market cap and business model approach
600893 CH	XI'AN AERO-ENGINE PLC -A	Industrials	Aerospace & Defence	Market cap and business model approach
600270 CH	SINOTRANS AIR TRANSPORT-A	Industrials	Air Freight & Logistics	Market cap and business model approach
600221 CH	HAINAN AIRLINES CO-A	Industrials	Airlines	Market cap and business model approach
600004 CH	GUANGZHOU BAIYUN INTERNATI-A	Industrials	Airport Services	Market cap and business model approach
600009 CH	SHANGHAI INTERNATIONAL AIR-A	Industrials	Airport Services	Market cap and business model approach
601117 CH	CHINA NATIONAL CHEMICAL-A	Industrials	Construction & Engineering	Market cap and business model approach
601668 CH	CHINA STATE CONSTRUCTION -A	Industrials	Construction & Engineering	Market cap and business model approach
601669 CH	POWER CONSTRUCTION CORP OF-A	Industrials	Construction & Engineering	Market cap and business model approach
600031 CH	SANY HEAVY INDUSTRY CO LTD-A	Industrials	Construction Machinery & Heavy	Market cap and business model approach
600967 CH	BAOTOU BEIFANG CHUANGYE CO-A	Industrials	Construction Machinery & Heavy	Market cap and business model approach
600268 CH	GUODIAN NANJING AUTOMATION-A	Industrials	Electrical Components & Equipm	Market cap and business model approach
600406 CH	NARI TECHNOLOGY DEVELOPMEN-A	Industrials	Heavy Electrical Equipment	Market cap and business model approach
601179 CH	CHINA XD ELECTRIC CO LTD-A	Industrials	Heavy Electrical Equipment	Market cap and business model approach
600343 CH	SHAANXI AEROSPACE POWER HI-A	Industrials	Industrial Machinery	Market cap and business model approach
600388 CH	FUJIAN LONGKUN CO LTD-A	Industrials	Industrial Machinery	Market cap and business model approach
600435 CH	NORTH NAVIGATION CONTROL T-A	Industrials	Industrial Machinery	Market cap and business model approach
600526 CH	ZHEJIANG FEIDA ENVIRONMENT-A	Industrials	Industrial Machinery	Market cap and business model approach
600765 CH	AVIC HEAVY MACHINERY CO LT-A	Industrials	Industrial Machinery	Market cap and business model approach
600018 CH	SHANGHAI INTERNATIONAL POR-A	Industrials	Marine Ports & Services	Market cap and business model approach
601018 CH	NINGBO PORT CO LTD-A	Industrials	Marine Ports & Services	Market cap and business model approach

Source: HSBC Equity Strategy Research

29. List of Shanghai A-share investment universe identified by Industry Classification (con't)
(98 out of 501 names eligible for Shanghai-Hong Kong Stock Connect that are not dual-listed)

Code	Name	GICS Sector	GICS SUB-INDUSTRY	Comparing with Southbound
601006 CH	DAQIN RAILWAY CO LTD -A	Industrials	Railroads	Market cap and business model approach
600677 CH	AEROSPACE COMMUNICATIONS -A	Industrials	Trading Companies & Distributo	Market cap and business model approach
600787 CH	CMST DEVELOPMENT CO LTD-A	Industrials	Trading Companies & Distributo	Market cap and business model approach
600446 CH	SHENZHEN KINGDOM SCI-TECH-A	Information Technology	Application Software	Market cap and business model approach
600536 CH	CHINA NATIONAL SOFTWARE -A	Information Technology	Application Software	Market cap and business model approach
600570 CH	HUNDSUN TECHNOLOGIES INC-A	Information Technology	Application Software	Market cap and business model approach
600718 CH	NEUSOFT CORP-A	Information Technology	Application Software	Market cap and business model approach
600776 CH	EASTERN COMMUNICATIONS CO-A	Information Technology	Communications Equipment	Market cap and business model approach
600183 CH	SHENGYI TECHNOLOGY CO LTD -A	Information Technology	Electronic Components	Market cap and business model approach
600563 CH	XIAMEN FARATRONIC CO LTD-A	Information Technology	Electronic Components	Market cap and business model approach
601877 CH	ZHEJIANG CHINT ELECTRICS-A	Information Technology	Electronic Components	Market cap and business model approach
601231 CH	UNIVERSAL SCIENTIFIC INDUS-A	Information Technology	Electronic Equipment & Instrum	Market cap and business model approach
603000 CH	PEOPLE.CN CO LTD-A	Information Technology	Internet Software & Services	Market cap and business model approach
600410 CH	BEIJING TEAMSUN TECHNOLOGY-A	Information Technology	IT Consulting & Other Services	Market cap and business model approach
600171 CH	SHANGHAI BELLING CO LTD-A	Information Technology	Semiconductors	Market cap and business model approach
600460 CH	HANGZHOU SILAN MICROELECTR-A	Information Technology	Semiconductors	Market cap and business model approach
600584 CH	JIANGSU CHANGJIANG ELECTRO-A	Information Technology	Semiconductors	Market cap and business model approach
600703 CH	SANAN OPTOELECTRONICS CO L-A	Information Technology	Semiconductors	Market cap and business model approach
600271 CH	AISINO CO LTD-A	Information Technology	Systems Software	Market cap and business model approach
600756 CH	INSUR SOFTWARE CO LTD-A	Information Technology	Systems Software	Market cap and business model approach
600100 CH	TSINGHUA TONGFANG CO LTD-A	Information Technology	Technology Hardware, Storage	Market cap and business model approach
600888 CH	XINJIANG JOINWORLD CO LTD-A	Materials	Aluminium	Market cap and business model approach
600111 CH	INNER MONGOLIA BAOTOU STEE-A	Materials	Diversified Metals & Mining	Market cap and business model approach
600259 CH	RISING NONFERROUS METAL SH-A	Materials	Diversified Metals & Mining	Market cap and business model approach
600432 CH	JILIN JI EN NICKEL INDUSTR-A	Materials	Diversified Metals & Mining	Market cap and business model approach
600497 CH	YUNNAN CHIHONG ZINC & GERM-A	Materials	Diversified Metals & Mining	Market cap and business model approach
600549 CH	XIAMEN TUNGSTEN CO LTD-A	Materials	Diversified Metals & Mining	Market cap and business model approach
601958 CH	JINDUICHENG MOLYBDENUM CO -A	Materials	Diversified Metals & Mining	Market cap and business model approach
603993 CH	CHINA MOLYBDENUM CO LTD-A	Materials	Diversified Metals & Mining	Market cap and business model approach
600489 CH	ZHONGJIN GOLD CORP-A	Materials	Gold	Market cap and business model approach
600459 CH	SINO-PLATINUM METALS CO-A	Materials	Precious Metals & Minerals	Market cap and business model approach
600010 CH	INNER MONGOLIAN BAOTOU STE-A	Materials	Steel	Market cap and business model approach
600019 CH	BAOSHAN IRON & STEEL CO-A	Materials	Steel	Market cap and business model approach
600804 CH	DR PENG TELCOM & MEDIA GR-A	Telecommunication Services	Alternative Carriers	Market cap and business model approach
600050 CH	CHINA UNITED NETWORK-A	Telecommunication Services	Wireless Telecommunication Ser	Market cap and business model approach
600292 CH	CPI YUANDA ENVIRONMENTAL-A	Utilities	Independent Power Producers &	Market cap and business model approach
600795 CH	GD POWER DEVELOPMENT CO -A	Utilities	Independent Power Producers &	Market cap and business model approach
600886 CH	SDIC POWER HOLDINGS CO LTD-A	Utilities	Independent Power Producers &	Market cap and business model approach

Source: HSBC Equity Strategy Research

QFII investors' core holdings in A-share market

The QFII programme was launched 2002 and is an important channel for foreign institutional investors to access the A-share market. As of the end of July 2014, 252 institutions have been granted a total quota of USD58bn.

We believe QFII holdings are a good reference point for foreign investors' preference among A-share stocks. Wind, a data company, summarises foreign investors' holdings based on company disclosures of the top 10 shareholders. We use this data to analyse QFII investors' core holdings.

By industry

During the time period we look at (2009-1H14), financials have dominated, accounting for over half of QFII core holding in terms of market value. This was partly due to one large position – RMB21bn in Industrial Bank (601166 CH) – which represented 42% of core holding in financials, as of the end of 1H14.

Within the industry, investment in joint-stock banks and city commercial banks accounted for around 90% of the total. Financials' share of QFII holdings has actually shrunk from 71% as of 4Q11 to 51% as of 1H14 as a result of the weak performance of banks' share prices rather than any reduction in holdings. On the contrary, QFIIs have increased their positions in banks in the period, reflecting their expectations for a rebound.

Consumer discretionary has ranked second since June 2012. Holdings in this sector are much more volatile than those in financials as the number of stocks ranged from 13 as of the end of 2011 to 42 as of the end of 3Q13, suggesting investors were quick to open and close their positions. As of the end of 1H14, 29 stocks with market value of RMB20bn in this sector were held by QFIIs as core holdings. Of these, 70% belong to the sub-sector of

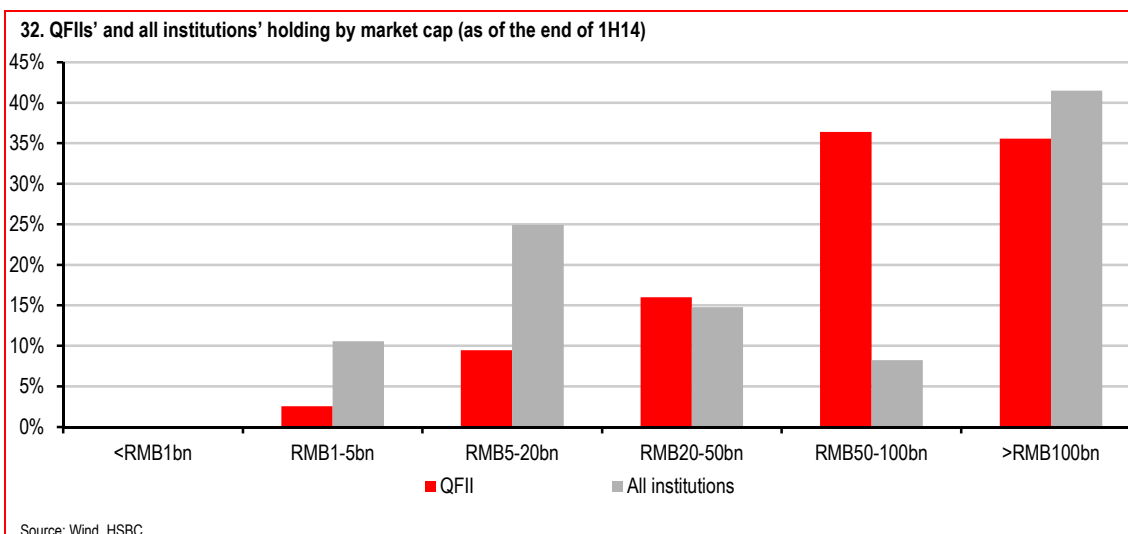
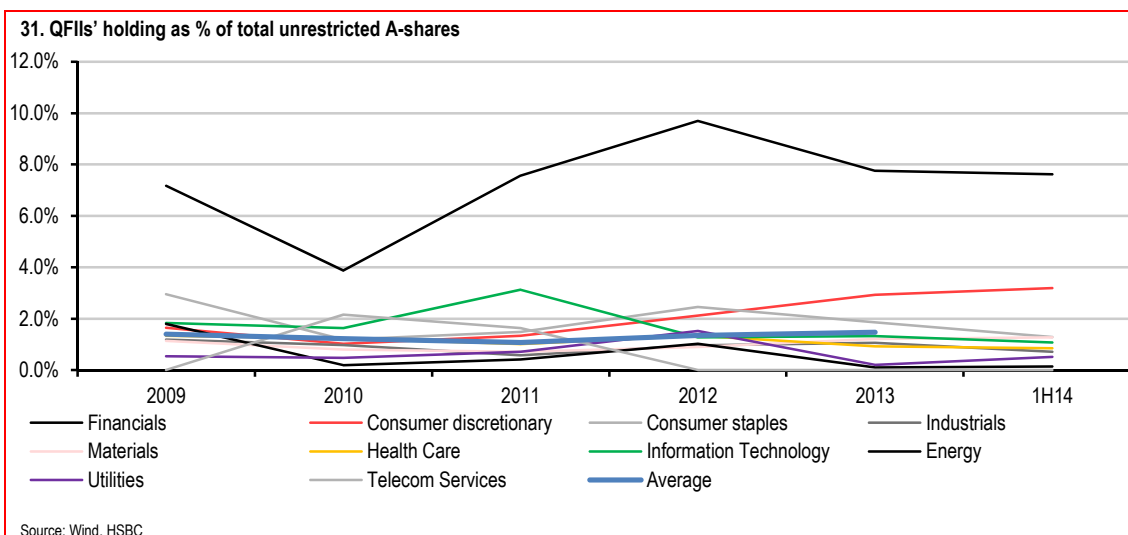
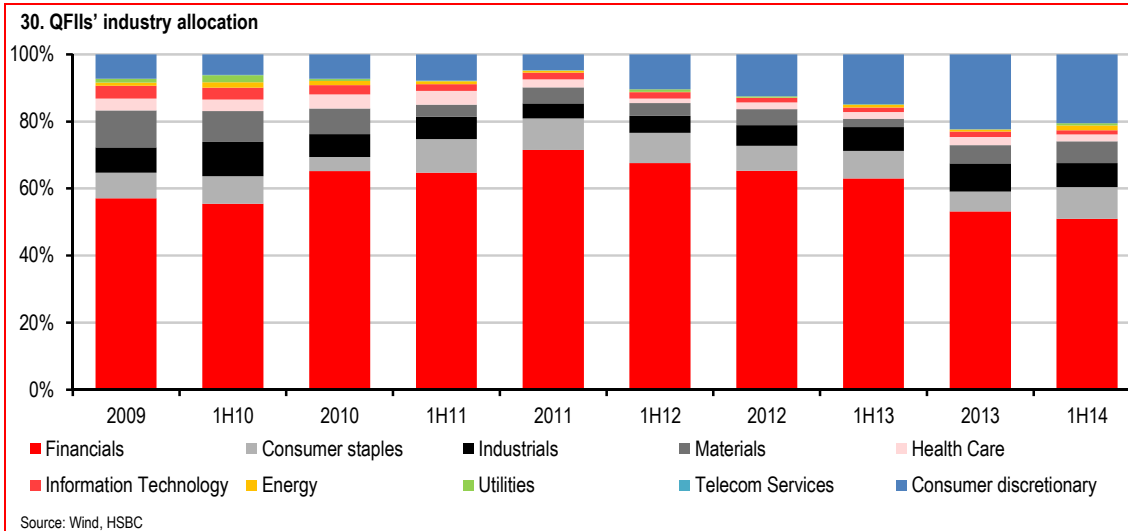
durable goods and textiles. Gree Electric Appliances (000651 CH) and Midea Group (000333 CH) are the two stocks that institutions are interested in most, perhaps because of their stable earnings growth and benign fundamentals.

We also take the percentage of QFIIs' ownership in all unrestricted shares as a benchmark and compare it with the percentage in each industry to see where they are overweight. Apart from financials, the QFIIs' favourite, consumer discretionary and consumer staples are also popular. QFII used to like information technology but have become more cautious.

By market cap

When compared with institutional holdings, QFIIs tend to concentrate on stocks with a market cap of unrestricted A-shares of between RMB50bn and RMB100bn, rather than stocks with a large market cap. For example, among banks, QFIIs prefer joint-stock banks and city banks to state-owned banks. In the energy sector they prefer Sinopec (600028 CH) to PetroChina (601857 CH) – the latter is nearly twice as large in terms of market cap, scale of exploration and production.

On the other hand, in sectors where small-cap and mid-cap stocks are common, QFIIs are more likely to invest in the largest and the leader. Kweichow Moutai (600519 CH) in food and beverage and SAIC Motor (600104 CH) in autos are good examples. Both have market caps over RMB100bn and are leaders in their sectors – Kweichow Moutai is widely regarded as the premier liquor brand and enjoys a high margin; SAIC Motor had a market share of nearly 25% in passenger vehicle sales in 2013. They are attractive to QFII investors as three out of Kweichow Moutai's top 10 shareholders and four out of SAIC Motor's top 10 shareholders are QFIIs (unrestricted shares only, as of the end of 1H14).



33. QFIIs' holding by profit growth, PE and dividend yield (as of the end of 1H14)

	QFIIs' holding			Industry average		
	1H14 profit growth	2013 PE	2013 dividend yield	1H14 profit growth	2013 PE	2013 dividend yield
Financials	17%	8.2	2.6%	11%	6.1	4.9%
Cons. discretionary	22%	8.6	4.2%	18%	16.6	1.9%
Consumer staples	-5%	15.2	2.6%	-8%	21.9	1.8%
Industrials	15%	11.9	2.6%	10%	19.3	1.5%
Materials	25%	15.0	1.7%	5%	32.6	1.1%
Health Care	13%	27.8	1.0%	15%	33.4	0.8%
InfoTech	-17%	42.4	1.1%	13%	46.5	0.6%
Energy	-2%	6.6	5.5%	-2%	10.0	3.8%
Utilities	10%	12.1	4.0%	21%	9.3	3.3%
Telecom Services	NA	NA	NA	26%	9.4	1.4%

Source: Wind, HSBC

Growth vs. value

We compare QFIIs' 1H14 core holdings with the A-share universe in terms of profit growth, PE and dividend yield in 2013, three criteria that help distinguish between value stocks and growth stocks. We found that:

- Profit growth of companies selected by QFIIs does not always outperform that of the industries concerned. In the five most popular sectors, earnings growth of companies preferred by QFIIs led the industry. However, in sectors in which QFIIs were not interested, profit growth of the companies they chose lagged the industry average.

- QFIIs are value investors. Except for financials and utilities, PE ratios of QFIIs' holdings are much lower than industry averages. It shows that valuation is an important factor affecting investment decisions, a common practice among overseas institutional investors.

- QFIIs pursue dividends. Dividend yields of QFII holding are higher than industry averages in all sectors except for financials, more evidence that QFIIs focus on value stocks. They prefer near-term returns to "good stories".

To us, it is clear QFII investors prefer value and high dividend yield stocks with stable growth.

34. Top-20 QFII funds holdings of pure A-share companies (sorted by holding value, end of 1H14)

Code	Name	Sector	3mo ADT USDm	MCap Invest USDm	L1M Value RMBm	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14	
601166 CH	INDUSTRIAL BANK	Financials	110.5	31,853	20,769	-6%	1%	4.1	3.6	17%	13%	0.9	22%	5%
000651 CH	GREE ELECTRIC	Cons. Disc.	56.1	14,112	11,386	-5%	-12%	6.4	5.4	24%	18%	2.4	31%	6%
601169 CH	BANK OF BEIJIN	Financials	29.7	12,670	9,677	1%	18%	5.1	4.6	14%	10%	0.9	17%	3%
600015 CH	HUAXIA BANK CO	Financials	26.6	12,234	5,995	-4%	-2%	4.2	3.7	16%	14%	0.8	19%	6%
002142 CH	BANK OF NINGBO	Financials	14.0	4,455	4,070	-4%	3%	5.0	4.3	14%	15%	0.9	20%	4%
600519 CH	KWEICHOW MOUTA	C. Staples	49.8	29,537	4,004	-3%	36%	11.2	10.2	7%	10%	4.0	31%	4%
601009 CH	BANK OF NANJIN	Financials	19.2	3,958	3,842	-3%	1%	4.8	4.2	13%	13%	0.8	18%	6%
600104 CH	SAIC MOTOR	Cons. Disc.	46.5	31,033	2,850	6%	22%	6.9	6.1	12%	12%	1.4	18%	7%
600009 CH	SHANG INTL AIR	Industrials	15.5	4,247	2,037	0%	-5%	12.3	10.9	14%	12%	1.5	12%	3%
000333 CH	MIDEA GROUP CO	Cons. Disc.	42.6	15,160	1,345	3%	10%	9.1	7.5	40%	21%	2.6	27%	5%
002304 CH	JIANGSU YANGHE	C. Staples	14.5	11,155	1,134	10%	56%	14.3	13.1	-4%	9%	3.8	24%	3%
601888 CH	CHINA INTERNAT	Cons. Disc.	14.9	5,926	997	11%	7%	23.5	19.2	13%	22%	3.8	15%	1%
601006 CH	DAQIN RAILWAY	Industrials	26.6	17,885	812	3%	0%	7.3	6.6	20%	10%	1.4	18%	7%
000729 CH	BEIJING YAN	C. Staples	11.1	2,967	667	-3%	-20%	21.6	19.8	19%	9%	1.5	6%	1%
600887 CH	INNER MONG YIL	C. Staples	84.8	13,075	622	-1%	1%	21.0	17.1	14%	23%	4.8	21%	2%
600741 CH	HUAYU AUTOM	Cons. Disc.	23.3	4,941	564	3%	16%	6.9	6.2	28%	10%	1.6	20%	4%
600900 CH	CHINA YANGTZE	Utilities	15.2	20,145	548	9%	19%	12.5	12.1	9%	3%	1.6	12%	4%
000550 CH	JIANGLING MOTO	Cons. Disc.	7.6	4,032	418	4%	22%	13.1	9.6	20%	36%	2.8	19%	3%
000895 CH	HENAN SHUAN	C. Staples	25.8	12,660	416	-6%	-25%	15.8	13.2	28%	19%	5.8	30%	4%
601933 CH	YONGHUI SUPERS	C. Staples	20.2	3,958	373	-1%	12%	27.6	21.8	18%	27%	4.0	12%	2%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Investment implications

- ▶ Top-down approach based on empirical analysis to identify attractive A-shares relative to H-shares
- ▶ We also identify 12 comparable companies across markets that have a wide valuation gap
- ▶ The strong growth profile should help to support a re-rating in HKEx; only selected brokers will benefit from Stock Connect

Top-down empirical analysis

The A-share and H-share price difference has existed for a long time, and we expect the valuation gap to gradually normalise with the launch of the Shanghai-Hong Kong Stock Connect programme.

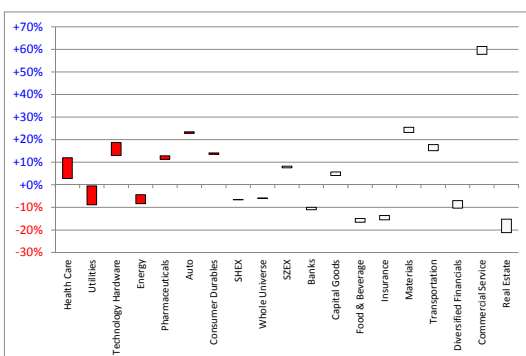
Excluding special treatment (ST) stocks, there are 84 companies that have A-shares listed in China and H-shares listed in Hong Kong. Of these, 67 are listed in Shanghai and 17 in Shenzhen. Under the current rules, while investors can't

short A-shares they can short 72 out of 84 H-shares. A-shares and H-shares are two different types of securities issued by the same company, and so face the same operating, profitability and credibility risks.

Sector A/H spread

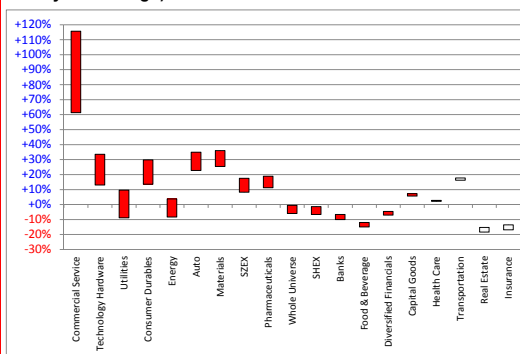
We grouped 84 pairs in 16 different sectors and calculated the total market cap weighted aggregate sector average. For the short-term A/H spread momentum measurement (chart 33), we compare the sector's current A/H premium/discount to the A/H premium/discount

35: Short-term sector A/H spread momentum-(m-o-m change)



Notes: Red bar suggests that the current A/H premium lower than that one month ago, White bar suggests that the current A/H premium higher than that one month ago.
Source: Bloomberg, Thomson Reuters Datastream, HSBC, weighted by total market cap; sort by ascending order of the difference between current A/H spread and one month ago. Pricing as at 29 August 2014

36: Medium-term sector A/H spread momentum-(current vs. one-year average)



Notes: Red bar suggests that the current A/H premium lower than that one year ago, White bar suggests that the current A/H premium higher than that one year ago.
Source: Bloomberg, Thomson Reuters Datastream, HSBC, weighted by total market cap; sort by ascending order of the difference between current A/H spread and their 1-year averages. Pricing as at 29 August 2014

one month ago. For the medium-term momentum (chart 34), we compare the sector's current A/H premium/discount to the one-year average.

In terms of short-term spread momentum, health care, utilities and technology hardware are the three sectors that saw their current A/H spread momentum fall the most m-o-m.

In terms of medium-term spread momentum, commercial services, technology hardware and utilities saw their current A/H spread momentum drop the most from their one-year averages.

Commercial Services: A-shares too rich

The commercial services sector (which, according to MSCI, includes printing, data processing, HR and environmental services), with its current A/H premium of 61.3% verse its one-year average of 115.7%, is the largest loser in terms of medium-term A/H spread momentum. Its current A/H premium of around 61.3% remains the largest A/H premium among all sectors. There are only two companies in this sector, Tianjin Capital Environment and Dongjiang Environment, with a current A/H premium of 93.05% and 29.49%, respectively. The A-shares appear relatively less attractive than the corresponding H-shares as a result.

Utilities and Energy: A-shares more attractive

The utilities and energy sectors, No 3 and No 5 in terms of medium-term A/H spread momentum, have seen their medium-term spread slip into discount territory. Weakening short-term A/H spread momentum suggests that the A-shares are relatively more attractive than the H-shares.

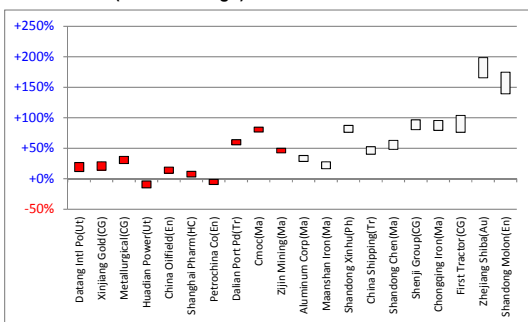
Huadian Power and Petrochina: A-shares more attractive

Within utilities and energy, Datang Int'l, Huadian Power, China Oilfield and Petrochina are the top 10 losers in terms of short-term A/H spread momentum. Huadian Power and Petrochina are the only ones with a current discount A/H spread, so the A-shares appear more attractive.

A-share premium/discount to H-share table

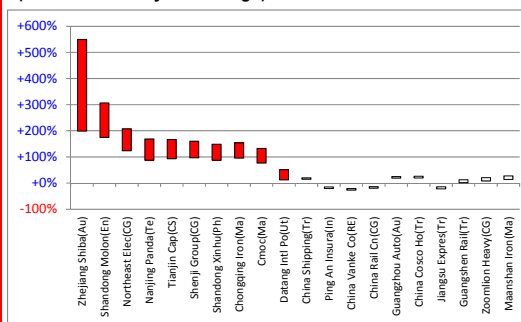
Appendix 6 (page 61-62) includes companies that have A-shares listed in China and H-shares listed in Hong Kong.

37: Top 10/Bottom 10 Short-term sector A/H spread momentum-(m-o-m change)



Notes: Red bar suggests that the current A/H premium lower than that one month ago, White bar suggests that the current A/H premium higher than that one month ago.
 Au: Automobile, Bk: Banks, CD: Consumer Durables, CG: Consumer Goods, CS: Customer Services, DF: Diversified Financials, En: Energy, FB: Food Beverage & Tobacco, HC: Health Care, In: Insurance, Ma: Materials, Ph: Pharmaceuticals, Biotechnology, RE: Real Estate, Te: Technology Hardware, Tr: Transportation, Ut: Utilities
 Source: Bloomberg, Thomson Reuters Datastream, HSBC, sort by ascending order of the difference between current A/H spread and one month ago. Pricing as at 29 August 2014

38: Top 10/Bottom 10 Medium-term A/H spread momentum-(current vs. one-year average)



Notes: Red bar suggests that the current A/H premium lower than that one month ago, White bar suggests that the current A/H premium higher than that one month ago.
 Au: Automobile, Bk: Banks, CD: Consumer Durables, CG: Consumer Goods, CS: Customer Services, DF: Diversified Financials, En: Energy, FB: Food Beverage & Tobacco, HC: Health Care, In: Insurance, Ma: Materials, Ph: Pharmaceuticals, Biotechnology, RE: Real Estate, Te: Technology Hardware, Tr: Transportation, Ut: Utilities
 Source: Bloomberg, Thomson Reuters Datastream, HSBC, sort by ascending order of the difference between current A/H spread and their one-year averages. Pricing as at 29 August 2014

Comparable companies with a wide valuation gap

Besides the statistics-based price differential strategy, investors can also explore other approaches, such as the valuation gap between the two markets. To a large extent, the different valuation multiple is driven by investment styles.

For example, 75% of market participants are institutional investors in Hong Kong, compared with only 16% in China (chart 37). Because institutional investors tend to use fundamental research and rely on valuation, they prefer large-cap blue-chip stocks with high dividend yields. In contrast, retail investors prefer small-cap, high-growth stocks that offer opportunities to achieve profits in a short period of time.

Not surprisingly, the valuations for the broader China and Hong Kong markets diverge. MSCI China is trading at 9.3x 12-month forward price-to-earnings, while the Shanghai Composite Index is at 8.1x (chart 38). The gap reflects a 14% premium valuation for the Hong Kong market.

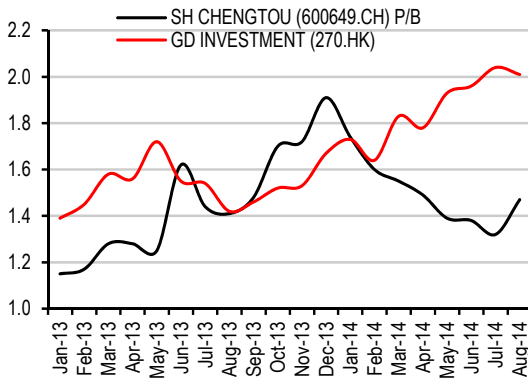
Our strategy is to look beyond any A-share and H-share price divergence for the same underlying company, as investors may have already be positioned but rather to identify comparable companies in the same industry listed in Hong Kong and China that have a widely divergent

valuation gap – in this occasion, all A-share companies trade at significant valuation discounts to Hong Kong-listed companies but offer similar sector exposure and growth prospects. We select 12 comparable companies with a wide valuation gap. Our selected 12 comparable companies are grouped in the following industries:

- ▶ **Urban infrastructure.** Both Shanghai Chengtou (600649 CH) and Guangdong Investment (270 HK) are engaged in investment holdings, property holdings, and water supply projects. Although their geographic exposure is different, their businesses are similar. Investors tend to give them different valuations – since early this year, Guangdong Investment has been traded at a premium valuation to Shanghai Chengtou on price-to-book (chart 39).
- ▶ **Construction and engineering.** China State Construction Engineering (601668 CH) is the parent company of China State Construction International (3311 HK). Both companies are involved in contracting, investment, real estate development, infrastructure construction, prospecting and design. China State Construction International, which concentrates more on overseas projects, trades at a premium to its parent on forward price-to-earnings (chart 40).

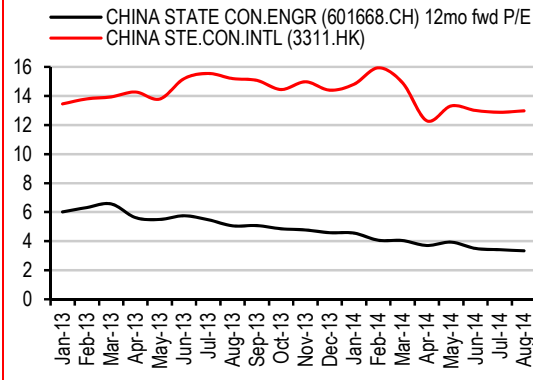


41. Valuation gap for infrastructure



Source: Thomson Reuters Datastream, HSBC Equity Strategy Research

42. Valuation gap for construction and engineering



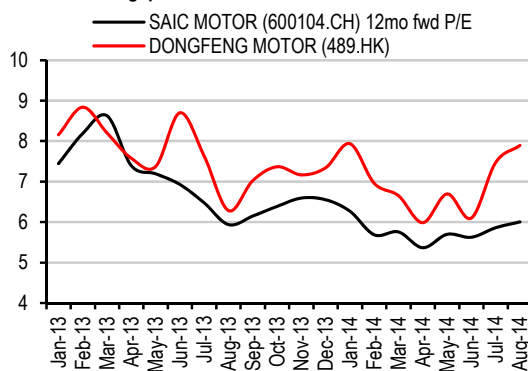
Source: Thomson Reuters Datastream, HSBC Equity Strategy Research

► **Auto manufacturers.** SAIC Motor (600104 CH) and Dongfeng Motor (489 HK) are leading China state-owned automobile makers. They are also affiliated with leading international brands – SAIC Motor has joint ventures with Volkswagen and General Motors; Dongfeng Motor has joint ventures with Peugeot Citroen and Honda. However, Dongfeng Motor consistently trades at a premium to SAIC Motor on forward price-to-earnings (chart 41). **Alcoholic beverages.** Kweichow Moutai (600519 CH) and Tsingtao Brewery (168 HK) are leading alcoholic beverage manufacturers. Kweichow Moutai makes liquor, beer, wine, food and packaging (Moutai is one of the most famous brands in China). Tsingtao Brewery, whose origins can be traced to German settlers in the

early 1900s, is now the second largest brewery in China. However, their valuations diverge in the two markets. Tsingtao Brewery has traded at a premium to Kweichow Moutai on forward price-to-earnings (chart 42).

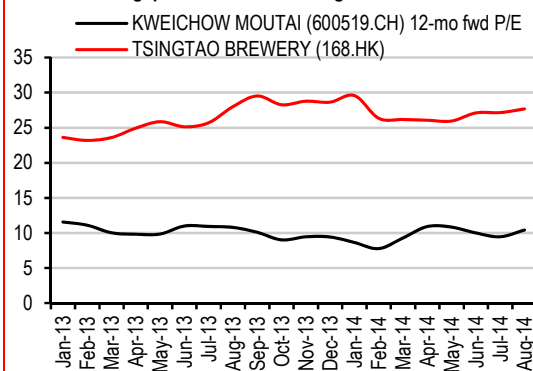
► **Food and beverage.** Inner Mongolia Yili Group (600887 CH) and Uni-President China (220 HK) are leading dairy and food companies, respectively. Yili Group is the country's largest dairy producer and is engaged in processing and manufacturing a wide range of milk products. Uni-President China is the largest juice drink producer and the third largest instant noodles supplier in China. However, their valuations diverge. Since early 2014, Uni-President China has traded at a premium to Inner Mongolia Yili Group on forward price-to-earnings (chart 43).

43. Valuation gap for automobile manufacturers



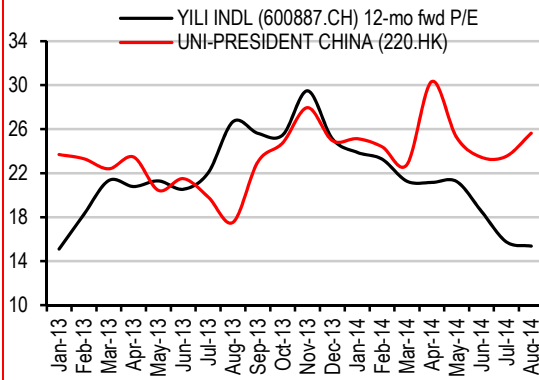
Source: Thomson Reuters Datastream, HSBC Equity Strategy Research

44. Valuation gap for alcoholic beverage



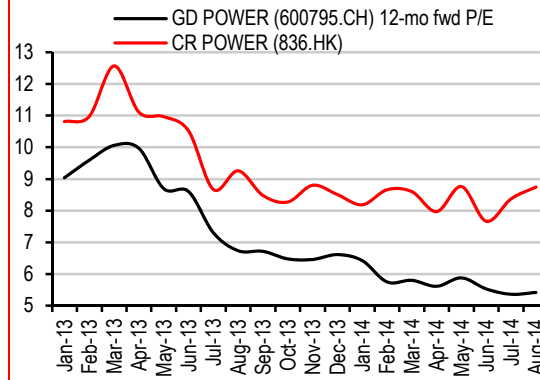
Source: Thomson Reuters Datastream, HSBC Equity Strategy Research

45. Valuation gap for beverage and food



Source: Thomson Reuters Datastream, HSBC Equity Strategy Research

46. Valuation gap for IPP



Source: Thomson Reuters Datastream, HSBC Equity Strategy Research

- ▶ **IPP.** Guodian Power (600795 CH) and CR Power (836 HK) are involved in the development, operation and management of coal-burning power plants in China. GD Power is a subsidiary of Guodian Group and CR Power is a subsidiary of China Resources Group. However, their valuations diverge in the two markets. CR Power trades at a premium to Guodian Power on forward price-to-earnings (chart 44).

47. Cross market comparable companies with a wide valuation gap

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
Urban infrastructure														
600649 CH	SHANGHAI CHENT	Financials	11.8	3,274	6.73	-4%	-19%	10.2	-	43%	-	1.4	-	-
270 HK	GUANGDONG INV	Utilities	8.2	7,641	9.49	8%	25%	15.2	14.4	13%	5%	2.1	13%	2%
Construction and engineering														
601668 CH	CHINA STATE	Industrials	37.1	15,438	3.16	0%	1%	4.0	3.5	16%	15%	0.8	18%	5%
3311 HK	CHINA STATE CONS	Industrials	7.7	6,218	12.38	-9%	-11%	13.8	10.9	26%	26%	2.8	20%	2%
Automobile manufacturer														
600104 CH	SAIC MOTOR	Cons. Disc.	46.5	30,882	17.2	6%	22%	6.8	6.1	12%	12%	1.4	18%	7%
489 HK	DONGFENG MOTOR	Cons. Disc.	30.0	16,231	14.6	8%	20%	8.1	7.2	16%	13%	1.4	17%	2%
Alcoholic beverage														
600519 CH	KWEICHOW MOUTA	C. Staples	49.8	29,454	158.38	-3%	36%	11.2	10.2	7%	10%	4.0	31%	4%
168 HK	TSINGTAO BREW	C. Staples	6.5	9,404	57.85	-8%	-12%	29.6	25.5	6%	16%	4.2	14%	1%
Beverage and food														
600887 CH	INNER MONG YIL	C. Staples	84.8	13,134	26.32	-1%	1%	21.1	17.2	14%	23%	4.8	21%	2%
220 HK	UNI-PRESIDENT	C. Staples	4.5	3,929	7.05	8%	-7%	34.7	29.6	-34%	17%	2.2	7%	1%
IPP														
600795 CH	GD POWER DEVEL	Utilities	19.8	6,479	2.31	-1%	-2%	5.9	5.6	7%	6%	1.0	16%	5%
836 HK	CHINA RES POWER	Utilities	15.7	14,725	23.8	9%	29%	9.4	8.6	9%	10%	1.7	17%	3%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Implications for HKEx

Growing benefits

We believe the benefits of mainland connectivity will come in different phases and have multiple dimensions. In the near term, we estimate Stock Connect – depending on the level of use of Northbound and Southbound quotas – will boost HKEx's revenue by between 2% and 12% in 2015e. Our scenario analysis includes only the potential contribution from trading and clearing fees and does not take into account the custodian and nomination fees (i.e. on the Shanghai-listed stocks).

As the Stock Connect scheme expands, we believe restrictions are likely to be removed and quotas will be expanded, which is likely to create more revenue for HKEx. Our previous blue-sky scenario analysis suggests greater convergence with SSE could lift HKEx's cash turnover by 80% (see details on HKEx report, [Favourable moves around the corner](#), December 2013).

The impact on revenue could be larger if the Shenzhen market becomes part of Stock Connect. Moreover, benefits of the scheme are derived from trading in both directions and HKEx should also benefit from wider access to the A-share market. We forecast the domestic stock market (excluding HKEx) could expand from around USD4trn currently to USD10trn by 2020, with foreign participation rising to 10% (see report [Ready for lift-off](#), 18 March 2014, for details). HKEx could benefit substantially during this process.

Moreover, a bigger and deeper market could attract more global investors, helping HKEx to revamp some of its businesses like the Hong Kong Depository Receipt and NASDAQ-7 programmes. We also believe the relationship between market scale and trading activity is not necessarily linear. This means, in our view, that turnover could rise exponentially after connectivity reaches a certain level, even if interest is limited in the early stages.

Stronger franchise

We think increased connectivity with the mainland will help to improve the long-term growth prospects of HKEx. By engaging in revenue-sharing schemes with mainland exchanges, HKEx essentially becomes a proxy for the massive, growing capital market in China (including stocks, bonds and other asset classes).

More balanced revenue structure

Moreover, we expect HKEx's revenue structure (by asset class) to change as connectivity increases. Currently, we estimate cash business still contributed over 60% of revenue to HKEx (including trading, clearing, listing and others) but as the company expands its connectivity and moves into other asset classes, its revenue structure could become more diversified. This would also help cushion HKEx against cash market volatility.

48. Sensitivity of HKEx's revenue toward different level of daily quota utilisation in 2015e*

		Northbound daily quota utilization							
		25%	50%	75%	100%	125%	150%	175%	200%
Southbound daily quota utilisation	25%	2%	3%	4%	5%	6%	7%	8%	9%
	50%	2%	3%	4%	5%	6%	8%	9%	10%
	75%	2%	4%	5%	6%	7%	8%	9%	10%
	100%	3%	4%	5%	6%	7%	8%	10%	11%
	125%	3%	4%	5%	7%	8%	9%	10%	11%
	150%	4%	5%	6%	7%	8%	9%	10%	12%
	175%	4%	5%	6%	7%	9%	10%	11%	12%
	200%	4%	6%	7%	8%	9%	10%	11%	12%

Note: Our sensitivity analysis are based on our existing revenue forecast for HKEx in 2015e, and only takes into account the potential trading and clearing fee impacts of higher market turnover
Source: HSBC estimates

Supporting a premium valuation

Although it is difficult to quantify HKEx's growth prospects now, we believe that in general terms the stronger growth profile should support a premium valuation in HKEx, perhaps pushing it closer to the upper limit of its historical PE trading band.

Impacts on brokers

Turnover accretion: a two-sided story

We continue to believe that the impact of the Stock Connect scheme on brokers is less certain, particularly at the individual level.

Firstly, we believe some mainland investors who participate in Southbound trading could reduce their trading activities in the home market. The loss of this potential flow will not necessarily be compensated by Northbound trading because institutional investors buying A-shares will tend to be relatively long-term investors and trade much less frequently than the existing A-share investors. In fact, we believe that a more open market and greater participation by institutional investors could lead to a fall in the A-share market velocity from its current high level, even if "same day trading" is allowed for the blue-chip names.

For Southbound trading, we believe the market, on a relative basis, will see an increase in turnover/velocity. However, the benefits to individual brokers are likely to be diluted by strong

competition. Moreover, we believe the Hong Kong affiliates of some Chinese brokers which rely on the mainland investor base might be particularly affected, as their customers might be attracted to Stock Connect – which, in our view, would be a more proper channel for them to use in order to invest in the Hong Kong market.

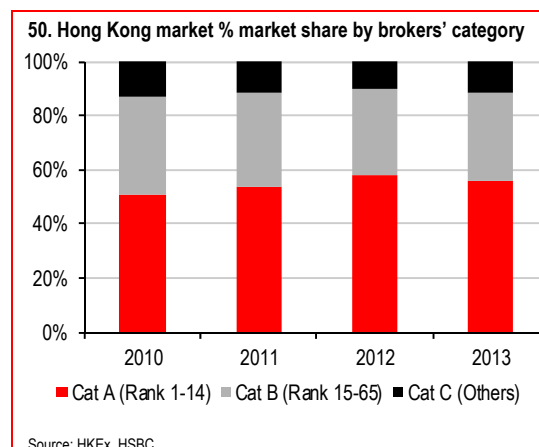
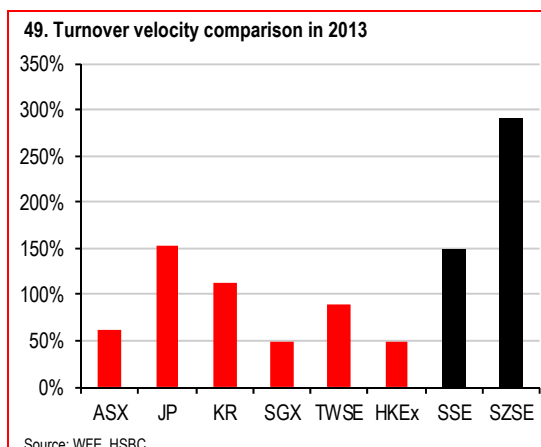
Long-term gains

For the Chinese brokers, we think they will still benefit on a collective basis but it is perhaps more important to look at the long-term changes, including:

- ▶ Financial reforms could accelerate with Stock Connect. This could also speed up measures to rectify the shadow banking activities (see [Riding the trend from shadow banking to capital markets](#), 2 July 2014).
- ▶ We also expect market practices and regulations in China to change and become more aligned with the Hong Kong market over time. This could prompt further deregulation and business innovation, which is likely to benefit brokers.

Beneficiaries: too early to tell

Hence, in our view, not every broker will stand to benefit from Stock Connect and any associated changes. We believe the potential winners need to have the following characteristics:



- ▶ A comprehensive cross-border presence and service capability, in order to provide one-stop brokerage services for investors who will increasingly look at both markets.
- ▶ A well-rounded business platform across sales and trading, execution and also post-trade services, in order to provide integrated and yet tailored solutions for investors.
- ▶ The brokers need to be well capitalised and adequately funded, in order to satisfy investors' funding gap and provide more financing business.

Whilst we have identified the above characters which we believe could help the Chinese brokers to stand out, we think more time is required to assess each individual broker's planning and readiness to gain a better understanding of the potential company-specific impact of the scheme, and hence, it is probably still too early to assess the benefit for each individual broker.

What's next for mutual market connectivity?

- ▶ We believe the Stock Connect could expand quickly
- ▶ It may be extended to the Shenzhen Stock Exchange and other asset classes
- ▶ Other asset classes could include derivatives, bonds and FX

It's only the beginning

We believe Stock Connect will expand in both scale and scope. As HKEx's Chief Executive Charles Li said at a presentation on 29 April this year: "Stock Connect is the first ship of the historic voyage of China's capital market opening."

Assuming a smooth and successful launch of the programme, we believe the investment quota will increase and more securities (including ETF) will be included. The priority is likely to be on quota expansion because according to HKEx, the stocks eligible for Northbound trading and Southbound trading already, respectively, account for around 90% of total market cap of the SSE and 82% of total market cap of the HKEx.

Alongside the quota expansion, we expect Stock Connect to soon include the Shenzhen Stock Exchange (SZSE), the other stock exchange in China which comprises three different boards, where most SME A-shares are listed.

It's not only about the stocks

We believe the co-operation between Hong Kong and Shanghai shows the way forward for other markets in China, i.e. a co-ordinated and controlled

approach to opening markets. Providing Stock Connect runs smoothly, we believe HKEx can use the same model for other asset classes, such as:

- ▶ **Derivatives:** Whilst China has four of the world's largest derivatives exchanges (measured by 2013 turnover), products are rather simple and limited, and foreign participation is close to non-existent. Through its LME platform, we believe HKEx will first establish connectivity with the three commodity derivative exchanges in China (i.e., the Commodity Connect), and then extend the mutual access to include the China Financial Futures Exchange (CFFEX).
- ▶ **Bonds:** With RMB33.6trn (USD5.5trn) outstanding balance – the interbank bond market and the bonds listed on the two stock exchanges combined, excluding the overlapped portion – China has one of the largest bond markets in the world. But foreign participation is low, so its onshore bond market has limited connection with the global market. We expect HKEx to establish connections with the two stock exchanges and the interbank bond market association.

- ▶ **Foreign exchange (FX):** China's market share in global FX turnover, according to a Bank of International Settlement (BIS) report, has risen from 0.1% in 2004 to 0.7% in 2013 but still trails behind Hong Kong (4.1%) and clearly doesn't match China's rising economic power. We believe HKEx may want to establish a link with its mainland counterparts, building on its early success in the CNH futures.

Expansion could come quickly

Based on the experience of other reforms in the A-share market, it might take a couple years for the Stock Connect to expand. The margin financing and security lending (MFSL) scheme, for instance, took 1.5 years to become an ordinary business for brokers and for the list of eligible stocks to expand.

However, we think the expansion of the Stock Connect programme could be faster than some of the other schemes, in view of accelerating financial and capital market reforms in China. On 9 May 2014, the State Council released nine directives to support capital market developments, including: 1) fostering linkages between onshore and offshore exchanges; 2) strengthening regulatory collaboration within Greater China region; and 3) steadily opening the onshore capital market for overseas individual investors and supporting individual investors investing in overseas capital markets.

Assuming Stock Connect operates smoothly and is widely accepted, we expect the investment quotas to expand in the months following its launch. We also expect restrictions on retail investors (Southbound) to be removed in a year and all quotas to be abolished in three years, premised on our macro view about financial reform. In our view, in parallel with China's capital market reforms, connectivity with other mainland exchanges/markets could be established in the coming five years.

Future developments

Near term: growth

Connecting HKEx with the two stock exchanges in China would create a stock market with more than 4,000 listed companies, an over USD7trn combined market cap and a combined annual turnover of more than USD9trn. If the same were to happen with derivatives side, connecting HKEx with the four futures exchanges in China, it would create a market with annual derivatives trading volume of over 2.3bn contracts, the third largest in the world.

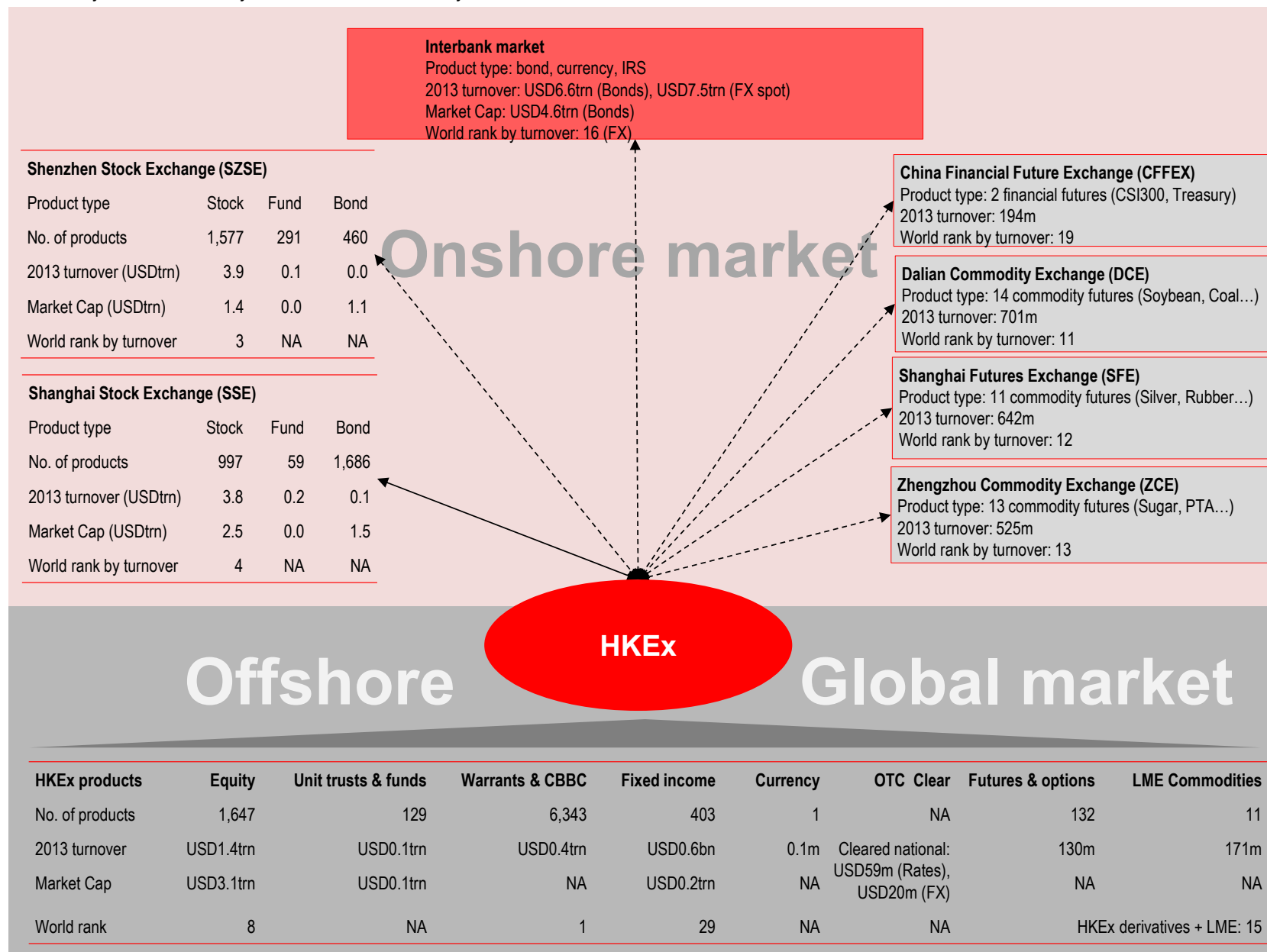
In fact, we believe this would create a snowball effect, as a larger market often attracts more investors and corporate issuers. Also, a larger, deeper market normally spurs market innovation and business growth. For HKEx, in particular, we expect Stock Connect to help drive stronger risk appetite in the market, improving cash turnover velocity.

Medium term: harmonisation

Over the medium term, we believe the connectivity and associated market participation could lead to strong demand for more aligned market practices and investor protection regimes between China and Hong Kong, as investors seek smaller uncertainty and lower transaction costs. This could lead China to changing some of its operational, legal and regulatory arrangements and become more consistent with Hong Kong and global markets. This would also make the China market more recognised globally.

For example, if the Stock Connect is successful, there might be a larger demand for the A-share market to allow "same day trading" (more commonly termed "T+0" trading mechanism in China), as happens on the Hong Kong market. There might be similar demands for clearing and settlement arrangements.

51. Mainland connectivity: Stock Connect is only the start of Mainland connectivity

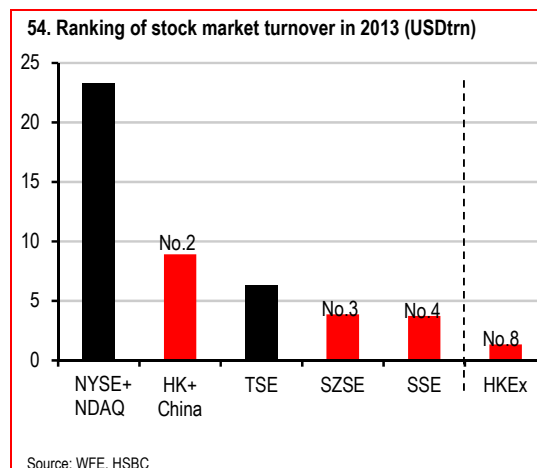
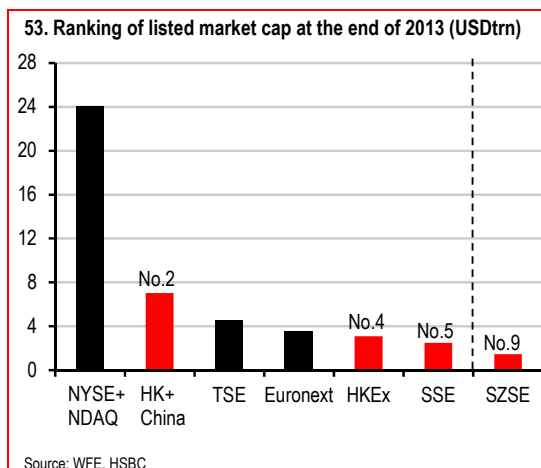


Source: CEIC, China Futures Association, FIA, HKEx, Wind, WFE, HSBC

The changes will not be one-way. We believe Hong Kong market could also learn from some of China's experiences as it pushes ahead with reforms. This could include scrip-less securities registration and wider usage of electronic trading.

Long term: integration

In the long run, we expect the capital markets in Hong Kong and China to integrate. This would increase scale and relevance and also improve market efficiency and financial system robustness. Moreover, a stronger capital market also holds the key to China's financial reforms, which focus on improving the system of allocating financial resources and diversifying risks.



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Appendix

Appendix 1. Mechanism of the Stock Connect

Stock Connect: Summary of the key arrangements of the scheme

	Northbound	Southbound
Investor eligibility	All HK and overseas institutional or individual investors	Mainland institutional investors and individual investors who hold an aggregate balance of not less than RMB500,000 in their securities and cash accounts
Participant eligibility	All SEHK Exchange Participants and HKSCC's Clearing Participants	All SSE Members and ChinaClear Participants
Stock eligibility	568 eligible stocks: 1) All the constituent stocks of the SSE 180 Index and SSE 380 Index 2) Dual-listed A & H shares 3) Exclude shares not traded in RMB and in the "risk alert board"	276 eligible stocks: 1) All the constituent stocks of the Hang Seng Composite Large Cap and Mid Cap Index 2) Dual-listed A & H shares 3) Exclude shares not traded in HKD and those H shares have A-shares listed on other Mainland exchanges (i.e., non-SSE), or H-shares with corresponding A shares in "risk alert board"
Quota management	Aggregate quota of RMB300bn. Daily quota of RMB13bn, on a "net buy" basis	Aggregate quota of RMB250bn. Daily quota of RMB10.5bn, on a "net buy" basis
Trading hours	Pre-open: 09:10-09:15, Opening call auction: 09:15-09:25, AM session: 09:30-11:30 Pre-open: 12:55-13:00, PM session: 13:00-15:00	Pre-opening: 09:00-09:30, AM session: 09:30-12:00, PM session: 13:00-16:00
Holiday arrangement	Stock Connect is only open on days where both markets are open on trading days and money settlement day	
Currency	Trade and settle in RMB	Trade in HKD, settle in RMB
Price limit	±10% based on previous closing price (±5% for ST stocks)	No price limit
Day trading	Not allowed	Allowed
Naked short-selling	Not allowed	Not allowed
Margin trading	Not allowed	TBC
Clearing arrangement	ChinaClear as the host Central Counterparty	HKSCC as the host Central Counterparty
Fees	Securities management fee: 0.002% of the transaction value (to CSRC) Handling fee: 0.00696% of the transaction value (to SSE) Transfer/Clearing fee: 0.06% on face value (to ChinaClear) Stamp duty: 0.1% of the transaction value on the seller (to government) Custodian and nomination of SSE-listed stocks: 0.3-0.8% of portfolio value (to HKEx)	Transaction levy: 0.003% of the transaction value (to SFC) Trading fee & tariff: 0.005% of the transaction value plus HKD0.5 per transaction (to HKEx) Clearing fee: 0.002% on transaction value (with HKD2 min. and HKD100 max. per transaction, to HKEx) Stamp duty: 0.1% of the transaction value per side (to government)

Source: HKEx, SSE, HSBC

Key features

We believe Stock Connect was designed with reference to past examples and can be extended to link with other exchanges or include other products. It includes a number of distinctive features:

- ▶ **RMB only:** The programme uses RMB for the settlement in both Northbound and Southbound trading. This was designed, in our view, to facilitate Mainland investors (to participate in Southbound trading), although FX risk is still present (when converting the settlement currency into trading currency). It is worth noting that clearing and settlement will be in a net basis to minimise cross-border flow and FX risk. Meanwhile, this design could encourage greater offshore RMB flows in Hong Kong, leading to a larger balance and flow of offshore RMB.
- ▶ **Closed-loop system:** The programme will not allow investors to take the capital (and profit) away from their stockbrokerage accounts and use it in the other locations. This, in our view, was designed to minimise the risk of capital flows and help to preserve capital controls in China.
- ▶ **Equal revenue sharing:** HKEx and its Chinese counterparts will split the trading and clearing fees on an equitable basis. This, in our view, would help to align their interests and smooth the likely concerns arising from the possible inequality between trading in different directions.
- ▶ **Home market rules:** Overseas investors investing in Northbound trades need to follow Mainland regulations, and vice versa. This helps to enable the cross-border trading without having to change the rules and regulations, which could take a long time to complete.

- ▶ **Clearing and settlement:** These are being done centrally. This means both exchanges will be the central clearing counterparts for the market participants, reducing the counterparty risks.

Uncertainties and future steps

There are, however, a number of uncertainties and work-in-progress in the programme (mainly concerning Northbound trading), including:

- ▶ **Capital gains tax:** Similar to the QFII and R-QFII schemes, capital tax treatment remains a problem and it could lead to uncertain cost of holding/investment. Nonetheless, we note the exchanges seem confident about outlining a solution for this, according to a news report in the *Shanghai Securities News*, 13 August 2014.
- ▶ **Trading restrictions:** Under the Northbound trading link, order changes are required to be cancelled. This, alongside the quota system, means the system doesn't support most algorithmic trading functions.
- ▶ **Short settlement cycle:** The A-share market uses a T+1 settlement cycle, which is shorter than most other markets. This could increase the funding needs of Northbound investors.
- ▶ **Pre-trade checking:** To fulfil the SSE requirement for ensuring all sell orders are sufficiently supported by shares, HKEx requires Northbound investors to transfer the selling shares from their custodians to the brokers in the morning of the trading day (i.e., T day) at the latest, which could create difficulties for some institutional investors.
- ▶ **Depository and nomination:** HKEx, through its special subsidiary, will be the central nomination and custodian for the SSE-listed stocks. Moreover, the proxy votes are conducted on a collective basis.

We believe these uncertainties are mostly temporary and while they might affect the scheme's initial popularity (particularly for the Northbound trading), we think they can be resolved over time.

Appendix 2. Full list of A-share companies

Shanghai-Hong Kong Stock Connect (Northbound stock list)

Code	Name	Sector	3mo ADT USDm	MCAp USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
600000 CH	SHANG PUDONG	Financials	109.4	28,645	9.46	1%	0%	3.8	3.4	14%	11%	0.8	21%	7%
600004 CH	GUANGZHOU BAIY	Industrials	4.2	1,411	7.56	3%	9%	10.2	8.0	-5%	27%	1.1	12%	5%
600005 CH	WUHAN IRON & S	Materials	6.0	3,539	2.16	2%	-2%	27.0	21.0	90%	29%	0.6	2%	2%
600007 CH	CHINA WORLD TR	Financials	2.1	1,763	10.78	6%	2%	23.0	20.7	46%	11%	2.2	10%	2%
600008 CH	BEIJING CAP CO	Utilities	8.7	2,396	6.71	8%	-1%	23.3	19.9	5%	17%	2.5	10%	2%
600009 CH	SHANG INTL AIR	Industrials	15.2	4,270	13.65	0%	-5%	12.4	11.0	14%	12%	1.5	12%	3%
600010 CH	INNER MONGOLIA	Materials	66.8	6,469	4.98	27%	16%	49.8	26.9	233%	85%	2.1	3%	-
600011 CH	HUANENG POWER	Utilities	13.5	13,887	5.83	-5%	15%	6.9	6.8	13%	1%	1.3	18%	7%
600012 CH	ANHUI EXPRESS	Industrials	2.1	1,123	4.38	2%	11%	7.9	6.4	9%	23%	1.0	-	-
600015 CH	HUAXIA BANK CO	Financials	26.8	12,171	8.42	3%	-2%	4.2	3.7	16%	14%	0.8	19%	6%
600016 CH	CHINA MINSHENG	Financials	77.9	34,582	6.31	1%	-2%	4.5	4.1	-	10%	1.1	21%	4%
600017 CH	RIZHAO PORT	Industrials	10.5	1,518	3.04	10%	20%	11.1	10.5	6%	5%	1.0	8%	-
600018 CH	SH INTL PORT	Industrials	18.0	17,177	4.65	3%	-12%	16.8	15.3	20%	9%	2.1	12%	3%
600019 CH	BAOSHAN IRON & S	Materials	15.0	11,685	4.37	1%	7%	9.9	8.8	26%	13%	0.6	6%	4%
600020 CH	HENAN ZHONGYUA	Industrials	1.9	850	2.33	2%	5%	-	-	-	-	0.7	-	-
600021 CH	SHANGHAI ELECT	Utilities	5.7	1,605	4.62	-1%	0%	7.7	6.6	9%	16%	1.3	-	-
600023 CH	ZHEJIANG ZHENE	Utilities	12.8	10,415	5.42	17%	4%	10.4	8.7	-5%	20%	1.8	16%	3%
600026 CH	CHINA SHIPPING	Industrials	4.2	2,755	5.21	15%	7%	84.0	18.3	109%	358%	0.8	2%	0%
600027 CH	HUADIAN POWER	Utilities	16.8	5,271	3.59	-5%	19%	6.7	6.9	-4%	-2%	1.1	18%	6%
600028 CH	CHINA PETROLEU	Energy	41.3	106,731	5.43	6%	21%	8.7	7.9	8%	9%	1.1	12%	5%
600029 CH	CHINA SOUTHERN	Industrials	8.1	3,810	2.51	4%	-9%	17.8	11.4	-27%	56%	0.7	4%	1%
600030 CH	CITIC SECURITI	Financials	149.5	23,024	12.63	0%	-1%	21.0	17.0	25%	24%	1.6	8%	2%
600031 CH	SANY HEAVY INDUS	Industrials	19.3	6,664	5.39	-1%	-16%	11.2	10.2	26%	10%	1.7	12%	5%
600033 CH	FUJIAN EXPRESS	Industrials	4.5	1,038	2.33	0%	9%	-	-	-	-	0.8	-	-
600036 CH	CHINA MERCH BK	Financials	74.5	44,489	10.6	1%	-3%	4.5	4.0	3%	13%	1.0	21%	6%
600037 CH	BEIJING GEHUA	Cons Disc	26.6	1,969	11.44	12%	47%	25.1	21.2	28%	18%	2.1	8%	1%
600038 CH	HAFEI AVIATION	Industrials	18.0	2,828	29.55	9%	7%	56.4	43.5	7%	30%	2.9	5%	1%
600039 CH	SICHUAN ROAD	Industrials	6.9	1,672	6.82	19%	13%	-	-	-	-	1.6	-	-
600048 CH	POLY REAL ESTA	Financials	79.0	9,907	5.7	-8%	4%	4.6	3.8	23%	21%	1.1	21%	4%
600050 CH	CHINA UNITED	Telecom	36.3	11,630	3.38	-3%	5%	15.2	12.4	37%	23%	0.9	6%	2%
600054 CH	HUANGSHAN TOUR	Cons Disc	3.0	914	13.8	5%	35%	28.3	21.8	57%	30%	3.1	10%	1%
600056 CH	CHINA MEHECO C	Industrials	21.3	1,989	12.1	0%	11%	-	-	-	-	2.7	-	-
600058 CH	MINMETALS DEVE	Industrials	12.8	1,998	11.48	-3%	-15%	47.8	40.3	-8%	19%	1.4	3%	-
600059 CH	ZHEJIANG GUYU	C. Staples	12.8	1,097	8.36	3%	-12%	43.3	38.3	-16%	13%	1.9	5%	1%
600060 CH	HISENSE ELEC	Cons Disc	20.8	2,094	9.86	-1%	-15%	8.7	7.9	-6%	9%	1.3	13%	2%
600062 CH	CHINA RESOURCE	Health Care	9.3	1,638	17.65	-1%	-21%	13.7	11.6	-15%	18%	1.8	12%	1%
600064 CH	NANJING GAOKE	Financials	5.2	982	11.72	5%	6%	12.0	10.1	17%	19%	1.2	10%	3%
600066 CH	ZHENGZHOU YUT	Industrials	27.6	3,712	18	-4%	3%	10.5	9.1	20%	16%	2.5	21%	4%
600067 CH	CITYCHAMP DART	Industrials	15.9	1,156	5.98	-8%	-8%	6.2	5.2	-11%	19%	1.5	19%	2%
600068 CH	CHINA GEZHOUBA	Industrials	11.5	3,042	4.07	3%	3%	9.7	8.5	-7%	14%	1.0	-	-
600073 CH	SHANG MALING	C. Staples	10.0	1,078	8.07	5%	-8%	38.4	35.1	11%	10%	3.3	9%	-
600078 CH	JIANGSU CHENG	Materials	7.2	669	6.22	8%	7%	-	-	-	-	2.3	-	-
600079 CH	HUMANWELL HEAL	Health Care	16.2	2,350	27.38	-6%	-3%	28.1	22.0	18%	27%	3.2	11%	1%
600080 CH	GINWA ENTERP	Health Care	11.7	571	11.52	1%	39%	-	-	-	-	3.5	-	-
600081 CH	DONGFENG ELECT	Cons Disc	7.5	697	13.69	-1%	60%	14.4	14.3	74%	1%	4.7	26%	-
600082 CH	TIANJIN HI-TE	IT	4.9	514	4.9	5%	1%	-	-	-	-	1.8	-	-
600085 CH	BEIJING TONGRE	Health Care	17.0	3,910	18.37	0%	-14%	30.7	25.8	19%	19%	4.6	14%	1%
600088 CH	CHINA TELEVISI	Cons Disc	12.0	1,000	18.59	29%	20%	-	-	-	-	5.5	-	-
600089 CH	TBEA CO LTD	Industrials	44.0	4,697	8.93	-2%	-11%	14.7	10.5	21%	39%	1.5	11%	1%
600094 CH	GREATTOWN HD	Financials	2.7	1,666	7.42	2%	47%	10.2	10.2	332%	0%	4.1	-	-

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Shanghai-Hong Kong Stock Connect (Northbound stock list, con't)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
600096 CH	YUNNAN YUNTIAN	Materials	10.3	1,620	8.84	17%	-1%	-	36.4	-160%	207%	1.4	-7%	-
600097 CH	SHANGHAI KAICH	C. Staples	1.8	386	11.75	10%	-7%	-	-	-	-	5.8	-	-
600098 CH	GUANGZHOU DEVE	Utilities	4.1	2,244	5.07	3%	-6%	9.8	8.9	39%	10%	1.0	10%	6%
600100 CH	TSINGHUA TONG	IT	31.3	3,539	9.92	11%	-2%	-	-	-	-	2.1	-	-
600101 CH	SICHUAN MINGX	Utilities	5.9	438	8.32	4%	-4%	-	-	-	-	1.5	-	-
600104 CH	SAIC MOTOR	Cons Disc	46.9	29,586	16.53	-6%	17%	6.6	5.9	12%	12%	1.3	18%	7%
600106 CH	CHONGQING ROAD	Industrials	8.1	606	4.11	13%	10%	13.3	-	3%	-	1.6	-	-
600108 CH	GANSU YASHENG	C. Staples	34.3	2,152	6.81	15%	-15%	26.2	21.3	33%	23%	3.0	9%	-
600109 CH	SINOLINK SECUR	Financials	101.0	4,479	21.32	-2%	26%	54.5	39.9	60%	37%	4.0	7%	1%
600110 CH	CHINA-KINWA	Industrials	12.0	1,171	6.27	5%	3%	-	-	-	-	3.6	-	-
600111 CH	INNER MONG BAO	Materials	103.8	8,787	22.35	2%	0%	52.6	45.6	-35%	15%	7.1	10%	0%
600112 CH	GUIZHOU CHANZH	Industrials	12.0	1,330	16.09	17%	26%	80.5	51.9	1329%	55%	6.7	8%	-
600114 CH	NBTM NEW MATER	Cons Disc	5.9	732	11.95	3%	20%	35.1	24.4	42%	44%	3.4	10%	-
600115 CH	CHINA EAST AIR	Industrials	4.9	5,145	2.68	9%	-3%	16.3	12.0	-18%	36%	1.3	8%	0%
600116 CH	CHONGQING THRE	Utilities	5.4	466	10.73	7%	4%	-	-	-	-	2.4	-	-
600118 CH	CHINA SPACESAT	Industrials	53.6	3,659	19.06	4%	3%	57.8	47.2	18%	22%	5.5	9%	0%
600119 CH	YUD YANGTZE	Industrials	26.8	950	19.03	76%	7%	90.6	-	75%	-	7.8	5%	-
600120 CH	ZHEJIANG ORIEN	Cons Disc	10.5	1,019	12.42	9%	-1%	8.3	6.6	24%	26%	1.6	16%	3%
600121 CH	ZHENGZHOU COAL	Energy	6.6	780	4.73	8%	-6%	-	-	-	-	1.2	-	-
600122 CH	JIANGSU HONGTU	Cons Disc	6.8	943	5.09	3%	27%	-	-	-	-	1.0	4%	-
600123 CH	SHANXI LANHUA	Energy	14.5	1,502	8.1	4%	-24%	26.0	16.1	-64%	62%	0.9	6%	3%
600125 CH	CHINA RAILWAY	Industrials	10.5	1,149	5.42	6%	-5%	16.6	15.2	1%	9%	1.6	9%	1%
600132 CH	CHONGQING BREW	C. Staples	8.9	1,193	15.19	2%	-6%	-	-	-	-	4.7	-	-
600135 CH	LUCKY FILM CO	Materials	14.6	641	11.54	10%	44%	-	-	-	-	4.0	-	-
600138 CH	CHINA CYTS	Cons Disc	15.6	1,760	22.47	9%	28%	28.7	23.3	2%	23%	3.1	12%	1%
600139 CH	SICHUAN WEST	Materials	17.6	1,514	14.09	-5%	91%	100.6	-	265%	-	7.2	-	-
600141 CH	HUBEI XINGFA	Materials	8.0	993	11.53	9%	-8%	36.3	32.7	127%	11%	1.5	2%	1%
600143 CH	KINGFA SCI.	Materials	11.2	1,970	4.74	2%	-15%	14.4	11.3	14%	27%	1.6	-	-
600150 CH	CHINA CSSC HOL	Industrials	33.3	5,098	22.79	1%	-6%	102.7	48.2	640%	113%	1.8	1%	0%
600153 CH	XIAMEN C & D	Industrials	15.2	2,646	5.75	-6%	-16%	5.0	4.1	-4%	20%	1.0	22%	9%
600157 CH	WINTIME ENERGY	Energy	97.7	3,064	5.34	77%	98%	33.2	30.0	19%	11%	1.9	4%	-
600158 CH	CHINA SPORTS	Financials	51.5	1,500	10.95	26%	43%	60.8	45.6	11%	33%	6.4	-	-
600160 CH	ZHEJIANG JUHUA	Materials	12.1	1,576	5.36	4%	0%	34.6	33.5	-13%	3%	1.3	2%	1%
600161 CH	BEIJING TIAN	Health Care	13.5	1,795	21.45	6%	1%	28.7	25.2	4%	14%	5.5	16%	-
600162 CH	SHENZHEN HEUNG	Financials	5.0	637	5.11	1%	-8%	14.0	8.4	45%	66%	2.3	-	-
600166 CH	BEIQI FOTON	Cons Disc	14.4	2,426	5.32	0%	4%	20.2	13.5	-3%	49%	1.0	6%	3%
600167 CH	LUENMEI HOLDIN	Utilities	2.2	398	11.62	7%	14%	12.8	10.6	39%	21%	2.5	18%	-
600168 CH	WUHAN SANZHEN	Utilities	3.8	923	8.01	2%	0%	19.5	15.4	-	27%	1.5	-	-
600170 CH	SHANG CONSTR	Industrials	6.0	2,671	4.56	5%	-5%	-	-	-	-	1.2	-	-
600171 CH	SHANG BELLING	IT	12.0	1,031	9.43	11%	4%	78.6	31.4	103%	150%	3.6	-	-
600172 CH	HENAN HUANGHE	Industrials	8.8	623	7.2	8%	9%	16.9	14.2	8%	20%	1.7	9%	-
600175 CH	MEIDU HOLDINGS	Industrials	15.7	2,545	6.38	7%	41%	19.7	13.0	240%	52%	4.3	14%	0%
600176 CH	CHINA FIBERGLA	Materials	9.7	1,231	8.69	-5%	15%	19.0	15.4	25%	24%	2.0	10%	1%
600177 CH	YOUNGOR GROUP	Cons Disc	12.7	2,736	7.57	5%	1%	7.5	6.6	66%	13%	1.2	15%	7%
600183 CH	SHENGYI TECH C	IT	10.5	1,585	6.86	10%	39%	19.4	16.3	-9%	19%	2.5	12%	3%
600185 CH	GREE REAL EST	Financials	5.9	971	10.36	6%	24%	-	-	-	-	2.1	-	-
600188 CH	YANZHOU COAL	Energy	12.4	5,292	7.49	2%	-16%	26.0	19.9	80%	31%	0.9	4%	1%
600190 CH	JINZHOU PORT	Industrials	4.2	1,455	4.72	10%	25%	-	-	-	-	1.7	-	-
600193 CH	SHANGHAI PROSO	Materials	13.1	517	7.48	7%	13%	-	-	-	-	4.5	-	-
600195 CH	CHINA ANIMAL	C. Staples	5.3	1,024	14.67	3%	-7%	23.2	18.2	6%	28%	2.3	10%	1%
600196 CH	SHANGHAI FOSUN	Health Care	48.1	7,205	18.79	0%	-4%	18.4	15.2	13%	21%	2.7	14%	1%
600197 CH	XINJIANG YIL	C. Staples	6.0	706	9.86	3%	-10%	9.9	8.3	61%	20%	2.8	24%	-
600199 CH	ANHUI GOLDEN	C. Staples	13.8	783	8.68	11%	-14%	36.2	28.6	0%	26%	2.2	17%	-
600200 CH	JIANGSU WUZHOU	Materials	16.8	1,163	11.49	3%	1%	-	-	-	-	7.4	-	-
600201 CH	INNER MONG JIN	Health Care	8.6	1,456	31.37	-6%	22%	26.4	20.6	33%	28%	6.0	21%	-
600208 CH	XINHU ZHONGBAO	Financials	10.0	3,881	3.82	13%	19%	8.0	7.5	200%	6%	1.8	18%	1%
600210 CH	SHANG ZI JIANG	Materials	14.7	1,024	4.39	-1%	35%	24.0	17.6	15%	37%	1.6	7%	-
600216 CH	ZHEJIANG MEDI	Health Care	12.5	1,483	9.76	4%	-7%	8.9	7.4	129%	20%	1.4	-	-
600218 CH	ANHUI QUANZHAI	Industrials	10.9	511	11.1	17%	22%	-	-	-	-	2.9	-	-
600219 CH	SHANDONG NANSH	Materials	18.5	1,834	5.84	0%	12%	13.5	10.9	6%	24%	0.6	5%	1%

Source: HKEEx, Bloomberg, HSBC Equity Strategy Research

Shanghai-Hong Kong Stock Connect (Northbound stock list, con't)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
600221 CH	HAINAN AIRLINE	Industrials	12.5	3,672	1.84	6%	-8%	9.7	7.5	10%	29%	0.9	10%	-
600227 CH	GUIZHOU CHITIA	Materials	0.2	-	-	-	-	-	-	-	-	-	-	-
600230 CH	HEBEI CANGZHOU	Materials	5.8	499	10.44	-1%	-9%	47.5	19.7	-53%	141%	1.7	3%	-
600236 CH	GUANGXI GUIGAN	Utilities	2.4	1,285	3.47	18%	11%	14.9	14.0	135%	6%	2.2	13%	5%
600238 CH	HAINAN YEDAO CO	C. Staples	4.2	490	6.73	4%	-8%	16.8	14.6	33%	15%	3.4	18%	-
600239 CH	YUNNAN METRO	Financials	10.4	676	5.06	10%	-6%	-	-	-	-	1.1	-	-
600240 CH	BEIJING HUAYE	Financials	15.8	1,334	5.77	6%	42%	10.2	7.0	61%	45%	2.3	19%	2%
600246 CH	BEIJING VANTONE	Financials	5.2	672	3.4	2%	16%	-	-	-	-	1.1	-	-
600248 CH	SHAANXI YANCHA	Industrials	2.5	601	7.81	4%	-1%	-	-	-	-	2.2	-	-
600251 CH	XINJIANG GUANN	C. Staples	15.8	1,056	16.57	-3%	10%	17.4	14.7	16%	18%	3.5	23%	2%
600252 CH	GUANGXI WUZHOU	Health Care	21.9	2,254	12.72	3%	-7%	14.7	11.5	28%	27%	3.7	22%	-
600256 CH	GUANGHUI ENERG	Energy	67.7	6,662	7.86	9%	-10%	18.4	13.8	199%	33%	3.9	17%	0%
600257 CH	DAHU AQUACULTU	C. Staples	9.1	485	7	2%	-6%	-	-	-	-	3.8	-	-
600258 CH	BTG HOTELS GROUP	Cons Disc	3.2	547	14.57	6%	1%	-	-	-	-	3.1	11%	-
600259 CH	RISING NONFERR	Materials	34.7	1,814	44.81	0%	15%	344.7	149.4	141%	131%	24.6	-	-
600260 CH	KAILE TECHNOLO	Materials	0.6	-	-	-	-	-	-	-	-	-	-	-
600261 CH	ZHEJIANG YANKO	Industrials	21.2	1,619	10.3	14%	11%	25.9	20.2	65%	28%	3.9	14%	1%
600262 CH	INNER MONGOLIA	Industrials	12.3	472	17.09	-5%	20%	-	-	-	-	2.6	-	-
600266 CH	BEIJING URBAN	Financials	13.1	2,279	8.96	3%	11%	6.4	5.2	17%	22%	1.1	17%	6%
600267 CH	ZHEJIANG HISUN	Health Care	15.3	2,118	15.54	5%	5%	36.8	29.1	17%	27%	2.6	7%	1%
600268 CH	GUODIAN NANJ	Industrials	11.3	626	6.07	-3%	20%	23.3	-	-2500%	-	1.8	-	-
600269 CH	JIANGXI GANYUE	Industrials	3.1	1,107	2.92	3%	0%	7.3	-	43%	-	0.6	-	-
600270 CH	SINOTRANS AIR	Industrials	14.3	1,754	11.93	13%	17%	16.0	12.5	-1%	28%	1.8	11%	2%
600271 CH	AI SINO CO LTD	IT	38.6	3,256	21.72	4%	8%	16.5	13.8	12%	19%	3.1	18%	3%
600276 CH	JIANGSU HENGRU	Health Care	16.0	8,413	34.46	7%	0%	34.9	28.5	19%	22%	7.6	20%	0%
600277 CH	INNER MONGOLIA	Materials	6.0	2,673	7.88	13%	4%	-	-	-	-	1.9	-	-
600278 CH	ORIENT INTL	Industrials	4.9	836	9.86	9%	-13%	-	-	-	-	1.9	-	-
600280 CH	NANJING CENTRA	Cons Disc	5.9	1,023	10.98	12%	-14%	8.9	6.8	24%	32%	4.5	38%	2%
600284 CH	SHANGHAI PUDON	Industrials	7.5	1,091	9.7	4%	-8%	14.4	12.3	-10%	17%	1.4	-	-
600285 CH	HENAN LINGRUI	Health Care	29.0	692	7.96	9%	24%	53.1	34.6	-25%	53%	4.3	8%	-
600287 CH	JIANGSU SAINTY	Industrials	3.5	450	6.35	1%	-5%	-	-	-	-	2.3	-	-
600289 CH	BRIGHT OCEANS	IT	20.0	883	9.59	5%	7%	53.3	45.7	23%	17%	2.9	6%	3%
600292 CH	CPI YUANDA ENV	Utilities	15.3	1,777	21.39	7%	-17%	34.2	28.6	53%	19%	3.8	11%	1%
600295 CH	INNER MONGOLIA	Materials	-	-	-	-	-	-	-	-18%	19%	-	9%	-
600298 CH	ANGEL YEAST CO	C. Staples	6.5	939	17.54	6%	2%	33.4	24.8	18%	35%	2.1	6%	-
600300 CH	V V FOOD BVRG	C. Staples	6.5	1,151	4.24	3%	-11%	-	-	-	-	2.8	-	-
600307 CH	GANSU JIU STEE	Materials	3.6	2,735	2.69	12%	3%	122.3	36.8	106%	232%	1.1	1%	-
600309 CH	WANHUA CHEMIC	Materials	23.5	5,644	16.08	-2%	-22%	10.5	8.2	14%	29%	3.6	28%	4%
600310 CH	GUANGXI GUIDON	Utilities	8.4	585	13.07	29%	18%	27.2	22.9	142%	19%	1.2	-	-
600312 CH	HENAN PINGGAO	Industrials	24.9	2,552	13.82	-6%	37%	20.6	14.4	38%	44%	2.9	17%	1%
600315 CH	SHANGHAI JAHWA	C. Staples	26.1	3,849	35.26	1%	-17%	24.1	19.6	23%	23%	6.8	25%	1%
600316 CH	JIANGXI HONGDU	Industrials	32.6	2,027	17.41	3%	0%	87.1	55.3	57%	58%	2.6	-	0%
600317 CH	YINGKOU PORT	Industrials	37.3	4,056	3.86	66%	230%	-	-	-	-	2.5	-	-
600318 CH	ANHUI CHAODONG	Materials	5.1	389	9.9	8%	-1%	14.6	13.9	55%	4%	2.2	15%	-
600321 CH	SICHUAN GUODONG	Materials	4.2	427	2.23	7%	8%	-	-	-	-	1.2	-	-
600323 CH	GRANDBLUE ENV	Utilities	9.8	1,150	12.23	3%	15%	25.8	20.1	19%	28%	2.8	10%	1%
600325 CH	HUAFU INDUSTRI	Financials	8.2	906	6.83	4%	-8%	8.2	7.2	26%	15%	0.9	9%	3%
600327 CH	WUXI COMMERCIA	Cons Disc	8.3	476	5.62	2%	12%	11.7	9.7	34%	21%	2.0	14%	-
600329 CH	TIANJIN ZHONGX	Health Care	9.0	1,419	13.83	-3%	10%	-	17.3	-	-	4.0	-	-
600332 CH	GUANGZHOU BAIY	Health Care	45.6	5,446	26.81	14%	-3%	26.7	21.1	49%	26%	5.1	16%	0%
600333 CH	CHANGCHUN GAS	Materials	6.9	633	7.36	2%	-8%	105.1	92.0	0%	14%	2.1	-	-
600335 CH	SINOMACH AUTO	Cons Disc	13.0	1,634	16.44	7%	27%	11.9	9.7	14%	22%	2.4	18%	-
600337 CH	MARKOR INTL HO	Cons Disc	4.3	722	6.88	15%	15%	19.9	15.5	28%	28%	1.6	8%	-
600340 CH	CHINA FORTUNE	Financials	24.7	5,476	25.5	-12%	26%	8.8	6.3	41%	40%	3.9	34%	1%
600343 CH	SHAANXI AEROSPAC	Industrials	43.7	1,381	13.33	12%	87%	-	-	-	-	3.9	-	-
600348 CH	YANGQUAN COAL	Energy	18.7	2,526	6.47	5%	-8%	23.9	21.4	-31%	11%	1.2	4%	1%
600350 CH	SHANDONG HI-SP	Industrials	1.8	2,452	3.14	6%	4%	6.4	-	1%	-	0.8	-	-
600351 CH	YABAO PHARMACE	Health Care	10.3	1,086	9.67	5%	55%	-	-	-	-	3.9	-	-
600352 CH	ZHEJIANG LONGS	Materials	50.6	3,800	15.3	1%	16%	7.2	5.9	133%	22%	2.4	25%	1%
600353 CH	CHENGDU XUGUAN	IT	8.9	343	7.77	-5%	16%	-	-	-	-	2.2	-	-

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Shanghai-Hong Kong Stock Connect (Northbound stock list, con't)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
600362 CH	JIANGXI COPPER	Materials	28.3	7,079	13.34	-3%	-6%	14.9	15.8	-13%	-5%	1.0	7%	3%
600363 CH	JIANGXI LIANCH	Industrials	13.2	686	9.53	8%	24%	-	-	-	-	2.5	-	-
600366 CH	NINGBO YUNSHENG	Industrials	30.2	1,418	16.98	-7%	23%	23.3	19.2	7%	21%	2.9	11%	2%
600368 CH	GUANGXI WUZHO	Industrials	5.0	610	4.51	6%	-2%	11.0	-	78%	-	1.2	-	-
600369 CH	SOUTHWEST SECU	Financials	14.5	4,449	9.71	8%	-2%	27.0	23.5	33%	15%	1.8	7%	1%
600372 CH	CHINA AVIC ELE	Industrials	24.9	6,245	21.87	5%	-8%	59.4	47.0	3%	26%	7.4	13%	0%
600373 CH	CHINESE UNIVER	Cons Disc	28.9	3,220	16.73	38%	68%	24.0	19.1	25%	25%	3.3	13%	1%
600375 CH	HUALING XINGMA	Industrials	18.2	986	10.93	9%	5%	19.0	17.3	11%	10%	1.5	7%	-
600376 CH	BEIJING CAPITA	Financials	15.1	1,903	5.23	-2%	4%	6.3	5.2	45%	21%	0.8	12%	3%
600377 CH	JIANGSU EXPRES	Industrials	3.7	5,142	6	-5%	8%	11.6	10.1	-4%	14%	1.6	14%	7%
600378 CH	SICHUAN TIANYI	Industrials	2.8	650	13.47	2%	30%	-	-	-	-	5.9	-	-
600380 CH	JOINCARE PHARM	Health Care	6.1	1,375	5.48	-4%	14%	-	-	-	-	2.0	-	-
600382 CH	GUANGDONG MING	Industrials	18.8	651	11.74	23%	62%	-	-	-	-	1.6	-	-
600383 CH	GEMDALE CORP	Financials	16.2	6,620	9.12	-1%	37%	10.0	8.5	12%	19%	1.4	12%	2%
600386 CH	BEIJING BASHI	Cons Disc	14.9	666	10.17	10%	24%	14.1	-	67%	-	2.6	-	-
600387 CH	ZHEJIANG HAIYU	Energy	9.3	972	15.51	3%	-23%	12.4	7.8	679%	60%	4.9	-	-
600388 CH	FUJIAN LONGKING	Industrials	27.9	1,736	25.01	1%	-25%	23.2	21.1	1%	10%	3.8	15%	1%
600389 CH	NANTONG JIANGS	Materials	10.1	977	30.4	5%	-22%	15.0	13.4	33%	12%	4.7	-	-
600391 CH	SICHUAN CHENGF	Industrials	28.4	844	15.74	4%	30%	-	-	-	-	3.1	-	-
600395 CH	GUIZHOU PANJIA	Energy	19.6	2,149	8	19%	10%	29.7	23.1	-7%	29%	1.8	6%	3%
600396 CH	SHENYANG JINSH	Utilities	4.9	702	4.98	0%	36%	-	-	-	-	2.1	-	-
600397 CH	ANYUAN COAL IN	Energy	13.6	768	4.78	31%	12%	-	-	-	-	1.2	1%	-
600398 CH	HEILAN HOME CO	Cons Disc	6.7	6,980	9.57	5%	35%	17.8	13.0	145%	36%	7.3	40%	1%
600403 CH	HENAN DAYOU	Energy	4.3	2,294	5.91	4%	-17%	13.1	14.5	-10%	-10%	1.3	7%	-
600405 CH	BEIJING DYNAMI	Industrials	41.0	786	11.42	1%	81%	-	-	-	-	6.7	-	-
600406 CH	NARI TECHNOLOG	Industrials	46.2	5,532	14.03	-4%	-6%	17.2	13.7	24%	25%	5.3	26%	1%
600409 CH	TANGSHAN SANYO	Materials	9.7	1,511	5.03	7%	8%	14.4	10.8	45%	33%	1.6	11%	2%
600410 CH	BEIJING TEAMSU	IT	61.4	1,319	12.64	16%	87%	48.6	37.2	306%	31%	3.5	8%	-
600415 CH	COMMODITIES CITY	Financials	9.4	2,487	5.63	5%	-4%	31.3	26.8	-31%	17%	1.7	6%	-
600418 CH	ANHUI JIANGHUA	Cons Disc	42.0	2,607	12.5	5%	43%	14.8	11.4	19%	29%	2.3	14%	2%
600420 CH	SHANGHAI SHYND	Health Care	8.0	1,003	21.48	1%	32%	31.6	24.4	47%	29%	5.6	17%	-
600422 CH	KUNMING PHARM	Health Care	11.0	1,367	24.69	5%	5%	28.1	22.7	24%	24%	4.7	15%	2%
600425 CH	XINGJING QINGS	Materials	21.1	1,144	5.11	-3%	33%	29.2	23.8	192%	23%	1.3	1%	-
600426 CH	SHANDONG HUALU	Materials	19.3	1,311	8.47	10%	25%	11.0	9.6	50%	15%	1.3	12%	2%
600428 CH	COSCO SHIPPING	Industrials	6.1	1,056	3.85	19%	10%	63.1	32.4	221%	95%	1.0	1%	0%
600432 CH	JILIN JI EN NI	Materials	43.6	2,049	15.56	5%	101%	91.5	74.1	42%	24%	4.5	-	-
600433 CH	GUANGDONG GUAN	Materials	16.8	2,176	11.26	8%	6%	-	-	-	-	7.7	-	-
600435 CH	NORTH NAVIGATI	Industrials	104.6	2,659	22	19%	67%	-	-	-	-	7.8	-	-
600436 CH	ZHANGZHOU PIEN	Health Care	15.1	2,141	81.98	-7%	-13%	24.7	19.6	22%	26%	5.2	18%	1%
600438 CH	TONGWEI CO	C. Staples	4.9	1,336	10.07	2%	13%	19.9	15.7	23%	27%	3.7	18%	1%
600439 CH	HENAN REBECCA	C. Staples	4.7	623	4.07	3%	-19%	20.6	15.7	8%	31%	1.7	8%	2%
600446 CH	SHENZHEN KINGD	IT	21.5	1,453	33.88	14%	119%	56.5	40.0	43%	41%	12.5	19%	-
600449 CH	NINGXIA BUILDI	Materials	8.4	657	8.47	8%	9%	11.8	8.7	14%	35%	1.0	8%	-
600458 CH	ZHUZHOU TIMES	Materials	12.4	1,079	10.05	1%	1%	25.1	19.0	90%	33%	2.2	9%	1%
600459 CH	SINO-PLATINUM	Materials	19.3	735	17.35	1%	12%	40.3	29.5	33%	37%	2.7	5%	0%
600460 CH	HANGZHOU SILAN	IT	11.9	1,203	5.94	6%	29%	34.9	25.8	70%	35%	3.2	6%	-
600467 CH	HOMEY AQUATIC DE	C. Staples	9.0	664	5.6	4%	0%	33.9	25.2	3%	35%	1.4	4%	1%
600468 CH	TIANJIN BENEFO	Industrials	4.9	892	12.05	10%	26%	-	-	-	-	8.9	-	-
600469 CH	AEOLUS TYRE CO	Cons Disc	5.4	589	9.68	3%	20%	10.6	9.6	9%	10%	1.4	13%	-
600470 CH	ANHUI LIUGUO C	Materials	8.6	527	6.22	4%	-4%	124.4	77.8	67%	60%	1.5	1%	2%
600475 CH	WUXI HUAGUANG	Industrials	5.1	524	12.61	3%	3%	-	-	-	-	2.4	-	-
600478 CH	HUNAN CORUN NE	Materials	13.3	1,494	19.49	18%	13%	721.9	224.0	35%	222%	9.6	1%	0%
600479 CH	ZHUZHOU QIANJI	Health Care	5.0	687	13.89	16%	10%	30.9	24.8	11%	24%	3.9	12%	-
600480 CH	LINGYUN INDUSTRI	Cons Disc	23.0	685	11.67	30%	67%	-	-	-	-	2.1	-	-
600481 CH	SHUANGLIANG EC	Industrials	11.5	1,315	10	1%	-12%	11.6	9.2	35%	26%	4.0	25%	5%
600482 CH	FENGFAN STOCK	Cons Disc	15.6	1,100	12.75	14%	25%	41.1	31.9	29%	29%	3.4	8%	-
600486 CH	JIANGSU YANGNO	Materials	9.2	954	22.76	10%	-2%	13.8	11.6	13%	19%	2.3	16%	1%
600487 CH	HENGTONG OPTIC	IT	4.8	1,138	16.94	12%	20%	17.6	14.7	3%	19%	1.8	12%	-
600488 CH	TIANJIN TIANYA	Health Care	5.1	788	5.05	4%	20%	45.9	36.1	96%	27%	2.1	4%	0%
600489 CH	ZHONGJIN GOLD	Materials	24.2	3,999	8.37	5%	-2%	41.2	38.0	35%	8%	2.4	6%	1%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Shanghai-Hong Kong Stock Connect (Northbound stock list, con't)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
600491 CH	LONG YUAN CONS	Industrials	2.4	537	3.49	3%	-1%	-	-	-	-	1.0	-	-
600495 CH	JINXI AXLE	Industrials	23.2	1,214	11.14	22%	36%	30.7	29.3	71%	5%	2.5	10%	-
600496 CH	CHANGJIANG & J	Industrials	3.7	685	7.19	5%	3%	15.1	12.5	19%	21%	1.8	9%	-
600497 CH	YUNNAN CHIHONG	Materials	29.8	2,813	10.39	-3%	11%	46.2	34.9	-41%	32%	2.4	5%	1%
600498 CH	FIBERHOME TELE	IT	15.7	2,082	13.27	5%	-14%	21.1	17.4	17%	21%	2.2	10%	1%
600499 CH	KEDA CLEAN ENE	Industrials	18.6	2,188	19.33	10%	-4%	23.4	17.0	48%	38%	3.9	18%	1%
600500 CH	SINOCHEM INTL	Industrials	4.8	2,499	7.39	9%	-3%	-	-	-	-	1.4	-	-
600501 CH	AEROSUN CORP	Industrials	27.6	847	13.41	16%	43%	-	-	-	-	4.4	-	-
600502 CH	ANHUI WATER	Industrials	9.5	618	7.58	2%	-9%	13.8	10.7	38%	29%	2.3	15%	-
600503 CH	DELUXE FAMILY	Financials	28.1	962	5.2	16%	25%	173.3	130.0	50%	33%	3.0	2%	-
600507 CH	FANGDA SPECIAL	Cons Disc	5.0	775	3.6	9%	-2%	7.5	6.6	12%	13%	1.8	19%	-
600508 CH	SHANGHAI DATUN	Energy	3.8	1,001	8.53	0%	-14%	170.6	34.1	-76%	400%	0.8	-2%	-
600509 CH	XINJIANG TIANF	Utilities	18.2	1,272	8.65	9%	-2%	17.0	12.6	59%	34%	1.8	10%	2%
600510 CH	BLACK PEONY	Industrials	3.9	763	5.91	3%	-3%	-	-	-	-	1.0	-	-
600511 CH	CHINA NATIONAL	Health Care	8.4	1,982	25.5	14%	35%	24.3	20.2	22%	20%	5.5	21%	1%
600513 CH	JIANGSU LIANHU	Health Care	9.9	358	14.08	10%	31%	-	-	-	-	5.4	-	-
600516 CH	FANGDA CARBON	Industrials	85.5	3,120	11.18	23%	47%	63.9	48.6	21%	31%	3.4	5%	-
600517 CH	SHANGHAI ZHIXI	Industrials	11.3	2,323	11.5	11%	40%	31.7	22.2	58%	43%	6.8	18%	1%
600518 CH	KANGMEI PHARMA	Health Care	39.5	5,200	14.57	1%	-19%	13.6	10.9	26%	24%	2.5	17%	1%
600519 CH	KWEICHOW MOUTA	C. Staples	49.4	29,239	157.72	-4%	35%	11.1	10.0	7%	11%	3.9	31%	4%
600521 CH	ZHEJIANG HUAHAI	Health Care	10.5	1,630	12.79	4%	-6%	26.3	22.4	1%	18%	3.4	11%	1%
600522 CH	ZHONGTIAN TECH	Industrials	34.2	1,632	14.27	8%	31%	15.9	13.1	20%	21%	1.9	12%	1%
600523 CH	GUIZHOU GUIHANG	Cons Disc	19.1	792	16.89	8%	39%	-	-	-	-	2.8	-	-
600525 CH	CHANGYUAN GRO	Industrials	14.9	1,707	12.18	13%	38%	24.1	17.4	44%	39%	4.1	13%	-
600526 CH	ZHEJIANG FEIDA	Industrials	19.1	711	10.76	14%	5%	55.8	33.1	84%	68%	3.3	3%	-
600527 CH	JIANGSU JIANGN	Materials	9.7	634	4.87	1%	-30%	12.4	10.2	31%	21%	2.1	14%	2%
600528 CH	CHINA RAILWAY	Industrials	11.3	1,303	5.5	-1%	7%	-	-	-	-	1.3	-	-
600532 CH	SHANDONG HONGD	Materials	4.2	525	8.16	6%	8%	-	-	-	-	3.0	-	-
600535 CH	TASLY PHARMAC	Health Care	22.0	6,380	38.05	-2%	-11%	27.2	21.6	31%	26%	9.3	30%	1%
600536 CH	CHINA NATIONAL	IT	82.4	2,104	26.21	39%	39%	-	-	-	-	7.2	-	-
600545 CH	XINJIANG URBAN	Industrials	30.0	895	8.16	2%	28%	-	-	-	-	2.6	-	-
600546 CH	SHANXI COAL	Industrials	19.9	1,345	4.18	-3%	-16%	28.2	17.1	23%	66%	1.0	1%	-
600547 CH	SHANDONG GOLD-MI	Materials	13.5	3,823	16.55	1%	-4%	26.6	25.2	-21%	5%	2.7	10%	0%
600548 CH	SHENZHEN EXPRE	Industrials	2.3	1,559	4.63	14%	37%	5.8	9.8	142%	-41%	1.0	18%	5%
600549 CH	XIAMEN TUNGSTEN	Materials	44.2	3,327	30.05	-2%	25%	37.7	29.3	18%	29%	4.9	11%	1%
600551 CH	TIME PUBLISHIN	Cons Disc	21.6	1,582	19.27	22%	18%	24.2	22.7	16%	7%	2.8	-	2%
600552 CH	ANHUI FANGXING	Materials	7.1	1,030	17.67	20%	41%	31.8	23.3	28%	37%	3.9	10%	-
600557 CH	JIANGSU KANION	Health Care	13.7	2,101	25.95	1%	2%	32.9	25.9	33%	27%	6.5	17%	1%
600559 CH	HEBEI HENGSHUI	C. Staples	4.3	557	24.5	-5%	-6%	56.7	47.3	-8%	20%	5.3	7%	0%
600560 CH	BEIJING ARITIM	Industrials	6.0	443	12.2	35%	43%	-	-	-	-	3.9	-	-
600561 CH	JIANGXI CHANGYUN	Industrials	1.3	453	11.78	10%	9%	20.0	21.0	-5%	-5%	1.9	10%	2%
600563 CH	XIAMEN FARATRONI	IT	11.0	1,322	36.19	-3%	59%	23.7	19.5	20%	22%	5.1	19%	2%
600565 CH	CHONGQING DIMA	Cons Disc	4.6	1,244	4.02	12%	18%	14.4	8.6	460%	68%	2.2	15%	2%
600566 CH	HUBEI HONGCHEN	Industrials	4.8	2,885	22.74	15%	14%	34.7	26.6	-1%	31%	8.8	32%	-
600567 CH	SHANYING PAPER	Materials	5.3	1,321	2.16	7%	2%	-	-	-	-	0.9	-	-
600568 CH	ZHONGZHU HOLD	Health Care	20.8	704	11.85	11%	39%	-	-	-	-	4.1	-	-
600570 CH	HUNDSUN TECHN	IT	27.8	3,103	30.94	6%	48%	49.3	39.0	21%	26%	11.2	20%	0%
600571 CH	HANGZHOU SUNYAR	Industrials	6.7	650	19.75	10%	24%	31.3	22.8	39%	37%	6.4	18%	1%
600572 CH	ZHEJIANG CONBA	Health Care	11.0	2,165	16.47	7%	22%	27.0	22.4	17%	21%	5.3	18%	1%
600575 CH	ANHUI WANJIANG	Industrials	9.8	1,873	4	10%	23%	40.0	26.7	-9%	50%	2.0	5%	-
600577 CH	TONGLING JINGDA	Industrials	4.0	854	5.38	8%	40%	-	-	-	-	2.3	7%	0%
600578 CH	EIJING JINGNEN	Utilities	7.7	2,781	3.71	2%	2%	7.3	7.1	4%	3%	1.2	17%	7%
600580 CH	WOLONG ELECTRI	Industrials	11.2	1,595	8.85	1%	42%	20.6	16.0	31%	29%	2.7	12%	1%
600582 CH	TIAN DI	Industrials	2.3	-	-	-	-	-	-	1%	-1%	-	16%	-
600583 CH	OFFSHORE OIL	Energy	24.3	5,570	7.76	5%	0%	10.3	9.0	9%	14%	2.0	18%	3%
600584 CH	JIANGSU CHANGJ	IT	27.4	1,482	10.7	15%	67%	42.8	26.2	2400%	64%	3.7	8%	1%
600585 CH	ANHUI CONCH	Materials	42.8	16,073	17.33	-4%	2%	7.7	7.0	26%	10%	1.5	19%	3%
600586 CH	SHANDONG JINJING	Materials	5.5	762	3.3	7%	4%	-	-	-	-	1.1	-	-
600587 CH	SHINVA MEDICAL	Health Care	18.6	2,223	34.45	16%	-1%	40.0	29.1	35%	38%	5.4	13%	3%
600588 CH	YONYOU SOFTWARE	IT	41.5	2,953	15.61	8%	35%	28.2	22.2	17%	27%	5.5	18%	2%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Shanghai-Hong Kong Stock Connect (Northbound stock list, con't)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
600589 CH	GUANGDONG RONG	Materials	5.2	516	5.28	3%	5%	-	-	-	-	1.6	-	-
600594 CH	GUIZHOU YIBAI	Health Care	7.1	2,449	38.1	-1%	17%	26.1	20.3	23%	28%	4.8	20%	1%
600596 CH	ZHEJIANG XINAN	Materials	20.1	1,082	9.81	14%	-7%	13.7	11.5	12%	19%	1.5	8%	2%
600597 CH	BRIGHT DAIRY	C. Staples	25.6	3,268	16.44	10%	-26%	31.6	22.2	58%	42%	6.7	13%	2%
600600 CH	TSINGTAO BREW	C. Staples	14.1	9,312	38.96	-5%	-20%	23.5	20.2	13%	16%	3.8	14%	1%
600611 CH	DAZHONG TRANS	Industrials	13.0	1,521	6.93	6%	12%	-	-	-	-	2.0	-	-
600612 CH	LAO FENG XIANG	Cons Disc	4.7	2,017	28.23	3%	21%	16.6	13.5	0%	22%	4.8	22%	2%
600614 CH	SHANGHAI DINGL	Health Care	16.2	907	11.45	7%	10%	-	-	-	-	7.2	-	-
600616 CH	SHANGHAI JINFE	C. Staples	4.9	684	8.19	3%	-5%	30.3	26.2	0%	16%	2.2	9%	2%
600618 CH	SHANG CHLOR	Materials	7.8	1,258	8.75	10%	31%	-	-	-	-	3.6	-	-
600620 CH	SHANG TIANCHEN	Financials	8.7	608	8.18	11%	-9%	-	-	-	-	4.3	-	-
600622 CH	SHANG JIABAO	Industrials	3.5	546	6.54	3%	6%	-	-	-	-	1.2	-	-
600623 CH	DOUBLE COIN HO	Cons Disc	6.0	1,565	13.25	16%	38%	-	-	-	-	4.2	-	-
600624 CH	SHANGHAI FUDAN	Industrials	20.8	864	13.14	7%	42%	-	-	-	-	7.5	-	-
600626 CH	SHANG SHENDA	Cons Disc	11.7	974	8.45	7%	-6%	-	-	-	-	2.8	-	-
600628 CH	SHANG NEW WORL	Cons Disc	8.5	797	9.23	13%	9%	18.8	17.0	7%	11%	2.0	10%	2%
600633 CH	ZHE JIANG DAIL	Cons Disc	69.3	3,825	19.83	64%	31%	35.2	27.7	48%	27%	6.4	14%	0%
600635 CH	SHANGHAI DAZHO	Utilities	6.6	1,351	5.06	3%	-8%	-	-	-	-	2.1	-	-
600636 CH	SHANG 3F NEW	Materials	19.6	929	14.98	9%	32%	43.4	41.0	88%	6%	3.4	7%	0%
600637 CH	BESTV NEW MEDI	Cons Disc	1.5	-	-	-	-	-	-	42%	35%	-	21%	-
600638 CH	SHANGHAI NEW	Financials	5.2	1,244	13.66	-3%	12%	-	-	-	-	2.3	-	-
600639 CH	SHANG JINQ EXP	Financials	8.4	1,452	10.96	6%	-7%	22.2	19.8	7%	12%	2.2	9%	1%
600641 CH	SHANGHAI WANYE	Financials	2.1	557	4.26	3%	-1%	-	-	-	-	1.0	-	-
600642 CH	SHENERGY CO LTD	Utilities	8.0	3,259	4.41	3%	-3%	8.2	7.7	1%	6%	0.9	11%	5%
600643 CH	SHANG AJ CORP	Financials	18.1	1,750	9.75	2%	-14%	15.7	11.5	44%	37%	2.2	-	-
600648 CH	SHANG WAIGAO	Industrials	21.5	4,554	27.6	5%	-14%	-	-	-	-	5.2	13%	-
600649 CH	SHANGHAI CHENT	Financials	11.7	3,211	6.62	-2%	-21%	10.0	-	43%	-	1.4	-	-
600650 CH	SHANG JINJIANG	Industrials	3.7	752	9.58	6%	-5%	-	-	-	-	2.3	-	-
600651 CH	FEILO ACOUST	C. Staples	15.2	956	7.97	2%	40%	61.3	56.9	67%	8%	5.0	8%	0%
600654 CH	SHANG FEILO CO	IT	10.3	1,194	9.74	9%	33%	-	-	-	-	5.0	-	-
600655 CH	SHANG YUYUAN	Cons Disc	5.6	1,853	7.94	5%	2%	11.5	10.3	1%	12%	1.7	13%	3%
600657 CH	CINDA REAL EST	Financials	3.6	883	3.57	3%	11%	8.5	7.6	-9%	12%	0.7	8%	-
600658 CH	BEIJING ELECT	Financials	4.4	1,052	11.17	8%	-5%	11.4	-	14%	-	2.2	-	-
600660 CH	FUYAO GROUP	Cons Disc	17.0	3,141	9.66	4%	17%	8.9	7.7	13%	16%	2.5	25%	6%
600662 CH	SHANG QIANG	Industrials	15.4	1,270	7.43	2%	63%	-	-	-	-	2.5	-	-
600663 CH	SHANG LUJIAZUI	Financials	10.1	4,523	16.88	4%	-1%	21.4	19.4	5%	10%	2.8	13%	1%
600664 CH	HARBIN PHARMA	Health Care	6.8	2,033	6.53	2%	7%	-	-	-	-	1.5	-	-
600666 CH	SOUTHWEST PHAR	Health Care	5.2	951	20.19	176%	191%	-	-	-	-	13.0	-	-
600667 CH	WUXI TAIJI IND	Industrials	11.8	868	4.49	11%	31%	112.3	29.9	300%	275%	3.4	-	-
600668 CH	ZHEJIANG JIANFNG	Industrials	11.7	689	12.33	16%	27%	-	-	-	-	2.4	-	-
600673 CH	GUANGDONG HEC	Materials	13.0	2,309	14.98	12%	57%	67.2	41.3	24%	63%	4.1	7%	-
600674 CH	SICHUAN CHUAN	Utilities	16.2	4,528	13.5	9%	21%	10.4	8.8	89%	18%	2.5	21%	1%
600675 CH	CHINA ENTERPRISE	Financials	8.9	1,540	5.08	0%	-12%	14.9	12.9	58%	16%	1.6	7%	2%
600676 CH	SHANG JIAO YUN	Cons Disc	4.4	861	6.15	5%	-1%	-	-	-	-	1.6	-	-
600677 CH	AEROSPACE COMM	Industrials	38.2	973	14.4	8%	25%	96.0	62.6	46%	53%	3.3	-	-
600682 CH	NANJING XINJIE	Cons Disc	4.2	693	11.92	-1%	5%	24.8	19.9	26%	25%	2.9	11%	-
600684 CH	GUANGZHOU PEAR	Financials	7.3	589	5.1	3%	6%	6.2	4.8	29%	30%	1.9	-	-
600685 CH	GUANGZHOU SHIP	Industrials	-	-	-	-	-	-	-	1662%	3%	-	1%	-
600686 CH	XIAMEN KING LO	Industrials	8.8	807	11.23	-7%	29%	15.3	10.8	41%	41%	2.2	13%	2%
600687 CH	GANSU GANGTAI	Financials	15.6	1,008	12.66	6%	45%	-	-	-	-	4.4	-	-
600688 CH	SINOPEC SHANG	Materials	19.9	5,231	3.43	5%	12%	29.1	22.4	-34%	30%	2.1	6%	1%
600690 CH	QINGDAO HAIER	Cons Disc	34.0	7,471	15.19	-6%	-22%	8.9	7.6	11%	17%	2.6	26%	4%
600694 CH	DASHANG GROUP	Cons Disc	14.9	1,317	27.63	5%	-4%	6.1	5.5	13%	12%	1.4	21%	5%
600697 CH	CHANGCHUN EURA	Cons Disc	2.9	492	19.05	7%	2%	10.1	8.2	23%	22%	2.2	19%	2%
600702 CH	SICHUAN TUOPAI	C. Staples	8.2	713	13.03	10%	-13%	178.5	91.1	109%	96%	2.0	1%	0%
600703 CH	SANAN OPTOELEC	IT	42.6	5,613	14.45	15%	-13%	21.4	15.6	41%	37%	3.3	16%	1%
600704 CH	ZHEJIANG MATER	Cons Disc	18.8	1,525	9.43	17%	-17%	15.1	12.2	-2%	24%	1.7	13%	2%
600705 CH	AVIC CAPITAL C	Financials	27.2	5,705	18.83	11%	11%	21.4	17.5	60%	22%	3.5	16%	0%
600708 CH	SHANGHAI HAIBO	Industrials	10.9	644	7.77	4%	4%	22.2	19.4	11%	14%	2.7	11%	1%
600717 CH	TIANJIN PORT	Industrials	14.4	2,346	8.63	8%	1%	-	-	-	-	1.1	9%	2%

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600718 CH	NEUSOFT CORP	IT	38.8	2,607	13.08	6%	7%	36.0	31.7	10%	14%	3.0	-	-
600720 CH	GANSU QILIAN	Materials	10.0	858	6.81	3%	2%	8.5	7.3	34%	17%	1.2	14%	3%
600723 CH	BEIJING CAPTL	Cons Disc	3.3	678	6.34	1%	-3%	14.7	14.4	-14%	2%	1.4	-	-
600724 CH	NINGBO FUDA	Industrials	2.4	1,072	4.57	9%	9%	6.4	7.3	153%	-11%	1.6	-	-
600729 CH	CHONGQING DEPT	Cons Disc	7.4	1,335	20.23	2%	-7%	9.8	8.9	-2%	11%	1.8	17%	2%
600739 CH	LIAONING CHENG	Cons Disc	29.8	3,734	16.09	6%	-8%	23.7	16.8	10%	40%	1.9	8%	1%
600741 CH	HUAYU AUTOM	Cons Disc	23.2	4,843	11.55	1%	14%	6.7	6.1	28%	10%	1.5	20%	4%
600742 CH	CHANGCHUN FAWA	Cons Disc	12.9	855	24.91	-1%	39%	11.7	9.6	23%	22%	1.6	13%	-
600743 CH	HUAYUAN PROPER	Financials	4.6	918	3.11	-3%	22%	-	-	-	-	1.6	-	-
600747 CH	DALIAN DAXIAN	IT	16.7	1,488	6.26	3%	65%	-	-	-	-	9.2	-	-
600748 CH	SHANGHAI INDUS	Financials	8.8	1,421	8.08	1%	7%	6.6	10.9	205%	-39%	1.5	-	-
600750 CH	JIANGZHONG PHM	Health Care	6.4	849	17.43	5%	10%	26.4	21.1	20%	25%	2.7	10%	2%
600754 CH	SHANGHAI JINGI	Cons Disc	4.6	1,688	19.6	16%	22%	27.1	21.7	15%	25%	2.8	9%	2%
600755 CH	XIAMEN INTL TR	Industrials	12.6	1,405	5.2	2%	-1%	-	-	-	-	1.2	-	-
600756 CH	INSPUR SOFTWARE	IT	123.8	1,162	25.68	12%	95%	-	-	-	-	9.2	-	-
600759 CH	GEO-JADE PETRO	Financials	17.4	2,383	12.03	22%	51%	36.2	20.4	797%	78%	6.6	16%	1%
600761 CH	ANHUI HELI CO	Industrials	10.1	1,075	10.74	-3%	7%	10.2	9.9	30%	3%	1.8	16%	3%
600765 CH	AVIC HEAVY MAC	Industrials	33.1	2,249	17.81	37%	42%	-	-	-	-	4.0	-	-
600770 CH	JIANGSU ZONGYI	Industrials	24.2	1,994	9.45	10%	12%	38.3	22.3	140%	71%	3.5	10%	-
600773 CH	TIBET URBAN	Financials	17.6	1,131	12.1	-3%	27%	-	-	-	-	5.5	-	-
600775 CH	NANJING PANDA	IT	12.0	1,250	9.58	30%	7%	-	-	-	-	2.8	-	-
600776 CH	EASTERN COMMUN	IT	13.9	1,770	10.25	-19%	66%	44.6	24.6	49%	81%	4.7	9%	-
600777 CH	YANTAI XINCHAO	Industrials	10.2	1,041	10.25	17%	55%	-	-	-	-	5.2	-	-
600778 CH	XINJIANG YOUHAO	Cons Disc	4.8	408	8.06	4%	-13%	15.6	49.4	-44%	-69%	1.5	11%	3%
600780 CH	TOP ENERGY	Utilities	4.8	927	4.98	1%	-3%	-	-	-	-	1.4	-	-
600783 CH	LUXIN VENTURE	Materials	12.4	2,051	16.97	8%	-17%	25.7	19.8	128%	30%	4.0	12%	-
600784 CH	LUYIN INVESTMENT	Materials	6.0	526	5.7	7%	4%	-	-	-	-	2.3	-	-
600785 CH	YINCHUAN XINHU	Cons Disc	3.6	419	11.44	3%	-3%	11.0	11.8	7%	-7%	1.5	14%	-
600787 CH	CMST DEVELOPM	Industrials	28.6	2,373	7.86	20%	53%	32.3	34.5	34%	-6%	2.6	8%	0%
600790 CH	ZHEJIANG CHINA	Financials	34.2	1,037	7.93	2%	25%	14.2	13.9	24%	2%	2.0	-	-
600794 CH	ZHANGJIAGANG F	Industrials	5.4	745	9.68	18%	27%	23.0	17.6	17%	31%	4.4	14%	1%
600795 CH	GD POWER DEVEL	Utilities	19.1	6,433	2.3	-1%	-2%	5.9	5.6	7%	6%	1.0	16%	5%
600797 CH	INSIGMA TECH	IT	36.4	991	7.43	7%	33%	-	-	-	-	3.4	-	-
600801 CH	HUAXIN CEMENT	Materials	8.4	1,662	7.21	-1%	-5%	6.7	6.2	37%	7%	1.2	14%	3%
600804 CH	DR PENG TELCOM	Telecom	63.4	3,375	14.94	2%	6%	33.3	23.5	49%	42%	4.5	13%	1%
600805 CH	JIANGSU YUEDA	Industrials	21.9	1,396	10.11	0%	-8%	6.3	5.2	6%	21%	1.4	21%	1%
600806 CH	SHENJI GROUP	Industrials	2.2	353	4.69	4%	4%	-	-	-	-	1.9	-	-
600808 CH	MAANSHAN IRON	Materials	3.5	2,067	1.73	5%	3%	69.2	32.6	156%	112%	0.6	1%	0%
600809 CH	SHANXI XINGHUA	C. Staples	15.7	2,170	15.44	-4%	-20%	17.1	19.0	-18%	-10%	3.4	14%	2%
600811 CH	ORIENT GROUP	Industrials	12.1	1,564	5.78	4%	-8%	-	-	-	-	1.1	-	-
600816 CH	ANXIN TRUST CO	Financials	19.1	1,328	18.01	15%	26%	13.9	10.8	110%	28%	6.2	-	-
600820 CH	SHANG TUNNEL	Industrials	22.5	2,514	5.52	13%	22%	9.5	8.0	17%	19%	1.1	12%	-
600823 CH	SHANG SHIMAO	Financials	10.2	1,811	9.53	-7%	6%	5.8	4.9	18%	19%	0.7	12%	2%
600824 CH	SHANGHAI YIMIN	Cons Disc	4.6	867	6.08	7%	10%	30.4	26.8	6%	14%	3.1	10%	2%
600825 CH	SHANGHAI XINHU	Cons Disc	20.7	2,024	11.93	51%	34%	81.2	70.2	145%	16%	5.0	-	-
600826 CH	SHANG LANSHENG	Industrials	8.3	1,215	17.79	9%	16%	104.6	144.6	42%	-28%	3.7	3%	1%
600827 CH	SHANG BAILIAN	C. Staples	25.4	3,240	12.04	8%	22%	17.6	15.9	14%	11%	1.6	9%	2%
600828 CH	CHENGSHANG GRO	Cons Disc	2.5	472	5.1	4%	-4%	12.3	11.9	15%	3%	2.6	18%	-
600829 CH	HARBIN PHARM.G	Health Care	2.2	777	8.25	19%	24%	-	-	-	-	2.2	-	-
600830 CH	SUNNY LOAN TOP	Cons Disc	11.6	622	8.44	3%	-13%	-	-	-	-	2.1	-	-
600831 CH	SHAANXI BROADC	Cons Disc	11.5	781	8.54	7%	14%	23.4	25.1	50%	-7%	2.8	-	1%
600832 CH	SHANG ORIENTAL	Cons Disc	1.8	-	-	-	-	-	-	65%	26%	-	14%	-
600833 CH	SHANG NO.1 PHA	C. Staples	6.3	423	11.67	13%	37%	-	-	-	-	4.8	-	-
600835 CH	SHANGHAI MECHA	Industrials	25.7	2,992	19.48	24%	10%	15.3	12.6	39%	21%	3.4	20%	2%
600837 CH	HAITONG SECURI	Financials	78.4	15,168	9.72	0%	-14%	18.5	15.8	25%	18%	1.5	8%	2%
600839 CH	SICHUAN CHANG	Cons Disc	36.5	2,668	3.56	13%	17%	37.5	26.4	-14%	42%	1.2	2%	0%
600845 CH	SHANG BAOSIGHT	IT	3.7	1,470	30.49	1%	22%	29.6	23.8	21%	24%	4.7	18%	1%
600846 CH	SHANG TONGJI	Industrials	38.2	879	8.67	-1%	52%	-	-	-	-	3.5	-	-
600850 CH	SHANG EAST-CHN	IT	4.3	1,367	26.17	12%	25%	-	-	-	-	6.8	-	-
600858 CH	SILVER PLAZA	Cons Disc	6.5	652	7.72	3%	2%	11.1	9.1	36%	22%	1.4	11%	2%

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600859 CH	BEIJING WANGFUJI	Cons Disc	10.6	1,260	16.77	5%	-8%	10.5	9.6	7%	10%	1.2	11%	3%
600863 CH	INNER MONGOL M	Utilities	16.5	2,574	2.73	9%	20%	9.0	8.6	26%	5%	1.4	14%	5%
600864 CH	HARBIN HATOU	Utilities	3.6	745	8.4	0%	-15%	-	-	-	-	1.6	-	-
600867 CH	TONGHUA DONGBA	Health Care	13.6	2,184	13.06	3%	-6%	46.3	32.8	55%	41%	6.5	13%	1%
600869 CH	FAR EAST SMART	Industrials	9.6	1,565	9.74	1%	36%	-	-	-	-	3.1	-	-
600872 CH	JONJEE HIGH-TE	C. Staples	11.0	1,403	10.85	10%	-5%	28.9	22.1	41%	31%	3.9	12%	1%
600873 CH	MEIHUA HOLDING	C. Staples	7.0	2,800	5.55	5%	-11%	29.2	16.1	46%	82%	2.1	9%	1%
600874 CH	TIANJIN CAP	Industrials	7.8	1,663	8.05	0%	-1%	44.7	43.5	-10%	3%	2.9	-	1%
600875 CH	DONGFANG ELECT	Industrials	19.9	3,942	12.45	0%	-1%	10.6	9.8	6%	8%	1.4	12%	1%
600876 CH	LUOYANG GLASS	Industrials	2.6	-	-	-	-	-	-	-	-	-	-	-
600879 CH	CHINA AEROSPAC	Industrials	56.9	2,226	13.19	10%	41%	45.5	37.7	16%	21%	2.7	6%	0%
600880 CH	CHENGDU B-RAY	Cons Disc	51.9	2,199	12.39	22%	17%	25.8	22.2	45%	16%	3.9	11%	2%
600881 CH	JILIN YATAI GR	Materials	7.6	1,249	4.06	2%	4%	10.2	8.1	264%	25%	0.9	8%	-
600882 CH	SHANDONG HUALI	Materials	6.2	575	8.87	9%	8%	-	-	-	-	2.2	-	-
600884 CH	NINGBO SHANSHAN	Cons Disc	22.8	1,237	18.54	-4%	50%	33.3	25.6	25%	30%	2.3	7%	0%
600886 CH	SDIC POWER HOL	Utilities	21.5	6,389	5.8	4%	48%	8.2	7.1	34%	16%	2.0	24%	3%
600887 CH	INNER MONG YIL	C. Staples	85.2	12,939	26.01	10%	0%	20.8	17.0	14%	23%	4.6	21%	2%
600888 CH	XINJIANG JOINW	Materials	9.0	638	6.13	3%	4%	36.1	38.3	25%	-6%	1.1	3%	0%
600893 CH	XI'AN AERO-ENG	Industrials	39.7	8,158	25.79	12%	35%	61.7	49.3	39%	25%	6.2	9%	0%
600895 CH	SHANG ZHANGJIA	Financials	7.1	1,818	7.23	9%	-4%	27.8	25.8	8%	8%	1.6	6%	-
600897 CH	XIAMEN INTERNATI	Industrials	3.8	759	15.69	2%	5%	9.5	8.2	12%	15%	1.8	18%	3%
600900 CH	CHINA YANGTZE	Utilities	14.1	19,821	7.4	11%	17%	12.3	11.9	9%	3%	1.6	12%	4%
600963 CH	YUEYANG FOREST	Materials	8.3	681	4.02	23%	24%	-	-	-	-	0.8	-	-
600965 CH	FORTUNE NG FUN	C. Staples	1.0	-	-	-	-	-	-	42%	25%	-	14%	-
600967 CH	BAOTOU BEIFANG	Industrials	26.6	2,229	16.69	22%	74%	34.8	25.5	53%	36%	6.0	14%	0%
600970 CH	SINOMA INTERNATI	Industrials	6.3	1,312	7.39	1%	-11%	9.7	8.2	850%	18%	1.7	15%	-
600971 CH	ANHUI HENGYUAN	Energy	8.7	969	5.97	1%	-16%	35.1	31.4	-41%	12%	0.8	1%	-
600973 CH	BAOSHENG SCIEN	Industrials	2.4	541	8.1	0%	10%	-	-	-	-	1.7	-	-
600975 CH	HUNAN NEW	C. Staples	3.8	281	7.38	7%	21%	-	-	-	-	3.3	-	-
600976 CH	WUHAN JIANMIN	Health Care	6.2	616	24.75	6%	3%	29.1	21.0	35%	39%	4.0	13%	-
600978 CH	GUANGDONG YIHU	Cons Disc	3.6	-	-	-	-	-	-	3%	28%	-	9%	-
600979 CH	SICHUAN GUANGA	Utilities	4.8	683	5.86	24%	19%	-	-	-	-	2.7	-	-
600983 CH	HEFEI RONGSHID	Cons Disc	3.7	1,143	13.22	-6%	-12%	14.5	11.0	34%	32%	3.4	22%	2%
600985 CH	ANHUI LEIMINGK	Materials	1.4	358	12.58	6%	-2%	-	-	-	-	2.2	-	-
600987 CH	ZHEJIANG HANGM	Cons Disc	8.3	887	8.6	25%	52%	11.3	9.9	17%	14%	2.5	19%	-
600990 CH	ANHUI SUN-CREA	IT	10.8	737	33.21	17%	18%	49.6	39.8	68%	25%	5.4	-	-
600993 CH	MAYINGLONG PHA	Health Care	9.6	897	16.67	3%	-4%	26.8	23.3	11%	15%	3.7	13%	-
600995 CH	YUNNAN WENSHAN	Utilities	5.3	483	6.22	23%	22%	22.2	22.2	4%	0%	2.1	10%	1%
600997 CH	KAILUAN ENERGY	Materials	4.7	962	4.8	2%	-14%	-	-	-125%	-140%	0.8	2%	0%
600998 CH	JOINTOWN PHARM	C. Staples	14.2	4,308	16.15	14%	8%	43.2	35.7	10%	21%	4.5	9%	1%
600999 CH	CHINA MERCHANT	Financials	32.3	10,117	10.73	1%	-15%	19.6	16.9	15%	16%	1.6	9%	1%
601000 CH	TANGSHAN PORT	Industrials	30.2	1,767	5.36	21%	75%	13.1	11.3	-7%	16%	1.7	13%	1%
601001 CH	DATONG COAL INDU	Energy	20.8	1,646	6.06	4%	5%	-	-	85%	20%	1.2	-	1%
601002 CH	GEM-YEAR INDUS	Industrials	30.3	1,287	10	9%	17%	-	-	-	-	3.5	-	-
601005 CH	CHONGQING IRON	Materials	3.8	1,865	2.75	15%	11%	-	-	-	-	1.2	-	-
601006 CH	DAQIN RAILWAY	Industrials	26.1	17,521	7.26	1%	-2%	7.1	6.4	21%	10%	1.3	18%	7%
601009 CH	BANK OF NANJIN	Financials	18.9	3,923	8.14	3%	1%	4.7	4.2	14%	11%	0.8	18%	6%
601010 CH	WENFENG GREAT	Cons Disc	3.3	865	7.21	1%	6%	12.6	11.7	10%	8%	1.4	11%	-
601012 CH	XIAN LONGI SIL	IT	14.4	1,636	18.71	17%	21%	34.6	21.0	316%	65%	3.4	9%	0%
601018 CH	NINGBO PORT CO	Industrials	10.1	5,112	2.46	5%	1%	14.5	9.5	-23%	53%	1.1	10%	4%
601038 CH	FIRST TRACTOR	Industrials	7.5	1,102	8.32	2%	-11%	46.2	41.6	-19%	11%	1.9	4%	1%
601058 CH	SAILUN GROUP	Cons Disc	3.5	1,019	14.09	12%	0%	16.3	13.2	33%	23%	2.2	11%	1%
601088 CH	CHINA SHENHUA	Energy	27.4	49,479	14.83	0%	-6%	7.1	7.0	-9%	2%	1.0	14%	5%
601098 CH	CHINA SOUTH PU	Cons Disc	22.7	4,286	14.7	11%	34%	19.2	16.3	24%	17%	2.9	14%	1%
601099 CH	PACIFIC SECURI	Financials	34.9	3,011	7.88	15%	32%	98.5	60.6	78%	63%	5.8	6%	0%
601100 CH	JIANGSU HENGLI	Industrials	2.9	1,063	10.39	11%	-14%	24.9	23.9	19%	4%	1.9	4%	1%
601101 CH	BEIJING HAOHUA	Energy	7.9	1,180	6.06	-1%	-16%	26.9	20.7	-49%	30%	1.1	3%	-
601106 CH	CHINA FIRST HE	Industrials	7.5	2,303	2.17	4%	4%	-	-	-	-	0.9	-	-
601107 CH	SICHUAN EXP	Industrials	1.5	1,316	2.88	2%	1%	8.5	7.6	3%	12%	0.8	-	3%
601111 CH	AIR CHINA LTD	Industrials	7.7	7,825	3.58	4%	-9%	12.8	10.2	8%	25%	0.9	6%	1%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Shanghai-Hong Kong Stock Connect (Northbound stock list, con't)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
601117 CH	CHINA NATIONAL	Industrials	21.9	4,556	5.69	-1%	-29%	7.0	6.0	19%	17%	1.3	16%	1%
601118 CH	CHINA HAINAN	Materials	32.9	4,237	6.64	8%	-11%	-	-	-	-	2.9	-	-
601126 CH	BEIJING SIFANG	Industrials	8.4	1,012	15.34	5%	-20%	13.5	10.7	24%	25%	2.0	13%	2%
601139 CH	SHENZHEN GAS	Utilities	5.0	2,254	7.01	2%	-11%	18.4	15.6	6%	18%	2.7	14%	2%
601158 CH	CHONGQING WATE	Utilities	5.0	4,036	5.18	2%	-12%	12.6	12.2	5%	3%	2.0	14%	5%
601166 CH	INDUSTRIAL BAN	Financials	110.1	31,732	10.26	-1%	1%	4.1	3.6	17%	13%	0.9	22%	5%
601168 CH	WESTERN MINING	Materials	24.3	2,317	5.99	-2%	11%	-	-	-	-	1.3	-	-
601169 CH	BANK OF BEIJIN	Financials	28.1	12,326	7.19	2%	15%	4.7	4.3	20%	11%	0.9	17%	4%
601179 CH	CHINA XD ELEC	Industrials	8.7	3,162	3.8	1%	16%	31.1	21.1	74%	48%	1.1	3%	2%
601186 CH	CHINA RAILWAY	Industrials	15.4	10,443	5.05	0%	8%	5.5	5.0	10%	9%	0.8	13%	3%
601208 CH	SICHUAN EM	Materials	7.3	858	8.58	18%	23%	30.3	24.3	157%	25%	2.5	8%	1%
601216 CH	INNER MONGOLIA	Materials	22.1	2,623	7.89	16%	8%	-	-	-	-	2.8	-	-
601222 CH	JIANGSU LINYAN	Industrials	7.9	1,490	25.85	14%	24%	19.6	15.6	26%	25%	3.5	16%	1%
601225 CH	SHAANXI COAL I	Energy	20.8	7,126	4.39	1%	-	31.4	25.8	-64%	21%	1.3	4%	3%
601231 CH	UNIVERSAL SCIE	IT	11.8	5,196	31.64	5%	50%	40.6	27.8	39%	46%	8.4	16%	1%
601233 CH	TONGKUN GROUP	Materials	6.1	1,021	6.53	2%	9%	29.3	26.1	219%	12%	0.9	3%	1%
601238 CH	GUANGZHOU AUTO	Cons Disc	5.8	7,898	7.92	-1%	-4%	12.3	9.0	58%	37%	1.5	12%	2%
601258 CH	PANG DA AUTO	Cons Disc	7.3	2,162	5.08	10%	1%	11.3	7.8	463%	44%	1.5	12%	-
601288 CH	AGRICULTURAL	Financials	30.7	131,904	2.46	0%	-1%	4.3	4.1	11%	6%	0.9	20%	8%
601299 CH	CHINA CNR CORP	Industrials	33.2	9,908	4.9	0%	0%	10.5	9.0	-	17%	1.3	12%	3%
601311 CH	CAMEL GROUP CO	Industrials	11.2	1,618	11.7	4%	7%	14.7	11.6	29%	27%	2.9	17%	-
601313 CH	SJEC CORP	Industrials	7.4	532	8.19	2%	0%	-	-	-	-	2.4	-	-
601318 CH	PING AN INSURA	Financials	167.4	59,278	42.38	0%	2%	9.8	8.2	22%	19%	1.6	17%	2%
601328 CH	BANK OF COMMUN	Financials	59.8	53,262	4.24	10%	10%	4.7	4.5	7%	4%	0.7	15%	6%
601333 CH	GUANGSHEN RAIL	Industrials	11.6	3,136	2.78	5%	0%	19.6	17.2	-21%	14%	0.7	3%	2%
601336 CH	NEW CHINA LIFE	Financials	20.6	11,799	23.74	-3%	4%	13.2	10.8	27%	22%	1.8	13%	1%
601369 CH	XI'AN SHAANGU	Industrials	5.8	1,586	5.96	1%	-10%	16.4	14.0	-35%	18%	1.7	10%	4%
601377 CH	INDUSTRIAL	Financials	45.6	4,436	10.51	8%	11%	26.3	21.1	48%	25%	2.0	8%	1%
601388 CH	YECHIU METAL R	Materials	10.4	724	8.37	1%	18%	-	-	-	-	2.0	-	-
601390 CH	CHINA RAILWAY	Industrials	13.9	9,995	2.8	0%	4%	5.9	5.4	9%	8%	0.7	11%	3%
601398 CH	IND & COMM BK	Financials	29.6	208,594	3.49	-1%	-3%	4.3	4.1	7%	6%	0.9	20%	8%
601515 CH	SHANTOU DONGFE	Materials	8.3	2,000	11.08	17%	-14%	14.4	11.9	22%	21%	5.2	29%	3%
601555 CH	SOOCHOW SECURI	Financials	26.9	3,642	8.31	3%	-3%	30.9	24.7	42%	25%	2.1	6%	1%
601566 CH	JOEONE CO LTD	Cons Disc	2.7	1,035	11.1	2%	-13%	14.9	13.3	-20%	12%	1.4	9%	4%
601567 CH	NINGBO SANXING	Industrials	4.2	934	14.37	15%	47%	-	-	-	-	2.6	-	-
601588 CH	BEIJING NORTH	Financials	2.7	1,361	2.69	2%	0%	9.5	9.8	42%	-3%	0.6	6%	2%
601600 CH	ALUMINUM CORP	Materials	31.3	7,396	3.62	1%	6%	-	-	-30%	78%	1.1	-10%	0%
601601 CH	CHINA PACIFIC	Financials	39.9	30,656	19.46	-1%	5%	15.1	12.7	26%	19%	1.7	11%	2%
601607 CH	SHANG PHARM	Health Care	18.9	5,516	12.68	0%	-14%	13.6	12.1	12%	13%	1.3	9%	2%
601608 CH	CITIC HEAVY IN	Industrials	3.2	1,468	3.3	2%	-2%	-	-	-	-	1.2	-	-
601618 CH	METALLURGICAL	Industrials	10.2	5,656	1.88	5%	7%	9.0	4.6	31%	93%	0.8	9%	2%
601628 CH	CHINA LIFE INS	Financials	22.3	71,914	14.77	2%	-2%	13.3	11.6	26%	15%	1.9	13%	3%
601633 CH	GREAT WALL MO	Cons Disc	23.9	14,601	31.42	2%	-24%	10.0	7.4	17%	34%	3.4	27%	3%
601636 CH	ZHUZHOU KIBING	Industrials	3.4	1,011	7.42	5%	-7%	19.4	16.0	-31%	21%	1.6	8%	-
601666 CH	PINGDINGSHAN	Energy	8.1	1,606	4.19	0%	-20%	24.6	25.4	-40%	-3%	0.8	2%	1%
601668 CH	CHINA STATE	Industrials	36.9	15,438	3.17	2%	1%	4.1	3.6	13%	14%	0.8	17%	5%
601669 CH	POWER CONSTRU	Industrials	-	-	-	-	-	-	-	15%	15%	-	-	-
601678 CH	BEFAR GROUP CO	Materials	10.4	935	8.73	8%	13%	14.1	10.3	63%	37%	1.4	-	-
601688 CH	HUATAI SECURIT	Financials	37.4	7,591	8.35	3%	-7%	17.4	15.1	22%	15%	-	7%	2%
601699 CH	SHANXI LU'AN	Energy	24.5	3,198	8.56	6%	-20%	16.1	15.6	-19%	3%	1.1	7%	2%
601700 CH	CHANGSHU FENG	Industrials	5.3	1,036	14.08	20%	9%	-	-	-	-	2.3	-	-
601717 CH	ZHENGZHOU COAL	Industrials	11.6	1,508	5.99	13%	-4%	20.2	17.0	-44%	19%	1.0	5%	2%
601718 CH	JIHUA GROUP CO	Industrials	13.8	1,903	3.04	3%	10%	-	-	-	-	1.1	9%	-
601727 CH	SHANGHAI ELECT	Industrials	4.7	7,654	3.94	-2%	6%	19.2	17.5	10%	10%	1.6	8%	2%
601766 CH	CSR CORP LTD	Industrials	29.7	11,463	5.05	-2%	1%	13.1	11.2	29%	17%	1.9	14%	2%
601777 CH	LIFAN INDUSTRY	Cons Disc	10.4	1,396	8.51	3%	33%	-	-	-	-	1.5	-	-
601789 CH	NINGBO CONSTRU	Industrials	6.9	625	7.89	1%	-5%	-	-	-	-	1.9	-	-
601799 CH	CHANGZHOU XING	Cons Disc	4.5	772	19.85	9%	29%	18.0	15.5	21%	16%	2.6	12%	2%
601800 CH	CHINA COMMUNIC	Industrials	10.2	11,082	4.05	5%	0%	4.9	4.5	11%	7%	0.7	13%	5%
601801 CH	ANHUI XINHUA	Cons Disc	10.9	2,310	15.64	16%	25%	20.9	19.4	12%	7%	3.1	-	1%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Shanghai-Hong Kong Stock Connect (Northbound stock list, con't)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
601808 CH	CHINA OILFIELD	Energy	16.8	13,583	18.49	4%	-17%	11.2	9.9	11%	13%	2.0	18%	2%
601818 CH	CHINA EVERBRIG	Financials	35.9	20,563	2.68	8%	1%	4.2	3.8	-2%	10%	0.8	18%	7%
601857 CH	PETROCHINA CO	Energy	18.1	237,989	7.89	2%	2%	10.3	9.4	34%	9%	1.2	11%	4%
601866 CH	CHINA SHIPPING	Industrials	14.1	4,612	2.74	10%	11%	88.4	68.5	114%	29%	1.3	2%	0%
601877 CH	ZHEJIANG CHINT	IT	4.9	4,026	24.6	3%	-1%	13.3	11.1	21%	19%	4.5	30%	4%
601880 CH	DALIAN PORT	Industrials	17.5	2,018	3.07	5%	15%	-	-	-	-	1.0	-	-
601886 CH	JANGHO GROUP C	Industrials	7.4	1,274	6.8	3%	-13%	13.5	9.8	94%	38%	1.6	11%	-
601888 CH	CHINA INTERNAT	Cons Disc	14.6	5,859	36.97	19%	6%	23.0	18.8	14%	22%	3.8	15%	1%
601898 CH	CHINA COAL ENE	Energy	8.9	8,774	4.24	1%	-11%	23.2	20.1	-32%	15%	0.6	3%	1%
601899 CH	ZIJIN MINING	Materials	20.0	7,416	2.3	3%	0%	20.9	20.9	1%	0%	1.8	7%	2%
601901 CH	FOUNDER SECURI	Financials	45.1	5,724	5.78	2%	-2%	24.6	20.3	31%	21%	2.3	8%	1%
601908 CH	BEIJING JINGYU	IT	3.9	1,118	8.01	10%	-2%	80.1	57.2	43%	40%	1.9	-	-
601918 CH	SDIC XINJI	Energy	21.9	1,501	3.57	-6%	-10%	-	-	-1067%	48%	1.1	-5%	0%
601919 CH	CHINA COSCO HO	Industrials	5.5	5,316	3.37	4%	2%	-	37.9	75%	138%	1.4	-9%	0%
601928 CH	JIANGSU PHOENI	Cons Disc	30.5	4,441	10.75	21%	12%	23.0	20.3	26%	13%	2.9	13%	1%
601929 CH	JISHI MEDIA CO	Cons Disc	14.7	2,807	11.78	12%	40%	24.0	19.0	79%	27%	4.0	14%	-
601933 CH	YONGHUI SUPERS	C. Staples	19.9	4,015	7.6	7%	14%	28.0	22.0	18%	27%	4.1	12%	2%
601939 CH	CHINA CONST BA	Financials	15.7	189,652	4.06	1%	-2%	4.4	4.1	8%	6%	0.9	20%	8%
601958 CH	JINDUICHENG	Materials	26.9	4,243	8.1	-5%	12%	101.3	95.3	33%	6%	2.0	2%	0%
601965 CH	CHINA AUTOMOTI	Cons Disc	7.6	1,346	12.94	7%	-3%	18.1	14.2	8%	28%	2.6	13%	1%
601988 CH	BANK OF CHINA	Financials	13.0	124,863	2.68	3%	2%	4.4	4.1	10%	7%	0.8	17%	8%
601989 CH	CHINA SHIPBUIL	Industrials	55.1	13,973	4.91	2%	-12%	24.6	19.6	0%	25%	1.5	6%	1%
601991 CH	DATANG INTL PO	Utilities	6.8	7,968	3.83	0%	-10%	11.6	9.4	24%	24%	1.2	10%	3%
601992 CH	BBMG CORPORATI	Materials	18.0	4,588	6.26	0%	-8%	7.2	6.1	16%	18%	1.0	13%	2%
601996 CH	GUANGXI FENGLI	Materials	8.0	563	7.39	6%	2%	-	-	-	-	2.1	-	-
601998 CH	CHINA CITIC BK	Financials	22.8	31,807	4.28	-2%	11%	4.5	4.1	14%	10%	0.9	18%	6%
603000 CH	PEOPLE.CN CO L	IT	44.2	3,983	44.38	40%	14%	61.9	44.2	45%	40%	10.7	16%	1%
603001 CH	ZHEJIANG AOKAN	Cons Disc	2.9	965	14.83	4%	0%	22.5	19.4	-4%	16%	1.6	7%	1%
603077 CH	SICHUAN HEBANG	Materials	5.3	1,288	7.85	16%	12%	23.4	14.0	379%	67%	2.1	13%	-
603128 CH	CTS INTERNATIO	Industrials	8.8	695	10.7	5%	-2%	-	-	-	-	3.3	-	-
603167 CH	BOHAI FERRY CO	Industrials	9.5	733	9.38	10%	12%	17.7	15.0	8%	18%	1.7	9%	2%
603308 CH	ANHUI YINGLIU	Industrials	16.6	1,043	16.06	20%	-	-	-	-	-	4.5	-	-
603366 CH	JIANGSU SUNRAI	Industrials	4.0	923	14.22	1%	0%	16.7	14.7	10%	14%	1.6	9%	-
603399 CH	JINZHOU NEW CH	Materials	16.7	587	10.2	6%	27%	-	-	-	-	3.4	-	-
603555 CH	GUIRENNIAO CO	Cons Disc	7.4	1,208	12.12	4%	-	17.8	15.9	-16%	12%	4.8	25%	2%
603699 CH	NEWAY VALVE SU	Industrials	10.3	2,363	19.41	4%	-	-	-	-	-	10.9	-	-
603766 CH	LONCIN MOTOR C	Cons Disc	11.6	1,674	12.89	17%	37%	16.1	13.9	16%	16%	2.9	16%	1%
603993 CH	CHINA MOLYBDEN	Materials	14.8	5,262	7.15	-1%	10%	22.8	22.6	36%	1%	3.0	12%	2%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Appendix 3. HSBC list of A-share companies

HSBC list of A-share companies (Northbound trade)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
600037 CH	BEIJING GEHUA	Cons. Disc	26.6	1,969	11.44	12%	47%	25.1	21.2	28%	18%	2.1	8%	1%
600088 CH	CHINA TELEVISI	Cons. Disc	12.0	1,000	18.59	29%	20%	-	-	-	-	5.5	-	-
600104 CH	SAIC MOTOR	Cons. Disc	46.9	29,586	16.53	-6%	17%	6.6	5.9	12%	12%	1.3	18%	7%
600138 CH	CHINA CYTS	Cons. Disc	15.6	1,760	22.47	9%	28%	28.7	23.3	2%	23%	3.1	12%	1%
600373 CH	CHINESE UNIVER	Cons. Disc	28.9	3,220	16.73	38%	68%	24.0	19.1	25%	25%	3.3	13%	1%
600386 CH	BEIJING BASHI	Cons. Disc	14.9	666	10.17	10%	24%	14.1	-	67%	-	2.6	-	-
600469 CH	AEOLUS TYRE CO	Cons. Disc	5.4	589	9.68	3%	20%	10.6	9.6	9%	10%	1.4	13%	-
600551 CH	TIME PUBLISHIN	Cons. Disc	21.6	1,582	19.27	22%	18%	24.2	22.7	16%	7%	2.8	-	2%
600623 CH	DOUBLE COIN HO	Cons. Disc	6.0	1,565	13.25	16%	38%	-	-	-	-	4.2	-	-
600628 CH	SHANG NEW WORL	Cons. Disc	8.5	797	9.23	13%	9%	18.8	17.0	7%	11%	2.0	10%	2%
600633 CH	ZHE JIANG DAIL	Cons. Disc	69.3	3,825	19.83	64%	31%	35.2	27.7	48%	27%	6.4	14%	0%
600637 CH	BESTV NEW MEDI	Cons. Disc	1.5	-	-	-	-	-	-	42%	35%	-	21%	-
600690 CH	QINGDAO HAIER	Cons. Disc	34.0	7,471	15.19	-6%	-22%	8.9	7.6	11%	17%	2.6	26%	4%
600697 CH	CHANGCHUN EURA	Cons. Disc	2.9	492	19.05	7%	2%	10.1	8.2	23%	22%	2.2	19%	2%
600741 CH	HUAYU AUTOM	Cons. Disc	23.2	4,843	11.55	1%	14%	6.7	6.1	28%	10%	1.5	20%	4%
600825 CH	SHANGHAI XINHU	Cons. Disc	20.7	2,024	11.93	51%	34%	81.2	70.2	145%	16%	5.0	-	-
600831 CH	SHAANXI BROADC	Cons. Disc	11.5	781	8.54	7%	14%	23.4	25.1	50%	-7%	2.8	-	1%
600832 CH	SHANG ORIENTAL	Cons. Disc	1.8	-	-	-	-	-	-	65%	26%	-	14%	-
600858 CH	SILVER PLAZA	Cons. Disc	6.5	652	7.72	3%	2%	11.1	9.1	36%	22%	1.4	11%	2%
600859 CH	BEIJING WANGFUJI	Cons. Disc	10.6	1,260	16.77	5%	-8%	10.5	9.6	7%	10%	1.2	11%	3%
600880 CH	CHENGDU B-RAY	Cons. Disc	51.9	2,199	12.39	22%	17%	25.8	22.2	45%	16%	3.9	11%	2%
601058 CH	SAILUN GROUP	Cons. Disc	3.5	1,019	14.09	12%	0%	16.3	13.2	33%	23%	2.2	11%	1%
601098 CH	CHINA SOUTH PU	Cons. Disc	22.7	4,286	14.7	11%	34%	19.2	16.3	24%	17%	2.9	14%	1%
601928 CH	JIANGSU PHOENI	Cons. Disc	30.5	4,441	10.75	21%	12%	23.0	20.3	26%	13%	2.9	13%	1%
601929 CH	JISHI MEDIA CO	Cons. Disc	14.7	2,807	11.78	12%	40%	24.0	19.0	79%	27%	4.0	14%	-
603766 CH	LONGIN MOTOR C	Cons. Disc	11.6	1,674	12.89	17%	37%	16.1	13.9	16%	16%	2.9	16%	1%
600059 CH	ZHEJIANG GUYU	C. Staples	12.8	1,097	8.36	3%	-12%	43.3	38.3	-16%	13%	1.9	5%	1%
600073 CH	SHANG MALING	C. Staples	10.0	1,078	8.07	5%	-8%	38.4	35.1	11%	10%	3.3	9%	-
600197 CH	XINJIANG YIL	C. Staples	6.0	706	9.86	3%	-10%	9.9	8.3	61%	20%	2.8	24%	-
600199 CH	ANHUI GOLDEN	C. Staples	13.8	783	8.68	11%	-14%	36.2	28.6	0%	26%	2.2	17%	-
600238 CH	HAINAN YEDAO CO	C. Staples	4.2	490	6.73	4%	-8%	16.8	14.6	33%	15%	3.4	18%	-
600300 CH	V V FOOD BVRG	C. Staples	6.5	1,151	4.24	3%	-11%	-	-	-	-	2.8	-	-
600438 CH	TONGWEI CO	C. Staples	4.9	1,336	10.07	2%	13%	19.9	15.7	23%	27%	3.7	18%	1%
600519 CH	KWEICHOW MOUTA	C. Staples	49.4	29,274	157.72	-4%	35%	11.1	10.0	7%	11%	3.9	31%	4%
600559 CH	HEBEI HENGSHUI	C. Staples	4.3	557	24.5	-5%	-6%	56.7	47.3	-8%	20%	5.3	7%	0%
600597 CH	BRIGHT DAIRY	C. Staples	25.6	3,268	16.44	10%	-26%	31.6	22.2	58%	42%	6.7	13%	2%
600651 CH	FEILO ACOUST	C. Staples	15.2	956	7.97	2%	40%	61.3	56.9	67%	8%	5.0	8%	0%
600702 CH	SICHUAN TUOPAI	C. Staples	8.2	713	13.03	10%	-13%	178.5	91.1	109%	96%	2.0	1%	0%
600809 CH	SHANXI XINGHUA	C. Staples	15.7	2,170	15.44	-4%	-20%	17.1	19.0	-18%	-10%	3.4	14%	2%
600833 CH	SHANG NO.1 PHA	C. Staples	6.3	423	11.67	13%	37%	-	-	-	-	4.8	-	-
600873 CH	MEIHUA HOLDING	C. Staples	7.0	2,800	5.55	5%	-11%	29.2	16.1	46%	82%	2.1	9%	1%
600887 CH	INNER MONG YIL	C. Staples	85.2	12,939	26.01	10%	0%	20.8	17.0	14%	23%	4.6	21%	2%
600998 CH	JOINTOWN PHARM	C. Staples	14.2	4,308	16.15	14%	8%	43.2	35.7	10%	21%	4.5	9%	1%
601933 CH	YONGHUI SUPERS	C. Staples	19.9	4,015	7.6	7%	14%	28.0	22.0	18%	27%	4.1	12%	2%
600256 CH	GUANGHUI ENERG	Energy	67.7	6,662	7.86	9%	-10%	18.4	13.8	199%	33%	3.9	17%	0%
600387 CH	ZHEJIANG HAIYU	Energy	9.3	972	15.51	3%	-23%	12.4	7.8	679%	60%	4.9	-	-
600583 CH	OFFSHORE OIL	Energy	24.3	5,570	7.76	5%	0%	10.3	9.0	9%	14%	2.0	18%	3%
600015 CH	HUAXIA BANK CO	Financials	26.8	12,171	8.42	3%	-2%	4.2	3.7	16%	14%	0.8	19%	6%
600048 CH	POLY REAL ESTA	Financials	79.0	9,907	5.7	-8%	4%	4.6	3.8	23%	21%	1.1	21%	4%
600109 CH	SINOLINK SECUR	Financials	101.0	4,479	21.32	-2%	26%	54.5	39.9	60%	37%	4.0	7%	1%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

HSBC list of A-share companies (Northbound trade, con't)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
600340 CH	CHINA FORTUNE	Financials	24.7	5,476	25.5	-12%	26%	8.8	6.3	41%	40%	3.9	34%	1%
600383 CH	GEMDALE CORP	Financials	16.2	6,620	9.12	-1%	37%	10.0	8.5	12%	19%	1.4	12%	2%
600705 CH	AVIC CAPITAL C	Financials	27.2	5,705	18.83	11%	11%	21.4	17.5	60%	22%	3.5	16%	0%
600999 CH	CHINA MERCHANT	Financials	32.3	10,117	10.73	1%	-15%	19.6	16.9	15%	16%	1.6	9%	1%
601009 CH	BANK OF NANJIN	Financials	18.9	3,923	8.14	3%	1%	4.7	4.2	14%	11%	0.8	18%	6%
601169 CH	BANK OF BEIJIN	Financials	28.1	12,326	7.19	2%	15%	4.7	4.3	20%	11%	0.9	17%	4%
601688 CH	HUATAI SECURIT	Financials	37.4	7,591	8.35	3%	-7%	17.4	15.1	22%	15%	-	7%	2%
600161 CH	BEIJING TIAN	Health Care	13.5	1,795	21.45	6%	1%	28.7	25.2	4%	14%	5.5	16%	-
600221 CH	INNER MONG JIN	Health Care	8.6	1,456	31.37	-6%	22%	26.4	20.6	33%	28%	6.0	21%	-
600276 CH	JIANGSU HENGRU	Health Care	16.0	8,413	34.46	7%	0%	34.9	28.5	19%	22%	7.6	20%	0%
600436 CH	ZHANGZHOU PIEN	Health Care	15.1	2,141	81.98	-7%	-13%	24.7	19.6	22%	26%	5.2	18%	1%
600535 CH	TASLY PHARMAC	Health Care	22.0	6,380	38.05	-2%	-11%	27.2	21.6	31%	26%	9.3	30%	1%
600587 CH	SHINVA MEDICAL	Health Care	18.6	2,223	34.45	16%	-1%	40.0	29.1	35%	38%	5.4	13%	3%
600004 CH	GUANGZHOU BAIY	Industrials	4.2	1,411	7.56	3%	9%	10.2	8.0	-5%	27%	1.1	12%	5%
600009 CH	SHANG INTL AIR	Industrials	15.2	4,270	13.65	0%	-5%	12.4	11.0	14%	12%	1.5	12%	3%
600018 CH	SH INTL PORT	Industrials	18.0	17,177	4.65	3%	-12%	16.8	15.3	20%	9%	2.1	12%	3%
600031 CH	SANY HEAVY INDUS	Industrials	19.3	6,664	5.39	-1%	-16%	11.2	10.2	26%	10%	1.7	12%	5%
600038 CH	HAFEI AVIATION	Industrials	18.0	2,828	29.55	9%	7%	56.4	43.5	7%	30%	2.9	5%	1%
600118 CH	CHINA SPACESAT	Industrials	53.6	3,659	19.06	4%	3%	57.8	47.2	18%	22%	5.5	9%	0%
600119 CH	YUD YANGTZE	Industrials	26.8	950	19.03	76%	7%	90.6	-	75%	-	7.8	5%	-
600221 CH	HAINAN AIRLINE	Industrials	12.5	3,672	1.84	6%	-8%	9.7	7.5	10%	29%	0.9	10%	-
600268 CH	GUODIAN NANJ	Industrials	11.3	626	6.07	-3%	20%	23.3	-	2500%	-	1.8	-	-
600270 CH	SINOTRANS AIR	Industrials	14.3	1,754	11.93	13%	17%	16.0	12.5	-1%	28%	1.8	11%	2%
600316 CH	JIANGXI HONGDU	Industrials	32.6	2,027	17.41	3%	0%	87.1	55.3	57%	58%	2.6	-	0%
600343 CH	SHAANXI AEROSPAC	Industrials	43.7	1,381	13.33	12%	87%	-	-	-	-	3.9	-	-
600372 CH	CHINA AVIC ELE	Industrials	24.9	6,245	21.87	5%	-8%	59.4	47.0	3%	26%	7.4	13%	0%
600388 CH	FUJIAN LONGKING	Industrials	27.9	1,736	25.01	1%	-25%	23.2	21.1	1%	10%	3.8	15%	1%
600391 CH	SICHUAN CHENGF	Industrials	28.4	844	15.74	4%	30%	-	-	-	-	3.1	-	-
600406 CH	NARI TECHNOLOG	Industrials	46.2	5,532	14.03	-4%	-6%	17.2	13.7	24%	25%	5.3	26%	1%
600435 CH	NORTH NAVIGATI	Industrials	104.6	2,659	22	19%	67%	-	-	-	-	7.8	-	-
600526 CH	ZHEJIANG FEIDA	Industrials	19.1	711	10.76	14%	5%	55.8	33.1	84%	68%	3.3	3%	-
600561 CH	JIANGXI CHANGYUN	Industrials	1.3	453	11.78	10%	9%	20.0	21.0	-5%	-5%	1.9	10%	2%
600611 CH	DAZHONG TRANS	Industrials	13.0	1,521	6.93	6%	12%	-	-	-	-	2.0	-	-
600650 CH	SHANG JINJIANG	Industrials	3.7	752	9.58	6%	-5%	-	-	-	-	2.3	-	-
600662 CH	SHANG QIANG	Industrials	15.4	1,270	7.43	2%	63%	-	-	-	-	2.5	-	-
600677 CH	AEROSPACE COMM	Industrials	38.2	973	14.4	8%	25%	96.0	62.6	46%	53%	3.3	-	-
600708 CH	SHANGHAI HAIBO	Industrials	10.9	644	7.77	4%	4%	22.2	19.4	11%	14%	2.7	11%	1%
600765 CH	AVIC HEAVY MAC	Industrials	33.1	2,249	17.81	37%	42%	-	-	-	-	4.0	-	-
600787 CH	CMST DEVELOPM	Industrials	28.6	2,373	7.86	20%	53%	32.3	34.5	34%	-6%	2.6	8%	0%
600879 CH	CHINA AEROSPAC	Industrials	56.9	2,226	13.19	10%	41%	45.5	37.7	16%	21%	2.7	6%	0%
600893 CH	XI'AN AERO-ENG	Industrials	39.7	8,158	25.79	12%	35%	61.7	49.3	39%	25%	6.2	9%	0%
600897 CH	XIAMEN INTERNATI	Industrials	3.8	759	15.69	2%	5%	9.5	8.2	12%	15%	1.8	18%	3%
600967 CH	BAOTOU BEIFANG	Industrials	26.6	2,229	16.69	22%	74%	34.8	25.5	53%	36%	6.0	14%	0%
601006 CH	DAQIN RAILWAY	Industrials	26.1	17,521	7.26	1%	-2%	7.1	6.4	21%	10%	1.3	18%	7%
601018 CH	NINGBO PORT CO	Industrials	10.1	5,112	2.46	5%	1%	14.5	9.5	-23%	53%	1.1	10%	4%
601117 CH	CHINA NATIONAL	Industrials	21.9	4,556	5.69	-1%	-29%	7.0	6.0	19%	17%	1.3	16%	1%
601179 CH	CHINA XD ELEC	Industrials	8.7	3,162	3.8	1%	16%	31.1	21.1	74%	48%	1.1	3%	2%
601668 CH	CHINA STATE	Industrials	36.9	15,438	3.17	2%	1%	4.1	3.6	13%	14%	0.8	17%	5%
601669 CH	POWER CONSTRUC	Industrials	-	-	-	-	-	-	-	15%	15%	-	-	-
601718 CH	JIHUA GROUP CO	Industrials	13.8	1,903	3.04	3%	10%	-	-	-	-	1.1	9%	-
600100 CH	TSINGHUA TONG	IT	31.3	3,539	9.92	11%	-2%	-	-	-	-	2.1	-	-
600171 CH	SHANG BELLING	IT	12.0	1,031	9.43	11%	4%	78.6	31.4	103%	150%	3.6	-	-
600183 CH	SHENGYI TECH C	IT	10.5	1,585	6.86	10%	39%	19.4	16.3	-9%	19%	2.5	12%	3%
600271 CH	AISINO CO LTD	IT	38.6	3,256	21.72	4%	8%	16.5	13.8	12%	19%	3.1	18%	3%
600289 CH	BRIGHT OCEANS	IT	20.0	883	9.59	5%	7%	53.3	45.7	23%	17%	2.9	6%	3%
600410 CH	BEIJING TEAMSU	IT	61.4	1,319	12.64	16%	87%	48.6	37.2	306%	31%	3.5	8%	-
600446 CH	SHENZHEN KINGD	IT	21.5	1,453	33.88	14%	119%	56.5	40.0	43%	41%	12.5	19%	-
600460 CH	HANGZHOU SILAN	IT	11.9	1,203	5.94	6%	29%	34.9	25.8	70%	35%	3.2	6%	-
600536 CH	CHINA NATIONAL	IT	82.4	2,104	26.21	39%	39%	-	-	-	-	7.2	-	-
600563 CH	XIAMEN FARATRONI	IT	11.0	1,322	36.19	-3%	59%	23.7	19.5	20%	22%	5.1	19%	2%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

HSBC list of A-share companies (Northbound trade, con't)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
600570 CH	HUNDSUN TECHN	IT	27.8	3,103	30.94	6%	48%	49.3	39.0	21%	26%	11.2	20%	0%
600584 CH	JIANGSU CHANGJ	IT	27.4	1,482	10.7	15%	67%	42.8	26.2	2400%	64%	3.7	8%	1%
600588 CH	YONYOU SOFTWARE	IT	41.5	2,953	15.61	8%	35%	28.2	22.2	17%	27%	5.5	18%	2%
600703 CH	SANAN OPTOLEC	IT	42.6	5,613	14.45	15%	-13%	21.4	15.6	41%	37%	3.3	16%	1%
600718 CH	NEUSOFT CORP	IT	38.8	2,607	13.08	6%	7%	36.0	31.7	10%	14%	3.0	-	-
600756 CH	INSPUR SOFTWARE	IT	123.8	1,162	25.68	12%	95%	-	-	-	-	9.2	-	-
600776 CH	EASTERN COMMUN	IT	13.9	1,770	10.25	-19%	66%	44.6	24.6	49%	81%	4.7	9%	-
600845 CH	SHANG BAOSIGHT	IT	3.7	1,470	30.49	1%	22%	29.6	23.8	21%	24%	4.7	18%	1%
601231 CH	UNIVERSAL SCIE	IT	11.8	5,196	31.64	5%	50%	40.6	27.8	39%	46%	8.4	16%	1%
601877 CH	ZHEJIANG CHINT	IT	4.9	4,026	24.6	3%	-1%	13.3	11.1	21%	19%	4.5	30%	4%
603000 CH	PEOPLE.CN CO L	IT	44.2	3,983	44.38	40%	14%	61.9	44.2	45%	40%	10.7	16%	1%
600010 CH	INNER MONGOLIA	Materials	66.8	6,469	4.98	27%	16%	49.8	26.9	233%	85%	2.1	3%	-
600019 CH	BAOSHAN IRON & S	Materials	15.0	11,685	4.37	1%	7%	9.9	8.8	26%	13%	0.6	6%	4%
600111 CH	INNER MONG BAO	Materials	103.8	8,787	22.35	2%	0%	52.6	45.6	-35%	15%	7.1	10%	0%
600135 CH	LUCKY FILM CO	Materials	14.6	641	11.54	10%	44%	-	-	-	-	4.0	-	-
600141 CH	HUBEI XINGFA	Materials	8.0	993	11.53	9%	-8%	36.3	32.7	127%	11%	1.5	2%	1%
600143 CH	KINGFA SCI.	Materials	11.2	1,970	4.74	2%	-15%	14.4	11.3	14%	27%	1.6	-	-
600160 CH	ZHEJIANG JUHUA	Materials	12.1	1,576	5.36	4%	0%	34.6	33.5	-13%	3%	1.3	2%	1%
600200 CH	JIANGSU WUZHO	Materials	16.8	1,163	11.49	3%	1%	-	-	-	-	7.4	-	-
600210 CH	SHANG ZI JIANG	Materials	14.7	1,024	4.39	-1%	35%	24.0	17.6	15%	37%	1.6	7%	-
600259 CH	RISING NONFERR	Materials	34.7	1,814	44.81	0%	15%	344.7	149.4	141%	131%	24.6	-	-
600260 CH	KAILE TECHNOLO	Materials	0.6	-	-	-	-	-	-	-	-	-	-	-
600277 CH	INNER MONGOLIA	Materials	6.0	2,673	7.88	13%	4%	-	-	-	-	1.9	-	-
600321 CH	SICHUAN GUODONG	Materials	4.2	427	2.23	7%	8%	-	-	-	-	1.2	-	-
600389 CH	NANTONG JIANGS	Materials	10.1	977	30.4	5%	-22%	15.0	13.4	33%	12%	4.7	-	-
600409 CH	TANGSHAN SANYO	Materials	9.7	1,511	5.03	7%	8%	14.4	10.8	45%	33%	1.6	11%	2%
600432 CH	JILIN JI EN NI	Materials	43.6	2,049	15.56	5%	101%	91.5	74.1	42%	24%	4.5	-	-
600458 CH	ZHUZHOU TIMES	Materials	12.4	1,079	10.05	1%	1%	25.1	19.0	90%	33%	2.2	9%	1%
600459 CH	SINO-PLATINUM	Materials	19.3	735	17.35	1%	12%	40.3	29.5	33%	37%	2.7	5%	0%
600489 CH	ZHONGJIN GOLD	Materials	24.2	3,999	8.37	5%	-2%	41.2	38.0	35%	8%	2.4	6%	1%
600497 CH	YUNNAN CHIHONG	Materials	29.8	2,813	10.39	-3%	11%	46.2	34.9	-41%	32%	2.4	5%	1%
600527 CH	JIANGSU JIANGN	Materials	9.7	634	4.87	1%	-30%	12.4	10.2	31%	21%	2.1	14%	2%
600549 CH	XIAMEN TUNGSTEN	Materials	44.2	3,327	30.05	-2%	25%	37.7	29.3	18%	29%	4.9	11%	1%
600589 CH	GUANGDONG RONG	Materials	5.2	516	5.28	3%	5%	-	-	-	-	1.6	-	-
600596 CH	ZHEJIANG XINAN	Materials	20.1	1,082	9.81	14%	-7%	13.7	11.5	12%	19%	1.5	8%	2%
600618 CH	SHANG CHLOR	Materials	7.8	1,258	8.75	10%	31%	-	-	-	-	3.6	-	-
600688 CH	SINOPEC SHANG	Materials	19.9	5,231	3.43	5%	12%	29.1	22.4	-34%	30%	2.1	6%	1%
600888 CH	XINJIANG JOINW	Materials	9.0	638	6.13	3%	4%	36.1	38.3	25%	-6%	1.1	3%	0%
600985 CH	ANHUI LEIMINGK	Materials	1.4	358	12.58	6%	-2%	-	-	-	-	2.2	-	-
601118 CH	CHINA HAINAN	Materials	32.9	4,237	6.64	8%	-11%	-	-	-	-	2.9	-	-
601208 CH	SICHUAN EM	Materials	7.3	858	8.58	18%	23%	30.3	24.3	157%	25%	2.5	8%	1%
601216 CH	INNER MONGOLIA	Materials	22.1	2,623	7.89	16%	8%	-	-	-	-	2.8	-	-
601233 CH	TONGKUN GROUP	Materials	6.1	1,021	6.53	2%	9%	29.3	26.1	219%	12%	0.9	3%	1%
601515 CH	SHANTOU DONGFE	Materials	8.3	2,000	11.08	17%	-14%	14.4	11.9	22%	21%	5.2	29%	3%
601678 CH	BEFAR GROUP CO	Materials	10.4	935	8.73	8%	13%	14.1	10.3	63%	37%	1.4	-	-
601958 CH	JINDUICHENG	Materials	26.9	4,243	8.1	-5%	12%	101.3	95.3	33%	6%	2.0	2%	0%
601996 CH	GUANGXI FENGLI	Materials	8.0	563	7.39	6%	2%	-	-	-	-	2.1	-	-
603077 CH	SICHUAN HEBANG	Materials	5.3	1,288	7.85	16%	12%	23.4	14.0	379%	67%	2.1	13%	-
603993 CH	CHINA MOLYBDEN	Materials	14.8	5,262	7.15	-1%	10%	22.8	22.6	36%	1%	3.0	12%	2%
600050 CH	CHINA UNITED	Telecom	36.3	11,630	3.38	-3%	5%	15.2	12.4	37%	23%	0.9	6%	2%
600804 CH	DR PENG TELCOM	Telecom	63.4	3,375	14.94	2%	6%	33.3	23.5	49%	42%	4.5	13%	1%
600292 CH	CPI YUANDA ENV	Utilities	15.3	1,777	21.39	7%	-17%	34.2	28.6	53%	19%	3.8	11%	1%
600795 CH	GD POWER DEVEL	Utilities	19.1	6,433	2.3	-1%	-2%	5.9	5.6	7%	6%	1.0	16%	5%
600886 CH	SDIC POWER HOL	Utilities	21.5	6,389	5.8	4%	48%	8.2	7.1	34%	16%	2.0	24%	3%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Appendix 4. Full list of Hong Kong companies

Shanghai-Hong Kong Stock Connect (Southbound stock list)

Code	Name	Sector	3mo ADT USDm	MCAp USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
1 HK	CHEUNG KONG	Financials	61.9	44,109	147.6	4%	27%	9.7	10.0	15%	-3%	0.9	9%	2%
2 HK	CLP HLDGS LTD	Utilities	18.4	21,955	67.35	5%	10%	16.0	15.9	14%	1%	1.9	11%	4%
3 HK	HONG KG CHINA GS	Utilities	16.6	24,775	18.26	8%	13%	25.5	23.6	13%	8%	3.8	14%	2%
4 HK	WHARF HLDG	Financials	36.2	24,259	62.05	2%	5%	15.6	13.7	6%	14%	0.7	4%	3%
5 HK	HSBC HLDGS PLC	Financials	131.4	205,528	83.4	2%	-1%	11.7	10.7	2%	9%	1.1	9%	5%
6 HK	POWER ASSETS HOL	Utilities	18.8	20,157	73.2	5%	19%	18.0	18.1	-22%	-1%	1.3	9%	4%
8 HK	PCCW LTD	Telecom	6.4	4,800	5.03	4%	45%	15.8	14.9	22%	6%	3.9	26%	4%
11 HK	HANG SENG BK	Financials	16.7	32,709	132.6	2%	5%	14.7	13.6	1%	8%	2.3	16%	4%
12 HK	HENDERSON LAND D	Financials	20.2	19,895	51.4	10%	28%	17.3	17.0	-2%	2%	0.7	4%	2%
13 HK	HUTCHISON	Industrials	69.5	56,879	103.4	-1%	5%	12.9	12.0	10%	8%	1.1	9%	3%
14 HK	HYSAN DEVELOP CO	Financials	5.2	5,215	38	3%	14%	18.7	17.8	6%	5%	0.6	3%	3%
16 HK	SHK PPT	Financials	58.2	41,563	118.2	10%	20%	14.7	15.7	14%	-6%	0.8	5%	3%
17 HK	NEW WORLD DEV	Financials	21.1	11,022	9.86	6%	7%	9.7	11.0	-16%	-11%	0.5	5%	4%
19 HK	SWIRE PACIFIC-A	Financials	13.8	19,673	104.4	7%	15%	15.0	13.8	24%	9%	0.7	5%	4%
20 HK	WHEELLOCK & CO	Financials	6.3	10,775	41.1	8%	15%	9.2	7.1	2%	30%	0.5	5%	3%
23 HK	BANK EAST ASIA	Financials	6.6	10,052	33.45	2%	2%	12.0	11.2	5%	8%	1.2	10%	3%
27 HK	GALAXY ENTERTAIN	Cons. Disc	92.1	32,900	60.1	-6%	-13%	20.4	16.6	23%	23%	7.1	34%	1%
38 HK	FIRST TRACTOR	Industrials	2.6	1,102	5.78	-3%	-5%	13.8	11.0	50%	25%	1.0	7%	2%
41 HK	GREAT EAGLE	Financials	1.1	2,496	29.5	3%	13%	11.3	10.4	-1%	8%	0.4	3%	2%
54 HK	HOPEWELL HLDGS	Industrials	6.0	3,164	28.15	3%	7%	19.4	12.9	2%	52%	0.6	4%	4%
66 HK	MTR CORP	Industrials	7.5	23,709	31.6	4%	8%	17.7	15.9	21%	11%	1.2	7%	3%
69 HK	SHANGRI-LA ASIA	Cons. Disc	3.5	4,915	12.16	1%	-20%	34.9	27.1	80%	29%	0.8	2%	1%
81 HK	CHINA OVERSEAS G	Financials	4.0	1,469	4.99	-19%	-32%	4.5	3.9	-7%	16%	0.9	20%	2%
83 HK	SINO LAND CO	Financials	9.8	10,821	13.94	7%	32%	17.3	16.2	-28%	7%	0.8	4%	4%
101 HK	HANG LUNG PROPER	Financials	14.6	14,989	25.9	10%	6%	20.2	18.6	14%	9%	0.9	5%	3%
107 HK	SICHUAN EXP	Industrials	1.0	1,316	2.64	0%	15%	6.2	5.8	2%	8%	0.6	9%	4%
116 HK	CHOW SANG SANG	Cons. Disc	0.8	1,700	19.46	-5%	-12%	10.5	9.0	3%	16%	1.7	15%	3%
119 HK	POLY PROPERTY	Financials	4.6	1,641	3.49	-7%	-16%	6.2	5.6	-25%	11%	0.4	7%	5%
123 HK	YUEXIU PROPERTY	Financials	5.3	2,057	1.71	3%	-10%	7.6	6.1	8%	24%	0.5	7%	5%
135 HK	KUNLUN ENERGY CO	Energy	22.9	13,644	13.1	1%	-4%	14.3	12.6	8%	14%	2.1	14%	2%
142 HK	FIRST PACIFIC	Financials	2.7	5,073	9.14	-1%	4%	13.4	12.0	54%	11%	1.4	10%	2%
144 HK	CHINA MERCHANT	Industrials	20.4	8,609	26.2	1%	-7%	15.4	14.2	2%	9%	1.4	8%	3%
148 HK	KINGBOARD CHEM	IT	3.3	2,152	16.26	-3%	-20%	6.6	6.0	24%	10%	0.5	9%	4%
151 HK	WANT WANT CHINA	C. Staples	21.3	17,639	10.36	-2%	-7%	23.5	20.3	10%	16%	9.3	36%	3%
152 HK	SHENZ INTL HLDG	Industrials	3.8	2,283	10.34	9%	7%	8.3	8.5	-89%	-2%	1.2	14%	4%
165 HK	CHINA EVER LTD	Financials	7.1	3,105	14.28	16%	16%	14.5	12.2	28%	18%	0.9	6%	3%
168 HK	TSINGTAO BREW	C. Staples	6.3	9,312	58.1	-7%	-11%	29.7	25.5	6%	16%	4.3	14%	1%
173 HK	K WAH INTL HLDGS	Financials	1.0	1,844	5.18	-11%	10%	15.6	13.3	-45%	17%	0.5	3%	3%
175 HK	GEELY AUTOMOBILE	Cons. Disc	13.8	3,430	3.02	-5%	-19%	8.8	7.4	-14%	19%	1.2	14%	2%
177 HK	JIANGSU EXPRES	Industrials	4.1	5,142	9.04	-7%	-5%	12.9	12.0	4%	7%	1.9	14%	6%
178 HK	SA SA INTL HLDGS	Cons. Disc	6.2	2,261	6.16	3%	-32%	18.7	17.9	13%	5%	7.5	40%	4%
187 HK	JINGCHENG MAC	Industrials	0.6	396	3.98	-10%	26%	-	-	-	-	1.5	-	-
200 HK	MELCO INTL DEVEL	Cons. Disc	7.8	4,223	20.95	-10%	-26%	14.5	11.4	39%	27%	2.8	18%	1%
215 HK	HUTCHISON TELE H	Telecom	2.9	2,033	3.27	-3%	11%	19.9	17.3	-14%	15%	1.4	7%	4%
220 HK	UNI-PRESIDENT	C. Staples	4.5	3,957	7.1	7%	-6%	34.8	29.5	-34%	18%	2.2	7%	1%
242 HK	SHUN TAK HOLDING	Industrials	2.2	1,559	3.98	1%	-13%	7.1	9.6	224%	-27%	0.6	9%	4%
257 HK	CHINA EVERBR INT	Industrials	11.9	6,225	10.76	-1%	4%	27.5	21.1	20%	30%	3.5	12%	1%
267 HK	CITIC PACIFIC	Industrials	28.9	47,748	14.86	1%	25%	16.1	13.8	-56%	17%	0.6	4%	2%
270 HK	GUANGDONG INV	Utilities	8.0	7,464	9.27	-2%	22%	15.0	14.2	12%	6%	2.1	13%	3%
272 HK	SHUI ON LAND LTD	Financials	2.2	2,168	2.1	1%	-12%	13.2	10.8	9%	23%	0.4	3%	4%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Shanghai-Hong Kong Stock Connect (Southbound stock list, con't)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
283 HK	GOLDIN PROPERTIE	Financials	1.3	1,901	4.13	-6%	26%	-	-	-1163%	-	0.9	-	-
291 HK	CHINA RES ENTERP	C. Staples	6.6	6,521	20.95	-9%	-19%	33.6	27.2	-9%	24%	1.0	4%	1%
293 HK	CATHAY PAC AIR	Industrials	6.0	7,471	14.72	1%	-10%	16.8	11.4	32%	47%	1.0	5%	2%
297 HK	SINOFERT HOLDING	Materials	1.3	1,142	1.26	15%	0%	20.9	13.2	171%	58%	0.5	1%	1%
300 HK	SHENJI GROUP	Industrials	0.5	353	3.05	-6%	46%	-	-	-	-	1.0	-	-
303 HK	VTECH HLDGS LTD	IT	3.9	3,106	95.85	0%	-5%	14.6	14.3	0%	7%	5.4	36%	7%
308 HK	CHINA TRAVEL HK	Cons. Disc	4.1	1,767	2.44	34%	50%	9.4	12.2	27%	-23%	0.9	9%	3%
315 HK	SMARTONE TEL	Telecom	3.0	1,590	11.78	4%	33%	21.2	17.6	-32%	21%	4.0	20%	3%
316 HK	ORIENT OVERSEAS	Industrials	4.3	3,819	47.3	20%	21%	14.7	13.8	452%	7%	0.8	6%	2%
317 HK	GUANGZHOU SHIP	Industrials	-	1,825	13.728	0%	-13%	227.3	2.3	129%	9942%	1.8	1%	-
322 HK	TINGYI	C. Staples	10.4	16,042	22.2	3%	-1%	31.8	26.0	23%	22%	5.6	16%	2%
323 HK	MAANSHAN IRON	Materials	2.0	2,067	1.75	-3%	-17%	115.9	21.4	127%	442%	0.5	1%	0%
330 HK	ESPRIT HLDGS	Cons. Disc	4.0	3,168	12.64	7%	-15%	120.4	26.2	107%	360%	1.4	1%	0%
336 HK	HUABAO INTERNATI	Materials	4.5	2,210	5.52	-2%	31%	9.1	8.4	17%	3%	2.0	23%	5%
338 HK	SINOPEC SHANG	Materials	7.2	5,231	2.58	6%	16%	17.7	15.9	-35%	11%	0.8	7%	2%
358 HK	JIANGXI COPPER	Materials	14.6	7,079	14.44	-3%	3%	13.7	12.9	-18%	6%	0.9	7%	3%
363 HK	SHANG INDUS HLDG	Industrials	3.5	3,709	26.55	1%	-6%	9.6	9.8	11%	-3%	0.8	8%	4%
371 HK	BJ ENT WATER	Utilities	9.5	6,012	5.38	5%	10%	28.3	22.2	19%	27%	3.4	12%	1%
384 HK	CHINA GAS HOLDIN	Utilities	21.6	8,953	13.82	-11%	21%	26.3	20.9	36%	23%	4.4	19%	1%
386 HK	SINOPEC CORP	Energy	76.2	106,731	7.98	5%	26%	10.4	9.4	6%	10%	1.3	12%	4%
388 HK	HKEX	Financials	128.9	27,076	179.8	10%	39%	39.9	31.7	14%	26%	9.5	25%	2%
390 HK	CHINA RAIL GR	Industrials	8.0	9,995	4.1	-5%	3%	6.7	6.2	11%	9%	0.8	11%	2%
392 HK	BEIJING ENTERPRI	Industrials	10.9	11,940	72.05	3%	-6%	18.3	14.9	9%	23%	1.7	9%	1%
410 HK	SOHO CHINA LTD	Financials	4.0	4,253	6.34	-3%	-5%	12.4	20.9	-54%	-41%	0.7	6%	5%
425 HK	MINTH GROUP LTD	Cons. Disc	1.8	2,350	16.66	13%	3%	12.6	10.9	17%	16%	1.9	14%	3%
440 HK	DAH SING FINANC	Financials	1.9	1,827	42.25	-4%	-1%	8.9	8.5	-4%	4%	0.8	9%	3%
460 HK	SIHUAN PHARM	Health Care	12.3	7,168	5.36	6%	51%	27.1	22.1	25%	23%	5.6	19%	1%
489 HK	DONGFENG MOTOR	Cons. Disc	30.0	16,209	14.58	4%	20%	8.3	7.3	14%	15%	1.6	17%	2%
493 HK	GOME ELECTRICAL	Cons. Disc	12.3	3,063	1.4	4%	-1%	14.8	12.8	42%	16%	1.1	8%	3%
494 HK	LI & FUNG LTD	Cons. Disc	26.3	10,571	9.8	-6%	19%	19.2	16.4	-24%	17%	2.2	13%	4%
506 HK	CHINA FOODS LTD	C. Staples	1.6	1,173	3.25	7%	-1%	-	37.4	96%	769%	1.5	-1%	0%
511 HK	TVB	Cons. Disc	2.6	2,715	48.05	-4%	-7%	12.9	12.3	-6%	4%	2.6	20%	5%
522 HK	ASM PACIFIC TECH	IT	7.8	4,231	81.85	-2%	26%	20.4	17.0	152%	20%	4.2	21%	2%
525 HK	GUANGSHEN RAIL	Industrials	2.2	3,136	3.17	5%	-12%	16.2	14.3	-13%	13%	0.7	4%	3%
530 HK	GOLDIN FINANCIAL	Financials	1.2	2,666	2.96	-3%	-5%	-	-	-	-	2.5	-	-
548 HK	SHENZHEN EXPRE	Industrials	1.4	1,559	4.99	11%	43%	5.1	8.5	136%	-40%	0.8	16%	5%
551 HK	YUE YUEN INDUS	Cons. Disc	4.8	5,223	24.55	-7%	-5%	13.0	10.5	-8%	23%	1.2	9%	4%
552 HK	CHINA COMM SER	Telecom	5.0	3,485	3.9	2%	-19%	8.4	7.5	15%	12%	1.0	11%	4%
553 HK	NANJING PANDA	IT	3.2	1,250	6.56	30%	67%	-	-	-	-	1.5	-	-
564 HK	ZHENGZHOU COAL	Industrials	0.4	1,508	5.37	12%	1%	10.5	9.0	-23%	16%	0.7	7%	2%
566 HK	HANERGY SOLAR GR	IT	17.9	4,833	1.3	7%	67%	18.6	18.6	-25%	0%	2.2	13%	1%
586 HK	CHINA CONCH VENT	Industrials	2.4	4,215	18.1	-5%	-15%	10.7	9.0	11%	19%	2.0	18%	2%
588 HK	BEIJING NORTH	Financials	0.4	1,361	2.19	5%	25%	6.7	6.0	30%	12%	0.4	6%	3%
590 HK	LUK FOOK HLDGS I	Cons. Disc	4.3	1,836	24.15	1%	-18%	8.9	8.7	47%	-13%	1.9	20%	5%
604 HK	SHENZHEN INVEST	Financials	2.0	2,241	2.61	-2%	-11%	6.3	4.4	-29%	41%	0.6	8%	8%
606 HK	CHINA AGRI-INDUS	C. Staples	5.0	2,425	3.58	4%	-7%	33.8	14.4	-63%	135%	0.6	2%	1%
636 HK	KERRY LOGISTICS	Industrials	3.7	2,788	12.78	-2%	16%	20.7	19.0	-56%	9%	1.6	7%	1%
639 HK	SHOUGANG FUSHAN	Materials	5.4	1,457	2.13	5%	-22%	17.0	13.2	-40%	29%	0.6	3%	2%
656 HK	FOSUN INTL	Materials	7.9	8,289	9.28	-9%	21%	10.6	8.7	-19%	22%	1.2	11%	2%
659 HK	NWS HOLDINGS LTD	Industrials	2.2	7,165	14.84	-1%	26%	13.5	12.7	-1%	6%	1.3	11%	4%
669 HK	TECHTRONIC INDS	Cons. Disc	19.2	5,682	24.05	0%	9%	18.6	15.2	22%	22%	3.1	17%	1%
670 HK	CHINA EAST AIR	Industrials	1.6	5,145	2.69	9%	-8%	14.1	9.3	-24%	52%	1.0	6%	0%
683 HK	KERRY PROPERTIES	Financials	6.9	5,395	28.95	3%	8%	11.1	11.7	-15%	-5%	0.6	5%	3%
688 HK	CHINA OVERSEAS	Financials	69.1	24,204	22.95	3%	5%	8.1	7.1	22%	14%	1.6	19%	2%
691 HK	CHINA SHANSHUI	Materials	3.5	1,054	2.9	2%	-13%	6.9	6.1	-10%	14%	0.7	10%	3%
700 HK	TENCENT	IT	291.4	156,321	129.4	4%	31%	39.5	29.9	54%	32%	13.7	34%	0%
728 HK	CHINA TELECOM	Telecom	24.7	45,320	4.34	2%	11%	15.3	14.0	3%	9%	1.0	6%	2%
732 HK	TRULY INTL HLDGS	IT	4.6	1,578	4.2	-12%	1%	7.6	6.2	-4%	24%	1.8	21%	5%
737 HK	HOPEWELL INFR	Industrials	0.6	1,614	4.06	3%	10%	17.4	15.7	-10%	15%	1.4	9%	6%
751 HK	SKYWORTH DIGITAL	Cons. Disc	3.8	1,505	4.12	8%	-4%	8.5	7.2	-19%	28%	1.1	15%	5%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Shanghai-Hong Kong Stock Connect (Southbound stock list, con't)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14	
753 HK	AIR CHINA LTD	Industrials	4.0	7,825	4.88	3%	-16%	15.6	11.2	-4%	40%	0.9	6%	1%	
754 HK	HOPSON DEV	Financials	0.8	2,270	7.84	-7%	-16%	10.1	9.8	-37%	3%	0.3	4%	0%	
762 HK	CHINA UNICOM HON	Telecom	46.9	40,434	13.12	1%	13%	19.3	16.5	23%	17%	1.1	6%	2%	
813 HK	SHIMAO PROPERTY	Financials	29.0	7,402	16.52	-4%	-7%	5.2	4.5	20%	16%	1.0	19%	6%	
817 HK	FRANSHION PPT	Financials	2.4	2,553	2.16	-2%	-20%	5.7	5.0	-18%	14%	0.6	10%	5%	
829 HK	SHENGUAN HOLDING	C. Staples	1.5	1,227	2.86	-4%	-16%	10.3	9.8	-5%	5%	2.9	27%	6%	
836 HK	CHINA RES POWER	Utilities	14.8	14,662	23.7	5%	29%	9.4	8.5	9%	11%	1.7	17%	3%	
846 HK	MINGFA GROUP INT	Financials	0.4	1,596	2.03	10%	-1%	-	-	-	-	0.9	-	-	
857 HK	PETROCHINA CO	Energy	97.2	237,988	11.24	4%	32%	12.1	11.3	29%	7%	1.4	11%	4%	
861 HK	DIGITAL CHINA	IT	2.2	1,101	7.8	3%	-15%	9.4	8.1	30%	16%	1.1	10%	3%	
867 HK	CHINA MEDICAL SY	Health Care	3.4	3,502	11.24	12%	36%	25.4	20.4	33%	25%	6.0	22%	1%	
868 HK	XINYI GLASS HOLD	Cons. Disc	11.9	2,570	5.08	10%	-26%	12.6	8.4	-37%	51%	1.6	13%	4%	
874 HK	BAIYUNSHAN PH	Health Care	4.7	5,446	27.6	17%	2%	23.1	18.5	41%	25%	4.1	17%	1%	
880 HK	SJM HOLDINGS LTD	Cons. Disc	22.0	14,478	19.84	-2%	-23%	13.6	12.5	5%	9%	4.8	33%	5%	
881 HK	ZHONGSHENG	Cons. Disc	1.2	2,468	8.91	-14%	-17%	11.1	8.8	20%	27%	1.4	13%	2%	
883 HK	CNOOC LTD	Energy	103.3	88,714	15.4	10%	7%	9.6	9.0	2%	7%	1.6	16%	3%	
902 HK	HUANENG POWER	Utilities	28.0	13,887	8.61	-8%	23%	7.9	8.0	15%	0%	1.5	18%	6%	
914 HK	ANHUI CONCH	Materials	36.9	16,073	28.75	-5%	0%	10.2	9.1	27%	11%	2.0	20%	2%	
916 HK	CHINA LONGYUAN	Utilities	11.7	8,637	8.33	4%	-17%	17.8	14.5	45%	23%	1.7	9%	1%	
917 HK	NEW WORLD CHINA	Financials	3.3	5,379	4.8	0%	28%	10.7	9.9	-16%	8%	0.7	8%	1%	
934 HK	SINOPEC KANTONS	Energy	8.4	2,146	6.69	21%	-22%	20.9	14.8	52%	41%	1.7	8%	1%	
939 HK	CHINA CONST BA	Financials	146.8	189,651	5.91	2%	1%	5.1	4.8	7%	7%	1.0	20%	7%	
941 HK	CHINA MOBILE	Telecom	196.0	246,089	93.65	11%	16%	13.5	13.7	-9%	-2%	1.8	13%	3%	
960 HK	LONGFOR PROPERTI	Financials	5.0	7,302	10.4	-4%	-4%	6.4	5.7	14%	12%	1.1	17%	3%	
966 HK	CHINA TAIPING IN	Financials	6.1	5,782	18.44	12%	16%	16.5	15.1	44%	9%	1.9	12%	0%	
981 HK	SEMICONDUCTOR	IT	22.9	3,237	0.72	0%	18%	23.2	15.5	-60%	50%	1.2	6%	0%	
991 HK	DATANG INTL PO	Utilities	10.3	7,968	4.1	5%	15%	10.1	8.4	22%	20%	1.0	10%	4%	
992 HK	LENOVO GROUP LTD	IT	48.2	15,658	11.66	8%	24%	19.3	18.1	27%	5%	4.8	25%	2%	
995 HK	ANHUI EXPRESS	Industrials	0.6	1,123	4.63	-2%	8%	7.5	7.2	-4%	4%	0.9	11%	6%	
998 HK	CHINA CITIC BK	Financials	19.5	31,806	5.02	-2%	19%	4.4	4.1	7%	9%	0.8	17%	6%	
1033 HK	SINOPEC YIZHEN	Industrials	0.0	1,370	1.77	0%	12%	-	-	-	-	1.2	-	-	
1038 HK	CHEUNG KG INFRAS	Utilities	8.4	17,753	56.4	4%	15%	14.2	13.5	-17%	6%	1.5	23%	3%	
1044 HK	HENGAN INTL	C. Staples	15.5	13,241	83.65	0%	-9%	25.0	21.0	10%	19%	6.2	24%	2%	
1053 HK	CHONGQING IRON	Materials	1.1	1,865	1.8	3%	48%	-	-	-	19%	31%	0.6	-	-
1055 HK	CHINA SOUTHERN	Industrials	3.0	3,810	2.63	4%	-13%	13.4	9.4	-19%	43%	0.6	4%	1%	
1065 HK	TIANJIN CAP	Industrials	3.4	1,663	5.53	-4%	41%	21.7	19.1	2%	13%	1.6	8%	2%	
1066 HK	SHANDONG WEIG	Health Care	5.8	4,563	7.9	1%	-24%	25.6	21.1	28%	22%	3.1	11%	1%	
1068 HK	CHINA YURUN FOOD	C. Staples	3.0	927	3.94	2%	-21%	-	328.3	-28%	105%	0.5	-1%	0%	
1071 HK	HUADIAN POWER	Utilities	9.8	5,271	5.14	-1%	70%	7.0	7.2	4%	-3%	1.3	18%	5%	
1072 HK	DONGFANG ELECT	Industrials	2.3	3,942	13.2	-2%	-3%	10.1	9.9	-7%	2%	1.2	12%	2%	
1083 HK	TOWNGAS CHINA LT	Utilities	3.2	2,775	8.17	-9%	-9%	17.5	14.8	10%	18%	1.7	9%	1%	
1088 HK	CHINA SHENHUA	Energy	40.3	49,479	22.3	0%	-9%	8.6	8.5	-11%	2%	1.3	14%	5%	
1093 HK	CSPC PHARMACEUTI	Health Care	19.9	5,046	6.62	3%	8%	29.6	22.8	28%	29%	5.3	16%	1%	
1099 HK	SINOPHARM	Health Care	11.4	9,146	27.6	16%	24%	20.0	16.8	23%	19%	2.6	13%	1%	
1101 HK	CHINA RONGSHENG	Industrials	6.2	1,272	1.39	-17%	15%	-	-	62%	45%	1.4	-15%	0%	
1108 HK	LUOYANG GLASS	Industrials	1.6	416	3.8	0%	175%	-	-	-	-	45.3	-	-	
1109 HK	CHINA RES LAND	Financials	33.5	13,708	18.22	7%	-5%	9.1	7.7	33%	18%	1.2	13%	3%	
1111 HK	CHONG HING BANK	Financials	1.3	1,041	18.54	24%	-39%	10.9	9.3	33%	18%	1.0	10%	28%	
1112 HK	BIOSTIME INTERNA	C. Staples	10.2	2,387	30.6	-15%	-55%	18.4	16.0	-3%	15%	5.8	30%	3%	
1114 HK	BRILLIANCE CHINA	Cons. Disc	21.1	9,130	14.08	-6%	11%	11.9	10.2	40%	18%	3.4	31%	1%	
1117 HK	CHINA MODERN DAI	C. Staples	6.0	2,261	3.63	-4%	-14%	14.8	11.7	191%	26%	2.2	15%	1%	
1128 HK	WYNN MACAU LTD	Cons. Disc	25.0	20,647	30.8	-1%	-12%	20.3	18.8	3%	8%	17.3	85%	4%	
1138 HK	CHINA SHIPPING	Industrials	6.0	2,755	5.81	15%	-3%	64.1	18.5	111%	247%	0.7	2%	0%	
1157 HK	ZOOMLION HEAVY	Industrials	4.6	5,645	5.03	2%	-31%	8.6	8.4	-17%	2%	0.7	9%	3%	
1165 HK	SHUNFENG PHOTO	IT	6.1	3,059	9.91	7%	60%	-	-	-	-	9.4	-	-	
1169 HK	HAIER ELECTRONIC	Cons. Disc	8.7	7,959	23	2%	2%	20.0	16.5	14%	21%	6.1	26%	1%	
1171 HK	YANZHOU COAL	Energy	11.6	5,292	6.7	6%	-5%	20.3	16.2	64%	25%	0.6	3%	1%	
1177 HK	SINO BIOPHARM	Health Care	6.8	4,629	7.26	4%	18%	28.1	24.0	27%	17%	6.2	20%	1%	
1186 HK	CHINA RAIL CN	Industrials	10.6	10,443	7.58	1%	-2%	6.4	5.8	12%	9%	0.9	13%	2%	
1193 HK	CHINA RES GAS GR	Utilities	7.7	6,485	22.6	-9%	-16%	18.8	16.0	20%	18%	3.4	17%	1%	

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

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Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
1199 HK	COSCO PAC LTD	Industrials	5.4	4,307	11.36	1%	7%	12.0	11.4	-4%	6%	0.9	7%	3%
1205 HK	CITIC RESOURCES	Industrials	1.6	1,310	1.29	6%	25%	18.4	8.6	6900%	114%	0.9	4%	0%
1208 HK	MMG LTD	Materials	2.4	1,897	2.78	-6%	70%	23.9	14.3	-25%	67%	1.2	5%	1%
1211 HK	BYD CO LTD	Cons. Disc	33.8	18,515	50.9	1%	34%	87.2	53.3	102%	64%	4.0	5%	0%
1212 HK	LIFESTYLE INTL	Cons. Disc	2.4	2,947	14.02	-8%	-2%	10.8	9.9	-12%	8%	2.2	20%	4%
1230 HK	YASHILI INTERNAT	C. Staples	1.3	1,249	2.72	-3%	-43%	20.8	17.4	-16%	19%	2.5	11%	2%
1288 HK	AGRICULTURAL	Financials	68.1	131,903	3.65	-1%	-4%	5.2	4.8	10%	8%	1.0	20%	7%
1293 HK	BAOXIN AUTO GROU	Cons. Disc	1.1	1,960	5.94	-8%	-21%	9.1	7.0	33%	31%	2.5	25%	3%
1299 HK	AIA GROUP LTD	Financials	89.2	67,448	43.4	5%	12%	21.4	18.5	9%	16%	2.4	12%	1%
1313 HK	CHINA RES CEMENT	Materials	7.6	4,602	5.46	-3%	5%	8.3	7.6	28%	10%	1.4	16%	2%
1333 HK	CHINA ZHONGWANG	Materials	2.0	2,433	3.46	21%	44%	5.0	3.7	41%	36%	0.6	-	-
1336 HK	NEW CHINA LIFE	Financials	17.3	11,799	28.2	1%	8%	12.2	10.2	30%	19%	1.8	13%	1%
1339 HK	PICC GROUP	Financials	8.4	18,173	3.32	-4%	-11%	11.1	9.2	24%	21%	1.4	12%	1%
1359 HK	CHINA CINDA	Financials	27.9	19,695	4.21	-4%	-13%	9.8	7.9	14%	24%	1.6	14%	2%
1378 HK	CHINA HONGQIAO	Materials	3.1	4,951	6.52	-5%	22%	5.7	4.6	-5%	26%	1.1	18%	4%
1382 HK	PACIFIC TEXTILE	Cons. Disc	2.2	1,730	9.27	-2%	-20%	11.8	12.4	20%	-3%	3.4	27%	7%
1387 HK	RENHE COMM	Financials	0.6	1,023	0.375	-3%	-24%	-	-	-	-	0.3	-	-
1398 HK	ICBC	Financials	142.9	208,593	5.24	1%	0%	5.3	5.0	5%	6%	1.1	20%	7%
1618 HK	METALLURGICAL	Industrials	3.0	5,656	1.89	11%	32%	7.2	5.2	31%	38%	0.6	9%	3%
1619 HK	TIANHE CHEMICALS	Materials	-	7,347	2.23	-6%	-	12.8	10.1	-	28%	-	34%	2%
1638 HK	KAISA GROUP	Financials	1.7	1,873	2.85	2%	14%	3.5	2.8	13%	25%	0.6	18%	6%
1668 HK	CHINA SOUTH	Financials	17.1	3,748	3.75	-5%	70%	9.2	6.9	22%	-3%	1.3	18%	5%
1680 HK	MACAU LEGEND	Cons. Disc	5.6	3,570	4.3	-7%	-47%	38.1	20.2	27%	88%	4.8	10%	0%
1728 HK	CHINA ZHENG TONG	Cons. Disc	2.5	1,186	4.16	-7%	-16%	7.1	5.8	23%	23%	1.0	13%	2%
1766 HK	CSR CORP LTD	Industrials	12.8	11,463	6.92	-2%	9%	14.5	12.6	27%	15%	2.0	14%	2%
1800 HK	CHINA COM CONS	Industrials	11.1	11,082	5.88	0%	-6%	5.5	5.0	13%	9%	0.8	14%	4%
1813 HK	KWG PROPERTY	Financials	4.9	2,220	5.84	3%	36%	4.7	4.0	3%	17%	0.8	15%	6%
1828 HK	DAH CHONG HONG	Cons. Disc	1.3	1,125	4.76	0%	-18%	8.8	7.6	10%	16%	1.0	11%	4%
1833 HK	INTIME RETAIL GR	Cons. Disc	6.8	2,041	7.09	1%	-12%	12.4	11.4	17%	9%	1.4	11%	3%
1880 HK	BELLE INTERNATIO	Cons. Disc	20.5	10,741	9.87	4%	10%	-	14.6	-	1%	2.6	16%	2%
1882 HK	HAITIAN INTL	Industrials	2.2	3,946	19.16	6%	9%	18.0	15.6	11%	15%	3.9	21%	2%
1888 HK	KINGBOARD LAMINA	IT	0.9	1,312	3.39	5%	3%	7.6	7.0	17%	8%	0.8	10%	6%
1898 HK	CHINA COAL ENE	Energy	13.2	8,774	4.67	4%	7%	22.1	17.8	-38%	24%	0.6	2%	2%
1918 HK	SUNAC CHINA HOLD	Financials	16.0	2,809	6.46	11%	39%	3.9	3.1	38%	26%	1.2	27%	4%
1919 HK	CHINA COSCO HO	Industrials	4.6	5,316	3.42	6%	-10%	-	41.8	77%	130%	1.1	-6%	0%
1928 HK	SANDS CHINA LTD	Cons. Disc	135.3	54,533	52.4	-7%	-16%	18.6	15.4	32%	20%	10.4	45%	5%
1929 HK	CHOW TAI FOOK JE	Cons. Disc	7.2	14,838	11.5	2%	-1%	15.9	15.0	32%	5%	3.1	19%	3%
1972 HK	SWIRE PROPERTIES	Financials	6.2	19,813	26.25	7%	34%	21.6	21.7	12%	0%	0.7	3%	2%
1988 HK	CHINA MINSHENG	Financials	45.2	34,582	7.62	2%	6%	4.3	4.0	-	7%	1.0	21%	4%
1999 HK	MAN WAH HOLDINGS	Cons. Disc	3.0	1,531	12.46	10%	3%	-	11.4	79%	2%	2.7	23%	4%
2007 HK	COUNTRY GARDEN	Financials	19.2	9,035	3.67	-2%	-22%	5.4	4.7	16%	15%	1.1	21%	7%
2008 HK	PHOENIX SATELLIT	Cons. Disc	0.8	1,715	2.66	-3%	-6%	14.8	13.5	-4%	9%	2.7	15%	2%
2009 HK	BBMG CORP	Materials	6.2	4,588	6.06	3%	-10%	6.1	5.6	5%	9%	0.8	13%	2%
2018 HK	AAC TECHNOLOGIES	IT	17.2	7,605	48	0%	27%	18.0	14.9	13%	21%	5.9	30%	2%
2020 HK	ANTA SPORTS PROD	Cons. Disc	6.0	4,811	14.94	20%	57%	18.6	16.2	21%	15%	4.0	21%	4%
2038 HK	FIH MOBILE LTD	IT	8.0	4,392	4.38	-2%	5%	25.7	17.7	57%	45%	1.2	5%	0%
2039 HK	CHINA INTL MAR	Industrials	1.2	6,201	17.7	11%	7%	16.7	12.9	3%	30%	1.8	10%	2%
2128 HK	CHINA LESSO GROU	Industrials	2.2	1,798	4.48	-2%	-17%	7.2	6.0	4%	19%	1.5	20%	3%
2168 HK	YINGDE GASES GRP	Materials	2.0	1,900	8.05	-7%	-1%	11.9	10.2	7%	17%	1.9	15%	3%
2196 HK	FOSUN PHARMA	Health Care	9.0	7,205	26.6	-5%	14%	21.4	18.4	10%	16%	3.0	14%	1%
2202 HK	CHINA VANKE CO	Financials	-	16,982	15.08	-10%	-	7.4	6.4	18%	16%	1.7	21%	4%
2238 HK	GUANGZHOU AUTO	Cons. Disc	7.0	7,898	8.65	-5%	2%	10.6	8.2	58%	30%	1.3	12%	3%
2282 HK	MGM CHINA HOLDIN	Cons. Disc	21.8	13,067	26.65	-5%	-17%	16.3	15.0	17%	9%	21.6	88%	4%
2313 HK	SHENZHOU INTL GP	Cons. Disc	6.6	4,215	23.35	-8%	-19%	12.3	10.8	15%	14%	2.5	19%	4%
2314 HK	LEE & MAN MANUFA	Materials	3.7	2,763	4.58	10%	-10%	10.8	9.7	2%	12%	1.3	12%	3%
2318 HK	PING AN INSURA	Financials	104.0	59,278	65.25	1%	-6%	11.9	10.4	23%	14%	2.0	16%	1%
2319 HK	CHINA MENGNIU DA	C. Staples	25.7	9,412	37.25	-1%	1%	27.9	22.4	17%	25%	3.5	12%	1%
2328 HK	PICC PROPERTY &	Financials	15.2	22,924	13.06	3%	14%	11.7	10.5	12%	12%	2.2	19%	3%
2333 HK	GREAT WALL MOT	Cons. Disc	38.0	14,601	32.65	0%	-24%	8.9	7.2	8%	23%	2.7	28%	3%
2338 HK	WEICHAI POWER	Industrials	10.3	6,988	32.5	-4%	4%	11.4	10.5	27%	8%	1.9	15%	1%

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2356 HK	DAH SING BANKING	Financials	1.8	2,492	13.78	2%	5%	10.3	9.8	-7%	5%	1.1	10%	2%
2380 HK	CHINA POWER INTE	Utilities	7.4	3,033	3.5	8%	27%	7.1	7.0	-2%	2%	1.0	13%	6%
2386 HK	SINOPEC ENGINE	Industrials	5.1	5,108	8.94	4%	-23%	7.9	7.1	-4%	12%	1.5	18%	4%
2388 HK	BOC HONG KONG HO	Financials	34.0	35,605	26.1	8%	5%	11.3	10.3	10%	9%	1.6	15%	4%
2600 HK	ALUMINUM CORP	Materials	8.7	7,396	3.47	0%	29%	-	-	-17%	61%	0.9	-10%	0%
2601 HK	CHINA PACIFIC	Financials	35.0	30,656	30.15	-1%	-1%	18.7	15.9	26%	18%	2.0	11%	2%
2607 HK	SHANGHAI PHARM	Health Care	4.6	5,516	15.76	4%	-17%	13.5	11.8	12%	14%	1.3	9%	2%
2628 HK	CHINA LIFE INS	Financials	80.5	71,914	22.9	4%	-6%	15.8	13.4	31%	18%	2.3	13%	2%
2688 HK	ENN ENERGY HOLDI	Utilities	11.4	7,448	53.3	-5%	-7%	20.4	17.3	80%	18%	4.4	21%	1%
2689 HK	NINE DRAGONS PAP	Materials	5.0	3,751	6.23	9%	-8%	13.0	10.5	14%	24%	1.0	8%	2%
2727 HK	SHANGHAI ELECT	Industrials	5.3	7,654	3.53	6%	25%	14.5	13.8	4%	5%	1.1	7%	3%
2777 HK	GUANGZHOU R&F	Financials	9.0	4,174	10.04	-9%	-11%	4.0	3.4	22%	17%	0.8	18%	8%
2866 HK	CHINA SHIPPING	Industrials	7.0	4,612	2.24	3%	11%	-	33.0	81%	229%	0.9	-1%	0%
2877 HK	CHINA SHINEWAY	Health Care	1.0	1,438	13.48	3%	28%	11.8	10.9	9%	8%	2.0	15%	3%
2880 HK	DALIAN PORT PD	Industrials	3.5	2,018	2.49	9%	26%	11.9	11.1	11%	7%	0.7	6%	3%
2883 HK	CHINA OILFIELD	Energy	16.8	13,583	20.1	1%	-16%	10.1	9.4	6%	8%	1.9	18%	3%
2899 HK	ZIJIN MINING	Materials	7.4	7,416	2.01	4%	21%	15.7	15.7	-6%	0%	1.3	8%	4%
2919 HK	JOHNSO-PARALLEL	Industrials	-	-	29.9	-	-	-	-	7%	-	-	-	-
3308 HK	GOLDEN EAGLE RET	Cons. Disc	4.4	2,300	9.9	3%	-3%	12.1	11.1	-1%	10%	2.8	21%	3%
3311 HK	CHINA STATE CONS	Industrials	6.9	6,378	12.7	-9%	-9%	14.1	11.2	26%	26%	2.9	20%	2%
3323 HK	CHINA NATL BDG	Materials	23.6	5,071	7.28	-8%	-13%	4.9	4.4	10%	12%	0.9	16%	3%
3328 HK	BANK OF COMMUN	Financials	18.5	53,262	5.81	6%	6%	5.3	5.1	3%	4%	0.8	15%	5%
3333 HK	EVERGRANDE REAL	Financials	16.8	6,430	3.38	-3%	14%	4.1	3.8	1%	10%	0.9	17%	8%
3360 HK	FAR EAST HORIZON	Financials	3.1	2,634	6.2	1%	-6%	7.0	5.5	21%	28%	1.1	15%	4%
3368 HK	PARKSON RETAIL	Cons. Disc	2.5	950	2.65	12%	11%	16.5	16.2	2%	2%	1.0	6%	3%
3377 HK	SINO OCEAN LAND	Financials	2.2	4,110	4.27	-3%	-16%	6.9	6.1	-17%	13%	0.6	9%	6%
3380 HK	LOGAN PROPERTY H	Financials	0.5	1,516	2.35	-2%	7%	3.6	2.5	-100%	46%	1.3	31%	-
3383 HK	AGILE PROPERTY	Financials	8.7	2,781	6.19	-4%	-26%	3.8	3.5	-5%	8%	0.6	14%	8%
3389 HK	HENGDELI HOLDING	Cons. Disc	0.6	861	1.39	1%	-24%	10.2	8.7	-3%	18%	0.9	9%	3%
3618 HK	CQRC BANK	Financials	4.5	4,680	3.9	4%	4%	4.4	4.0	12%	10%	0.8	17%	7%
3800 HK	GCL-POLY ENERGY	IT	33.0	5,655	2.83	9%	18%	20.7	13.2	419%	57%	2.7	11%	1%
3808 HK	SINOTRUK HK LTD	Industrials	0.3	1,489	4.18	2%	-4%	18.6	14.0	72%	33%	0.5	3%	2%
3888 HK	KINGSOFT CORP	IT	40.8	3,430	22.45	-4%	0%	29.1	20.0	6%	45%	4.6	18%	1%
3898 HK	ZHUZHOU CSR	Industrials	10.0	4,034	26.6	-1%	-5%	14.6	12.6	9%	16%	2.6	18%	2%
3899 HK	CIMC ENRIC HLDG	Industrials	3.4	2,096	8.57	-12%	-31%	11.8	10.1	12%	17%	2.4	20%	2%
3900 HK	GREENTOWN CHINA	Financials	10.4	2,399	8.61	-10%	-27%	4.3	3.4	-26%	24%	0.7	14%	4%
3968 HK	CHINA MERCH BK	Financials	34.4	44,488	15.18	-2%	-8%	5.3	4.8	-2%	11%	1.1	20%	5%
3988 HK	BANK OF CHINA	Financials	135.8	124,862	3.68	1%	3%	5.0	4.6	5%	7%	0.8	17%	7%
3993 HK	CMOC	Materials	7.3	5,262	5.27	3%	52%	14.7	14.4	23%	2%	1.7	12%	3%
3998 HK	BOSIDENG INTL	Cons. Disc	0.9	1,343	1.3	-1%	-11%	11.7	9.0	-46%	32%	1.2	14%	7%
6030 HK	CITIC SECURITI	Financials	15.7	23,024	18.76	-1%	-11%	23.2	19.7	34%	18%	1.9	8%	1%
6199 HK	CHINA CNR CORP	Industrials	21.4	9,908	6.39	-3%	-	11.1	9.8	-	13%	1.4	12%	2%
6808 HK	SUN ART RETAIL	C. Staples	7.6	11,152	9.06	-1%	-17%	22.9	20.3	9%	13%	3.7	15%	2%
6818 HK	CEB BANK	Financials	3.6	20,563	3.66	2%	-5%	4.6	4.3	-5%	8%	0.8	18%	6%
6837 HK	HAITONG SECURI	Financials	20.5	15,168	12.46	-5%	-8%	18.7	15.8	26%	18%	1.5	8%	2%
6863 HK	HUIZHAN DAIRY	C. Staples	10.0	3,383	1.82	-1%	-35%	15.4	12.1	-	20%	1.6	13%	2%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Appendix 5. HSBC list of Hong Kong companies

HSBC list of Hong Kong companies (Southbound trade)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
1128 HK	WYNN MACAU LTD	Cons Disc	25.0	20,647	30.8	-1%	-12%	20.3	18.8	3%	8%	17.3	85%	4%
1169 HK	HAIER ELECTRONIC	Cons Disc	8.7	7,959	23	2%	2%	20.0	16.5	14%	21%	6.1	26%	1%
1680 HK	MACAU LEGEND	Cons Disc	5.6	3,570	4.3	-7%	-47%	38.1	20.2	27%	88%	4.8	10%	0%
1880 HK	BELLE INTERNATIO	Cons Disc	20.5	10,741	9.87	4%	10%	-	14.6	-	1%	2.6	16%	2%
1928 HK	SANDS CHINA LTD	Cons Disc	135.3	54,533	52.4	-7%	-16%	18.6	15.4	32%	20%	10.4	45%	5%
200 HK	MELCO INTL DEVEL	Cons Disc	7.8	4,223	20.95	-10%	-26%	14.5	11.4	39%	27%	2.8	18%	1%
2008 HK	PHOENIX SATELLIT	Cons Disc	0.8	1,715	2.66	-3%	-6%	14.8	13.5	-4%	9%	2.7	15%	2%
2282 HK	MGM CHINA HOLDIN	Cons Disc	21.8	13,068	26.65	-5%	-17%	16.3	15.0	17%	9%	21.6	88%	4%
27 HK	GALAXY ENTERTAIN	Cons Disc	92.1	32,901	60.1	-6%	-13%	20.4	16.6	23%	23%	7.1	34%	1%
308 HK	CHINA TRAVEL HK	Cons Disc	4.1	1,767	2.44	34%	50%	9.4	12.2	27%	-23%	0.9	9%	3%
330 HK	ESPRIT HLDGS	Cons Disc	4.0	3,168	12.64	7%	-15%	120.4	26.2	107%	360%	1.4	1%	0%
511 HK	TVB	Cons Disc	2.6	2,715	48.05	-4%	-7%	12.9	12.3	-6%	4%	2.6	20%	5%
751 HK	SKYWORTH DIGITAL	Cons Disc	3.8	1,505	4.12	8%	-4%	8.5	7.2	-19%	28%	1.1	15%	5%
880 HK	SJM HOLDINGS LTD	Cons Disc	22.0	14,478	19.84	-2%	-23%	13.6	12.5	5%	9%	4.8	33%	5%
1068 HK	CHINA YURUN FOOD	C. Staples	3.0	927	3.94	2%	-21%	-	328.3	-28%	105%	0.5	-1%	0%
1112 HK	BIOSTIME INTERNA	C. Staples	10.2	2,387	30.6	-15%	-55%	18.4	16.0	-3%	15%	5.8	30%	3%
1117 HK	CHINA MODERN DAI	C. Staples	6.0	2,261	3.63	-4%	-14%	14.8	11.7	191%	26%	2.2	15%	1%
1230 HK	YASHILI INTERNAT	C. Staples	1.3	1,249	2.72	-3%	-43%	20.8	17.4	-16%	19%	2.5	11%	2%
151 HK	WANT WANT CHINA	C. Staples	21.3	17,639	10.36	-2%	-7%	23.5	20.3	10%	16%	9.3	36%	3%
220 HK	UNI-PRESIDENT	C. Staples	4.5	3,957	7.1	7%	-6%	34.8	29.5	-34%	18%	2.2	7%	1%
2319 HK	CHINA MENGNIU DA	C. Staples	25.7	9,412	37.25	-1%	1%	27.9	22.4	17%	25%	3.5	12%	1%
291 HK	CHINA RES ENTERP	C. Staples	6.6	6,521	20.95	-9%	-19%	33.6	27.2	-9%	24%	1.0	4%	1%
322 HK	TINGYI	C. Staples	10.4	16,042	22.2	3%	-1%	31.8	26.0	23%	22%	5.6	16%	2%
506 HK	CHINA FOODS LTD	C. Staples	1.6	1,173	3.25	7%	-1%	-	37.4	96%	769%	1.5	-1%	0%
606 HK	CHINA AGRI-INDUS	C. Staples	5.0	2,425	3.58	4%	-7%	33.8	14.4	-63%	135%	0.6	2%	1%
6863 HK	HUIZHAN DAIRY	C. Staples	10.0	3,383	1.82	-1%	-35%	15.4	12.1	-	20%	1.6	13%	2%
829 HK	SHENGUAN HOLDING	C. Staples	1.5	1,227	2.86	-4%	-16%	10.3	9.8	-5%	5%	2.9	27%	6%
135 HK	KUNLUN ENERGY CO	Energy	22.9	13,644	13.1	1%	-4%	14.3	12.6	8%	14%	2.1	14%	2%
883 HK	CNOOC LTD	Energy	103.3	88,715	15.4	10%	7%	9.6	9.0	2%	7%	1.6	16%	3%
934 HK	SINOPEC KANTONS	Energy	8.4	2,146	6.69	21%	-22%	20.9	14.8	52%	41%	1.7	8%	1%
1 HK	CHEUNG KONG	Financials	61.9	44,110	147.6	4%	27%	9.7	10.0	15%	-3%	0.9	9%	2%
1299 HK	AIA GROUP LTD	Financials	89.2	67,449	43.4	5%	12%	21.4	18.5	9%	16%	2.4	12%	1%
1339 HK	PICC GROUP-H	Financials	8.4	18,173	3.32	-4%	-11%	11.1	9.2	24%	21%	1.4	12%	1%
1359 HK	CHINA CINDA-H	Financials	27.9	19,695	4.21	-4%	-13%	9.8	7.9	14%	24%	1.6	14%	2%
142 HK	FIRST PACIFIC	Financials	2.7	5,073	9.14	-1%	4%	13.4	12.0	54%	11%	1.4	10%	2%
165 HK	CHINA EVER LTD	Financials	7.1	3,105	14.28	16%	16%	14.5	12.2	28%	18%	0.9	6%	3%
2328 HK	PICC PROPERTY &	Financials	15.2	22,924	13.06	3%	14%	11.7	10.5	12%	12%	2.2	19%	3%
3360 HK	FAR EAST HORIZON	Financials	3.1	2,634	6.2	1%	-6%	7.0	5.5	21%	28%	1.1	15%	4%
388 HK	HKEX	Financials	128.9	27,076	179.8	10%	39%	39.9	31.7	14%	26%	9.5	25%	2%
966 HK	CHINA TAIPING IN	Financials	6.1	5,782	18.44	12%	16%	16.5	15.1	44%	9%	1.9	12%	0%
1066 HK	SHANDONG WEIG-H	Health Care	5.8	4,563	7.9	1%	-24%	25.6	21.1	28%	22%	3.1	11%	1%
1099 HK	SINOPHARM-H	Health Care	11.4	9,146	27.6	16%	24%	20.0	16.7	23%	19%	2.6	13%	1%
257 HK	CHINA EVERBR INT	Industrials	11.9	6,225	10.76	-1%	4%	27.5	21.1	20%	30%	3.5	12%	1%
267 HK	CITIC PACIFIC	Industrials	28.9	47,748	14.86	1%	25%	16.1	13.8	-56%	17%	0.6	4%	2%
3898 HK	ZHUZHOU CSR-H	Industrials	10.0	4,034	26.6	-1%	-5%	14.6	12.6	9%	16%	2.6	18%	2%
3899 HK	CIMC ENRIC HLDG	Industrials	3.4	2,096	8.57	-12%	-31%	11.8	10.1	12%	17%	2.4	20%	2%
148 HK	KINGBOARD CHEM	IT	3.3	2,152	16.26	-3%	-20%	6.6	6.0	24%	10%	0.5	9%	4%
1888 HK	KINGBOARD LAMINA	IT	0.9	1,312	3.39	5%	3%	7.6	7.0	17%	8%	0.8	10%	6%
2018 HK	AAC TECHNOLOGIES	IT	17.2	7,605	48	0%	27%	18.0	14.9	13%	21%	5.9	30%	2%
2038 HK	FIH MOBILE LTD	IT	8.0	4,392	4.38	-2%	5%	25.7	17.7	57%	45%	1.2	5%	0%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

HSBC list of Hong Kong companies (Southbound trade)

Code	Name	Sector	3mo ADT USDm	MCap USDm	Price	L1M	YTD	PE '14	PE '15	EPSg '14	EPSg '15	PB '13	ROE '14	DY '14
303 HK	VTECH HLDGS LTD	IT	3.9	3,106	95.85	0%	-5%	14.6	14.3	0%	7%	5.4	36%	7%
3800 HK	GCL-POLY ENERGY	IT	33.0	5,655	2.83	9%	18%	20.7	13.2	419%	57%	2.7	11%	1%
3888 HK	KINGSOFT CORP	IT	40.8	3,430	22.45	-4%	0%	29.1	20.0	6%	45%	4.6	18%	1%
522 HK	ASM PACIFIC TECH	IT	7.8	4,231	81.85	-2%	26%	20.4	17.0	152%	20%	4.2	21%	2%
553 HK	NANJING PANDA-H	IT	3.2	1,251	6.56	30%	67%	-	-	-	-	1.5	-	-
566 HK	HANERGY SOLAR GR	IT	17.9	4,833	1.3	7%	67%	18.6	18.6	-25%	0%	2.2	13%	1%
700 HK	TENCENT	IT	291.4	156,323	129.4	4%	31%	39.5	29.9	54%	32%	13.7	34%	0%
732 HK	TRULY INTL HLDGS	IT	4.6	1,578	4.2	-12%	1%	7.6	6.2	-4%	24%	1.8	21%	5%
861 HK	DIGITAL CHINA	IT	2.2	1,101	7.8	3%	-15%	9.4	8.1	30%	16%	1.1	10%	3%
981 HK	SEMICONDUCTOR	IT	22.9	3,237	0.72	0%	18%	23.2	15.5	-60%	50%	1.2	6%	0%
992 HK	LENOVO GROUP LTD	IT	48.2	15,658	11.66	8%	24%	19.3	18.1	27%	5%	4.8	25%	2%
2168 HK	YINGDE GASES GRP	Materials	2.0	1,900	8.05	-7%	-1%	11.9	10.2	7%	17%	1.9	15%	3%
215 HK	HUTCHISON TELE H	Telecom	2.9	2,033	3.27	-3%	11%	19.9	17.3	-14%	15%	1.4	7%	4%
552 HK	CHINA COMM SER-H	Telecom	5.0	3,485	3.9	2%	-19%	8.4	7.5	15%	12%	1.0	11%	4%
728 HK	CHINA TELECOM-H	Telecom	24.7	45,320	4.34	2%	11%	15.2	13.9	3%	9%	1.0	6%	2%
762 HK	CHINA UNICOM HON	Telecom	46.9	40,434	13.12	1%	13%	19.3	16.5	23%	17%	1.1	6%	2%
8 HK	PCCW LTD	Telecom	6.4	4,800	5.03	4%	45%	15.8	14.9	22%	6%	3.9	26%	4%
941 HK	CHINA MOBILE	Telecom	196.0	246,092	93.65	11%	16%	13.5	13.7	-9%	-2%	1.8	13%	3%
1083 HK	TOWNGAS CHINA LT	Utilities	3.2	2,775	8.17	-9%	-9%	17.5	14.8	10%	18%	1.7	9%	1%
1193 HK	CHINA RES GAS GR	Utilities	7.7	6,485	22.6	-9%	-16%	18.8	16.0	20%	18%	3.4	17%	1%
2688 HK	ENN ENERGY HOLDI	Utilities	11.4	7,448	53.3	-5%	-7%	20.4	17.3	80%	18%	4.4	21%	1%
371 HK	BJ ENT WATER	Utilities	9.5	6,012	5.38	5%	10%	28.3	22.2	19%	27%	3.4	12%	1%
384 HK	CHINA GAS HOLDIN	Utilities	21.6	8,953	13.82	-11%	21%	26.3	20.9	36%	23%	4.4	19%	1%
916 HK	CHINA LONGYUAN-H	Utilities	11.7	8,637	8.33	4%	-17%	17.8	14.5	45%	23%	1.7	9%	1%

Source: HKEx, Bloomberg, HSBC Equity Strategy Research

Appendix 6. H-share vs. A-share list

List of 85 H-share and A-share dual-listed shares (sorted by H-share premium on a descending basis)

H share Ticker	As of 28 August 2014 Name	HKD Price	10d av vol m	Mkt. Cap. USDm	% of all shares	A share Ticker	Liquidity Reform	CNY Price	10d av vol m	Mkt. Cap. USDm	% of all shares	percent unlisted	Premium/discount	52 week range		
														hi	lo	avg
914 HK	ANHUI CONCH CEMENT CO LTD-H	27.80	5.9	4662	24.5%	600585 CH	Y	17.16	18.3	11170	75.5%	0.0%	28.4%	68.4%	26.6%	38.4%
2202 HK	CHINA VANKE CO LTD-H	14.42	9.9	18004	87.8%	000002 CH	NA	9.06	59.2	1939	11.9%	0.2%	26.1%	49.4%	26.1%	37.1%
347 HK	ANGANG STEEL CO LTD-H	5.32	9.2	745	15.0%	000898 CH	Y	3.35	16.6	3352	85.0%	0.0%	25.9%	44.9%	19.6%	30.5%
2338 HK	WEICHAI POWER CO LTD-H	32.05	2.3	2009	24.3%	000338 CH	NA	20.27	12.7	3203	48.6%	27.1%	25.3%	43.8%	15.7%	30.0%
2601 HK	CHINA PACIFIC INSURANCE GR-H	29.25	8.1	10474	30.6%	601601 CH	NA	19.15	18.2	19348	68.5%	0.9%	21.1%	40.5%	17.5%	26.4%
902 HK	HUANENG POWER INTL INC-H	9.09	16.8	4170	25.3%	600011 CH	Y	5.96	13.0	9699	71.1%	3.6%	20.9%	27.9%	2.9%	14.9%
2628 HK	CHINA LIFE INSURANCE CO-H	22.75	23.6	21843	26.3%	601628 CH	NA	14.93	12.1	50595	73.7%	0.0%	20.8%	31.0%	8.4%	20.8%
2318 HK	PING AN INSURANCE GROUP CO-H	64.20	12.5	25926	39.5%	601318 CH	NA	42.22	32.6	32887	60.5%	0.0%	20.5%	43.4%	14.7%	26.5%
1088 HK	CHINA SHENHUA ENERGY CO-H	22.60	12.3	9911	17.1%	601088 CH	NA	14.89	14.7	39961	82.9%	0.0%	20.3%	29.8%	8.2%	19.1%
1398 HK	IND & COMM BK OF CHINA-H	5.17	155.6	57899	24.8%	601398 CH	NA	3.43	55.1	147240	75.2%	0.0%	19.5%	19.5%	3.0%	11.7%
177 HK	JIANGSU EXPRESS CO LTD-H	8.88	2.7	1400	24.3%	600377 CH	Y	5.90	4.1	3642	75.3%	0.5%	19.3%	41.7%	13.8%	29.4%
1186 HK	CHINA RAILWAY CONSTRUCTION-H	7.43	9.3	1991	16.8%	601186 CH	NA	4.99	24.7	8134	81.2%	2.0%	18.0%	36.1%	14.5%	24.7%
168 HK	TSINGTAO BREWERY CO LTD-H	57.45	0.9	4856	48.5%	600600 CH	Y	38.66	3.1	4378	51.5%	0.0%	17.8%	24.3%	0.7%	13.4%
1288 HK	AGRICULTURAL BANK OF CHINA-H	3.59	100.1	14239	9.5%	601288 CH	NA	2.42	102.0	111912	87.5%	3.0%	17.6%	23.0%	4.7%	13.9%
1071 HK	HUADIAN POWER INTL CORP-H	5.27	11.9	973	19.4%	600027 CH	Y	3.57	36.7	3416	79.8%	0.8%	17.0%	22.9%	-27.9%	-5.6%
390 HK	CHINA RAILWAY GROUP LTD-H	4.03	11.8	2188	19.8%	601390 CH	NA	2.77	41.2	7494	78.1%	2.2%	15.3%	25.9%	1.6%	17.3%
6030 HK	CITIC SECURITIES CO LTD-H	18.30	4.9	2782	10.7%	600030 CH	Y	12.61	104.2	20141	89.1%	0.2%	15.0%	35.0%	-0.1%	16.6%
939 HK	CHINA CONSTRUCTION BANK-H	5.81	148.7	180232	96.2%	601939 CH	NA	4.01	25.6	6261	3.8%	0.0%	14.8%	16.8%	2.5%	9.9%
3968 HK	CHINA MERCHANTS BANK-H	14.92	13.8	8838	18.2%	600036 CH	Y	10.47	48.4	35149	81.8%	0.0%	12.9%	25.9%	-3.2%	11.5%
1800 HK	CHINA COMMUNICATIONS CONST-H	5.63	13.0	3216	27.4%	601800 CH	NA	3.98	30.1	874	8.3%	64.3%	12.1%	23.9%	7.6%	16.5%
386 HK	CHINA PETROLEUM & CHEMICAL-H	7.84	101.0	25809	21.9%	600028 CH	Y	5.55	100.1	82239	78.1%	0.0%	12.0%	21.6%	-0.6%	9.3%
857 HK	PETROCHINA CO LTD-H	11.14	77.5	30327	11.5%	601857 CH	NA	7.94	22.6	209229	88.5%	0.0%	11.2%	14.4%	-24.1%	-8.2%
6818 HK	CHINA EVERBRIGHT BANK CO L-H	3.67	3.1	3252	14.7%	601818 CH	Y	2.65	79.6	17170	85.3%	0.0%	9.8%	21.9%	-8.2%	5.4%
3988 HK	BANK OF CHINA LTD-H	3.63	257.1	39167	30.0%	601988 CH	NA	2.65	35.0	84323	70.0%	0.0%	8.6%	12.2%	-3.1%	4.3%
1766 HK	CSR CORP LTD - H	6.93	9.6	1810	14.7%	601766 CH	NA	5.06	45.6	8331	73.3%	12.0%	8.5%	17.3%	-3.1%	7.9%
753 HK	AIR CHINA LTD-H	4.82	5.5	2838	34.9%	601111 CH	NA	3.53	28.3	4785	63.7%	1.5%	8.2%	17.0%	-5.9%	7.5%
3328 HK	BANK OF COMMUNICATIONS CO-H	5.68	20.4	25660	47.1%	601328 CH	NA	4.18	83.5	22250	44.0%	8.8%	7.7%	14.6%	-1.9%	6.4%
2196 HK	SHANGHAI FOSUN PHARMACEUTI-H	24.50	2.2	1062	15.0%	600196 CH	Y	18.24	30.6	5653	85.0%	0.0%	6.5%	23.0%	-26.6%	0.3%
6199 HK	CHINA CNR CORP LTD-H	6.47	13.3	1782	17.2%	601299 CH	Y	4.93	68.2	8125	81.8%	1.0%	4.0%	8.9%	-8.7%	0.3%
6837 HK	HAITONG SECURITIES CO LTD-H	12.16	9.1	2342	15.6%	600837 CH	Y	9.67	68.1	12735	84.4%	0.0%	-0.3%	11.7%	-26.9%	-8.8%
763 HK	ZTE CORP-H	17.30	8.3	1405	18.3%	000063 CH	Y	13.78	42.2	6280	81.5%	0.2%	-0.5%	5.1%	-31.2%	-9.8%
2607 HK	SHANGHAI PHARMACEUTICALS-H	15.64	1.3	1546	28.5%	601607 CH	Y	12.94	16.1	4049	71.5%	0.0%	-4.2%	16.2%	-24.6%	-1.7%
1988 HK	CHINA MINSHENG BANKING-H	7.45	35.5	5554	20.4%	600016 CH	Y	6.21	98.5	22828	79.6%	0.0%	-4.9%	-1.1%	-28.4%	-16.3%
998 HK	CHINA CITIC BANK CORP LTD-H	4.97	19.6	9544	31.8%	601998 CH	NA	4.24	32.8	22015	68.2%	0.0%	-7.1%	-3.4%	-38.9%	-17.1%
2039 HK	CHINA INTERNATIONAL MARINE-H	16.52	0.6	3049	53.7%	000039 CH	Y	14.23	9.4	2852	46.3%	0.0%	-8.0%	3.3%	-25.0%	-10.1%
525 HK	GUANGSHEN RAILWAY CO LTD-H	3.17	4.5	585	20.2%	601333 CH	NA	2.77	44.6	2548	79.8%	0.0%	-9.3%	16.4%	-12.0%	-0.4%
1336 HK	NEW CHINA LIFE INSURANCE C-H	27.55	6.9	3676	33.1%	601336 CH	NA	24.16	7.9	4327	35.3%	31.6%	-9.6%	2.0%	-27.8%	-12.1%
2883 HK	CHINA OILFIELD SERVICES-H	21.55	11.8	4268	34.1%	601808 CH	NA	19.18	10.9	9085	64.7%	1.1%	-10.9%	-3.9%	-30.7%	-15.3%
1898 HK	CHINA COAL ENERGY CO-H	4.73	19.0	2506	31.0%	601898 CH	NA	4.23	17.0	6200	67.9%	1.1%	-11.4%	-10.2%	-32.4%	-22.9%
2208 HK	XINJIANG GOLDWIND SCI&TEC-H	12.18	7.2	786	18.6%	002202 CH	NA	10.98	46.5	3804	79.0%	2.4%	-12.1%	-8.0%	-44.0%	-27.3%
991 HK	DATANG INTL POWER GEN CO-H	4.21	23.9	1801	24.9%	601991 CH	NA	3.81	16.3	6135	74.3%	0.8%	-12.4%	-12.4%	-43.7%	-33.5%
1138 HK	CHINA SHIPPING DEVELOPMENT-H	5.61	9.7	938	38.1%	600026 CH	Y	5.12	13.7	1757	61.9%	0.0%	-13.2%	2.0%	-33.9%	-12.7%
921 HK	HISENSE KELON ELEC HLD-H	9.42	0.7	559	33.9%	000921 CH	Y	8.67	6.5	1262	66.1%	0.0%	-13.9%	-1.1%	-52.1%	-21.6%
1211 HK	BYD CO LTD-H	52.95	6.1	5419	33.7%	002594 CH	NA	49.40	3.9	3089	16.3%	50.0%	-15.0%	-14.4%	-35.0%	-23.7%
548 HK	SHENZHEN EXPRESSWAY CO-H	4.94	3.8	476	34.3%	600548 CH	Y	4.65	10.3	1085	65.7%	0.0%	-15.8%	-3.5%	-32.1%	-20.2%
358 HK	JIANGXI COPPER CO LTD-H	13.94	4.4	2496	40.1%	600362 CH	Y	13.22	16.5	4465	59.9%	0.0%	-11.7%	-11.7%	-30.4%	-19.9%
1055 HK	CHINA SOUTHERN AIRLINES CO-H	2.60	6.6	938	28.5%	600029 CH	Y	2.48	45.4	2834	71.5%	0.0%	-16.9%	-5.8%	-26.6%	-18.1%
1157 HK	ZOOMLION HEAVY INDUSTRY - H	4.81	5.4	888	18.6%	000157 CH	Y	4.60	42.7	4687	81.3%	0.2%	-17.1%	10.9%	-20.4%	-6.4%
995 HK	ANHUI EXPRESSWAY CO LTD-H	4.57	1.0	291	29.7%	600012 CH	Y	4.38	4.4	831	70.3%	0.0%	-17.3%	-6.9%	-27.4%	-16.8%
2238 HK	GUANGZHOU AUTOMOBILE GROUP-H	8.17	6.8	2333	34.4%	601238 CH	NA	7.92	6.1	779	9.4%	56.2%	-18.2%	1.5%	-30.8%	-15.2%
1072 HK	DONGFANG ELECTRIC CORP LTD-H	13.16	1.5	577	17.0%	600875 CH	Y	12.82	14.5	3471	83.0%	0.0%	-18.6%	-5.9%	-27.6%	-17.5%
2333 HK	GREAT WALL MOTOR COMPANY-H	32.10	9.6	4279	34.0%	601633 CH	NA	31.50	6.6	1560	10.0%	56.0%	-19.2%	-2.4%	-35.0%	-17.9%
874 HK	GUANGZHOU BAIYUNSHAN PHARM-H	27.00	1.9	766	17.0%	600332 CH	Y	26.65	18.3	4496	80.3%	2.7%	-19.7%	-14.9%	-32.4%	-23.7%
1919 HK	CHINA COSCO HOLDINGS-H	3.35	14.6	1115	25.3%	601919 CH	NA	3.31	26.1	4027	73.2%	1.6%	-19.8%	-2.7%	-29.7%	-15.8%
670 HK	CHINA EASTERN AIRLINES CO-H	2.62	6.4	1181	27.6%	600115 CH	Y	2.59	38.0	3280	61.4%	11.0%	-19.8%	-11.4%	-37.7%	-20.0%

List of 85 H-share and A-share dual-listed shares (sorted by H-share premium on a descending basis)

H share Ticker	As of 28 August 2014 Name	HKD Price	10d av vol m	Mkt. Cap. USDm	% of all shares	A share Ticker	Liquidity Reform	CNY Price	10d av vol m	Mkt. Cap. USDm	% of all shares	percent unlisted	Premium/discount	52 week range		
														hi	lo	avg
895 HK	DONGJIANG ENVIRONMENTAL-H	30.35	0.4	209	23.6%	002672 CH	NA	30.50	2.6	415	37.0%	39.3%	-21.1%	-20.3%	-55.5%	-39.4%
323 HK	MAANSHAN IRON & STEEL-H	1.71	10.6	382	22.5%	600808 CH	Y	1.72	21.1	1670	77.5%	0.0%	-21.2%	2.5%	-23.0%	-11.9%
1618 HK	METALLURGICAL CORP OF CHIN-H	1.83	18.3	678	15.0%	601618 CH	NA	1.85	47.6	4889	85.0%	0.0%	-21.6%	-19.0%	-41.6%	-32.4%
2600 HK	ALUMINUM CORP OF CHINA LTD-H	3.40	17.4	1730	29.2%	601600 CH	NA	3.61	74.9	5628	70.8%	0.0%	-25.4%	-18.7%	-50.3%	-34.1%
2009 HK	BBMG CORPORATION-H	5.70	7.5	860	27.3%	601992 CH	NA	6.21	23.5	1280	29.6%	43.1%	-27.3%	-10.4%	-37.1%	-24.0%
2899 HK	ZIJIN MINING GROUP CO LTD-H	2.02	18.9	1566	27.5%	601899 CH	NA	2.26	66.3	5813	72.5%	0.0%	-29.2%	-27.8%	-46.8%	-38.9%
564 HK	ZHENGZHOU COAL MINING MACH-H	5.13	1.1	161	15.0%	601717 CH	NA	5.81	24.5	1303	85.0%	0.0%	-30.0%	-22.1%	-47.7%	-35.3%
107 HK	SICHUAN EXPRESSWAY CO-H	2.52	2.2	291	29.3%	601107 CH	NA	2.86	7.6	1007	70.7%	0.0%	-30.2%	-24.6%	-45.6%	-35.5%
1171 HK	YANZHOU COAL MINING CO-H	6.60	14.8	1668	39.8%	600188 CH	Y	7.53	9.5	3627	60.2%	0.0%	-30.5%	-19.7%	-47.3%	-33.9%
2727 HK	SHANGHAI ELECTRIC GRP CO L-H	3.41	13.9	1308	23.2%	601727 CH	NA	3.99	13.8	6396	76.8%	0.0%	-32.3%	-28.7%	-49.0%	-39.6%
2866 HK	CHINA SHIPPING CONTAINER-H	2.20	23.8	1065	32.1%	601866 CH	NA	2.64	86.8	3308	65.9%	2.0%	-34.0%	-23.1%	-50.0%	-34.0%
588 HK	BEIJING NORTH STAR CO LTD-H	2.16	1.5	197	21.0%	601588 CH	NA	2.64	12.6	1143	79.0%	0.0%	-35.2%	-34.2%	-55.3%	-46.5%
317 HK	GUANGZHOU SHIPYARD INTL CO-H	13.73	0.0	362	31.8%	600685 CH	Y	17.14	0.0	1223	68.2%	0.0%	-36.5%	-6.6%	-49.7%	-30.8%
2880 HK	DALIAN PORT (PDA) CO LTD-H	2.33	10.6	319	24.0%	601880 CH	NA	2.92	72.0	384	18.3%	57.7%	-36.8%	-34.1%	-52.8%	-43.2%
1812 HK	SHANDONG CHENMING PAPER-H	3.50	1.1	177	19.0%	000488 CH	Y	4.49	10.0	807	53.6%	0.4%	-38.2%	-29.7%	-53.9%	-41.2%
338 HK	SINOPEC SHANGHAI PETROCHEM-H	2.56	25.8	770	32.4%	600688 CH	Y	3.49	82.2	613	15.0%	52.6%	-41.9%	-35.0%	-57.2%	-45.7%
3993 HK	CHINA MOLYBDENUM CO LTD-H	5.16	10.5	873	25.8%	603993 CH	NA	7.20	9.9	2306	38.8%	35.4%	-43.2%	-41.2%	-69.7%	-56.1%
553 HK	NANJING PANDA ELECTRONICS-H	6.34	8.6	198	26.5%	600775 CH	Y	9.31	36.7	626	45.2%	28.3%	-46.0%	-42.2%	-68.7%	-61.7%
719 HK	SHANDONG XINHUA PHARMACEUT-H	4.32	1.0	84	32.8%	000756 CH	Y	6.38	4.0	319	67.2%	0.0%	-46.3%	-37.6%	-67.3%	-59.0%
1065 HK	TIANJIN CAPITAL ENVIRON-H	5.35	3.1	235	23.8%	600874 CH	Y	8.04	11.1	1423	76.2%	0.0%	-47.3%	-41.8%	-74.5%	-60.7%
350 HK	JINGWEI TEXTILE MACHINERY-H	7.15	1.3	167	25.7%	000666 CH	Y	10.89	5.7	402	32.3%	42.1%	-48.0%	-34.6%	-56.9%	-48.8%
300 HK	SHENJI GROUP KUNMING MACHI-H	3.05	0.6	55	26.5%	600806 CH	Y	4.70	6.1	298	73.5%	0.0%	-48.6%	-38.4%	-70.8%	-60.5%
38 HK	FIRST TRACTOR CO-H	5.16	2.8	268	40.4%	601038 CH	NA	8.07	8.5	197	15.1%	44.6%	-49.3%	-41.0%	-59.8%	-50.5%
1033 HK	SINOPEC YIZHENG CHEMICAL-H	1.77	0.0	480	35.0%	600871 CH	Y	2.78	0.0	204	7.5%	57.5%	-49.5%	-40.5%	-65.1%	-55.5%
1053 HK	CHONGQING IRON & STEEL CO-H	1.70	4.5	118	31.0%	601005 CH	NA	2.68	20.1	521	69.0%	0.0%	-49.7%	-41.4%	-69.2%	-59.9%
187 HK	BEIJING JINGCHENG MACHINERY	3.97	0.6	51	23.7%	600860 CH	Y	6.55	2.6	343	76.3%	0.0%	-52.0%	-42.7%	-75.5%	-64.5%
42 HK	NORTHEAST ELECTRIC DEVELOP-H	2.19	12.0	73	29.5%	000585 CH	Y	4.16	62.5	413	69.8%	0.7%	-58.3%	-40.7%	-74.4%	-66.4%
1108 HK	LUOYANG GLASS COMPANY LTD-H	3.80	0.0	123	50.0%	600876 CH	Y	7.24	0.0	295	50.0%	0.0%	-58.4%	-57.1%	-79.9%	-72.6%
568 HK	SHANDONG MOLONG PETROLEUM-H	4.24	4.0	140	32.1%	002490 CH	NA	9.29	7.7	819	67.9%	0.0%	-63.8%	-54.1%	-81.0%	-74.2%
1057 HK	ZHEJIANG SHIBAO CO LTD-H	8.90	1.2	100	31.2%	002703 CH	NA	20.76	0.9	51	5.4%	63.4%	-66.0%	-58.7%	-88.8%	-82.1%
												Average	-12.8%	-8.8%	-25.3%	-17.6%

Source: HSBC, Bloomberg. Notes: Liquidity (non-tradable) reform = Y (completed), P (pending), N (yet to reform) and NA (not applicable).

Appendix 7. Stock Connect vs. Q-schemes

Comparison between Stock Connect and the Q-family schemes

	Stock Connect	QFII	R-QFII	QDII
Admission criteria	<p>Participating brokers must be members of HKEx (for Northbound) or SSE (for the Southbound)</p> <p>Apart from the RMB500,000 aggregate balance requirement set for retail investors under the Southbound trading, no specific requirements at the investor level</p>	<p><u>Banks</u></p> <ul style="list-style-type: none"> - 10 years' experience, capital > USD300m, AUM > USD5bn <p><u>Securities companies</u></p> <ul style="list-style-type: none"> - 5 years' experience, net assets > USD500m, AUM > USD5bn <p><u>Insurance, asset management and others</u></p> <ul style="list-style-type: none"> - 2 years' experience, AUM > USD0.5bn 	<p>Hong Kong subsidiaries of PRC financial institutions, or</p> <p>Other financial institutions incorporated in Hong Kong, Taiwan, Singapore and London</p> <p>No special AUM, years of business experience set for R-QFIIs</p>	<p><u>Securities companies</u></p> <ul style="list-style-type: none"> - net capital > RMB800m, net capital to net asset > 70%, 1 year' experience on collective asset management, AUM > RMB2bn <p><u>Asset management companies</u></p> <ul style="list-style-type: none"> - 2 years' experience, net assets > RMB200m, AUM > RMB20bn
Quota management	<ol style="list-style-type: none"> 1. RMB550bn aggregate quota, including: RMB300bn for Northbound RMB250bn for Southbound 2. Daily quota maintained on a "net balance" basis, including: RMB13bn for Northbound RMB10.5bn for Southbound 	<p>USD150bn in total and USD60bn has been allocated to 254 institutions at the end of August 2014</p> <p>Individual quota mostly capped at USD1bn</p>	<p>RMB740bn (USD120bn) in total and RMB279bn (USD45bn) has been allocated at the end of August 2014</p>	<p>USD82bn has been allocated to 121 institutions at the end of August 2014</p>
Investment limitations	<ol style="list-style-type: none"> 1. Only eligible stocks applied: 568 stocks eligible under Northbound 276 stocks eligible under Southbound 2. Foreign ownership limit applies (i.e., aggregate shareholding capped at 30% of a single A share and individual shareholding capped at 10%) 	<ol style="list-style-type: none"> 1. Eligible RMB financial instruments: Stocks, bonds and warrants traded in exchanges, fixed income products traded in interbank bond market, funds investing in securities, stock index futures 2. Foreign ownership limit applies (i.e., aggregate shareholding capped at 30% of a single A share and individual shareholding capped at 10%) 	<ol style="list-style-type: none"> 1. Eligible RMB financial instruments: Stocks, bonds and warrants traded in exchanges, fixed income products traded in interbank bond market, funds investing in securities, stock index futures 2. Foreign ownership limit applies (i.e., aggregate shareholding capped at 30% of a single A share and individual shareholding capped at 10%) 	<ol style="list-style-type: none"> 1. Eligible financial instruments: Money market products, fixed income products issued by international financial institutions and recognised by CSRC, securities, structured products and derivatives listed in exchanges which have signed MOU with CSRC, mutual funds registered in countries which have signed MOU with CSRC 2. Investment limits applied to control the maximum position of single/aggregate investments
Restrictions on capital movements	<p>The scheme is a closed-loop system, meaning cash will be kept on the investors' accounts after stock disposal, as to prevent excessive cross-border capital flows. Otherwise, no apparent restrictions on capital movements</p>	<ol style="list-style-type: none"> 1. 3 month to 1 year lock-up period applies, during which repatriation is not allowed 2. Repatriation/remittance is made on a weekly or monthly basis 3. Capital repatriation requires SAFE approval (profit repatriation may not require) 	<ol style="list-style-type: none"> 1. 1-year lock up period except for open-ended fund (no lock-up for the latter) 2. Repatriation/remittance is made on a daily or monthly basis 3. No SAFE approval is required on the repatriation/remittance 	<ol style="list-style-type: none"> 1. No lock-up period 2. No SAFE approval is required on the repatriation/remittance

Source: CSRC, HKEx, SAFE, HSBC

Disclosure appendix

Analyst Certification

The following analyst(s), economist(s), and/or strategist(s) who is(are) primarily responsible for this report, certifies(y) that the opinion(s) on the subject security(ies) or issuer(s) and/or any other views or forecasts expressed herein accurately reflect their personal view(s) and that no part of their compensation was, is or will be directly or indirectly related to the specific recommendation(s) or views contained in this research report: Steven Sun, Roger Xie, York Pun, Tacky Cheng and Alice Li

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