

# HK Market Strategy

## Treasure Hunt in the new China valuation system

Our analysis indicates that SOE's revenue and China GDP had maintained a correlation of ~60% over the past 16 years, suggesting that SOE has been playing an important role to support China's economic development. We expect the introduction of "Valuation system with Chinese characteristics" (中国特色的估值体系) will serve as a re-rating driver of SOE stocks. With the revised KPI matrix for SOEs, more focus will be put on ROE and cash flow improvement. Meanwhile, the potential expansion of share incentive scheme will drive SOEs' management to take more actions to boost share price performance.

- **Background of Chinese modern capital market and valuation.** Given China SOE's critical role in supporting economy shift and further development, it is important to revitalize business model, enhance capital efficiency and improve business performance. We expect the revitalization will pump vitality into key strategically important sectors such as energy, technology and financials. Going forward, we should expect SOE to have more goals and strategies to enhance capital return, reduce inefficiencies and drive for better quality of growth. New KPIs for SOEs will be introduced to drive quality growth in 2023, including ROE and operating cash flow ratio.
- **Key sector picks on revised SOE KPI:** The re-rating of SOE is one of the vital paths towards realizing "valuation system with Chinese characteristics", and the re-rating could be achieved via three dimensions: 1) enhancing production capacity; 2) improving operating cash flow generation; 3) capital injection. The new round of reforms and optimization in evaluation system for SOE is likely to further improve the core competitiveness in terms of technological capability and overall operating efficiency, and also enhance core functions by optimizing corporate architecture. Sectors like power and energy, telecommunications, and military are likely to benefit.
- **Key sectors picks on thematic investment opportunities.** We also like SOEs with thematic investment opportunities that align with the policy support: 1) digital economy + SOEs: technology and telecom SOEs with intensive R&D investment in digital economy; 2) national security + SOEs: energy, software and hardware SOEs that are critical to national energy and IT security; 3) "One Belt One Road" + SOEs: energy, transport and construction SOEs that participate in development of "One Belt One Road".
- **Valuation of SOEs in Hong Kong.** There are a total of 324 SOEs (both Central and local government level) listed in Hong Kong. Financials / Energy / Telecom account for 43%/16%/10% of the total SOE market cap. Among the Hong Kong listed SOEs (206 stocks after excluding market cap below US\$500mn in our analysis), there are 28 stocks trading at below 4x 2023 P/E. Financial and industrial (mainly construction) sector accounted for the majority. In terms of yield (2023E), nineteen stocks are trading at > 9%.
- **Investment ideas: Financial sector: PICC P&C (2328 HK):** Looking into FY23, we expect PICC P&C will continue to deliver decent underwriting profit growth along with stable combined ratio, given the insurer's persistent focus on quality and efficiency over volume. **China Life (2628 HK):** We expect China Life to report positive VNB growth in 1Q23 on 27 Apr, given the rebound in jumpstart momentum based on our channel checks. And we believe the recovery of new business momentum will sustain into FY23, as the agency productivity improves. **Construction companies** are set to benefit from resilient infrastructure spending growth in China as well as overseas opportunities following the enhanced relation between China and the Middle East. Stocks are trading at 2-4x 2023E P/E. **Coal miners** are attractively trading at 11-14% yield with stable earnings, which is defensive in nature.

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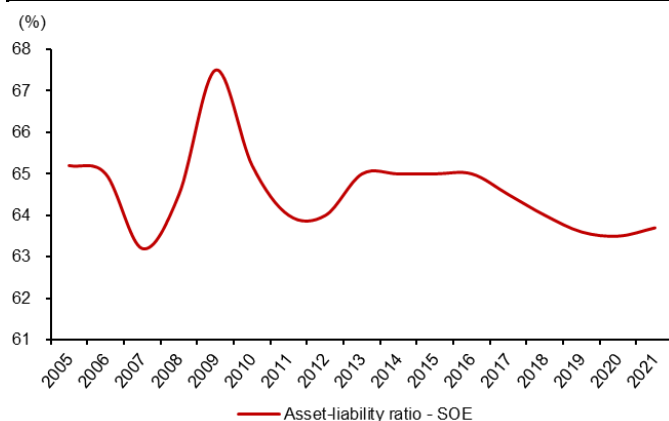
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## Key financial trends of SOE

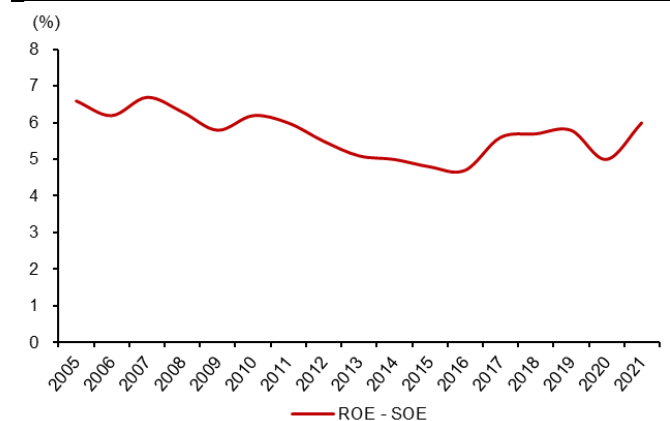
- SOEs' average gearing ratio stood at a relatively low level.** Attributable to a series of reorganizations and mergers under reforms since 2016, the average asset/liability ratio of SOEs dropped to below 64% in 2019-21 (according to Wind), the lowest over the past two decades.
- SOEs' ROE has been improving since 2017; yet remains lower than the private companies.** China SOEs' average ROE was on a downward trend between 2007-2016. Thanks to the improvement of profitability and deleveraging, ROE improved from 4.7% in 2016 to 6% in 2021. There exists room of improvement as the figures have still been lower than the private companies.

**Figure 1: China SOEs' asset/liability ratio**



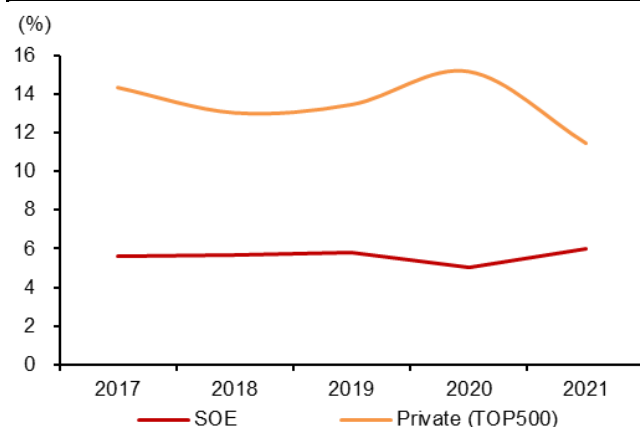
Source: Wind, CMBIGM

**Figure 2: China SOEs' ROE trend**



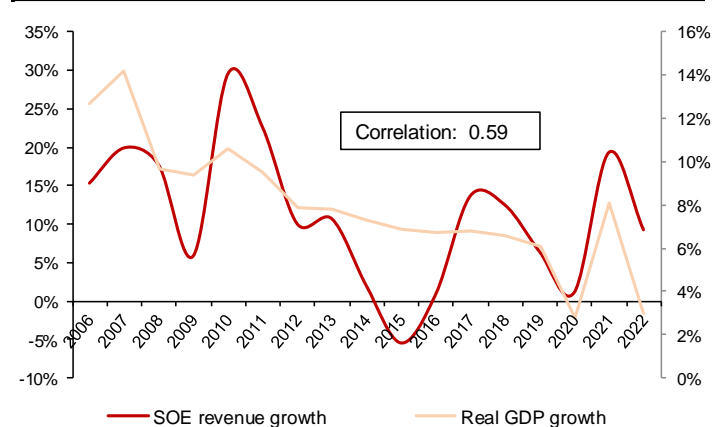
Source: Wind, CMBIGM

**Figure 3: ROE of China SOEs has been lower than that of the top 500 private enterprises**

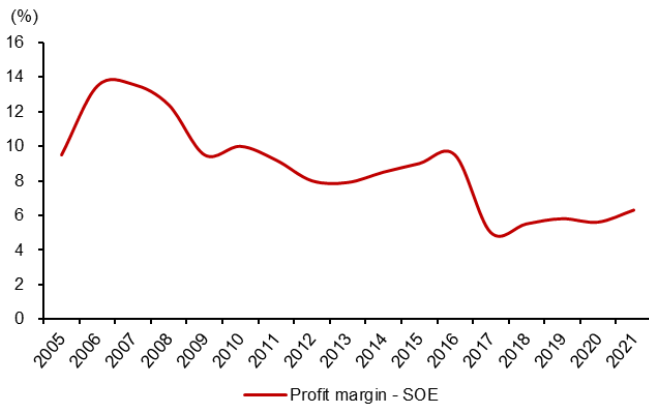


Source: Wind, CMBIGM

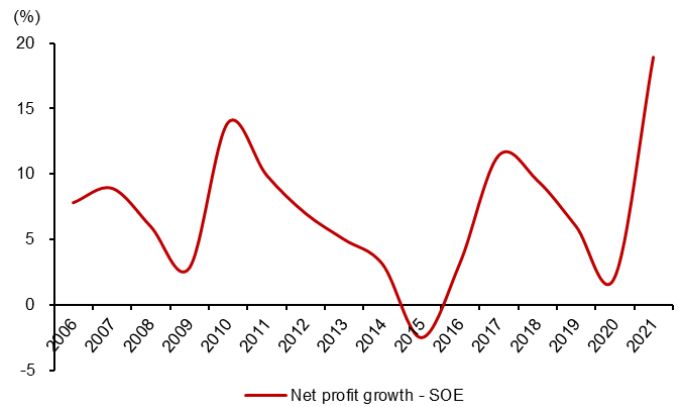
**Figure 4: China GDP growth and SOE revenue growth**



Source: Wind, CMBIGM

**Figure 5: China SOEs' net profit margin**

Source: Wind, CMBIGM

**Figure 6: China SOEs' net profit growth**

Source: Wind, CMBIGM

## Revised KPI for Central SOE to help boost earnings quality

According to SASAC, two new items are introduced for Central SOEs' KPI in 2023: (1) Net profit growth target is replaced by ROE; (2) Operating profit margin is replaced by operating cash flow ratio. Meanwhile, the KPI for the asset/liability ratio changed from "under control" to "remain largely stable". We expect all these changes will motivate SOEs' management to (1) better manage working capital and improve cash inflow; (2) to focus more on profitable growth; (3) to gear up balance sheets (particularly amid the credit easing environment) to expand business and enhance ROE; (4) to spin-off assets.

**Figure 7: Change in central SOEs' KPI**

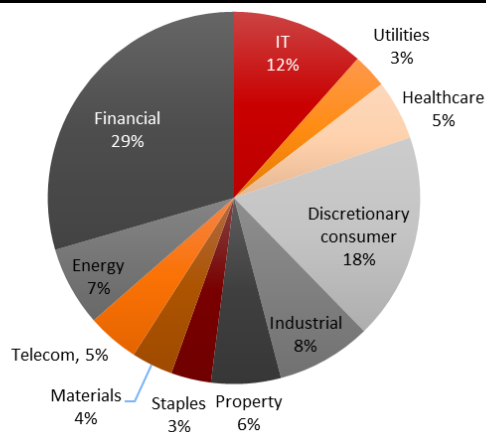
	2022	2023
<b>KPIs</b>	<ul style="list-style-type: none"> <li><b>Profitability:</b> Total profit, <b>Net profit</b></li> <li><b>Ratios:</b> <b>Operating profit margin</b>, asset-liability ratio, R&amp;D spending, labor productivity</li> </ul>	<ul style="list-style-type: none"> <li><b>Profitability:</b> Total profit</li> <li><b>Ratios:</b> asset-liability, ROE, labor productivity, R&amp;D spending, <b>operating cash flow ratio</b></li> </ul>
<b>Requirements</b>	<ul style="list-style-type: none"> <li>Total profit growth and <b>net profit</b> growth to be higher than GDP growth</li> <li>To put asset-liability ratio <b>under control</b></li> <li>To enhance operating profit margin, labor productivity and R&amp;D spending</li> </ul>	<ul style="list-style-type: none"> <li>Total profit growth to be higher than GDP growth</li> <li>Asset-liability ratio to <b>remain largely stable</b></li> <li>To enhance operating profit margin, labor productivity, R&amp;D spending and <b>operating cash flow ratio</b></li> </ul>

Source: SASAC, CMBIGM

## Financial – the largest sector among SOEs

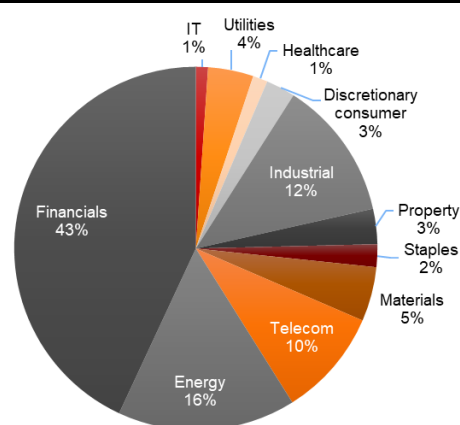
- **SOE banks:** In spite of the pressures on NIM, we think the pickup in loan growth, as well as the stable asset quality, will underpin decent profit growth in FY23. SOE banks also will benefit from the new capital adequacy regulation rules, in our views, and maintain stable dividend payout.
- **SOE insurers:** We expect life insurers to see a recovery of life new business momentum in FY23, driven by strong demand of savings products and enhanced agency productivity. On P&C front, we expect PICC P&C will continue to outpace industry average and major peers in terms of underwriting margin, given the insurer's persistent focus on quality and efficiency over volume. The implementation of IFRS 17 & 9 will reduce the volatility in insurers' net profits and support stable dividend payout going forward.

**Figure 8: HK stock market sector breakdown**



Source: Wind, CMBIGM Note: by market cap

**Figure 9: HK listed SOE sector breakdown**



Source: Wind, CMBIGM Note: by market cap

Figure 10: Hong Kong listed SOEs' valuation ranked by P/E (a)

Ticker	Company	Industry	Price (local currency)	Market cap (US\$ mn)	PE (x)		PB (x)		EV/EBITDA (x)		Dividend yield (%)		Earnings growth (%)	
					FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
1114 HK Equity	BRILLIANCE CHINA	Consumer Disc.	2.97	1,908.9	1.9	2.0	0.3	0.3	n/a	n/a	14.4	n/a	n/a	
1186 HK Equity	CHINA RAIL CN-H	Industrial	6.33	19,697.2	2.6	2.3	0.3	0.3	6.6	6.1	5.5	15.7	11.7	
1606 HK Equity	CHINA DEVELOPM-H	Financials	1.09	1,755.5	2.7	2.5	0.3	0.3	n/a	n/a	n/a	35.8	8.1	
<b>3618 HK Equity</b>	<b>CQRC BANK-H</b>	<b>Financials</b>	<b>2.98</b>	<b>5,803.7</b>	<b>2.7</b>	<b>2.4</b>	<b>0.3</b>	<b>0.3</b>	<b>n/a</b>	<b>n/a</b>	<b>10.3</b>	<b>8.0</b>	<b>9.0</b>	
6196 HK Equity	BANK OF ZHENGZH-H	Financials	1.08	2,388.4	2.7	2.6	0.2	0.2	n/a	n/a	n/a	n/a	n/a	
489 HK Equity	DONGFENG MOTOR-H	Consumer Disc.	3.65	3,993.8	2.7	2.7	0.2	0.2	10.8	3.2	9.4	n/a	n/a	
6818 HK Equity	CEB BANK-H	Financials	2.46	25,314.6	2.8	2.7	0.3	0.3	n/a	n/a	10.1	6.0	6.3	
998 HK Equity	CITIC BANK-H	Financials	4.20	37,899.2	2.9	2.8	0.3	0.3	n/a	n/a	9.1	n/a	n/a	
165 HK Equity	CHINA EVER LTD	Financials	5.68	1,219.4	3.0	3.2	0.3	0.3	n/a	n/a	10.0	134.0	16.7	
3396 HK Equity	LEGEND HOLDING-H	Technology	8.64	2,593.4	3.2	2.8	0.3	0.3	3.1	4.0	6.5	384.8	13.3	
1618 HK Equity	METALLURGICAL-H	Industrial	2.22	11,948.5	3.5	2.9	0.4	0.3	9.4	8.2	5.3	18.9	16.6	
9668 HK Equity	CHINA BOHAI BA-H	Financials	1.38	3,122.5	3.5	3.3	0.3	0.2	n/a	n/a	n/a	104.5	n/a	
<b>939 HK Equity</b>	<b>CCB-H</b>	<b>Financials</b>	<b>5.30</b>	<b>171,104.0</b>	<b>3.5</b>	<b>3.3</b>	<b>0.4</b>	<b>0.4</b>	<b>n/a</b>	<b>n/a</b>	<b>8.8</b>	<b>n/a</b>	<b>6.9</b>	
1800 HK Equity	CHINA COM CONS-H	Industrial	5.10	23,218.6	3.5	3.2	0.3	0.3	13.8	12.8	5.4	n/a	n/a	
390 HK Equity	CHINA RAIL GR-H	Industrial	5.56	28,313.9	3.5	3.2	0.4	0.4	9.7	8.8	5.0	14.5	13.0	
267 HK Equity	CITIC	Conglomerate	9.58	35,501.7	3.5	3.4	0.3	0.3	20.7	18.7	7.2	18.7	8.3	
257 HK Equity	CHINA EVERBRIGHT ENVIRONMENT	Industrial	3.26	2,551.1	3.6	3.4	0.4	0.4	8.0	7.8	9.1	16.7	5.8	
3988 HK Equity	BANK OF CHINA-H	Financials	3.13	143,721.9	3.6	3.4	0.4	0.4	n/a	n/a	8.7	6.7	7.0	
1398 HK Equity	ICBC-H	Financials	4.28	233,108.8	3.6	3.4	0.4	0.4	n/a	n/a	8.5	7.9	7.1	
1508 HK Equity	CHINA REINSURA-H	Financials	0.58	3,138.7	3.7	3.4	0.3	0.2	n/a	n/a	8.4	219.0	11.8	
1288 HK Equity	ABC-H	Financials	3.06	168,057.3	3.7	3.4	0.4	0.4	n/a	n/a	8.6	5.8	8.2	
207 HK Equity	JOY CITY PPT	Property	0.34	607.3	3.7	3.3	n/a	n/a	13.4	12.5	6.8	n/a	n/a	
604 HK Equity	SHENZHEN INVEST	Property	1.49	1,689.1	3.7	3.4	0.3	0.3	4.9	4.3	10.1	n/a	n/a	
1898 HK Equity	CHINA COAL ENH-H	Energy	6.61	15,048.7	3.7	3.9	0.6	0.5	2.9	3.0	7.2	2.3	5.4	
3328 HK Equity	BANKCOMM-H	Financials	5.11	54,337.1	3.7	3.5	0.4	0.4	n/a	n/a	8.6	6.3	7.2	
363 HK Equity	SHANG INDUS HLDG	Industrial	11.36	1,573.4	3.8	3.7	n/a	n/a	6.5	6.2	8.8	n/a	n/a	
1171 HK Equity	YANKUANG ENRGY-H	Energy	26.35	21,525.8	3.8	4.2	1.2	1.1	4.0	4.3	14.7	n/a	n/a	
81 HK Equity	CHINA OVERSEAS G	Property	4.75	2,153.8	3.9	3.6	0.5	0.5	7.1	6.7	5.4	17.8	7.2	
2666 HK Equity	GENERTEC UNIVERS	Financials	5.01	1,207.2	4.0	3.6	0.7	0.6	15.2	13.1	7.6	41.5	n/a	
3323 HK Equity	CHINA NATL BDG-H	Materials	5.99	6,436.3	4.0	3.4	0.4	0.4	6.6	5.8	9.3	25.8	17.7	
<b>1339 HK Equity</b>	<b>PICC GROUP-H</b>	<b>Financials</b>	<b>2.80</b>	<b>32,774.8</b>	<b>4.0</b>	<b>3.7</b>	<b>0.5</b>	<b>0.5</b>	<b>n/a</b>	<b>n/a</b>	<b>7.3</b>	<b>16.3</b>	<b>10.2</b>	
3877 HK Equity	CSSC HONG KONG S	Financials	1.33	1,039.6	4.1	3.6	0.7	0.6	13.0	10.9	9.8	17.7	17.3	
6881 HK Equity	CGS-H	Financials	4.22	11,579.0	4.1	3.7	0.4	0.4	n/a	n/a	7.2	20.3	11.4	
1958 HK Equity	BAIC MOTOR-H	Consumer Disc.	2.22	2,266.8	4.1	4.2	0.3	0.3	0.7	0.7	8.2	n/a	n/a	
883 HK Equity	CNOOC	Energy	12.44	78,762.3	4.2	4.3	0.9	0.8	2.0	2.0	9.9	-12.5	15.3	
152 HK Equity	SHENZ INTL HLDG	Industrial	7.26	2,208.4	4.2	4.5	0.5	0.4	7.2	7.2	10.6	258.8	-6.8	
1336 HK Equity	NEW CHINA LIFE-H	Financials	20.10	12,601.3	4.3	3.7	0.5	0.5	n/a	n/a	7.3	29.3	31.8	
3996 HK Equity	CHINA ENERGY E-H	Industrial	1.11	13,776.6	4.4	3.7	0.4	0.4	11.6	9.8	2.3	13.7	12.3	
579 HK Equity	JNCEC-H	Utilities	2.01	2,111.0	4.5	3.8	0.5	0.5	5.6	4.8	7.4	18.6	23.2	
<b>2238 HK Equity</b>	<b>GUANGZHOU AUTO-H</b>	<b>Consumer Disc.</b>	<b>4.91</b>	<b>13,529.0</b>	<b>4.5</b>	<b>4.0</b>	<b>0.4</b>	<b>0.4</b>	<b>16.3</b>	<b>14.5</b>	<b>6.6</b>	<b>28.8</b>	<b>24.3</b>	
392 HK Equity	BJ ENT HLDGS	Utilities	31.50	5,056.9	4.5	4.0	0.4	0.4	6.6	6.4	6.1	16.7	13.3	
1330 HK Equity	DYNAGREEN ENVI-H	Industrial	2.78	1,225.1	4.6	4.1	0.5	0.5	11.5	11.1	n/a	12.7	14.1	
811 HK Equity	XINHUA WINSHAR-H	Consumer Disc.	6.49	1,905.9	4.7	4.4	0.6	0.5	4.0	3.7	n/a	7.5	6.7	
6806 HK Equity	SHENWAN HONGYU-H	Financials	1.59	15,121.0	4.7	4.2	0.4	0.4	n/a	n/a	5.7	131.2	24.4	
<b>966 HK Equity</b>	<b>CHINA TAIPING IN</b>	<b>Financials</b>	<b>8.58</b>	<b>3,928.3</b>	<b>4.7</b>	<b>4.1</b>	<b>0.4</b>	<b>0.3</b>	<b>n/a</b>	<b>n/a</b>	<b>5.6</b>	<b>97.5</b>	<b>31.3</b>	
<b>1658 HK Equity</b>	<b>POSTAL SAVINGS-H</b>	<b>Financials</b>	<b>5.06</b>	<b>74,004.9</b>	<b>4.7</b>	<b>4.2</b>	<b>0.6</b>	<b>0.6</b>	<b>n/a</b>	<b>n/a</b>	<b>6.5</b>	<b>11.0</b>	<b>12.3</b>	
598 HK Equity	SINOTRANS LTD-H	Industrial	2.61	4,047.9	4.9	4.5	0.5	0.5	6.2	5.7	8.0	-10.8	13.3	
1919 HK Equity	COSCO SHIP HOL-H	Industrial	9.69	25,415.0	4.9	8.4	0.7	0.7	1.9	2.5	7.6	n/a	n/a	
3983 HK Equity	CHINA BLUECHEM-H	Materials	2.09	1,227.4	5.0	5.2	0.5	0.5	n/a	n/a	9.8	n/a	n/a	
38 HK Equity	FIRST TRACTOR-H	Industrial	3.98	1,368.5	5.1	3.8	0.7	0.6	8.6	6.6	6.0	13.6	34.2	
3311 HK Equity	CHINA STATE CONS INTL	Industrial	9.16	5,878.4	5.1	4.5	0.7	0.6	7.1	6.4	6.0	15.2	14.4	
576 HK Equity	ZHEJIANGXPRES-H	Industrial	6.76	3,740.1	5.2	4.8	0.9	0.8	3.6	3.6	6.7	-9.3	6.5	
817 HK Equity	CHINA JINMAO HOL	Property	1.63	2,764.8	5.2	4.5	0.4	0.4	17.0	14.6	6.4	71.7	16.8	
956 HK Equity	CHINA SUNTIEN-H	Utilities	3.40	3,903.2	5.3	4.5	0.7	0.6	9.5	7.9	6.7	21.4	13.6	
1258 HK Equity	CHINA NONFERROUS	Materials	4.50	2,143.4	5.3	4.9	6.2	5.2	2.6	2.5	n/a	24.8	6.7	
1359 HK Equity	CHINA CINDA-H	Financials	0.98	4,764.6	5.4	4.8	0.2	0.2	21.2	20.3	6.3	19.2	-19.0	
6066 HK Equity	CSC FINANCIAL-H	Financials	8.15	25,725.1	5.5	4.7	0.6	0.6	n/a	n/a	4.7	43.3	17.7	
548 HK Equity	SHENZHEN EXPRES-H	Industrial	7.43	2,610.0	5.6	5.2	0.7	0.7	8.9	8.4	9.4	n/a	n/a	
2009 HK Equity	BBMG CORP-H	Materials	1.04	3,225.3	5.6	4.9	0.2	0.2	16.2	15.2	8.8	35.6	40.9	
371 HK Equity	BJ ENT WATER	Utilities	1.91	2,444.5	5.6	5.8	0.5	0.5	12.5	12.4	8.2	114.5	8.2	
6837 HK Equity	HAITONG SECURI-H	Financials	5.23	15,297.3	5.6	4.9	0.4	0.4	n/a	n/a	5.8	56.2	12.4	
639 HK Equity	SHOUGANG FUSHAN	Energy	2.65	1,705.4	5.6	6.7	0.7	0.7	2.3	2.5	12.6	-13.9	-0.4	
2611 HK Equity	GUOTAI JUNAN S-H	Financials	10.14	18,205.2	5.7	5.0	0.6	0.5	n/a	n/a	6.5	18.1	15.5	
1199 HK Equity	COSCO SHIPPING P	Industrial	5.03	2,204.7	5.8	5.5	2.7	2.6	12.3	11.4	7.0	n/a	n/a	
6198 HK Equity	QINGDAO PORT-H	Industrial	4.50	5,831.9	5.8	5.6	0.7	0.7	6.4	6.2	7.1	-2.0	1.9	
6178 HK Equity	EVERBRIGHT SEC-H	Financials	5.72	9,411.0	5.9	5.2	0.4	0.4	n/a	n/a	4.9	n/a	n/a	
<b>2328 HK Equity</b>	<b>PICC P&amp;C-H</b>	<b>Financials</b>	<b>9.07</b>	<b>25,699.9</b>	<b>5.9</b>	<b>5.3</b>	<b>0.9</b>	<b>0.8</b>	<b>n/a</b>	<b>n/a</b>	<b>6.7</b>	<b>14.9</b>	<b>13.5</b>	
6886 HK Equity	HUATAI SECURI-H	Financials	10.14	17,396.4	6.0	5.2	0.6	0.5	34.6	27.9	5.3	23.8	13.5	
1811 HK Equity	CGN NEW ENERGY H	Utilities	2.54	1,388.4	6.1	5.1	6.5	5.8	8.3	7.8	3.1	n/a	n/a	
1117 HK Equity	CHINA MODERN DAI	Consumer Staples	1.00	1,008.4	6.2	4.3	0.6	0.6	6.9	6.1	3.2	54.7	32.7	
6099 HK Equity	CHINA MERCHAN-H	Financials	7.88	16,504.2	6.2	5.5	0.6	0.6	23.8	19.2	5.8	21.2	17.3	
6199 HK Equity	BANK OF GUIZHOU-H	Financials	2.00	3,716.7	6.3	5.9	0.7	0.6	n/a	n/a	n/a	n/a	n/a	
2386 HK Equity	SINOPEC ENGINE-H	Energy	4.01	2,262.0	6.3	6.0	0.6	0.6	n/a	n/a	9.9	10.8	10.8	
144 HK Equity	CHINA MERCHANTS PORT	Industrial	11.78	6,007.7	6.4	6.2	0.4	0.4	14.8	14.0	6.9	6.4	11.5	
995 HK Equity	ANHUI EXPRESS-H	Industrial	7.91	1,993.3	6.4	5.8	1.0	1.0	5.2	4.8	9.8	24.1	9.8	
914 HK Equity	CONCH CEMENT-H	Materials	25.95	20,502.3	6.4	5.8	0.7	0.6	3.6	3.3	6.6	n/a	n/a	
1071 HK Equity	HUADIAN POWER-H	Utilities	3.53	7,865.5	6.6	5.0	0.7	0.6	12.2	11.0	7.4	18534.0	18.8	
1908 HK Equity	C&D INTERNATIONAL	Property	24.95	5,524.1	6.6	5.3	1.5	1.3	11.3	9.1	6.1	23.3	28.1	
1088 HK Equity	CHINA SHENHUA-H	Energy	25.40	80,666.1	6.6	6.7	1.2	1.2	4.4	4.5	11.6	2.3	2.1	
857 HK Equity	PETROCHINA-H	Energy	5.14	180,125.7	6.7	6.9	0.7	0.6	3.8	3.8	7.2	n/a	n/a	
902 HK Equity	HUANENG POWER-H	Utilities	4.40	16,913.9	6.7	5.3	0.6	0.6	10.3	9.2	5.6	211.0	22.0	
<b>1052 HK Equity</b>	<b>YUEXIU TRANSPORT</b>	<b>Industrial</b>	<b>4.44</b>	<b>946.4</b>	<b>6.9</b>	<b>6.5</b>	<b>0.6</b>	<b>0.5</b>	<b>7.3</b>	<b>7.2</b>	<b>8.3</b>	<b>113.6</b>	<b>2.3</b>	
<b>688 HK Equity</b>	<b>CHINA OVERSEAS</b>	<b>Property</b>	<b>20.65</b>	<b>28,791.7</b>	<b>6.9</b>	<b>6.2</b>	<b>0.6</b>	<b>0.6</b>	<b>8.9</b>	<b>8.0</b>	<b>4.6</b>	<b>21.4</b>	<b>10.8</b>	
552 HK Equity	CHINA COMM SER-H	Telecom	4.11	3,626.3	6.9	6.5	0.7	0.6	1.4	1.4	5.8	7.4	7.3	
836 HK Equity	CHINA RES POWER	Utilities	16.80	10,295.1	6.9	5.9	0.8	0.8	6.4	5.4	5.9	67.4	16.4	
<b>2628 HK Equity</b>	<b>CHINA LIFE-H</b>	<b>Financials</b>	<b>14.04</b>	<b>123,148.4</b>	<b>7.0</b>	<b>6.1</b>	<b>0.8</b>	<b>0.7</b>	<b>n/a</b>	<b>n/a</b>	<b>5.4</b>	<b>59.0</b>	<b>16.7</b>	
3908 HK Equity	CHINA INTERNAT-H	Financials	16.82	21,552.9	7.2	6.1	0.8	0.7	n/a	n/a	1.9	31.5	14.7	
386 HK Equity	SINOPEC CORP-H	Energy	5.03	101,843.5	7.4	7.1	0.7	0.7	4.8	4.6	8.0	n/a	n/a	
177 HK Equity	JIANGSU EXPRES-H	Industrial	7.85	6,126.5	7.4	6.4	1.1	1.1	9.9	9.2	7.0	32.8	6.6	
1798 HK Equity	CHINA DATANG C-H	Utilities	3.11	2,881.7	7.5	6.3	1.2	1.1	8.1	7.3	1.9	n/a	n/a	
135 HK Equity	KUNLUN ENERGY	Utilities	6.53	7,202.9	7.5	7.1	0.9	0.8	3.2	3.0	4.7	32.1		



Figure 12: Hong Kong listed SOEs' valuation ranked by dividend yield (a)

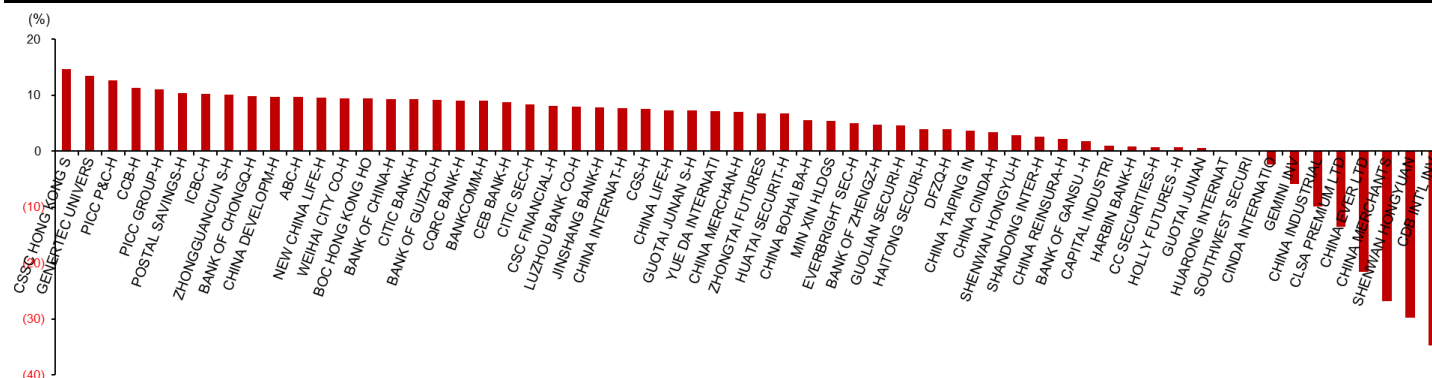
Ticker	Company	Industry	Price (local currency)	Market cap (US\$ mn)	Dividend yield (%)		PE (x)		PB (x)		EV/EBITDA (x)		Earnings growth (%)	
					FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
1171 HK Equity	YANKUANG ENRGY-H	Energy	26.35	21,525.8	14.65	3.84	4.19	1.23	1.11	4.02	4.31	n/a	n/a	
1114 HK Equity	BRILLIANCE CHINA	Consumer Disc.	2.97	1,908.9	14.38	1.93	1.96	0.29	0.27	n/a	n/a	n/a	n/a	
639 HK Equity	SHOUGANG FUSHAN	Energy	2.65	1,705.4	12.64	5.64	6.74	0.75	0.70	2.33	2.51	(13.86)	(0.41)	
1088 HK Equity	CHINA SHENHUA-H	Energy	25.40	80666.1	11.62	6.60	6.73	1.23	1.18	4.40	4.47	2.26	2.07	
152 HK Equity	SHENZ INTL HLDG	Industrial	7.26	2,208.4	10.65	4.20	4.50	0.47	0.44	7.24	7.17	258.80	(6.76)	
<b>3618 HK Equity</b>	<b>CQRC BANK-H</b>	<b>Financials</b>	<b>2.98</b>	<b>5,803.7</b>	<b>10.32</b>	<b>2.68</b>	<b>2.43</b>	<b>0.29</b>	<b>0.27</b>	<b>n/a</b>	<b>n/a</b>	<b>7.99</b>	<b>9.01</b>	
6818 HK Equity	CEB BANK-H	Financials	2.46	25,314.6	10.09	2.80	2.65	0.29	0.27	n/a	n/a	6.05	6.29	
604 HK Equity	SHENZHEN INVEST	Property	1.49	1,689.1	10.07	3.70	3.43	0.28	0.27	4.85	4.34	n/a	n/a	
165 HK Equity	CHINA EVER LTD	Financials	5.68	1,219.4	10.04	3.02	3.25	0.27	0.25	n/a	n/a	134.00	16.71	
883 HK Equity	CNOOC	Energy	12.44	78,762.3	9.93	4.19	4.25	0.91	0.83	1.98	1.96	(12.48)	15.34	
2386 HK Equity	SINOPEC ENGINE-H	Energy	4.01	2,262.0	9.88	6.29	5.99	0.57	0.55	n/a	n/a	10.83	10.76	
3983 HK Equity	CHINA BLUECHEM-H	Materials	2.09	1,227.4	9.81	5.03	5.17	0.55	0.52	n/a	n/a	n/a	n/a	
995 HK Equity	ANHUI EXPRESS-H	Industrial	7.91	1,993.3	9.79	6.43	5.84	1.02	0.96	5.20	4.83	24.11	9.75	
3877 HK Equity	CSSC HONG KONG S	Financials	1.33	1,039.6	9.77	4.09	3.59	0.67	0.60	13.05	10.92	17.69	17.27	
548 HK Equity	SHENZHEN EXPRE-H	Industrial	7.43	2,810.0	9.40	5.56	5.19	0.74	0.69	8.93	8.36	n/a	n/a	
489 HK Equity	DONGFENG MOTOR-H	Consumer Disc.	3.65	3,993.8	9.36	2.72	2.73	0.19	0.18	10.82	3.22	n/a	n/a	
3323 HK Equity	CHINA NATL BDG-H	Materials	5.99	6,436.3	9.26	3.99	3.43	0.44	0.41	6.62	5.84	25.75	17.68	
257 HK Equity	CHINA EVERBRIGHT ENVIRONMENT	Industrial	3.26	2,551.1	9.14	3.56	3.42	0.38	0.36	8.03	7.85	16.68	5.84	
998 HK Equity	CITIC BANK-H	Financials	4.20	37,899.2	9.14	2.95	2.78	0.35	0.33	n/a	n/a	n/a	n/a	
<b>939 HK Equity</b>	<b>CCB-H</b>	<b>Financials</b>	<b>5.30</b>	<b>171,104.0</b>	<b>8.81</b>	<b>3.48</b>	<b>3.25</b>	<b>0.45</b>	<b>0.41</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>6.94</b>	
363 HK Equity	SHANG INDUS HLDG	Industrial	11.36	1,573.4	8.80	3.76	3.69	n/a	n/a	6.48	6.19	n/a	n/a	
2009 HK Equity	BBMG CORP-H	Materials	1.04	3,225.3	8.76	5.57	4.86	0.17	0.17	16.18	15.18	35.62	40.94	
3988 HK Equity	BANK OF CHINA-H	Financials	3.13	143,721.9	8.66	3.57	3.35	0.41	0.38	n/a	n/a	6.69	7.04	
1288 HK Equity	ABC-H	Financials	3.06	168,057.3	8.56	3.67	3.45	0.43	0.40	n/a	n/a	5.78	8.23	
3328 HK Equity	BANKCOMM-H	Financials	5.11	54,337.1	8.56	3.73	3.50	0.41	0.38	n/a	n/a	6.26	7.25	
1398 HK Equity	ICBC-H	Financials	4.28	233,108.8	8.49	3.63	3.41	0.44	0.41	n/a	n/a	7.93	7.10	
1508 HK Equity	CHINA REINSURA-H	Financials	0.58	3,138.7	8.44	3.66	3.42	0.26	0.25	n/a	n/a	219.03	11.77	
<b>1052 HK Equity</b>	<b>YUEXIU TRANSPORT</b>	<b>Industrial</b>	<b>4.44</b>	<b>946.4</b>	<b>8.34</b>	<b>6.90</b>	<b>6.50</b>	<b>0.57</b>	<b>0.54</b>	<b>7.32</b>	<b>7.15</b>	<b>113.63</b>	<b>2.28</b>	
1883 HK Equity	CITIC TELECOM	Telecom	3.27	1,540.1	8.26	9.34	8.61	1.12	1.07	5.48	5.19	n/a	n/a	
2099 HK Equity	CHINA GOLD INTER	Materials	41.90	2,115.9	8.24	7.63	7.26	8.26	7.81	n/a	n/a	n/a	n/a	
371 HK Equity	BJ ENT WATER	Utilities	1.91	2,444.5	8.17	5.62	5.77	0.48	0.47	12.48	12.45	114.53	8.24	
1958 HK Equity	BAIC MOTOR-H	Consumer Disc.	2.22	2,266.8	8.16	4.15	4.17	0.31	0.30	0.68	0.68	n/a	n/a	
270 HK Equity	GUANGDONG INVEST	Utilities	7.78	6,479.6	8.10	10.33	8.87	1.10	1.07	8.97	8.07	n/a	n/a	
598 HK Equity	SINOTRANS LTD-H	Industrial	2.61	4,047.9	8.03	4.87	4.52	0.52	0.49	6.25	5.67	(10.76)	13.29	
386 HK Equity	SINOPEC CORP-H	Energy	5.03	101,843.5	7.99	7.37	7.14	0.74	0.71	4.75	4.58	n/a	n/a	
1919 HK Equity	COSCO SHIP HOL-H	Industrial	9.69	25,415.0	7.63	4.90	8.35	0.73	0.68	1.89	2.49	n/a	n/a	
941 HK Equity	CHINA MOBILE	Telecom	67.65	189,724.7	7.59	9.35	8.70	1.08	1.05	3.07	2.92	8.51	6.64	
2666 HK Equity	GENERTEC UNIVERS	Financials	5.01	1,207.2	7.57	3.98	3.58	0.67	0.60	15.23	13.13	41.48	n/a	
991 HK Equity	DATANG INTL PO-H	Utilities	1.52	6,722.0	7.49	13.35	6.67	0.95	0.89	n/a	n/a	n/a	n/a	
405 HK Equity	YUEXIU REIT	Property	2.04	1,256.2	7.42	12.80	10.54	0.58	0.63	21.47	20.66	n/a	n/a	
579 HK Equity	JNCEC-H	Utilities	2.01	2,111.0	7.37	4.47	3.80	0.54	0.50	5.61	4.82	18.62	23.16	
1071 HK Equity	HUADIAN POWER-H	Utilities	3.53	7,865.5	7.36	6.55	4.98	0.68	0.63	12.17	10.98	18533.96	18.82	
<b>1339 HK Equity</b>	<b>PICC GROUP-H</b>	<b>Financials</b>	<b>2.80</b>	<b>32,774.8</b>	<b>7.32</b>	<b>4.00</b>	<b>3.69</b>	<b>0.51</b>	<b>0.46</b>	<b>n/a</b>	<b>n/a</b>	<b>16.29</b>	<b>10.25</b>	
1336 HK Equity	NEW CHINA LIFE-H	Financials	20.10	12,601.3	7.26	4.29	3.69	0.55	0.50	n/a	n/a	29.27	31.75	
857 HK Equity	PETROCHINA-H	Energy	5.14	180,125.7	7.18	6.68	6.90	0.65	0.64	3.79	3.76	n/a	n/a	
6881 HK Equity	COS-H	Financials	4.22	11,579.0	7.18	4.09	3.66	0.43	0.40	n/a	n/a	20.28	11.39	
267 HK Equity	OTIC	Conglomerate	9.58	35,501.7	7.17	3.54	3.42	0.34	0.31	20.68	18.75	18.65	8.27	
1898 HK Equity	CHINA COAL ENE-H	Energy	6.61	15,048.7	7.17	3.73	3.87	0.60	0.55	2.92	3.02	2.29	5.37	
6198 HK Equity	QINGDAO SHIPPING-H	Industrial	4.50	5,831.9	7.09	5.81	5.65	0.73	0.68	6.42	6.20	(2.01)	1.92	
1199 HK Equity	COSCO PORT-H	Industrial	5.03	2,204.7	7.02	5.77	5.52	2.69	2.60	12.31	11.39	n/a	n/a	
177 HK Equity	JIANGSU EXPRES-H	Industrial	7.85	6,126.5	6.96	7.39	6.44	1.15	1.06	9.93	9.17	32.78	6.61	
144 HK Equity	CHINA MERCHANTS PORT	Industrial	11.78	6,007.7	6.86	6.40	6.19	0.44	0.42	14.81	14.00	6.39	11.51	
207 HK Equity	JOY CITY PPT	Property	0.34	607.3	6.80	3.68	3.27	n/a	n/a	13.42	12.54	n/a	n/a	
<b>2328 HK Equity</b>	<b>PICC P&amp;C-H</b>	<b>Financials</b>	<b>9.07</b>	<b>25,699.9</b>	<b>6.72</b>	<b>5.88</b>	<b>5.30</b>	<b>0.87</b>	<b>0.80</b>	<b>n/a</b>	<b>n/a</b>	<b>14.86</b>	<b>13.45</b>	
956 HK Equity	CHINA SUNTIEN-H	Utilities	3.40	3,903.2	6.70	5.27	4.51	0.66	0.60	9.46	7.90	21.37	13.56	
2388 HK Equity	BOC HONG KONG HO	Financials	25.15	33,873.7	6.68	7.80	7.30	0.82	0.77	n/a	n/a	31.66	8.81	
576 HK Equity	ZHEJIANGEXPRE-H	Industrial	6.76	3,740.1	6.65	5.17	4.79	0.86	0.77	3.61	3.56	(9.27)	6.48	
3969 HK Equity	CHINA RAILWAY -H	Industrial	3.33	8,639.3	6.63	7.84	7.42	0.74	0.73	8.94	8.18	7.60	7.17	
<b>2238 HK Equity</b>	<b>GUANGZHOU AUTO-H</b>	<b>Consumer Disc.</b>	<b>4.91</b>	<b>13,529.0</b>	<b>6.63</b>	<b>4.48</b>	<b>4.01</b>	<b>0.45</b>	<b>0.41</b>	<b>16.30</b>	<b>14.54</b>	<b>28.82</b>	<b>24.28</b>	
914 HK Equity	CONCH CEMENT-H	Materials	25.95	20,502.3	6.63	6.44	5.78	0.69	0.65	3.60	3.26	n/a	n/a	
323 HK Equity	MAANSHAN IRON-H	Materials	1.79	2,866.5	6.62	9.09	5.19	0.44	0.41	7.25	6.46	165.68	155.06	
<b>1658 HK Equity</b>	<b>POSTAL SAVINGS-H</b>	<b>Financials</b>	<b>5.06</b>	<b>74,004.9</b>	<b>6.55</b>	<b>4.70</b>	<b>4.18</b>	<b>0.61</b>	<b>0.56</b>	<b>n/a</b>	<b>n/a</b>	<b>10.97</b>	<b>12.32</b>	
2611 HK Equity	GUOTAI JUNAN S-H	Financials	10.14	18,205.2	6.47	5.72	4.99	0.58	0.53	n/a	n/a	18.10	15.52	
3396 HK Equity	LEGEND HOLDING-H	Technology	8.64	2,593.4	6.46	3.16	2.79	0.29	0.25	3.09	4.00	384.76	13.30	
817 HK Equity	CHINA JINMAO HOL	Property	1.63	2,764.8	6.43	5.19	4.47	0.39	0.37	17.04	14.62	71.71	16.76	
728 HK Equity	CHINA TELECOM-H	Telecom	4.30	83,731.6	6.33	10.98	9.81	0.88	0.86	4.18	3.94	13.56	11.27	
1359 HK Equity	CHINA CINDA-H	Financials	0.98	4,764.6	6.27	5.38	4.78	0.23	0.23	21.16	20.34	19.20	(19.03)	
1908 HK Equity	C&D INTERNATIONAL	Property	24.95	5,524.1	6.07	6.57	5.33	1.53	1.31	11.26	9.11	23.27	28.06	
392 HK Equity	BJ ENT HLDGS	Utilities	31.50	5,056.9	6.05	4.52	4.03	0.40	0.37	6.60	6.37	16.65	13.26	
762 HK Equity	CHINA UNICOM	Telecom	6.22	24,244.9	6.02	9.35	8.23	0.54	0.53	1.36	1.30	15.30	14.08	
38 HK Equity	FIRST TRACTOR-H	Industrial	3.98	1,368.5	6.01	5.07	3.80	0.69	0.61	8.65	6.56	13.65	34.24	
3311 HK Equity	CHINA STATE CONS INTL	Industrial	9.16	5,878.4	5.96	5.10	4.47	0.71	0.64	7.15	6.42	15.18	14.37	
1313 HK Equity	CHINA RES CEMENT	Materials	3.68	3,273.6	5.92	7.67	6.37	0.50	0.48	5.69	5.16	104.04	9.76	
836 HK Equity	CHINA RES POWER	Utilities	16.80	10,295.1	5.89	6.93	5.90	0.84	0.77	6.42	5.43	67.38	16.42	
<b>697 HK Equity</b>	<b>SHOUCHEG HOLDIN</b>	<b>Property</b>	<b>2.14</b>	<b>2,052.4</b>	<b>5.84</b>	<b>14.56</b>	<b>4.46</b>	<b>1.48</b>	<b>1.42</b>	<b>9.03</b>	<b>7.85</b>	<b>13.84</b>	<b>17.32</b>	
552 HK Equity	CHINA COMM SER-H	Telecom	4.11	3,626.3	5.82	6.93	6.46	0.67	0.63	1.45	1.35	7.44	7.29	
6099 HK Equity	CHINA MERCHANTS	Financials	7.88	16,504.2	5.78	6.24	5.50	0.61	0.57	23.76	19.21	21.25	17.25	
6837 HK Equity	HAITONG SECURI-H	Financials	5.23	15,297.3	5.77	5.63	4.91	0.39	0.37	n/a	n/a	56.16	12.44	
6806 HK Equity	SHENWAN HONGYU-H	Financials	1.59	15,121.0	5.73	4.69	4.19	0.38	0.35	n/a	n/a	131.22	24.36	
1138 HK Equity	COSCO SHIP ENG-H	Industrial	8.46	8,383.4	5.68	7.80	6.12	1.14	1.03	8.65	7.32	207.23	25.69	
902 HK Equity	HUANENG POWER-H	Utilities	4.40	16,913.9	5.62	6.68	5.29	0.65	0.59	10.28	9.17	211.01	21.98	
<b>966 HK Equity</b>	<b>CHINA TAIPING IN</b>	<b>Financials</b>	<b>8.58</b>	<b>3,928.3</b>	<b>5.57</b>	<b>4.70</b>	<b>4.12</b>	<b>0.36</b>	<b>0.34</b>	<b>n/a</b>	<b>n/a</b>	<b>97.47</b>	<b>31.34</b>	
<b>3808 HK Equity</b>	<b>SINOTRUK HK LTD</b>	<b>Industrial</b>	<b>11.60</b>	<b>4,080.0</b>	<b>5.53</b>	<b>8.10</b>	<b>6.10</b>	<b>0.84</b>	<b>0.76</b>	<b>1.13</b>	<b>0.92</b>	<b>105.98</b>	<b>44.99</b>	
1816 HK Equity	CGN POWER-H	Utilities	1.95	19,949.3	5.49	7.89	7.68	0.87	0.82	11.00	10.71	17.55	5.96	
1186 HK Equity	CHINA RAIL CN-H	Industrial	6.33	19,697.2	5.45	2.60	2.28	0.28	0.26	6.61	6.06	15.74	11.71	
1788 HK Equity	GUOTAI JUNAN	Financials	0.68											

Figure 13: Hong Kong listed SOEs' valuation ranked by dividend yield (b)

Ticker	Company	Industry	Price (local currency)	Market cap (US\$ mn)	Dividend yield (%) FY23E	PE (x)		PB (x)		EV/EBITDA (x)		Earnings growth (%)		
						FY24E	FY23E	FY24E	FY23E	FY24E	FY23E	FY23E	FY24E	
6030 HK Equity	CITIC SEC-H	Financials	17.30	43,703.9	4.31	8.32	7.39	0.95	0.89	n/a	n/a	22.91	14.21	
2588 HK Equity	BOC AVIATION LTD	Industrial	63.10	5,578.7	4.25	8.39	7.10	7.72	7.06	9.33	8.42	3215.40	14.66	
992 HK Equity	LENOVO GROUP	Technology	8.72	13,472.4	4.23	8.35	7.94	16.90	13.75	3.52	3.42	7.53	11.14	
830 HK Equity	CHINA STATE CONS	Industrial	2.33	669.5	3.86	8.47	6.21	2.04	1.64	6.87	5.19	35.91	35.44	
3899 HK Equity	CIMC ENRIC HLDG	Industrial	7.30	1,886.2	3.85	10.72	9.28	1.48	1.35	5.36	4.69	18.08	16.68	
2607 HK Equity	SHANGHAI PHARM-H	Healthcare	15.74	10,927.3	3.82	8.20	7.44	0.81	0.76	9.42	8.68	13.40	11.96	
1099 HK Equity	SINOPHARM-H	Healthcare	27.10	10,773.4	3.82	7.86	7.12	1.13	0.91	6.36	5.83	12.43	11.09	
358 HK Equity	JIANGXI COPPER-H	Materials	14.62	8,918.4	3.63	8.01	7.04	0.65	0.62	9.39	8.56	n/a	n/a	
1117 HK Equity	CHINA MODERN DAI	Consumer Staples	1.00	1,008.4	3.19	6.23	4.28	0.64	0.58	6.94	6.08	54.74	32.75	
6626 HK Equity	YUEXIU SERVICES	Property	4.01	777.5	3.18	10.70	8.67	1.71	1.54	1.67	1.31	20.24	21.19	
3613 HK Equity	TONGRENTANGCM	Healthcare	15.38	1,640.1	3.12	17.28	15.23	3.23	2.92	11.20	9.93	15.12	15.20	
1811 HK Equity	CGN NEW ENERGY H	Utilities	2.54	1,388.4	3.09	6.11	5.14	6.51	5.77	8.26	7.75	n/a	n/a	
9638 HK Equity	FIRETTI SPA	Consumer Disc.	22.90	987.4	3.01	11.33	9.51	9.27	8.51	3.73	3.18	41.02	25.88	
1072 HK Equity	DONGFANG ELECT-H	Industrial	11.58	7,688.6	2.93	10.78	8.52	1.04	0.96	15.28	10.77	35.31	22.36	
2883 HK Equity	CHINA OILFIELD-H	Energy	8.75	8,890.4	2.81	10.95	9.00	0.98	0.91	7.85	7.06	43.79	23.59	
570 HK Equity	TRAD CHI MED	Healthcare	4.20	2,694.3	2.79	13.31	10.39	0.97	0.92	8.77	7.67	68.88	33.19	
916 HK Equity	CHINA LONGYUAN-H	Utilities	8.87	16,852.2	2.39	8.01	6.87	0.99	0.89	8.77	7.67	60.80	22.08	
347 HK Equity	ANGANG STEEL-H	Materials	2.71	4,103.5	2.35	14.69	6.84	0.42	0.41	7.05	5.07	526.53	189.72	
2357 HK Equity	AVICHINA INDUS-H	Industrial	4.10	4,027.6	2.33	10.68	8.85	1.07	1.00	5.68	4.88	48.75	25.53	
<b>2338 HK Equity</b>	<b>WEICHAI POWER-H</b>	<b>Industrial</b>	<b>11.86</b>	<b>14,479.0</b>	<b>2.30</b>	<b>13.76</b>	<b>11.19</b>	<b>1.31</b>	<b>1.22</b>	<b>6.95</b>	<b>5.90</b>	<b>37.88</b>	<b>20.98</b>	
1316 HK Equity	NEXTEER	Consumer Disc.	4.80	1,534.7	2.29	9.86	7.03	5.68	5.44	3.34	2.88	169.54	40.49	
710 HK Equity	BOE VARITRONIX L	Technology	13.46	1,357.3	2.27	14.04	10.31	2.48	2.10	8.69	6.21	16.35	28.21	
3996 HK Equity	CHINA ENERGY E-H	Industrial	1.11	13,776.6	2.26	4.39	3.75	0.42	0.39	11.64	9.79	13.74	12.26	
3320 HK Equity	CHINA RESOURCES PHAR	Healthcare	6.94	5,554.3	2.23	9.23	8.33	0.80	0.72	5.31	4.88	18.94	10.75	
2899 HK Equity	ZHUI MINING-H	Materials	14.10	51,106.5	2.14	13.82	11.76	3.61	2.96	10.47	8.92	26.13	27.13	
<b>168 HK Equity</b>	<b>TINGTAO BREW-H</b>	<b>Consumer Staples</b>	<b>84.35</b>	<b>19,071.7</b>	<b>2.06</b>	<b>24.90</b>	<b>21.82</b>	<b>4.12</b>	<b>3.76</b>	<b>17.93</b>	<b>15.53</b>	<b>14.49</b>	<b>17.89</b>	
874 HK Equity	BAIUNSHAN PH-H	Healthcare	26.10	7,836.9	2.05	9.28	9.20	1.21	1.10	10.28	9.84	12.08	9.95	
3908 HK Equity	CHINA INTERNAT-H	Financials	16.82	21,552.9	1.95	7.23	6.08	0.82	0.74	n/a	n/a	31.46	14.66	
525 HK Equity	GUANGSHEN RAIL-H	Industrial	1.49	2,297.0	1.91	163.55	16.36	0.41	0.40	9.69	7.22	104.07	858.35	
1798 HK Equity	CHINA DATANG C-H	Utilities	3.11	2,881.7	1.90	7.46	6.31	1.24	1.07	8.14	7.28	n/a	n/a	
3898 HK Equity	CRRC TIMES ELEC	Industrial	33.50	8,392.6	1.89	14.48	12.71	1.29	1.20	14.68	12.81	11.35	10.76	
1515 HK Equity	CHINA RESOURCES	Healthcare	7.48	1,235.6	1.87	14.50	11.63	1.31	1.20	6.63	5.07	237.73	12.25	
2727 HK Equity	SHANGHAI ELECT-H	Industrial	2.07	9,216.4	1.87	16.23	9.52	0.58	0.56	22.50	15.67	131.81	85.13	
2669 HK Equity	CHINA OVERSEAS P	Property	8.74	3,659.6	1.73	17.59	13.90	5.86	4.42	11.25	8.99	29.03	28.08	
<b>2319 HK Equity</b>	<b>MENGMU DAIRY</b>	<b>Consumer Staples</b>	<b>32.35</b>	<b>16,288.4</b>	<b>1.65</b>	<b>17.96</b>	<b>15.40</b>	<b>2.76</b>	<b>2.44</b>	<b>14.71</b>	<b>12.89</b>	<b>18.15</b>	<b>17.19</b>	
<b>6049 HK Equity</b>	<b>POLY PROPERTY-H</b>	<b>Property</b>	<b>47.80</b>	<b>3,369.4</b>	<b>1.47</b>	<b>16.76</b>	<b>13.65</b>	<b>3.03</b>	<b>2.62</b>	<b>7.08</b>	<b>5.88</b>	<b>25.15</b>	<b>24.65</b>	
1666 HK Equity	TONG REN TANG-H	Healthcare	7.67	1,251.4	1.34	13.21	12.47	1.39	1.29	5.89	5.49	13.06	12.37	
696 HK Equity	TRAVELSKY TECH-H	Technology	15.82	5,897.2	1.33	22.02	15.17	2.20	2.01	10.39	8.13	230.57	31.16	
2139 HK Equity	BANK OF GANSU -H	Financials	0.90	1,727.8	1.27	16.13	11.62	0.41	0.40	n/a	n/a	n/a	n/a	
<b>291 HK Equity</b>	<b>CHINA RESOURCES BEER</b>	<b>Consumer Staples</b>	<b>63.00</b>	<b>26,036.4</b>	<b>1.20</b>	<b>33.25</b>	<b>27.36</b>	<b>6.80</b>	<b>6.06</b>	<b>19.11</b>	<b>16.19</b>	<b>25.12</b>	<b>21.29</b>	
596 HK Equity	INSPIR DIGITAL E	Technology	4.32	628.4	1.16	16.94	10.94	1.93	1.66	19.03	11.90	25.31	35.88	
1880 HK Equity	CHINA TOURISM -H	Consumer Disc.	186.90	52,622.5	1.01	29.55	21.26	6.99	5.72	19.19	14.21	152.84	32.05	
308 HK Equity	CHINA TRAVEL HK	Consumer Disc.	1.75	1,234.3	0.97	34.31	21.60	0.58	0.56	11.75	7.69	168.16	70.93	
2600 HK Equity	ALUMINUM CORP-H	Materials	4.71	14,772.6	0.89	12.69	9.66	1.24	1.11	7.99	7.14	57.92	25.72	
1133 HK Equity	HARBIN ELECTRI-H	Industrial	3.81	828.3	0.84	11.42	6.69	0.53	0.51	n/a	n/a	434.27	101.61	
1164 HK Equity	CGN MINING	Materials	0.85	823.0	0.59	7.80	5.94	1.57	1.27	74.36	18.63	n/a	n/a	
1818 HK Equity	ZHAOJIN MINING-H	Materials	13.02	5,424.3	0.45	42.03	30.41	2.46	2.34	20.18	16.50	114.37	35.86	
1787 HK Equity	SHANDONG GOLD -H	Materials	17.20	15,719.7	0.33	31.08	23.53	2.33	2.15	19.98	16.96	n/a	n/a	
1055 HK Equity	CHINA SOUTHERN-H	Industrial	5.69	18,655.1	0.22	38.73	11.43	2.20	1.89	11.72	9.43	110.91	248.09	
753 HK Equity	AIR CHINA LTD-H	Industrial	7.37	22,551.7	0.19	102.73	11.20	3.02	2.44	12.47	9.16	n/a	n/a	
670 HK Equity	CHINA EAST AIR-H	Industrial	3.26	15,284.0	0.17	286.27	11.68	2.02	1.68	11.58	8.51	n/a	n/a	
694 HK Equity	BEIJING CAP AL-H	Industrial	5.92	3,453.4	0.17	n/a	21.57	1.61	1.50	22.41	8.85	95.76	1122.14	
1347 HK Equity	HUA HONG SEMI	Technology	37.10	6,180.1	0.11	15.01	14.24	12.93	11.59	6.94	6.54	(6.73)	12.77	
1108 HK Equity	TRUMPH NEW EN-H	Technology	8.06	1,358.8	0.00	9.17	5.22	1.11	0.93	10.20	6.00	35.98	58.40	
3377 HK Equity	SINO-OCEAN GROUP	Property	0.78	756.8	0.00	11.61	5.48	0.19	0.18	24.33	24.32	n/a	n/a	
1208 HK Equity	MMC	Materials	3.28	3,610.1	0.00	13.48	7.60	11.51	9.32	6.44	5.42	61.25	62.59	
1033 HK Equity	SINOPEC OILFIE-H	Energy	0.66	4,923.8	0.00	23.18	19.32	1.26	1.11	6.71	7.12	n/a	n/a	
1606 HK Equity	CHINA DEVELOPM-H	Financials	1.09	1,755.5	n/a	2.66	2.45	0.35	0.30	n/a	n/a	35.81	8.11	
6196 HK Equity	BANK OF ZHENGZ-H	Financials	1.08	2,388.4	n/a	2.71	2.56	0.21	0.19	n/a	n/a	n/a	n/a	
9668 HK Equity	CHINA BOHAI BA-H	Financials	1.38	3,122.5	n/a	3.46	3.28	0.25	0.24	n/a	n/a	104.50	n/a	
1330 HK Equity	DYNAGREEN ENVI-H	Industrial	2.78	1,225.1	n/a	4.61	4.07	0.53	0.48	11.52	11.07	12.68	14.11	
811 HK Equity	XINHUA WINSHAR-H	Consumer Disc.	6.49	1,905.9	n/a	4.67	4.38	0.59	0.55	3.98	3.72	7.47	6.73	
1258 HK Equity	CHINA NONFERROUS	Materials	4.50	2,143.4	n/a	5.31	4.94	6.16	5.17	2.55	2.47	24.77	6.69	
6199 HK Equity	BANK OF GUIZHOU-H	Financials	2.00	3,716.7	n/a	6.27	5.85	0.67	0.63	n/a	n/a	n/a	n/a	
9677 HK Equity	WEIHAI CITY CO-H	Financials	3.00	2,285.4	n/a	7.75	6.93	0.82	0.77	n/a	n/a	n/a	n/a	
1375 HK Equity	CC SECURITIES-H	Financials	1.20	2,113.3	n/a	9.58	9.58	0.40	0.38	n/a	n/a	n/a	n/a	
1456 HK Equity	GUOLIAN SECURI-H	Financials	3.80	3,915.9	n/a	9.62	8.08	0.61	0.58	n/a	n/a	31.81	19.25	
6055 HK Equity	CHINA TOBACCO IN	Consumer Staples	9.95	876.7	n/a	10.70	8.58	n/a	n/a	n/a	n/a	71.78	25.00	
1763 HK Equity	CHINA ISOTOPE &	Industrial	17.00	692.7	n/a	10.90	9.16	n/a	n/a	3.98	3.44	n/a	n/a	
1812 HK Equity	SHANDONG CHEN-H	Materials	2.46	1,672.0	n/a	14.40	14.40	n/a	n/a	12.28	13.06	n/a	n/a	
2156 HK Equity	C&D PROPERTY MAN	Property	4.70	804.3	n/a	16.51	12.90	n/a	n/a	6.94	5.14	36.52	33.19	
1230 HK Equity	YASHILI INTL	Consumer Staples	1.18	713.4	n/a	34.54	34.54	0.95	0.93	13.76	12.43	n/a	n/a	
2880 HK Equity	LIAONING PORT -H	Industrial	0.71	4,864.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
2799 HK Equity	CHINA HUARONG -H	Financials	0.43	4,395.7	n/a	n/a	n/a	75.52	0.70	0.69	22.02	21.10	94.77	146.44
2866 HK Equity	COSCO SHIP DEV-H	Industrial	1.06	4,215.1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
317 HK Equity	CSSC OFFSHORE -H	Industrial	10.00	3,564.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
1963 HK Equity	BANK OF CHONGQ-H	Financials	4.44	3,018.7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
2068 HK Equity	CHALIECO-H	Industrial	2.21	2,418.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
3369 HK Equity	QHD PORT-H	Industrial	1.23	2,228.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
3633 HK Equity	ZHONGYU ENERGY H	Utilities	5.72	2,062.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
1053 HK Equity	CHONGQING IRON-H	Materials	0.86	2,077.3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
719 HK Equity	SHANDONG XINHU-H	Healthcare	6.38	1,843.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
3678 HK Equity	HOLLY FUTURES -H	Financials	1.90	1,671.6	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
107 HK Equity	SICHUAN EXP-H	Industrial	1.92	1,423.8	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
1065 HK Equity	TIANJIN CAP-H	Utilities	3.16	1,188.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
553 HK Equity	NANJING PANDA-H	Technology	3.60	1,111.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
2299 HK Equity	BILLION IND HLDG	Consumer Disc.	4.10	1,106.7	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
119 HK Equity	POLY PROPERTY	Property	2.10	1,022.2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
2362 HK Equity	JINCHUAN GROUP	Materials	0.63	1,003.4	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
2558 HK Equity	JINSHANG BANK-H	Financials	1.31	974.4	n/a	n/a								

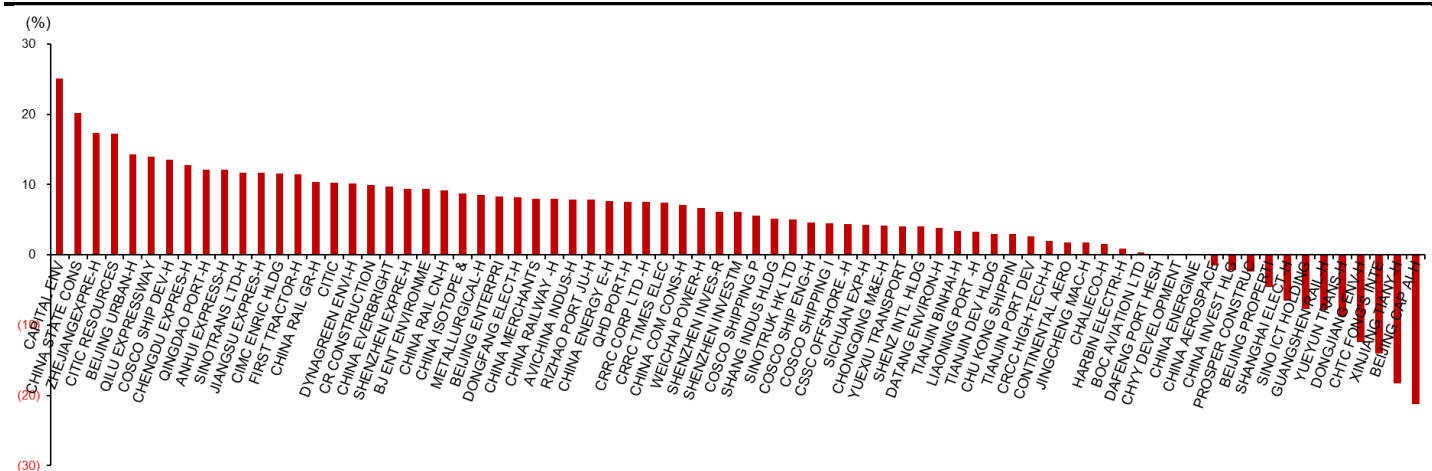


Figure 14: China SOE's ROE – financial sector



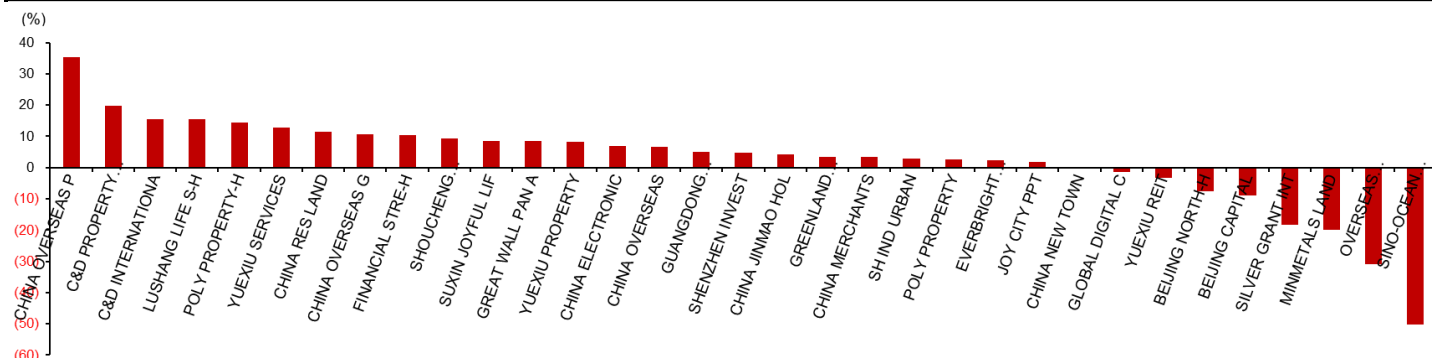
Source: Wind, CMBIGM

Figure 15: China SOE's ROE – industrial sector



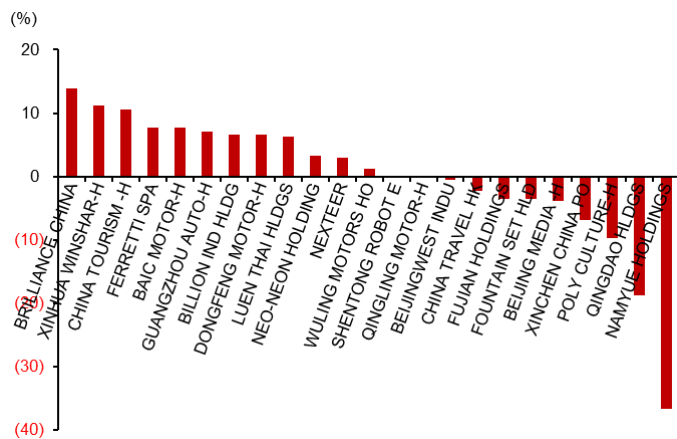
Source: Wind, CMBIGM

Figure 16: China SOE's ROE – property sector



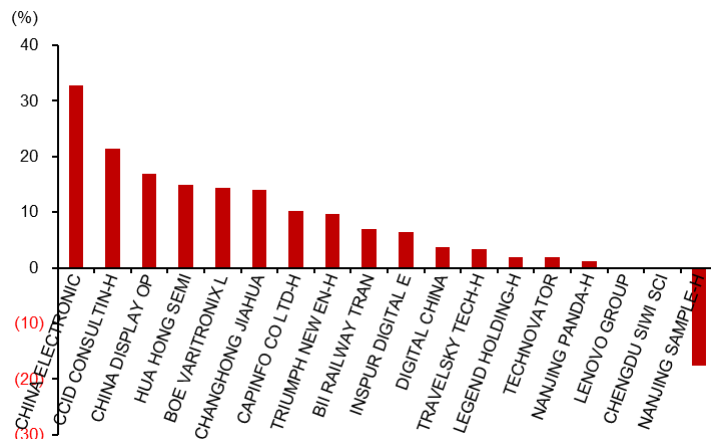
Source: Wind, CMBIGM

**Figure 17: China SOE's ROE – consumer discretionary sector**



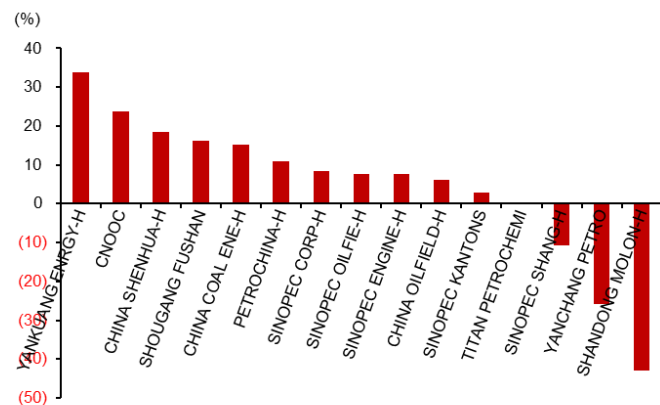
Source: Wind, CMBIGM

**Figure 18: China SOE's ROE – IT sector**



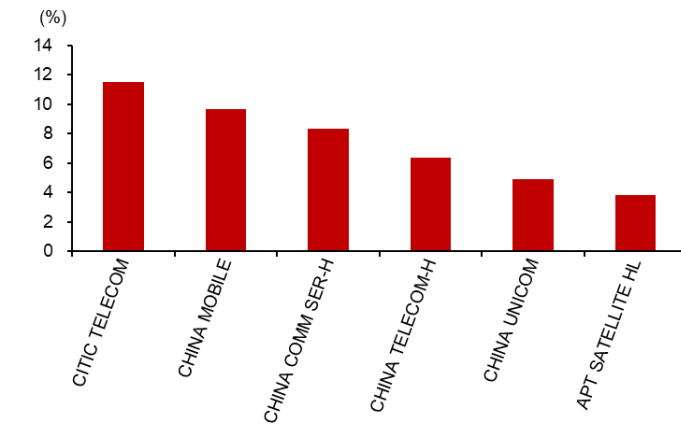
Source: Wind, CMBIGM

**Figure 19: China SOE's ROE – energy sector**



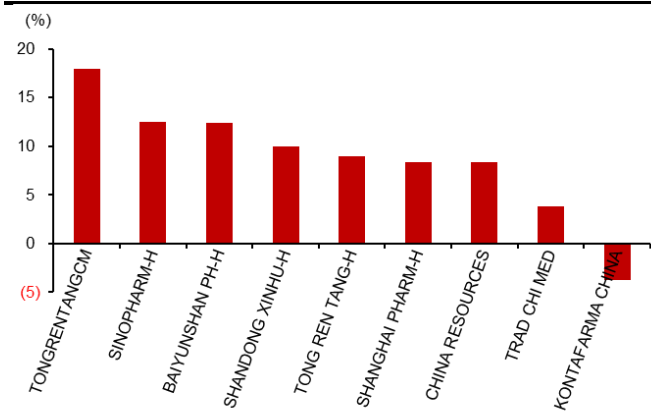
Source: Wind, CMBIGM

**Figure 20: China SOE's ROE – telecom sector**



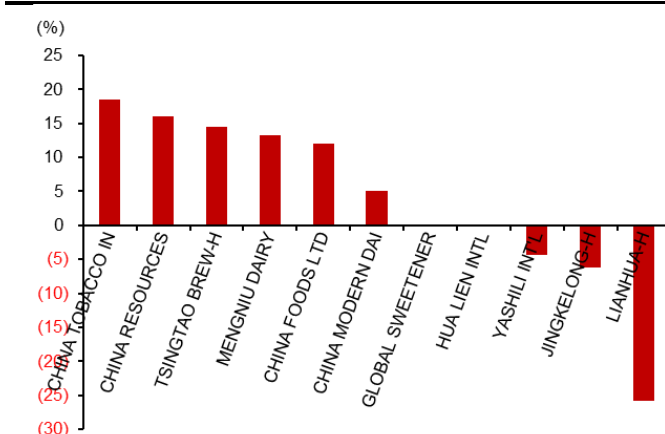
Source: Wind, CMBIGM

**Figure 21: China SOE's ROE – healthcare sector**



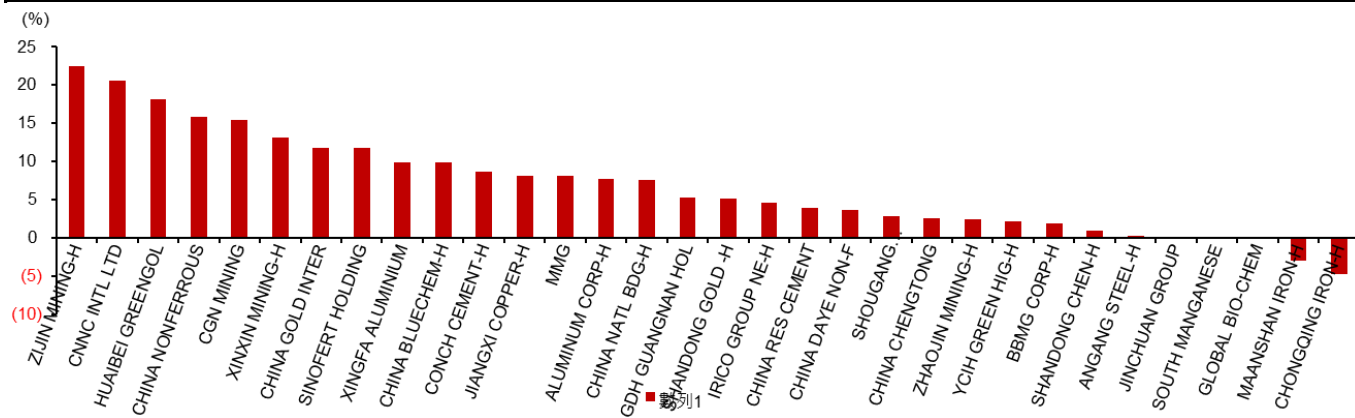
Source: Wind, CMBIGM

**Figure 22: China SOE's ROE – consumer staples sector**



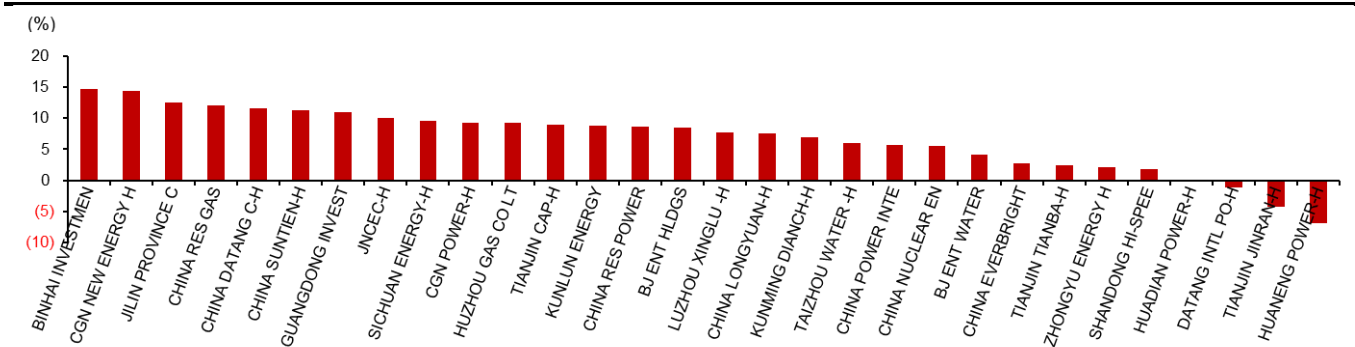
Source: Wind, CMBIGM

**Figure 23: China SOE's ROE – materials sector**



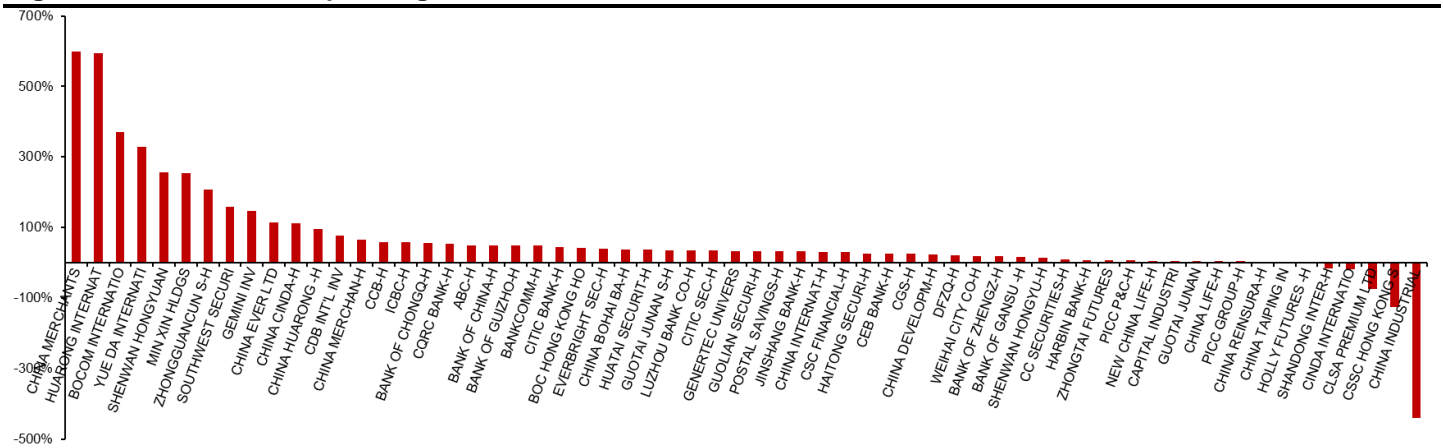
Source: Wind, CMBIGM

**Figure 24: China SOE's ROE – utilities sector**



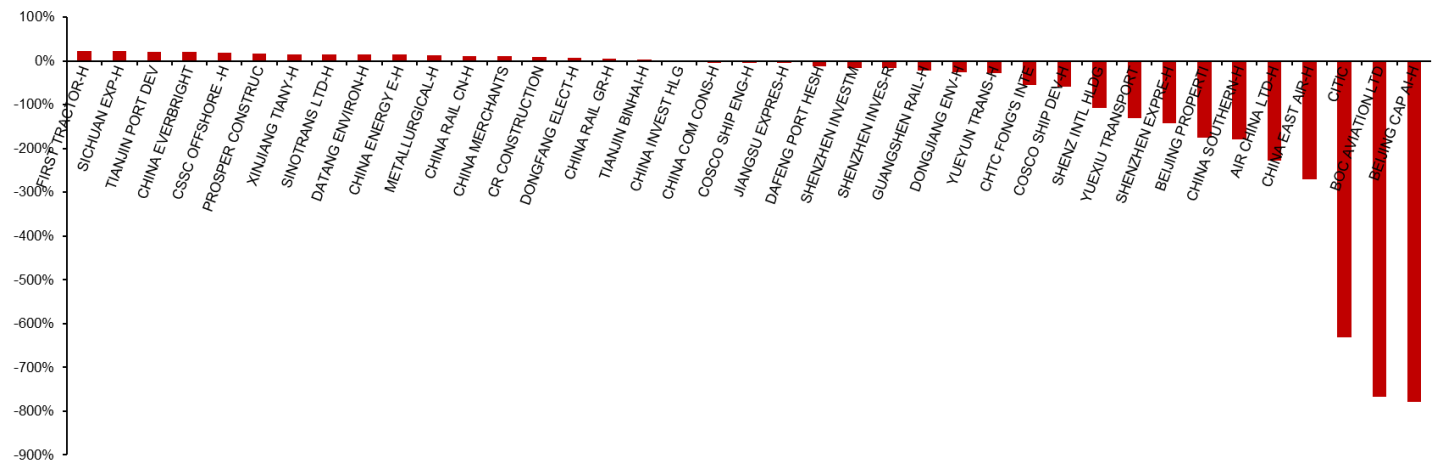
Source: Wind, CMBIGM

**Figure 25: China SOE's operating cash flow ratio – financial sector**



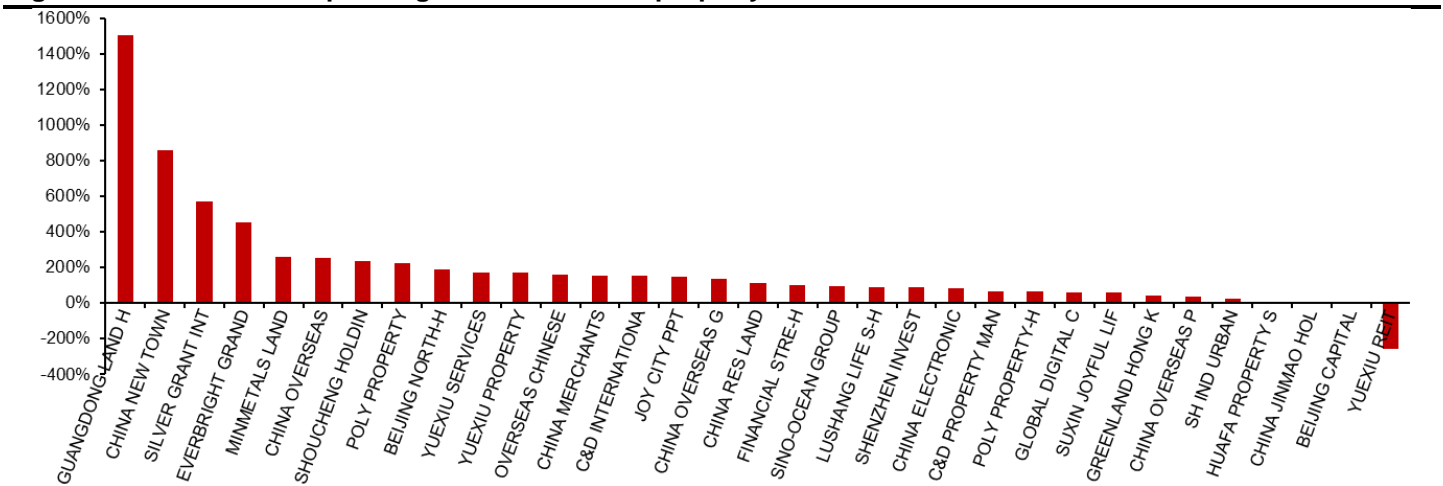
Source: Wind, CMBIGM

**Figure 26: China SOE's operating cash flow ratio – industrial sector**



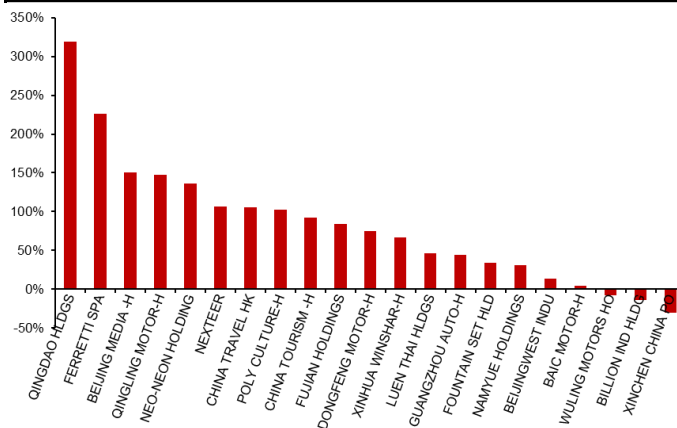
Source: Wind, CMBIGM

**Figure 27: China SOE's operating cash flow ratio – property sector**



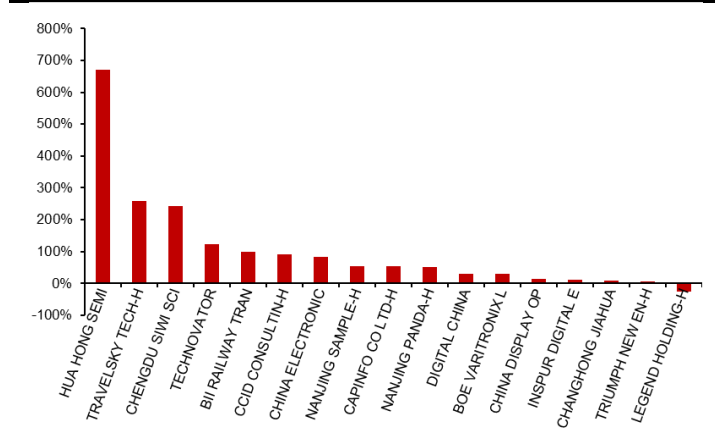
Source: Wind, CMBIGM

**Figure 28: China SOE's operating cash flow ratio – consumer discretionary sector**



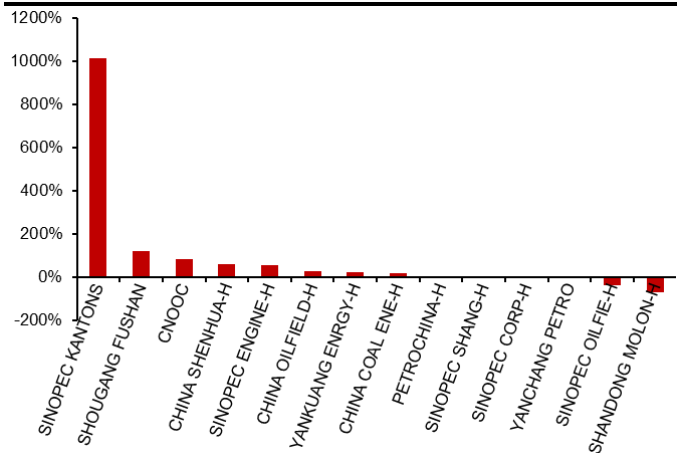
Source: Wind, CMBIGM

**Figure 29: China SOE's operating cash flow ratio – IT sector**



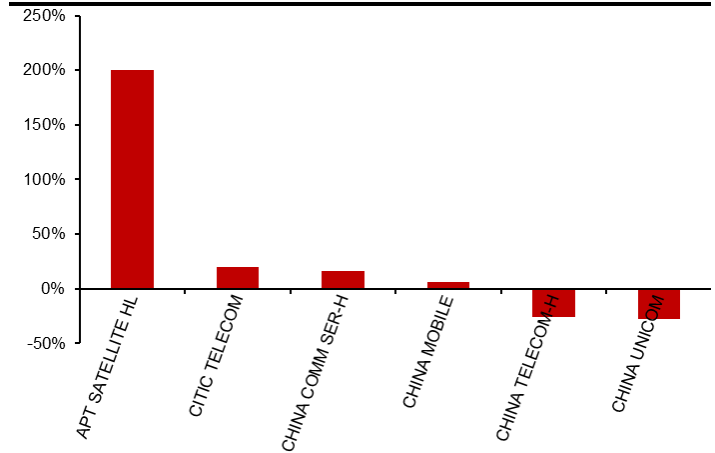
Source: Wind, CMBIGM

**Figure 30: China SOE's operating cash flow ratio – energy sector**



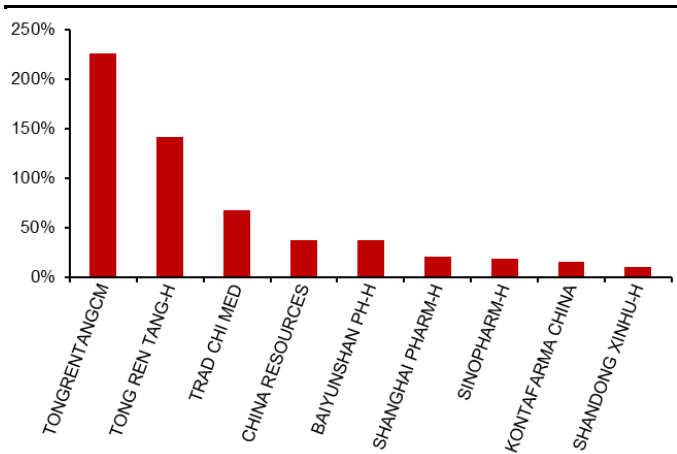
Source: Wind, CMBIGM

**Figure 31: China SOE's operating cash flow ratio – telecom sector**



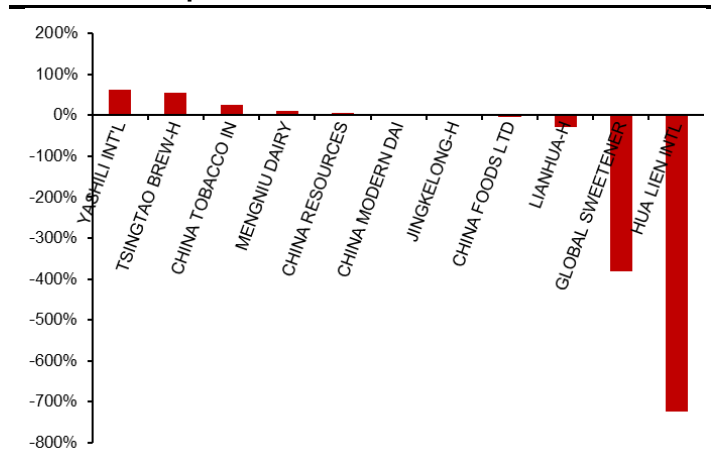
Source: Wind, CMBIGM

**Figure 32: China SOE's operating cash flow ratio – healthcare sector**



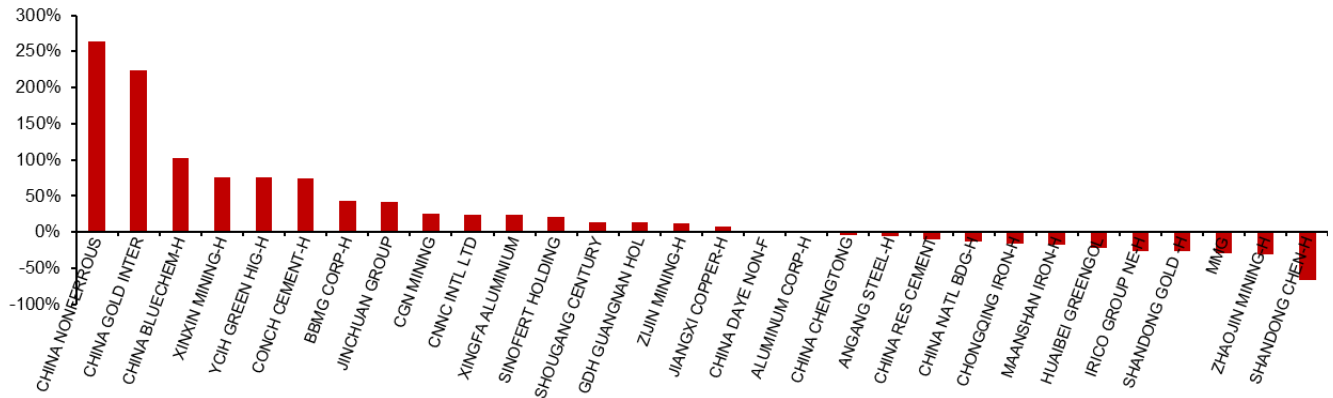
Source: Wind, CMBIGM

**Figure 33: China SOE's operating cash flow ratio – consumer staples sector**



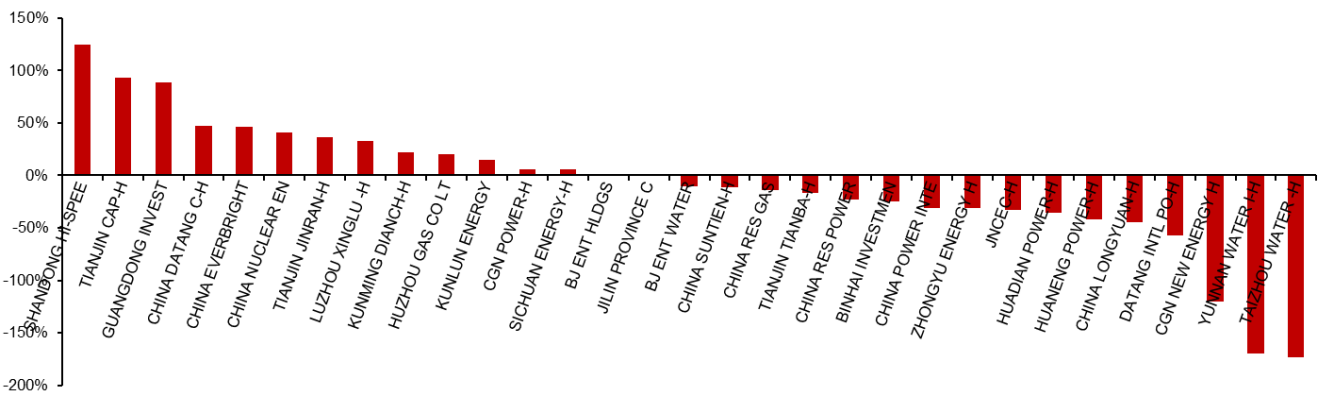
Source: Wind, CMBIGM

**Figure 34: China SOE's operating cash flow ratio – materials sector**



Source: Wind, CMBIGM

**Figure 35: China SOE's operating cash flow ratio – utilities sector**



Source: Wind, CMBIGM

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