

# China Equity Strategy

## "HFCA" implementation begins and Gary Gensler may take helm at the SEC

### Equity Strategy

#### China

#### The US SEC starts to implement the HFCA disclosure requirements

Since 24 March, US-listed China ADRs have declined significantly, attributed to the Securities and Exchange Commission's (SEC) interim final rules released for the implementation of the Holding Foreign Companies Accountable Act (HFCA). These interim final rules are to enforce the HFCA's "disclosure requirements". Filings are required from: foreign issuers/registrants with audits filed by firms in a foreign jurisdiction where the authority's position makes a complete inspection and investigation by the PCAOB impossible. Once deemed a registrant in scope, disclosures in annual 10-K, 20-F, 40-F, and N-CSR filings are required whether: 1) the registrant is owned or controlled by a foreign governmental entity; and 2) governmental influence was present in the annual audit. Filing period: for fiscal years ending after 31 Dec 2020.

#### 3-yr consecutive non-compliant period, but no interim rules on delisting yet

This set of SEC interim final rules will be published in the Federal Register in the next week or two, and will take effect 30 days after publication. Public comments are also due on the same day when the interim final rules take effect. Under the HFCA, if the registrant is determined to be a non-compliant issuer for three consecutive years, the SEC will need to prohibit trading of the underlying securities (ie, delisting). The SEC has yet to publish its interim final rules regarding delisting, which unlike the disclosure requirements, is not subject to the 90-day deadline post HFCA enactment. In all, the SEC is following due process in implementing HFCA, with nothing particularly surprisingly so far. That said, some industry contacts perceive Gary Gensler's likely appointment as the new SEC chairman could signal tougher enforcements ahead.

#### Gary Gensler confirmed by the Senate Committee as the new SEC chairman

On 16 March 2021, the US Senate Committee on Banking, Housing and Urban Affairs voted Gary Gensler as chairman of the SEC. The final step is a vote by the full Senate, which should happen over mid-April to May, according to our US colleagues specializing in regulatory affairs. Gary was the 11<sup>th</sup> Chairman of the US Commodity Futures Trading Commission (CFTC) from 2009 to 2014. Under Gary's leadership, the CFTC advanced regulations on OTC derivatives and swaps as part of the Dodd-Franks Act. The CFTC was also a driving force behind the LIBOR probe (2012-14). Our US colleagues note several likely priorities under a Gary Gensler-led SEC: 1) ESG disclosure requirements; 2) equity market structure and investor protection arising from recent US equity market volatility; and 3) money market fund reforms. Regarding the HFCA, Gensler made a statement in response to a question after his Senate hearing: "I also would look forward to working with Congress and the PCAOB on the timely and full implementation of the Holding Foreign Companies Accountable Act."

#### HK/A-share exchanges and HSI ready for the return of US-listed ADRs

As we have written before, 1) a secondary listing in HK and transfer, 2) delisting from the US, and 3) privatisation are the three likely options for non-compliant US-listed China ADRs as defined by the HFCA. In Figure 1, we update 48 US-listed Chinese companies likely to clear the two hard hurdles (market cap, revenue) for secondary listings in HK (mkt cap ≥ HK\$40bn, or mkt cap ≥ HK\$10bn plus latest fiscal year's revenue ≥ HK\$1bn). Further listings may qualify for a secondary listing in HK on a case-by-case basis under HKEx's Chapter 18A. In Figure 2, we detail CCASS shareholdings of the 13 secondary HK-listed China ADRs. We also show the full list of 253 US-listed China ADRs, and provide links to our relevant published reports on page 7.

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**Figure 1: US-listed Chinese companies 1) with market caps of more than HK\$40bn, or 2) with market cap less than HK\$40bn but more than HK\$10bn, together with FY0 revenue/FY1 consensus revenue forecasts more than HK\$1bn, and 3) without dual listing in Hong Kong**

RIC	Name	Market cap (HK\$ bn)	FY0 period end date	FY-1 revenue (HK\$ bn)	FY0 revenue (HK\$ bn)	FY1 revenue (HK\$ bn) (consensus est)	90D ADT (HK\$ mn)	IPO date	Grandfathered Greater China Issuer?	1 Class B share's voting power / 1 Class A share's voting power	Class B shares as % of total shares	Class B voting power / aggregate voting power	1 Class C share's voting power / 1 Class A share's voting power	Class C shares as % of total shares	Class C voting power / aggregate voting power
PDD.O	Pinduoduo Inc	1,215	31-Dec-20	33.7	70.7	124.6	10,796	26-Jul-18	No	10	45%	89%			
BEKE.N	Ke Holdings	522	31-Dec-20	51.5	83.7	107.3	2,199	13-Aug-20	No	10	26%	78%			
NIO.N	NIO	464	31-Dec-20	8.8	19.3	40.7	48,396	12-Sep-18	No	4	12%	21%	8	13%	47%
TAL.N	TAL Education	283	29-Feb-20	20.1	25.5	33.7	1,969	20-Oct-10	Yes						
TME.N	Tencent Music Entertainment**	265	31-Dec-20	28.5	34.6	41.8	2,584	12-Dec-18	Yes						
LU.N	Lufax Holding	259	31-Dec-20	53.4	61.8	72.9	562	30-Oct-20	No	Just 1 class of ordinary shares					
XPEV.N	XPENG	200	31-Dec-20	2.6	6.9	17.1	9,914	27-Aug-20	No	10	30%	71%	5	12%	15%
TCOM.O	Trip.com Limited	177	31-Dec-20	39.9	21.8	29.0	1,243	09-Dec-03	Yes						
VIPS.N	Vipshop Holdings	168	31-Dec-20	104.1	121.0	149.2	2,001	23-Mar-12	Yes						
LI.O	Li Auto	161	31-Dec-20	0.3	11.2	22.7	5,693	30-Jul-20	No	10	21%	73%			
IQ.O	iQIYI**	142	31-Dec-20	32.4	35.3	39.1	2,033	29-Mar-18	Yes						
GSX.N	GSX Techedu	132	31-Dec-20	2.4	8.5	14.3	3,935	06-Jun-19	No	10	46%	90%			
RLX.N	RLX Technology Inc	111	31-Dec-19	0.2	1.7	4.6	2,379	22-Jan-21	No	10	93%	99%			
FUTU.O	Futu Holdings	109	31-Dec-20	1.1	3.3	7.0	8,246	08-Mar-19	No	20	54%	96%			
WB.O	WEIBO Corp	90	31-Dec-20	13.8	13.1	15.9	596	17-Apr-14	Yes						
TUYA.N	Tuya Inc	83	31-Dec-20	0.8	1.4	NULL	1,576	18-Mar-21	No	15	25%	84%			
KC.O	Kingsoft Cloud Holdings	70	31-Dec-20	4.4	7.8	12.3	729	04-May-20	No	Just 1 class of ordinary shares					
YY.O	Joyy	66	31-Dec-19	18.0	28.6	34.1	1,244	21-Nov-12	Yes						
YSG.N	Yatsen Holding	60	31-Dec-20	3.4	6.2	11.1	497	19-Nov-20	No	20	36%	92%			
MNSO.N	MINISO Holding	49	30-Jun-20	10.7	9.9	10.8	218	15-Oct-20	No	3	27%	53%			
DADA.O	Dada Nexus	48	31-Dec-20	3.5	6.8	7.7	741	05-Jun-20	No	Just 1 class of ordinary shares					
CD.O	Chindata Holdings**	47	31-Dec-20	1.0	2.2	3.3	163	30-Sep-20	Yes						
OCFT.N	ONECONNECT Financial Technology	45	31-Dec-20	2.6	3.9	5.8	75	13-Dec-19	No	Just 1 class of ordinary shares					
API.O	Agora	41	31-Dec-20	0.5	1.0	1.4	789	25-Jun-20	No	20	19%	83%			
HUYA.N	Huya**	39	31-Dec-20	9.4	13.0	15.3	620	11-May-18	Yes						
DQ.N	DAQO NEW ENERGY CORP.	37	31-Dec-20	2.7	5.2	8.5	1,683	07-Oct-10	Yes						
CBPO.O	China Biologic Products Holdings	36	31-Dec-19	3.7	3.9	4.2	157	24-Jul-06	Yes						
VNET.O	21Vianet	33	31-Dec-20	4.2	5.7	7.4	645	21-Apr-11	Yes						
JOBS.O	51JOB	33	31-Dec-20	4.5	4.4	4.3	90	30-Sep-04	Yes						
HCM.O	Hutchison China MediTech Ltd	31	31-Dec-20	1.6	1.8	2.5	52	19-May-06	Yes						
LEGN.O	Legend Biotech Corp*	29	31-Dec-20	0.4	0.6	1.4	79	04-Jun-20	No	Just 1 class of ordinary shares					
DAO.N	Youdao**	28	31-Dec-20	1.5	3.8	7.3	151	25-Oct-19	Yes						
DOYU.O	DouYu International Holdings	28	31-Dec-20	8.1	11.4	12.4	399	17-Jul-19	No	Just 1 class of ordinary shares					
QFIN.O	360 DigiTech, Inc.	28	31-Dec-19	5.1	10.3	18.1	457	14-Dec-18	No	20	14%	76%			
IMAB.O	I-Mab*	26	31-Dec-19	0.1	0.0	1.4	123	17-Jan-20	No	Just 1 class of ordinary shares					
SOGO.N	SOGOU	25	31-Dec-20	9.1	7.2	10.0	61	09-Nov-17	Yes						
MOMO.O	Momo	23	31-Dec-20	19.0	17.9	18.5	609	11-Dec-14	Yes						
CAN.O	Canaan Inc	22	31-Dec-19	3.1	1.6	NULL	1,867	21-Nov-19	No	15	15%	73%			
NOAH.N	Noah Holdings	21	31-Dec-20	3.8	3.9	4.7	84	10-Nov-10	Yes						
TIGR.O	UP Fintech Holding Ltd*	18	31-Dec-19	0.3	0.5	1.1	1,104	20-Mar-19	No	20	16%	79%			
NIU.O	Niu Technologies	17	31-Dec-20	2.3	2.9	5.1	555	19-Oct-18	No	4	13%	37%			
FINV.N	FinVolution Group	17	31-Dec-19	5.0	6.7	11.4	167	10-Nov-17	Yes						
JKS.N	JinkoSolar Holding	15	31-Dec-19	28.5	33.3	39.6	1,601	14-May-10	Yes						
LX.O	LexinFintech Holdings	14	31-Dec-20	11.9	13.8	15.6	199	21-Dec-17	No	10	27%	79%			
NFH.N	New Frontier Health Corp	12	31-Dec-19	0.0	2.7	2.7	22	28-Jun-18	No	Just 1 class of ordinary shares					
YQ.O	17 Education & Technology Group Inc	12	31-Dec-20	0.5	1.5	3.6	261	04-Dec-20	No	30	12%	81%			
HLG.O	Hailiang Education	11	30-Jun-20	1.7	1.6	2.3	3	07-Jul-15	Yes						
GHG.N	GreenTree Hospitality Group Ltd	10	31-Dec-19	1.0	1.2	1.1	3	27-Mar-18	No	3	34%	61%			

Note: \* These listcos have FY1 revenues (Reuters consensus estimates) meeting HK secondary listing criteria ( $\geq$ HK\$1bn), though their FY0 revenues failed to meet the criteria. \*\* These listcos qualify as "Grandfathered Greater China Issuer" under HKEx's "Consultation Conclusions on Corporate WVR Beneficiaries" released on 30 October 2020. When we assess whether a listco can qualify as a "Grandfathered Greater China Issuer" under the HKEx's Consultation Conclusions on Corporate WVR Beneficiaries, we deem the ultimate beneficiaries as those that hold the voting power. For example, if an individual is the ultimate beneficiary of certain shareholdings but holds shares via trusts or other special purpose vehicles, we deem the shareholder as an individual instead of a corporate. Data as of 25 March 2021. Weighted voting right (WVR) data are latest available based on disclosure in the latest annual reports or IPO prospectus. Listcos that have already announced privatisation plans and a secondary listing in HK are excluded from the list. Source: Thomson Reuters, Wind, company data, UBS

**Figure 2: The secondary listing of US-listed Chinese ADRs in HK and their respective CCASS holdings**

RIC	ADR RIC	Name	Date of secondary listing in HK	CCASS holdings (secondary listing date)	CCASS holdings (latest)	Diff
9901.HK	EDU.N	New Oriental Education & Technology Group Inc*	11/9/2020	89.2%	87.9%	-1.3%
9888.HK	BIDU.OQ	Baidu Inc	3/23/2021	79.9%	79.9%	0.0%
9688.HK	ZLAB.OQ	Zai Lab Ltd	9/28/2020	78.9%	79.1%	0.3%
9991.HK	BZUN.OQ	Baozun Inc	9/29/2020	71.6%	69.6%	-2.0%
9698.HK	GDS.OQ	GDS Holdings Ltd	11/2/2020	68.1%	68.7%	0.5%
9999.HK	NTES.OQ	NetEase Inc	6/11/2020	59.8%	59.3%	-0.5%
2518.HK	ATHM.N	Autohome Inc	3/15/2021	56.4%	56.4%	0.0%
1179.HK	HTHT.OQ	Huazhu Group Ltd	9/22/2020	53.9%	53.4%	-0.5%
6160.HK	BGNE.OQ	Beigene Ltd**	8/8/2018	NA	47.5%	NA
9988.HK	BABA.N	Alibaba Group Holding Ltd	11/26/2019	22.2%	38.2%	16.0%
2057.HK	ZTO.N	ZTO Express (Cayman) Inc	9/29/2020	35.6%	36.1%	0.5%
9618.HK	JD.OQ	JD.com Inc	6/18/2020	24.2%	24.7%	0.5%
9987.HK	YUMC.N	Yum China Holdings Inc	9/10/2020	11.5%	9.3%	-2.2%

Note: \* Latest data as of 9 March 2021 before the company's stock split. \*\* CCASS holding data on the secondary listing date (8 August 2018) is not available as HKEx discloses holding data within a one-year period.

Source: SFC, HKEx, Thomson Reuters, Wind, UBS

**Figure 3: List of 253 US-listed Chinese ADRs (as of 25 March 2021) – part 1**

RIC	Name	Market cap (USD bn)	RIC	Name	Market cap (USD bn)
BABA.N	Alibaba Group Holding Ltd	602.6	QFIN.O	360 DigiTech Inc	3.5
PDD.O	Pinduoduo Inc	156.4	IMAB.O	I-Mab	3.4
JD.O	JD.Com Inc	123.2	SOGO.N	Sogou Inc	3.2
NTES.O	NetEase Inc	70.2	MOMO.O	Momo Inc	2.9
BIDU.O	Baidu Inc	72.3	BZUN.O	Baozun Inc	2.7
BEKE.N	Ke Holdings Inc	67.2	CAN.O	Canaan Inc	2.9
NIO.N	NIO Inc	59.7	BNR.O	Burning Rock Biotech Ltd	2.6
TME.N	Tencent Music Entertainment Group	34.2	NOAH.N	Noah Holdings Ltd	2.7
TAL.N	TAL Education Group	36.4	RAAS.N	Cloopen Group Holding Ltd	2.3
BILI.O	Bilibili Inc	33.7	TIGR.O	UP Fintech Holding Ltd	2.3
LU.N	Lufax Holding Ltd	34.1	NIU.O	NIU Technologies	2.2
BGNE.O	Beigene Ltd	30.1	FINV.N	FinVolution Group	2.1
EDU.N	New Oriental Education & Technology Group Inc	27.4	EH.O	Ehang Holdings Ltd	2.0
YUMC.N	Yum China Holdings Inc	25.1	LX.O	Lexinfintech Holdings Ltd	1.8
XPEV.N	Xpeng Inc	25.7	JKS.N	JinkoSolar Holding Co Ltd	1.9
VIPS.N	Vipshop Holdings Ltd	21.7	HUYA.N	HUYA Inc	5.0
ZTO.N	ZTO Express (Cayman) Inc	23.8	GTH.O	Genetron Holdings Ltd	1.7
TCOM.O	Trip.com Group Ltd	22.8	NFH.N	New Frontier Health Corp	1.6
LI.O	Li Auto Inc.	21.3	YQ.O	17 Education & Technology Group Inc	1.5
IQ.O	iQIYI Inc	15.8	HLG.O	Hailiang Education Group Inc	1.5
GSX.N	GSX Techedu Inc	17.0	EBON.O	Ebang International Holdings Inc	1.3
HTHT.O	Huazhu Group Ltd	17.2	GHG.N	GreenTree Hospitality Group Ltd	1.3
GDS.O	GDS Holdings Ltd	14.7	GRCL.O	Gracell Biotechnologies Inc	1.2
RLX.N	RLX Technology Inc	14.3	MSC.N	Studio City International Holdings Ltd	1.3
FUTU.O	Futu Holdings Ltd	14.0	CANG.N	Cango Inc	1.2
ATHM.N	Autohome Inc	11.9	YI.O	111 Inc	1.1
WB.O	Weibo Corp	11.6	SY.O	So-Young International Inc	1.0
ZLAB.O	Zai Lab Ltd	11.5	ICLK.O	iClick Interactive Asia Group Ltd	1.1
TUYA.N	Tuya Inc	10.7	FANH.O	Fanhua Inc	1.0
KC.O	Kingsoft Cloud Holdings Ltd	9.1	IDEX.O	Ideanomics Inc	1.0
YY.O	JOYY Inc	8.5	CNTB.O	Connect Biopharma Holdings Ltd	0.9
YSG.N	Yatsen Holding Ltd	7.7	WBAI.N	500.Com Ltd	0.9
MNSO.N	MINISO Group Holding Ltd	6.4	HOLI.O	Hollysys Automation Technologies Ltd	0.8
DADA.O	Dada Nexus Ltd	6.1	SOS.N	Sos Ltd	0.8
OCFT.N	OneConnect Financial Technology Co Ltd	5.8	ADAG.O	Adagene Inc	0.7
CD.O	Chindata Group Holdings Ltd	6.0	BEST.N	BEST Inc	0.7
API.O	Agora Inc	5.3	SOL.N	ReneSola Ltd	0.8
DQ.N	Daqo New Energy Corp	4.7	BEDU.N	Bright Scholar Education Holdings Ltd	0.7
CBPO.O	China Biologic Products Holdings Inc	4.6	VIOT.O	Viomi Technology Co Ltd	0.4
JOBS.O	51job Inc	4.2	IH.N	Ihuman Inc	0.7
HCM.O	Hutchison China MediTech Ltd	4.0	ZEPP.N	Zepp Health Corp	0.7
VNET.O	21Vianet Group Inc	4.2	QTT.O	Qutoutiao Inc	0.7
DOYU.O	Douyu International Holdings Ltd	3.6	TIRX.O	Tian Ruixiang Holdings Ltd	0.7
LEGN.O	Legend Biotech Corp	3.7	BTBT.O	Bit Digital Inc	0.7
DAO.N	Youdao Inc	3.6	SOHU.O	Sohu.com Ltd	0.6

Note: Excludes blank-cheque names and Chinese companies' secondary listings in the US (eg, PTR.N for PetroChina). Data as of 25 March 2021.  
Source: Thomson Reuters, Wind, UBS

**Figure 4: List of 253 US-listed Chinese ADRs (as of 25 March 2021) – part 2**

RIC	Name	Market cap (USD bn)	RIC	Name	Market cap (USD bn)
CYD.N	China Yuchai International Ltd	0.6	RENN.N	Renren Inc	0.2
CO.N	Global Cord Blood Corp	0.6	KUKE.N	Kuke Music Holding Ltd	0.2
DUO.O	Fangdd Network Group Ltd	0.6	MARK.O	Remark Holdings Inc	0.2
JFIN.O	Jiayin Group Inc	0.5	FHS.N	First High School Education Group Co Ltd	0.2
KNDI.O	Kandi Technologies Group Inc	0.5	KXIN.O	Kaixin Auto Holdings	0.2
HUIZ.O	Huize Holding Ltd	0.5	OIIM.O	O2micro International Ltd	0.2
NTP.N	Nam Tai Property Inc	0.5	SGOC.O	SGOCO Group Ltd	0.2
XNET.O	Xunlei Ltd	0.4	SECO.O	Secoo Holding Ltd	0.2
QD.N	Qudian Inc	0.4	OCG.O	Oriental Culture Holding Ltd	0.2
YJ.O	Yunji Inc	0.5	XIN.N	Xinyuan Real Estate Co Ltd	0.2
BQ.N	Boqii Holding Ltd	0.5	JWEL.O	Jowell Global Ltd	0.2
CBAT.O	CBAK Energy Technology Inc	0.4	AIH.O	Aesthetic Medical International Holdings Group Ltd	0.2
COE.N	China Online Education Group	0.4	GRNQ.O	GreenPro Capital Corp	0.2
DNK.N	Phoenix Tree Holdings Ltd	0.4	MOGU.N	Mogu Inc	0.2
ONE.N	OneSmart International Education Group Ltd	0.4	CCM.N	Concord Medical Services Holdings Ltd	0.2
BYSI.O	Beyondspring Inc	0.5	TEDU.O	Tarena International Inc	0.2
LKCO.O	Luokung Technology Corp	0.5	CTK.N	CooTek (Cayman) Inc	0.2
YRD.N	Yiren Digital Ltd	0.4	QLI.O	Qilian International Holding Group Ltd	0.2
WIMI.O	WiMi Hologram Cloud Inc	0.5	SPI.O	SPI Energy Co Ltd	0.2
TKAT.A	Takung Art Co Ltd	0.4	GLG.O	TD Holdings Inc	0.2
NEW.N	Puxin Ltd	0.4	FENG.N	Phoenix New Media Ltd	0.2
TOUR.O	Tuniu Corp	0.4	CAAS.O	China Automotive Systems Inc	0.2
JG.O	Aurora Mobile Ltd	0.4	BAOS.O	Baosheng Media Group Holdings Ltd	0.1
LEJU.N	Leju Holdings Ltd	0.4	GTEC.O	Greenland Technologies Holding Corp	0.1
LIZI.O	Lizhi Inc	0.4	CIH.O	China Index Holdings Ltd	0.1
JFU.O	9F Inc	0.3	PBTS.O	Powerbridge Technologies Co Ltd	0.1
LITB.N	LightInTheBox Holding Co Ltd	0.3	MKD.O	Molecular Data Inc	0.1
QH.O	Qihuo Ltd	0.3	CCNC.O	Code Chain New Continent Ltd	0.1
PUYI.O	Puyi Inc	0.3	AACG.O	ATA Creativity Global	0.1
BLCT.O	BlueCity Holdings Ltd	0.3	SEED.O	Origin Agritech Ltd	0.1
NCTY.O	The9 Ltd	0.4	QK.O	Q&K International Group Ltd	0.1
FTFT.O	Future Fintech Group Inc	0.3	KRKR.O	36kr Holdings Inc	0.1
UXIN.O	Uxin Ltd	0.3	METX.O	Meten Edtech Education Group Ltd	0.1
CMCM.N	Cheetah Mobile Inc	0.3	LAIX.N	LAIX Inc	0.1
AGMH.O	AGM Group Holdings Inc	0.3	LXEH.O	Lixiang Education Holding Co Ltd	0.1
REDU.O	Rise Education Cayman Ltd	0.3	SFUN.N	Fang Holdings Ltd	0.1
CNTY.O	Century Casinos Inc	0.3	PETZ.O	TDH Holdings Inc	0.1
ZKIN.O	ZK International Group Co Ltd	0.3	CCRC.O	China Customer Relations Centers Inc	0.1
UCL.O	Ucloudlink Group Inc	0.3	APM.O	Aptorum Group Ltd	0.1
RUHN.O	Ruhnn Holding Ltd	0.3	WEI.N	Weidai Ltd	0.1
XYF.N	X Financial	0.2	SDH.O	Global Internet of People Inc	0.1
NISN.O	Nisun International Enterprise Development Group Cr	0.3	SINO.O	Sino-Global Shipping America Ltd	0.1
CNF.N	CNFinance Holdings Ltd	0.3	RCON.O	Recon Technology Ltd	0.1
GSMG.O	Glory Star New Media Group Holdings Ltd	0.3	RYB.N	RYB Education Inc	0.1
WNW.O	Wunong Net Technology Co Ltd	0.3	PME.O	Pingtian Marine Enterprise Ltd	0.1

Note: Excludes blank-cheque names and Chinese companies' secondary listings in the US (eg, PTR.N for PetroChina). Data as of 25 March 2021.

Source: Thomson Reuters, Wind, UBS

**Figure 5: List of 253 US-listed Chinese ADRs (as of 25 March 2021) – part 3**

RIC	Name	Market cap (USD bn)	RIC	Name	Market cap (USD bn)
CLPS.O	CLPS Inc	0.10	GURE.O	Gulf Resources Inc	0.04
LGHL.O	Lion Group Holding Ltd	0.09	RETO.O	ReTo Eco-Solutions Inc	0.03
NVVE.O	Newborn Acquisition Corp	0.08	CPHI.N	China Pharma Holdings Inc	0.04
UPC.O	Universe Pharmaceuticals Inc	0.09	NEWA.O	Newater Technology Inc	0.03
TAOP.O	Taoping Inc	0.10	LLIT.O	Lianluo Smart Ltd	0.03
CSCW.O	Color Star Technology Co Ltd	0.09	HX.O	Xiaobai Maimai Inc	0.03
CNET.O	ZW Data Action Technologies Inc	0.09	OSN.O	Ossen Innovation Co Ltd	0.03
JP.N	Jupai Holdings Ltd	0.08	CGA.N	China Green Agriculture Inc	0.03
TC.O	TuanChe Ltd	0.08	FFHL.O	Fuwei Films (Holdings) Co Ltd	0.03
CXDC.O	China XD Plastics Company Ltd	0.08	PLAG.N	Planet Green Holdings Corp	0.03
MOHO.O	Ecmoho Ltd	0.07	JRJC.O	China Finance Online Co Ltd	0.03
DTSS.O	Datasea Inc	0.08	MYT.O	Urban Tea Inc	0.03
BRQS.O	Borqs Technologies Inc	0.07	PLIN.O	China Xiangtai Food Co Ltd	0.03
ITP.N	IT Tech Packaging Inc	0.07	DXF.N	Dunxin Financial Holdings Ltd	0.03
CNEY.O	CN Energy Group Inc	0.08	SXTC.O	China SXT Pharmaceuticals Inc	0.03
HUDI.O	Huadi International Group Co., Ltd.	0.07	CLEU.O	China Liberal Education Holdings Ltd	0.02
ATIF.O	ATIF Holdings Ltd	0.07	WAFU.O	Wah Fu Education Group Ltd	0.02
GSUM.O	Gridsum Holding Inc	0.07	CREG.O	China Recycling Energy Corp	0.02
CHNR.O	China Natural Resources Inc	0.07	FAMI.O	Farmmi Inc	0.03
ANPC.O	AnPac Bio-Medical Science Co Ltd	0.07	HUSN.O	Hudson Capital Inc.	0.02
BHAT.O	Blue Hat Interactive Entertainment Technology	0.06	BIMI.O	BOQI International Medical Inc	0.02
EZGO.O	EZGO Technologies Ltd	0.06	NVFX.O	Nova LifeStyle Inc	0.02
AIHS.O	Senmiao Technology Ltd	0.07	LYLO	Dragon Victory International Ltd	0.02
YGMZ.O	MingZhu Logistics Holdings Ltd	0.06	CLWT.O	Euro Tech Holdings Company Ltd	0.01
FEDU.N	Four Seasons Education (Cayman) Inc	0.06	TYHT.O	Shineco Inc	0.01
JT.N	Jianpu Technology Inc	0.05	AEHL.O	Antelope Enterprise Holdings Ltd	0.01
MTC.O	MMTEC Inc	0.06	HIHO.O	Highway Holdings Ltd	0.01
DSWL.O	Deswell Industries Inc	0.06	KBSF.O	KBS Fashion Group Ltd	0.01
MFH.O	Mercurity Fintech Holding Inc	0.05			
STG.N	Sunlands Technology Group	0.06			
PHCF.O	Puhui Wealth Investment Management Co Ltd	0.06			
AMBO.N	Ambow Education Holding Ltd	0.06			
TANH.O	Tantech Holdings Ltd	0.05			
HAPP.O	Happiness Biotech Group Ltd	0.05			
UTSI.O	UTStarcom Holdings Corp	0.05			
PT.O	Pintec Technology Holdings Ltd	0.05			
DOGZ.O	Dogness International Corp	0.05			
ZCMD.O	Zhongchao Inc	0.05			
MDJH.O	MDJM Ltd	0.05			
MOXC.O	Moxian Inc	0.05			
CJJD.O	China Jo-Jo Drugstores Inc	0.05			
ANTE.O	Airnet Technology Inc	0.05			
HGSH.O	China HGS Real Estate Inc	0.05			
EVK.O	Ever-Glory International Group Inc	0.04			
EDTK.O	Skillful Craftsman Education Technology Ltd	0.04			

Note: Excludes blank-cheque names and Chinese companies' secondary listings in the US (eg, PTR.N for PetroChina). Data as of 25 March 2021.

Source: Thomson Reuters, Wind, UBS

## List of UBS China strategy reports regarding US financial restrictions on China

- 3 March 2021: [China Equity Strategy – HSI welcomes POEs in consumer, healthcare & IT](#)
- 8 January 2021: [China Equity Strategy – Implications of further US financial restrictions](#)
- 4 December 2020: [China Equity Strategy – The "Holding Foreign Companies Accountable Act" ready to become law: what's next?](#)
- 30 November 2020: [China Equity Strategy – More on the DoD list and US-listed China ADRs](#)
- 15 November 2020: [China Equity Strategy – Stocks banned for investing by US persons](#)
- 24 August 2020: [China Equity Strategy – Possible US financial restrictions on China IV: College endowments](#)
- 8 June 2020: [China Equity Strategy – Possible US financial restrictions on China III: US-listed Chinese companies returning to Hong Kong](#)
- 8 June 2020: [China Equity Strategy – Expert call: Assessing HK with Mr Andrew Sheng](#)
- 18 October 2019: [China Equity Strategy – Possible US financial restrictions II: expert views & sizing of US holdings in China equities](#)
- 9 October 2019: [China Equity Strategy – Assessing possible US financial restrictions & impact](#)

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For various stocks across the industries we cover in the Hong Kong and mainland China stock markets, we use a variety of valuation approaches, including discounted cash-flow models, Gordon Growth Model analysis, and relative valuation analysis using various multiples such as PE, EV/EBITDA and P/BV.

We think the risks facing China's equities include a marked slowdown or downturn in the property market following a period of rapid growth in property prices, a capital exodus associated with currency depreciation, and slow progress in structural reform. In our view, any government policies that do not adequately address these risks could result in a shock to the market—eg, an excess of stimulus policies could pose a risk to the transition from an investment-driven to a consumption-driven economy, and increase the debts of the government and state-owned enterprises.

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12-Month Rating	Definition	Coverage <sup>1</sup>	IB Services <sup>2</sup>
<b>Buy</b>	FSR is > 6% above the MRA.	51%	31%
<b>Neutral</b>	FSR is between -6% and 6% of the MRA.	37%	29%
<b>Sell</b>	FSR is > 6% below the MRA.	12%	18%
Short-Term Rating	Definition	Coverage <sup>3</sup>	IB Services <sup>4</sup>
<b>Buy</b>	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%
<b>Sell</b>	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	<1%	<1%

Source: UBS. Rating allocations are as of 31 December 2020.

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