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REPUTEX AND HANG SENG INDEXES NAME INDEX CONSTITUENTS

Hong Kong. Specialist analytics and advisory firm, Reputex, with Hang Seng Indexes Company Limited (“Hang Seng Indexes”) today announced the constituents of Hang Seng Indexes’ Corporate Sustainability Index, launched last week to track the performance of leading Hong Kong and mainland China companies that are mitigating ESG (environment, social, governance) related risks.

Selected as the research partner to Hang Seng Indexes, Reputex analysed the ESG performance of 538 Hong Kong and China (A share) companies – 264 China A share and 274 Hong Kong companies (dual-listed companies classified as Hong Kong stocks).

Final constituents, released by Reputex and Hang Seng Indexes today, revealed the top 30 high performing ESG companies in Hong Kong, and top 15 companies in mainland China.

Diversified Banks and Real Estate companies led the way in Hong Kong, with 6 constituents from each industry represented in the top 30. In mainland China, Diversified Banks were also highly represented, with 5 constituent companies.

Hugh Grossman, Executive Director at Reputex noted that large capitalisation stocks, with international exposure excelled through the research process.

“Many of the major recognisable Hong Kong and mainland China institutions such as HSBC, MTR, Bank of China and China Mobile are represented within the indexes, indicating that many large cap firms with large retail exposure, and an international presence, have performed better with respect to sustainability related risks and opportunities. These companies have more to gain through ESG linked strategy and upside due to their retail presence.”

“ESG risk is a relatively new concept to local markets, but one that has increasing relevance, notably in the wake of global crises such as the BP oil spill, and increasing local pressures such as pollution, air quality, drought in China and worker safety and remuneration. These concepts are having more and more impact on company performance, particularly as global and local investors begin to consider these broader risk parameters in their decision making models.”

Only top ESG performing companies based on Reputex research, and those that met Hang Seng Index’s market capitalisation and liquidity criteria were included in the Index Series.

Continued Mr Grossman, “there is no avoiding the high risk environment these local firms operate in from an ESG perspective, however the companies named today are well positioned to mitigate these emerging risk exposures.”

“These constituents certainly represent the local market’s most proactive companies, and index performance suggests that these are the companies best positioned to take advantage of ESG related opportunities, particularly as market dynamics continue to change, and new revenue pressure points arise, notably around emissions trading and carbon tariffs.”

Analysis was conducted by Reputex against its proprietary ESG Risk Model, considering each company’s exposure to geopolitical and industry ESG sensitivities, as well the adequacy of specific company management strategy, policy and practices to mitigate local ESG risks. All companies were assigned a Reputex ESG Rating running from AAA (positive) to D (at risk).

The Hang Seng Corporate Sustainability Index series is the first index series of its kind to focus exclusively on Hong Kong and mainland China.



Stock Code	Hong Kong Companies	Stock Code	China Companies
1	Cheung Kong	000002.SZ	Vanke A
2	CLP	000063.SZ	ZTE A
5	HSBC	000538.SZ	Yunnan Baiyao A
6	HK Electric	600000.SS	Pudong Dev Bank A
11	Hang Seng Bank	600019.SS	Baoshan Iron & Steel A
12	Henderson Land	600036.SS	CM Bank A
13	Hutchison	600089.SS	Tebian Electric A
14	Hysan Dev	600690.SS	Qiandao Haier A
16	SHK Ppt	601166.SS	Industrial Bank A
19	Swire Pacific A	601318.SS	Ping An Insurance A
54	Hopewell Holding	601390.SS	China Railway Group A
66	MTR Corp	601628.SS	China Life A
101	Hang Lung Ppt	601857.SS	PetroChina A
293	Cathay Pacific	601939.SS	CCB A
316	OOIL	601988.SS	Bank of China A
388	HKEx		
390	China Railway		
494	Li & Fung		
606	China Agri		
688	China Overseas		
728	China Telecom		
857	PetroChina		
939	CCB		
941	China Mobile		
992	Lenovo Group		
2020	Anta Sports		
2388	BOC Hong Kong		
2628	China Life		
3968	CM Bank		
3988	Bank of China		

For full details on Reputex research findings, Reputex's research note, *ESG Exposure of China and Hong Kong Companies* is available to download via the Reputex's website www.reputex.com

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About Reputex (www.reputex.com)

Reputex is a leading provider of carbon, climate and sustainability risk analytics, specialising in risk information services for companies and investment professionals globally. Established in 1999, Reputex has become the foremost knowledge source for market participants seeking to understand, track and price emerging risk exposures.

The company is headquartered in Hong Kong, with offices in Hong Kong and Melbourne. It is the only firm of its kind operating on the ground in Asia, catering to local and global companies and investors.

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