

Hang Seng China Enterprises Index

HSC EI



What is HSCEI?

First introduced in **1994**

A benchmark that reflects the overall performance of Mainland companies listed in Hong Kong.



Consists of **50** constituents, mostly from sectors like consumer discretionary, financials and information technology.

Underlying Shares in HSCEI

There are three categories of underlying shares in the HSCEI, as follows:

H- Shares

The shares of companies incorporated in mainland China that are traded on the Hong Kong Stock Exchange

Red-chips

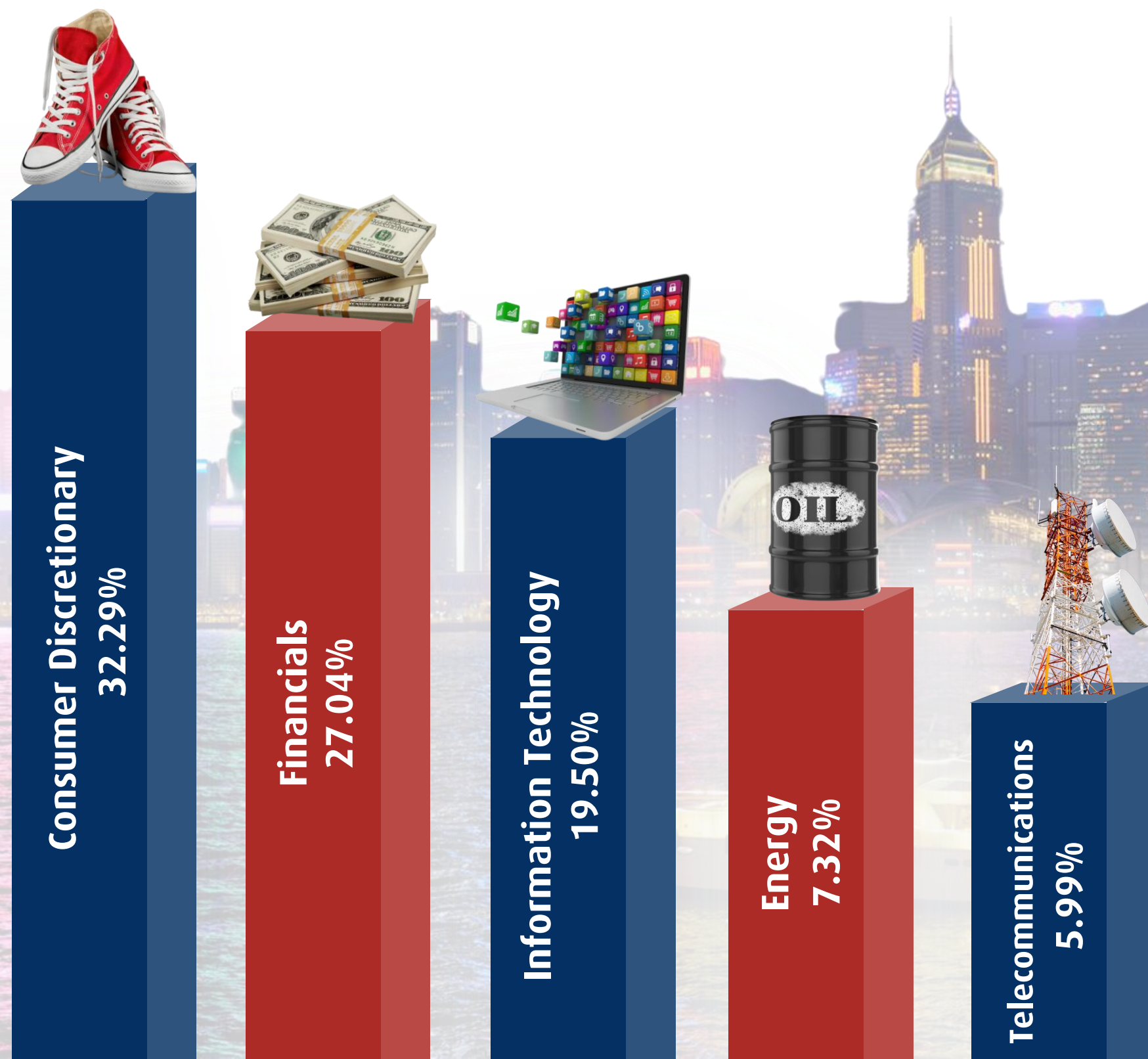
The stocks of mainland China companies incorporated outside mainland China and listed in Hong Kong.

P-chips

The stocks of Chinese companies listed on the Hong Kong Stock Exchange, incorporated in the Cayman Islands, Bermuda and the British Virgin Islands, operating in mainland China and run by private businessmen.

Top 5 Industries in HSCEI*

*As of January 2025



Top 5 Companies in HSCEI*

*As of January 2025



中国建设银行
China Construction Bank

China Construction Bank
Financials

8.03%



Alibaba

Alibaba Group
Consumer Discretionary

8.01%



xiaomi

Xiaomi
Information Technology

7.85%

Tencent 腾讯

Tencent
Information Technology

7.60%



Meituan

Meituan
Consumer Discretionary

6.86%

What is HSCEI Futures?

A futures contract which underlying is the Hang Seng China Enterprises Index (HSCEI).

It is a futures contract listed on the Hong Kong Stock Exchange (HKEX).

Allows traders to trade the performance of the Hang Seng China Enterprises Index without buying the underlying stocks.



Benefits of Trading HSCEI Futures

Cost-Effective

Allows traders to trade the performance of the HSCEI without buying the underlying stocks.



Hedging

Allows investors to hedge against market volatility, protecting their portfolios from potential losses.

Leverage

Controls a larger position with a smaller amount of capital, amplifying potential returns.



Liquidity

HSCEI Futures is highly liquid, making it easier to enter and exit positions quickly.

Contract Specifications

	HSCEI Futures	Mini HSCEI Futures
Underlying Instrument	Hang Seng China Enterprises Index (HSCEI)	
Contract Code	HHI	MCH
Contract Size	HK\$50 per index point	HK\$10 per index point
Minimum Fluctuation	1 pt = HK\$50	1 pt = HK\$10
Contract Month	<p>Short-dated Futures: Spot month, next three calendar month, & next three calendar quarter months; and</p> <p>Long-dated Futures: the three months of June and December plus the next three months of December.</p>	Spot month, next calendar month, & next two calendar quarter months
Settlement Method	Cash	




Trading Examples



**3 Feb
2025**

You think the price of HHI
will go up and
BUY 1 lot@7,312



**27 Feb
2025**

The market is bullish and you
want to close position. You
SELL 1 lot@8,932

Gross Profit


$$\begin{aligned} &= \text{Price difference} \times \text{Contract size} \\ &= (8,932 - 7,312) \times \text{HK\$}50 \\ &= \text{HK\$ } 81,000 \text{ (~RM } 46,216) \end{aligned}$$

Factors Affecting HSCEI



Economic Indicators

An increase in China's GDP signals an economic uptrend and often leads to an increase in the HSCEI.



Reducing interest rates or implementing tax incentives by China tend to boost investor confidence, thus leading to a rise in the HSCEI.

Government Policies

Factors Affecting HSCEI

Corporate Earnings

An increase in corporate earnings strengthens investor confidence, driving higher demand for its shares and subsequently pushing index prices up.

The HSCEI will rise when China establishes stronger economic partnership with other nations, which is an advantage to the listed companies.

Geopolitics

Factors Affecting HSCEI

Currency Exchange Rate

When the Chinese yuan depreciates against the U.S. dollar, the index declines as companies involved in international trade experience reduced profitability.

When China reduces interest rates, it lowers borrowing costs for companies and boosts spending power, which can drive the HSCEI index upward.

Interest Rate

JANUARY - MAY 2024

+ 42.22%



China government planned to inject 2 trillion yuan from offshore accounts and 300 billion yuan in local funds, aiming to stabilize onshore shares, which boosted investor confidence.

The HSCEI index gained strength as a result of China's regulatory efforts to deepen mainland-Hong Kong market cooperation, including expanding Stock Connect.

MAY - AUGUST 2024

- 17.74%

Hang Seng China Enterprises Index (HSCEI) Futures



China's weak Consumer Price Index (CPI), concerning inflation data, and restrictions on chip technology used for Artificial Intelligence (AI) caused the HSCEI to nosedive.

China's efforts to boost consumer spending fell short and the lower-than-expected Gross Domestic Product (GDP) further contributed to the slump in the HSCEI.

AUGUST - OCTOBER 2024

+ 45.53%



China Central Bank lowered interest rates and borrowing cost by 20 basis point, making the HSCEI to skyrocket.

The reduction of interest rate and issuance of 2 trillion yuan in special sovereign bonds boosted liquidity and drove the HSCEI upward.

OCTOBER - DECEMBER 2024

- 19.42%



The HSCEI suffered losses due to escalating geopolitical tensions in the Middle East and surging oil prices, which fueled market uncertainty and inflationary concerns.

Donald Trump regained the U.S. presidency and promised to impose tariffs on Chinese goods, leading to a significant decline in the HSCEI.



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