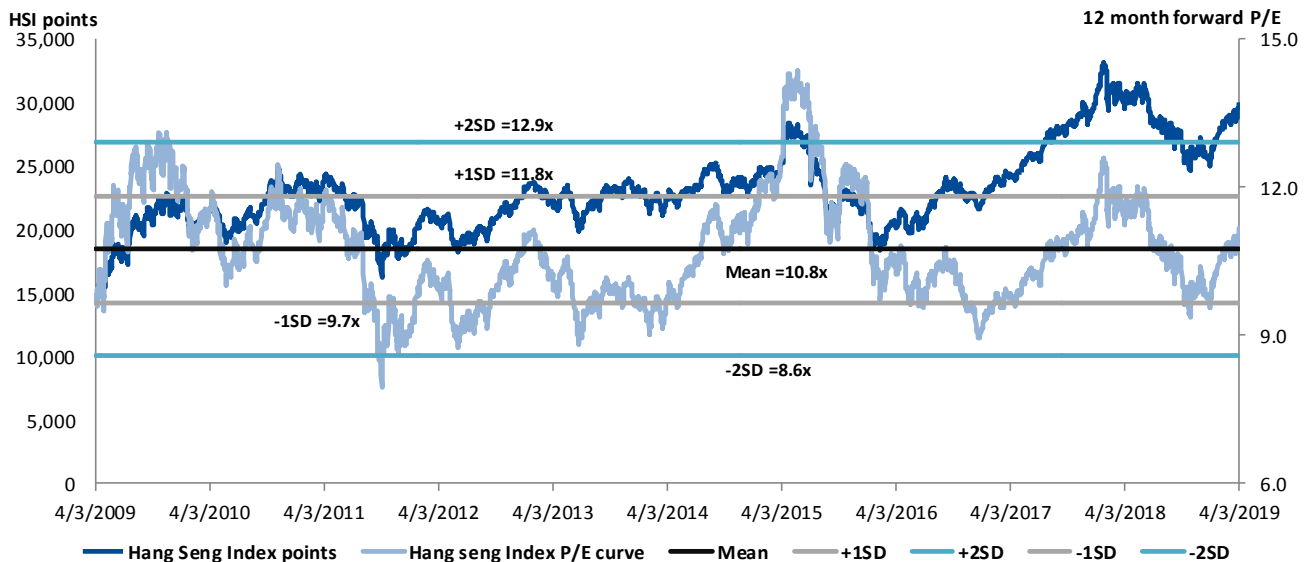


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HSI's FWD P/E hovers between 9.7x and 11.8x

Hang Seng Index at 10-year horizon



Source: Bloomberg, Mason Securities Limited

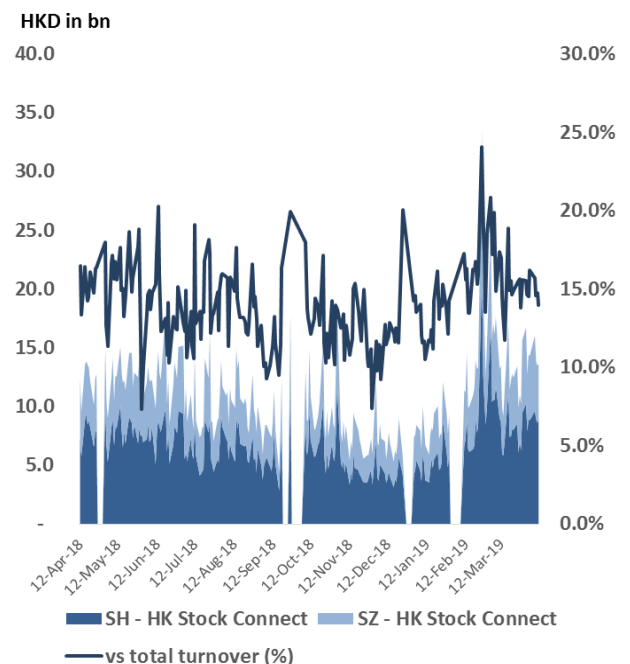
Market Overview

Hang Seng Index closed down 0.9% at 29,839. Market turnover improved to HKD 119.8bn. HSCEI retreated 1.2% at 11,618.

Southbound trading of SH-HK Stock Connect and SZ-HK Stock Connect attained HKD 9.1bn and HKD 4.6bn respectively, making up a combined 13.9% of total HK stock market turnover.

On 10 years horizon, we see HSI will fall into a range between 9.7x to 11.8x 12M forward P/E(11.1x currently), which is equivalent to 26,000 to 31,800 points respectively. This is also equal to 1.0 standard deviation below and above the past 10-year 12M forward P/E mean of 10.8x.

Southbound China-HK Stock Connect Turnover



Source: Bloomberg, Mason Securities Limited

Index Movers

HSI			
Name	Price	% Chg	Points
Tencent (700)	391.4	0.7%	20.9
Swire Pacific (19)	98.8	0.2%	0.3
Hang Seng Bank (11)	198.1	0.1%	0.2
Power Assets (6)	54.2	0.0%	0.0
AIA Group (1299)	80	-0.3%	-9.1
CK Infrastructure (1038)	62.8	-0.3%	-0.4
Sinopec (386)	6.23	-0.3%	-1.5
Hong Kong & China Gas (3)	18.8	-0.4%	-2.2
Geely (175)	17.62	-0.5%	-1.3
ICBC (1398)	5.83	-0.5%	-6.7
HSBC (5)	66.6	-0.5%	-15.5
CLP Holdings (2)	89.6	-0.6%	-2.3
China Mobile (941)	77.3	-0.7%	-10.2
CCB (939)	6.87	-0.7%	-16.3
Techtronic Industries (669)	57.4	-0.8%	-2.0
BOC (3988)	3.72	-0.8%	-7.2
BOC Hong Kong (2388)	35.1	-0.8%	-3.3
Want Want China (151)	6.49	-0.9%	-1.0
Hengan International (1044)	70	-0.9%	-1.4
Sino Land (83)	14.44	-1.0%	-1.3
WH Group (288)	8.59	-1.2%	-2.5
China Unicom (762)	10	-1.2%	-2.2
CK Hutchison (1)	84.3	-1.2%	-8.5
Link (823)	92	-1.3%	-7.5
PetroChina (857)	5.16	-1.3%	-4.4
HKEx (388)	277	-1.4%	-14.3
MTR (66)	47.95	-1.4%	-3.9
Sino Biopharmaceutical (1177)	8.04	-1.5%	-2.5
BOCOM (3328)	6.54	-1.5%	-2.5
China Shenhua (1088)	17.8	-1.5%	-2.0
China Resources Land (1109)	34.3	-1.6%	-4.5
New World Development (17)	13.3	-1.6%	-4.1
Wharf (1997)	57.85	-1.7%	-3.7
CSPC Pharmaceutical (1093)	15.88	-1.7%	-3.9
Henderson Land (12)	49.95	-1.8%	-3.5
Ping An Insurance (2318)	91.75	-1.8%	-28.6
Country Garden (2007)	13	-2.0%	-5.9
CITIC (267)	11.86	-2.0%	-4.2
CK Asset Holdings (1113)	68.85	-2.0%	-10.9
Sun Hung Kai Properties (16)	136.8	-2.0%	-9.3
Hang Lung Properties (101)	18.98	-2.2%	-2.5
Shenzhou International (2313)	103.9	-2.2%	-4.2
CNOOC (883)	14.58	-2.3%	-18.3
AAC Technologies (2018)	52.5	-2.4%	-2.3
Sands China (1928)	42.25	-2.4%	-7.7
China Overseas (688)	29.75	-2.5%	-8.5
Mengniu Dairy (2319)	28.7	-2.7%	-6.5
China Life Insurance (2628)	21	-2.8%	-13.4
Sunny Optical (2382)	103.8	-2.6%	-8.4
Galaxy Entertainment (27)	58.05	-2.9%	-15.3

HSCEI			
Name	Price	% Chg	Points
Tencent (700)	391.4	0.7%	8.3
Huaneng Power International (902)	4.73	0.2%	0.1
Dongfeng Motor (489)	8.62	0.0%	0.0
CGN Power (1816)	2.2	0.0%	0.0
Guangdong Investment (270)	14.52	-0.3%	-0.3
Sinopec (386)	6.23	-0.3%	-1.1
Sinopharm Group (1099)	32.55	-0.5%	-0.4
ICBC (1398)	5.83	-0.5%	-4.8
China Mobile (941)	77.3	-0.7%	-7.3
CCB (939)	6.87	-0.7%	-8.1
BOC (3988)	3.72	-0.8%	-5.1
Hengan International (1044)	70	-0.9%	-1.0
CITIC Bank (998)	5.01	-1.0%	-1.0
Postal Savings Bank of China (1658)	4.52	-1.1%	-1.1
PICC Property & Casualty (2328)	8.87	-1.2%	-1.6
BYD (1211)	52.2	-1.2%	-0.9
Great Wall Motor (2333)	6.87	-1.3%	-0.6
PetroChina (857)	5.16	-1.3%	-3.2
China Gas (384)	25.65	-1.3%	-1.3
BOCOM (3328)	6.54	-1.5%	-1.9
China Shenhua (1088)	17.8	-1.5%	-2.1
China Resources Land (1109)	34.3	-1.6%	-3.3
Guangzhou Automobile (2238)	9.75	-1.6%	-1.0
China Telecom (728)	4.22	-1.6%	-2.1
Huatai Securities (6886)	15.32	-1.7%	-0.9
CSPC Pharmaceutical (1093)	15.88	-1.7%	-2.8
Cinda Asset Management (1359)	2.18	-1.8%	-0.8
New China Life (1336)	43.35	-1.8%	-1.4
Ping An Insurance (2318)	91.75	-1.8%	-20.5
China Minsheng Banking (1988)	5.89	-1.8%	-1.6
CMB (3968)	39.7	-1.9%	-6.3
Agricultural Bank (1288)	3.6	-1.9%	-4.2
CCCC (1800)	8.11	-1.9%	-1.5
CITIC (267)	11.86	-2.0%	-3.0
CRRC Corp (1766)	7.27	-2.0%	-1.4
Shenzhou International (2313)	103.9	-2.2%	-3.7
CNOOC (883)	14.58	-2.3%	-13.1
CITIC Securities (6030)	18.04	-2.5%	-1.9
China National Building Material (3323)	7.35	-2.5%	-1.6
China Railway (390)	6.58	-2.7%	-1.6
China Life Insurance (2628)	21	-2.8%	-9.6
GF Securities (1776)	10.78	-2.9%	-1.0
Huarong Asset (2799)	1.65	-2.9%	-1.1
Haitong Securities (6837)	10.3	-3.0%	-2.1
China Pacific Insurance (2601)	31.55	-3.2%	-6.0
People's Insurance (1339)	3.27	-3.3%	-1.8
Anhui Conch Cement (914)	50.35	-3.3%	-4.5
China Vanke (2202)	33.3	-3.6%	-3.4
Air China (753)	9.89	-3.8%	-1.7
China Tower (788)	2.03	-4.2%	-8.6

Source: Bloomberg, Mason Securities Limited

Major Market Indicators

		% Change				
Hong Kong		Close	1-Day	1-Mth	6-Mth	12-Mth
Hang Seng Index	29,839.45		-0.9%	3.2%	15.7%	-3.2%
HSCEI (H-Shares)	11,618.04		-1.2%	1.3%	12.8%	-5.5%
Mkt T/O (\$ Mn)	119,772.91		6.4%	16.5%	-14.3%	-9.9%
Oversea						
DJIA	26,143.05		-0.1%	2.3%	3.2%	6.8%
NASDAQ	7,947.36		-0.2%	4.7%	6.0%	11.3%
Shanghai SE Composite	3,189.96		-1.6%	4.2%	22.4%	0.3%
Shenzhen Component	10,158.40		-2.7%	3.2%	34.4%	-5.3%
Commodities and FX						
Crude Oil Futures (US\$)	63.79		-1.3%	12.2%	-10.6%	-4.9%
Gold Futures (US\$)	1,296.60		0.3%	-0.1%	6.1%	-3.4%
Baltic Dry Index	734.00		1.2%	13.4%	-53.5%	-26.1%
USD / Euro	1.13		0.2%	-0.1%	-2.4%	-8.5%
Yen / USD	111.73		-0.1%	-0.4%	0.2%	-4.0%
CNH / USD	6.727		0.0%	-0.3%	2.9%	-6.8%

Source: Bloomberg, Mason Securities Limited

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BUY Based on a current 12-month view of total shareholder return (change in share price from current price + projected dividend yield), we expect a positive return of over 10%.

HOLD Based on a current 12-month view of total shareholder return, we expect the return to range between +10% to -10%.

SELL Based on a current 12-month view of total shareholder return we expect a negative return of over 10%.

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