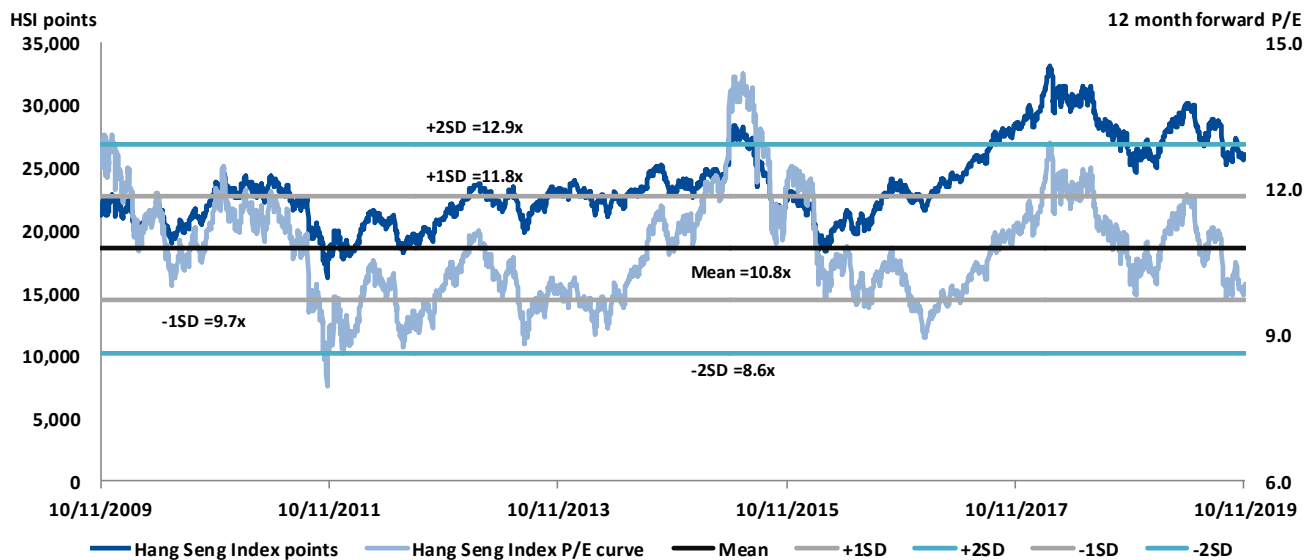


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## HSI's FWD P/E is likely to hit as low as 8.6x

### Hang Seng Index at 10-year horizon



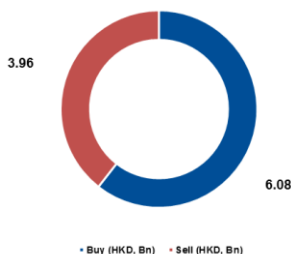
Source: Bloomberg and Mason Securities Limited

### Market Overview

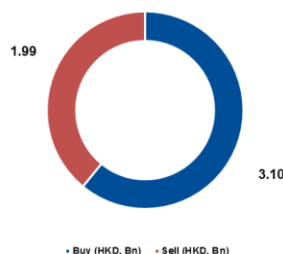
Hang Seng Index closed up 0.81% at 26,522. Market turnover decreased to HKD 90.3bn. HSCEI climbed 0.53% at 10,508.

Southbound trading of SH-HK Stock Connect and SZ-HK Stock Connect attained HKD 10 bn and HKD 5.1bn respectively, making up a combined 19.5% of total HK stock market turnover.

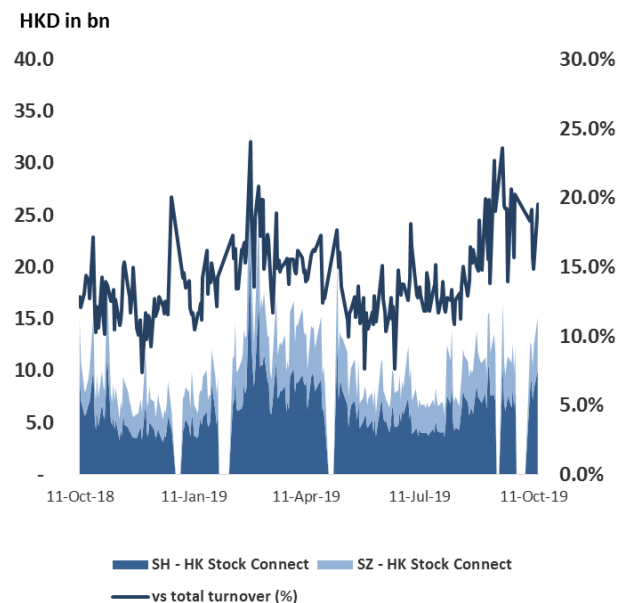
SH-HK Stock Connect



SZ-HK Stock Connect



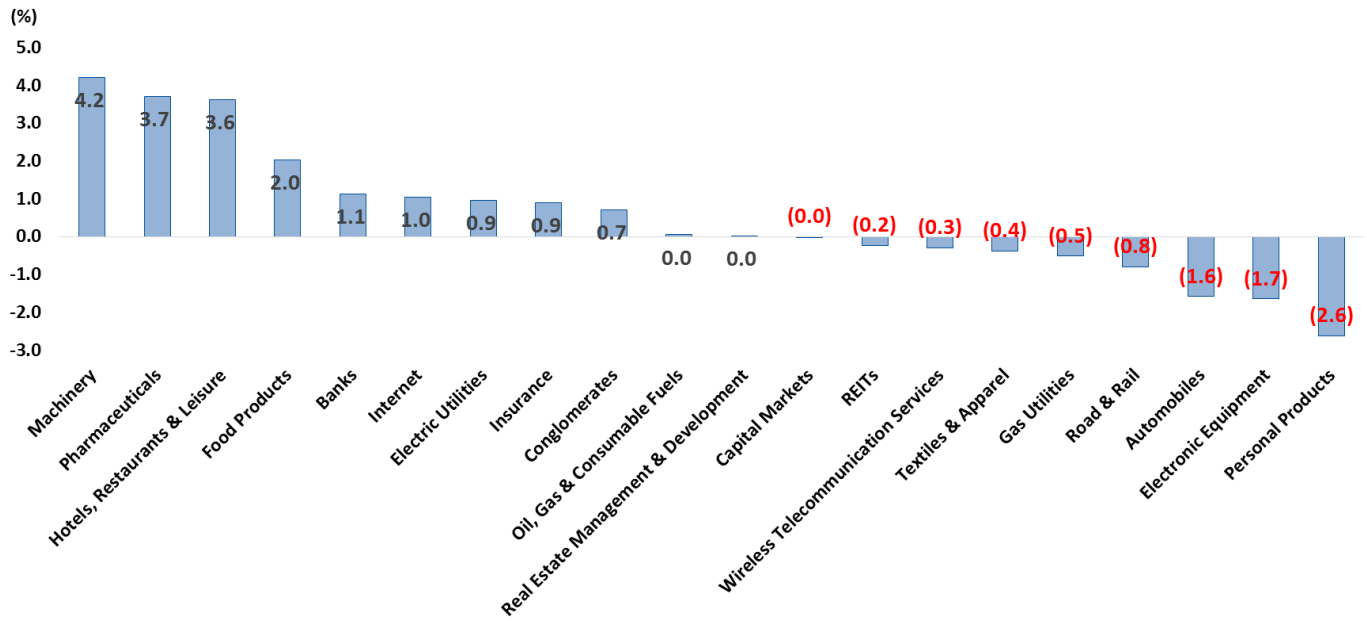
### Southbound China-HK Stock Connect Turnover



**On 10 years horizon, we see HSI will fall into a range between 8.6x to 10.8x 12M forward P/E (10.2x currently), which is equivalent to 22,500 to 28,100 points respectively. This is also equal to average and 2.0 standard deviation below the past 10-year 12M forward P/E mean of 10.8x.**

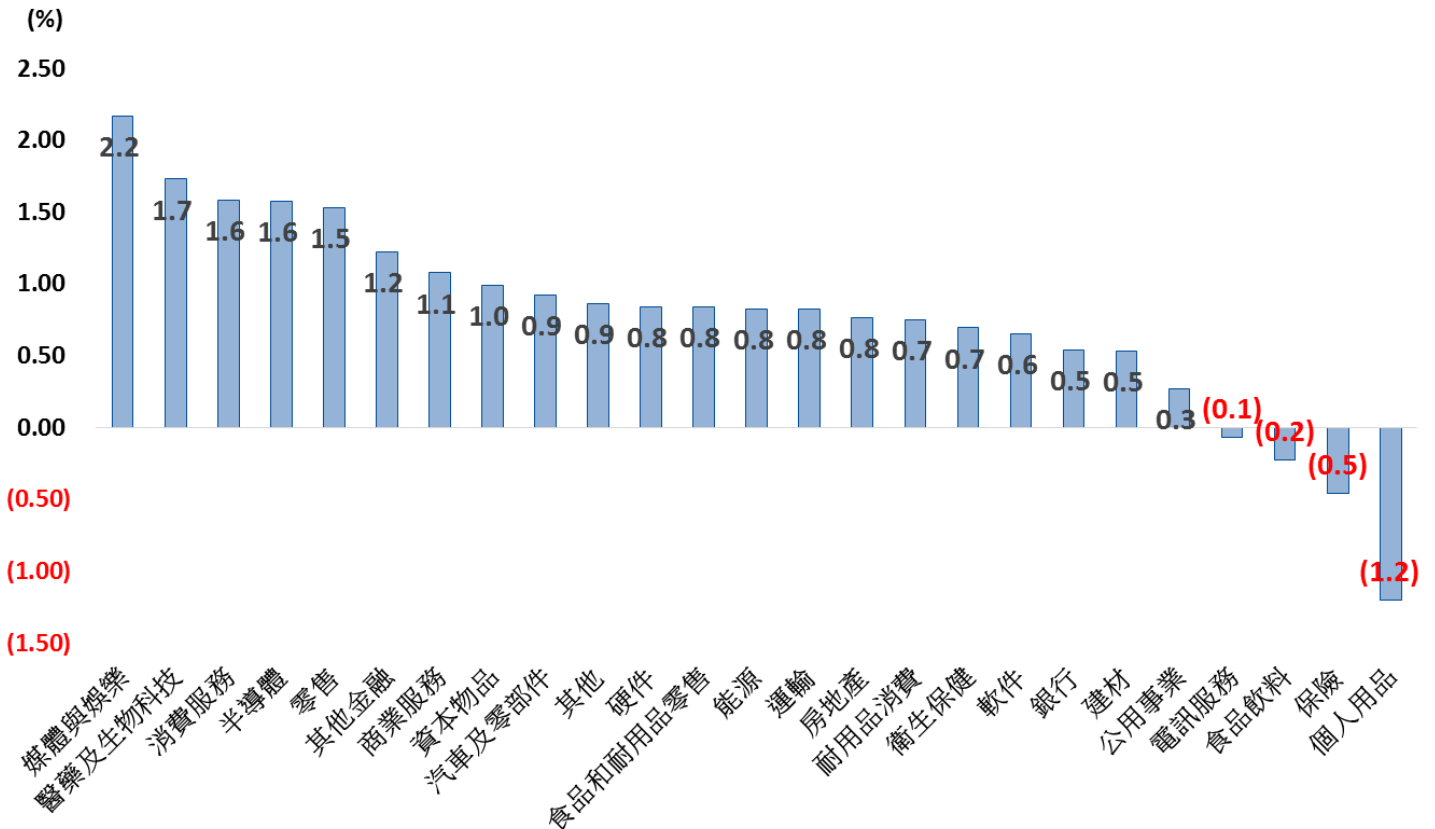
Source: Bloomberg and Mason Securities Limited

## Sector Performance (%) in HSI (Last trading day)



Source: Bloomberg and Mason Securities Limited

## Sector Performance (%) on Main Board (Last trading day)



Source: Bloomberg and Mason Securities Limited

## Top 10 Traded Stock in Southbound China-HK Stock Connect (Last trading day)

SZ-HK Stock Connect (Southbound)										
Rank	Ticker	Company name	Buy (HKDm)	Sell (HKDm)	Net Buy (Sell) (HKDm)	Total (HKDm)	% of stock turnover	1D Performance	5D Performance	1M Performance
1	700 HK	TENCENT	286	85	201	371	5%	1.0%	1.7%	(6.1%)
2	763 HK	ZTE-H	133	169	(36)	302	88%	(2.7%)	0.5%	(6.2%)
3	1918 HK	SUNAC	116	33	83	148	18%	1.5%	7.9%	(0.1%)
4	1558 HK	YICHANG HEC CH-H	39	80	(40)	119	86%	6.2%	5.4%	7.0%
5	2382 HK	SUNNY OPTICAL	67	41	26	108	12%	(2.5%)	(3.1%)	(3.7%)
6	6030 HK	CITIC SEC-H	91	16	76	107	34%	0.0%	6.3%	(6.3%)
7	388 HK	HKEX	48	54	(6)	103	8%	0.0%	5.0%	(1.5%)
8	2338 HK	WEICHAI POWER-H	88	7	80	95	52%	5.1%	8.9%	(2.5%)
9	939 HK	CCB-H	78	11	67	89	2%	1.5%	5.1%	(0.3%)
10	1573 HK	SOUTHERN ENERGY	44	39	5	83	45%	(4.5%)	4.3%	(35.6%)

SH-HK Stock Connect (Southbound)										
Rank	Ticker	Company name	Buy (HKDm)	Sell (HKDm)	Net Buy (Sell) (HKDm)	Total (HKDm)	% of stock turnover	1D Performance	5D Performance	1M Performance
1	939 HK	CCB-H	1,884	582	1,302.1	2,467	61%	1.5%	5.1%	(0.3%)
2	3968 HK	CM BANK-H	53	699	(646.6)	752	62%	1.3%	3.2%	(0.4%)
3	700 HK	TENCENT	485	87	397.9	572	7%	1.0%	1.7%	(6.1%)
4	1398 HK	ICBC-H	320	105	214.1	425	35%	1.1%	5.2%	(0.4%)
5	1918 HK	SUNAC	71	285	(214.4)	357	44%	1.5%	7.9%	(0.1%)
6	5 HK	HSBC HOLDINGS PL	315	9	306.3	324	14%	1.7%	2.9%	(1.2%)
7	2318 HK	PING AN	113	118	(4.7)	231	8%	1.1%	5.1%	(0.5%)
8	1093 HK	CSPC PHARMACEUTI	73	99	(25.8)	172	17%	4.2%	4.4%	6.8%
9	1833 HK	PING AN HEALTHCA	125	45	79.2	170	31%	2.2%	21.5%	23.1%
10	1088 HK	CHINA SHENHUA-H	141	20	120.4	161	49%	0.6%	1.0%	(4.4%)

Source: Bloomberg, HKEx and Mason Securities Limited

## Top 10 Traded Stock in Northbound China-HK Stock Connect (Last trading day)

SZ-HK Stock Connect (Northbound)										
Rank	Ticker	Company name	Buy (RMBm)	Sell (RMBm)	Net Buy (Sell) (RMBm)	Total (RMBm)	% of stock turnover	1D Performance	5D Performance	1M Performance
1	002415 CH	HANGZHOU HIKVI-A	169	576	(407)	745	32%	0.9%	(4.1%)	(10.2%)
2	000333 CH	MIDEA GROUP CO-A	619	74	545	694	49%	1.0%	4.6%	(1.2%)
3	000858 CH	WULIANGYE YIBI-A	220	423	(203)	643	23%	(0.3%)	0.8%	(0.5%)
4	002475 CH	LUXSHARE PRECI-A	452	165	287	616	27%	4.4%	6.1%	14.1%
5	000001 CH	PING AN BANK-A	189	355	(166)	543	20%	2.4%	10.5%	17.3%
6	000538 CH	YUNNAN BAIYAO-A	333	51	283	384	20%	10.0%	10.0%	9.2%
7	000002 CH	CHINA VANKE CO-A	217	121	96	339	12%	1.2%	4.7%	(2.4%)
8	002714 CH	MUYUAN FOODSTU-A	184	134	49	318	18%	1.0%	17.9%	18.3%
9	002241 CH	GOERTEK INC -A	169	137	32	306	14%	1.6%	6.4%	28.8%
10	000651 CH	GREE ELECTRIC-A	166	137	29	303	22%	0.2%	2.4%	(1.5%)

SH-HK Stock Connect (Northbound)										
Rank	Ticker	Company name	Buy (RMBm)	Sell (RMBm)	Net Buy (Sell) (RMBm)	Total (RMBm)	% of stock turnover	1D Performance	5D Performance	1M Performance
1	600519 CH	KWEICHOW MOUTA-A	566	527	39	1,094	34%	0.5%	2.6%	7.4%
2	600276 CH	JIANGSU HENGRU-A	463	467	(4)	931	58%	0.2%	3.6%	6.3%
3	601318 CH	PING AN INSURA-A	402	340	62	742	13%	0.6%	3.9%	(2.0%)
4	600036 CH	CHINA MERCH BK-A	312	420	(108)	732	23%	1.5%	6.0%	4.4%
5	601166 CH	INDUSTRIAL BAN-A	289	126	163	415	15%	1.9%	8.4%	6.3%
6	601818 CH	CHINA EVERBRIG-A	92	245	(153)	337	16%	6.7%	16.8%	15.3%
7	600009 CH	SHANG INTL AIR-A	44	288	(243)	332	27%	(1.3%)	(0.7%)	(4.7%)
8	600048 CH	POLY DEVELOPME-A	101	229	(127)	330	24%	(0.7%)	9.1%	6.6%
9	600900 CH	CHINA YANGTZE-A	59	263	(204)	322	52%	(0.8%)	0.0%	(3.3%)
10	600000 CH	SHANG PUDONG-A	113	185	(72)	298	19%	3.9%	9.3%	7.8%

Source: Bloomberg, HKEx and Mason Securities Limited

## Index Movers

H S I				HSCEI			
Name	Price	% Chg	Points	Name	Price	% Chg	Points
WH Group ( 288 )	7.72	4.3%	8.6	CSPC Pharmaceutical ( 1093 )	16.7	4.2%	6.2
Galaxy Entertainment ( 27 )	51.25	4.3%	13.8	ENN Energy Holdings ( 2688 )	87	2.4%	3.2
CSPC Pharmaceutical ( 1093 )	16.7	4.2%	9.7	China Vanke ( 2202 )	28.95	1.9%	1.6
Techtronic Industries ( 669 )	57.05	4.2%	10.2	Agricultural Bank ( 1288 )	3.18	1.6%	2.7
Sino Biopharmaceutical ( 1177 )	11.16	3.1%	7.2	CCB ( 939 )	6.22	1.5%	15.7
Sands China ( 1928 )	36.5	3.0%	9.0	Sunac China ( 1918 )	34.8	1.5%	2.4
CK Infrastructure ( 1038 )	55.2	2.5%	3.3	CITIC Bank ( 998 )	4.35	1.4%	1.1
CK Hutchison ( 1 )	71.55	2.0%	11.5	BOCOM ( 3328 )	5.25	1.4%	1.2
HSBC ( 5 )	59.95	1.7%	44.8	CMB ( 3968 )	38.55	1.3%	3.8
CCB ( 939 )	6.22	1.5%	29.6	Longfor Group Holdings ( 960 )	32.1	1.3%	1.4
BOCOM ( 3328 )	5.25	1.4%	1.9	ICBC ( 1398 )	5.43	1.1%	8.6
BOC Hong Kong ( 2388 )	26.15	1.2%	3.4	Want Want China ( 151 )	6.34	1.1%	0.8
ICBC ( 1398 )	5.43	1.1%	13.5	Ping An Insurance ( 2318 )	94.6	1.1%	10.9
Want Want China ( 151 )	6.34	1.1%	1.2	Tencent ( 700 )	328.2	1.0%	10.4
Ping An Insurance ( 2318 )	94.6	1.1%	17.0	China Life Insurance ( 2628 )	18.68	0.9%	2.3
Tencent ( 700 )	328.2	1.0%	26.5	China Pacific Insurance ( 2601 )	29.55	0.9%	1.3
Swire Pacific ( 19 )	72.65	0.9%	1.0	Fosun International ( 656 )	10.08	0.8%	0.4
China Life Insurance ( 2628 )	18.68	0.9%	3.6	China Gas ( 384 )	31.85	0.8%	1.0
AIA Group ( 1299 )	73.8	0.8%	18.8	BYD ( 1211 )	39	0.8%	0.4
Mengniu Dairy ( 2319 )	31.3	0.6%	1.7	BOC ( 3988 )	3.16	0.6%	3.1
BOC ( 3988 )	3.16	0.6%	4.8	China Shenhua ( 1088 )	15.92	0.6%	0.7
China Shenhua ( 1088 )	15.92	0.6%	1.0	China Minsheng Banking ( 1988 )	5.48	0.6%	0.4
Hang Seng Bank ( 11 )	164.3	0.5%	1.9	China Taiping Insurance ( 966 )	17.94	0.4%	0.3
Power Assets ( 6 )	54.25	0.5%	1.1	Country Garden Holding ( 2007 )	10.52	0.4%	0.6
China Overseas ( 688 )	26	0.4%	1.2	Sinopec ( 386 )	4.7	0.2%	0.5
Country Garden ( 2007 )	10.52	0.4%	0.9	Anhui Conch Cement ( 914 )	47.85	0.2%	0.2
Hang Lung Properties ( 101 )	18.1	0.3%	0.4	CITIC Securities ( 6030 )	15.46	0.0%	0.0
Sinopec ( 386 )	4.7	0.2%	0.8	PetroChina ( 857 )	4.13	0.0%	0.0
Sun Hung Kai Properties ( 16 )	112.4	0.2%	0.7	Haitong Securities ( 6837 )	8.54	0.0%	0.0
Sino Land ( 83 )	11.98	0.2%	0.2	Sinopharm Group ( 1099 )	25.85	-0.2%	-0.1
PetroChina ( 857 )	4.13	0.0%	0.0	China Railway ( 390 )	4.8	-0.2%	-0.1
New World Development ( 17 )	10.36	0.0%	0.0	China Mobile ( 941 )	66.4	-0.3%	-2.4
HKEx ( 388 )	237.2	0.0%	0.0	CRRC Corp ( 1766 )	5.42	-0.4%	-0.2
CK Asset Holdings ( 1113 )	52.7	-0.1%	-0.4	Shenzhou International ( 2313 )	106.1	-0.4%	-0.6
CLP Holdings ( 2 )	80.8	-0.1%	-0.6	China National Building Material ( 3323 )	7.08	-0.4%	-0.2
Link ( 823 )	82.7	-0.2%	-1.3	New China Life ( 1336 )	31.75	-0.5%	-0.2
Henderson Land ( 12 )	37.25	-0.3%	-0.4	China Tower ( 788 )	1.74	-0.6%	-0.9
China Mobile ( 941 )	66.4	-0.3%	-3.7	CITIC ( 267 )	10.14	-0.6%	-0.7
Shenzhou International ( 2313 )	106.1	-0.4%	-0.9	People's Insurance ( 1339 )	3.22	-0.6%	-0.3
China Unicom ( 762 )	8.64	-0.5%	-0.7	Postal Savings Bank of China ( 1658 )	4.77	-0.6%	-0.6
Hong Kong & China Gas ( 3 )	15.28	-0.5%	-2.5	CNOOC ( 883 )	11.96	-0.7%	-2.8
CITIC ( 267 )	10.14	-0.6%	-1.1	CCCC ( 1800 )	6.16	-0.8%	-0.4
CNOOC ( 883 )	11.96	-0.7%	-4.3	China Telecom ( 728 )	3.64	-0.8%	-0.8
AAC Technologies ( 2018 )	45.6	-0.8%	-0.7	ANTA Sports Products ( 2020 )	70.05	-0.9%	-1.4
MTR ( 66 )	43.5	-0.8%	-1.6	China Resources Land ( 1109 )	35.25	-1.1%	-2.2
Wharf ( 1997 )	43	-0.8%	-1.3	Guangdong Investment ( 270 )	16.32	-1.2%	-1.1
China Resources Land ( 1109 )	PX_LAST")	-1.1%	-3.4	Geely Automobile ( 175 )	13.66	-1.6%	-2.3
Geely ( 175 )	13.66	-1.6%	-3.7	China Resources Beer ( 291 )	41.5	-2.4%	-3.2
Sunny Optical ( 2382 )	115	-2.5%	-6.5	Hengan International ( 1044 )	50	-2.6%	-1.9
Hengan International ( 1044 )	50	-2.6%	-2.9	PICC Property & Casualty ( 2328 )	9.45	-2.7%	-3.5

Source: Bloomberg and Mason Securities Limited

## Major Market Indicators

		% Change			
Hong Kong	Close	1-Day	1-Mth	6-Mth	12-Mth
Hang Seng Index	26,521.85	0.8%	-3.0%	-11.0%	4.2%
HSCEI (H-Shares)	10,507.85	0.5%	-1.7%	-9.7%	3.6%
Mkt T/O (\$ Mn)	90,347.14	-8.4%	56.6%	0.7%	-18.7%
Overseas					
DJIA	26,787.36	-0.1%	-1.6%	1.5%	6.1%
NASDAQ	8,048.65	-0.1%	-1.6%	0.9%	8.3%
Shanghai SE Composite	3,007.88	1.2%	-0.8%	-5.3%	17.1%
Shenzhen Component	9,786.64	1.2%	-1.3%	-2.7%	31.5%
Commodities and FX					
Crude Oil Futures (US\$)	53.47	-2.2%	-2.5%	-15.7%	-25.5%
Gold Futures (US\$)	1,496.90	0.0%	0.3%	15.9%	21.7%
Baltic Dry Index	1,924.00	-0.3%	-16.8%	160.7%	21.5%
USD / Euro	1.10	0.0%	0.2%	-2.5%	-4.8%
Yen / USD	108.32	0.0%	-0.3%	3.4%	3.2%
CNH / USD	7.071	-0.1%	-0.1%	-5.2%	-2.1%

Source: Bloomberg and 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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