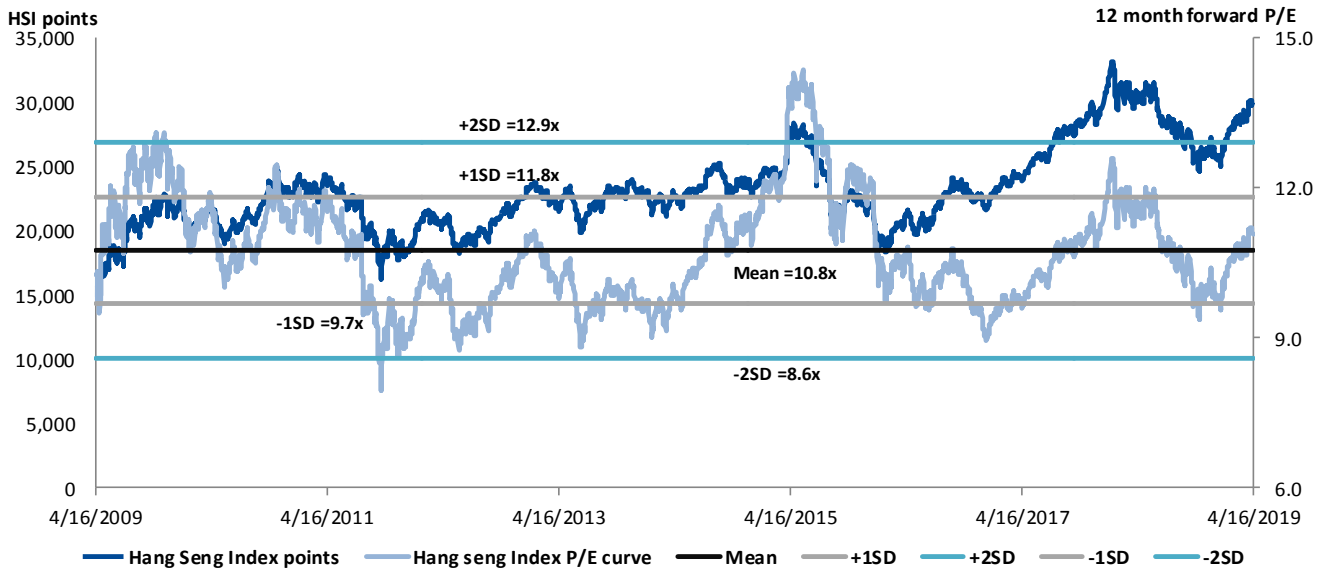


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HSI's FWD P/E hovers between 9.7x and 11.8x

Hang Seng Index at 10-year horizon



Source: Bloomberg, Mason Securities Limited

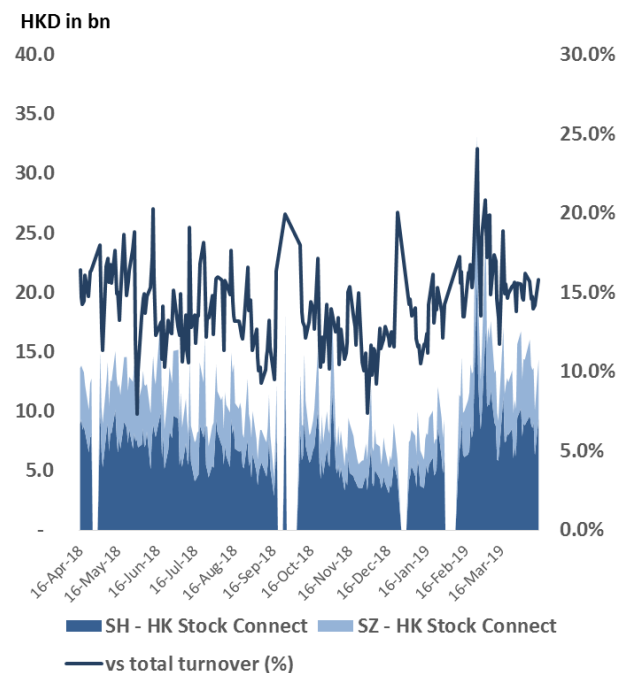
Market Overview

Hang Seng Index closed down 0.3% at 29,811. Market turnover improved to HKD 110.0bn. HSCEI retreated 0.2% at 11,632.

Southbound trading of SH-HK Stock Connect and SZ-HK Stock Connect attained HKD 9.4bn and HKD 5.0bn respectively, making up a combined 15.8% 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				HSCEI			
Name	Price	% Chg	Points	Name	Price	% Chg	Points
Sands China (1928)	43.3	1.9%	5.8	New China Life (1336)	44.75	3.5%	2.7
Wharf (1997)	58.2	1.4%	2.9	Postal Savings Bank of China (1658)	4.63	1.8%	1.7
Shenzhou International (2313)	104.2	1.0%	2.3	China Pacific Insurance (2601)	31.95	1.3%	2.3
Hang Seng Bank (11)	200.6	0.9%	4.1	GF Securities (1776)	11.24	1.3%	0.4
AIA Group (1299)	80	0.9%	25.4	China National Building Material (3323)	7.6	1.1%	0.7
China Life Insurance (2628)	21.2	0.7%	3.4	PICC Property & Casualty (2328)	8.93	1.0%	1.3
Country Garden (2007)	13.24	0.6%	1.8	Shenzhou International (2313)	104.2	1.0%	1.6
Techtron Industries (669)	58.2	0.6%	1.5	China Tower (788)	2.1	1.0%	1.9
Galaxy Entertainment (27)	58.55	0.6%	2.3	Huatai Securities (6886)	15.44	0.9%	0.5
BOCOM (3328)	6.54	0.5%	0.8	Anhui Conch Cement (914)	50.2	0.8%	1.1
HSBC (5)	67.1	0.3%	8.9	China Life Insurance (2628)	21.2	0.7%	2.4
Geely (175)	16.94	0.2%	0.6	China Telecom (728)	4.25	0.7%	0.9
CNOOC (883)	14.74	0.1%	1.1	CMB (3968)	40.4	0.5%	1.7
AAC Technologies (2018)	52.6	0.0%	0.0	BOCOM (3328)	6.54	0.5%	0.6
Ping An Insurance (2318)	92.6	-0.1%	-0.8	BYD (1211)	52.2	0.4%	0.3
Power Assets (6)	54.2	-0.1%	-0.2	China Minsheng Banking (1988)	5.94	0.3%	0.3
China Overseas (688)	29.95	-0.2%	-0.6	Agricultural Bank (1288)	3.61	0.3%	0.6
CITIC (267)	11.82	-0.2%	-0.3	CITIC Bank (998)	5.01	0.2%	0.2
BOC (3988)	3.71	-0.3%	-2.4	China Vanke (2202)	33.55	0.1%	0.1
CCB (939)	6.91	-0.3%	-6.5	CNOOC (883)	14.74	0.1%	0.8
ICBC (1398)	5.85	-0.3%	-4.4	People's Insurance (1339)	3.29	0.0%	0.0
CK Infrastructure (1038)	62.75	-0.4%	-0.5	Huarong Asset (2799)	1.66	0.0%	0.0
China Resources Land (1109)	34.35	-0.4%	-1.3	CGN Power (1816)	2.2	0.0%	0.0
CLP Holdings (2)	89.5	-0.4%	-2.3	CITIC Securities (6030)	18	0.0%	0.0
China Shenhua (1088)	17.8	-0.6%	-1.0	Cinda Asset Management (1359)	2.17	0.0%	0.0
China Mobile (941)	76.55	-0.6%	-8.5	Guangzhou Automobile (2238)	9.5	0.0%	0.0
CK Hutchison (1)	83.75	-0.6%	-4.1	Ping An Insurance (2318)	92.6	-0.1%	-0.6
New World Development (17)	13.34	-0.6%	-1.5	CITIC (267)	11.82	-0.2%	-0.3
BOC Hong Kong (2388)	35.1	-0.7%	-2.4	Haitong Securities (6837)	10.28	-0.2%	-0.1
MTR (66)	48.35	-0.7%	-1.9	China Gas (384)	25.3	-0.2%	-0.2
HKEx (388)	274.4	-0.8%	-7.9	BOC (3988)	3.71	-0.3%	-1.7
Henderson Land (12)	49.55	-0.8%	-1.6	CCB (939)	6.91	-0.3%	-3.2
Sun Hung Kai Properties (16)	134.7	-1.0%	-4.1	China Railway (390)	6.52	-0.3%	-0.2
CSPC Pharmaceutical (1093)	15.72	-1.0%	-2.3	ICBC (1398)	5.85	-0.3%	-3.2
Hengan International (1044)	69.95	-1.1%	-1.6	China Resources Land (1109)	34.35	-0.4%	-0.9
CK Asset Holdings (1113)	67.9	-1.1%	-5.5	CCCC (1800)	8.15	-0.5%	-0.4
Hong Kong & China Gas (3)	18.7	-1.2%	-6.0	Air China (753)	9.97	-0.5%	-0.2
PetroChina (857)	5.05	-1.2%	-3.3	China Shenhua (1088)	17.8	-0.6%	-0.7
Sinopec (386)	6.15	-1.3%	-6.0	China Mobile (941)	76.55	-0.6%	-6.0
Swire Pacific (19)	98.9	-1.3%	-1.9	CRRC Corp (1766)	7.24	-0.7%	-0.5
Link (823)	91.1	-1.4%	-7.9	Great Wall Motor (2333)	6.58	-0.8%	-0.3
Sino Land (83)	14.22	-1.4%	-1.8	Sinopharm Group (1099)	32	-0.8%	-0.6
Want Want China (151)	6.29	-1.4%	-1.5	CSPC Pharmaceutical (1093)	15.72	-1.0%	-1.6
Tencent (700)	388.2	-1.4%	-44.9	Hengan International (1044)	69.95	-1.1%	-1.2
China Unicom (762)	9.69	-1.6%	-2.9	Dongfeng Motor (489)	8.29	-1.1%	-0.5
Mengniu Dairy (2319)	28.4	-1.7%	-4.1	PetroChina (857)	5.05	-1.2%	-2.7
Hang Lung Properties (101)	18.78	-1.8%	-2.1	Sinopec (386)	6.15	-1.3%	-4.4
WH Group (288)	8.74	-2.0%	-4.8	Tencent (700)	388.2	-1.4%	-17.9
Sino Biopharmaceutical (1177)	7.83	-2.1%	-3.5	Huaneng Power International (902)	4.8	-1.8%	-0.7
Sunny Optical (2382)	100.9	-2.7%	-6.0	Guangdong Investment (270)	14.18	-1.9%	-1.8

Source: Bloomberg, Mason Securities Limited

Major Market Indicators

		% Change			
Hong Kong	Close	1-Day	1-Mth	6-Mth	12-Mth
Hang Seng Index	29,810.72	-0.3%	2.8%	17.1%	-1.7%
HSCEI (H-Shares)	11,631.86	-0.2%	1.1%	14.1%	-3.1%
Mkt T/O (\$ Mn)	109,996.79	22.6%	-9.4%	36.0%	13.4%
Oversea					
DJIA	26,384.77	-0.1%	2.1%	2.3%	7.4%
NASDAQ	7,976.01	-0.1%	3.7%	4.3%	11.5%
Shanghai SE Composite	3,177.79	-0.3%	5.2%	24.8%	2.2%
Shenzhen Component	10,053.76	-0.8%	5.3%	37.7%	-5.3%
Commodities and FX					
Crude Oil Futures (US\$)	63.50	-0.6%	8.5%	-11.7%	-4.1%
Gold Futures (US\$)	1,286.80	-0.3%	-1.2%	4.9%	-4.3%
Baltic Dry Index	726.00	-0.3%	-0.5%	-54.0%	-29.2%
USD / Euro	1.13	0.0%	-0.3%	-2.3%	-8.7%
Yen / USD	112.02	0.0%	-0.5%	0.2%	-4.4%
CNH / USD	6.707	0.0%	0.2%	3.1%	-6.6%

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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