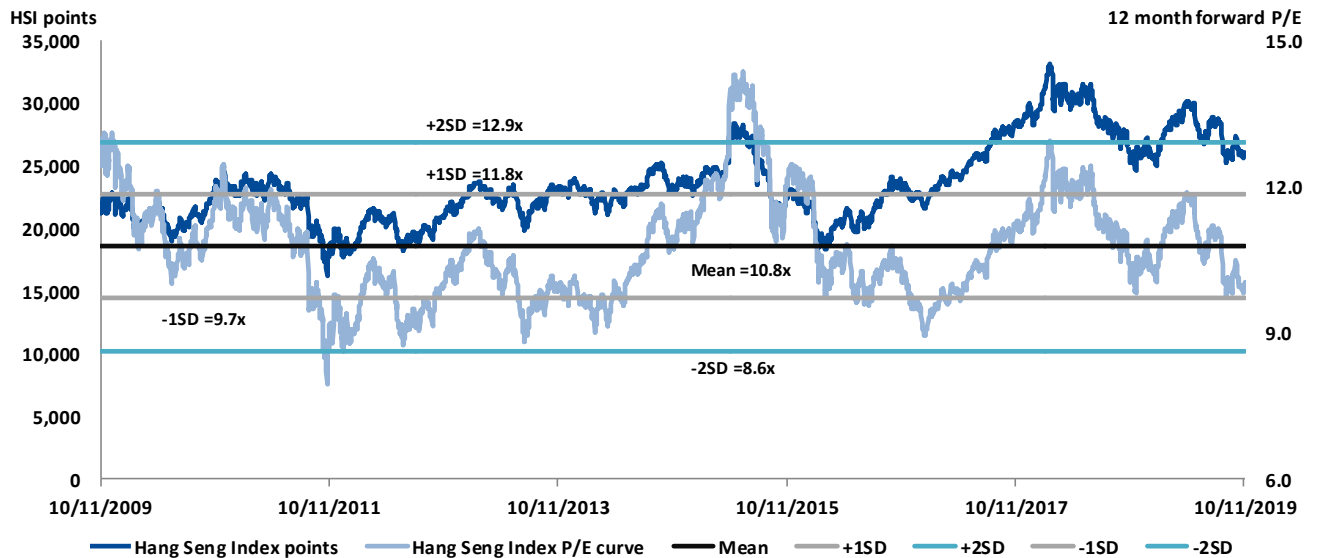


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## HSI's FWD P/E is likely to hit as low as 8.6x

### Hang Seng Index at 10-year horizon



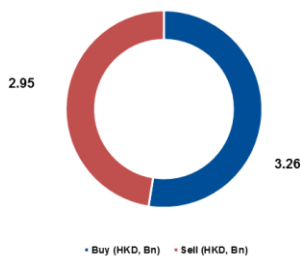
Source: Bloomberg and Mason Securities Limited

## Market Overview

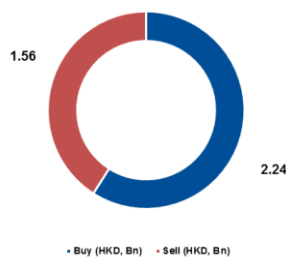
Hang Seng Index closed up 0.69% at 26,848. Market turnover decreased to HKD 72.2bn. HSCEI climbed 0.53% at 10,588.

Southbound trading of SH-HK Stock Connect and SZ-HK Stock Connect attained HKD 8.4 bn and HKD 3.8bn respectively, making up a combined 17.5% of total HK stock market turnover.

### SH-HK Stock Connect

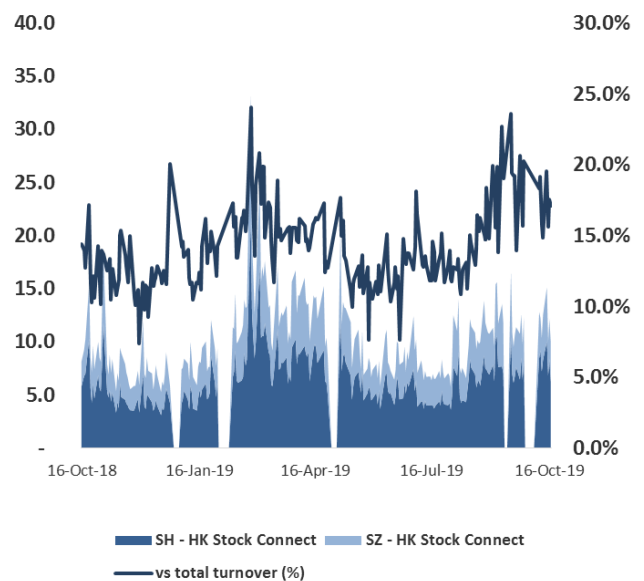


### SZ-HK Stock Connect



## Southbound China-HK Stock Connect Turnover

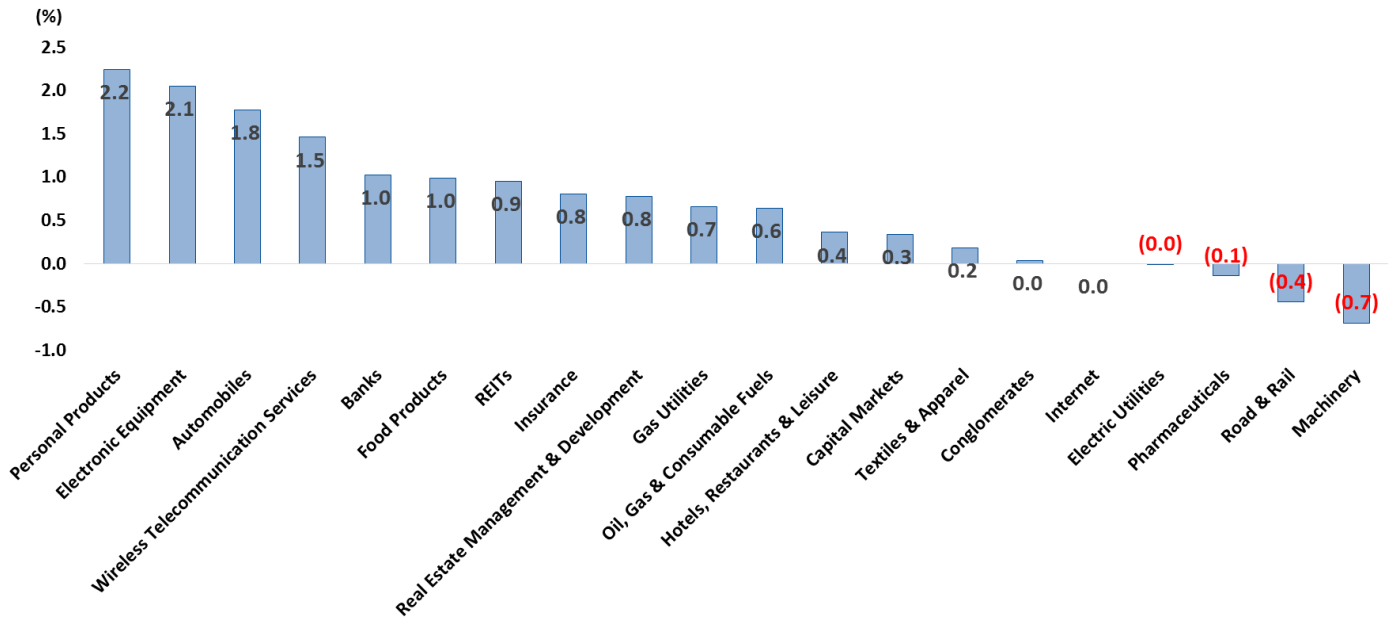
HKD in bn



**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.**

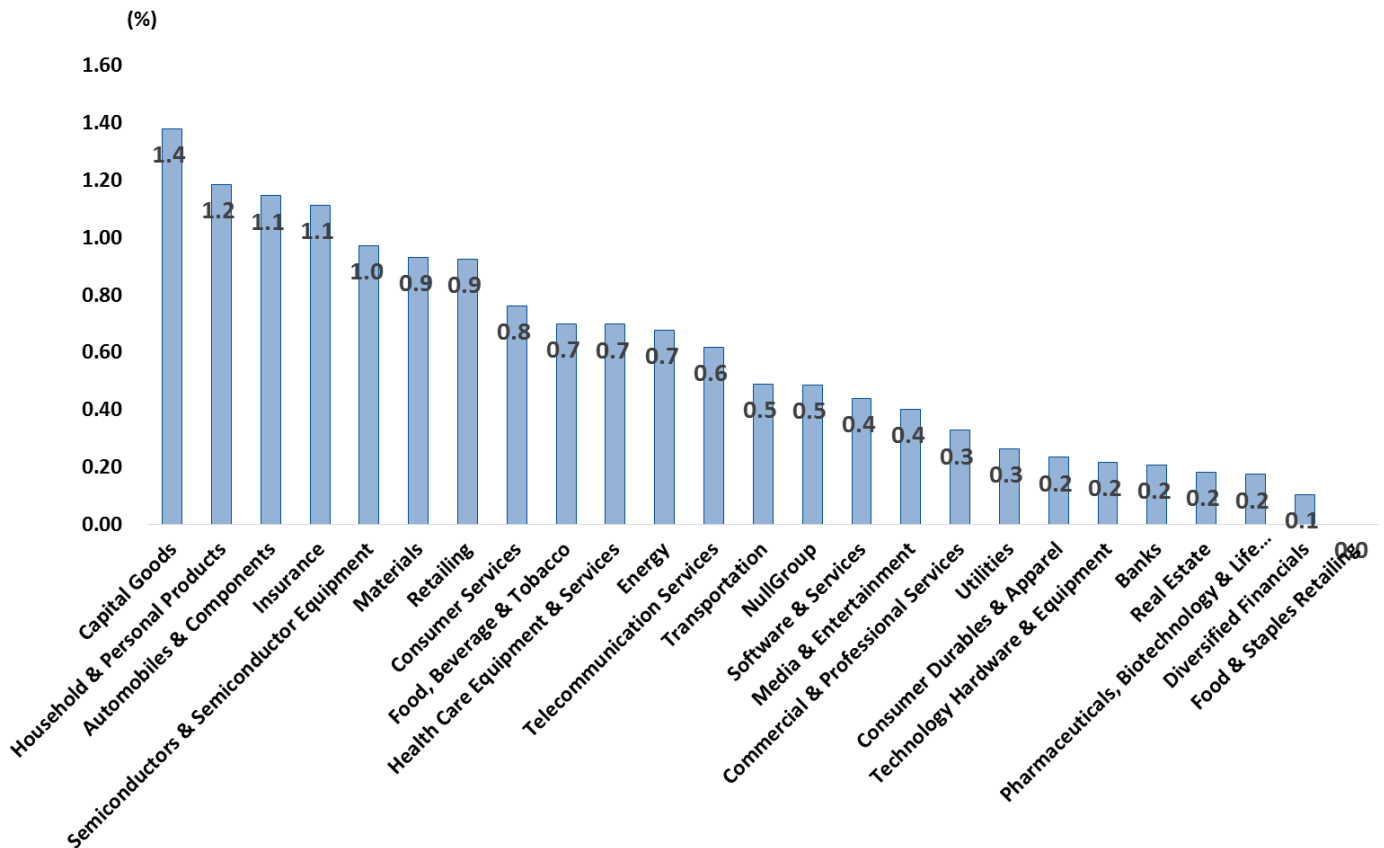
Source: Bloomberg and Mason Securities Limited

## 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	118	24	95	142	4%	0.0%	3.8%	(3.5%)
2	763 HK	ZTE-H	88	35	53	124	69%	(0.2%)	(4.8%)	(4.8%)
3	1558 HK	YICHANG HEC CH-H	82	38	44	119	94%	3.0%	6.7%	8.6%
4	902 HK	HUANENG POWER-H	12	99	(87)	112	63%	(2.9%)	(1.1%)	(16.8%)
5	1797 HK	KOOLEARN TECHNOL	95	6	90	101	51%	5.8%	19.4%	22.0%
6	1918 HK	SUNAC	72	24	48	96	16%	(0.7%)	8.5%	4.9%
7	2020 HK	ANTA SPORTS PROD	27	56	(29)	83	10%	(1.3%)	6.9%	14.3%
8	981 HK	SMIC	48	32	16	81	65%	0.2%	0.2%	(8.3%)
9	1177 HK	SINO BIOPHARM	32	44	(12)	76	15%	(0.9%)	3.5%	4.3%
10	1833 HK	PING AN HEALTHCA	44	26	17	70	12%	(2.1%)	8.9%	32.1%

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	917	526	390.4	1,443	60%	0.5%	5.2%	5.2%
2	3968 HK	CM BANK-H	16	482	(465.7)	497	62%	0.0%	4.2%	2.3%
3	1918 HK	SUNAC	112	245	(133.0)	358	58%	(0.7%)	8.5%	4.9%
4	700 HK	TENCENT	196	161	35.1	357	10%	0.0%	3.8%	(3.5%)
5	1833 HK	PING AN HEALTHCA	106	80	25.7	187	33%	(2.1%)	8.9%	32.1%
6	1398 HK	ICBC-H	74	52	21.8	126	18%	0.6%	4.0%	3.8%
7	2020 HK	ANTA SPORTS PROD	58	61	(3.0)	119	14%	(1.3%)	6.9%	14.3%
8	3888 HK	KINGSOFT CORP	58	59	(1.8)	117	55%	(2.2%)	2.6%	1.2%
9	3908 HK	CHINA INTERNAT-H	98	13	84.8	111	30%	(4.9%)	(0.1%)	(5.9%)
10	2313 HK	SHENZHOU INTL GP	80	5	74.1	85	41%	0.2%	5.8%	1.7%

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	000001 CH	PING AN BANK-A	432	134	297	566	30%	(0.5%)	2.8%	15.9%
2	000858 CH	WULIANGYE YIBI-A	413	134	278	547	28%	0.1%	(0.5%)	(3.9%)
3	002475 CH	LUXSHARE PRECI-A	315	137	178	453	20%	5.6%	8.7%	8.9%
4	300760 CH	SHENZHEN MINDR-A	253	186	67	439	14%	4.2%	(3.1%)	(2.9%)
5	002241 CH	GOERTEK INC -A	201	179	22	380	19%	4.9%	5.7%	21.5%
6	000651 CH	GREE ELECTRIC-A	105	251	(145)	356	33%	(1.3%)	0.9%	0.1%
7	002415 CH	HANGZHOU HIKVI-A	242	81	162	323	30%	0.8%	0.1%	(8.4%)
8	000333 CH	MIDEA GROUP CO-A	234	74	160	308	31%	(0.8%)	2.0%	1.0%
9	000002 CH	CHINA VANKE CO-A	208	77	131	285	15%	1.0%	2.7%	1.5%
10	002027 CH	FOCUS MEDIA IN-A	225	60	165	284	39%	2.2%	9.7%	2.9%

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	545	1,002	(456)	1,547	43%	1.1%	2.5%	3.0%
2	601318 CH	PING AN INSURA-A	932	428	504	1,360	24%	1.3%	3.6%	1.9%
3	600276 CH	JIANGSU HENGRU-A	226	323	(97)	549	51%	(0.2%)	3.4%	7.5%
4	600009 CH	SHANG INTL AIR-A	247	288	(41)	535	40%	2.8%	(0.1%)	(2.8%)
5	601155 CH	SEAZEN HOLDING-A	174	230	(57)	404	55%	0.5%	8.3%	14.0%
6	600036 CH	CHINA MERCH BK-A	192	179	13	371	29%	0.5%	5.4%	6.3%
7	601012 CH	LONGI GREEN EN-A	71	142	(71)	212	18%	0.4%	(9.0%)	(11.1%)
8	601668 CH	CHINA STATE -A	151	53	98	205	22%	1.3%	1.6%	(1.9%)
9	600031 CH	SANY HEAVY IND-A	85	119	(34)	203	32%	(0.5%)	2.6%	2.7%
10	603288 CH	FOSHAN HAITIAN-A	46	142	(96)	188	45%	(1.4%)	(1.1%)	(4.0%)

Source: Bloomberg, HKEx and Mason Securities Limited

## Index Movers

HSI				HSCEI			
Name	Price	% Chg	Points	Name	Price	% Chg	Points
New World Development ( 17 )	11.18	3.9%	7.8	Hengan International ( 1044 )	52.5	2.2%	1.6
Hengan International ( 1044 )	52.5	2.2%	2.5	China Resources Beer ( 291 )	42.2	2.2%	2.9
AAC Technologies ( 2018 )	46.05	2.1%	1.9	Anhui Conch Cement ( 914 )	47.8	2.0%	2.3
Sunny Optical ( 2382 )	117.3	2.0%	5.0	Geely Automobile ( 175 )	13.74	1.8%	2.6
Hang Seng Bank ( 11 )	165.4	1.8%	7.0	China Mobile ( 941 )	66.05	1.5%	11.4
Geely ( 175 )	13.74	1.8%	4.0	China Telecom ( 728 )	3.58	1.4%	1.4
Mengniu Dairy ( 2319 )	32.1	1.7%	4.6	China Shenhua ( 1088 )	15.8	1.4%	1.5
China Overseas ( 688 )	26.2	1.6%	4.7	China Gas ( 384 )	32.4	1.4%	1.8
China Mobile ( 941 )	66.05	1.5%	17.7	BOCOM ( 3328 )	5.36	1.3%	1.2
China Shenhua ( 1088 )	15.8	1.4%	2.3	China Taiping Insurance ( 966 )	18.08	1.1%	0.6
HSBC ( 5 )	60.9	1.3%	35.9	Fosun International ( 656 )	10.14	1.0%	0.5
BOCOM ( 3328 )	5.36	1.3%	1.9	Want Want China ( 151 )	6.32	1.0%	0.7
BOC Hong Kong ( 2388 )	26.95	1.3%	3.6	CRRC Corp ( 1766 )	5.36	0.9%	0.4
Henderson Land ( 12 )	38.75	1.3%	2.2	China Minsheng Banking ( 1988 )	5.54	0.9%	0.6
Swire Pacific ( 19 )	73.35	1.0%	1.1	China Life Insurance ( 2628 )	18.96	0.9%	2.3
Want Want China ( 151 )	6.32	1.0%	1.0	China Railway ( 390 )	4.78	0.8%	0.3
Link ( 823 )	85.15	0.9%	5.1	Postal Savings Bank of China ( 1658 )	4.92	0.8%	0.8
AIA Group ( 1299 )	75.75	0.9%	23.9	Country Garden Holding ( 2007 )	10.86	0.7%	1.2
China Life Insurance ( 2628 )	18.96	0.9%	3.6	China Vanke ( 2202 )	29.05	0.7%	0.6
Sands China ( 1928 )	37	0.8%	2.6	CNOOC ( 883 )	11.94	0.7%	2.8
Sun Hung Kai Properties ( 16 )	116.1	0.8%	3.2	CCCC ( 1800 )	6.16	0.7%	0.3
Country Garden ( 2007 )	10.86	0.7%	1.8	BYD ( 1211 )	38.55	0.7%	0.3
CNOOC ( 883 )	11.94	0.7%	4.3	Ping An Insurance ( 2318 )	94.9	0.6%	6.5
Hong Kong & China Gas ( 3 )	15.38	0.7%	3.1	New China Life ( 1336 )	31.95	0.6%	0.3
Ping An Insurance ( 2318 )	94.9	0.6%	10.2	People's Insurance ( 1339 )	3.24	0.6%	0.3
CSPC Pharmaceutical ( 1093 )	16.9	0.6%	1.4	CSPC Pharmaceutical ( 1093 )	16.9	0.6%	0.9
ICBC ( 1398 )	5.48	0.6%	6.7	ICBC ( 1398 )	5.48	0.6%	4.3
CCB ( 939 )	6.31	0.5%	9.9	China Pacific Insurance ( 2601 )	29.75	0.5%	0.8
China Resources Land ( 1109 )	PX_LAST")	0.4%	1.3	Guangdong Investment ( 270 )	16.48	0.5%	0.5
China Unicom ( 762 )	8.32	0.4%	0.6	CCB ( 939 )	6.31	0.5%	5.2
HKEx ( 388 )	237	0.3%	2.9	CITIC Bank ( 998 )	4.37	0.5%	0.4
Wharf ( 1997 )	45	0.3%	0.6	China Resources Land ( 1109 )	36.7	0.4%	0.8
Sino Land ( 83 )	12.3	0.3%	0.4	Sinopharm Group ( 1099 )	26.15	0.4%	0.2
BOC ( 3988 )	3.19	0.3%	2.4	BOC ( 3988 )	3.19	0.3%	1.6
CK Asset Holdings ( 1113 )	53.8	0.3%	1.2	Agricultural Bank ( 1288 )	3.19	0.3%	0.5
WH Group ( 288 )	7.59	0.3%	0.5	PetroChina ( 857 )	4.09	0.2%	0.4
CLP Holdings ( 2 )	80.1	0.3%	1.2	Haitong Securities ( 6837 )	8.42	0.2%	0.1
PetroChina ( 857 )	4.09	0.2%	0.6	Sinopec ( 386 )	4.65	0.2%	0.5
Sinopec ( 386 )	4.65	0.2%	0.8	CITIC ( 267 )	10.1	0.2%	0.2
CITIC ( 267 )	10.1	0.2%	0.4	Shenzhou International ( 2313 )	108.6	0.2%	0.3
Shenzhou International ( 2313 )	108.6	0.2%	0.5	CITIC Securities ( 6030 )	15.2	0.1%	0.1
Tencent ( 700 )	331.0	0.0%	0.0	Tencent ( 700 )	331.0	0.0%	0.0
Power Assets ( 6 )	54.75	-0.1%	-0.2	China Tower ( 788 )	1.71	0.0%	0.0
Galaxy Entertainment ( 27 )	51.2	-0.1%	-0.3	CMB ( 3968 )	38.55	0.0%	0.0
CK Hutchison ( 1 )	73.25	-0.1%	-0.8	China National Building Material ( 3323 )	6.98	-0.3%	-0.2
CK Infrastructure ( 1038 )	55.6	-0.2%	-0.2	PICC Property & Casualty ( 2328 )	9.63	-0.3%	-0.4
MTR ( 66 )	44.75	-0.4%	-0.9	Sunac China ( 1918 )	35.25	-0.7%	-1.2
Technic Industries ( 669 )	57.8	-0.7%	-1.8	Longfor Group Holdings ( 960 )	32.7	-0.8%	-0.9
Sino Biopharmaceutical ( 1177 )	11.24	-0.9%	-2.1	ENN Energy Holdings ( 2688 )	87.7	-1.0%	-1.4
Hang Lung Properties ( 101 )	17.46	-2.1%	-2.3	ANTA Sports Products ( 2020 )	74.65	-1.3%	-2.1

Source: Bloomberg and Mason Securities Limited

## Major Market Indicators

		% Change			
Hong Kong	Close	1-Day	1-Mth	6-Mth	12-Mth
Hang Seng Index	26,848.49	0.7%	0.4%	-10.4%	5.5%
HSCEI (H-Shares)	10,588.17	0.5%	1.0%	-10.0%	4.5%
Mkt T/O (\$ Mn)	72,161.52	-12.4%	6.0%	-30.8%	#VALUE!
Oversea					
DJIA	27,025.88	0.1%	-0.4%	1.8%	6.5%
NASDAQ	8,156.85	0.4%	-0.3%	2.0%	9.0%
Shanghai SE Composite	2,977.33	0.0%	-0.3%	-8.4%	19.7%
Shenzhen Component	9,645.39	0.0%	-1.1%	-6.2%	34.2%
Commodities and FX					
Crude Oil Futures (US\$)	53.99	1.2%	-7.1%	-15.6%	-21.4%
Gold Futures (US\$)	1,495.40	-0.2%	-0.9%	17.2%	21.6%
Baltic Dry Index	1,897.00	-0.1%	-16.3%	140.1%	21.2%
USD / Euro	1.11	0.0%	0.6%	-0.9%	-3.0%
Yen / USD	108.66	-0.1%	-0.5%	3.1%	3.2%
CNH / USD	7.079	0.0%	0.0%	-5.2%	-1.8%

Source: Bloomberg and Mason Securities Limited

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Note: Newly issued research recommendations and target prices supersede previously published research.

**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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