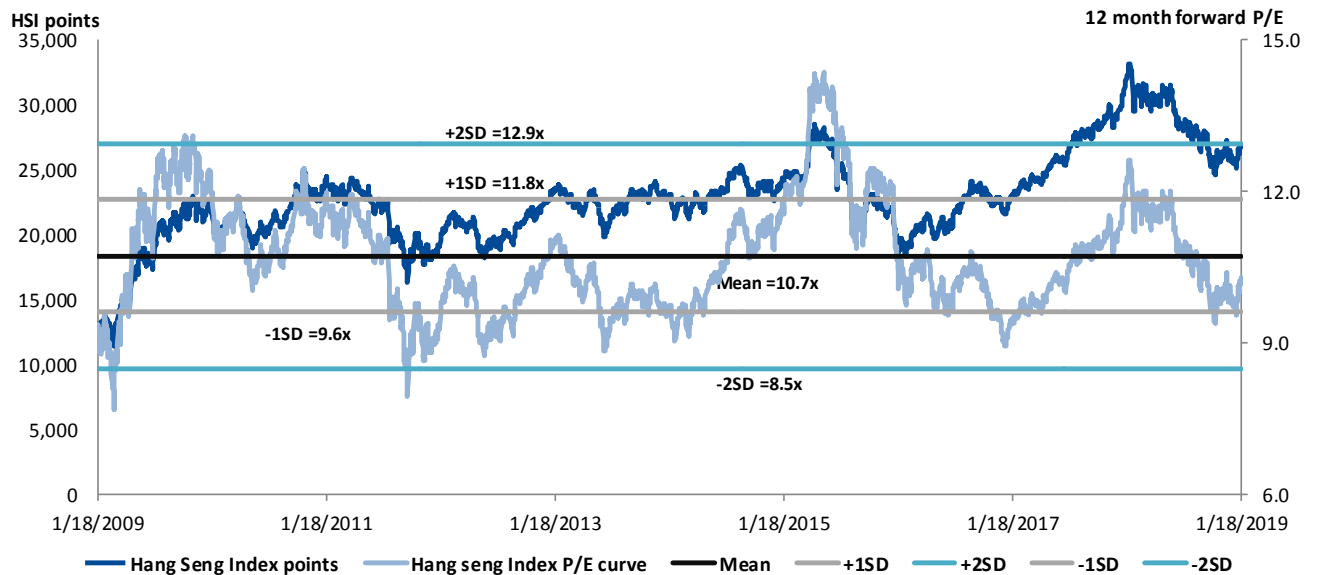


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HSI's FWD P/E Reminiscent to 2016's Lowest

Hang Seng Index at 10-year horizon



Source: Bloomberg, Mason Securities Limited

Market Overview

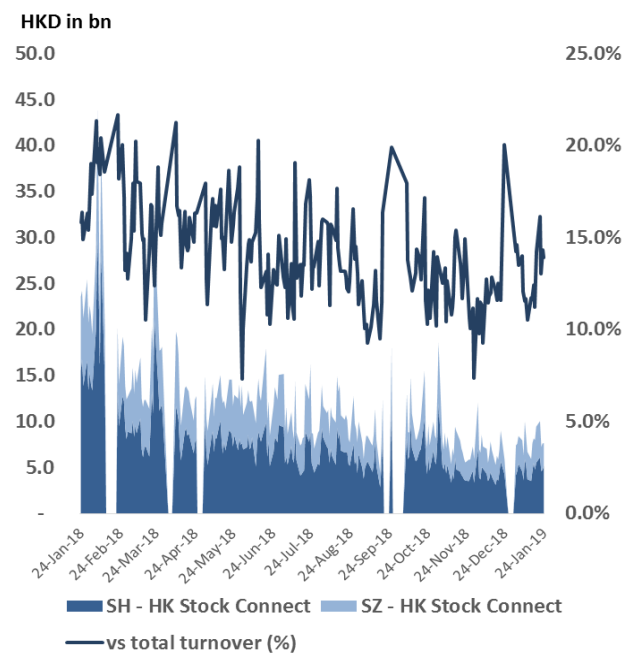
Hang Seng Index closed up 0.4% at 27,121. Market turnover improved to \$80.2Bn. HSCEI climbed 0.6% at 10,691.

Technology, PRC property, securities, automobile, oil and power stocks all outperformed the HK market (HSI). While Macau gaming and railway stocks underperformed the market. Consumer stocks, local property, HK banking, PRC banking, insurance, telecom and utilities stocks moved in consistent with that of Hang Seng Index.

Southbound trading of SH-HK Stock Connect and SZ-HK Stock Connect attained HKD 5.2bn and HKD 2.4bn respectively, making up a combined 13.9% of total HK stock market turnover.

On 10 years horizon, we see HSI can be traded as low as 8.5x 12M forward P/E (10.3x currently), which is equivalent to 22,400 points. This is also equal to 2 standard deviation below past 10-year 12M forward P/E mean, consistent with the latest lowest point in 2016 at 8.9x.

Southbound China-HK Stock Connect Turnover



Source: Bloomberg, Mason Securities Limited

Index Movers

HSI			
Name	Price	% Chg	Points
Geely (175)	12.74	4.1%	8.2
AAC Technologies (2018)	46.85	3.9%	3.9
Sunny Optical (2382)	73	3.1%	4.8
Sinopec (386)	6.25	2.1%	10.1
WH Group (288)	6.84	2.1%	3.8
Henderson Land (12)	43.85	1.9%	3.2
Swire Pacific (19)	91.25	1.8%	2.5
CSPC Pharmaceutical (1093)	13.08	1.7%	3.1
CNOOC (883)	12.8	1.4%	9.8
China Mobile (941)	82.35	1.3%	19.7
CK Hutchison (1)	80	1.3%	8.2
Country Garden (2007)	9.74	1.2%	2.8
Hang Lung Properties (101)	16.24	1.2%	1.2
PetroChina (857)	4.95	1.0%	3.2
CK Infrastructure (1038)	62.4	1.0%	1.2
Sun Hung Kai Properties (16)	126.3	0.9%	3.9
Ping An Insurance (2318)	72.25	0.8%	10.2
Link (823)	81.65	0.8%	4.2
CLP Holdings (2)	92	0.7%	3.8
Want Want China (151)	6.1	0.7%	0.7
China Resources Power (836)	15.94	0.6%	0.6
BOC (3988)	3.5	0.6%	4.8
CK Asset Holdings (1113)	64.15	0.5%	2.8
HSBC (5)	65.3	0.5%	13.9
Hang Seng Bank (11)	177.8	0.5%	1.9
CCB (939)	6.7	0.4%	9.9
Shenzhou International (2313)	91.85	0.4%	0.9
China Shenhua (1088)	19.36	0.4%	0.8
Hong Kong & China Gas (3)	16.98	0.4%	1.7
ICBC (1398)	5.84	0.3%	4.5
CITIC (267)	11.86	0.3%	0.7
Hengan International (1044)	57.45	0.3%	0.3
MTR (66)	42.6	0.2%	0.6
Mengniu Dairy (2319)	25.2	0.2%	0.4
China Overseas (688)	27.45	0.2%	0.6
New World Development (17)	11.72	0.2%	0.4
HKEX (388)	240.2	0.0%	0.0
Wharf (1997)	52.15	-0.1%	-0.2
China Unicom (762)	9.03	-0.1%	-0.2
Sino Biopharmaceutical (1177)	6.09	-0.2%	-0.2
BOC Hong Kong (2388)	30.05	-0.2%	-0.5
AIA Group (1299)	68.3	-0.2%	-5.5
Power Assets (6)	53.65	-0.3%	-0.5
Sands China (1928)	35.55	-0.3%	-0.7
BOCOM (3328)	6.43	-0.3%	-0.5
Galaxy Entertainment (27)	49	-0.4%	-1.4
China Resources Land (1109)	29.65	-0.5%	-1.3
China Life Insurance (2628)	18.9	-0.7%	-3.2
Sino Land (83)	14.02	-0.8%	-1.1
Tencent (700)	330.2	-0.9%	-24.9

HSCEI			
Name	Price	% Chg	Points
Huatai Securities (6886)	13.96	3.4%	1.8
GF Securities (1776)	11.6	3.0%	1.3
Huaneng Power International (902)	5.21	3.0%	1.4
Postal Savings Bank of China (1658)	4.42	2.8%	2.9
Air China (753)	7.56	2.6%	0.9
Haitong Securities (6837)	8.59	2.5%	1.6
Guangzhou Automobile (2238)	8.63	2.3%	1.3
Sinopec (386)	6.25	2.1%	8.0
CGN Power (1816)	2.03	2.0%	1.0
BYD (1211)	46.2	2.0%	1.4
CITIC Securities (6030)	15.44	2.0%	1.4
CSPC Pharmaceutical (1093)	13.08	1.7%	1.8
China Pacific Insurance (2601)	26.75	1.5%	2.5
CITIC Bank (998)	4.92	1.4%	1.6
CNOOC (883)	12.8	1.4%	5.5
Zhongnan (6060)	27.15	1.3%	0.3
China Mobile (941)	82.35	1.3%	11.1
CMB (3968)	31.85	1.3%	3.8
China Vanke (2202)	28.25	1.3%	1.1
Agricultural Bank (1288)	3.6	1.1%	2.7
PetroChina (857)	4.95	1.0%	2.5
People's Insurance (1339)	3.13	1.0%	0.5
Ping An Insurance (2318)	72.25	0.8%	8.1
Dongfeng Motor (489)	8.09	0.7%	0.4
BOC (3988)	3.5	0.6%	3.8
Sinopharm Group (1099)	35.25	0.6%	0.6
CCB (939)	6.7	0.4%	4.8
Shenzhou International (2313)	91.85	0.4%	0.5
China Shenhua (1088)	19.36	0.4%	0.7
Great Wall Motor (2333)	5.34	0.4%	0.1
ICBC (1398)	5.84	0.3%	3.6
CITIC (267)	11.86	0.3%	0.4
New China Life (1336)	29.75	0.3%	0.2
Hengan International (1044)	57.45	0.3%	0.2
PICC Property & Casualty (2328)	7.89	0.1%	0.2
China Tower (788)	1.68	0.0%	0.0
Anhui Conch Cement (914)	39.4	-0.1%	0.1
CCCC (1800)	7.67	-0.1%	0.1
BOCOM (3328)	6.43	-0.3%	0.4
China Minsheng Banking (1988)	5.76	-0.3%	0.3
China Resources Land (1109)	29.65	-0.5%	0.7
China Gas (384)	25.2	-0.6%	0.5
China Life Insurance (2628)	18.9	-0.7%	2.5
Tencent (700)	330.2	-0.9%	7.9
Guangdong Investment (270)	15.38	-0.9%	0.7
CRRC Corp (1766)	7.68	-1.0%	0.8
China Railway (390)	7.1	-1.3%	0.9
China Telecom (728)	4.3	-1.4%	1.9
Huarong Asset (2799)	1.49	-2.0%	0.7
Cinda Asset Management (1359)	1.95	-5.3%	2.3

Source: Bloomberg, Mason Securities Limited

Today in Focus



Name Wynn Macau
Stock Code 1128 HK Equity

MKT Cap (\$Bn) / Free Float	91.5	27.8%
Turnover / 30D Avg (\$Mn)	160	262
Turnover vs 5D & 30D Avg	71%	61%
Forward PER / PBR	15.1X	37.14X
Net Debt (Cash) / Equity	763%	

Technical Indicator

SMA10	17.20	RSI (14)	54.9
SMA20	16.88	BB (Upper)	18.06
SMA100	17.67	BB (Lower)	15.71



Name COSL
Stock Code 2883 HK Equity

MKT Cap (\$Bn) / Free Float	44.2	100.0%
Turnover / 30D Avg (\$Mn)	215	76
Turnover vs 5D & 30D Avg	233%	281%
Forward PER / PBR	114.5X	0.92X
Net Debt (Cash) / Equity	57%	

Technical Indicator

SMA10	7.12	RSI (14)	52.6
SMA20	6.85	BB (Upper)	7.56
SMA100	7.33	BB (Lower)	6.14

Source: Bloomberg, Mason Securities Limited

Major Market Indicators

		% Change			
Hong Kong	Close	1-Day	1-Mth	6-Mth	12-Mth
Hang Seng Index	27,120.98	0.4%	5.7%	-5.4%	-17.7%
HSCEI (H-Shares)	10,691.00	0.6%	6.2%	-2.6%	-21.5%
Mkt T/O (\$ Mn)	80,172.02	3.0%	131.2%	-25.6%	-57.3%
Oversea					
DJIA	24,575.62	0.7%	12.8%	-2.6%	-6.4%
NASDAQ	7,025.77	0.1%	13.4%	-10.4%	-5.3%
Shanghai SE Composite	2,591.69	0.4%	2.6%	-10.8%	-27.2%
Shenzhen Component	7,573.52	0.7%	2.4%	-20.0%	-34.8%
Commodities and FX					
Crude Oil Futures (US\$)	52.72	1.0%	24.0%	-23.1%	-19.6%
Gold Futures (US\$)	1,277.60	-0.5%	0.5%	4.3%	-5.8%
Baltic Dry Index	982.00	-5.2%	-22.7%	-44.6%	-18.2%
USD / Euro	1.14	-0.4%	-0.5%	-2.8%	-8.4%
Yen / USD	109.71	-0.2%	0.6%	1.4%	-0.5%
CNH / USD	6.804	-0.2%	1.5%	0.1%	-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%.

Research Team Contact

Research Team,

Mason Securities Limited,
Portion 1, 12/F, The Center,
99 Queen's Road Central, Hong Kong
Tel: (+852) 2218 2818
Email: research@masonhk.com