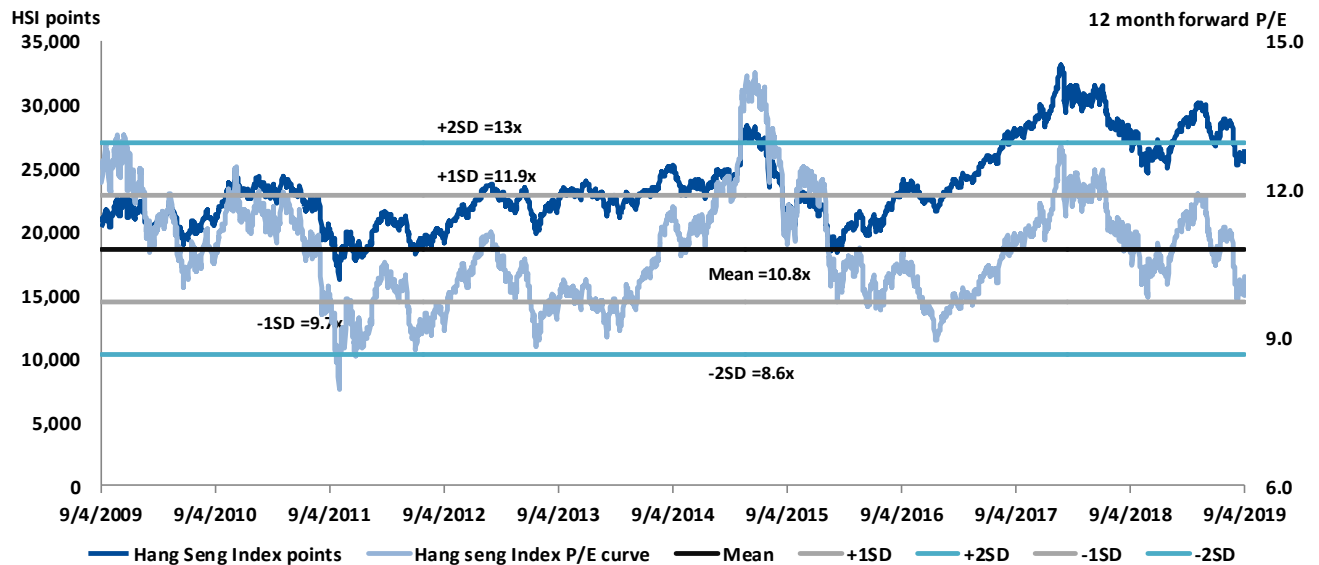


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HSI's FWD P/E is likely to hit as low as 8.6x

Hang Seng Index at 10-year horizon

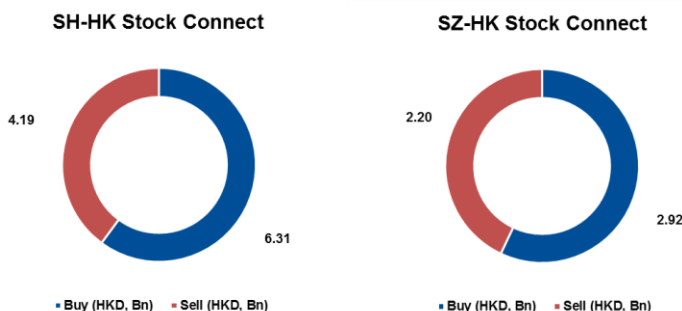


Source: Bloomberg, Mason Securities Limited

Market Overview

Hang Seng Index closed down 0.03% at 26,516. Market turnover decreased to HKD 83.2bn. HSCEI climbed 0.93% at 10,384.

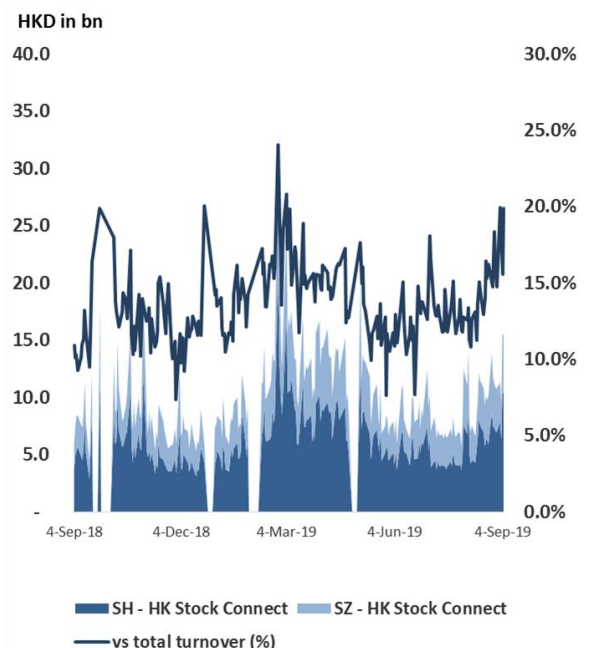
Southbound trading of SH-HK Stock Connect and SZ-HK Stock Connect attained HKD 10.5bn and HKD 5.1bn respectively, making up a combined 19.9% of total HK stock market turnover.



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 28,200 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, Mason Securities Limited

Southbound China-HK Stock Connect Turnover



Index Movers

HSI				HSCSI			
Name	Price	% Chg	Points	Name	Price	% Chg	Points
AAC Technologies (2018)	39.1	12.0%	9.2	Haitong Securities (6837)	8.47	4.7%	2.4
Geely (175)	12.62	3.8%	7.6	Guangzhou Automobile (2238)	7.53	4.6%	2.0
Sunny Optical (2382)	113.3	2.3%	5.6	CITIC Securities (6030)	15.42	3.9%	2.3
China Resources Land (1109)	33.45	2.0%	5.5	Huatai Securities (6886)	12.5	3.5%	1.4
PetroChina (857)	3.98	1.8%	4.5	China National Building Material (3323)	7.12	3.3%	1.8
CCB (939)	5.99	1.7%	32.8	Anhui Conch Cement (914)	47.65	3.3%	3.8
Techtronic Industries (669)	57.7	1.7%	4.2	New China Life (1336)	33.15	3.0%	1.6
Sinopec (386)	4.73	1.5%	5.4	BYD (1211)	40.35	2.9%	1.5
ICBC (1398)	5.14	1.4%	15.7	CMB (3968)	38.35	2.8%	8.3
BOC (3988)	3.08	1.3%	9.6	Dongfeng Motor (489)	7.12	2.0%	0.8
CITIC (267)	9.75	1.1%	1.9	China Resources Land (1109)	33.45	2.0%	3.7
Ping An Insurance (2318)	93.25	1.1%	17.8	PetroChina (857)	3.98	1.8%	3.0
Hengan International (1044)	53.5	1.1%	1.3	CCB (939)	5.99	1.7%	16.6
CSPC Pharmaceutical (1093)	16.32	1.1%	2.6	People's Insurance (1339)	3.2	1.6%	0.8
Sino Biopharmaceutical (1177)	11.8	1.0%	2.5	China Pacific Insurance (2601)	32.7	1.6%	2.7
China Life Insurance (2628)	18.86	1.0%	4.1	Sinopec (386)	4.73	1.5%	3.6
CNOOC (883)	11.84	0.9%	5.4	CRRC Corp (1766)	5.46	1.5%	0.7
Shenzhou International (2313)	110	0.3%	0.7	ICBC (1398)	5.14	1.4%	10.5
Galaxy Entertainment (27)	51.9	0.2%	0.7	BOC (3988)	3.08	1.3%	6.5
BOCOM (3328)	5.28	0.2%	0.3	CITIC (267)	9.75	1.1%	1.3
Sino Land (83)	11.66	0.2%	0.2	Ping An Insurance (2318)	93.25	1.1%	11.9
CK Hutchison (1)	69	0.1%	0.8	Hengan International (1044)	53.5	1.1%	0.9
Tencent (700)	341.4	0.1%	1.6	CSPC Pharmaceutical (1093)	16.32	1.1%	1.7
Mengniu Dairy (2319)	30.6	0.0%	0.0	China Gas (384)	32.35	1.1%	1.5
WH Group (288)	6.81	-0.1%	-0.3	China Vanke (2202)	27.95	1.1%	0.9
Want Want China (151)	6.31	-0.2%	-0.2	China Railway (390)	5.15	1.0%	0.4
China Overseas (688)	25.6	-0.2%	-0.6	China Life Insurance (2628)	18.86	1.0%	2.7
HKEx (388)	247.2	-0.3%	-1.9	ANTA Sports Products (2020)	63.4	1.0%	1.3
China Unicom (762)	7.94	-0.4%	-0.6	China Minsheng Banking (1988)	5.34	0.9%	0.7
China Mobile (941)	66.05	-0.5%	15.6	CNOOC (883)	11.84	0.9%	3.6
Power Assets (6)	52.3	-0.5%	-1.1	Postal Savings Bank of China (1658)	4.75	0.8%	0.8
CK Infrastructure (1038)	52.6	-0.6%	-0.7	Huarong Asset (2799)	1.22	0.8%	0.2
HSBC (5)	57.5	-0.7%	-5.8	Agricultural Bank (1288)	3.06	0.7%	1.1
Country Garden (2007)	10.32	-0.8%	-1.8	Cinda Asset Management (1359)	1.66	0.6%	0.2
China Shenhua (1088)	16.08	-0.9%	-1.4	CITIC Bank (998)	4.21	0.5%	0.4
BOC Hong Kong (2388)	26.85	-0.9%	-1.8	Shenzhou International (2313)	110	0.3%	0.5
Hong Kong & China Gas (3)	15.36	-1.0%	-1.9	PICC Property & Casualty (2328)	9.2	0.2%	0.3
AIA Group (1299)	78.55	-1.1%	-10.7	BOCOM (3328)	5.28	0.2%	0.2
Sands China (1928)	36.45	-1.1%	-1.9	Tencent (700)	341.4	0.1%	0.6
MTR (66)	46.7	-1.4%	-1.0	China Tower (788)	1.86	0.0%	0.0
CLP Holdings (2)	80.55	-1.6%	-2.5	Longfor Group Holdings (960)	29	0.0%	0.0
CK Asset Holdings (1113)	55.2	-1.8%	-2.8	Sinopharm Group (1099)	27	0.0%	0.0
Hang Seng Bank (11)	168	-2.2%	-4.6	China Telecom (728)	3.51	-0.3%	-0.3
Swire Pacific (19)	76.1	-2.2%	-2.6	CCCC (1800)	6.21	-0.3%	-0.2
Hang Lung Properties (101)	18.44	-2.3%	-2.7	China Mobile (941)	66.05	-0.5%	-3.8
Link (823)	89.4	-2.3%	-3.7	Guangdong Investment (270)	16.16	-0.6%	-0.6
New World Development (17)	10.3	-2.8%	-1.6	ENN Energy Holdings (2688)	80.7	-0.7%	-0.9
Sun Hung Kai Properties (16)	115.1	-2.9%	-11.9	Country Garden Holding (2007)	10.32	-0.8%	-1.2
Henderson Land (12)	37.5	-3.1%	-5.3	China Shenhua (1088)	16.08	-0.9%	-1.0
Wharf (1997)	44.85	-3.1%	-1.3	China Resources Beer (291)	43.75	-0.9%	-1.3

Source: Bloomberg, Mason Securities Limited

Major Market Indicators

		% Change			
Hong Kong	Close	1-Day	1-Mth	6-Mth	12-Mth
Hang Seng Index	26,515.53	0.0%	2.1%	-8.7%	-1.7%
HSCEI (H-Shares)	10,384.14	0.9%	3.7%	-10.4%	-1.8%
Mkt T/O (\$ Mn)	83,159.48	-28.5%	-16.4%	-29.9%	-12.6%
Oversea					
DJIA	26,728.15	1.4%	2.7%	4.1%	2.8%
NASDAQ	8,116.83	1.8%	3.6%	8.1%	2.4%
Shanghai SE Composite	2,985.87	1.0%	7.5%	-3.7%	10.9%
Shenzhen Component	9,783.50	0.9%	10.4%	0.9%	17.5%
Commodities and FX					
Crude Oil Futures (US\$)	56.33	0.1%	5.0%	0.2%	-16.9%
Gold Futures (US\$)	1,521.20	0.1%	2.9%	18.1%	26.9%
Baltic Dry Index	2,518.00	0.7%	45.2%	279.2%	69.7%
USD / Euro	1.10	-0.1%	-1.5%	-2.5%	-5.1%
Yen / USD	106.97	0.0%	-0.5%	4.4%	3.5%
CNH / USD	7.141	-0.1%	-1.2%	-5.9%	-4.1%

Source: Bloomberg, Mason Securities Limited

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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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