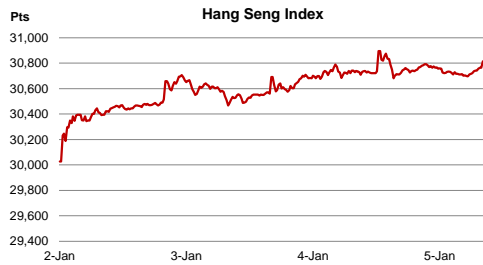


Major indices - performance



| Global Index | Closing | Performance chg. (%) | | |
|--------------------------|----------|----------------------|-----|-----|
| | | 1D | 1W | 1M |
| HANG SENG INDEX | 30814.64 | 0.3 | 1.3 | 7.9 |
| HANG SENG CHINA ENT INDX | 12211.63 | 0.1 | 1.4 | 8.4 |
| SHANGHAI SE COMPOSITE | 3391.75 | 0.2 | 1.8 | 3.6 |
| SHENZHEN SE COMPOSITE I | 1941.795 | 0.0 | 1.4 | 2.9 |
| CSI 300 INDEX | 4138.75 | 0.24 | 1.8 | 3.9 |
| DOW JONES INDUS. AVG | 25295.87 | 0.88 | 2.3 | 3.9 |
| S&P 500 INDEX | 2743.15 | 0.7 | 2.8 | 3.6 |
| NASDAQ COMPOSITE INDEX | 7136.558 | 0.8 | 3.7 | 4.6 |
| DAX INDEX | 13319.64 | 1.2 | 3.5 | 1.6 |
| CAC 40 INDEX | 5470.75 | 1.1 | 3.3 | 1.6 |
| FTSE 100 INDEX | 7724.22 | 0.4 | 0.1 | 4.1 |

Sources: Bloomberg as of 8 January 18

| Commodities | Closing | Performance chg. (%) | | |
|-------------------|---------|----------------------|------|------|
| | | 1D | 1W | 1M |
| Brent Crude Oil | 67.62 | -0.7 | 2.3 | 8.1 |
| Gold | 1319.59 | -0.3 | 0.0 | 6.0 |
| Steel (HRC China) | 4259 | -0.3 | -1.8 | -2.6 |
| Aluminium | 2202.5 | -2.1 | -4.1 | 8.2 |
| Copper | 7121 | -0.9 | -1.7 | 8.4 |

Sources: Bloomberg as of 8 January 18

| Currencies (vs. US\$) | Closing | Performance chg. (%) | | |
|-----------------------|---------|----------------------|------|------|
| | | 1D | 1W | 1M |
| CNY | 6.4885 | -0.08 | -0.2 | 1.8 |
| HKD | 7.8196 | 0.03 | -0.1 | -0.2 |
| JPY | 113.05 | 0.27 | -0.6 | 0.5 |
| EUR | 1.2029 | -0.32 | -0.8 | 1.7 |
| GBP | 1.3571 | 0.15 | -0.2 | 1.6 |
| AUD | 0.7864 | 0.00 | 0.3 | 4.3 |
| CAD | 1.2412 | -0.60 | 0.8 | 3.5 |

Sources: Bloomberg as of 8 January 18

Economic Calendar

| Date | Event | Est. | Prior |
|-----------|--|-----------|-----------|
| 10-Jan-18 | China PPI YoY (Dec) | 4.8% | 5.8% |
| | China CPI YoY (Dec) | 1.9% | 1.7% |
| 12-Jan-18 | China trade balance (Dec) | \$37bn | \$40.21bn |
| | China exports YoY (Dec) | 10.3% | 12.3% |
| | China imports YoY (Dec) | 15.0% | 17.7% |
| | China trade balance CNY (Dec) | \$260.3bn | \$263.6bn |
| | China exports YoY CNY (Dec) | 7.1% | 10.3% |
| | China imports YoY CNY (Dec) | 11.6% | 15.6% |
| 15-Jan-18 | China money supply M0 YoY (Dec) | 5.8% | 5.7% |
| | China money supply M1 YoY (Dec) | 12.6% | 12.7% |
| | China money supply M2 YoY (Dec) | 9.2% | 9.1% |
| | China aggregate financing CNY (Dec) | 1500.0bn | 1600.0bn |
| | China New Yuan Loans CNY (Dec) | 1000.0bn | 1120.0bn |
| 18-Jan-18 | China foreign direct investments YoY CNY (Dec) | N/A | 90.7% |

Sources: Bloomberg as of 8 January 18

Market commentary

Hong Kong and China market outlook

US stocks rose last Friday and indices reached all-time highs led by retailing, software & services, and healthcare equipment & services sectors. On the economic front, nonfarm payrolls reported lower than expected at 148,000 for December while manufacturing payrolls dropped to 25,000 for the same month compared to November at 31,000. Unemployment rate remain unchanged at 4.1% while trade deficit increased to US\$50.5bn. In China, foreign reserves amounted to US\$3.14trn in December, higher than expected while HK recorded US\$432.3bn for the same month. Regarding corporate news, Tencent (700.HK +0.32%) is in talks with MySquar (MYSQ.UK -19.09%) for partnership. Shenzhen Investment (604.HK +1.79%) acquires land in Nanjing for RMB1.2bn, while China Railway Construction (1186.HK +0.54%) wins RMB3.97bn rural highway project in Xinjiang.

This week's focus may be on the coal & airline sectors as the Chinese government announces statements regarding support for the industries to maintain competitiveness and boost sales for local businesses.

Hong Kong market sector movers and news tracker

1) HK property sector: Total sale and purchase agreements for building units decreased 5.8% MoM and increase 2.7% YoY for December.
 • Related stocks: SUNEvision (8008.HK -0.82%), SHK (16.HK +1.43%), Kerry (683.HK +1.80%), Henderson (12.HK +1.81%)

2) China bank sector: PBOC strengthens central parity rate of RMB to 6.492 or 159bps – a 20 month high.
 • Related stocks: BOC (3988.HK +0.75%), ICBC (1398.HK -0.15%), CCB (939.HK +0.53%), CM Bank (3968.HK -1.36%)

3) Oil sector: Brent Crude oil prices top \$68/barrel, a first since 2015, and OPEC members Iran & Venezuela continue to pose threat as a result of its supply outputs.
 • Related stocks: CNOOC (883.HK +0.83%), Petro China (857.HK +0.35%), Sinopec (386.HK +1.47%), China Oilfield (2883.HK -0.70%)

4) China coal sector: Beijing to embark on consolidation and will support M&A's to "expand business from coal production to services" according to Xinhua.
 • Related stocks: China Coal Energy (1898.HK +1.40%), Yanzhou Coal (1171.HK +1.40%), China Shenhua (1088.HK +2.14%), China Qinfa (866.HK +1.02%)

China airline sector: Civil Aviation Administration of China and NDRC announces more price control for carriers for domestic routes.
 • Related stocks: China Southern (1055.HK +0.48%), China East Air (670.HK +3.65%), Air China (753.HK -1.30%)

Shanghai-Hong Kong Stock Connect

| Northbound Daily (RMB bn) | Quota | Balance | Percent | # of buy trades (k) | # of sell trades (k) |
|---------------------------|-------|---------|---------|---------------------|----------------------|
| 1/1/2018 | N/A | N/A | N/A | N/A | N/A |
| 2/1/2018 | 13.0 | 10.9 | 84% | 169.5 | 95.3 |
| 3/1/2018 | 13.0 | 10.3 | 79% | 221.0 | 160.5 |
| 4/1/2018 | 13.0 | 10.2 | 78% | 204.2 | 132.8 |
| 5/1/2018 | 13.0 | 12.0 | 92% | 167.0 | 114.3 |

Sources: HKEX

| Southbound Daily (RMB bn) | Quota | Balance | Percent | # of buy trades (k) | # of sell trades (k) |
|---------------------------|-------|---------|---------|---------------------|----------------------|
| 1/1/2018 | N/A | N/A | N/A | N/A | N/A |
| 2/1/2018 | 10.5 | 8.2 | 78% | 91.2 | 60.3 |
| 3/1/2018 | 10.5 | 8.6 | 82% | 86.3 | 69.3 |
| 4/1/2018 | 10.5 | 7.7 | 74% | 73.5 | 56.2 |
| 5/1/2018 | 10.5 | 8.6 | 82% | 79.9 | 59.0 |

Sources: HKEX, SSE

Shenzhen-Hong Kong Stock Connect

| Northbound Daily (RMB bn) | Quota | Balance | Percent | # of buy trades (k) | # of sell trades (k) |
|---------------------------|-------|---------|---------|---------------------|----------------------|
| 1/1/2018 | N/A | N/A | N/A | N/A | N/A |
| 2/1/2018 | 13.0 | 11.6 | 89% | 132.4 | 99.1 |
| 3/1/2018 | 13.0 | 11.1 | 85% | 180.5 | 132.1 |
| 4/1/2018 | 13.0 | 11.3 | 87% | 154.9 | 115.9 |
| 5/1/2018 | 13.0 | 11.4 | 88% | 146.8 | 108.2 |

Sources: HKEX

| Southbound Daily (RMB bn) | Quota | Balance | Percent | # of buy trades (k) | # of sell trades (k) |
|---------------------------|-------|---------|---------|---------------------|----------------------|
| 1/1/2018 | N/A | N/A | N/A | N/A | N/A |
| 2/1/2018 | 10.5 | 9.1 | 87% | 49.5 | 35.2 |
| 3/1/2018 | 10.5 | 9.3 | 89% | 58.2 | 39.9 |
| 4/1/2018 | 10.5 | 9.3 | 88% | 46.4 | 34.0 |
| 5/1/2018 | 10.5 | 9.8 | 93% | 46.5 | 35.2 |

Sources: HKEX, SSE

IPO Calendar

| Company | Ticker | Listing date | IPO px (HK\$) | Business |
|-------------------------------|---------|--------------|---------------|-------------------------|
| Excalibur Global Financial | 8350.HK | 12/1/2018 | 0.375-0.425 | Securities |
| Wine's Link International | 8509.HK | 12/1/2018 | 0.55-0.75 | Alcoholic drinks |
| C-MER Eye Care Holdings | 3309.HK | 15/1/2018 | 2.35-2.90 | Medical equipment |
| Taste.Gourmet Group | 8371.HK | 15/1/2018 | 0.86-1.09 | Restaurants & fast food |
| Everbright Grand China Assets | 3699.HK | 16/1/2018 | 1.30-1.49 | Property investment |
| Zhenro Properties Group | 6158.HK | 16/1/2018 | 3.40-4.08 | Property development |
| Thing On Enterprise | 2292.HK | 16/1/2018 | 1.00-1.24 | Property management |
| Space Group Holdings | 2448.HK | 16/1/2018 | 1.00-1.40 | Construction |
| ISP Global | 8487.HK | 16/1/2018 | 0.30-0.40 | IT hardware |
| Dragon King Group | 8493.HK | 16/1/2018 | 0.18-0.26 | Restaurants |
| Sling Group Holdings | 8285.HK | 16/1/2018 | 0.43 | IT hardware |
| ZACD Group | 8313.HK | 16/1/2018 | 0.26-0.33 | Property investment |
| Twintek Investment | 6182.HK | 17/1/2018 | 0.52-0.68 | Construction materials |
| JTF International | 8479.HK | 17/1/2018 | 0.50 | Petro & gas |
| Bank of Gansu | 2139.HK | 18/1/2018 | 2.61-2.77 | Banks |
| Zioncom Holdings | 8287.HK | 18/1/2018 | 0.28-0.52 | IT hardware |
| Pentamaster International | 1665.HK | 19/1/2018 | 0.90-1.10 | Semiconductors |
| Atlinks Group | 8043.HK | 19/1/2018 | 0.50-0.90 | Telecomm |
| IAG Holdings | 8513.HK | 19/1/2018 | 0.60-0.70 | Medical equipment |
| Xinghua Port | 1990.HK | 12/2/2018 | N/A | Marine & harbor |

Sources: HKEX, Bloomberg

Market commentary

Hong Kong notable market movers and news tracker

1) Speedy Global (540.HK suspended) resumes trading today following suspension on Friday.

2) Swire Properties (1972.HK +4.65%) raised US\$500m for green bond at coupon rate of 3.5%.

3) SHK (16.HK +1.43%) announces its Babington Hill project comprises of 30+ units and will be completed in April.

4) Tracker Fund (2800.HK +0.16%) assets surged HK\$100bn according to State Street Global Advisors.

5) Convoy (1019.HK suspended) received petition against 33 respondents from the High Court.

6) Shun Tak (242.HK +0.94%) enters JV with consortium of investors worth US\$500m for health-care projects in China.

7) China Aircraft (1848.HK +0.73%) announces purchase of 15 airbus aircrafts for US\$1.63bn.

8) Vanke (2202.HK +6.38%) acquires 20 shopping malls with SCGP Commercial RE and Hopu Investment Management worth RMB8.36bn.

9) Sinopec Oilfield (1033.HK -1.45%) secures US\$153m contract from Petroamazonas EP.

10) GCL New Energy (451.HK -1.61%) posts positive profit alert and mentions its solar energy business will reach over RMB850m.

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