

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Retail Sales YoY	Jul	9.10%	9.00%
China: Industrial Production YoY	Jul	6.30%	6.00%
US: NFIB Small Business Confidence	Jul	106.80A	107.0
US: Exports / Imports Price Index YoY	Jul	N/A	5.30%/4.30%
Germany: GDP WDA YoY	2Q18	N/A	2.30%

Source: Bloomberg

II. Macro News

- **China's FDI remains stable, quality improves.** China's foreign direct investment has remained stable in scale and optimized in quality as the business environment has become more attractive, according to industry experts. FDI into the Chinese mainland rose 4.1% YoY to \$68.32bn in the first six months of 2018, according to the MOC. [China Daily]
- **Turkey Takes First Steps to Bolster Banks Amid Lira's Decline.** Turkish policy makers made their first move to bolster the financial system and investor confidence amid a plunge in lira. Promising to "take all necessary measures," the central bank in Ankara lowered the amount commercial lenders must park at the regulator and eased rules that govern how they manage their lira and foreign-currency liquidity. [Bloomberg]
- **Construction Industry Continues to Weigh on Singapore.** Construction has continued to weigh on Singapore's GDP growth, which came in at a disappointing 0.6% quarterly pace in three months ended Jun, trade ministry reported Monday. On a YoY basis, construction contracted for a seventh quarter in a row, its longest stretch since 2003 and overall GDP slid to 3.9%. [Bloomberg]

III. Industry News

- **West China's first international standard 5G network to be launched.** China Telecom, one of the three major network operators in China, launched west China's first international telecommunication union standard 5G network at its branch in Chengdu, Sichuan province, reports thepaper.cn. [China Daily]
- **Chinese Banks to Boost Lending to Govt Projects.** Many Chinese banks have told local units to increase lending to government-driven projects, China Securities Journal reports. Loans are expected to flow into infrastructure construction, advanced manufacturing projects, as well as medium, small and micro-sized companies. [Bloomberg]
- **7 medical IPOs approved in H1.** A total of 360 healthcare enterprises in China have seen their IPO plans approved to date, with seven more companies joining the list in 1H18, a slight deceleration. Among the seven enterprises, four were listed on the mainland's A-share market. The remaining three were listed on the HK Stock Exchange. [China Daily]

IV. Corporate News

- **Saudi Fund in Talks to Invest in Tesla Buyout Deal.** Saudi Arabia's sovereign wealth fund is working to be part of any investor pool that emerges to take Tesla Inc. private. The Saudi Kingdom's Public Investment Fund, which recently built a stake just shy of 5 percent in Tesla, is exploring how it can be involved in the potential deal. [Bloomberg]
- **Agile Group Says 1H Net Income to Increase More Than 90% Y/Y.** Agile Group Holdings unaudited 1H net income is expected to increase more than 90% year on year, according to a Hong Kong stock exchange filing. Increase attributed to higher gross margins from group's property sales. [Bloomberg]

- **PetroChina Said to Mull Temporary Halt of U.S. LNG Purchases.** PetroChina may temporarily halt U.S. LNG spot cargo purchases through the winter heating season to avoid potential tariffs amid U.S.-China trade conflicts. PetroChina would boost spot cargoes from other countries or swap U.S. shipments with other nations in East Asia to avoid paying additional tariffs. [Bloomberg]
- **Tycoon Victor Li Bets Big on Hong Kong's Frothy Property Market.** Tycoon Victor Li made his first land purchase in Hong Kong since taking the reins of CK Asset Holdings Ltd. from his billionaire father Li Ka-shing, splashing out on a development site above a subway station. [Bloomberg]
- **HNA to Sell Radisson Holdings to Chinese Hotel Giant Jin Jiang.** HNA Group agreed to sell hotel company Radisson Holdings Inc. to Jin Jiang Int'l Holding Co. The sale would add to the more than \$17bn in divestments that the company has made this year, a tally that includes stakes in Hilton Worldwide Holdings Inc. and NH Hotel Group SA. [Bloomberg]
- **Ping An's Prudential Pursuit Would Set Record for China M&A.** Ping An Insurance (Group) Co. is now weighing the biggest-ever acquisition from the country. The Shenzhen-based insurer has evaluated acquiring Prudential Plc's Asian operations. The regional business is worth about 40bn pounds (\$51.5bn), according to Panmure Gordon & Co., and any buyer may need to pay a premium to gain control. [Bloomberg]
- **China's Third-Wealthiest Man Is About to Get \$1.7B.** China Evergrande Group is about to make its billionaire chairman even richer. The developer, which has regularly bought back its own shares, will hold a board meeting on Aug. 20 to consider paying a special dividend for the past two financial years. Assuming a payout of 50% of 2016-17 profit, as announced in Mar, that could amount to 11.5bn yuan (\$1.7bn) for Hui Ka Yan, who owns c.78% of the co. [Bloomberg]
- **Sportswear giant Li Ning cautious over outlook amid worsening US-China trade war.** Chinese sportswear giant Li-Ning is "cautious" about the nation's business environment even though it may not be directly affected by the escalating trade war between China and the U.S., according to its founder. [SCMP]
- **China's CNPC 'takes over Total's share in big Iran gas project'.** CNPC has taken over the share in Iran's multibillion-dollar South Pars gas project held by France's Total, the Iranian state news agency IRNA reported. Total signed a contract in 2017 to develop Phase II of South Pars field with an initial investment of US\$1bn. [SCMP]
- **Chip giant Qualcomm wins Taiwan reprieve as global antitrust battle rages.** Qualcomm, the smartphone chip maker fighting regulatory actions and lawsuits threatening its most profitable business, has reached a settlement with Taiwan's antitrust regulators that reverses most of a US\$773mn fine. [SCMP]
- **China Unicom to use cutting-edge tech for Winter Olympics.** Virtual reality video streaming and facial recognition technologies will be used in the Beijing 2022 Winter Olympics, as China Unicom scrambles to help build the event into a smart sports gathering enabled by cutting-edge communication technologies. [China Daily]
- **Ford takes 'significant step' in China with new SUV.** Ford Motor Co. said that it is localising a mid-sized SUV called Territory early next year for customers in smaller, emerging cities, where the model will see more growth potential than in large cities. Developed with its local partner Jiangling Motors Corp, the model will be available in gasoline, mild-hybrid and plug-in hybrid versions. [China Daily]
- **Walmart, JD back online grocer.** Chinese online grocery and delivery company Dada-JD Daojia announced it had raised \$500mn from US-based retail giant Walmart Inc and Chinese e-commerce behemoth JD in its latest round of financing. Walmart invested \$319mn in the latest fundraising, while JD invested \$181mn. [China Daily]
- **China Mobile plans IPO for subsidiaries amid strong H1 performance.** China Mobile plans to spin off and list three to four of its subsidiaries, said its MD and CEO Li Yue at an Aug 9 news conference on interim results, news outlet TMTPost reported. Specific details such as listing time and location are still to be decided, said the CEO. [China Daily]
- **Li Ning profit rises to HK\$269m yuan.** Li Ning reported its first-half net profit grew by 42 percent to 269 million yuan on revenue of 4.71 billion yuan, up 17.9 percent year-to-year. The basic earnings per share were 11.1 fen. The company did not declare an interim dividend. [The Standard]

V. Overnight Market Recap

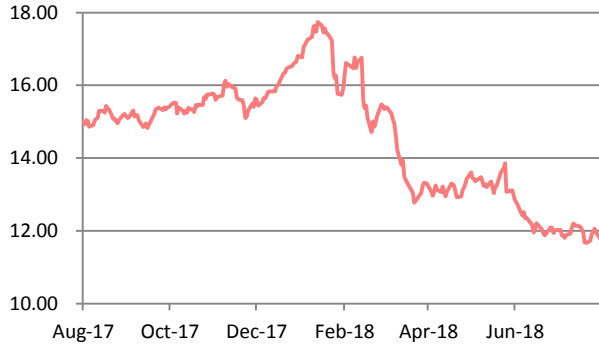
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,822	(11.4)	(0.4)	(1.0)	0.7	3.4	4.6	14.4	5.5
	Dow Jones	25,188	(125.4)	(0.5)	(1.2)	0.7	1.2	1.2	14.5	1.9
	Nasdaq Composite	7,820	(19.4)	(0.2)	(0.5)	(0.1)	5.5	9.5	23.3	13.3
	Russell 2000	1,675	(11.5)	(0.7)	(0.5)	(0.7)	4.7	10.1	20.2	9.1
	VIX Index	14.78	1.6	12.3	31.1	21.3	14.3	(23.3)	19.9	33.9
Europe Equity	Euro Stoxx 50	3,410	(16.6)	(0.5)	(2.1)	(1.3)	(4.4)	1.2	(1.2)	(2.7)
	DAX	12,359	(65.6)	(0.5)	(1.9)	(1.5)	(4.8)	0.2	1.6	(4.3)
	CAC	5,412	(2.4)	(0.0)	(1.2)	(0.3)	(2.3)	4.8	5.7	1.9
	FTSE 100	7,642	(24.6)	(0.3)	(0.3)	(0.3)	(0.9)	5.9	3.9	(0.6)
APAC Equity	HSI	27,937	(430.1)	(1.5)	0.4	(2.1)	(11.4)	(8.5)	2.5	(6.6)
	HSCEI	10,767	(176.6)	(1.6)	0.6	0.2	(14.2)	(12.2)	0.6	(8.1)
	HSI VIX	20.47	2.1	11.4	5.5	10.9	17.1	(12.4)	14.9	40.2
	CSI 300	3,390	(14.7)	(0.4)	3.6	(2.9)	(13.3)	(14.5)	(8.2)	(15.9)
	SH Composite	2,786	(9.4)	(0.3)	3.0	(1.6)	(12.2)	(12.9)	(13.9)	(15.8)
	SZ Composite	1,521	4.7	0.3	4.5	(5.2)	(16.6)	(12.6)	(19.1)	(19.9)
	Nikkei 225	21,857	(440.7)	(2.0)	(2.9)	(3.3)	(4.4)	3.3	11.9	(4.0)
KOSPI	2,248	(34.3)	(1.5)	(1.7)	(2.7)	(9.2)	(7.2)	(3.7)	(8.9)	
Commodities (USD)	Brent (Future)	72.61	(0.2)	(0.3)	(1.6)	(3.6)	(5.8)	15.8	39.4	8.6
	WTI (Future)	67.20	(0.4)	(0.6)	(2.6)	(5.0)	(5.0)	11.3	41.7	11.6
	Gold	1,194	(17.1)	(1.4)	(1.2)	(3.7)	(9.1)	(11.6)	(6.8)	(8.3)
	Copper (Future)	6,154	(36.5)	(0.6)	0.3	(1.3)	(11.4)	(11.9)	(4.0)	(15.1)
	Baltic Dry Index	1,691.00	(3.0)	(0.2)	(4.6)	1.5	14.6	54.4	46.4	23.8
FX	Dollar Index	96.39	0.0	0.0	1.1	1.8	4.2	7.5	3.6	4.6
	EUR	1.14	(0.0)	(0.0)	(1.3)	(2.6)	(4.4)	(8.4)	(3.2)	(5.0)
	JPY	110.70	(0.1)	(0.1)	(0.6)	1.5	(0.9)	(3.3)	(0.9)	1.8
	CNY	6.89	0.0	(0.6)	(0.5)	(2.9)	(8.0)	(8.0)	(3.2)	(5.6)
	CNH	6.90	0.0	0.4	0.5	(2.8)	(8.1)	(8.5)	(3.0)	(5.5)
CDS	ChinaGov CDS	64.42	2.8	4.5	4.4	0.0	10.2	2.7	(4.1)	28.6
	CDX Emerging Market	94.86	(0.9)	(1.0)	(2.1)	(1.9)	(2.7)	(4.0)	(1.2)	(4.3)

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	2.04	(0.0)	(0.3)	2.0	2.0	1.9	1.6	1.0	1.4
	2-Year Treasury Yield	2.61	0.0	0.3	2.7	2.6	2.6	2.1	1.3	1.9
	5-Year Treasury Yield	2.75	0.0	0.2	2.8	2.7	2.9	2.5	1.8	2.2
	10-Year Treasury Yield	2.88	0.0	0.2	3.0	2.8	3.1	2.8	2.2	2.4
	2-10 Spread	26.22	(0.3)	(1.0)	29.9	24.5	49.6	72.3	89.6	51.8
China rates	O/N China Repo Rate	2.10	0.3	15.4	1.6	2.3	2.7	2.6	2.8	3.0
	1-Week China Repo Rate	2.49	0.2	8.3	2.1	2.7	3.3	3.5	3.4	3.1
	O/N SHIBOR	2.11	0.3	15.7	1.6	2.5	2.6	2.6	2.8	2.8
	1-Week SHIBOR	2.49	0.1	2.7	2.4	2.7	2.8	2.9	2.9	3.0

Source: Bloomberg

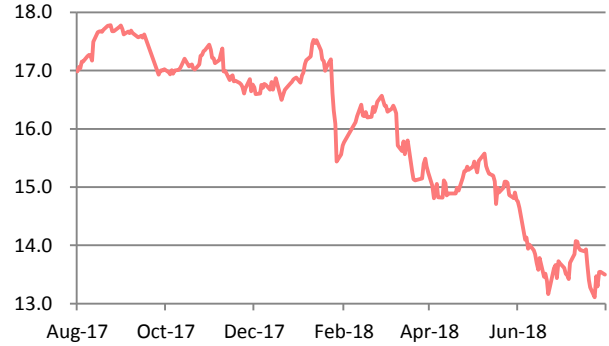
VI. Key Indicators

Hang Seng Index PE Ratio



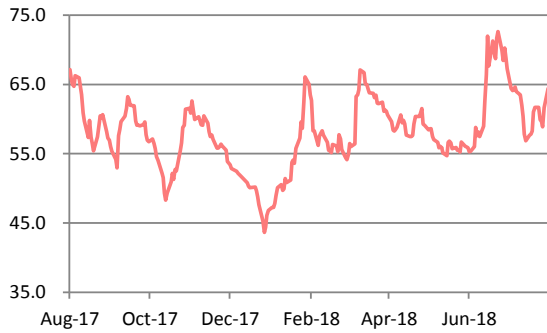
Source: Bloomberg

Shanghai Composite Index PE Ratio



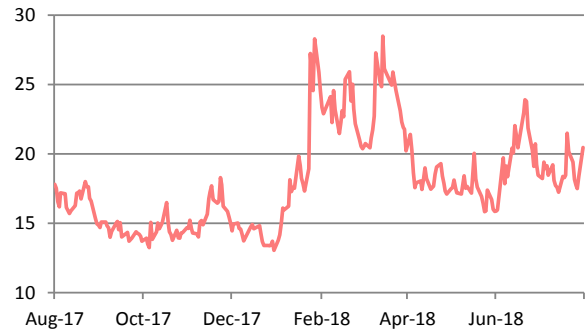
Source: Bloomberg

China 5Y CDS Index_USD



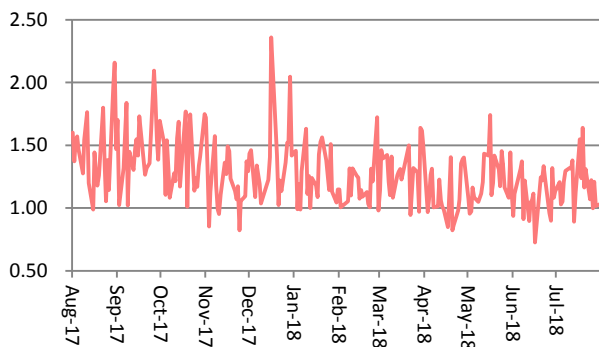
Source: Bloomberg

Hang Seng Index VIX



Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

Research

LIU Taisheng, Steven
Head of Research & TMT
(852) 3465 5652
stevenliu@csci.hk

CHAN Ka Yeung, Duncan
Commodity
(852) 3465 5654
duncanchan@csci.hk

TIAN Yang
Automotive
(852) 3465 5775
tianyong@csci.hk

YAO Xue, Snowy
Power & Coal
(852) 3465 5675
snowyyao@csci.hk

SHEN Xiangfei, Thomas
Technology Hardware
(852) 3465 8689
thomasshen@csci.hk

XU Qiwen
Consumer Discretionary
(852) 3465 8690
xuqiwen@csci.hk

Institutional Sales & Trading

XIANG Xinrong, Ron
Head of IST
(852) 3465 5633
ronxiang@csci.hk

HO Wen Hao, Jack
(852) 3465 5685
jackho@csci.hk

WANG Zhuo, Gary
(852) 3465 8655
wangzhuo@csci.hk

LEE Ying Ju, Rose
(852) 3465 5707
roselee@csci.hk

XIA Tian
(852) 3465 5670
xiatian@csci.hk

XU Xiaowei, Vincent
(852) 3465 5795
vincentxu@csci.hk

CHAU Manying, Angel
(852) 3465 5781
angelchau@csci.hk

LIU Honglin, Charlene
(852) 3465 8686
charleneliu@csci.hk

Disclosure of Interests

As of the date of this report,

1. The research analysts primarily responsible for the preparation of all or part of this report hereby certify that:
 - (i) the views expressed in this research report accurately reflect the personal views of each such analyst about the subject securities and issuers; and
 - (ii) no part of the analyst's compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.
2. The research analysts primarily responsible for the preparation of all or part of this report, or his/her associate(s), do not have any interest (including any direct or indirect ownership of securities, arrangement for financial accommodation or serving as an officer) in any company mentioned in this report,
3. This report has been produced in its entirety by China Securities (International) Brokerage Company Limited ("China Securities (International)") (CE Number: BAU373, regulated by the Securities and Futures Commission in Hong Kong)
4. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities have no financial interest, in aggregate, equal to or more than 1% of the market capitalization in the stocks reviewed in this report.
5. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities may receive compensation from or mandates for investment banking services in the past 12 months from listed corporations whose stocks are being reviewed by China Securities (International) in this report.
6. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities do not have any individual employed by or associated with them serving as an officer of a listed corporation whose stocks are being reviewed by China Securities (International) in this report.
7. China Securities (International) and each of its group companies that carry on a business in Hong Kong in investment banking, proprietary trading or agency broking in relation to securities may act as the market makers in the stocks reviewed by China Securities (International) in this report.

Disclaimer

This report is for information purposes only and should not be construed as an offer to sell or to solicitation of an offer to buy or sell any securities in any jurisdiction. The securities referred to in this research report to in this research report may not be eligible for sale in some jurisdictions. This information contained in this report has been compiled by China Securities (International) from sources that it believes to be reliable and the opinions, analysis, forecasts, projections and expectations contained in this report are based on such information and are expressions of belief only and no representation, warranty or guarantee is made or given by China Securities (International) or any its accuracy or completeness. All opinions and estimates expressed in this report are (unless otherwise indicated) entirely those of China Securities (International) as of the date of this report only and are subject to change without notice. Such opinions and estimates may be different from or contrary to the opinions presented by the other business departments, units or affiliates of China Securities (International), as different assumptions and standards, different views and analytical methods may be adopted in the preparation of such other materials, and China Securities (International) is under no obligation to bring such other materials to the attention of any recipient of this report. Neither China Securities (International) nor its holding companies and affiliates accept any liability whatsoever for any direct or consequential loss arising from any use of material contained in this report or otherwise arising in connection therewith.

Any investment referred to herein may involve significant risk, may be illiquid and may not be suitable for all investors. The value of or income from any investment referred to herein may fluctuate and be affected by changes in exchange rates. Past performance is not indicative of future results. This report does not take into account the investment objectives, financial situation or particular needs of any particular person. Investors are expected to make their own investment decision without relying on this publication. Before entering into any transactions in any securities referred to in this research report investor should consider their own individual investment objectives and financial situation and seek professional financial, tax and legal advice, as necessary.

This report is strictly confidential to the recipient. It is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. The distribution of this report in other jurisdictions may be restricted by law, and persons into whose possession this report comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions.

China Securities (International) Research

18/F, Two Exchange Square, Central, Hong Kong

Tel: (852) 34655600 Fax: (852)21809495