

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
China: Foreign Reserve	Nov	USD3120bn	USD3109.2bn
US: Continuing Jobless Claims	25-Nov	N/A	1957k
Japan: Tokyo Average Office Vacancies	Nov	N/A	3.02%
UK: Halifax House Prices YoY	Nov	N/A	4.50%
Indonesia: Consumer Confidence Index	Nov	N/A	120.70

Source: Bloomberg

II. Macro News

- **China, Vietnam vow to accelerate capital market cooperation.** The China-Vietnam Capital Cooperation Forum was held on Tuesday, helping accelerate cooperation between the two countries' capital markets and promoting two-way capital flow as well as supporting growth in their small and medium enterprise (SME) sectors. [China Daily]
- **German factory orders climb for third straight month.** Factory orders in Germany were up by 0.5% in Oct versus the previous month, the third consecutive monthly gain. The Economy Ministry said that the increase was fueled by slightly higher domestic demand and a larger increase in orders from outside the 19-nation eurozone. [The Standard]
- **EU blacklists 17 countries as tax havens.** The EU blacklisted 17 countries as tax havens while another 47 countries or jurisdictions were put on "gray list" after they made tax reform commitments. The countries on the EU tax haven blacklist failed to meet key criteria dealing with bank information exchange. [Bloomberg]

III. Industry News

- **Moody's upgrades HK banking system outlook to stable.** Moody's Investors Service has changed its outlook for Hong Kong's banking system to stable from negative, reflecting its expectation that the banks' operating environment will benefit from stronger global economic growth in the next 12 to 18 months. [The Standard]
- **Hong Kong set to lose global IPO crown to New York and Shanghai as fundraising halves.** Hong Kong is on track to lose its much-coveted crown as the world's top IPO market as the year draws to a close, with latest figures showing total funds raised here have dropped 48% vs. 12 months ago, ranking third behind New York and Shanghai. [SCMP]
- **Philippines seeks to meet China on trade gap, anti-smuggling bid.** Philippine Finance Secretary Carlos Dominguez ordered Customs Commissioner Isidro Lapeña to meet with Chinese counterpart to check significant gap between two nations' trade data as Bureau of Customs run after smugglers to improve revenue, Finance Dept says. [Bloomberg]

IV. Corporate News

- **NetDragon 3Q net income 5.1mn yuan vs 65.4mn yuan loss year ago.** NetDragon 3Q revenue rises 52.7% y/y to 1.06b yuan, co. says in Hong Kong stock exchange filing. Board doesn't recommend an interim dividend for the three months ended Sept. 30. [Bloomberg]
- **Geely Auto Nov. sales rises 38% YoY to 141,265 units.** Jan.-Nov. sales volume rises 66% year on year to 1.09m units, achieving ~99% of its revised full year sales target of 1.1m units for this year, Geely Auto says in Hong Kong stock exchange filing. [Bloomberg]

- **BYD to set up private investment fund with size of 6.25bn yuan.** BYD affiliates will contribute 1.25b yuan of junior tranche in the fund, which will invest in monorail projects, according to a statement to Shenzhen Stock Exchange. [Bloomberg]
- **Sino Biopharm says China approves Hepatitis B drug registration.** Its Tenofovir Disoproxil Fumarate tablet for chronic hepatitis B treatment has been granted drug registration approval by China's State Food and Drug Administration, according to statement to Hong Kong stock exchange. [Bloomberg]
- **China's biggest policy bank refrains from weekly bond auction.** China Development Bank held off on a weekly bond sale Tuesday, adding to a number of recent measures that have helped arrest a slide in its debt. China Development Bank didn't announce an issuance plan as it does on the China Central Depository & Clearing Co. website. [Bloomberg]
- **Petrobras borrows \$5 billion from China Development Bank.** Petroleo Brasileiro SA has signed a \$5 billion loan agreement with China Development Bank as the oil producer looks for opportunities to stretch out its debt payment schedule. [Bloomberg]
- **Noble in intense talks to repackage debts holistically.** Noble Group has been locked in intense talks with unsecured creditors in Hong Kong and London in recent weeks for a "holistic" restructuring of its US\$3.5 billion debt pile. [Bloomberg]
- **Ford plans 50 new vehicles, 50% revenue boost, in China by 2025.** Ford by 2025 plans to introduce more than 50 new vehicles in China, and boost China revenue by 50% above this year. Ford plans to locally assemble five more vehicles in China for Chinese customers starting in 2019. [Bloomberg]
- **Shares in China's Chalco rise after state firm reveals plans to raise US\$1.90b by selling stakes in four units.** Shares in Aluminium Corporation of China (Chalco) gained as much as 3.6% in morning trade after it unveiled debt-for-equity swap deals at four of its subsidiaries with eight investors, worth a RMB12.6bn yuan (US\$1.9bn). [SCMP]
- **China giants CNBM and Sinoma merger eye Silk Road growth.** China National Building Material, which will merge with rival China National Materials to form the world's largest cement maker and cement plant builder, aims for the combined entity to manage 100 plants in countries covered by the Belt and Road Initiative in 3-5 years. [SCMP]
- **ZhongAn, China's largest online insurer, sees Ping An as an insurtech rival it can learn from.** ZhongAn Online P&C Insurance, China's first and largest online-only issuer, said it wanted to learn from its rival and early investor, Ping An Insurance Group, which has taken the lead in research and development in insurance technology. [SCMP]
- **Walgreens agrees 2.76bn yuan deal with China's largest health care retailer for pharmacy stake.** Global pharmacy and health care company Walgreens Boots Alliance said on Wednesday it had signed an agreement with Sinopharm Group, China's largest retailer of pharmaceutical and health care products, in a deal worth RMB2.76bn (US\$417mn). [SCMP]
- **Cathay Pacific Airways aims at saving \$4bn in 3 years.** Cathay Pacific Airways is seeking for transformation actively and the company hired McKinsey & Co as consultant in early 2017. Reuters quoted from Cathay Pacific Airways Greg Hughes, saying that the group aims at saving \$4 billion within three years. [AASocks]
- **Two Chinese banks plan to seek debt from India's Reliance Communications.** ICBC and Export-Import Bank of China plan to support China Development Bank for the insolvency proceedings against India's Reliance Communications, Reuters quoted from sources, as saying. [AASocks]
- **Sinoma shareholders approve merger with CNBM.** Sinoma announced that it held an extraordinary general meeting for the merger between the co. and CNBM on 6-Dec, shareholders of Sinoma and H shareholders of Sinoma approved and ratified the merger agreement entered into on 8-Sep by over 99% votes in favour of the resolution. [China Daily]
- **HNA confirms interest in ASEAN's infrastructure investment.** HNA Group has confirmed its interest in investing in Thailand's grand infrastructure project by setting up a major fund with a local partner, as the group enhances its footprint in ASEAN and along the Belt and Road. [China Daily]

V. Overnight Market Recap

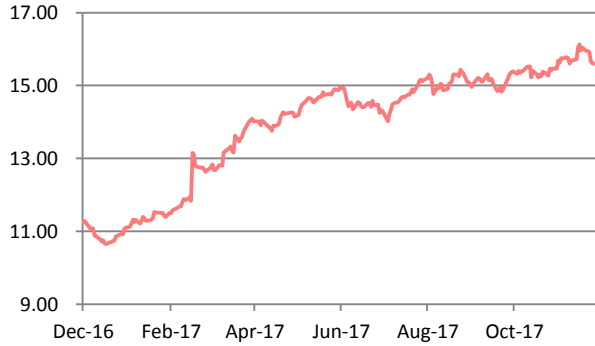
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,629	(0.3)	(0.0)	0.1	1.5	6.7	8.1	17.3	17.4
	Dow Jones	24,141	(39.7)	(0.2)	0.8	2.5	10.8	14.0	23.5	22.2
	Nasdaq Composite	6,776	14.2	0.2	(0.7)	0.1	5.9	7.6	25.6	25.9
	Russell 2000	1,509	(7.9)	(0.5)	(2.2)	2.0	7.9	8.0	10.6	11.2
	VIX Index	11.02	(0.3)	(2.7)	3.0	11.4	(4.6)	6.1	(9.8)	(21.5)
Europe Equity	Euro Stoxx 50	3,562	(9.0)	(0.3)	(0.8)	(2.7)	3.3	0.4	13.3	8.2
	DAX	12,999	(49.7)	(0.4)	(0.5)	(2.8)	5.7	2.6	18.3	13.2
	CAC	5,374	(1.2)	(0.0)	(0.4)	(1.9)	5.1	2.1	14.5	10.5
	FTSE 100	7,348	20.5	0.3	(0.6)	(2.2)	(0.7)	(1.7)	6.5	2.9
APAC Equity	HSI	28,225	(618.0)	(2.1)	(4.7)	(2.7)	2.6	8.7	23.8	28.3
	HSCEI	11,163	(322.1)	(2.8)	(4.2)	(4.1)	0.6	5.2	13.6	18.8
	HSI VIX	18.30	1.7	10.4	6.0	31.1	8.9	51.0	26.5	8.3
	CSI 300	4,016	(24.3)	(0.6)	(0.9)	(0.9)	4.9	13.6	15.5	21.3
	SH Composite	3,294	(9.7)	(0.3)	(1.3)	(3.5)	(2.1)	4.9	2.2	6.1
	SZ Composite	1,880	12.7	0.7	(2.1)	(6.6)	(4.7)	1.6	(10.1)	(4.5)
	Nikkei 225	22,177	(445.3)	(2.0)	(1.9)	(3.3)	14.3	11.0	19.9	16.0
KOSPI	2,474	(35.8)	(1.4)	(1.5)	(2.8)	5.5	4.8	24.2	22.1	
Commodities (USD)	Brent (Future)	61.22	(1.6)	(2.6)	(3.0)	(4.7)	13.0	22.1	13.5	7.7
	WTI (Future)	55.96	(1.7)	(2.9)	(2.3)	(2.0)	14.2	22.7	12.7	4.4
	Gold	1,263	(2.4)	(0.2)	(1.6)	(0.9)	(6.3)	(1.8)	7.7	10.2
	Copper (Future)	6,543	(283.0)	(4.1)	(3.9)	(5.1)	(5.2)	16.3	10.0	18.2
	Baltic Dry Index	1,666.00	4.0	0.2	8.5	13.1	33.3	103.7	40.5	73.4
FX	Dollar Index	93.61	0.2	0.3	0.5	(1.2)	1.4	(3.1)	(6.8)	(8.4)
	EUR	1.18	(0.0)	(0.3)	(0.4)	1.9	(1.8)	4.9	9.8	12.2
	JPY	112.29	(0.3)	(0.3)	0.3	1.5	(3.4)	(2.2)	1.3	4.2
	CNY	6.61	(0.0)	0.1	0.0	0.3	(1.4)	2.7	4.0	5.0
	CNH	6.62	(0.0)	(0.0)	0.1	0.3	(2.0)	2.3	4.2	5.4
CDS	ChinaGov CDS	56.06	0.3	0.5	(2.5)	(0.9)	(6.8)	(23.5)	(50.4)	(52.1)
	CDX Emerging Market	96.46	(0.1)	(0.1)	0.2	0.6	(0.2)	0.8	3.4	3.0

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.28	(0.0)	(0.6)	1.3	1.2	1.0	1.0	0.5	0.5
	2-Year Treasury Yield	1.81	(0.0)	(0.7)	1.8	1.6	1.3	1.3	1.1	1.2
	5-Year Treasury Yield	2.13	(0.0)	(0.8)	2.1	2.0	1.6	1.7	1.8	1.9
	10-Year Treasury Yield	2.34	(0.0)	(0.5)	2.4	2.3	2.0	2.2	2.3	2.4
	2-10 Spread	52.81	(0.0)	(0.1)	62.4	68.2	77.3	86.6	124.2	125.0
China rates	O/N China Repo Rate	2.58	0.0	1.6	2.8	2.5	2.6	2.9	2.3	2.2
	1-Week China Repo Rate	2.85	0.1	3.6	3.4	2.8	2.8	2.9	2.4	2.6
	O/N SHIBOR	2.57	(0.0)	(0.2)	2.8	2.6	2.6	2.8	2.3	2.2
	1-Week SHIBOR	2.79	(0.0)	(0.4)	2.9	2.8	2.8	2.9	2.5	2.5

Source: Bloomberg

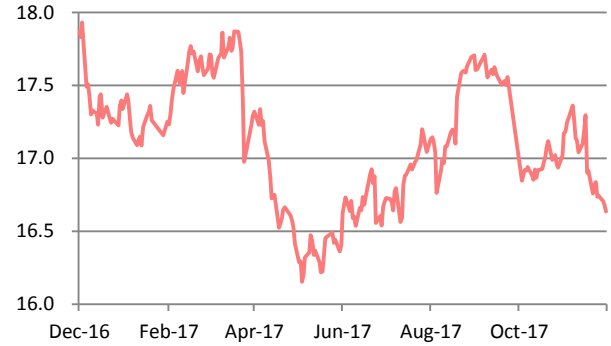
VI. Key Indicators

Hang Seng Index PE Ratio



Source: Bloomberg

Shanghai Composite Index PE Ratio



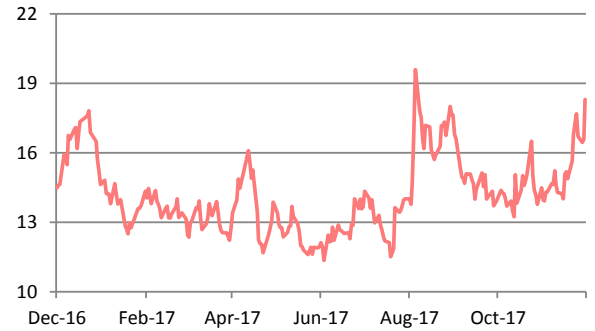
Source: Bloomberg

China 5Y CDS Index_USD



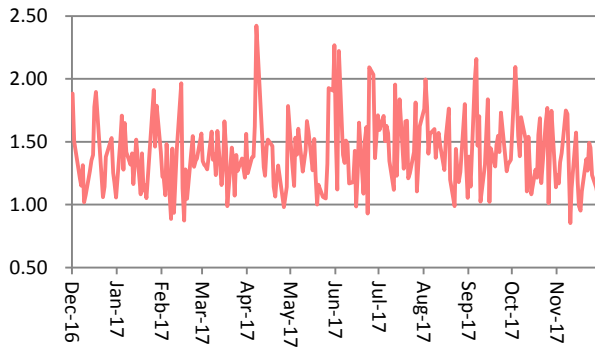
Source: Bloomberg

Hang Seng Index VIX



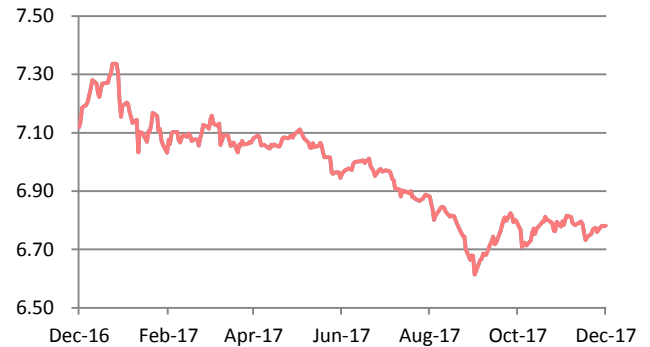
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

Research

LIU Taisheng, Steven

TMT
(852) 3465 5652
stevenliu@csci.hk

SO Lai Shan, Jennifer

Consumer
(852) 3465 5781
jenniferso@csci.hk

CHAN Ka Yeung, Duncan

Commodity
(852) 3465 5654
duncanchan@csci.hk

TIAN Yang

Automotive
(852) 3465 5775
tianyong@csci.hk

SUN Lingxiao, Roger

Industrials
(852) 3465 5785
rogersun@csci.hk

YAO Xue, Snowy

(852) 3465 5675
snowyyao@csci.hk

SHEN Xiangfei, Thomas

(852) 3465 8689
thomasshen@csci.hk

XU Qiwen

(852) 3465 8690
xuqiwen@csci.hk

Institutional Sales & Trading

XIANG Xinrong, Ron

(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

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