



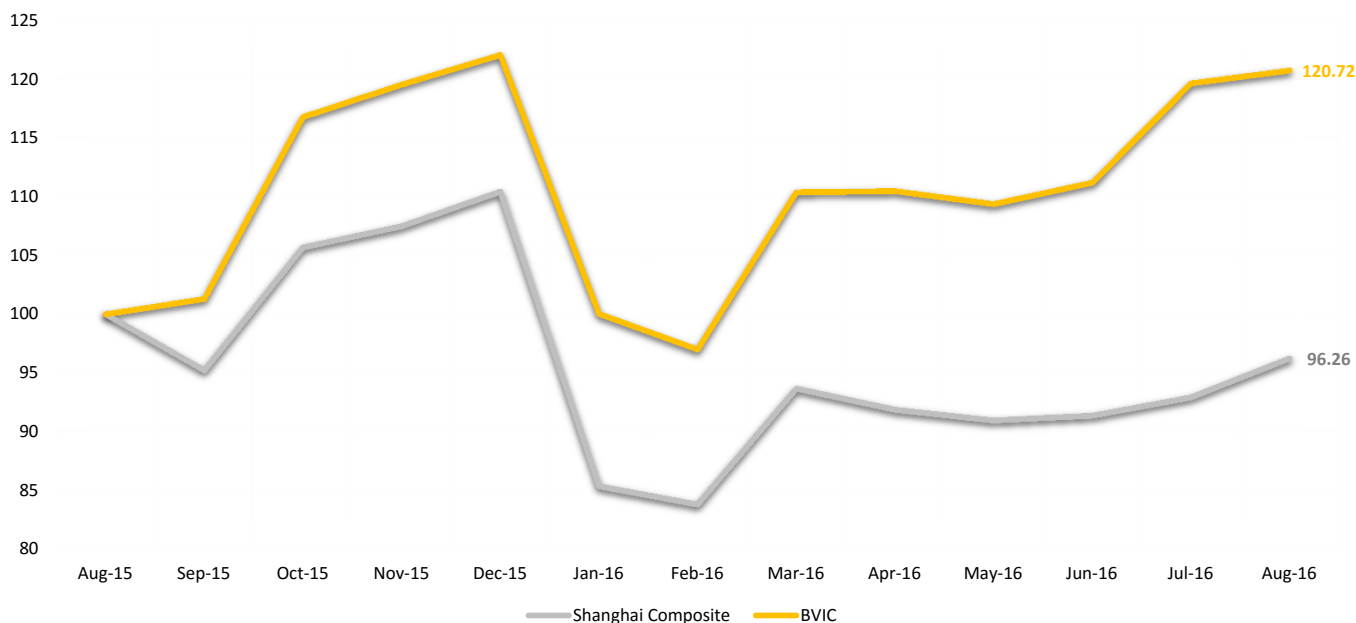
Market commentary

The Shanghai Composite capped a 3.6% gain in August, climbing to a seven-month high on surging turnover as takeover speculation buoyed property developers and shares in Shenzhen rallied after a report said details of an exchange link with Hong Kong will be announced shortly. Gains came as China's broadest measure of new credit rose the least in two years. The credit growth data "weren't great, but the market is expecting there will be more policies coming out to help the economy, and that's helping the A-share market as well as Chinese companies in Hong Kong, according to Bloomberg. The Shanghai Composite Index climbed above 3,125.20 at one point, sending the measure above its 200-day moving average for the first time in a year.

Macro indicators

Indicator	Nxt. reporting date	Period	Q1 15	Q2 15	Q3 15	Q4 15	Q1 16	Q2 16
GDP (yoy)	20.10.2016	Q3 16	7.0%	7.0%	6.9%	6.8%	6.7%	6.7%
Inflation (yoy)	20.10.2016	Q1 16	1.4%	1.4%	1.6%	1.6%	2.3%	1.9%
Unemployment	20.10.2016	Q1 16	4.1%	4.1%	4.1%	4.1%	4.0%	4.1%
Services PMI	20.10.2016	Q1 16	52.3	51.8	50.5	50.2	51.8	52.7
EUR/CNY			6.7	6.9	7.1	7.0	7.4	7.4
Brent oil			\$55.1	\$63.6	\$48.4	\$37.3	\$45.0	\$48.0

Bernstein Value Index China



BVIC Bernstein Value Index China is an equal-weighted index compiled of 18-20 Chinese consumer value plays selected using Bernstein's proprietary long-term value screening indicators.

SH COMP The SSE Composite Index is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.



Index constituents news

Ticker	Name	Date	Recent Key News and Events
601021.SS	Spring Airlines	26.08.2016	Shanghai-based Spring Airlines plans to circulate up to 91.5122 million shares of its stock at 43.71 yuan (\$6.55) per share, to no more than 10 specified investors. The share issue is to raise 4 billion yuan towards the purchase of 10 Airbus A320s and one A320 simulator
603885.SS	Juneyao Airlines		
000069.SZ	Shenzhen Overseas		
000895.SZ	Henan Shuanghui	24.08.2016	Henan Shuanghui Investment & Development is the largest poultry producer in China
600741.SS	Huayu Automotive		
1057.HK	Zhejiang Shibao		
2238.HK	GAC Group	4.09.2016	30% of cars bought on credit in 2015, vs 18% in 2013 -analysts Deloitte expects cars bought on finance to reach 50% by 2020 Rebound in car sales at end-2015 helped by credit push -analyst
600104.SS	SAIC Motor	24.08.2016	China's biggest domestic auto maker by sales, reported first-half net profit rose 6% from a year earlier
600066.SS	Zhengzhou Yutong Bus Co.	22.08.2016	Says H1 net profit up 30.6 percent y/y at 1.2 billion yuan (\$180.26 million)
1211.HK	BYD Co Ltd	30.08.2016	BYD Co Ltd, a major Chinese new energy vehicle manufacturer, posted a first-half profit increase of 384 percent to 2.26 billion yuan (\$342 million) compared to the same period last year, mainly due to the increase in its new energy vehicle business
600887.SS	Inner Mongolia Yili	26.08.2016	Says its net profit up 20.6 percent at 3.2 billion yuan (\$479.85 million) in H1
603288:CH	Foshan Haitian Flavouring	15.08.2016	Says H1 net profit up 11.3 percent y/y at 1.5 billion yuan (\$225.94 million)
000333.SZ	Midea Group	10.08.2016	Midea Group Co. said China's Ministry of Commerce approved its bid to buy German robot maker Kuka AG, one of a series of international regulatory permissions that the Chinese firm has said that it needs.
1033.HK	Sinopec SSC	31.08.2016	Sinopec Oilfield Service, the drilling and services unit of oil and gas giant China Petrochemical, will continue cutting its capital expenditure after posting a sharp increase in interim losses for the first six month as work dwindled amid falling global oil prices.
1766.HK	CRRC	31.08.2016	CRRC Corporation more than doubled orders from outside China in the first half of this year, according to a financial release filed with the Shanghai Stock Exchange
0995.HK	Anhui Expressway		
CTRP.O	Ctrip.com International Ltd.	31.08.2016	According to JPM, Ctrip is "well on track" to achieve its longer-term GMV (gross merchandise volume) of RMB 1.2 trillion (around \$200 billion) to 1.4 trillion by 2020, which implies a five-year compounded annual growth rate of 30 percent.



Index constituents performance

Ticker	Name	Industry	Share price 31.08.16			Performance				Mcap EURb	Net Debt EURb	EV/EBITDA TTM	P/E			P/B TTM	EBITDA% TTM	Div yld N12M
			HKX	SSE	Diff.	LTM Low	LTM High	% off L	% off H				TTM	2016F	TTM			
601021.SS	Spring Airlines	Airlines		46.9		40.1	70.0	17%	-33%	5.0	0.6	14.2x	25.9x	21.9x	5.3x	36.6%	0.5%	
603885.SS	Juneyao Airlines	Airlines		27.4		21.1	39.8	30%	-31%	4.7	0.6	16.8x	28.4x	21.3x	4.8x	26.3%	0.9%	
000069.SZ	Shenzhen Overseas	Amusement Parks		7.2		5.9	9.9	22%	-28%	7.9	3.2	7.8x	12.3x	10.6x	1.5x	31.5%	1.0%	
000895.SZ	Henan Shuanghui	Animal Slaughtering		24.1		16.3	25.7	48%	-6%	10.7	-0.1	11.3x	18.0x	17.1x	5.3x	13.9%	3.8%	
600741.SS	Huayu Automotive	Auto parts		15.8		12.3	17.9	28%	-12%	6.7	-1.9	2.9x	10.0x	9.1x	1.4x	11.6%	5.1%	
1057.HK	Zhejiang Shibao	Auto parts	10.7	41.0	283%	5.1	11.9	110%	-10%	0.1	0.0	5.4x	14.8x	na	0.6x	15.6%	1.1%	
2238.HK	GAC Group	Automobiles	10.7	22.4	110%	4.8	11.3	122%	-6%	2.7	-1.8	2.0x	3.2x	2.9x	0.5x	9.1%	2.2%	
600104.SS	SAIC Motor	Automobiles		22.1		16.0	24.4	38%	-9%	32.7	-5.9	3.4x	7.9x	7.7x	1.4x	8.3%	6.2%	
600066.SS	Zhengzhou Yutong Bus Co.	Automobiles		21.6		16.8	24.0	29%	-10%	6.4	0.1	9.1x	12.5x	12.0x	4.4x	15.7%	6.9%	
1211.HK	BYD Co Ltd	Automobiles	54.0	57.9	7%	30.4	54.9	78%	-2%	5.7	4.2	5.7x	15.1x	14.9x	1.3x	14.3%	0.8%	
600887.SS	Inner Mongolia Yili	Dairy Products		16.9		12.5	19.5	35%	-14%	13.7	-1.3	11.2x	19.7x	19.1x	5.0x	13.7%	2.8%	
603288.CH	Foshan Haitian Flavouring	Food Ingredients		31.5		25.0	37.1	26%	-15%	11.4	-0.4	23.2x	32.0x	28.9x	9.9x	30.0%	1.9%	
000333.SZ	Midea Group	Household Appliances		27.4		16.3	29.6	68%	-7%	23.7	3.2	11.1x	12.7x	12.1x	3.2x	13.4%	2.9%	
1033.HK	Sinopec SSC	Integrated Oil & Gas	1.7	3.9	128%	1.4	2.8	22%	-39%	0.4	2.1	neg	nm	neg	0.2x	-4.1%	0.0%	
1766.HK	CRRC	Locomotive Engines	6.9	9.3	35%	6.5	10.7	7%	-36%	3.5	1.4	1.4x	2.2x	2.5x	0.3x	10.8%	2.5%	
0995.HK	Anhui Expressway	Toll roads	6.5	13.5	106%	5.3	7.0	24%	-7%	0.4	0.0	2.1x	2.9x	4.1x	0.3x	54.7%	4.2%	
CTRP.O	Ctrip.com International Ltd.	Travel agents		47.4		30.1	57.4	57%	-17%	19.9	2.1	14.8x	56.0x	neg	2.6x	11.2%	0.0%	
600519.SS	Kweichow Moutai	Wineries		310.2		185.0	326.8	68%	-5%	52.4	-6.4	13.9x	23.7x	22.3x	6.0x	68.4%	2.0%	
000858.SZ	Wuliangye Yibin	Wineries		34.9		22.3	38.8	56%	-10%	17.8	-4.1	10.4x	19.6x	18.6x	3.0x	41.3%	2.4%	
600061.SS	SDIC Essence	Yarn Goods		16.9		11.8	31.8	43%	-47%	8.4	-6.4	2.0x	18.4x	na	2.3x	61.3%	1.3%	
Bernstein Value Index China												7.8x	14.8x	12.0x	1.9x	14.1%	2.6%	

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