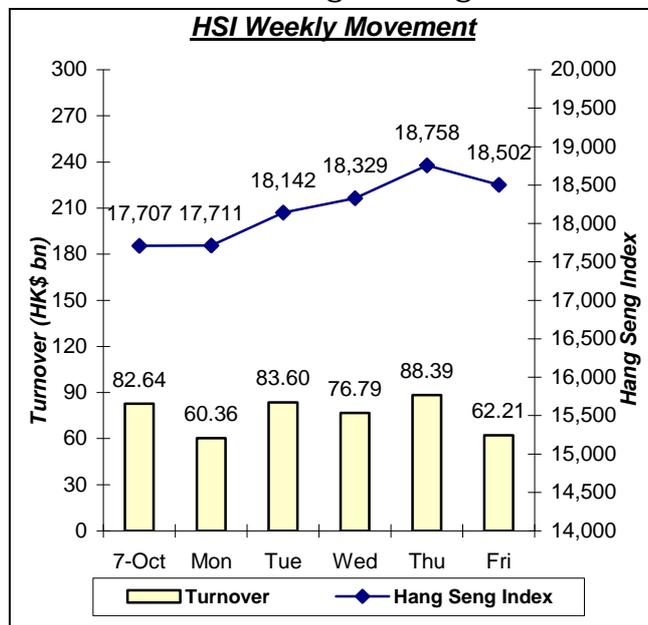


HSI regained ground above 18,000 on short-covering



Weekly Market Statistics

Week ended	14/10/2011	07/10/2011	Change	%
Hang Seng Index	18,502	17,707	+795	+4.5%
HS Red Chip Index	3,571	3,418	+153	+4.5%
HS China Enterprises Index	9,585	8,888	+697	+7.8%
HS Hong Kong 35 Index	2,083	1,984	+99	+5.0%
HS Mainland 100 Index	5,647	5,335	+311	+5.8%
Growth Enterprise Index	473	432	+41	+9.4%
Avg Daily Turnover (HK\$ bn)	74.3	79.5	-5	-6.6%
Sectoral Indices				
Finance	24,973	23,555	+1,418	+6.0%
Utilities	44,684	45,647	-963	-2.1%
Properties	23,679	21,782	+1,897	+8.7%
Comm & Ind	11,115	10,804	+311	+2.9%

Review & Outlook of Market Performance

The Hang Seng Index gained as much as 2,500 points in six consecutive sessions before a retreat on Friday, amid a sharp market rebound on short covering. Over the week, the blue-chip index rose 794.78 points or 4.49% to 18,501.79, while the HSCEI bounced 7.85%. The daily average Mainboard turnover stood at HK\$74.3 billion, down from HK\$79.5 billion in the previous week.

The local bourse extended its latest rebound during the week, after Xinhua reported late on Monday that Central Huijin, a unit of China's sovereign fund China Investment Corp (CIC), would buy shares of Industrial and Commercial Bank of China (ICBC), China Construction Bank (CCB), Bank of China (BOC) and Agricultural Bank of China (ABC) in the secondary market on their low valuations. The move triggered short covering and speculative buying spree in the Big Four as well as other Mainland counters. Meanwhile, the HK property developers also performed strongly, as market watchers said the latest Policy Address showed little forceful measures/policies in cooling the HK property market. The winning streak of the stock market ended on Friday, after data showed CPI remained high on the Mainland at 6.1% in September, compared with 6.2% in August and consensus forecast of 6.1%. Selling pressure deepened after figures showed new RMB bank loans fell to RMB470 billion in September from RMB549 billion August, lower than forecast of RMB532 billion, which implied monetary conditions had not yet loosened in China. Besides, Spain's downgrade by Standard & Poor's late on Friday also weighed on the stock market.

China is going to release its GDP data on Tuesday, which is expected to grow 9.2% in Q3 after a 9.5% rise in Q2. Meanwhile, major PRC stocks will also reveal their third-quarter results in the next couple of weeks. The results are seen unexciting, as only a few of them have issued positive earnings alerts so far. Investors will also keep close eyes on Europe to see if there is any bailout measures from the EU Summit scheduled on Sunday to help contain market volatility.

**US & Regional Markets Weekly Update**

Date	US Dow Jones	US NASDAQ	JAPAN Nikkei Avg	SINGAPORE STI	MALAYSIA KLSE Index	BANGKOK SET Index	TAIPEI Weighted Index
14th October	11,478.13*	2,620.24*	8,747.96	2,744.17	1,442.43	955.81	7,358.08
7th October	11,103.12	2,479.35	8,605.62	2,639.46	1,397.26	909.17	7,211.96
Change	+375.01	+140.89	+142.34	+104.71	+45.17	+46.64	+146.12
%	+3.4%	+5.7%	+1.7%	+4.0%	+3.2%	+5.1%	+2.0%

Remark: (*) closing at of 13th October 2011

Major Changes in Index Constituent Stocks (Week ended 14th October 2011)**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @14/10/2011	W-O-W Change		Remarks / Comments
			Absolute	%	
Sinopec Corp	00386	HK\$7.22	-HK\$0.27	-3.60%	Sinopec and PetroChina were under pressure during the week, after NDRC cut refined oil product prices by about 3% and revealed that the refining segments of the two oil giants remained loss-making despite dropping crude oil prices. Meanwhile, Beijing's decision to extend resources tax nationwide from Nov 1 with a tax rate of 5%-10% on domestic oil and gas production, higher than the expected 5%, also led to selling pressure on the two stocks.
PetroChina	00857	HK\$9.33	+HK\$0.02	+0.21%	

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @14/10/2011	W-O-W Change		Remarks / Comments
			Absolute	%	
Changsha Zoomlion Heavy Industry Science and Technology Development	01157	HK\$10.60	+HK\$0.96	+9.96%	The construction machinery manufacturer issued a positive earnings alert expecting its net profit of the first nine months of 2011 to grow nearly 90% y-o-y to RMB5.8 billion-RMB6 billion from RMB3.1 billion a year earlier.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @14/10/2011	W-O-W Change		Remarks / Comments
			Absolute	%	
China Unicom	00762	HK\$14.72	-HK\$0.50	-3.29%	China Unicom fell after it cut tariff of its iPhone4 service plan amid greater promotional efforts to boost its subscriber base.

Summary of US Economic News

Indicator	Change/Index	Comments
Trade balance – August 2011	Deficit of US\$45.6 billion	US trade deficit fell to four-month low at US\$45.6 billion in Aug, supported by near-record exports.
Initial jobless claims – week ended 1 st October 2011	-1,000	Initial jobless claims fell 1,000 to 404,000, matching market expectation of 405,000.

Forthcoming Important Announcements / Events

17 th October 2011 (Monday)	HK	:	CLP Holdings – third interim dividend announcement
	US	:	Industrial production – September 2011 Citigroup – Q3 2011 results IBM Corp – Q3 2011 results Wells Fargo & Co – Q3 2011 results
18 th October 2011 (Tuesday)	HK	:	Unemployment statistics – July-September 2011 China Overseas Land and Development (00688) – Q3 results China Pacific Insurance (02601) – Q3 results
	US	:	Producer price index – September 2011 Apple Inc – Q4 FY2010/11 results Bank of America Corp – Q3 2011 results Coca Cola Co – Q3 2011 results Goldman Sachs Group Inc – Q3 2011 results Intel Corp – Q3 2011 results Johnson & Johnson – Q3 2011 results State Street Corp – Q3 2011 results Yahoo! Inc – Q3 2011 results
19 th October 2011 (Wednesday)	HK	:	China Investment & Finance Group (01226) – interim results China State Construction (03311) – Q3 results
	US	:	Consumer price index – September 2011 Housing starts – September 2011 American Express co – Q3 2011 results Morgan Stanley – Q3 2011 results
20 th October 2011 (Thursday)	HK	:	Zhuzhou CSR Times Electric (03898) – Q3 results Maanshan Iron & Steel (00323) – Q3 results Shandong Xinhua Pharmaceutical (00719) – Q3 results
	US	:	Initial jobless claims – week ended 15 th October 2011 Index of leading economic indicators – September 2011 Existing home sales – September 2011 Microsoft Corp – Q1 FY2011/12 results
21 st October 2011 (Friday)	HK	:	Consumer price index – September 2011 China Coal Energy (01898) – Q3 results Dongfang Electric (01072) – Q3 results Yanzhou Coal Mining (01171) – Q3 results Xinjiang Goldwind Science & Technology (02208) – Q3 results Shanghai Electric (02727) – Q3 results
	US	:	General Electric – Q3 2011 results



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