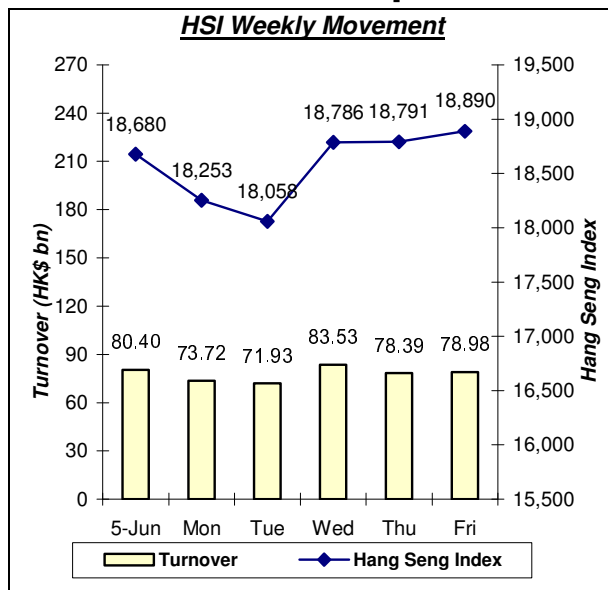


A quick rebound after early sell-off



Weekly Market Statistics				
Week ended	12/6/2009	05/6/2009	Change	%
Hang Seng Index	18,890	18,680	+210	+1.1%
HS Red Chip Index	4,061	4,021	+40	+1.0%
HS China Enterprises Index	11,089	10,862	+227	+2.1%
HS Composite Index	2,655	2,621	+34	+1.3%
HS HK Composite Index	1,843	1,855	-12	-0.6%
HS Mainland Composite Index	3,622	3,538	+83	+2.4%
Growth Enterprise Index	598	570	+28	+4.8%
Avg Daily Turnover (HK\$ bn)	77.3	91.2	-14	-15.3%
Sectoral Indices				
Finance	28,214	27,124	+1,090	+4.0%
Utilities	35,854	36,037	-183	-0.5%
Properties	24,711	25,427	-716	-2.8%
Comm & Ind	10,331	10,452	-121	-1.2%

Review & Outlook of Market Performance

Hong Kong shares succumbed to profit taking early this week and hit a low of 17,710 at one stage after valuations had reached their highest levels in a year. Nevertheless, snapping a two-day decline, the benchmark HSI staged a strong rebound, fuelled by better-than-expected economic data in China, namely, fixed-asset investment, industrial production, retail sales, bank lending and property sales in May. The market sentiment was further strengthened by the news that 10 major US banks would be able to repay US\$68 billion received under the Troubled Asset Relief Program ("TARP") to the government, showing another sign the financial system is stabilizing. The HSI eventually closed at 18,889.68, up 1.13% or 210.15 points w-o-w. Average daily turnover was down from last week's HK\$91.2 billion to HK\$77.3 billion.

Apart from the encouraging economic data that ignited hopes of early recovery in the PRC, merger talks on mainland companies also helped spur the stock market. Ping An Insurance plans to raise its stake sharply in privately held Shenzhen Development Bank in a deal worth about RMB125 billion, while China Construction Bank is also in talk with the Finance Ministry to buy a stake in state-owned China Cinda Asset Management Corp to tap the securities brokerage market. In addition, it was reported that China Eastern Airlines was working on a merger with smaller rival Shanghai Airlines.

On the IPO front, Hing Lee (00396) and China Metal Recycling (00773) opened their respective retail IPO books on Wednesday and Thursday respectively. It is likely that the latter would receive better response from investors, thanks to the mainland's growing awareness of environmental conservation. In the coming two weeks, mainland sportswear retailer 361° International and shampoo producer Bawang International will be in the HK IPO pipeline. Market watchers expect Bawang may become the rare IPO candidate that could draw attention from investors due to its recognized brand name.

Looking forward, the market is expected to test 19,000 level on strong liquidity and continuous improvement of market sentiment on Wall Street. However, the US economic data such as CPI and PPI set to release next week should be closely monitored as pressure of rising interest rate could weigh on the stock markets.

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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
12th June	8,770.92*	1,862.37*	10,135.82	2,377.07	1,090.15	628.55	6,448.23
5th June	8,763.13	1,849.42	9,768.01	2,396.35	1,075.50	604.57	6,767.10
Change	+7.79	+12.95	+367.81	-19.28	+14.65	+23.98	-318.87
%	+0.1%	+0.7%	+3.8%	-0.8%	+1.4%	+4.0%	-4.7%

Remarks: (*) closing as of 11th June 2009

Major Changes in Index Constituent Stocks (Week ended 12th June 2009)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @12/6/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Sino Land	00083	HK\$13.00	-HK\$1.62	-11.08%	Local property stocks were beaten down on worries about rising interest rates in the US later this year and stretching valuations.
New World Dev	00017	HK\$14.96	-HK\$1.24	-7.99%	
SHK Properties	00016	HK\$94.85	-HK\$6.15	-6.09%	
Li & Fung	00494	HK\$23.20	-HK\$1.80	-7.20%	Li & Fung said the insolvency filing of German retailer Arcandor, one of its biggest customers, would affect the company's ability to meet its three-year target of US\$20 billion in annual revenue.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @12/6/09	W-O-W Change		Remarks / Comments
			Absolute	%	
CITIC Bank	00998	HK\$4.95	+HK\$0.42	+9.27%	The financial sector was boosted by the announcement that new RMB-denominated loans in May increased to RMB664.5 billion, far more than the market expectation of RMB500 billion.
China Construction Bank	00939	HK\$5.62	+HK\$0.43	+8.29%	
ICBC	03968	HK\$5.22	+HK\$0.31	+6.31%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @12/6/09	W-O-W Change		Remarks / Comments
			Absolute	%	
China Overseas	00688	HK\$18.00	+HK\$1.90	+11.80%	Mainland property shares were boosted by better-than-expected industry figures. Total property sales surged 45.3% in the first 5 months from a year ago while real estate investment grew 6.8% for the same period.
China Resources Land	01109	HK\$16.98	+HK\$1.10	+6.93%	

**Summary of US Economic News**

Indicator	Change/Index	Comments
International Trade – April 2009	-\$29.2 billion	The deficit rose for a second straight month in April, climbing 2.2% to \$29.2 billion, which was slightly higher than economists' expectations.
Treasury Budget – May 2009	-\$189.7 billion	The May deficit came in about as expected, at \$189.7 billion (compared with a year-ago of \$165.9 billion). Nevertheless, the TARP repayments, announced by 10 banks this week, would help boost receipts in future months.
Retail Sales – May 2009	+0.5%	Overall retail sales rebounded 0.5% after falling 0.2% in April. The May boost was near the consensus forecast for a 0.6% increase. However, a 3.6% jump in gasoline station sales was the primary factor behind the increase. Excluding gasoline and auto, retail sales edged up only 0.1% after slipping 0.1% in April.
Initial jobless claims – week ended 6 th June 2009	+ 601,000	The number of initial jobless claims slowed noticeably last week, to 601,000 for a 24,000 dip. The improvement was also clearly evident in the four-week average which fell 10,500 to 621,750 -- its lowest level since February. These results might support global expectations that US payroll contraction has already peaked.

Forthcoming Important Announcements / Events

15 th June 2009 (Monday)	HK	:	VTech Holdings (00303) – final results
	US	:	Housing Market Index – Jun 2009
16 th June 2009 (Tuesday)	HK	:	Unemployment Statistics - March - May 2009 Water Oasis Group (01161) – interim results Qin Jia Yuan Media (02366) – interim results
	US	:	Housing Starts – May 2009 Producer Price Index – May 2009 Industrial Production – May 2009 Best Buy – Q1 2010 results Adobe Systems – Q2 2009 results
17 th June 2009 (Wednesday)	HK	:	Link REIT (00823) – final results
	US	:	Consumer Price Index – May 2009 Current Account – Q1 2009 FedEx – Q4 2009 results
18 th June 2009 (Thursday)	HK	:	Sincere Co. (00244) – final results Huabao International (00336) – final results
	US	:	Initial jobless claims – week ended 13 th June 2009 Leading Indicators – May 2009
19 th June 2009 (Friday)	HK	:	Yue Yuen Industrial (00551) – interim results Pou Sheng International (03813) – interim results
	US	:	No important announcement/event

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