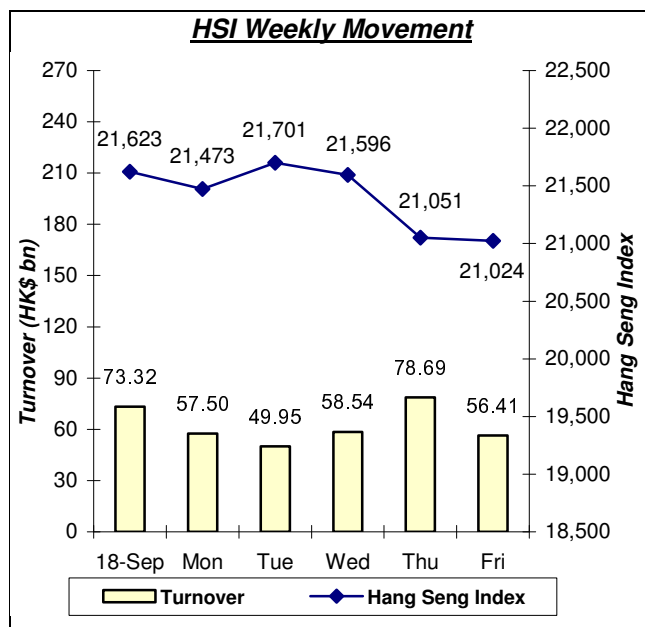


HSI fell on concerns of trimming governments' support



Weekly Market Statistics				
Week ended	9/25/2009	9/18/2009	Change	%
Hang Seng Index	21,024	21,623	-599	-2.8%
HS Red Chip Index	3,980	4,030	-50	-1.2%
HS China Enterprises Index	12,056	12,615	-558	-4.4%
HS Composite Index	2,888	2,959	-70	-2.4%
HS HK Composite Index	2,119	2,156	-37	-1.7%
HS Mainland Composite Index	3,821	3,930	-108	-2.8%
Growth Enterprise Index	651	660	-10	-1.4%
Avg Daily Turnover (HK\$ bn)	60.2	61.9	-2	-2.8%
Sectoral Indices				
Finance	32,783	34,227	-1,444	-4.2%
Utilities	37,903	38,096	-193	-0.5%
Properties	26,845	27,419	-574	-2.1%
Comm & Ind	10,992	11,117	-124	-1.1%

Review & Outlook of Market Performance

Following a bargain-hunting earlier in the week, Hong Kong stock market once dropped below 21,000 mark on Thursday after the U.S. Federal Reserve said it would keep its policy rate steady but would slow purchases of mortgage debt, suggesting government might trim support for the economy. Market sentiment was further weighed down by falling commodity prices as well as a disappointed performance of the trading debut of Metallurgical Corporation of China (MCC). Over the week, the HSI dived 599.05 points or 2.77% to 21,024.40, while the HSCEI dropped 4.42% to 12,056.48. The daily average of market turnover eased to HK\$60.2 billion, down from HK\$61.9 billion in the previous week.

Along the hectic IPO pipeline this week, five companies set off their respective initial public offerings in Hong Kong, raising HK\$24.5 billion in total, namely, Wynn Macau (HK\$12.6 billion), China Vanadium Titano-Magnetite Mining (HK\$1.9 billion), Yingde Gases Group (HK\$3.58 billion), Ausnutria Dairy (HK\$1.53 billion) and Powerlong Real Estate (HK\$4.9 billion). Retail tranche of these five issues were again oversubscribed, despite there was lacklustre performance of shares in MCC which was the biggest IPO in Hong Kong year-to-date. Meanwhile, Glorious Property and China Resources Cement closed their retail books on Thursday, locking in HK\$40 billion and HK\$52 billion respectively, which represented oversubscription of 50 times and 80 times of their respective retail tranche offers. Among this week's three debutants, Sinopharm registered the highest first-day return, up 15.75% versus its IPO price, whilst China Lilang fell 0.8% and MCC disappointed many investors, diving over 11%.

Next week, market sentiment may depend on (i) whether another batch of IPO debutants (Peak Sport Products, China South City and Glorious Property) could help revive investors confidence after the soured debut in shares of MCC, (ii) whether G20 leaders would reach a consensus over the exit strategy of central banks after the G20 meeting over this weekend, as well as (iii) August retail sales figure in Hong Kong and the second quarter GDP data from the US. It is expected the Hong Kong stock market could stay volatile but trend upward moderately in the medium term as the China's economic fundamentals have remained supportive for the market. Accordingly, we see the HSI hover between range of 20,500 – 21,200 mark.

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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
25th September	9,707.44*	2,107.61*	10,265.98	2,668.12	1,215.51	721.57	7,345.22
18th September	9,820.20	2,132.86	10,370.54	2,647.91	1,221.20	713.67	7,526.55
Change	-112.76	-25.25	-104.56	+20.21	-5.69	+7.90	-181.33
%	-1.1%	-1.2%	-1.0%	+0.8%	-0.5%	+1.1%	-2.4%

Remarks: (*) closing as of 24th September 2009**Major Changes in Index Constituent Stocks (Week ended 25th September 2009)****Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @25/9/09	W-O-W Change		Remarks / Comments
			Absolute	%	
CHALCO	02600	HK\$8.63	-HK\$0.75	-8.00%	The counter was the worst performed shares in the HSI, tracking the weaker aluminium price, a rebound in USD and short selling orders in CHALCO.
Li & Fung	00494	HK\$29.90	+HK\$2.25	+8.14%	The counter jumped the most among the constituents in the HSI on brokerage upgrade, given its ongoing cost-cutting ability and potential catalysts from M&A.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @25/9/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Huaneng Power	00902	HK\$5.17	-HK\$0.55	-9.62%	The company said its Singapore unit Tuas Power Generation PTE. Ltd. received syndicated loans of S\$3.2 billion from Bank of China and CCB to finance its purchase of power generation assets and power sale business.
BYD Company	01211	HK\$66.85	+HK\$3.55	+5.61%	BYD said on Monday it hopes to be a top supplier of e-cars in PRC government's incentive programs to boost the use of electric cars in Chinese cities.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @25/9/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Sinotrans Shipping	00368	HK\$3.26	-HK\$0.28	-7.91%	The counter was the worst performed shares in the HSCCI, tracking the falling Baltic Dry Bulk Index (which declined by 8.2% week on week), for most of the time during the week.
COSCO Pacific	01199	HK\$11.76	-HK\$0.58	-4.70%	



Summary of US Economic News

Indicator	Change/Index	Comments
Index of leading economic indicators – August 2009	0.6%, m-o-m	The index of leading economic indicators rose 0.6% in August following a revised 0.9% rebound in July.
FOMC policy statement	Federal Funds Rate remained at a range of zero to 0.25%	In a unanimous vote, the Fed kept the fed funds target at a range of zero to 0.25%. The Fed stated that the target interest rate would likely be “exceptionally low” for an “extended period” and that “economic activity has picked up following its severe downturn.”
Initial jobless claims – week ended 19 th September 2009	-21,000 claims	Initial jobless claims fell unexpectedly for a third week in a row, down 21,000 to a 530,000 level, compared with a revised figure of 553,500 last week.
Existing home sales – August 2009	-2.7%, m-o-m	Existing home sales ended four-month gains and registered a 2.7% drop in August to a 5.1 million.

Forthcoming Important Announcements / Events

28 th September 2009 (Monday)	HK	:	No important events or announcements
	US	:	No important events or announcements
29 th September 2009 (Tuesday)	HK	:	Trading debut of Peak Sport Products (01968) Macau Investment Holding (02362) – interim results Retail sales – August 2009
	US	:	Consumer confidence – September 2009 State Street Investor Confidence Index – September 2009 Nike – Q1 FY2020 results
30 th September 2009 (Wednesday)	HK	:	Trading debut of China South City (01668) Yue Yuen Industries (00551) – Q3 2009 results Pou Sheng International (03813) – Q3 2009 results
	US	:	GDP – 2Q 2009 Chicago purchasing manager index – September 2009
1 st October 2009 (Thursday)	HK	:	Purchasing managers index – September 2009
	US	:	Motor vehicle sales – September 2009 Personal income and outlays – August 2009 Initial jobless claims – week ended 26 th September 2009 ISM Mfg Index – September 2009 Construction spending – August 2009 Pending home sales – August 2009
2 nd October 2009 (Friday)	HK	:	Trading debut of Glorious Property (00845)
	US	:	Employment situation – September 2009 Factory orders – August 2009

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