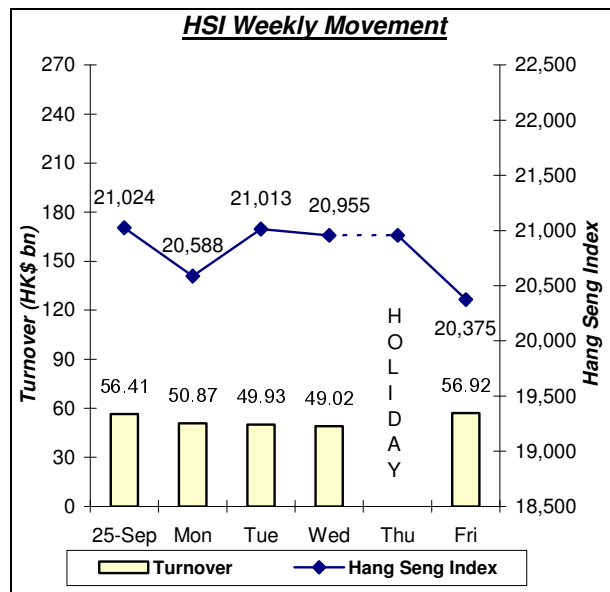


Sentiment soured on IPO disappointment



Weekly Market Statistics				
Week ended	10/2/2009	9/25/2009	Change	%
Hang Seng Index	20,375	21,024	-649	-3.1%
HS Red Chip Index	3,827	3,980	-153	-3.8%
HS China Enterprises Index	11,526	12,056	-530	-4.4%
HS Composite Index	2,808	2,888	-81	-2.8%
HS HK Composite Index	2,084	2,119	-35	-1.6%
HS Mainland Composite Index	3,689	3,821	-132	-3.5%
Growth Enterprise Index	648	651	-3	-0.4%
Avg Daily Turnover (HK\$ bn)	51.7	60.2	-9	-14.2%
Sectoral Indices				
Finance	31,777	32,783	-1,006	-3.1%
Utilities	37,861	37,903	-41	-0.1%
Properties	26,362	26,845	-483	-1.8%
Comm & Ind	10,567	10,992	-426	-3.9%

Review & Outlook of Market Performance

Optimism about an easing global recession had helped the Hong Kong stock market skim one-year highs in the past two weeks. Nevertheless, the Hang Seng Index ended a subdued third quarter as investors took profit on blue chips amid caution before the National Day holiday. The local bourse was further weighed down by Wall Street right after the holiday as the Dow Jones Industrial Average suffered its worst drop in three months on Thursday after reports on manufacturing and the labour market rattled the market. The HSI finished the week down 648.91 points or 3.09% at 20,375.49. Average daily turnover dropped to HK\$51.7 billion from HK\$60.2 billion a week earlier.

Market sentiment also turned sour on poor performance of IPOs during the week. The IPO downtrend, starting from Metallurgical Corp of China (01618.HK) and Lilang (01234.HK) was extended by the disappointing results of the three listing candidates this week, signalling a waning appetite among retail investors for initial offerings. Peak Sport Products (01968.HK), a Chinese maker of sports shoes, dropped 17.1% below its HK\$4.10 offer price on its first day of trading. China South City Holdings (01668.HK), a logistics and trade centre operator, fell 22.9% to HK\$1.62 on its trading debut, the biggest fall for a debut this year. Glorious Property (00845.HK) became the fifth IPO in a row, following the above four listing candidates, to tumble 14.8% below its offering price of HK\$4.40.

Share performance next week should continue to be volatile, as profit taking and market consolidation should remain the key themes. With mainland markets closed until next Friday for the National Day Golden Week, Hong Kong equities will be guided by Wall Street. Investors should closely monitor the US economic figures, such as employment situation to be released tonight and the jobless claims data next week. In addition, six companies will have their trading debuts next week. Whether they can shrug off the recent weak performance will be the market's focus. Selling pressure should continue to be strong and we see the HSI may test the critical 20,000 level next week.

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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
2nd October	9,509.28*	2,057.48*	9,731.87	2,604.53	1,206.25	724.56	7,411.88
25th September	9,665.19	2,090.92	10,265.98	2,662.82	1,217.39	721.57	7,345.22
Change	-155.91	-33.44	-534.11	-58.29	-11.14	+2.99	+66.66
%	-1.6%	-1.6%	-5.2%	-2.2%	-0.9%	+0.4%	+0.9%

Remarks: (*) closing as of 1st October 2009

Major Changes in Index Constituent Stocks (Week ended 2nd October 2009)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @2/10/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Hang Lung Properties	00101	HK\$28.15	+HK\$0.90	+3.3%	Property developers outperformed the market as property registration in September is set to reach a 20-month high because of robust sales of luxury homes last month. A number of luxury properties in Kowloon, including The HarbourSide, The Masterpiece and Harbour Place, helped raise primary home registration value by 66.3% to HK\$17.4 billion.
New World Development	00017	HK\$16.16	-HK\$0.22	-1.34%	
Cheung Kong	00001	HK\$95.25	-HK\$1.80	-1.85%	
Henderson Land	00012	HK\$48.60	-HK\$1.15	-2.31%	

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @2/10/09	W-O-W Change		Remarks / Comments
			Absolute	%	
BYD Company	01211	HK\$60.90	-HK\$5.95	-8.90%	Chinese carmakers slumped on concerns that China would curb auto stimulus measures as part of plans to stop the economy from overheating.
Anhui Conch	00914	HK\$49.85	-HK\$5.55	-10.02%	It was reported that the Anhui provincial government was considering selling its 51% stake in Anhui Conch to fund infrastructure projects.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @2/10/09	W-O-W Change		Remarks / Comments
			Absolute	%	
China Unicom	00762	HK\$10.88	-HK\$0.38	-3.37%	China Unicom fell to a near three-week low after the company said Apple's popular iPhone would retail on the mainland for RMB5,000, above market expectations.

**Summary of US Economic News**

Indicator	Change/Index	Comments
Consumer Confidence – September 2009	53.1	Consumer confidence did not improve in September that fell back to 53.1 from 54.5. The worse news in the report was the current assessment of the labour market with substantially more saying jobs were hard to get.
Personal Income M/M change Consumer Spending M/M change – August 2009	+0.2% +1.3%	Personal income in August edged up 0.2%, above the consensus forecast for a 0.1% rise. Consumer spending also surged 1.3% in August, following a 0.3% rise in July.
Initial jobless claims – week ended 26 th September 2009	+17,000	Initial claims for state unemployment insurance rose to a seasonally adjusted 551,000 last week from 534,000 in the previous week, indicating that the labour markets remain the weak link in the recovery process. The figure was more than analysts' expectations of 530,000.
ISM Mfg Index – September 2009	52.6	The ISM's index pointed to slow, steady expansion in the manufacturing sector. The report was little changed from August's 52.9 and was still over 50 indicating that more purchasers were reporting expansion rather than contraction.
Pending Home Sales Index M/M change – August 2009	+6.4	Pending home sales jumped in August, up 6.4% for a year-on-year gain of 12.4%. All regions posted increases.

Forthcoming Important Announcements / Events

5 th October 2009 (Monday)	HK	:	No important events or announcements
	US	:	No important events or announcements
6 th October 2009 (Tuesday)	HK	:	China Resources Cement (01313) – trading debut New World Department Store China (00825) – final results
	US	:	Pepsi Bottling Group – Q3 2009 results
7 th October 2009 (Wednesday)	HK	:	NWS Holdings (00659) – final results Taifook Securities Group (00665) – final results
	US	:	Consumer Credit – August 2009 ALCOA – Q3 2009 results
8 th October 2009 (Thursday)	HK	:	China Vanadium Titano- Magnetite Mining (00893) – trading debut Ausnutria Dairy (01717) – trading debut Yingde Gases (02168) – trading debut New World Development (00017) – final results New World China Land (00917) – final results
	US	:	Initial jobless claims – week ended 3 rd October 2009 Wholesale Trade – August 2009
9 th October 2009 (Friday)	HK	:	Wynn Macau, Limited (01128) – trading debut Powerlong Real Estate (01238) – trading debut
	US	:	International Trade – Aug 2009

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