

Regional Market Focus

28 August 2012

Morning Market Commentary

- STI: -0.20% to 3044.5
- MSCI SE Asia: -0.27% to 819.6
- Hang Seng: -0.41% to 19799
- MSCI APxJ: -0.50% to 422.4
- Euro Stoxx 50: +1.13% to 2461.8
- S&P500: -0.05% to 1410.4

MARKET OUTLOOK:

The S&P500 ended flat on Monday -uninspired by a record high achieved by Apple (owing to a patent court victory over rival Samsung)- as markets await (with abated breath) for signs of further stimulus from major central banks (Fed, ECB, PBoC) amid a global slowdown.

Bernanke's speech at the Fed Jackson Hole symposium this Friday is likely to be the most important event risk this week. Recall it is at this annual summit where Bernanke hinted of an impending QE2 (in 2010) and central bankers deliberate their response to the recent financial crisis (in 2007). The recent summer rally was largely buoyed by hopes for synchronised policy stimulus from major central banks. However, we caution that market might not be able to sustain its momentum against a still fragile macroeconomic backdrop. In fact, markets should be positioning for some disappointments and could sell off over the next few weeks, pending (i) Bernanke's clarification on the Fed's stance at the Jackson Hole symposium this Friday and (ii) ECB's ability to deliver (which is increasingly constrained by domestic politics in Germany).

As to whether there will be QE3 in Sept, it is going to be a close call. We are of the view that while the US economy is still sluggish (no strong economic rebound), it is not sufficiently weak enough to warrant further QE in September (but inevitably by the end of this year). We opine that this "additional monetary accommodation" (alluded in the Aug FOMC minutes) might also that the form of an extension of the current late-2014 rate guidance.

In China, the economy is slowing on all fronts, with earnings continuing to decline (See Macro Data below). Consequently, the Shanghai Composite Index slumped to the lowest level in more than three years. Let's recap the policy response thus far. In response the slowdown in the Chinese economy, the Chinese government had (i) conducted three Required Reserve Ratio (RRR) cuts (of 50bps each) since last Nov, (ii) lowered the benchmark lending twice rates around the middle of this year and (iii) fast-tracked investment on infrastructure. Going forward, we think RRR cuts, Reverse Repos and moderate fiscal stimuli are the more likely near term options to resuscitate the anaemic Chinese economy. Nonetheless, should growth come in lower-than-expected in the months ahead, the PBoC might even throw caution to the wind and slice interest rates.

On the EU front, there has been ongoing -unconfirmed- chatter of ECB considering informal yield band targets for short-term bonds of peripheral EZ economies (such as Spain) to alleviate the elevated borrowing costs of these economies. However, Germany's central bank (Bundesbank) chief Jens Weidmann pointed out that such a plan that would pose a moral hazard (i.e. weaken the resolve of EZ govt to restructure their troubled economies) and effectively make the ECB a lender of last resort. As we have reminded our readers, any form of ECB intervention will come with strings attached (i.e. conditionality) -a key ECB/German requirement. We look to the ECB's Sept 6 policy meeting for details of such a plan if it is finalised by then.

The global economic trajectory is in a broad slowdown with August flash PMI portending lacklustre manufacturing performance in the months ahead. Asia's export data has been abysmal with a big disappointment from China - NE Asia economies are suffering due to China's slowdown. EZ is for all intents and purposes in recession and a program of austerity is going to hold it back this year and next. Business confidence is also fragile even in relatively stronger core EZ economies such as Germany (See Macro Data below). As for the US, core capex new orders are falling, below average employment and incomes and an impending fiscal cliff make us believe in a below consensus recovery. Positive stimulus -if any- from central banks are likely to only result in tactical rallies for equities that cannot be sustained against this subdued macro backdrop.

Our SG Sector Strategist likes defensives (SCI, Comfort, Singtel), and is sector overweight Aviation Services (SIAEC, STE, SATS), and the REITS.

PORTFOLIO OUTLOOK:

From a medium-longer term portfolio stance we are neutral at best for stocks till 1q13 as we think absolute returns could prove fleeting due to a global slowdown and fiscal uncertainty in the US. But within the stock space we prefer & Overweight ASEAN markets - the KLCI, JCI, SETI, PSEI, STI - to be relatively more resilient. For the first 4, domestic demand and pro-growth govt policy counteracts a weak external environment. As for the STI: +60% earnings exposure to ASEAN & Emerging Markets, high dividend yields in strong business moats, and the SGD's relative safe haven status, makes the STI an attractive buy in these yield starved times.

For broad asset classes, we are still overweight Fixed Income (ETF tickers in brackets) over Stocks, Commodities, as we think macro headwinds remain considerable. In any case, as rates are repressed in the traditional safe havens of Treasuries (TLT: NYSE), Bunds, Gilts, SGS (A35:SGX), portfolios hard pressed for yield will likely have to explore beyond the traditional safe havens, thus within the bond space we're overweight dollar denominated EM sovereigns (EMB:NYSE), dollar denominated Asian Sovereigns & Corporates (N6M:SGX and O9P:SGX), and US Corporate Debt (VCLT:NYSE).

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Reports & Macro Data

REPORTS:

Global Macro, Asset Strategy: 26 July

Singapore Sector Strategy: 1 Aug

Singapore Sector Reports: Banks / Transport / Telcos / Property / REITS / Thematic

Regional Strategy: China, 23Aug/ Indon, 17 July / HK, 22 June / Thai, 18 June / S'pore, 8 June / M'sia, 30 May

MACRO DATA:

In Germany, business confidence fell for a fourth straight month to 102.3 in Aug from 103.2 in July, marking the lowest reading since March 2010, compared to a market predicted of 102.7. IFO services confidence index for Aug fell to 12.7, compared to a 15.7 reading in July. The Bundesbank said in its monthly report published on Aug. 20 that as long as demand for German products from non euro-area countries remains essentially intact, a reversal of the cyclical growth trend in Germany is "highly unlikely."

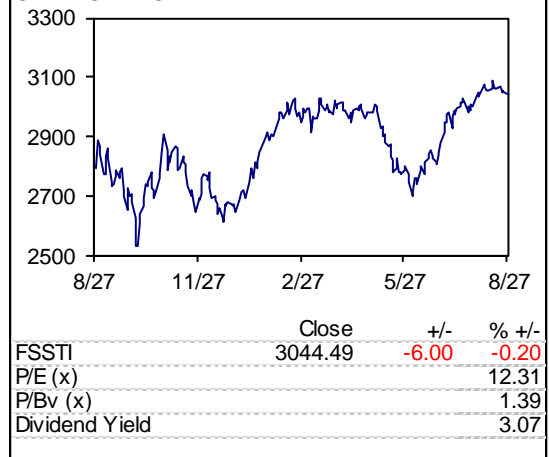
In China, YTD industry profits fell by 2.7% y-y in the period through July, compared to an average drop of 2.2% y-y in the six month period ended in June. Profit of ferrous metal smelting industry dropped the most by 60.8% y-y from Jan to July, further the contraction of 56.5% y-y in the first half of the year. Profit of oil and gas industry fell by 2.1% y-y, compared to a 0.5% y-y gain in June. The underperforming data add pressure on the government to step up policy easing to reverse a slowdown that may extend into a seventh quarter. On an inspection of Guangdong province from Aug. 24 to 25, Premier Wen Jiabao called for measures to promote export growth to help meet the country's annual economic targets.

Source: Phillip Securities Research Pte Ltd

Singapore

- The STI declined dropped 0.20% on Monday to close at 3,044. Total traded volume was 1.3 billion shares with value of \$1.1 billion. There were 199 gainers vs 299 decliners. Among the 30 stocks that make up the STI, there were 8 gainers, 3 unchanged and 19 decliners.
- Sakari announced that PTT Mining Ltd had made a voluntary conditional cash offer for all the Sakari Shares other than those PTT already owned, controlled or had agreed to be acquired. Sakari was up 27.8%. Far East Hospitality Trust debuted and was the second most active counter by turnover, and ended up 2.15% from its IPO subscription price.
- We expect market activities to be muted ahead of Friday's Jackson Hole symposium.

STRAITS TIMES INDEX

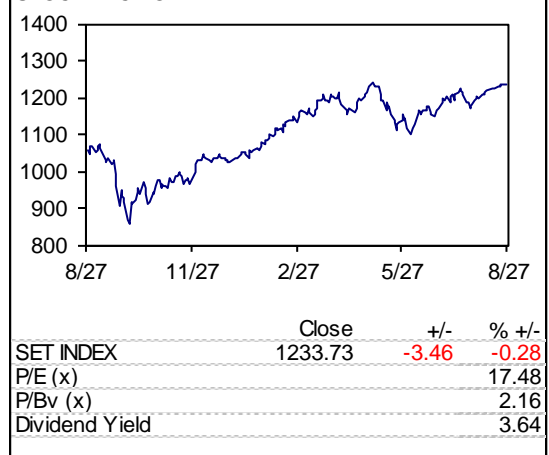


Source: Bloomberg

Thailand

- Thai stocks seesawed in a tight range and finally finished in the negative territory on selling of communication stocks, while refinery stocks helped limited a weakness in the market.
- The market keeps its focus on the upcoming speeches of the Fed Chairman Ben Bernanke and ECB at Jackson Hole, Wyoming—meeting will be held on Aug 31-Sep 2—to look for clues on another round of QE3 and measure to stem European debt crisis, ahead of the respective policy-setting meeting by the ECB and Fed on Sep 6 and 12. In Thailand, the bourse may trade in a tight range until there appears further development to help propel any moves. Looking at currency trade, the US dollar has been strengthening against weakening Thai baht, seen at Bt31.31/dollar in early trade on Tue (0750 hrs). Most investors in the meantime would rather stay sidelines while foreign investors continued to pile up their selling in both equities and futures. We peg today's trading range of 1227-1240.
- Investment strategy: Sector rotation plays are likely as a trading range would be limited and intraday volatility would be greater. Profit-taking may be challenging but there appears an opportunity at resistance level.
- Resistance on the main index is pegged at 1240-1247 and support at 1230-1226 today.

STOCK EXCH OF THAI INDEX

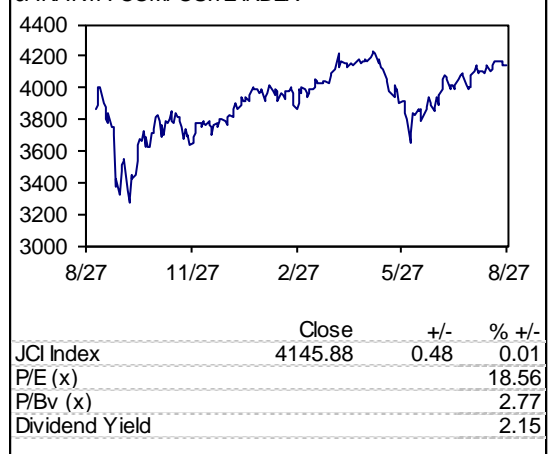


Source: Bloomberg

Indonesia

- Trades on the Indonesia Stock Exchange were shortened Monday (27/08), as technical difficulties on the transaction system at the bourse halted transactions. The JCI closed at 15:30 Indonesian western time, shorter than the usual 16:00. The bourse said problem arose from the data feed system. The JCI rose 0.479 points or 0.01% to 4,145.878 as of 15:30 western Indonesian time, with six of the nine major industry groups climbed. Agriculture sector rose 0.51%, miscellaneous industry advanced 0.43%, and financial sector added 0.27%. LQ 45 – the index trailing Indonesia's blue-chip stocks, closed 0.049 points or 0.01% lower to 713.208. Less than 612 billion shares with the total value of IDR 693 billion traded on the regular board. Foreign investors posted net purchases totaling at IDR 13.72 billion.
- The JCI will likely trade with sideways today, we expect the composite index to trade with the support at 4,130 and resistance at 4,160.

JAKARTA COMPOSITE INDEX

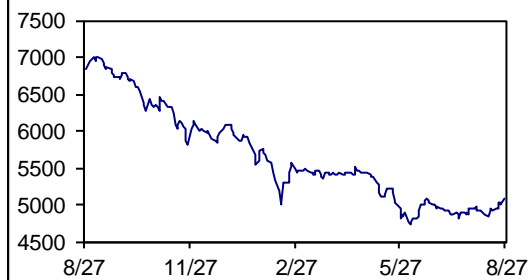


Source: Bloomberg

Sri Lanka

- Sri Lanka's stocks closed up 1.2 percent in a broad based rally that saw index heavy and several small caps making gains, while the rupee traded weaker. The Colombo All Share Index closed up 60.2 points at 5,073.10, and the S&PSL20 closed up 0.88 percent at 2,853.54 (+25.00 points). Turnover was 454 million rupees. The rupee weakened to around 132.55/70 in late trading after opening stronger around 132.20/40 rupees. Commercial Bank of Ceylon rose 60 cents to close at 103.40 rupees, DFCC Bank rose 60 cents to close at 115.10 rupees, John Keells Holdings rose 2.20 to close at 197.40 rupees, and Hatton National Bank rose 3.40 to close at 144.40 rupees. Citrus Leisure rose 2.80 to close at 31.80 rupees, and its warrants rose 1.10 rupees to close at 6.70 rupees, Colombo Pharmacy rose 16.60 to close at 601.50, Entrust Securities rose 2.90 to close at 20.60, ERI rose 40 cents to close at 15.30 rupees.

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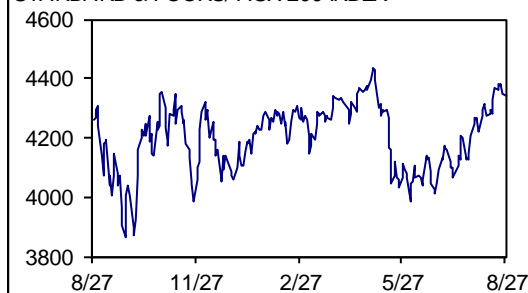
	Close	+/-	% +/-
CSEALL Index	5073.10	60.26	1.20
P/E (x)			10.39
P/Bv (x)			1.62
Dividend Yield			2.70

Source: Bloomberg

Australia

- The Australian share market on Monday closed slightly lower as investors waited to see if the United States and China would take further measures to stimulate their economies. The benchmark S&P/ASX200 index dipped 5.3 points or 0.12 per cent to 4,343.7.
- The Australian market looks set to open flat after Wall Street finished mixed and gains on European markets despite a key German business sentiment indicator falling to its lowest level since March 2010. The SFE Futures 200 is flat at 4,337.
- In economic news on Tuesday, the Housing Industry Association is due to release new home sales data for July.

STANDARD & POORS/ ASX 200 INDEX



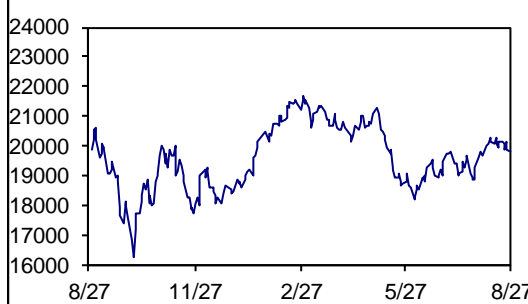
	Close	+/-	% +/-
S&P/ASX 200 INDEX	4343.70	-5.30	-0.12
P/E (x)			15.95
P/Bv (x)			1.72
Dividend Yield			6.51

Source: Bloomberg

Hong Kong

- The HSI and HSCEI dropped 81 points and 130 points to 19799 and 130 respectively. Market volume was 39.3 billion.
- Yesterday, HSI opened at 19930. However, the Shanghai Composite Index sank 1.7% to 2,055.71 at the close, leading the HK stocks to drop. Weak profit recorded from Sinopec(386) and Haitong Securities(665) raised concern that the Chinese's economic slowdown is deepening.
- Technically, the HSI closed at 19799. 10 SMA(20,030) almost falls below 20 SMA (19,990) which shows a bearish signal. We remain our short term bearish view, investors are suggested to stand on sideline and wait for a clear trading signal.
- We peg resistance for the HSI at 19,990 and support at 19,650

HANG SENG INDEX



	Close	+/-	% +/-
HSI INDEX	19798.67	-81.36	-0.41
P/E (x)			10.05
P/Bv (x)			1.35
Dividend Yield			3.64

Source: Bloomberg

Singapore

Property Sector - Results Season Takeaways (Bryan Go)

- Diversified developers focused on commercial assets
- Higher interim dividends from CMA and OUE
- Still early for bottom-fishing of undervalued high-end developers
- Residential sales improved quarter-on-quarter
- We keep CMA as our top pick given its strong development pipeline and resilient retail consumption growth in Asia's developing countries.

Source: Phillip Securities Research Pte Ltd

Thailand

Appico Hitech – Trade Flash

Recommendation: ACCUMULATE

Previous close: Bt19.20

Fair value: Bt20.40

- AH reported a jump in 2QCY12 net profit of 456% y-y and 194% q-q to Bt279.88mn.
- For 3QCY12, we expect growth momentum remains strong as AH got a new production line, including rising auto output in the country.
- We recommend an 'ACCUMULATE' rating on AH shares with a target price of Bt20.40/share.

Asiasoft Corporation – Company Update

Recommendation: BUY

Previous close: Bt16.30

Fair value: Bt18.60

- AS cut down a number of games to be launched to 16 games in 2HCY12, bringing the total of game launched in the year lower to 23 games. Number of games to have been launched in 3QCY12 is likely to be the highest level.
- Indonesia-based company appears to fall behind its schedule to meet break-even point as recently launched game has not yet gained as much feedback as expected and the company is studying to reshape its strategy. AS is also studying feasibility to expand its mark in Myanmar and Cambodia, but infrastructures-electricity and internet-appear to become major challenges. In Vietnam, there appears a lack of law to accommodate gaming entertainment but AS expects to reach conclusive decision by end-CY12.
- We revise downwardly earnings forecast for CY12, but we are optimistic about growth potential in CY13 as Indonesia-based segment will no more suffer from loss and AS will consolidate CIB earnings at full-year basis. Our CY13 target price of Bt18.60 is based on P/E of 14x; we therefore upgrade recommendation to 'BUY' rating on AS shares.

Hana Microelectronics – Company Update

Recommendation: ACCUMULATE

Previous close: Bt20.60

Fair value: Bt21.40

- Deteriorating global economy is likely to put pressure on HANA's sales which is expected to grow at slower pace in 2HCY12.
- HANA's increasing production capacity in China and Lamphun, Thailand is on track and the company continues to search for new production base due to higher wage cost in China and Thailand. Cambodia is likely to be a new hot spot.
- We raise CY12 earnings forecast despite potentially negative impact from dismal economy.
- We recommend an 'ACCUMULATE' rating on HANA shares with a revised target price of Bt21.40/share.

Hong Kong

[SPT Energy Group \(1251.HK\) - Very competitive private oil and gas service provider](#)

Rating: Buy

Close Price: HKD \$1.68

Target Price: HKD \$2.10

Company profile

- SPT Energy Group is one of China's leading private integrated oilfield service providers and also one of the few non State-owned oilfield service providers able to provide integrated oilfield services in China. Its service area covers reservoir research, drilling, well completion, well testing and oil and gas production increase, well work over and other relevant services. The Company operates in Tarim, Changqing, Daqing, Jilin, Jidong, Dagang oilfields and other major oilfields. In addition, the Company has successfully expanded services to Central Asia, North America, Southeast Asia and Middle East. SPT Energy Group focuses on improving the productivity of oil and gas fields and extending oilfield life in geological conditions with high technical requirements. The Company is committed to becoming the most competitive oilfield technical service company of the industry.

Investment summary

- Three business segments of SPT Energy – reservoir service, drilling service and well completion services – account for 39%, 34% and 27% of gross revenue. With revenue sources evenly distributed, SPT Energy gross revenue maintained a 25.8% compound annual growth in the past four financial years. Drilling business is a business segment of the fastest compound annual growth of revenue in the Company's three business segments. Accumulative growth of drilling business revenue stood at 306% in 2008-2011 and compound growth rate reached 59.6%. It can be expected that drilling business will be the core driver for SPT Energy's performance growth in future.
- We believe SPT Energy is on the rising trend of performance and valuation. Despite effect of lower-than-Anton performance growth on valuation, we believe that SPT Energy valuation will increase. We for the first time afford SPT Energy "Buy" rating, 12-month target price is HKD 2.10, equivalent to 8.5-time 2012 expected P/E ratio.

[Chongqing Rural Commercial Bank \(3618.HK\) - The profits increased strongly](#)

Rating: Buy

Close Price: HKD \$3.24

Target Price: HKD \$4.10

Company profile

- CRCB has nearly 60 years of operational history mainly focused on Chongqing Area that is one of the leading rural commercial banks in China. The bank experienced a series of financial restructuring since 2004. In June 2008, CRCB obtained the approval from CBRC, and has registered capital of RMB6 billion. In December 2010, CRCB was listed in H Shares.

Investment summary

- As at the end of 1H2012, net profits of CRCB (or the Group) reached to RMB2.804 billion, increased strongly by 25.26% y-y, equivalent to EPS of RMB0.30, in line with our previous expectation;
- The Group's total assets increased by 16.68% to RMB402.3 billion compared with the end of 2011, equivalent to BVPS of RMB3.16, 5.41% higher than that of 2010;
- Asset quality continued to improve with dual-decrease of the amount and ratio of non-performing loans. Meanwhile, the coverage ratio increased by 37.2 percentage points to 302.44% compared with the end of 2011;
- Overall, the bank's performance met our expectation. We increase the estimation of the Group's profits in 2012 slightly due to the stable profit growth. Net profits expect to increase by 18% y-y approximately to RMB5.024 billion, equivalent to EPS of RMB0.53;
- Due to the bear market and non-surprise performance of the Group in the short term, we therefore cut the 12-m target price to HK\$4.10, around 26.5% higher than the latest closing price, equivalent to P/E6.8x and P/B1.1x in 2013 respectively, and still recommend Buy rating.

Market News

US

- Apple Inc. (AAPL), following a trial win against Samsung Electronics Co. (005930), is seeking a U.S. sales ban on eight models of the South Korean company's smartphones, including several in its Galaxy line, as well as the extension of a preliminary ban on a Samsung tablet computer. Apple, which won more than \$1 billion Aug. 24 after a jury found Samsung infringed six of seven patents at stake in the trial, yesterday identified the phones it wants barred in a filing with U.S. District Judge Lucy Koh in San Jose, California. (Source: Bloomberg)
- U.S. stocks fell, following the first weekly decline in about two months for the Standard & Poor's 500 Index, as investors awaited indications on whether the Federal Reserve will provide further stimulus measures. The S&P 500 slid 0.1 percent to 1,410.44 at 4 p.m. New Yorktime. The Dow Jones Industrial Average fell 33.30 points, or 0.3 percent, to 13,124.67. The Nasdaq-100 Index gained 0.2 percent to 2,782.55, after rising to the highest since 2000 during the day. Volume for exchange-listed stocks in the U.S. was 4.5 billion shares, the lowest level since at least 2008 excluding days surrounding holidays, data compiled by Bloomberg show. (Source: Bloomberg)

Singapore

- Far East Hospitality Trust, the hotel unit of Singapore's biggest closely held developer, climbed in its trading debut after raising S\$717.6 million (\$573 million) in the city-state's largest initial public offering this year. The shares rose 2.2 percent to 95 Singapore cents at the close in Singapore. The hotel trust sold stapled securities at 93 cents apiece, the top end of its 86 cents to 93 cents price range, according to a prospectus filed with the Monetary Authority of Singapore this month. Far East Hospitality's advance exceeds gains among the 42 stocks on Singapore's property index, while the city's benchmark Straits Times Index declined 0.2 percent to the lowest in more than three weeks. The country's hotel occupancy rates climbed to 86.4 percent last year, according to the Singapore Tourism Board, while visitor arrivals rose to a record 13.2 million. (Source: Bloomberg)
- Singapore share prices opened lower on Tuesday with the Straits Times Index down 3.39 points to 3,041.1. Volume was 42.6 million shares worth S\$44.7 million. Losers outnumbered gainers 67 to 58. (Source: BT online)
- Singapore's economy is softening again on the back of weaker global demand and increased international financial strains due to the European debt crisis, the International Monetary Fund said on Monday. "Under the benign global baseline scenario, growth is forecast to soften this year to just below three percent, with a moderate increase in 2013," the IMF said in its annual review of Singapore's economy. It said inflation would likely remain under pressure. The IMF said Singapore had ample policy room and other protective measures to deal with the effects of a slowing economy. (Source: BT online)

Hong Kong

- Increase in new credit loan will be difficult to pass 600 billion Yuan. As of August 19, new credit loan of four major Banks in China was 82 billion Yuan, new credit loan was 34 billion Yuan in third week of the month, lower than the 58 billion Yuan of second week. It is mainly due to the peak of fiscal deposits in third week, the funding pressure and deposit pressure of the market continued to increase. From the first 20 days of data from August, the new credit loan for the whole month is expected to be less than 600 billion Yuan. In July, RMB loans increased by 540.1 billion Yuan, the lowest since October last year. (Source: www.cnstock.com)
- The profits of large-scale industrial enterprises fell 2.7% y/y in Jul. From Jan to Jul, the large-scale industrial enterprises realized profits was 2.6785 trillion Yuan, down 2.7% y/y. Profit of large-scale industrial enterprises was 366.8 billion yuan in Jul, down 5.4% y/y. Among large-scale industrial enterprises, the state-owned and state-holding enterprises realized profits was 784.7 billion Yuan, down 12.2% y/y; collective enterprises realized profits was 42.6 billion Yuan, up 7.8% y/y; joint-stock enterprises realized profits was 1.5682 trillion Yuan, down 1.2% y/y; foreign and Hong Kong, Macao and Taiwan-invested enterprises realized profits was 609 billion Yuan, down 12.6% y/y; private enterprises realized profits was 818.7 billion Yuan, up 15.5% y/y. (Source: www.xinhuanet.com)
- China's stocks tumbled the most in six weeks as weaker profit from China Petroleum & Chemical Corp. (600028) to Haitong Securities Co. underscored concern that the nation's economic slowdown is deepening. China Petroleum, Asia's biggest oil refiner and also known as Sinopec, slid 1.8 percent after posting the lowest half-year profit since 2008. Haitong plunged 5.2 percent, pacing losses by brokerages, after saying six-month profit declined. Xinjiang Goldwind Science & Technology Co. (002202), the country's second-largest maker of wind turbines, dropped to its lowest level on record after reporting first-half profit slumped 83 percent. "Investors are becoming more worried about earnings for this quarter after the poor performance of the first half," said Wu Kan, Shanghai-based fund manager at Dazhong Insurance Co., which oversees \$285 million. "Government tools to boost the economy are limited: policy makers could cut interest rates and bank reserve ratios but they're worried that would spur inflation." (Source: Bloomberg)

Thailand

- The SET expects ASEAN Linkage to commence in Oct 2012, which will allow foreign investors to invest more in Thai equities, seen as growth benefit to Thai bourse. (Source: Bisnews)
- Foreign investors remained net sellers of Thai equities worth Bt163.20mn on Mon. (Source: Bisnews)
- The Bank of Thailand voiced dovish comment on the property sector's moderate growth as it has been in recovery phase after late last year's severe flood, also adding that home loan rate should be adjusted in similar range of the policy rate. (Source: Bisnews)

Indonesia

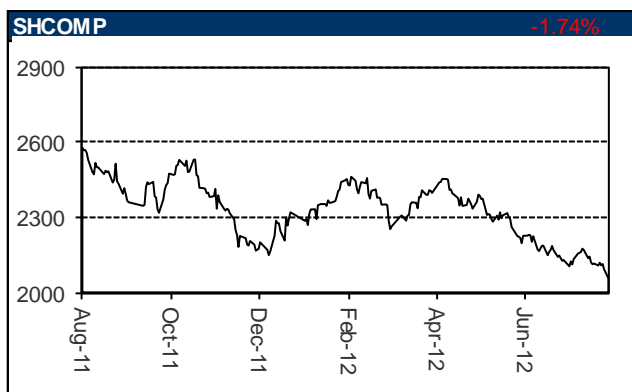
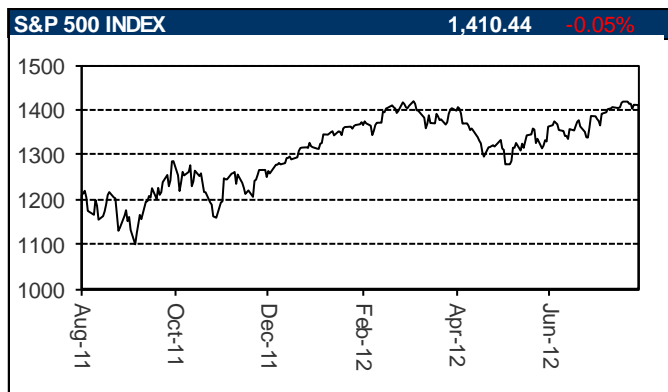
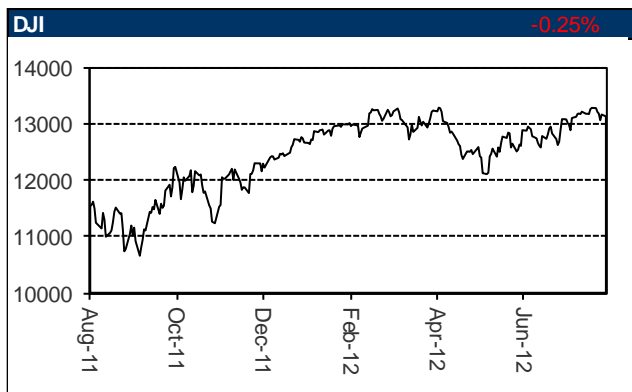
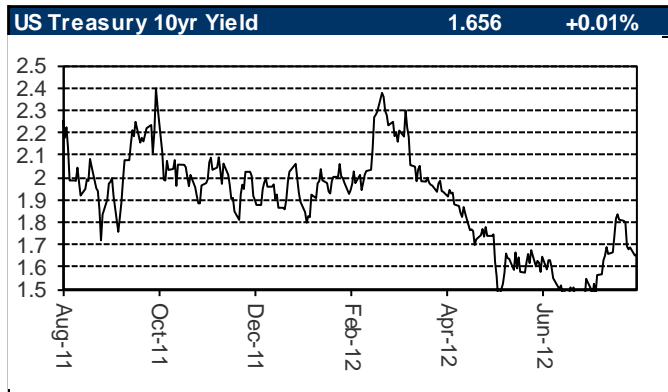
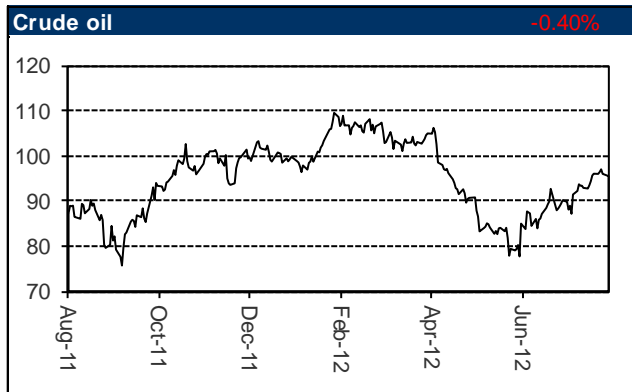
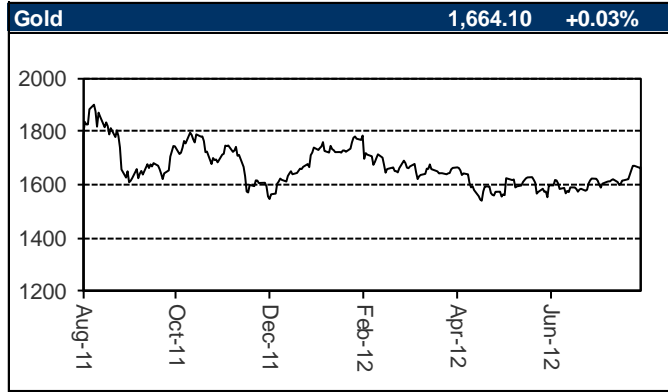
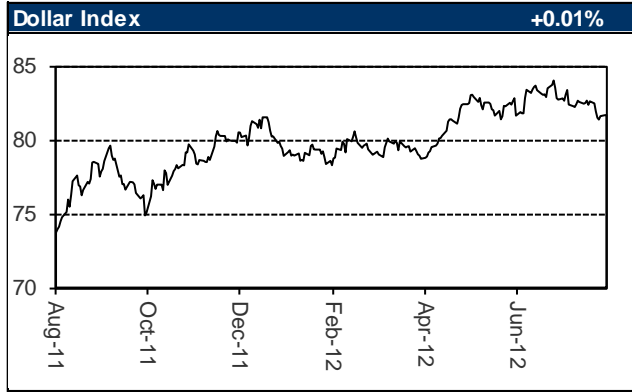
- The Ministry of National Development Planning targets the absorption of the 2013 first semester's state budget to reach 40-50 percent. The target is in line with the issuance of Presidential Decree No. 70 Year 2012 on the Second Amendment of Presidential Regulation Number 54 of 2010 on Government Goods and Services Procurement. Vice Minister of National Development Planning, said the budget uptake which is expected to increase next year is the capital expenditure (capex). So far, the uptake of capex has been low because the procurement process on spending is not as easy as the process for personnel and goods expenditures. According to the Ministry of Finance, the uptake of government spending in the first half of 2012 amounted to 40.7 percent of the 2012 State Budget and Expenditure Amendment (APBN-P) ceiling which amounted to IDR 1548.31 trillion (USD 162.57 billion), surpassing the achievement of the same period of 2011 by 33.5 percent. The uptake of capex in the first half of 2012 reached IDR 22.78 trillion or 16.2 percent of the IDR 140.83 trillion ceiling. (Source: Indonesia Finance Today)
- The government states the plan to sell government securities (SBN) in the 2013 Draft State Budget and Expenditure (RAPBN) amounts to IDR 177.26 trillion (USD 18.61 billion), higher than the 2012 net target of IDR 159.596 trillion. The selling of SBN will prioritize domestic issuance, rather than global. Director of SBN, Directorate General of Debt Management, Ministry of Finance, said the issuance of SBN in 2013 still will be greater at the beginning of the year (front loading), such as what happens this year. Issuance of domestic SBN is prioritized for medium and long term tenors, although the short term tenor SBN may still be issued to streamline the cost of debt. In 2013, the market is expected to remain healthy because Europe's condition will improve, though not as good as the pre-crisis condition. In fact, if Europe still experiences uncertainty, Indonesia will still benefit because it is considered better and healthier than other regions. Emerging market countries, including Indonesia, would be an option for investors. Although prioritizing domestic SBN issuance, the government will issue SBN in the global market. Global issuance is aimed at financing and promoting or imaging the debt condition (credit story) of Indonesia. (Source: Indonesia Finance Today)

Sri Lanka

- Sri Lanka's foreign reserves had risen to 7.1 billion US dollars by end July 2012 from 6,045 million US dollars in June, helped by a loan from the International Monetary Fund and other inflows, the Central Bank said. Sri Lanka received 414 million US dollars as final tranche under a 2.5 billion US dollar loan, which goes directly into the country's foreign reserves by passing the domestic monetary system. The state also sold a billion US dollar sovereign bond of which about 500 million US dollars have to be retained to repay an earlier loan maturing in September. A part of the rest was purchased by the Central Bank for rupees, which when used by the domestic monetary results in the eventual loss of the foreign reserves, unless the monetary authority is prepared to accept further weaknesses in the currency peg. The central bank said earnings from tourism grew 24.3 percent to 460 million US dollars, worker's remittances grew 12.1 percent to 17,4 percent to 2.94 billion US dollars. (Source: Ibo)

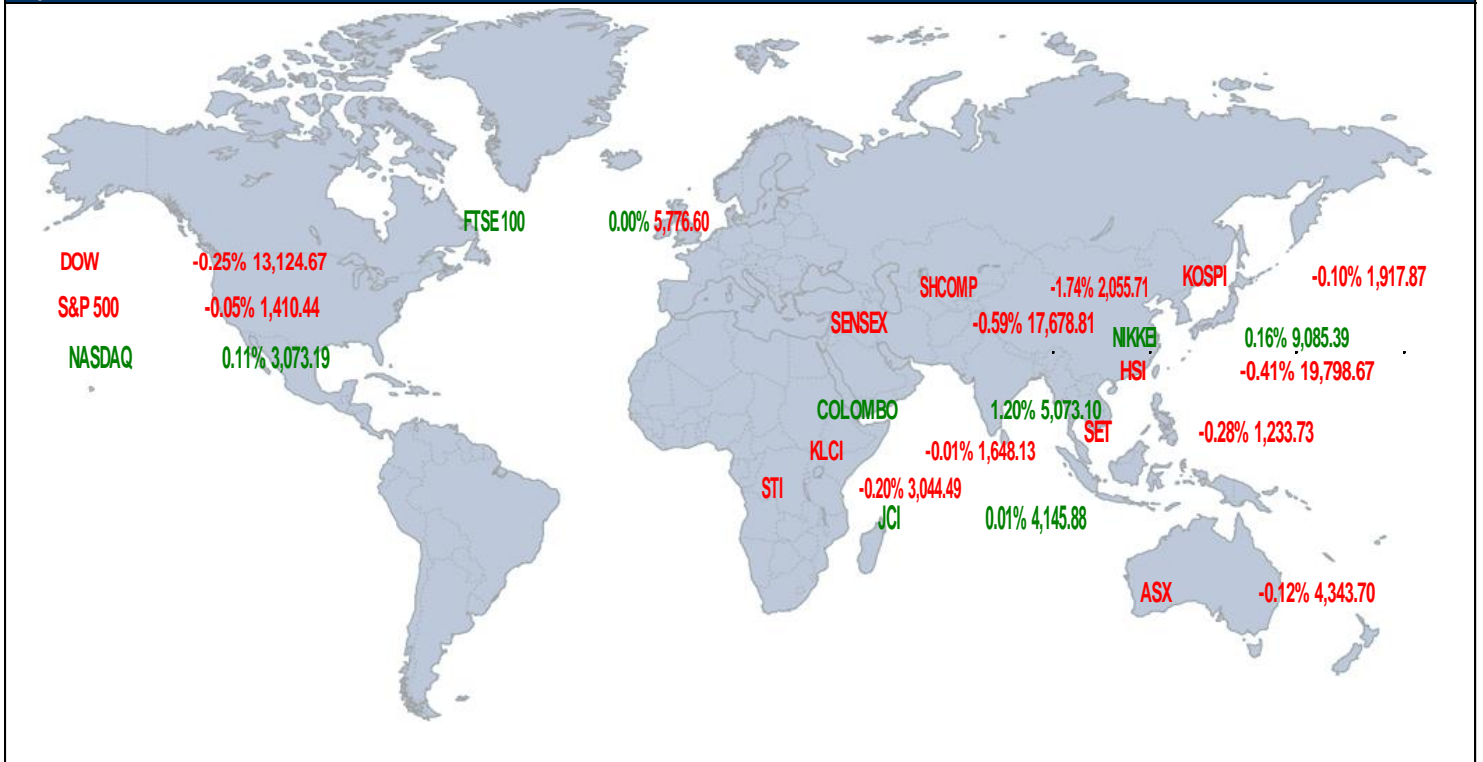
Australia

- Global logistics giant Toll Holdings is pinning its future growth prospects to the resources and e-retailing space. Unveiling its full-year results yesterday, Toll also flagged the possible sale of its troublesome Footwork Express business in Japan and its Marine Asia division. Both operations are subject to strategic reviews, and Goldman Sachs has been called in to work on Footwork, which has suffered from weaker consumer demand in Japan. "Neither of these businesses is currently delivering acceptable returns and turnarounds for both of them are problematic, so we will likely need to make some more fundamental changes to both of them," chief executive Brian Kruger told an investor briefing yesterday. Analysts welcomed the potential sales. "They are businesses that have been a drag on earnings and have been tying up capital and not earning their keep," Commonwealth Bank analyst Matt Crowe said. He also noted that the return on capital invested had fallen from 7.6 per cent in the 2011 financial year to 6.7 per cent in 2012. (Source: The Australian)
- Before joining engineering company Clough last year, Kevin Gallagher was running the nation's biggest resources project, the gargantuan North West Shelf LNG operation in Western Australia's Pilbara. His vast experience as a senior executive at Woodside Petroleum, combined with his switch last November to head one of the major contractors to the resources sector, puts him in an ideal position to proffer a view on whether the boom has ended -- as was suggested by federal Resources Minister Martin Ferguson last week -- or is simply cooling for a while. And Gallagher is adamant that the resources industry is destined for decades of healthy growth fuelled by the rise of Asia, despite the recent slump in commodity prices and concerns over the strength of China's economy. That's good news for the contractors that service the sector, most of whom have announced strong earnings growth and bulging order books during the current reporting season while insisting they have seen no recent change in tendering markets. (Source: The Australian)
- One of the world's biggest uranium miners, Cameco, predicted yesterday that demand for the nuclear fuel was poised to rebound as it agreed to pay BHP Billiton \$US430 million for the Yeelirrie deposit in Western Australia. The deal comes after the Canadian company recently admitted that its other uranium deposit in Australia, Kintyre in WA's Pilbara region, appeared to be uneconomic because of rising costs and a weak uranium price. Yesterday's announcement came after The Australian reported that BHP had decided to walk away from Yeelirrie, with chief executive Marius Kloppers confirming the deposit was too small for the miner's portfolio. Last week BHP shelved a \$US30 billion plan for a massive expansion of its Olympic Dam copper and uranium mine in South Australia, a decision likely to help push up uranium prices in the longer term. (Source: The Australian)



Source: Bloomberg

Major World Indices



Source: Bloomberg

Singapore

Top 10 Value	Last	% Chg	Chg	Value ('k)
SAKARI RES LTD	1.90	+27.18	+0.405	204,433
FRASER AND NEAVE	8.36	-1.07	-0.090	67,929
NOBLE GROUP LTD	1.25	+0.00	+0.000	50,654
KEPPEL CORP LTD	11.25	-1.23	-0.140	46,814
GENTING SINGAPOR	1.37	-0.36	-0.005	45,066
DBS GROUP HLDGS	14.52	-0.07	-0.010	33,310
OLAM INTERNATION	1.99	-0.75	-0.015	33,112
LIONGOLD CORP LT	1.25	+0.00	+0.000	29,517
SINGAP TELECOMM	3.35	+0.90	+0.030	29,052
OCBC BANK	9.20	-0.76	-0.070	27,979

Hong Kong

Top 10 Value	Last	% Chg	Chg	Value ('k)
CHINA MOBILE	83.55	+0.60	+0.50	1,192,995
PING AN INSURA-H	57.55	-2.62	-1.55	1,186,137
CHINA CONST BA-H	5.22	-0.76	-0.04	1,042,822
IND & COMM BK-H	4.31	-1.82	-0.08	1,014,079
CHINA LIFE INS-H	20.55	-3.52	-0.75	1,013,160
PETROCHINA CO-H	9.50	-1.55	-0.15	868,862
CHINA PETROLEU-H	7.41	+3.35	+0.24	773,614
CNOOC LTD	14.74	-0.41	-0.06	620,965
BANK OF CHINA-H	2.93	-0.68	-0.02	576,348
CHINA NATL BDG-H	7.53	-3.95	-0.31	574,581

Thailand

Top 10 Value	Last	% Chg	Chg	Value ('k)
SHIN CORP PCL	67.50	-4.59	-3.25	1,902,589
BERLI JUCKER PCL	46.75	-0.53	-0.25	1,118,497
KRUNG THAI BANK	16.81	-0.56	-0.09	1,030,757
THAICOM PCL	18.40	-0.54	-0.10	1,002,279
ADVANCED INFO	214.00	-5.73	-13.00	988,186
CHAROEN POK FOOD	32.00	+0.79	+0.25	858,046
PTT GLOBAL CHEM	64.25	+1.98	+1.25	834,795
THAI OIL PCL	68.75	+3.77	+2.50	795,398
PTT PCL	333.00	+0.60	+2.00	743,502
STP&I PUB CO LTD	36.00	+6.67	+2.25	591,481

Indonesia

Top 10 Value	Last	% Chg	Chg	Value ('mn)
TRADA MARITIME	840	0.00	0.00	110,263
INDOMOBIL SUKSES	6,200	8.77	500.00	70,731
ASTRA INTERNATIO	7,100	0.00	0.00	38,701
PP LONDON SUMATR	2,675	2.88	75.00	28,489
BANK RAKYAT INDO	7,300	0.00	0.00	23,823
LIPPO KARAWACI	910	1.11	10.00	20,901
BUMI RESOURCES	890	-5.32	-50.00	20,597
PERUSAHAAN GAS N	3,625	-0.68	-25.00	20,478
INDOFOOD SUKSES	5,350	0.00	0.00	16,477
GARDA TUJUH	5,500	0.00	0.00	16,347

Sri Lanka

Top 10 Value	Last	% Chg	Chg	Value ('k)
JOHN KEELLS HLDG	197.40	1.13	2.20	30,915
DISTILLERIES CO	119.00	-0.50	-0.60	1,271
COMMERCIAL BK	103.40	0.58	0.60	21,836
CIC HOLDINGS PLC	70.00	2.94	2.00	14,953
CENTRAL FINANCE	139.80	2.12	2.90	36,593
CEYLINCO INSURAN	790.00	0.00	0.00	#VALUE!
COLOMBO DOCKYARD	198.70	0.15	0.30	281
HATTON NATL B-NV	99.10	2.16	2.10	2,712
VALLIBEL ONE LTD	15.50	2.65	0.40	12,053
REGNIS LANKA PLC	65.50	0.77	0.50	13,255

Source: Bloomberg

Top 10 Volume	Last	% Chg	Chg	Volume ('k)
SAKARI RESOURCES LTD	1.90	+27.18	+0.405	107,669
GSH CORP LTD	0.09	+0.00	+0.000	53,651
NAM CHEONG LIMITED	0.20	+6.95	+0.013	44,000
GOLDTRON LTD	0.00	-20.00	-0.001	41,764
NOBLE GROUP LTD	1.25	+0.00	+0.000	40,284
HLH GROUP LTD	0.03	+0.00	+0.000	38,515
GENTING SINGAPORE PLC	1.37	-0.36	-0.005	32,783
TT INTERNATIONAL LTD	0.14	+0.00	+0.000	26,943
THAKRAL CORP LTD	0.03	+10.71	+0.003	24,973
ADVANCE SCT LTD	0.02	-11.11	-0.002	24,038

Top 10 Volume	Last	% Chg	Chg	Volume ('k)
UNITED GENE HIGH	0.04	+21.21	+0.01	242,766
IND & COMM BK-H	4.31	-1.82	-0.08	233,255
CHINA CONST BA-H	5.22	-0.76	-0.04	198,294
BANK OF CHINA-H	2.93	-0.68	-0.02	196,351
APOLLO SOLAR ENE	0.22	+3.70	+0.01	169,854
DRAGONITE INTERN	0.11	-2.70	-0.00	144,860
CHINA ENVIRONMEN	0.02	+9.09	+0.00	141,806
CHINA PETROLEU-H	7.41	+3.35	+0.24	105,729
GOME ELECTRICAL	0.68	-5.56	-0.04	100,049
LUXEY INT'L	0.04	+20.00	+0.01	99,180

Top 10 Volume	Last	% Chg	Chg	Volume ('k)
RICH ASIA STEEL	0.46	-8.00	-0.04	324,679
BANGKOK LAND PCL	0.97	+0.00	+0.00	108,889
NATURAL PARK PCL	0.02	+0.00	+0.00	101,477
BTS GROUP HOLDIN	5.45	+3.81	+0.20	85,912
JASMINE INTL PCL	3.64	-2.67	-0.10	69,823
TRUE CORP PCL	4.08	-1.92	-0.08	68,323
GEN ENVIRON CONS	0.81	+3.85	+0.03	64,471
KRUNG THAI BANK	16.81	-0.56	-0.09	56,972
INTER FAREAST EN	2.22	+5.71	+0.12	54,879
THAICOM PCL	18.40	-0.54	-0.10	53,948

Top 10 Volume	Last	% Chg	Chg	Volume ('k)
TRADA MARITIME	840	0.00	0.00	131,971
ENERGI MEGA PERS	105	-6.25	-7.00	97,329
BAKRIE SUMATERA	141	-4.73	-7.00	38,355
LIPPO KARAWACI	910	1.11	10.00	23,031
BUMI RESOURCES	890	-5.32	-50.00	22,880
ALAM SUTERA REAL	475	0.00	0.00	19,929
GADING DEVELOPME	220	2.33	5.00	15,342
BORNEO LUMBUNG	560	0.00	0.00	14,166
SUGIH ENERGY	103	-0.96	-1.00	13,057
INDOMOBIL SUKSES	6,200	8.77	500.00	11,725

Top 10 Volume	Last	% Chg	Chg	Volume ('k)
FREE LANKA CAPIT	2.30	4.55	0.10	4,447
BROWNS INVESTMEN	3.40	6.25	0.20	559
JOHN KEELLS HLDG	197.40	1.13	2.20	156
HYDRO POWER FREE	8.00	21.21	1.40	1,129
VALLIBEL POWER	5.10	4.08	0.20	736
VIDULLANKA PLC	3.80	2.70	0.10	1,381
VALLIBEL ONE LTD	15.50	2.65	0.40	792
CIC HOLDINGS PLC	70.00	2.94	2.00	217
SINGER FINANCE L	13.30	1.53	0.20	120
SMB LEASING - NV	0.40	33.33	0.10	117

Australia

Top 10 Value	Last	% Chg	Chg	Value ('k)
BHP BILLITON LTD	33.020	-0.21	-0.07	229,773
COMMONW BK AUSTR	54.640	-0.47	-0.26	152,933
TELSTRA CORP	3.730	0.00	0.00	130,396
RIO TINTO LTD	52.110	0.60	0.31	137,303
FORTESCUE METALS	4.000	0.50	0.02	127,332
NATL AUST BANK	25.000	-0.56	-0.14	126,052
WESTPAC BANKING	24.680	0.12	0.03	103,657
WOODSIDE PETRO	34.700	0.07	0.03	205,210
AUST AND NZ BANK	24.700	-0.28	-0.07	95,614
NEWCREST MINING	27.220	0.07	0.02	84,502

Source: Bloomberg

Top 10 Volume	Last	% Chg	Chg	Volume ('k)
SUNDANCE RESOURCES LTD	0.360	7.46	0.03	55,166
LONRHO MINING LTD	0.014	7.69	0.00	52,755
HYDROTECH INTERNATIONAL	0.001	0.00	0.00	40,972
MILLENNIUM MINERALS LTD	0.028	3.70	0.00	36,778
TELSTRA CORP LTD	3.730	0.00	0.00	34,941
FORTESCUE METALS GROUP	4.000	0.50	0.02	31,718
AUSTIN EXPLORATION LTD	0.020	0.00	0.00	22,325
OTIS ENERGY LTD	0.006	0.00	0.00	22,145
SIRIUS RESOURCES NL	1.405	28.90	0.32	21,141
EMPIRE OIL & GAS NL	0.013	-7.14	0.00	20,245

Commodities & Currencies

Commodities	% Chg	Chg	Last
GOLD SPOT (US\$/OZ)	+0.03	+0.55	1,664.10
SILVER SPOT (US\$/OZ)	+0.10	+0.03	30.72
WTI Cushing Crude Oil Spot Price (US\$/bbl)	-0.40	-0.38	95.47

Commodities	% Chg	Chg	Last
Malaysian Rubber Board Standard (MYR/kg)	+1.41	+11.00	791.00
PALM OIL (MYR/Metric Tonne)	-0.10	-3.00	2,949.50

Index	% Chg	Chg	Last
DOLLAR INDEX SPOT	+0.01	+0.01	81.67

Source: Bloomberg

Currencies	Price of S\$1	Price of US\$1
AUSTRALIAN DOLLAR	0.7692	1.0390
CANADIAN DOLLAR	0.7910	0.9897
EURO	0.6387	1.2513
BRITISH POUND	0.5059	1.5798
US DOLLAR	0.7992	1.0000
CHINA RENMINBI	5.0810	6.3580
HONG KONG DOLLAR	6.1983	7.7557
JAPANESE YEN	62.9100	78.7100
KOREAN WON	907.1924	1135.1700
MALAYSIAN RINGGIT	2.4858	3.1100
THAI BAHT	24.9980	31.2800

US Treasury Yields

Maturity	Today	Yesterday	Last Week	Last Month
3 Months	0.08	0.08	0.07	0.08
6 Months	0.12	0.11	0.12	0.12
2 Years	0.26	0.26	0.28	0.24
3 Years	0.35	0.36	0.40	0.33
5 Years	0.68	0.71	0.79	0.65
10 Years	1.65	1.69	1.81	1.54
30 Years	2.76	2.80	2.92	2.62

Yield Spread (10 yrs - 3 mths) 1.57

Yield Spread (10 yrs - 2 yrs) 1.39

Source: Data provided by ValuBond – <http://www.valubond.com>

Economic Announcement

US

Date	Statistic	For	Survey	Prior
8/28/2012	S&P/CS 20 City MoM% SA	Jun	0.30%	0.91%
8/28/2012	S&P/CS Composite-20 YoY	Jun	-0.30%	-0.66%
8/28/2012	S&P/Case-Shiller US HPI YOY%	2Q	--	-1.92%
8/28/2012	S&P/CaseShiller Home Price Ind	Jun	--	138.96
8/28/2012	S&P/Case-Shiller US HPI	2Q	--	123.33
8/28/2012	Consumer Confidence	Aug	65.5	65.9
8/28/2012	Richmond Fed Manufact. Index	Aug	-12	-17
8/29/2012	MBA Mortgage Applications	24-Aug	--	-7.40%
8/29/2012	GDP QoQ (Annualized)	2Q S	1.70%	1.50%
8/29/2012	Personal Consumption	2Q S	1.60%	1.50%
8/29/2012	GDP Price Index	2Q S	1.60%	1.60%
8/29/2012	Core PCE QoQ	2Q S	1.80%	1.80%
8/29/2012	Pending Home Sales MoM	Jul	1.00%	-1.40%
8/29/2012	Pending Home Sales YoY	Jul	9.90%	8.40%
8/30/2012	Fed's Beige Book			

Source: Bloomberg

Thailand

Date	Statistic	For	Survey	Prior
8/28/2012	Total Capacity Utilization ISIC	Jul	--	72.4
8/28/2012	Mfg. Production Index ISIC SA	Jul	--	174.06
8/28/2012	Mfg. Production Index ISIC NSA (YoY)	Jul	-4.25	-9.6
8/29/2012	Customs Exports (YoY)	Jul	-3.75%	-2.50%
8/29/2012	Customs Imports (YoY)	Jul	10.70%	4.41%
8/29/2012	Customs Trade Balance	Jul	-\$82M	-\$550M
8/31/2012	Foreign Reserves	24-Aug	--	\$175.9B
8/31/2012	Forward Contracts	24-Aug	--	\$28.5B
8/31/2012	Total Exports YOY%	Jul	--	-4.30%
8/31/2012	Total Exports in US\$ Million	Jul	--	\$19507M
8/31/2012	Total Imports YOY%	Jul	--	5.00%
8/31/2012	Total Imports in US\$ Million	Jul	--	\$17864M
8/31/2012	Total Trade Balance	Jul	--	\$1644M
8/31/2012	Current Account Balance (USD)	Jul	\$320M	\$604M
8/31/2012	Overall Balance in US\$ Million	Jul	--	\$519M

Source: Bloomberg

Singapore

Date	Statistic	For	Survey	Prior
8/31/2012	Credit Card Bad Debts	Jul	--	18.0M
8/31/2012	Credit Card Billings	Jul	--	3188.3M
8/31/2012	Bank Loans & Advances (YoY)	Jul	--	20.90%
8/31/2012	M1 Money Supply (YoY)	Jul	--	6.60%
8/31/2012	M2 Money Supply (YoY)	Jul	--	6.50%
9/4/2012	Electronics Sector Index	Aug	--	49.2
9/4/2012	Purchasing Managers Index	Aug	--	49.8
9/5/2012	Automobile COE Open Bid Cat A	5-Sep	--	66889
9/5/2012	Automobile COE Open Bid Cat B	5-Sep	--	88002
9/5/2012	Automobile COE Open Bid Cat E	5-Sep	--	93990
9/7/2012	Foreign Reserves	Aug	--	\$244.14B
9/11/2012	Singapore Manpower Survey	4Q	--	23%
9/14/2012	Unemployment Rate (sa)	2Q F	--	2.00%
9/14/2012	Retail Sales Ex Auto (YoY)	Jul	--	2.30%
9/14/2012	Retail Sales (YoY)	Jul	--	-0.90%

Source: Bloomberg

Hong Kong

Date	Statistic	For	Survey	Prior
8/28/2012	Exports YoY%	Jul	--	-4.80%
8/28/2012	Imports YoY%	Jul	--	-2.90%
8/28/2012	Trade Balance	Jul	--	-44.7B
8/30/2012	Retail Sales - Value (YoY)	Jul	--	11.00%
8/30/2012	Retail Sales - Volume (YoY)	Jul	--	8.50%
8/31/2012	Money Supply M1 - in HK\$ (YoY)	Jul	--	7.20%
8/31/2012	Money Supply M2 - in HK\$ (YoY)	Jul	--	6.20%
8/31/2012	Money Supply M3 - in HK\$ (YoY)	Jul	--	6.10%
8/31/2012	Govt Mthly Budget Surp/Def HK\$	Jul	--	-0.8B
03-05 SEP	Purchasing Managers Index	Aug	--	50.3
9/7/2012	Foreign Currency Reserves	Aug	--	\$296.2B
9/11/2012	Hong Kong Manpower Survey	4Q	--	15%
9/13/2012	Industrial Production (YoY)	2Q	--	-1.60%
9/13/2012	Producer Price (YoY)	2Q	--	3.60%
9/18/2012	Unemployment Rate SA	Aug	--	3.20%

Source: Bloomberg

Indonesia

Date	Statistic	For	Survey	Prior
9/3/2012	Indonesia August Markit Manufacturing PMI			
9/3/2012	Inflation (YoY)	Aug	--	4.56%
9/3/2012	Inflation NSA (MoM)	Aug	--	0.70%
9/3/2012	Core Inflation (YoY)	Aug	--	4.28%
9/3/2012	Exports (YoY)	Jul	--	-16.40%
9/3/2012	Total Imports (YoY)	Jul	--	10.70%
9/3/2012	Total Trade Balance	Jul	--	-\$1322M
03-07 SEP	Danareksa Consumer Confidence	Aug	--	91.4
03-04 SEP	Consumer Confidence Index	Aug	--	113.5
03-06 SEP	Foreign Reserves	Aug	--	\$106.56B
03-06 SEP	Net Foreign Assets (IDR Tln)	Aug	--	977.16T
07-13 SEP	Money Supply - M1 (YoY)	Jul	--	22.50%
07-13 SEP	Money Supply - M2 (YoY)	Jul	--	20.90%
12-20 SEP	Total Local Auto Sales	Aug	--	102512
12-20 SEP	Total Motorcycle Sales	Aug	--	579077

Source: Bloomberg

Sri Lanka

Date	Statistic	For	Survey	Prior
8/30/2012	CPI Moving Average (YoY)	Aug	--	6.00%
8/30/2012	CPI (YoY)	Aug	--	9.80%
10-20 SEP	Exports YoY%	Jul	--	-7.90%
10-20 SEP	Imports YoY%	Jul	--	-15.00%
14-28 SEP	GDP (YoY)	2Q	--	7.90%
9/18/2012	Repurchase Rate	18-Sep	--	7.75%
9/18/2012	Reverse Repo Rate	18-Sep	--	9.75%
9/28/2012	CPI Moving Average (YoY)	Sep	--	--
9/28/2012	CPI (YoY)	Sep	--	--
10-19 OCT	Exports YoY%	Aug	--	--
10-19 OCT	Imports YoY%	Aug	--	--
10/16/2012	Repurchase Rate	16-Oct	--	--
10/16/2012	Reverse Repo Rate	16-Oct	--	--
10/31/2012	CPI Moving Average (YoY)	Oct	--	--
10/31/2012	CPI (YoY)	Oct	--	--

Source: Bloomberg

Australia

Date	Statistic	For	Survey	Prior
8/28/2012	HIA New Home Sales (MoM)	Jul	--	2.80%
8/29/2012	Construction Work Done	2Q	0.90%	5.50%
8/30/2012	Private Capital Expenditure	2Q	3.00%	6.10%
8/30/2012	Building Approvals (MoM)	Jul	-5.00%	-2.50%
8/30/2012	Building Approvals (YoY)	Jul	6.00%	10.20%
8/31/2012	Private Sector Credit MoM%	Jul	0.40%	0.30%
8/31/2012	Private Sector Credit YoY%	Jul	4.40%	4.40%
9/3/2012	AiG Performance of Mfg Index	Aug	--	40.3
9/3/2012	TD Securities Inflation MoM%	Aug	--	0.20%
9/3/2012	TD Securities Inflation YoY%	Aug	--	1.50%
9/3/2012	Company Operating Profit QoQ%	2Q	--	-4.00%
9/3/2012	Inventories	2Q	--	0.90%
9/3/2012	Retail Sales s.a. (MoM)	Jul	--	1.00%
9/3/2012	ANZ Job Advertisements (MoM)	Aug	--	-0.80%
9/3/2012	RBA Commodity Price Index Au	Aug	--	95.8

Source: Bloomberg

PHILLIP RESEARCH STOCK SELECTION SYSTEMS

Total Return	Recommendation	Rating	Remarks
>+20%	Buy	1	>20% upside from the current price
+5% to +20%	Accumulate	2	+5% to +20% upside from the current price
-5% to +5%	Neutral	3	Trade within \pm 5% from the current price
-5% to -20%	Reduce	4	-5% to -20% downside from the current price
<-20%	Sell	5	>20% downside from the current price

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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