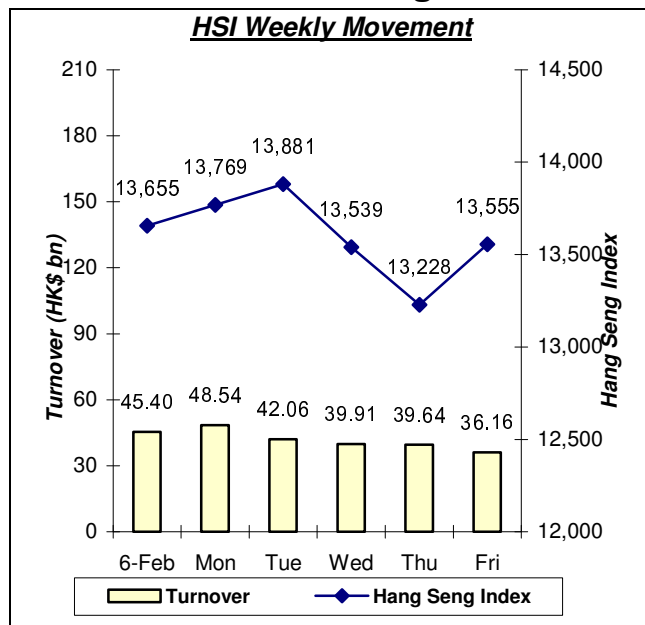


**Market range traded on the eve of reporting season**


**Weekly Market Statistics**

Week ended	13/2/2009	06/2/2009	Change	%
Hang Seng Index	13,555	13,655	-100	-0.7%
HS Red Chip Index	3,143	3,174	-31	-1.0%
HS China Enterprises Index	7,569	7,699	-130	-1.7%
HS Composite Index	1,876	1,896	-20	-1.1%
HS HK Composite Index	1,320	1,333	-13	-1.0%
HS Mainland Composite Index	2,545	2,574	-29	-1.1%
Growth Enterprise Index	377	362	+15	+4.0%
Avg Daily Turnover (HK\$ bn)	41.3	41.1	+0	+0.3%
<b>Sectoral Indices</b>				
Finance	19,756	20,093	-337	-1.7%
Utilities	34,510	34,289	+221	+0.6%
Properties	16,047	16,242	-195	-1.2%
Comm & Ind	7,629	7,622	+6	+0.1%

**Review & Outlook of Market Performance**

On speculation that the United States would announce a rescuing plan to ease its financial crisis, the HSI was drawing itself closer to the 14,000 mark at the beginning of the week. Nevertheless, Hong Kong stocks broke the longest winning streak in more than two months on Wednesday, after the much-awaited US bank bailout plan was not seen as sufficient remedy for the financial system. The benchmark index closed the week at 13,554.67, down 100.37 points or 0.74% w-o-w. Average daily turnover was HK\$41.3 billion, compared with HK\$41.1 billion in the previous week.

China's trade continued to deteriorate in January, with exports and imports slumping more than expected as the global recession deepened. Exports fell 17.5% year-on-year to US\$90.45 billion, exceeding economists' consensus for a 14% drop while imports collapsed 43.1% to US\$51.34 billion, much worse than the forecast of 25% decrease. The contraction is the worst in more than a decade, raising concern that the government's growth target of 8% for the export-oriented economy may not be achieved.

Also catching market attention was RCG Holdings (#00802) as one of its major shareholders is "Fung-shui" master Tony Chan Chun-chuen, who is currently embroiled in a legal battle for the estate of billionaire Nina Wang Kung Yu- sum. By way of introduction listing, the shares started its debut trading on Tuesday at HK\$6.63 and hit HK\$30 on Wednesday. But RCG dived subsequently and closed the week with roller-coaster trade at HK\$15.98. Another listing candidate, Real Gold Mining (#00246) also received a popular response from investors as the company is set to benefit from the rising gold prices. Margin orders reached HK\$1.2 billion, equivalent to 11 times oversubscribed on its retail tranch.

For the coming week, market focus will inevitably fall on the final-results announcement of the Bank of East Asia, which is scheduled to announce its FY08 results next Tuesday. Analysts expect for a set of weak figures premised on its CDO write-downs. Investors should keep a close eye on the results for more clues on how the local banks are suffering from the impact of financial tsunami. We see the upside of the market should be capped at 14,000 in the near term.

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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
13th February	7,932.76*	1,541.71*	7,779.40	1,705.64	909.84	445.77	4,592.50
6th February	8,280.59	1,591.71	8,076.62	1,715.35	896.64	444.39	4,471.25
Change	-347.83	-50.00	-297.22	-9.71	+13.20	+1.38	+121.25
%	-4.2%	-3.1%	-3.7%	-0.6%	+1.5%	+0.3%	+2.7%

Remarks: (\*) closing as of 12<sup>th</sup> February 2009

**Major Changes in Index Constituent Stocks (Week ended 13<sup>th</sup> February 2009)****Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @13/02/09	W-O-W Change		Remarks / Comments
			Absolute	%	
COSCO Pacific	01199	HK\$7.20	-HK\$0.51	-6.61%	Investors speculated that COSCO Pacific and Foxconn could be removed from the list of HSI constituent members in the upcoming quarterly review.
Foxconn International	02038	HK\$2.64	-HK\$0.33	-11.11%	

**Hang Seng China Enterprises Index (HSCEI)**

Stock	Stock Code	Closing Price @13/02/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Chalco	02600	HK\$4.33	HK\$0.25	+6.13%	Chinalco, the parent of the HK-listed Chalco (02600), has agreed to invest US\$19.5 billion in form of convertible bonds to Rio Tinto Group. If converted, it will allow Chinalco to increase its existing shareholding in Rio Tinto to about 18%.
Zijin Mining	02899	HK\$4.86	HK\$0.25	+5.42%	Gold price trended upward again this week as traders continued to fly to safety amid uncertainty. Gold prices hit as high as \$954, its highest mark since July.

**Hang Seng China-Affiliated Corporations Index (HSCCI)**

Stock	Stock Code	Closing Price @13/02/09	W-O-W Change		Remarks / Comments
			Absolute	%	
CNPC (Hong Kong)	00135	HK\$2.39	+HK\$0.12	+5.29%	According to the management, CNPC (HK) expects to double its assets in two to three years by acquiring city-gas distribution projects from its parent, China National Petroleum Corp.

**Summary of US Economic News**

Indicator	Change/Index	Comments
International Trade – December 2008 (Trade Balance Level)	\$-39.9B	The US trade gap in December continued to contract due to a drop in oil prices and a fall in import demand. But export demand also dropped again. The overall US trade deficit shrank to \$39.9 billion from a revised \$41.6 billion gap a month before.
Initial jobless claim – for the week ended 7 <sup>th</sup> February 2009	623,000	Initial jobless claims came in at 623,000 for the week ended 7 <sup>th</sup> February 2009 vs. an upward revised 631,000 in the previous week. The four-week average jumped over the 600,000 level, up 24,000 to 607,500. The figures are the worst since the early 1980s.
Retail Sales – January 2009	+1.0%	Overall retail sales rebounded 1.0% in January, after a 3.0% drop in December. Strength was seen in non-store retailers, electronics, gasoline, food & beverages, motor vehicles, clothing, general merchandise, and food services & drinking places while declines were seen in building materials & garden equipment, furniture, miscellaneous store retailers, and sporting goods.

**Forthcoming Important Announcements / Events**

16 <sup>th</sup> February 2009 (Monday)	HK	:	Shandong Molong (00568) – final results Volume and Price Statistics of External Merchandise Trade – December 2008
	US	:	US Holiday: Presidents Day
17 <sup>th</sup> February 2009 (Tuesday)	HK	:	Bank of East Asia (00023) – final results Guoco Group (00053) – final results Unemployment Statistics - Nov 2008 - Jan 2009
	US	:	Housing Market Index – February 2009 Wal-Mart Stores - Q4 2009 results
18 <sup>th</sup> February 2009 (Wednesday)	HK	:	Lam Soon (00411) – interim results Star Cruises (00678) – final results Anhui Tianda Oil Pipe (00839) – final results Nine Dragons Paper (02689) – interim results
	US	:	Housing Starts – January 2009 Import and Export Prices – January 2009 Industrial Production – January 2009 FOMC Minutes – for meeting held on 28 <sup>th</sup> January 2009 Hewlett-Packard - Q1 2009 results
19 <sup>th</sup> February 2009 (Thursday)	HK	:	No important announcement/event
	US	:	Producer Price Index – January 2009 Initial jobless claim – for the week ended 14 <sup>th</sup> February 2009 Leading Indicators – January 2009 XTO Energy – Q4 2008 results
20 <sup>th</sup> February 2009 (Friday)	HK	:	Top Form International (00333) – interim results Unity Investment Holdings (00913) – final results Parkson Retail Group (03368) – final results
	US	:	Consumer Price Index – January 2009



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