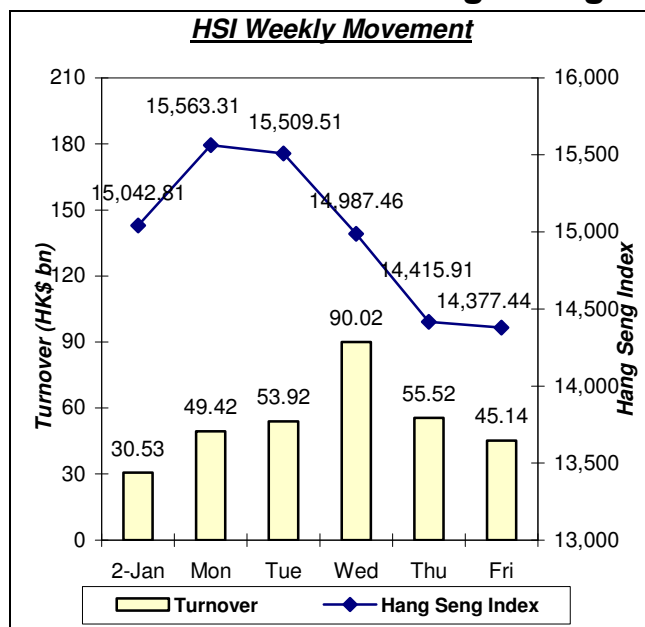


Profit taking emerged as recession fear grows



Weekly Market Statistics				
Week ended	09/1/2009	02/1/2009	Change	%
Hang Seng Index	14,377	15,043	-665	-4.4%
HS Red Chip Index	3,227	3,442	-214	-6.2%
HS China Enterprises Index	7,724	8,314	-590	-7.1%
HS Composite Index	1,963	2,066	-103	-5.0%
HS HK Composite Index	1,465	1,472	-7	-0.5%
HS Mainland Composite Index	2,579	2,784	-205	-7.4%
Growth Enterprise Index	374	382	-8	-2.1%
Avg Daily Turnover (HK\$ bn)	58.8	28.1	+31	+109.3%
Sectoral Indices				
Finance	21,393	22,832	-1,439	-6.3%
Utilities	33,800	33,861	-61	-0.2%
Properties	17,986	17,832	+154	+0.9%
Comm & Ind	7,918	8,280	-362	-4.4%

Review & Outlook of Market Performance

Hong Kong equities ended lower, as profit taking kicked in after the blue-chip index failed to break through the recent high at 15,781 set on Dec 11. Investors became more cautious over a deepening recession in the US, after a survey showed corporate cut a much higher-than-expected number of jobs in Dec, triggering a sell-off in the stock market during the week. Meanwhile, sizable placement of China Construction Bank ("CCB") and Bank of China ("BOC") shares by their respective cornerstone investors and fear for similar action from other corporate investors also led to further pressure on the market. Over the week, the Hang Seng Index lost 4.4% to 14,377.44, while the HSCEI tumbled 7.1% to 7,723.81. Market turnover was higher with the daily average more than doubled w-o-w, mainly driven by the HK\$22 billion placement of CCB shares and reviving trading activities after the New Year holiday break.

Mainland banking plays led the market down this week, amid share sale and market talks of further sell-off by their respective cornerstone investors. During the week, Bank of America sold more than 5.62 billion CCB shares at a 12% discount raising a hefty HK\$22 billion, while the Li Ka Shing Foundation offloaded 2 billion BOC shares at a 7.5% discount for more than HK\$4 billion. CCB plunged 13.3% w-o-w, while BOC dropped 9.7%. ICBC tumbled 15.1%, but Bank of Communications outperformed with a 4.4% loss after HSBC said it has no intention to cut its stake in BoCom. Meanwhile, the Mainland issued the long-awaited 3G licenses to China Mobile, China Unicom and China Telecom, but the trio ended down over the week as investors "sell on fact". In fact, selling pressure arose as investors became more concerned about the future competitive landscape in the 3G era. HK property developers generally outperformed, as figures showed the number of residential property transactions revived by 44% in Dec from a month earlier.

For the coming week, HK equities should remain sluggish, as the US Dec payrolls report (due Jan 9 GMT 13:30) is seen disappointing with jobless rate surging to 7.0% from 6.7% in Nov. Besides, investors would also keep their eyes on the US Dec retail sales due next Wed, as consumer spending accounts for about two-third of US economic activity. On the technical front, the HSI should see initial support near 13,900.

This report has been prepared solely for information purposes and we are not soliciting any action based upon it. Neither this document nor its contents shall be construed as an offer, invitation, advertisement, inducement or representation of any kind or form whatsoever. The information is based upon information, which we consider reliable, but accuracy or completeness is not guaranteed. Opinions expressed herein are subject to change without notice. At time of this report, East Asia Securities Company Limited has no position in securities of the company or companies mentioned herein, while its group companies may from time to time have interests in securities of the company or companies mentioned herein.



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
9th January	8,742.46*	1,617.01*	8,836.80	1,806.02	919.07	459.06	4,502.74
2nd January	9,029.20	1,632.21	8,859.56^	1,799.72	894.36	449.96^	4,591.22**
Change	-286.74	-15.20	-22.76	+6.30	+24.71	+9.10	-88.48
%	-3.2%	-0.9%	-0.3%	+0.4%	+2.8%	+2.0%	-1.9%

Remarks: (*) closing as of 8th January 2009, (**) closing as of 31st December 2008, (^) closing as of 30th December 2008

Major Changes in Index Constituent Stocks (Week ended 9th January 2009)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @09/01/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Cathay Pacific Airways	00293	HK\$8.90	-HK\$0.01	-0.11%	Cathay issued its 3 rd profit warning since July last year, as it incurred huge losses from jet fuel hedging. Cathay also revealed that advanced booking for its premium class in Q1 was disappointing. The stock retreated sharply from the intra-week high of HK\$10.26 (-13.3%), but was flat from a week earlier.
China Mobile	00941	HK\$75.30	-HK\$5.90	-7.27%	China finally awarded the 3G licenses to the country's three mobile and telecom operators. As expected, China Mobile will be awarded the home-grown TD-SCDMA license, China Telecom the CDMA2000 license and China Unicom the WCDMA license. In the 3G era, industry rivalry is seen intensifying, as the trio fights hard to gain market share.
China Unicom	00762	HK\$8.95	-HK\$1.17	-11.56%	

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @09/01/09	W-O-W Change		Remarks / Comments
			Absolute	%	
China Construction Bank	00939	HK\$3.92	-HK\$0.60	-13.27%	BOA sold 5.62 billion CCB shares, while the Li Ka Shing Foundation placed 2 billion BOC shares amid rising need for liquidity. The share placements triggered fear for further sell-off from other corporate investors and led to pressure over other PRC banking plays.
Bank of China	03988	HK\$1.96	-HK\$0.21	-9.68%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @09/01/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Lenovo	00992	HK\$1.73	-HK\$0.46	-21.00%	Lenovo said it plans to cut 2,500 jobs worldwide, accounting for 11% of its total workforce. Due to the restructuring, Lenovo warned that it would incur a loss during the Oct-Dec quarter last year.



Summary of US Economic News

Indicator	Change/Index	Comments
Construction spending – November 2008	-0.6%	Construction spending slipped 0.6% m-o-m in Nov, better than market expectation of a drop of 1.3%. The October figure was also revised to a milder 0.4% fall from the original 1.2% loss.
Factory orders – November 2008	-4.6%	Factory orders fell 4.6% m-o-m in Nov, the fourth monthly drop in a row and worse than consensus forecast of a 2.6% fall.
ISM non-manufacturing index – December 2008	40.6	ISM's non-manufacturing index rose to 40.6 in Dec from 37.3 in Nov, bucking expectations of a slip to 37.0. However, it stayed below the reading of 50, implying that the US service sector was still contracting.
Initial jobless claims – Week ended 3 rd January 2009	-24,000	Initial jobless claims unexpectedly fell 24,000 last week to 467,000, versus forecast of a rise to 550,000, mainly due to the New Year holiday break.

Forthcoming Important Announcements / Events

12 th January 2009 (Monday)	HK	:	United Pacific Industries (00176) – final results Simson International (00993) – interim results Strong Petrochemical (00852) – trading debut
	US	:	Alcoa Inc – Q4 2008 results
13 th January 2009 (Tuesday)	HK	:	Yue Yuen Industrial (00551) – final results Neo-China Land (00563) – interim results China Green (00904) – interim results Pou Sheng International (03813) – final results China Singyes Solar Technologies (00750) – trading debut
	US	:	No important announcement/ event
14 th January 2009 (Wednesday)	HK	:	Public Financial (00626) – final results
	US	:	Retail sales – December 2008 Business inventories – November 2008
15 th January 2009 (Thursday)	HK	:	ABC Communications (00030) – interim results Wardley International (00607) – interim results Water Oasis Group (01161) – final results
	US	:	Initial jobless claim – for the week ended 10 th January 2009 Producer price index – December 2008 Intel Corporation – Q4 2008 results
16 th January 2009 (Friday)	HK	:	Vongroup (00318) – interim results Huaifeng Group (00364) – final results CIL Holdings (00479) – final results
	US	:	Consumer price index – December 2008 Industrial production – December 2008 Consumer sentiment (preliminary) – January 2009



Important Disclosure / Analyst Certification / Disclaimer

This document is published by East Asia Securities Company Limited, a wholly-owned subsidiary of The Bank of East Asia, Limited (BEA).

The research analyst primarily responsible for the content of this report, in part or in whole certifies that the views on the companies and their securities mentioned in this report accurately reflect his/her personal views. The analyst also certifies that no part of his/her compensation was, is, or will be, directly, or indirectly, related to specific recommendations or views expressed in this report.

This report has been prepared solely for information purposes and has no intention whatsoever to solicit any action based upon it. Neither this report nor its contents shall be construed as an offer, invitation, advertisement, inducement or representation of any kind or form whatsoever. The information is based upon information, which East Asia Securities Company Limited considers reliable, but accuracy or completeness is not guaranteed. Information and opinions expressed herein reflect a judgment as of the date of this document and are subject to change without notice. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This report is not to be taken in substitution for the exercise of judgment by respective readers of this report, who should obtain separate legal or financial advice. East Asia Securities Company Limited and / or The BEA Group accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or further communication given in relation to this report.

At time of this report, East Asia Securities Company Limited has no position in securities of the company or companies mentioned herein the report, while BEA along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this report. BEA and its associates, its directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

BEA and/or any of its affiliates may beneficially own a total of 1% or more of any class of common equity securities of the subject company or companies mentioned in this report and may, within the past 12 months, have received compensation and/or within the next 3 months seek to obtain compensation for investment banking services from the subject company or companies mentioned in the report.

This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of, or located in, any locality, state, country or other jurisdiction, publication, availability or use would be contrary to law and regulation.