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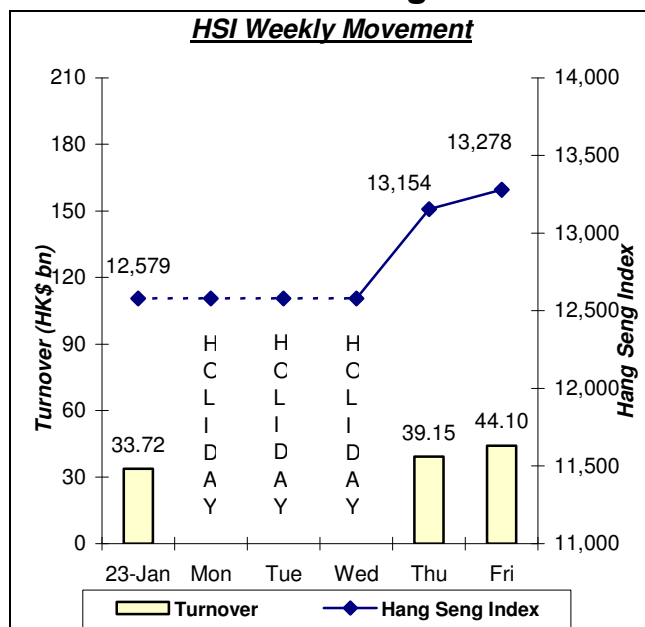
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**Weekly Report**30<sup>th</sup> January 2009**A good start for the Year of the Ox**

<b>Weekly Market Statistics</b>				
Week ended	30/1/2009	23/1/2009	Change	%
Hang Seng Index	13,278	12,579	+700	+5.6%
HS Red Chip Index	2,997	2,873	+123	+4.3%
HS China Enterprises Index	7,132	6,662	+470	+7.1%
HS Composite Index	1,838	1,744	+94	+5.4%
HS HK Composite Index	1,359	1,285	+74	+5.8%
HS Mainland Composite Index	2,426	2,307	+119	+5.2%
Growth Enterprise Index	362	356	+6	+1.7%
Avg Daily Turnover (HK\$ bn)	41.6	38.9	+3	+7.1%
Sectoral Indices				
Finance	19,088	18,000	+1,088	+6.0%
Utilities	35,094	34,112	+982	+2.9%
Properties	17,419	16,249	+1,170	+7.2%
Comm & Ind	7,337	6,979	+357	+5.1%

**Review & Outlook of Market Performance**

The Hong Kong stock market started the Year of the Ox by advancing almost 600 points on Thursday, the best start to the Lunar New Year since the Year of the Tiger in 1998, when the blue-chip index advanced 1,326.24 points, or 14.3%, on the first trading day. The rally was led by the strong rebound in banking stocks, especially HSBC Holdings, which surged as much as 10.1% to catch up with a global rally during the 3-day holidays on hope that the US\$819 billion US stimulus package could avert a deeper recession. Investors were also encouraged by more talk about the new US administration creating a so-called bad-bank that would soak up toxic assets in the financial system. The HSI finished the short-trading week at 13,278.21, up 699.61 points or 5.56% w-o-w, with an average daily turnover of HK\$41.6 billion.

As very few local announcements were released, investors shifted their attention to the external markets this week. In the US, the labour market experienced a "Bloody Monday" as over 71,400 job cuts were announced on a single day. Caterpillar announced 20,000 layoffs as its profits plunged. Pharmaceutical giant Pfizer shed 26,000 jobs while America's No. 3 wireless provider, Sprint Nextel, budgeted for 8,000 cuts. Home Depot, hurt by the housing downturn, announced 7,000 positions would be closed. Texas Instruments will slash its workforce by 3,400 employees to cope with weak demand and Dutch financial group ING will take a 2008 loss of \$1.3 billion and cut 7,000 jobs. Nevertheless, the worst is not yet over as bad economic data came in three on Thursday. New homes went unsold at record levels in December while weekly jobless claims and durable goods orders undershot expectations.

Looking ahead, the US economic data will continue to dominate market sentiment and the reopening of China bourses may also give some directions to the local market. Another factor to watch is the kick-off of reporting season for blue-chip counters by Esprit next Wednesday, which will set tone of profit expectations for other export plays like Li & Fung and Foxconn. We see any rebound in the local bourse short-lived and the upside of the market should be capped at 14,000.

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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
30th January	8,149.01*	1,507.84*	7,994.05	1,746.47	884.45	437.69	4,247.97^
23rd January	8,077.56	1,477.29	7,745.25	1,685.23	872.69	433.52	4,247.97^
Change	+71.45	+30.55	+248.80	+61.24	+11.76	+4.17	+0.00
%	+0.9%	+2.1%	+3.2%	+3.6%	+1.3%	+1.0%	+0.0%

Remarks: (\*) closing as of 29<sup>th</sup> January 2009; (^) closing as of 21<sup>st</sup> January 2009

### Major Changes in Index Constituent Stocks (Week ended 30<sup>th</sup> January 2009)

#### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @30/01/09	W-O-W Change		Remarks / Comments
			Absolute	%	
HSBC Holdings	00005	HK\$60.80	+HK\$3.35	+5.83%	HSBC Holdings rallied 8.96% on Thursday, the first trading day after the Lunar New Year holiday, to catch up with foreign markets where financial shares had gained on expectations the US stimulus package could revive the global economy.

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

Stock	Stock Code	Closing Price @30/01/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Angang Steel	0347	HK\$7.72	+HK\$1.27	+19.69%	The iron ore market may have bottomed as demand from Chinese steelmakers recovers, driving prices for the raw material higher, according to Fortescue Metals Group Ltd., Australia's third-biggest producer.
CSC	02866	HK\$1.26	+HK\$0.19	+17.76%	
China Shipping Development	01138	HK\$7.74	+HK\$1.04	+15.52%	The Baltic Dry Index rose to a three-month high on demand for steelmaking raw materials in China. Also, the sentiment became better as the index breached 1,000 points after plunging 92% last year.
China COSCO	01919	HK\$4.77	+HK\$0.64	+15.50%	

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

Stock	Stock Code	Closing Price @30/01/09	W-O-W Change		Remarks / Comments
			Absolute	%	
China Resources Power	00836	HK\$14.50	+HK\$1.50	+11.54%	Investors see possibility for CR Power to be included in the index in the coming HSI review.



## Summary of US Economic News

Indicator	Change/Index	Comments
Consumer Confidence – January 2009	37.7	The reading is a record low in more than 40 years, at an index of 37.7 in January vs. 38.6 in December, reflecting employment contraction and pointing to continued shrinking in retail sales.
FOMC Meeting Announcement Federal Funds Rate - Target Level	0 - 0.25 % (Unchanged)	After the FOMC meeting on 28 Jan, the Federal Reserve held its target rate unchanged at 0% – 0.25% (a target that is likely to remain in effect for some time) and said that it is prepared to begin buying longer term US Treasuries.
Durable Goods Orders – December 2008	-2.6%	Durable goods orders declined another 2.6% in December, following a 3.7% decrease in November. It is clear that recession in the manufacturing sector has been deepening, reflecting a near stoppage in the auto industry and weakness elsewhere.
New Home Sales – December 2008	-14.7%	New home sales fell 14.7% in December to a record low of 331,000 annual unit rate. For the full year, new home sales totalled 482,000 units, the lowest level since 1982 and down 38% from 2007.
Initial jobless claims – Week ended 24 <sup>th</sup> January 2009	+3,000	Initial jobless claims rose 3,000 in the week ended 24 <sup>th</sup> January to 588,000, worse than the market expectations of 575,000.

## Forthcoming Important Announcements / Events

2 <sup>nd</sup> February 2009 (Monday)	HK	:	Retail Sales – December 2008
	US	:	Personal Income and Outlays – December 2008 ISM Mfg Index – January 2009 Construction Spending – December 2008 SanDisk Corp – Q4 2008 results Mattel – Q4 2008 results
3 <sup>rd</sup> February 2009 (Tuesday)	HK	:	No important announcement/event
	US	:	Pending Home Sales Index – December 2008 Motorola – Q4 2008 results Walt Disney – Q1 2009 results Emerson Electric – Q1 2009 results
4 <sup>th</sup> February 2009 (Wednesday)	HK	:	Esprit Holdings (00330) – interim results
	US	:	Challenger Job-Cut Report – January 2009 ADP Employment Report – January 2009 ISM Non-Mfg Index – January 2009 Kraft Foods – Q4 2008 results Devon Energy – Q4 2008 results
5 <sup>th</sup> February 2009 (Thursday)	HK	:	Semiconductor Manufacturing Int'l (00981) – final results Lenovo Group (00992) – Q3 2008 results
	US	:	Initial jobless claim – for the week ended 31st January 2009 Productivity and Costs – Q4 2008 Factory Orders – December 2008 Duke Energy – Q4 2008 results MasterCard – Q4 2008 results
6 <sup>th</sup> February 2009 (Friday)	HK	:	Domestic Export – December 2008 Pico Far East Holdings (00752) – final results
	US	:	Employment Situation – January 2009 Consumer Credit – December 2008



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