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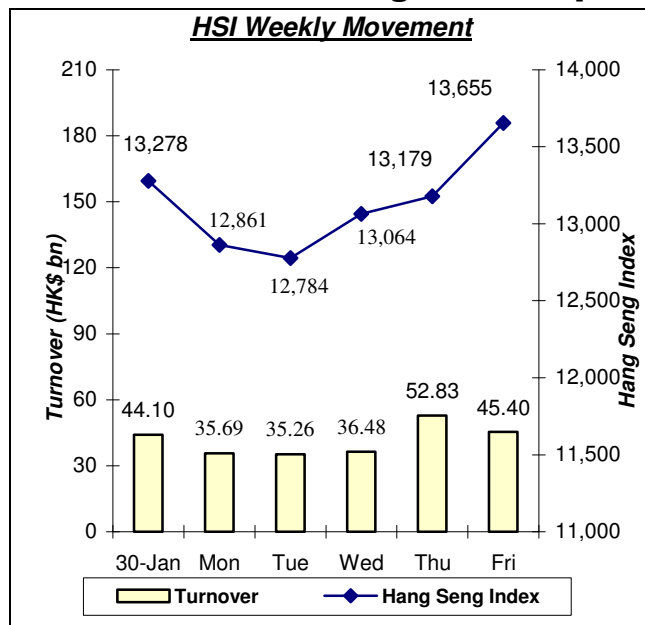
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HONG KONG RESEARCH**Restricted circulation**

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Weekly Report6th February 2009**The HSI closed higher on hopes of more government stimulus plans**

Weekly Market Statistics				
Week ended	06/2/2009	30/1/2009	Change	%
Hang Seng Index	13,655	13,278	+377	+2.8%
HS Red Chip Index	3,174	2,997	+177	+5.9%
HS China Enterprises Index	7,699	7,132	+567	+7.9%
HS Composite Index	1,896	1,838	+59	+3.2%
HS HK Composite Index	1,333	1,359	-27	-2.0%
HS Mainland Composite Index	2,574	2,426	+148	+6.1%
Growth Enterprise Index	362	362	-0	-0.0%
Avg Daily Turnover (HK\$ bn)	41.1	41.6	-0	-1.2%
Sectoral Indices				
Finance	20,093	19,088	+1,005	+5.3%
Utilities	34,289	35,094	-806	-2.3%
Properties	16,242	17,419	-1,177	-6.8%
Comm & Ind	7,622	7,337	+285	+3.9%

Review & Outlook of Market Performance

Despite of a decent rally in China stock markets after its Chinese New Year holidays, Hong Kong shares, tracking the poor Wall Street performance, dived in the first two days of the week on gloomy economic data, led by financial and property counters. Nevertheless, the HSI reversed course on Wednesday driven by good news from China regarding a better-than-expected PMI data in January, surging new loans in February, new measures to boost the equipment-manufacturing industry and a sharp rally in the Baltic Index. Investment sentiment seemed escalating further on optimism over US stimulus plans. The Hang Seng Index advanced 376.83 points or 2.84% to 13,655.04, while the HSCEI jumped 7.95% to 7,698.67. Mainboard turnover fell slightly with the daily average down by 1.2% w-o-w to HK\$41.1 billion.

The number of home loans in negative equity in Hong Kong had risen three-fold in the three months to December amid falling property prices, adding extra pressure to the already ailing property counters, such as Hang Lung and Cheung Kong, diving 9.8% and 8.8% respectively over the week. Since home sales in China lost momentum in January, and there were rumors of the rebate being cancelled in Chongqing, related Chongqing stocks were sold down. Shui On Land (#00272) ended the week flat, while HK CR Land (#01109) and HK CC Land (#01224) down by 0.9% and 0.5% at HK\$9.07 and HK\$1.93 respectively.

Lenovo closed down after a disappointing third quarter results. Yet, it rebounded massively on Friday after a management reshuffle. Meanwhile, Esprit fell by 5.5% w-o-w after reporting a weaker than expected interim results. Shares in PCCW retreated slightly after resumed trading on Friday but closed the week at HK\$4.05, up 0.5%, following an approved privatization plan by its shareholders. However, it is still uncertain whether it can eventually be delisted on schedule as it is still under investigation by the Securities and Futures Commission regarding its vote-buying allegations.

We expect the blue chip index to test 14,000 points in the near term on hopes of continued policy support from Beijing and the US governments.

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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
6th February	8,063.07*	1,546.24*	8,076.62	1,715.35	896.64	444.39	4,471.25
30th January	8,000.86	1,476.42	7,994.05	1,746.47	884.45	437.69	4,247.97^
Change	+62.21	+69.82	+82.57	-31.12	+12.19	+6.70	+223.28
%	+0.8%	+4.7%	+1.0%	-1.8%	+1.4%	+1.5%	+5.3%

Remarks: (*) closing as of 5th February 2009; (^) closing as of 21st January 2009

Major Changes in Index Constituent Stocks (Week ended 6th February 2009)**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @06/02/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Hang Lung Property	00101	HK\$16.06	-HK\$1.74	-9.78%	Property shares tumbled on news that the number of home loans in negative equity had risen three-fold in the three months to December amid falling property prices.
Cheung Kong	00001	HK\$66.50	-HK\$6.40	-8.78%	
Henderson Land	00012	HK\$27.80	-HK\$2.35	-7.79%	
SHKP	00016	HK\$65.00	-HK\$5.00	-7.14%	
Sino Land	00083	HK\$7.15	-HK\$0.45	-5.92%	

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @06/02/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Jiangxi Copper	00358	HK\$6.45	+HK\$1.01	+18.57%	News reported that the Mainland government plans to gradually increase reserves in copper from 0.3 million tonnes to 1 million tonnes.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @06/02/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Lenovo Group	00992	HK\$1.62	+HK\$0.15	+10.20%	Share closed down by some 2% on Thursday, after the company posted a worse than expected net loss of USD97 million in Q3 FY2008/09, compared with a USD172 million net profit a year earlier, due to growing competition, shrinking corporate demand and weak sales in its core mainland market. However, share prices rebounded massively a day later after the founder Liu Chuanzhi and chairman Yang Yuanqing announced that they would be back in charge of the company, following the resignation of the company's CEO William Amelio.



Summary of US Economic News

Indicator	Change/Index	Comments
Consumer spending – December 2008	-1% M/M	Consumer spending plunged 1%, slightly below market forecast of 0.9%, after a 0.8% drop in November, as consumers continued to be cautious on spending with deepening recession concerns.
ISM Mfg Index – January 2009	35.6	The counter was at 35.6 in January, up from 32.4 in December, which was above consensus but still below the reading of 50, offering no sign that the economy has hit bottom.
Construction Spending – December 2008	-1.4% M/M -3.6% Y/Y	Within expectations, construction spending in December continued to plummet across all major sectors with construction outlays fell 1.4%, after a 1.2% drop in November, led by a sharp plunge in private residential spending.
Pending Home Sales Index – December 2008	87.7	Beating market expectations, the pending home sales index jumped 6.3% in December to 87.7, showing signs of improvement in the housing sector after a recent decline in mortgage rates, offsetting the damage to home sales from higher unemployment.
ISM Non-Mfg Index – January 2009	42.9	Contracted at a slower pace than forecast, the counter increased to 42.9 in January from 40.1 in December, as the slump in orders moderated.
Initial jobless claim – for the week ended 31st January 2009	+35,000	Initial jobless claims rose 35,000 in the week ended 31 st January to 626,000, worse than the market expectations of 583,000.
Productivity and Costs – Q4 2008	+3.2% and +1.8% respectively	Productivity rose 3.2%, more than twice as much as forecast, while labor costs climbed at 1.8%, less than anticipated.
Factory Orders – December 2008	-3.9%	Factory orders fell 3.9% in December, which was worse than expected, after a downward revised of 6.5% fall in November.

Forthcoming Important Announcements / Events

9 th February 2009 (Monday)	HK	:	No important announcement/event
	US	:	NYSE Euronext – Q4 2008 results Whirlpool Corporation – Q4 2008 results
10 th February 2009 (Tuesday)	HK	:	Hang Lung Group Ltd (00010) – interim results Hang Lung Properties Ltd (00101) – interim results
	US	:	Wholesale trade – December 2009 CB Richard Ellis Group – Q4 2008 results
11 th February 2009 (Wednesday)	HK	:	Sunlight REIT (00435) – interim results
	US	:	International trade – December 2009 Coca-Cola Enterprises Inc – Q4 2008 results
12 th February 2009 (Thursday)	HK	:	Manulife Financial Corp (00945) – final results Finet Group Ltd (08317) – Q3 2008 results
	US	:	Retail sales – January 2009 Initial jobless claim – for the week ended 7th February 2009 Business Inventories – December 2009 The Coca-Cola Co- Q4 2008 results
13 th February 2009 (Friday)	HK	:	No important announcement/event
	US	:	Consumer Sentiment – February 2009 Pepsico Inc. – Q4 2008 results



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