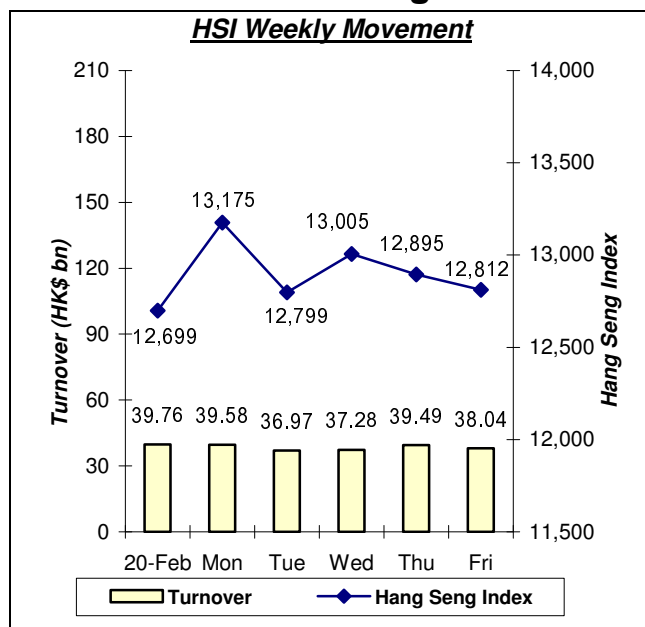


## HSI ended higher but failed to close above 13,000 mark



<b>Weekly Market Statistics</b>				
Week ended	27/2/2009	20/2/2009	Change	%
Hang Seng Index	12,812	12,699	+112	+0.9%
HS Red Chip Index	2,900	2,926	-26	-0.9%
HS China Enterprises Index	6,903	7,066	-163	-2.3%
HS Composite Index	1,771	1,766	+5	+0.3%
HS HK Composite Index	1,282	1,253	+29	+2.3%
HS Mainland Composite Index	2,366	2,384	-18	-0.8%
Growth Enterprise Index	372	370	+1	+0.4%
Avg Daily Turnover (HK\$ bn)	38.3	38.9	-1	-1.6%
Sectoral Indices				
Finance	18,639	18,319	+320	+1.7%
Utilities	36,450	34,287	+2,163	+6.3%
Properties	15,347	15,027	+320	+2.1%
Comm & Ind	7,071	7,151	-80	-1.1%

## Review & Outlook of Market Performance

Hong Kong shares hovered around 13,000 mark over the week with the Hang Seng Index advanced 112.4 points or 0.89% to 12,811.57, while the HSCEI fell 2.31% to 6,902.84. Mainboard turnover fell slightly with the daily average down by 1.6% w-o-w to HK\$38.3 billion.

The Dow Jones Industrial average hit a fresh 12-year low on Monday on worry over a deep recession and nationalisation of major banks in the United States. However, the index stabilized after Bernanke signaled that nationalisation of the banks was not at hand and stress-test on major banks would be carried out from March to April. Meanwhile, local banks were higher after news reported that the Fung family, the largest shareholders of Wing Hang Bank, and China Life were in talks to buy stakes of the bank from strategic partner Bank of New York Mellon. HSBC rebounded from a 10-1/2 year low during the week and closed at HK\$56.95, up 3.92% after news of potential right issues being digested.

Hong Kong GDP fell 2.5% year-on-year in 4Q 2008 while exports plunged 21.8% year-on-year in January. The economists warned that the weakening economic performance would lead to another wave of layoffs across a range of industries. At the same time, market remained largely indifferent to the budget speech with a HK\$10 billion package of measures, which included government spending of HK\$1.6 billion to create 61,760 jobs and giving each taxpayers a rebate of up to HK\$6,000. Yet, investors were disappointed that China announced to support the nonferrous metals and logistics industries instead of the property sector. On IPO front, Real Gold closed flat on its trading debut and ended the week at HK\$5.25, down by 16% from its issue price. In contrast, performance of Come Sure was better and more stable since its debut with share price closed the week at HK\$1.15 up 2.7% from its IPO price.

Major financial counters will announce their final results in next week, including HSBC, Hang Seng Bank, Standard Chartered, Hong Kong Exchange and Clearings and Chong Hing Bank. Buying interest should remain subdued on poor corporate earnings reportings and bearish investment outlook. We see the benchmark index to trade between 12,300 and 13,000 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
27th February	7,182.08*	1,391.47*	7,568.42	1,594.87	890.67	431.52	4,557.15
20th February	7,365.67	1,441.23	7,416.38	1,594.94	889.71	434.67	4,436.94
Change	-183.59	-49.76	+152.04	-0.07	+0.96	-3.15	+120.21
%	-2.5%	-3.5%	+2.1%	-0.0%	+0.1%	-0.7%	+2.7%

Remarks: (\*) closing as of 26<sup>th</sup> February 2009

### Major Changes in Index Constituent Stocks (Week ended 27<sup>th</sup> February 2009)

#### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @27/02/09	W-O-W Change		Remarks / Comments
			Absolute	%	
CLP Holdings	00002	HK\$57.55	+HK\$4.85	+9.20%	Risk appetite of investors dropped ahead of next week's earnings announcements of major financial counters. Investors started to accumulate utility shares like CLP and HK Electric. Meanwhile, CLP posted HK\$10.4 billion net profit in FY2008, down 1.7% year on year, beating market consensus.
Hong Kong Electric	00006	HK\$48.00	+HK\$2.25	+4.92%	

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

Stock	Stock Code	Closing Price @27/02/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Ping An	02318	HK\$37.30	+HK\$2.15	+6.12%	The counter said it would raise capital to expand its branch network beyond southern China but ruled out acquisitions.
R&F Properties	02777	HK\$5.90	-HK\$1.13	-16.07%	The counter was the worst performed share in the HSCEI after Citigroup downgraded the share to sell, saying that its net gearing of over 100% is unlikely to be reduced significantly over a short period of time.

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

Stock	Stock Code	Closing Price @27/02/09	W-O-W Change		Remarks / Comments
			Absolute	%	
BYD Electronic	00285	HK\$2.72	+HK\$0.12	+4.62%	Share recorded a sharp rally of 8.8% on Friday without any important news or announcement.



## Summary of US Economic News

Indicator	Change/Index	Comments
Consumer confidence – February 2009	25.0	Consumer confidence index plunged further to 25 in February from 27.5 in January, a record low level in more than 40 years.
Existing home sales – January 2009	-5.3%	Existing home sales fell 5.3% in January, which was worse than expected, from an unexpected gain of 6.5% in December 2008 as potential homebuyers still concerned about tighter credit and possible job losses.
Durable goods orders – January 2009	-5.2% m-o-m	Fell more than twice as large as forecasted, durable goods orders dropped 5.2% in January, following a 4.6% decrease in December 2008.
New home sales – January 2009	309,000	New home sales declined more than expected to 309,000 in January from 331,000 in December 2008.
Initial jobless claims – week ended 21 <sup>st</sup> January 2009	+36,000	Initial jobless claims rose 36,000 in the week ended 21 <sup>st</sup> January to 667,000, worse than the market expectations of 625,000.

## Forthcoming Important Announcements / Events

2 <sup>nd</sup> March 2009 (Monday)	HK	:	Purchasing managers index – February 2009 Retail sales – January 2009 HSBC Holdings Plc (00005) – final results Hang Seng Bank Limited (00011) – final results Beijing Capital Land Limited (02868) – final results
	US	:	Personal income and outlays – January 2009 ISM mfg index – February 2009 Construction spending – January 2009
3 <sup>rd</sup> March 2009 (Tuesday)	HK	:	Shanghai Forte Land Company Limited (02337) –final results Standard Chartered Plc (02888) – final results
	US	:	Pending home sales index – January 2009 HSBC USA Inc – final results
4 <sup>th</sup> March 2009 (Wednesday)	HK	:	Liu Chong Hing Investment Limited (00194) – final results Hong Kong Exchange and Clearings Limited (00388) – final results Chong Hing Bank Limited (01111) – final results Hutchison Telecom (02332) – final results
	US	:	ISM non-mfg index – February 2009 Beige Book
5 <sup>th</sup> March 2009 (Thursday)	HK	:	Want Want China Holdings Limited (00151) – final results
	US	:	Initial jobless claims – week ended 28 <sup>th</sup> February 2009 Productivity and costs – Q4 2008 Factory orders – January 2009
6 <sup>th</sup> March 2009 (Friday)	HK	:	Zhaojin Mining Industry Company Limited (01818) – final results Foxconn International Holdings Limited (02038) – final results
	US	:	Employment situation – February 2009

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