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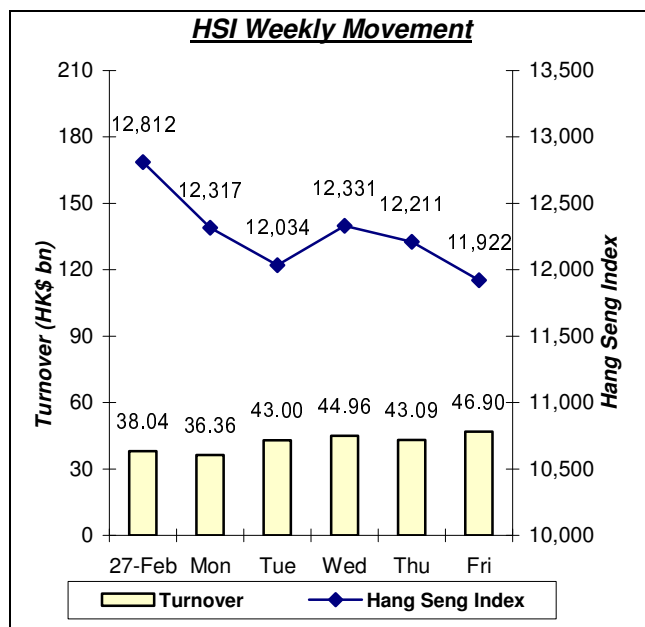
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Weekly Report6th March 2009**The HSI ended below 12,000 on HSBC woe**

<u>Weekly Market Statistics</u>				
Week ended	06/3/2009	27/2/2009	Change	%
Hang Seng Index	11,922	12,812	-890	-6.9%
HS Red Chip Index	2,805	2,900	-95	-3.3%
HS China Enterprises Index	6,785	6,903	-117	-1.7%
HS Composite Index	1,688	1,771	-82	-4.7%
HS HK Composite Index	1,142	1,282	-141	-11.0%
HS Mainland Composite Index	2,337	2,366	-29	-1.2%
Growth Enterprise Index	356	372	-16	-4.3%
Avg Daily Turnover (HK\$ bn)	42.9	38.3	+5	+12.0%
Sectoral Indices				
Finance	16,940	18,639	-1,699	-9.1%
Utilities	34,207	36,450	-2,243	-6.2%
Properties	14,420	15,347	-927	-6.0%
Comm & Ind	6,594	7,071	-477	-6.7%

Review & Outlook of Market Performance

The local bourse retreated this week, tracking the weak performance of the US equity markets and the landslide of HSBC share prices. The Dow Jones Industrial Average dropped below the 7,000 mark for the first time since 1997 and fell further to below 6,600 level towards the end of the week on worries about the health of financial institutions. Fuelled by losses on Wall Street, market sentiments were dampened in the regional markets but the HSI was tempered with gains in mainland counters amid expectations that Beijing would announce new supportive measures in addition to the RMB4 trillion stimulus package during the annual meeting of the National People's Congress. The HSI finished the week at 11,921.52, down 890.05 points or 6.95% w-o-w, with the average daily turnover up 12% w-o-w to HK\$42.9bn.

On the earnings front, the investors' attention inevitably fell on the worse-than-expected FY08 results of the banking giant, HSBC Holdings, which reported a 70% y-o-y slump in its FY08 net profit. Coupled with the announcements of 5-for-12 rights issue at HK\$28 per share amounting to US\$17.7bn and 28% dividend cut, investors lost their confidence and dumped the shares, driving down HSBC's share prices by more than 20% w-o-w. Other banking peers, Hang Seng Bank and small family-owned Chong Hing Bank also delivered unsatisfactory results, with net profit falling 23% and 88% respectively amid surging loan and investment provisions. In contrast, Standard Chartered Bank said its FY08 net profit jumped 17% y-o-y, beating analysts' expectations, while the net profit of the local bourse operator, Hong Kong Exchanges, declined 17% y-o-y to HK\$5.13bn, still higher than the market consensus of HK\$4.9bn.

Looking into next week, investors should focus on a series of earnings reports, particularly those of Swire Pacific, SHK Properties, Hysan, as well as local lenders Wing Hang Bank and Fubon Bank (Hong Kong). The market is likely to be volatile as concerns over the US economy remain lingering on as US economic data announced so far all painted a very gloomy picture and that it is still too early for investors to be optimistic in the short term. The next critical support level for the key index should be 11,000.

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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
6th March	6,594.44*	1,299.59*	7,173.10	1,513.12	858.22	419.51	4,653.63
27th February	7,062.93	1,377.84	7,568.42	1,594.87	890.67	431.52	4,557.15
Change	-468.49	-78.25	-395.32	-81.75	-32.45	-12.01	+96.48
%	-6.6%	-5.7%	-5.2%	-5.1%	-3.6%	-2.8%	+2.1%

Remarks: (*) closing as of 5th March 2009

Major Changes in Index Constituent Stocks (Week ended 6th March 2009)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @06/3/09	W-O-W Change		Remarks / Comments
			Absolute	%	
HSBC Holdings	00005	HK\$43.50	-HK\$13.45	-23.62%	HSBC Holdings reported a 70% slump in FY08 net profits. It also announced a 5-for-12 rights issue at a deep discount and slashed its dividend, which highly disappointed the shareholders.
Bank of East Asia	00023	HK\$13.32	-HK\$2.94	-18.08%	Departures of two executives, including the chief financial officer and Head of China Division, shook investors' confidence on future operations of the local lender.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @06/3/09	W-O-W Change		Remarks / Comments
			Absolute	%	
R&F Properties	02777	HK\$6.74	+HK\$0.84	+14.24%	The mainland developer recorded satisfactory sales figures last month, with contracted sales in February surging 135% to about RMB2.35bn. In addition, Guangdong province announced it would institute a stimulus package to help its ailing property sector, a move that sharply lifted stocks in property sector.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @06/3/09	W-O-W Change		Remarks / Comments
			Absolute	%	
China Overseas	00688	HK\$10.92	+HK\$0.58	+5.61%	Most property shares shot up on expectations of further rescue measures for the mainland's ailing property market as Premier Wen Jiabao vowed that Beijing would significantly increase spending this year with emphasis on stabilizing the property sector during the annual meeting of the National People's Congress in Beijing.
China Resources Land	01109	HK\$9.20	+HK\$0.75	+8.88%	



Summary of US Economic News

Indicator	Change/Index	Comments
ISM Mfg Index – February 2009	35.8	The index edged higher in February to a 35.8 level that is meaningfully above December's low of 32.9. Readings on new and unfilled orders are stable with improving production.
Pending Home Sales Index – January 2009	-7.7%	The pending home sales index fell a very steep 7.7% in January pointing to weak home sales data for February and March. Home sales showed weakness in the Northeast, South, and Midwest. But, in an important plus, it did show a gain in the West, a region worth special attention given that the general real estate collapse has been centered there.
ISM Non-Mfg Index – February 2009	41.6	The ISM non-manufacturing composite index fell 1.3 points in February to a 41.6 level indicating an accelerating contraction through the bulk of the economy.
Factory Orders – January 2009	-1.9%	A bounce higher in energy prices helped trim declines in January's factory orders. The month's 1.9% decline is steep but much less steep than December's 4.9% decline and November's 6.5%.
Initial jobless claims – week ended 28 th February 2009	-31,000	Jobless filings moderated in the latest weekly data to indicate an easing in labour market contraction. First-time claims totalled 639,000 for the week ended 28 th February 2009, down from a revised 670,000 in the previous week

Forthcoming Important Announcements / Events

9 th March 2009 (Monday)	HK	:	Sinotrans Shipping (00368) – final results
	US	:	No important announcement/ event
10 th March 2009 (Tuesday)	HK	:	Hysan Development (00014) – final results Hong Kong Aircraft Engineering (00044) – final results MTR Corporation (00066) – final results Guangzhou Shipyard (00317) – final results Fubon Bank (Hong Kong) (00636) – final results
	US	:	Wholesale Trade – January 2009
11 th March 2009 (Wednesday)	HK	:	Sun Hung Kai Properties (00016) – interim results Cathay Pacific Airways (00293) – final results Fosun International (00656) – final results RCG Holdings (00802) – final results
	US	:	No important announcement/ event
12 th March 2009 (Thursday)	HK	:	Swire Pacific (00019) – final results Hong Kong and Shanghai Hotels (00045) – final results Wing Hang Bank (00302) – final results SOHO China (00410) – final results
	US	:	Initial jobless claims – week ended 7 th March 2009 Retail Sales – February 2009 Business Inventories – January 2009
13 th March 2009 (Friday)	HK	:	Playmates Holdings (00635) – final results i-CABLE Communications (01097) – final results
	US	:	International Trade – January 2009 Import and Export Prices – February 2009 Consumer Sentiment – March 2009



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