

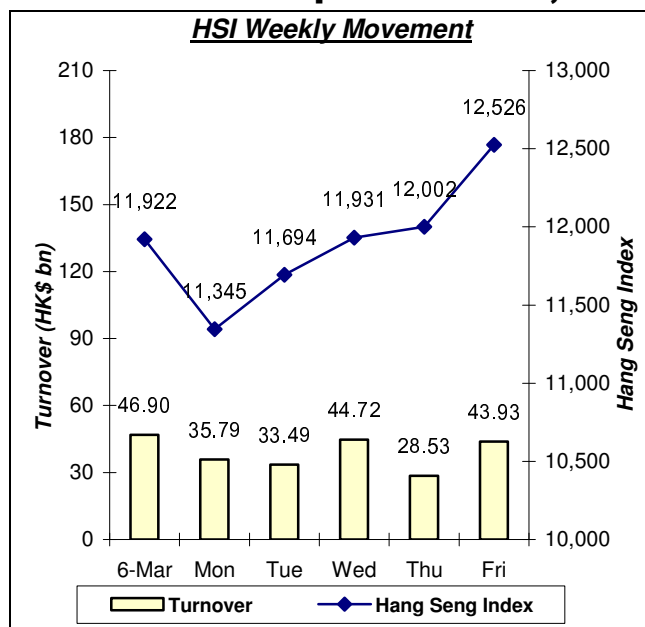
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Weekly Report13th March 2009**HSI recaptured the 12,500 mark on global market rebound**

Weekly Market Statistics				
Week ended	13/3/2009	06/3/2009	Change	%
Hang Seng Index	12,526	11,922	+604	+5.1%
HS Red Chip Index	2,984	2,805	+179	+6.4%
HS China Enterprises Index	7,283	6,785	+497	+7.3%
HS Composite Index	1,768	1,688	+80	+4.7%
HS HK Composite Index	1,173	1,142	+32	+2.8%
HS Mainland Composite Index	2,468	2,337	+131	+5.6%
Growth Enterprise Index	359	356	+3	+0.8%
Avg Daily Turnover (HK\$ bn)	37.3	42.9	-6	-13.0%
Sectoral Indices				
Finance	17,454	16,940	+513	+3.0%
Utilities	34,794	34,207	+587	+1.7%
Properties	15,905	14,420	+1,486	+10.3%
Comm & Ind	7,162	6,594	+568	+8.6%

Review & Outlook of Market Performance

The Hang Seng Index tumbled sharply on Monday, dragged by a free-fall in heavyweight HSBC. Tracking a sharp rebound in the US stock market, the HSI recaptured the 12,500 mark towards the end of the week. Besides, Premier Wen's positive comments on Friday that Beijing would introduce more supportive policies if the economy turns weaker also added steam to the market. The HSI closed at 12,525.80, up 5.1% w-o-w, while the HSCEI gained 7.3% to 7,282.52. Average daily market turnover fell to HK\$37.3 billion, down from HK\$42.9 billion in the previous week, as trading in HSBC became less active after the share turned ex-rights on Thursday.

Trading volatility in HSBC had drawn much market attentions. The stock recorded the biggest drop since the Oct 1987 market crash on Monday – down 24% to a 14-year low at HK\$33, as some investors rushed for exit before the stock turned ex-rights. Share price of HSBC gradually recovered to close the week at HK\$38.25, compared with a pre-ex-rights price of HK\$43.5 or a theoretical ex-rights price of HK\$39.2, supported by rebound in the US financials after respective CEOs from Citi, JPMorgan and Bank of America revealed the banks turned profitable in Jan-Feb this year.

HK stocks continued to deliver their earnings results. Cathay posted a record loss of HK\$8.56 billion in 2008, dragged by jet fuel costs and hedging loss. SHKP, Swire and MTRC saw lower profits, due to a drop in earnings from property development as well as a much lower gain or even a deficit from property revaluation. On the economic front, China released a set of economic data during the week, which showed a drop in retail sales growth and a slump in exports, confirming the general economic outlook of cooling growth momentum in the Mainland and deepening recession overseas.

The US monetary policymakers will meet next Tuesday & Wednesday, and they are expected to keep fed funds rates at its near-zero target. Meanwhile, China Mobile's 2008 results due on next Thursday would be closely watched to see whether the mobile giant could keep its strong competition edge following the completion of sector reshuffle in the second half of last year.

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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
13th March	7,170.06*	1,426.10*	7,569.28	1,577.52	843.45	424.79	4,897.39
6th March	6,626.94	1,293.85	7,173.10	1,513.12	858.22	419.51	4,653.63
Change	+543.12	+132.25	+396.18	+64.40	-14.77	+5.28	+243.76
%	+8.2%	+10.2%	+5.5%	+4.3%	-1.7%	+1.3%	+5.2%

Remarks: (*) closing as of 12th March 2009

Major Changes in Index Constituent Stocks (Week ended 13th March 2009)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @13/3/09	W-O-W Change		Remarks / Comments
			Absolute	%	
HSBC Holdings	00005	HK\$38.25	-HK\$5.25 (vs pre-ex-rights closing price of HK\$43.5 last Friday)	-12.07%	HSBC posted its sharpest fall since market slump in Oct 1987 on Monday, as investors rushed for exit before the ex-rights date on Mar 12. Compared with the theoretical ex-rights price of HK\$39.2 last Friday, HSBC was down by more than 2% during this week.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @13/3/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Dongfeng Motor	00489	HK\$3.30	+HK\$0.41	+14.19%	Dongfeng sold 58,918 passenger cars in Feb, up 34.1% from a year earlier, outperforming an average growth of 24.2% in the Mainland's passenger car manufacturing industry.
Ping An Insurance	02318	HK\$44.00	+HK\$6.80	+18.28%	Ping An said life insurance premium income amounted to RMB27.3 billion in Jan-Feb 09, up a solid 43% from a year earlier.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @13/3/09	W-O-W Change		Remarks / Comments
			Absolute	%	
China Overseas Land	00688	HK\$12.30	+HK\$1.38	+12.64%	China Overseas Land said property sales amounted to HK\$1.83 billion in Feb 09 and HK\$3.19 billion in Jan-Feb 09, up 61.2% and 69.4% from a year earlier. For Feb alone, sales was up 33.7% from Jan 09.



Summary of US Economic News

Indicator	Change/Index	Comments
Wholesale inventories – January 2009	-0.7% m-o-m	Wholesale inventories fell 0.7% in Jan after a 1.5% fall in Dec last year, as automobile and furniture manufacturers cut back output sharply.
Initial jobless claims – week ended 7 th March 2009	+9,000	Initial jobless claims surged 9,000 to a record 654,000 from a revised 645,000 in the previous week. Some economists expect the figure may reach a million this year.
Retail sales – February 2009	-0.1% m-o-m	Retail sales slipped 0.1% in Feb, after an 1.8% rise in Jan, slightly better than consensus forecast of a 0.5% drop.
Business inventories – January 2009	-1.0% m-o-m	Business inventories fell 1.0% in Jan, largely in line with market expectation of a 1.1% decline.

Forthcoming Important Announcements / Events

16 th March 2009 (Monday)	HK	:	Chinese Estates (00127) – final results Taifook Securities (00665) – final results Hutchison Harbour Ring (00715) – final results Towngas China (01083) – final results
	US	:	Industrial production – February 2009
17 th March 2009 (Tuesday)	HK	:	Unemployment & underemployment data – Dec 08-Feb 09 The Hong Kong & China Gas Company (00003) – final results Hongkong Electric (00006) – final results New World Development (00017) – interim results Wheelock Properties (00049) – final results Shangri-La Asia (00069) – final results NWS Holdings (00659) – interim results New World China Land (00917) – interim results China Shipping Development (01138) – final results
	US	:	Building permits – February 2009 Producer price index – February 2009 Housing starts – February 2009 Adobe Systems – Q1 FY2008/09 results
18 th March 2009 (Wednesday)	HK	:	Sino Land (00083) – interim results Kerry Properties (00683) – final results Li Ning (02331) – final results Bank of Communications (03328) – final results
	US	:	Consumer price index – February 2009 Current account balance – Q4 2008 FOMC policy statement Nike – Q3 FY2008/09 results Oracle – Q3 FY2008/09 results
19 th March 2009 (Thursday)	HK	:	External trade – January 2009 Henderson Land Development (00012) – interim results Transport International (00062) – final results Henderson Investment (00097) – interim results China Mobile (00941) – final results Cheung Kong Infrastructure (01038) – final results
	US	:	Initial jobless claims – week ended 14 th March 2009 Index of leading economic indicators – February 2009 FedEx – Q3 FY2008/09 results
20 th March 2009 (Friday)	HK	:	Consumer price index – February 2009 Midland Holdings (01200) – final results Zijin Mining (02899) – final results China Molybdenum (03993) – final results
	US	:	No important announcement/event

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