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HONG KONG RESEARCH

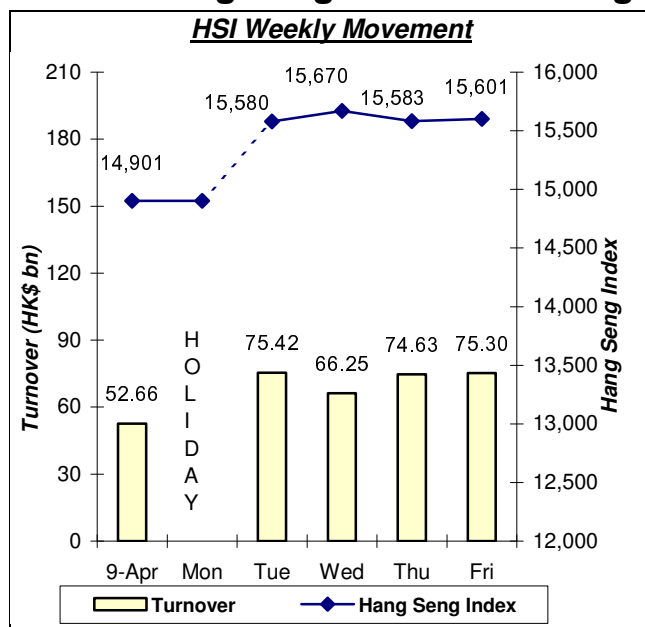
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Weekly Report

17th April 2009

Hang Seng Index closed highly up but failed to break 16,000



Weekly Market Statistics				
Week ended	17/4/2009	09/4/2009	Change	%
Hang Seng Index	15,601	14,901	+700	+4.7%
HS Red Chip Index	3,418	3,190	+228	+7.1%
HS China Enterprises Index	9,052	8,832	+220	+2.5%
HS Composite Index	2,160	2,060	+100	+4.8%
HS HK Composite Index	1,499	1,422	+77	+5.4%
HS Mainland Composite Index	2,946	2,819	+128	+4.5%
Growth Enterprise Index	414	407	+7	+1.7%
Avg Daily Turnover (HK\$ bn)	72.9	56.6	+16	+28.7%
Sectoral Indices				
Finance	22,806	21,953	+853	+3.9%
Utilities	35,376	35,690	-314	-0.9%
Properties	20,480	19,511	+970	+5.0%
Comm & Ind	8,553	8,020	+533	+6.6%

Review & Outlook of Market Performance

Riding on a better market sentiment driven by stronger earnings from Goldman Sachs, encouraging economic data from the Mainland and better local home sales in the primary market, Hong Kong shares set off higher for a four-day trading week following the Easter holidays. However, having rallied for two days, the benchmark index edged down slightly with some cautious investors started to take profits ahead of first-quarter economic data from China. Over the week, the Hang Seng Index advanced 699.86 points or 4.70% to 15,601.27, while the HSCEI rose 2.5% to 9,052.18. Mainboard turnover rose with daily average up by 28.7% w-o-w to HK\$72.9 billion.

Goldman Sachs, JPMorgan Chase and Google all posted better-than-expected first-quarter results and helped support market sentiment. Nevertheless, upon an unexpected fall in retail sales in the US due to increasing job losses, Li & Fung consolidated sharply after a short-covering early in the week. Meanwhile, boosted by a moderate recovery in the local primary property market sale over the past long weekend holidays, shares prices in Cheung Kong, NWD, SHKP and Sino Land rebounded 3%-14%. Key economic data released in China were roughly in line with expectations except loan volumes which continued the upside surprise trend at RMB1.89 trillion in March, up 30% year on year. This was significantly well above PBOC's 17% target and prompted the Chinese government to check whether any money had gone into unintended areas as the government would like banks to control their credit risks while increasing their lendings. Meanwhile, most investors locked in profits after China's 1Q09 GDP came in within expectations, at 6.1% year on year vs. 6.8% year on year in 4Q08.

Looking ahead, market performance will largely depend on the company results announcements by the US companies in next week like Bank of America, IBM, Yahoo and Apple. We see the HSI to remain volatile and trade between 15,300 and 16,000 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
17th April	8,125.43 [^]	1,670.44 [^]	8,907.58	1,901.96	962.04	456.80	5,755.38
10th April	8,083.38 [*]	1,652.54 [*]	8,964.11	1,828.51 [*]	941.38	453.88	5,781.96
Change	+42.05	+17.90	-56.53	+73.45	+20.66	+2.92	-26.58
%	+0.5%	+1.1%	-0.6%	+4.0%	+2.2%	+0.6%	-0.5%

Remarks: (*) closing as of 9th April 2009; (^) closing as of 16th April 2009

Major Changes in Index Constituent Stocks (Week ended 17th April 2009)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @17/4/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Sino Land	00083	HK\$10.24	+HK\$1.24	+13.78%	These counters have been racing to release new projects offering a combined 3,700 units. Despite latest news showed that Cheung Kong successfully sold Central Park Tower Phase II in Tin Shui Wai, fetching more than HK\$2 billion, its share price gained the least over the week among its peers. It was probably because the project was offered at lower price with lower profit margins.
New World Development	00017	HK\$10.14	+HK\$0.94	+10.22%	
SHKP	00016	HK\$85.40	+HK\$5.50	+6.88%	
Cheung Kong	00001	HK\$76.65	+HK\$2.35	+3.16%	

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @17/4/09	W-O-W Change		Remarks / Comments
			Absolute	%	
CSC	02866	HK\$2.15	+HK\$0.40	+22.86%	Shipping counters rose sharply on expectation over a shorter down cycle in the sector.
China Cosco	01919	HK\$7.09	+HK\$1.25	+21.40%	
China Shipping Development	01138	HK\$9.48	+HK\$1.37	+16.89%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @17/4/09	W-O-W Change		Remarks / Comments
			Absolute	%	
BYD Electronic	00285	HK\$3.60	+HK\$0.83	+29.96%	The counter shot up 8% and 16.5% on Thursday and Friday respectively without any significant news or announcements. By the end of March, it posted a 48% rise in turnover and a 12% gain in gross profit to RMB 8.6 billion and RMB 1.7 billion respectively.



Summary of US Economic News

Indicator	Change/Index	Comments
Producer Price Index – March 2009	-1.2%	Producer price index showed a surprise 1.2% drop after a 0.1% gain in February as the cost of fuel and other commodities were staying low amid the global economic downturn.
Retail Sales – March 2009	-1.1%	Retail sales dropped unexpectedly by 1.1% in March after a 0.3% gain in February as increasing job losses forced consumers to reduce consumption.
Consumer Price Index – March 2009	-0.1%	Dropped more than expected, the consumer price index fell 0.1% from a gain of 0.4% in February due to a drop in energy and gasoline costs.
Industrial Production – March 2009	-1.5%	Industrial production fell 1.5% in March, after a drop of 1.4% in February, on shrinking global demand.
Housing Starts – March 2009	-11%	Housing starts fell by 11% to 510,000 units from 583,000 units in February, led by a 29% plunge in work on multifamily homes after surging 62% in February.
Initial jobless claims – week ended 11th April 2009	-53,000	Initial jobless claims decreased by 53,000 to 610,000, lower than market expectation of 660,000 claims.

Forthcoming Important Announcements / Events

20 th April 2009 (Monday)	HK	:	China Merchants Holdings (International) (00144) – final results Sinotruk (Hong Kong) Ltd (03808) – final results Unemployment – March 2009
	US	:	Leading indicators – March 2009 Bank of America – Q1 2009 International Business Machines – Q1 2009
21 st April 2009 (Tuesday)	HK	:	PCCW Ltd (00008) – final results Pacific Century Premium Developments Ltd (00432) – final results Hopson Development Holdings Ltd (00754) – final results Country Garden Holdings Co Ltd (02007) – final results China National Building Material Co Ltd (03323) – final results
	US	:	Northern Trust – Q1 2009 State Street – Q1 2009 Coca – Cola – Q1 2009 New York Times – Q1 2009 Yahoo, Inc. – Q1 2009
22 nd April 2009 (Wednesday)	HK	:	No important announcement/ event
	US	:	AT&T – Q1 2009 McDonald's – Q1 2009 Boeing – Q1 2009 Wells Fargo & Co – Q1 2009 Apple Inc. – Q1 2009
23 rd April 2009 (Thursday)	HK	:	Consumer price index – March 2009
	US	:	Initial jobless claims – week ended 18th April 2009 Existing home sales – March 2009 Amazon.com – Q1 2009 PepsiCo – Q1 2009 Philip Morris – Q1 2009 Microsoft – Q3 FY2009
24 th April 2009 (Friday)	HK	:	San Miguel Brewery Hong Kong Ltd (00236) – final results
	US	:	Durable goods orders – March 2009 New home sales – March 2009



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