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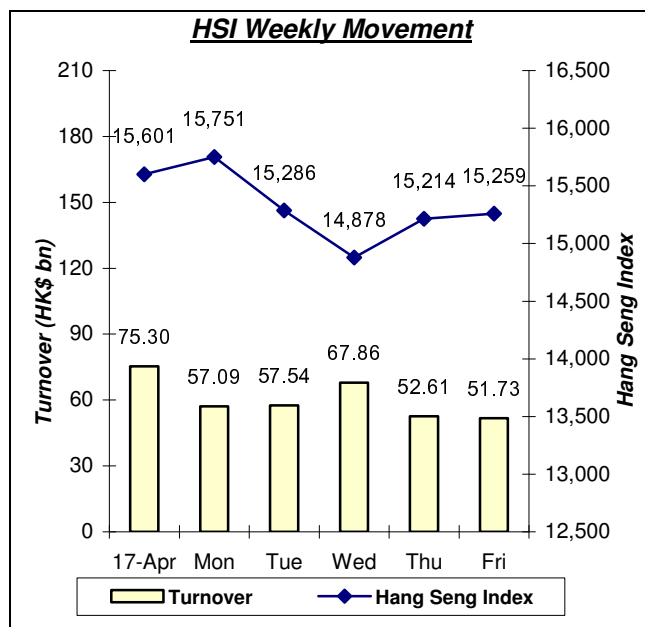
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HONG KONG RESEARCH**Restricted circulation**

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Weekly Report24th April 2009**HSI took breather after strong run since mid-March**

Weekly Market Statistics				
Week ended	24/4/2009	17/4/2009	Change	%
Hang Seng Index	15,259	15,601	-342	-2.2%
HS Red Chip Index	3,288	3,418	-130	-3.8%
HS China Enterprises Index	8,979	9,052	-73	-0.8%
HS Composite Index	2,118	2,160	-42	-1.9%
HS HK Composite Index	1,487	1,499	-11	-0.8%
HS Mainland Composite Index	2,871	2,946	-76	-2.6%
Growth Enterprise Index	428	414	+15	+3.5%
Avg Daily Turnover (HK\$ bn)	57.4	72.9	-16	-21.3%
Sectoral Indices				
Finance	22,157	22,806	-649	-2.8%
Utilities	36,035	35,376	+659	+1.9%
Properties	20,202	20,480	-278	-1.4%
Comm & Ind	8,376	8,553	-177	-2.1%

Review & Outlook of Market Performance

Hong Kong stocks dipped over the week, as profit taking emerged following weekly gains in the last five consecutive weeks since mid-March. The Hang Seng Index lost 2.2% w-o-w to 15,258.85, while the HSCEI slipped 0.8% to 8,979.18. In fact, selling pressure was largely contained during the week, as the daily average of mainboard turnover fell to HK\$57.4 billion, compared with HK\$72.9 billion in the previous week.

The HSI once hit levels below 15,000, as profit taking came in after the blue-chip index failed to break the resistance near 16,000. However, selling pressure was contained and bargain hunting soon revived, as economists and analysts turned more positive about economic growth in the Mainland and revised up their GDP estimates accordingly. In fact, we saw mixed performance in different sectors, largely driven by their first-quarter results and management guidance of business outlook in 2009. Bellwether China Mobile was the biggest loser in the blue-chip index, down 6.6% w-o-w to HK\$69.10, after it reported an unimpressive 5.2% y-o-y rise in Q1 2009 earnings. In the H-share index, Air China was the top gainer with a sharp 23.5% jump. Despite a sizable loss in 2008, the national flag air carrier resumed a profit in Q1 and saw domestic passenger traffic gradually picked up steam in the first quarter, which triggered persistent buying interests in the counter. Meanwhile, shipping plays like China COSCO underperformed, as the industry is seen incurring a loss in Q1, amid sluggish freight rates and business volume. China Construction Bank and ICBC also led the HSCEI down, as investors turned away following market talks of share placement by strategic investors. The failure of PCCW's privatisation plan in the Court of Appeal drew some market attention during the week, while the share fell sharply after trading resumed on Thursday.

The Fed will hold its FOMC meeting next week, but it would largely be a non-event, as the Federal Reserve is expected to keep its ultra-loose monetary policy unchanged. Meanwhile, investors will play much attention over the first-quarter results of the Mainland giants like state banks and energy plays, in order to see whether the Chinese economy has gathered pace after Beijing's RMB4 trillion stimulus package.

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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
24th April	7,957.06*	1,652.21*	8,707.99	1,852.85	992.68	474.07	5,880.77
17th April	8,131.33	1,673.07	8,907.58	1,901.96	962.04	456.80	5,755.38
Change	-174.27	-20.86	-199.59	-49.11	+30.64	+17.27	+125.39
%	-2.1%	-1.2%	-2.2%	-2.6%	+3.2%	+3.8%	+2.2%

Remarks: (*) closing as of 23rd April 2009

Major Changes in Index Constituent Stocks (Week ended 24th April 2009)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @24/4/09	W-O-W Change		Remarks / Comments
			Absolute	%	
China Mobile	00941	HK\$69.10	-HK\$4.90	-6.62%	China Mobile reported its Q1 result during the week, which showed that net profit (under PRC accounting standards) surged 5.2% y-o-y to RMB25.2 billion on a 9.2% rise in revenue. Investors turned to sell off the counter, on the unimpressive single-digit Q1 profit growth and worries over rising industry competition.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @24/4/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Air China	00753	HK\$4.00	+HK\$0.76	+23.46%	Air China rose sharply, after it announced the first-quarter results. The air carrier returned to a profit during Q1, thanks to reviving passenger traffic in the domestic market and a government financial grant.
China Construction Bank	00939	HK\$4.42	-HK\$0.28	-5.96%	CCB and ICBC underperformed, amid rumours that their strategic investors may offload their shares. Besides, market talks of tighter control over new loans in the Mainland also led to selling pressure on the PRC banking plays.
Industrial and Commercial Bank of China	01398	HK\$	-HK\$0.20	-4.47%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @24/4/09	W-O-W Change		Remarks / Comments
			Absolute	%	
Sinotruk	03808	HK\$6.91	+HK\$0.41	+6.31%	Sinotruk reported on Monday a 20.6% y-o-y drop in 2008 earnings on higher raw material costs. However, the heavy truck producer kept surging, after its chairman said the company grasped a larger market share in Q1 2009 and its profit margin should improve this year.



Summary of US Economic News

Indicator	Change/Index	Comments
Index of leading economic indicators – March 2009	-0.3%	Leading economic indicators slipped 0.3% in Mar, marking the third monthly drop in a row. Conference Board, compiler of the index, said recession may linger into the summer but the intensity would ease.
Initial jobless claims – week ended 18 th April 2009	+27,000	Initial jobless claims surged 27,000 to 640,000 in the week ended 18 th Apr, slightly higher than market expectation of 639,000.
Existing home sales – March 2009	-3%	Existing home sales fell a worse-than-expected 3% m-o-m to annual rate of 4.57 million units in Mar, which showed that the US housing market had not yet bottomed.

Forthcoming Important Announcements / Events

27 th April 2009 (Monday)	HK	:	External merchandise trade – March 2009 GOME (00493) – final results China Oil & Gas Group (00603) – final results PetroChina (00857) – Q1 2009 results China Water Industry (01129) – final results Renhe Commercial (01387) – final results ICBC (01398) – Q1 2009 results China Coal Energy (01898) – Q1 2009 results Ping An Insurance (02318) – Q1 2009 results Weichai Power (02338) – final results
	US	:	Verizon – Q1 2009 results
28 th April 2009 (Tuesday)	HK	:	Sinopec (00386) – Q1 2009 results China Railway Group (00390) – final results China CITIC Bank (00998) – final results China Railway Construction (01186) – final results Bank of China (Hong Kong) (02388) – Q1 2009 results Bank of Communications (03328) – Q1 2009 results Bank of China (03988) – Q1 2009 results
	US	:	Consumer confidence – April 2009 Pfizer – Q1 2009 results Sun Microsystems – Q3 FY2008/09 results
29 th April 2009 (Wednesday)	HK	:	Tsingtao Brewery (00168) – Q1 2009 results China Unicom (00762) – Q1 2009 results China CITIC Bank (00998) – Q1 2009 results COSCO Pacific (01199) – Q1 2009 results Aluminum Corp of China (02600) – Q1 2009 results China Oilfield Services (02883) – Q1 2009 results China Merchants Bank (03968) – Q1 2009 results
	US	:	GDP (advanced) – Q1 2009 FOMC policy statement Starbucks – Q2 FY2008/09 results Time Warner Inc. – Q1 2009 results
30 th April 2009 (Thursday)	HK	:	Sanyuan Group (00140) – final results
	US	:	Initial jobless claims – week ended 25 th April 2009 Personal income and spending – March 2009 ExxonMobil Corporation – Q1 2009 results Motorola Inc. – Q1 2009 results Procter & Gamble Company – Q1 2009 results
1 st May 2009 (Friday)	HK	:	Labour Day holiday
	US	:	Consumer sentiment (revised) – April 2009 Factory orders – March 2009 ISM manufacturing index – April 2009 Chevron – Q1 2009 results



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