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HONG KONG RESEARCH

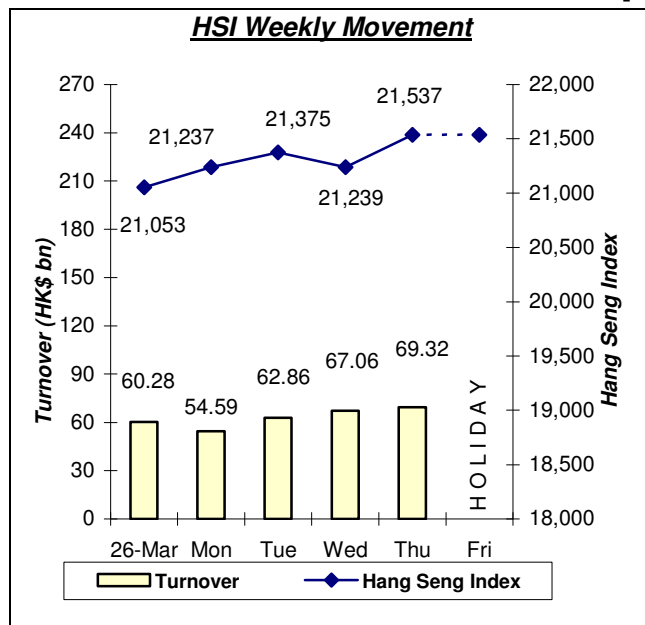
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Weekly Report

1st April 2010

HSI set off a second quarter with an upbeat note



Weekly Market Statistics

Week ended	01/4/2010	26/3/2010	Change	%
Hang Seng Index	21,537	21,053	+484	+2.3%
HS Red Chip Index	4,164	4,074	+90	+2.2%
HS China Enterprises Index	12,696	12,050	+646	+5.4%
HS Hong Kong 35 Index	2,249	2,233	+16	+0.7%
HS Mainland 100 Index	6,988	6,738	+250	+3.7%
Growth Enterprise Index	844	807	+37	+4.6%
Avg Daily Turnover (HK\$ bn)	63.5	55.4	+8	+14.6%
Sectoral Indices				
Finance	32,400	31,441	+960	+3.1%
Utilities	39,932	39,243	+689	+1.8%
Properties	28,684	28,200	+484	+1.7%
Comm & Ind	11,644	11,458	+186	+1.6%

Review & Outlook of Market Performance

At the beginning of a shorter trading week, Hong Kong shares closed higher for two straight days before end-March, benefiting from news that a launch date was set for China's first stock index futures, hopes of Renminbi appreciation and a stronger performance in earnings of the Chinese banks. On Thursday, Hong Kong shares managed to start the second quarter on an upbeat note, cheered by news that Beijing would maintain a loose monetary policy. Over the week, the Hang Seng Index rose 483.89 points or 2.3% to 21,537.00, while the HSCEI moved up 5.36% to 12,696.05. Average daily turnover rose to HK\$63.5 billion, versus HK\$55.4 billion in the previous week. In 1Q2010, Hong Kong shares posted a 3% q-o-q drop.

Hong Kong's retail sales jumped 35.8% year-on-year to HK\$26.9 billion in February 2010 on falling unemployment and rising tourists arrival during the Lunar New Year. On IPO front, Fook Woo Group registered some 18.0% gain on its trading debut, followed by Flyke International and Far East Global which posted 13.7% and 9.3% gains upon their respective debuts. On earnings fronts, Bank of Communications reported market-beating fourth-quarter results on Tuesday, helped by a lending binge in 2009. The Bank's shares rallied by over 10% week-on-week. Its peer, China Construction Bank (CCB) also reported decent fourth-quarter results on a surge in lending and improving interest margins. CCB's shares closed up by 6.73% week-on-week. On the other hand, Henderson Land ended the week in the red after its warrant issuance to raise around HK\$24.9 billion.

Looking ahead, performance of Hong Kong stocks will be depended on US job data. The Hang Seng Index is expected to trade with a wider range of 21,100 and 21,700 in the coming week amid a shorter trading week of just three days.

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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
1st April	10,856.63*	2,397.96*	11,244.40	2,933.96	1,331.47	801.32	8,013.09
26th March	10,850.36	2,395.13	10,996.37	2,906.28	1,315.14	778.86	7,876.86
Change	+6.27	+2.83	+248.03	+27.68	+16.33	+22.46	+136.23
%	+0.1%	+0.1%	+2.3%	+1.0%	+1.2%	+2.9%	+1.7%

Remarks: (*) closing as of 31st March 2010**Major Changes in Index Constituent Stocks (Week ended 1st April 2010)****Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @01/04/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
Bank of Communications	03328	HK\$9.55	+HK\$0.92	+10.66%	The Bank's FY09 earnings grew by 5.6% year-on-year to RMB30.1 billion, above the consensus estimates of RMB29.0 billion. The better-than-expected results were driven by stable net interest income, a large rise in fee income, strong net-interest-margin recovery in 4Q and lower than expected credit cost on average loans.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @01/04/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
China Oilfield	02883	HK\$11.26	-HK\$0.74	-6.17%	The company reported a lower-than-expected FY2009 earnings due to higher consumable expenses. Net profit rose by 1.1% year-on-year to Rmb3.1 billion amid a difficult operating environment.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @01/04/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
China Resources Land	01109	HK\$17.18	+HK\$1.50	+9.57%	Morgan Stanley maintained an over-weight rating on the counter after the developer announced an in-line 2009 earnings results. The developer reported a 72% rise in its underlying net profit to HK\$3.1 billion with a 213% and 69% year-on-year increase in its contract sales and delivery respectively.



Summary of US Economic News

Indicator	Change/Index	Comments
Personal income and spending – February 2010	+0.0% m-o-m and +0.3% m-o-m respectively	Personal income was flat in February, following a 0.3% rise in January. Personal spending advanced 0.3% on a dip in auto sales, following a 0.4% boost in January.
Consumer confidence – March 2010	52.5	Consumer confidence improved to 52.5 in March from 46 in February. The result was better-than-expected.
Chicago PMI – March 2010	58.8	Chicago PMI dropped to 58.8 in March from 62.6 a month ago. The result was led by a sixth straight 60-plus reading in the leading component of new orders which came in at 61.8 in March.
Factory orders – February 2010	0.6% m-o-m	Factory orders registered a 0.6% m-o-m rise in February driven by a 0.9% increase in durable goods orders and a 0.3% gain in non-durable goods orders.

Forthcoming Important Announcements / Events

5 th April 2010 (Monday)	HK	:	Easter holiday
	US	:	ISM Non-Manufacturing Index – March 2010 Pending Home Sales Index – February 2010
6 th April 2010 (Tuesday)	HK	:	Public holiday – the day following Ching Ming Festival Anhui Expressway (00995) – final results China National Materials (01893) – final results
	US	:	FOMC Minutes – for meeting held on 16 th March 2010
7 th April 2010 (Wednesday)	HK	:	Gome Electrical Appliances (00493) – final results Beijing North Star (00588) – final results Lee & Man Holding (00746) – final results Hidili Industry International Development (01393) – final results Intime Department Store (Group) (01833) – final results China Life (02628) – final results Golden Eagle (03308) – final results Vinda International (03331) – final results Purchasing Managers Index – March 2010
	US	:	No important announcement/event
8 th April 2010 (Thursday)	HK	:	Lippo China Resources (00156) – final results Tsingtao Brewery (00168) – final results
	US	:	Initial jobless claims – the week ended 3 rd April 2010
9 th April 2010 (Friday)	HK	:	Powerlong Real Estate Holdings (01238) – final results China Coal Energy Company (01898) – final results
	US	:	Wholesales Trade – February 2010



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