



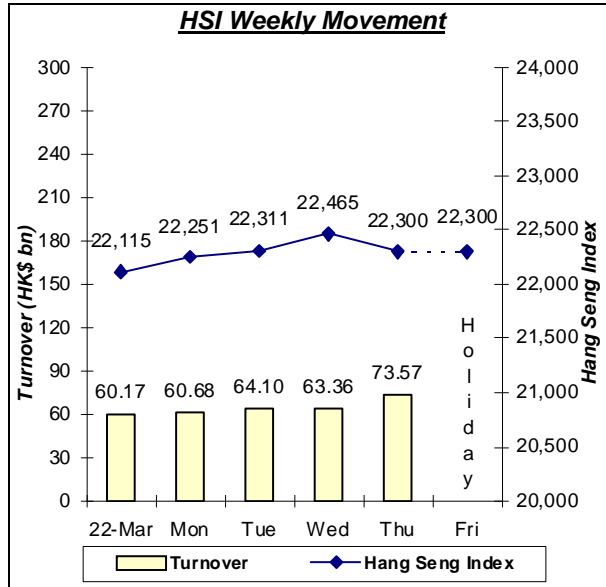
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Weekly Report

28<sup>th</sup> March 2013

### HSI rose on strong corporate earnings despite Cyprus crisis



Week ended	28/3/2013	22/3/2013	Change	%
Hang Seng Index	22,300	22,115	+184	+0.8%
HS Red Chip Index	4,363	4,402	-40	-0.9%
HS China Enterprises Index	10,896	10,894	+2	+0.0%
HS Hong Kong 35 Index	2,604	2,573	+31	+1.2%
HS Mainland 100 Index	6,549	6,525	+23	+0.4%
Growth Enterprise Index	400	403	-2	-0.6%
Avg Daily Turnover (HK\$ bn)	65.4	69.6	-4	-6.0%
Sectoral Indices				
Finance	31,537	31,465	+72	+0.2%
Utilities	56,114	55,265	+849	+1.5%
Properties	30,591	29,658	+933	+3.1%
Comm & Ind	12,361	12,255	+106	+0.9%

### Review & Outlook of Market Performance

Better-than-expected corporate earnings helped lift the Hang Seng Index during the week, despite concerns over the implication of the financial rescue plan for Cyprus (an island country in Europe). The weekly gain narrowed on Thursday, dragged by a sell-off in PRC banks after the Chinese banking regulator said to tighten rules over wealth management products. Over the week, the HSI gained 184.33 points or 0.8% to 22,299.63, while the HSCEI was unchanged at 10,896.22. The daily average of Mainboard turnover amounted to HK\$65.4 billion, down from HK\$69.6 billion in the previous week.

Despite a fresh round of European debt crisis broke out in Cyprus, bargain hunting emerged following better-than-expected 2012 results announced during the week, which showed economic recovery on the Mainland helped support corporate earnings in the second half last year. Wharf (Holdings) (+8.6% w-o-w) and Henderson Land Development (+7.8% w-o-w) were the top winners among the blue-chip index constituent stocks, as good return from property investment, especially from their shopping malls, boost earnings in 2012. Sinopec Corp also outperformed with a 4.5% w-o-w gain, after it reported strong profit rebound in its refining and chemical segments in 2H12. Besides, Sinopec also benefited from the long-expected introduction of a refined pricing regime of fuel products by the industry regulator. China Communications Construction (+8.9%) topped the HSCEI, after the integrated infrastructure builder expected better results in 2013 following a strong recovery in the second half of 2012.

The earnings reporting season had come to an end this week. Trading volume is expected to stay subdued next week, as the week would be shorten by the Easter holiday (Monday) and the Ching Ming Festival (Thursday). Market focus would turn to the US March payrolls report due on Friday, to see if the recovery in the US jobs market could sustain. For next week, the Hang Seng Index is expected to trade near 22,000-22,400.

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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
28th March	14,512.03*	3,245.00*	12,338.53	3,258.57	1,626.89	1,478.97	7,796.22
22nd March	14,512.03	3,245.00	12,338.53	3,258.57	1,626.89	1,478.97	7,796.22
Change	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00	+0.00
%	+0.0%	+0.0%	+0.0%	+0.0%	+0.0%	+0.0%	+0.0%

Remark: (\*) closing at of 27<sup>th</sup> March 2013

## Major Changes in Index Constituent Stocks (Week ended 28<sup>th</sup> March 2013)

### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @28/3/2013	W-O-W Change		Remarks / Comments
			Absolute	%	
Wharf (Holdings)	00004	HK\$69.20	+HK\$5.50	+8.63%	Wharf was the biggest gainer in the blue-chip index, after its profit surged by a strong 56% y-o-y to set a record high in 2012 on strong earnings in property development and property investment.

### Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @28/3/2013	W-O-W Change		Remarks / Comments
			Absolute	%	
China Communications Construction	01800	HK\$7.22	+HK\$0.59	+8.90%	CCCC saw a sharp rebound during the week, after it posted a better-than-expected 2012 profit, which was driven by earnings recovery in 2H12.
Sinopec Corp	00386	HK\$9.14	+HK\$0.39	+4.46%	Sinopec rallied, after its 2012 results beat consensus forecast. It was also supported by the introduction of a new fuel product pricing regime in China, which is expected to enhance its refining margin going forward.

### Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @28/3/2013	W-O-W Change		Remarks / Comments
			Absolute	%	
China Merchants (International)	00144	HK\$25.45	-HK\$1.50	-5.57%	Port operator China Merchants reported a 31.7% drop in 2012 net profit, dragged by weak performance of its container manufacturing unit and higher interest costs.



**Summary of US Economic News**

Indicator	Change/Index	Comments
Durable goods orders – February 2013	+5.7%	Durable goods orders jumped strongly by 5.7% in Feb, beating consensus forecast of a 3.8% rise.
Consumer confidence – March 2013	59.7	Index of consumer confidence tumbled to 59.7 in Mar from 68.0 in Feb, much weaker than market expectation of 66.9.
Initial jobless claims – week ended 23 <sup>rd</sup> March 2013	+2,000	Initial jobless claims inched up by 2,000 last week to 336,000, better than market expectation of 342,000.

**Major Earnings Results Announcements During the Week**

Stock	Net profit	y-o-y change	Drivers of performance	Share price w-o-w chg
Air China (00753)	RMB4.6 billion	-34.5%	Air China's 2012 net profit was down by 34.5% y-o-y, dragged by high fuel costs and financial expenses, lower foreign exchange gains and weaker contribution from Cathay Pacific (00293).	+0.73%
Agricultural Bank of China (01288)	RMB145 billion	+19.0%	ABC reported better-than-peers earnings growth in 2012, supported by lower loan impairment charges.	-1.33%
Bank of China (03988)	RMB139 billion	+12.2%	BOC reported stronger-than-expected profit growth in 2012, thanks to strong net interest margin expansion in 4Q12.	+2.56%
Bank of Communications (03328)	RMB58.4 billion	+15.1%	BoCom posted a solid 15% profit growth in FY12, but it saw its impaired loan ratio surged to 0.92% from 0.86% a year earlier.	-1.36%
Belle International (01880)	RMB4.4 billion	+2.3%	Belle posted a tepid 2.3% profit growth in 2012, dragged by high selling & distribution expenses.	-4.87%
BOC (Hong Kong) (02388)	HK\$20.9 billion	+2.4%	BOCHK posted a tepid 2.4% profit growth in FY12, as it did not record any Lehman Brothers Minibond-related writeback last year.	-1.33%
Cheung Kong (Holdings) (00001)	HK\$32.2 billion	-30.2%	Cheung Kong's 2012 net profit fell, due to lower earnings from Hutchison Whampao.	+3.06%
China Communications Construction (01800)	RMB12.2 billion	+4.1%	CCCC reported a better-than-expected 4.1% profit growth in 2012, thanks to improving profit margins in 2H12.	+8.90%
China Construction Bank (00939)	RMB193 billion	+14.1%	CCB's FY12 results were supported by improved net interest margin and lower impaired loan ratio.	+2.76%
China Merchants (International) (00144)	HK\$3.8 billion	-31.7%	The port operator reported weak earnings in 2012, dragged by its container manufacturing unit.	-5.57%
China Shenhua Energy (01088)	RMB48.9 billion	+6.6%	China Shenhua posted solid results in 2012 despite weak coal prices, thanks to its integrated business model.	-0.53%



COSCO Pacific (01199)	US\$342 million	-12.0%	COSCO Pacific's 2012 net profit fell 12% y-o-y, as the Group no longer recorded any disposal gain and gain from accounting standard change that reported in 2011.	-0.18%
CNOOC Ltd. (00883)	RMB63.7 billion	-9.3%	CNOOC reported lower earnings in 2012, hurt by rising operating expenses.	+4.19%
Henderson Land Development (00012)	HK\$20.2 billion	+17.6%	Henderson Land reported solid earnings in 2012, supported by its property development and investment businesses.	+7.82%
Hutchison Whampoa (00013)	HK\$26.1 billion	-53.4%	Hutchison reported sharply lower earnings in 2012, as it had reported a hefty gain from disposal of investment in Hutchison Port Holdings in 2011. Stripping out one-off items and investment property revaluation gain, its underlying profit grew 18.9% y-o-y.	-0.06%
ICBC (01398)	RMB239 billion	+14.5%	ICBC reported all-round strength in its 2012 results with widened net interest margin, steady loan growth, good cost control, etc.	+2.26%
Jiangxi Copper (00358)	RMB5.2 billion	-21.5%	Jiangxi Copper reported lower earnings last year on weak copper product prices.	+0.82%
PICC P&C (02328)	RMB10.4 billion	+29.6%	PICC P&C registered strong profit growth in 2012 on improved investment return.	-6.82%
Sinopec Corp (00386)	RMB63.9 billion	-12.8%	Sinopec reported 13% earnings drop in 2012 on lower profit from chemical operation. In fact, results of both its refining and chemical segments rebounded strongly in 2H12.	+4.46%
Wharf (Holdings) (00004)	HK\$47.3 billion	+54.6%	Wharf posted strong earnings in 2012 on good profit from property development.	+8.63%
Yanzhou Coal Mining (01171)	RMB6.2 billion	-30.3%	Yanzhou Coal reported sharply lower earnings in 2012, owing to weak coal prices in both China and Australia.	-2.97%

### Forthcoming Important Announcements / Events

1 <sup>st</sup> April 2013 (Monday)	HK	:	Easter Monday market holiday
	US	:	ISM manufacturing index – March 2013 Construction spending – February 2013
2 <sup>nd</sup> April 2013 (Tuesday)	HK	:	No important announcement/event
	US	:	Factory orders – February 2013
3 <sup>rd</sup> April 2013 (Wednesday)	HK	:	No important announcement/event
	US	:	ISM non-manufacturing index – March 2013
4 <sup>th</sup> April 2013 (Thursday)	HK	:	Ching Ming Festival market holiday
	US	:	Initial jobless claims – week ended 30 <sup>th</sup> March 2013
5 <sup>th</sup> April 2013 (Friday)	HK	:	Prada (01913) – final results
	US	:	Non-farm payrolls – March 2013 Trade balance – February 2013



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