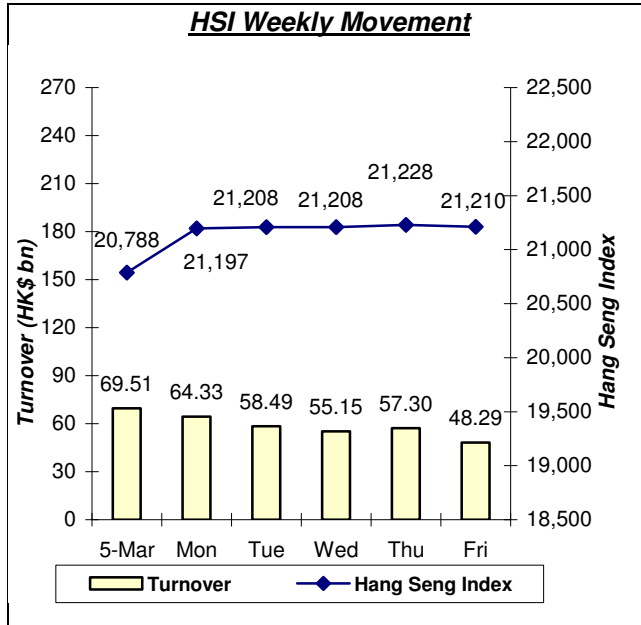




Restricted circulation
Analyst: Sabina Cheng

Weekly Report
12th March 2010



Weekly Market Statistics

Week ended	12/3/2010	05/3/2010	Change	%
Hang Seng Index	21,210	20,788	+422	+2.0%
HS Red Chip Index	4,148	4,031	+117	+2.9%
HS China Enterprises Index	12,173	11,927	+246	+2.1%
HS Hong Kong 35 Index	2,202	-	-	-
HS Mainland 100 Index	6,818	-	-	-
Growth Enterprise Index	772	750	+22	+3.0%
Avg Daily Turnover (HK\$ bn)	56.7	66.4	-10	-14.6%
Sectoral Indices				
Finance	31,806	31,357	+449	+1.4%
Utilities	38,343	38,055	+288	+0.8%
Properties	27,952	27,046	+906	+3.3%
Comm & Ind	11,588	11,300	+289	+2.6%

Review & Outlook of Market Performance

The Hang Seng Index registered four straight days of nearly flat close, after a sharp rally at the beginning of the week amid the strong US stock markets. During the week, market gained support from better-than-expected annual results announcements by most of the blue chips. On the other hand, investors stayed cautious on concerns that Beijing would introduce more tightening measures following a raft of strong economic data in China (including trade balance, producer price index, consumer price index, retail sales, industrial production and money supply). Over the week, the Hang Seng Index rose 421.77 points or 2.0% to 21,209.74, while the HSCEI moved up 2.1% to 12,173.28. Average daily turnover dropped to HK\$56.7 billion, versus HK\$66.4 billion in the previous week.

Most of the PRC banking plays underperformed on a weekly basis on renewed fears of monetary tightening following a higher than expected Mainland's consumer price index in February. Losses were trimmed amid a lower new bank loans of some RMB700 billion in February (compared with RMB1.39 trillion in January). Meanwhile, among the companies with better-than-expected earnings results, shares prices in Citic Pacific surged 9.2% week-on-week, while SHKP gained 5.3%. Cathay Pacific Airways and Swire also climbed 3.7% and 3.6% respectively. However, MTRC underperformed the Hang Seng Index and lost 1.8% week-on-week.

Looking ahead, market focuses will still be on corporate earnings results announcements from Hong Kong (The Hong Kong and China Gas, New World Development, Kerry Properties, and China Overseas Land and Investments) and the US's February consumer and producer price indexes. The Hang Seng Index is expected to trade between 20,700 and 21,500 in the coming week as there is concern over a possible rise in required reserve ratio following the higher than expected increase in CPI in China.

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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
12th March	10,611.84*	2,368.46*	10,751.26	2,882.18	1,310.92	733.34	7,748.33
5th March	10,566.20	2,326.35	10,368.96	2,790.29	1,299.78	723.96	7,666.26
Change	+45.64	+42.11	+382.30	+91.89	+11.14	+9.38	+82.07
%	+0.4%	+1.8%	+3.7%	+3.3%	+0.9%	+1.3%	+1.1%

Remarks: (*) closing as of 11th March 2010

Major Changes in Index Constituent Stocks (Week ended 12th March 2010)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @12/3/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
Citic Pacific	00267	HK\$19.06	HK\$1.60	9.16%	CITIC Pacific reported a net profit of HK\$5.95 billion for the year ended 31 st December 2009, compared with a loss of HK\$12.69 billion in 2008, boosted by gains from disposal of associated companies and foreign exchange.
Ping An	02318	HK\$64.60	HK\$4.65	7.76%	Ping An released strong premium data for the first two months of 2009. The data showed that life premiums were at RMB36.9 billion, up 35% year-on-year, and P&C premiums were at RMB10 billion, up 76% year-on-year.
China Life	02628	HK\$36.45	HK\$2.10	6.11%	China Life said on Tuesday that its last year net profit might have more than tripled from a year ago, helped by a stock market surge and new accounting rules.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @12/3/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
Air China	00753	HK\$7.52	+HK\$0.75	+11.08%	The counter ended the week at its highest close in more than two years after it announced a fundraising plan. The company said it would raise about RMB6.5 billion through new shares issuance to fund its acquisition of Air China Cargo and repay bank loans.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @12/3/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
China Merchant Holdings	00144	HK\$28.75	-HK\$1.10	-3.69%	It was reported that Ports Authority in Sri Lanka will hold discussions this month with China Merchant Holdings and Aitken Spence after their submission of the sole bid for the new US\$450 million Colombo terminal in 2009.

**Summary of US Economic News**

Indicator	Change/Index	Comments
Wholesale inventories – January 2010	-0.2%, m-o-m	Wholesale inventories unexpectedly reported a 0.2% decline in January, compared with a revised 1% decrease in December 2009, with a further drop in inventories of durable goods.
Initial jobless claims – the week ended 6 th March 2010	-6,000	Initial jobless claims came in at a much higher-than-expected level of 462,000 versus expectations for 460,000.
Trade deficit – January 2010	USD37.3 billion	The trade deficit unexpectedly narrowed to USD37.3 billion in January from USD39.9 billion in December 2009, as refiners imported fewer barrels of crude oil.

Forthcoming Important Announcements / Events

15 th March 2010 (Monday)	HK	:	New World Department Store China (00825) – interim results Shanghai Forte Land (02337) – final results
	US	:	Industrial production – February 2010 Housing market index – March 2010
16 th March 2010(Tuesday)	HK	:	The Hong Kong and China Gas (00003) – final results Wheelock Properties (00049) – final results Asian Citrus (00073) – interim results Denway Motors (00203) – final results NWS Holdings (00659) – interim results Alibaba.com (01688) – final results
	US	:	Housing starts – February 2010 Import and export prices – February 2010 FOMC meeting announcement
17 th March 2010 (Wednesday)	HK	:	New World Development (00017) – interim results Kerry Properties (00683) – final results
	US	:	Producer price index – February 2010 Nike – Q3 FY2010
18 th March 2010 (Thursday)	HK	:	China Overseas Land & Investment (00688) – final results Kaisa Group (01638) – final results Regal Real Estate Investment Trust (01881) – final results Unemployment rate – February 2010
	US	:	Consumer price index – February 2010 Initial jobless claims – the week ended 13 th March 2010 Current account – Q4 2009 Leading indicators – February 2010 Philadelphia Fed Survey – March 2010 FedEx – Q3 FY2010
19 th March 2010 (Friday)	HK	:	Jiangsu Expressway (00177) – final results Prosperity Real Estate Investment Trust (00808) – final results China Resources Cement Holdings (01313) – final results
	US	:	Quadruple witching



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