



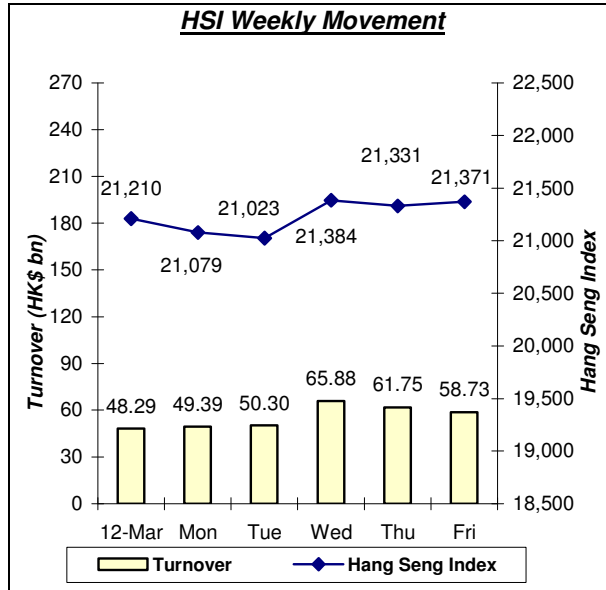
Restricted circulation

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Weekly Report

19th March 2010

Relief of rate-hike concerns pushed HK shares higher



Weekly Market Statistics				
Weekended	19/3/2010	12/3/2010	Change	%
Hang Seng Index	21,371	21,210	+161	+0.8%
HS Red Chip Index	4,143	4,148	-6	-0.1%
HS China Enterprises Index	12,262	12,173	+89	+0.7%
HS Hong Kong 35 Index	2,244	2,202	+42	+1.9%
HS Mainland 100 Index	6,852	6,818	+35	+0.5%
Growth Enterprise Index	781	772	+9	+1.2%
Avg Daily Turnover (HK\$bn)	57.2	56.7	+0	+0.9%
Sectoral Indices				
Finance	31,996	31,806	+191	+0.6%
Utilities	39,234	38,343	+891	+2.3%
Properties	28,355	27,952	+403	+1.4%
Comm&Ind	11,652	11,588	+63	+0.5%

Review & Outlook of Market Performance

Hong Kong shares reversed a two-day retreat early this week to close near a two-month high on Wednesday after the US Federal Reserve pledged to keep interest rates low at zero to 0.25% for an extended period following the FOMC meeting. Nevertheless, the gains were capped by the tightening move of the Chinese government which announced to ban 78 state-owned enterprises from dealing in real estate projects. The measure further confirmed Beijing's determination to regulate the red-hot property market. The HSI rose by 0.8% w-o-w to 21,371.82, while the HSCEI rose by 0.73% w-o-w to 12,262.36. The average daily turnover rose slightly to HK\$57.2 billion from HK\$56.7 billion in the previous week.

Market sentiment for IPOs has partially recovered as investors' confidence and risk appetite returned. Six firms lined up to tap IPO market for nearly HK\$10 billion this week. Among them, appliance retailer Huiyin Household Appliance (01280) was oversubscribed at least 190 times, locking up HK\$27 billion from its retail tranche. Nevertheless, Mainland sportswear brand Flyke International Holdings (01998), car dealer Zhongsheng Group (00881), facade builder Far East Global (00830), paper recycler Fook Woo Group (00923) and sofa manufacturer Man Wah Holdings (01999) received only lukewarm response from the public.

On the economic front, Hong Kong's unemployment rate has fallen to a 13-month low, mainly due to a significant job gain of 7,900 led by the pick-up in overall economic activity. The jobless rate dropped to 4.6% in December to February, down substantially from 4.9% for November to January. The government predicted unemployment would likely fall further in the coming months given the positive business sentiment.

Looking forward into next week, market spotlights will undoubtedly fall on a raft of earnings announcements by major blue chips, including China Telecom, Bank of China, ICBC, Li & Fung, China Resources Enterprises...etc. The market should continue to be driven by ample liquidity on easing inflationary pressure in the US, and we see the HSI to have good support at 21,000.

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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
19th March	10,779.17*	2,391.28*	10,824.72	2,915.70	1,296.60	774.59	7,897.91
12th March	10,624.69	2,367.66	10,751.26	2,881.36	1,311.20	733.34	7,748.33
Change	+154.48	+23.62	+73.46	+34.34	-14.60	+41.25	+149.58
%	+1.5%	+1.0%	+0.7%	+1.2%	-1.1%	+5.6%	+1.9%

Remarks: (*) closing as of 18th March 2010**Major Changes in Index Constituent Stocks (Week ended 19th March 2010)****Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @19/3/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
Tencent Holdings	00700	HK\$156.00	-HK\$5.20	-3.23%	Despite Tencent delivered in-line FY09 results this week, Management gave out a slow-growth tone during the post-results conference. Investors worried the era of rapid growth in China's internet media services market would slow down.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @19/3/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
BYD Company	01211	HK\$76.30	+HK\$7.40	+10.74%	BYD beat the analyst forecast by almost tripling its FY09 net earnings to RMB3.8 billion, with the car business surging 143% to RMB20.99 billion. In addition, it was reported China might give an about RMB60,000 subsidy to buyers of new-energy cars to promote the development of the industry, which further fuelled investors' buying interest on BYD's shares.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @19/3/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
Sino-Ocean Land	3377	HK\$7.03	-HK\$0.55	-7.26%	Beijing banned 78 state-owned enterprises from dealing in the property market to curb soaring home prices. The move showed government's intention to cool the overheated real estate sector which created correction pressure on mainland developers across the board.
Guangdong Investment	00270	HK\$4.12	-HK\$0.12	-2.83%	
China Resources Land	01109	HK\$16.70	-HK\$0.28	-1.65%	



Summary of US Economic News

Indicator	Change/Index	Comments
Industrial Production – February 2010	+0.1%	Industrial production in February posted a small 0.1% rise after a 0.9% jump in January as production was held down by winter storms in the northeast region.
Housing Starts – February 2010	- 5.9%	Housing starts in February dropped 5.9%, following a 6.6% rebound a month before. Most of the decline was in the south and northeast regions which were hit by unusual snow storms.
FOMC Meeting Announcement	Unchanged	The US Fed voted to keep the fed funds target rate at a range of zero to 0.25%. The FOMC statement kept its wordings that interest rates were likely to remain low "for an extended period."
Consumer Price Index – February 2010	Unchanged	Overall CPI inflation for February eased to no change from 0.2% a month before. The reading came in below the market forecast for a 0.1% uptick.
Producer Price Index – February 2010	-0.6%	PPI inflation reversed course in February, coming off strong numbers a month before. The overall PPI dropped 0.6% after spiking 1.4% in January.
Initial jobless claims – the week ended 13 th March 2010	-5,000	Weekly jobless claim indicated only a slight improvement in the labour market. Initial claims fell 5,000 in the March 13 th week to 457,000, following a 6,000 dip in the previous week.

Forthcoming Important Announcements / Events

22 nd March 2010 (Monday)	HK	:	Tingyi (00322) – final results China Telecom (00728) – final results China Resources Power (00836) – final results
	US	:	Tiffany & Co. – Q4 2009 results
23 rd March 2010(Tuesday)	HK	:	Wharf (00004) – final results Wheelock (00020) – final results Sinotrans (00598) – final results Sinopharm (01099) – final results Wynn Macau (01128) – final results BOC (Hong Kong) (02388) – final results Bank of China (03988) – final results Consumer Price Index – February 2010
	US	:	Existing Home Sales – February 2010
24 th March 2010 (Wednesday)	HK	:	ICBC (Asia) (00349) – final results Dah Sing Financial (00440) – final results Li & Fung (00494) – final results PetroChina (00857) – final results
	US	:	New Home Sales – February 2010 Durable Goods Orders – February 2010
25 th March 2010 (Thursday)	HK	:	China Resources Enterprise (00291) – final results ICBC (01398) – final results
	US	:	Initial jobless claims – the week ended 20 th March 2010 Best Buy – Q4 2010 results
26 th March 2010 (Friday)	HK	:	China Resources Land (01109) – final results Zhaojin Mining (01818) – final results
	US	:	GDP – Q4 2009 Consumer Sentiment – March 2010