



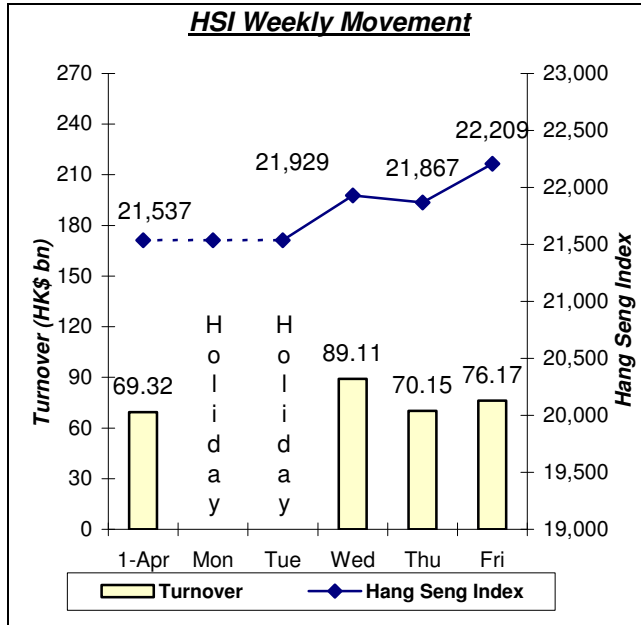
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Weekly Report

9th April 2010

RMB revaluation expectation drove HSI above 22,000



Weekly Market Statistics				
Week ended	09/4/2010	01/4/2010	Change	%
Hang Seng Index	22,209	21,537	+672	+3.1%
HS Red Chip Index	4,238	4,164	+74	+1.8%
HS China Enterprises Index	13,047	12,696	+351	+2.8%
HS Hong Kong 35 Index	2,293	2,249	+44	+1.9%
HS Mainland 100 Index	7,207	6,988	+219	+3.1%
Growth Enterprise Index	856	844	+12	+1.4%
Avg Daily Turnover (HK\$ bn)	78.5	63.5	+15	+23.7%
Sectoral Indices				
Finance	33,480	32,400	+1,079	+3.3%
Utilities	40,562	39,932	+631	+1.6%
Properties	28,881	28,684	+197	+0.7%
Comm & Ind	12,086	11,644	+441	+3.8%

Review & Outlook of Market Performance

In a week shortened to only 3 trading days due to local holidays, Hong Kong stock market extended its winning streak for the second week. The local bourse started the week with a 1.82% gain on easing concerns over a possible interest rate hike in the US as well as market talks of Renminbi appreciation. Better-than-expected US retail sales data that reflected a bounce in consumer demand also helped fuel the market sentiment. Investors defied adverse news such as increasing likelihood that the Greece might default its national debt within the year and the implementation of property tax by the Chinese government in certain cities. Over the week, the HSI gained 672 points or 3.1% to close at 22,208.50. Trading was hectic this week, with average daily turnover reaching HK\$78.5 billion, compared with HK\$63.5 billion in the previous week.

Policy on RMB revaluation was under the spotlight this week. A shift in Beijing's exchange rate policy might be imminent as the US Treasury Secretary Timothy Geithner made a lightning visit to Beijing on Thursday to meet the Vice Premier Wang Qishan, before the top-level meeting between President Hu Jintao and Obama next week. The arrangement triggered market speculation that policymakers were prepared to allow the value of RMB to rise. On the other hand, the *New York Times* reported China was close to announcing a shift in policy involving a "small but immediate" RMB revaluation, adding to speculation the PRC government was set to let RMB appreciate. As a result, speculation about a firmer Chinese currency drove Renminbi 12-month forwards to trade near an 11-week high, pricing in a 2.9% rise on its spot price against the greenback.

A number of US corporates will announce their quarterly earnings next week. The market will closely watch their results, as it will give a clearer lead on US recovery progress. Sentiment should remain supportive and may be boosted higher before any profit-taking and consolidation. We see good support of the HSI at 22,000.

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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
9th April	10,927.07*	2,436.81*	11,204.34	2,971.97	1,333.98	789.66	8,092.03
1st April	10,856.63	2,397.96	11,244.40	2,933.96	1,331.47	801.32	8,013.09
Change	+70.44	+38.85	-40.06	+38.01	+2.51	-11.66	+78.94
%	+0.6%	+1.6%	-0.4%	+1.3%	+0.2%	-1.5%	+1.0%

Remarks: (*) closing as of 8th April 2010

Major Changes in Index Constituent Stocks (Week ended 9th April 2010)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @09/04/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
Chalco	02600	HK\$8.90	+HK\$0.78	+9.61%	Shares of resource and metal industries, as well as sectors that closely linked to the business cycle, climbed on hopes of mounting demand as the economy continued to show more signs of recovery.
China Shenhua Energy	01088	HK\$36.75	+HK\$2.30	+6.68%	

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @09/04/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
China Construction Bank	00939	HK\$6.86	+HK\$0.36	+5.54%	It was reported China Construction Bank planned to sell shares to raise about RMB75 billion of capital this year. The news helped remove the fund-raising risk for the nation's second largest lender.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @09/04/2010	W-O-W Change		Remarks / Comments
			Absolute	%	
Franshion Properties	00817	HK\$2.49	-HK\$0.15	-5.68%	Chinese developers bucked the market upward trend as the PRC government is set to impose a property tax as a means to cool the bubbling property market, with Shanghai, Beijing, Shenzhen and Chongqing as pilot cities.
China Overseas	00688	HK\$17.30	-HK\$0.62	-3.46%	



Summary of US Economic News

Indicator	Change/Index	Comments
ISM Non-Mfg Index – March 2010	55.4	The ISM's non-manufacturing index began to match the step of the manufacturing sector. The reading showed solid month-on-month acceleration at 55.4 in March, which was the third month of growth in a row.
Pending Home Sales Index – February 2010	+8.2%	Pending sales for existing homes jumped 8.2 percent in February indicating growing strength in the housing sector ahead of April-stimulus expiration.
FOMC Minutes	-	FOMC participants believed that the economy was slowly strengthening but a number of factors are likely to restrain the pace of recovery. These include waning effects from fiscal stimulus, inventory rebalancing, weak labor market conditions, tight credit, lower housing wealth, and modest income growth.
Initial jobless claims – week ended 3 rd April 2010	+18,000	Initial jobless claims surged 18,000 to 460,000, failing market expectation of a drop to 435,000.

Forthcoming Important Announcements / Events

12 th April 2010 (Monday)	HK	:	Geely Automobile (00175) – final results Glorious Property (00845) – final results Longfor Properties (00960) – final results China Southern Airlines (01055) – final results China Communications Construction (01800) – final results Evergrande Real Estate (03333) – final results
	US	:	Treasury Budget – March 2010 ALCOA – Q1 2010 results
13 th April 2010 (Tuesday)	HK	:	Dongfeng Motor (00489) – final results Shimao Property (00813) – final results China Merchants Bank (03968) – final results
	US	:	International Trade – February 2010 Intel – Q1 2010 results
14 th April 2010 (Wednesday)	HK	:	BaWang International (01338) – final results PICC Property and Casualty (02328) – final results
	US	:	Retail Sales – March 2010 Consumer Price Index – March 2010 JPMorgan Chase – Q1 2010 results
15 th April 2010 (Thursday)	HK	:	Shui On Land (00272) – final results Fushan International (00639) – final results Foxconn International (02038) – final results
	US	:	Initial jobless claims – the week ended 10 th April 2010 Industrial Production – March 2010 Housing Market Index – April 2010 Google – Q1 2010 results
16 th April 2010 (Friday)	HK	:	Ping An Insurance (02318) – final results China Power International (02380) – final results China Pacific Insurance (02601) – final results China National Building Material (03323) – final results
	US	:	Housing Starts – March 2010 Consumer Sentiment – April 2010 Bank of America – Q1 2010 results General Electric – Q1 2010 results



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