

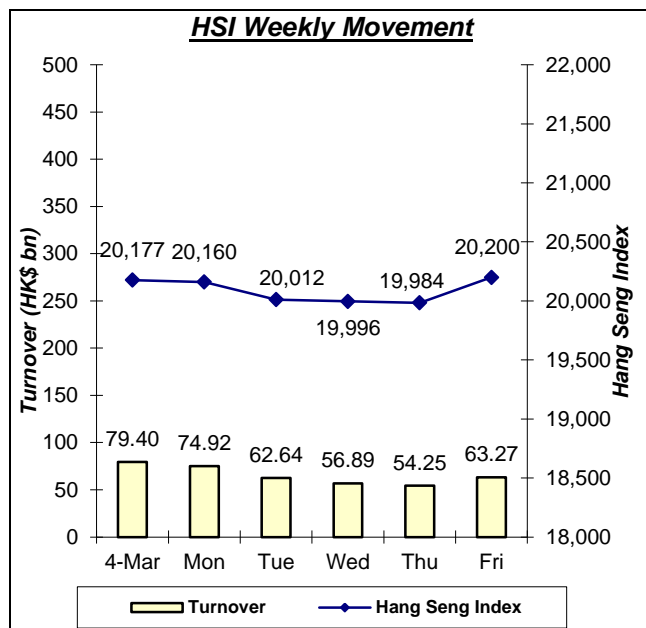
Restricted circulation

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Weekly Report

 11th March 2016

HSI revived to above 20,000 level on ECB stimulus



Weekly Market Statistics

Week ended	11/3/2016	04/3/2016	Change	%
Hang Seng Index	20,200	20,197	+3	+0.0%
HS Red Chip Index	3,694	3,678	+17	+0.4%
HS China Enterprises Index	8,561	8,558	+4	+0.0%
HS Hong Kong 35 Index	2,395	2,406	-11	-0.5%
HS Mainland 100 Index	5,907	5,897	+9	+0.2%
Growth Enterprise Index	419	419	+0	+0.0%
Avg Daily Turnover (HK\$ bn)	62.4	75.0	-13	-16.8%
Sectoral Indices				
Finance	26,438	26,398	+40	+0.2%
Utilities	51,181	51,728	-547	-1.1%
Properties	28,088	28,268	-180	-0.6%
Comm & Ind	12,213	12,159	+54	+0.4%

Review & Outlook of Market Performance

Hong Kong stocks started with a negative tone this week, as the annual meeting of the National People's Congress (NPC) did not bring much surprise to the market. Besides, the disappointing trade data in China and the plunge of resources shares further dragged the benchmark index during the week. Nonetheless, stronger-than-expected monetary stimulus from the ECB (European Central Bank) sent the local shares higher on Friday. The ECB will raise its monthly asset purchase from 60 billion euros to 80 billion euros and cut its main refinancing rate from previously 0.05% to zero. Over the week, the HSI and HSCEI were largely unchanged from the previous week and finished at 20,200 (+3 points w-o-w) and 8,561 (+4 points w-o-w) respectively. The daily average Mainboard turnover declined to HK\$62.4 billion, down from HK\$75.0 billion one week earlier.

A few key targets were announced during the annual meeting of the NPC. Premier Li Keqiang set the growth target of China in a range of 6.5% to 7.0% for 2016, against a GDP (gross domestic product) growth of 6.9% in 2015. The country is expected to run a fiscal deficit equivalent to 3% of GDP in 2016, up from last year's 2.3%. In addition, China will invest 1.65 trillion yuan on road construction and 800 billion yuan on railway infrastructure this year.

On the economic front, China's exports in US dollar-denominated terms were 25.4% (-20.6% y-o-y in yuan-denominated terms) lower than in February 2015, worsening from the 11.2% y-o-y decline in January and consensus estimates of a 12.5% yearly drop. The decline was mainly attributable to weak global demand and seasonal factor, as the Lunar New Year in 2015 fell unusually in late February which provided a relatively high base for comparison. On the other hand, China's consumer price index (CPI) grew 2.3% in February from a year earlier, up from January's +1.8% y-o-y. The reading was higher than market expectations of a 1.8% rise, driven by food prices (+7.3% y-o-y) on higher demand during the Lunar New Year holiday and unusual cold weather. Additionally, decline in producer price index (PPI) narrowed from a 5.3% y-o-y drop in January to 4.9% y-o-y in February.

Looking forward, investors may eye on the release of key economic data from China, including industrial production and retail sales on 12th March. Meanwhile, more blue-chip companies such as Cheung Kong (1.HK), Tencent (700.HK), Hong Kong and China Gas (3.HK) and Ping An (2318.HK) are set to announce their annual results in the coming week.

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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
11th March	16,995.13*	4,662.16*	16,938.87	2,828.86	1,696.54	1,393.41	8,706.14
4th March	17,006.77	4,717.02	17,014.78	2,832.54	1,692.49	1,379.53	8,643.55
Change	-11.64	-54.86	-75.91	-3.68	+4.05	+13.88	+62.59
%	-0.1%	-1.2%	-0.4%	-0.1%	+0.2%	+1.0%	+0.7%

Remark: (*) closing as of 10th March 2016

Major Changes in Index Constituent Stocks (Week ended 11th March 2016)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @11/3/2016	W-O-W Change		Remarks / Comments
			Absolute	%	
Belle International	01880	HK\$4.88	-HK\$0.50	-9.3%	UBS cut its price target to HK\$3.8 with a rating of "Sell" for the stock on its worse-than-expected shoes business which declined 16.5% y-o-y in 4QFY15/16.
Wharf	00004	HK\$40.95	-HK\$2.15	-5.0%	Its net profit plunged by 55.4% y-o-y to HK\$16.0 billion in 2015 on lower revaluation gains from investment properties. Citi reiterated "Sell" rating on the counter, in view of weakness in the high-end retail segment in Hong Kong.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @11/3/2016	W-O-W Change		Remarks / Comments
			Absolute	%	
China Oilfield	02883	HK\$6.41	-HK\$0.32	-4.8%	Two of its drilling contracts in Norway were asked to be suspended by Statoil, which will negatively affect the Company's operational results. BoAML slashed its target price to HK\$4 and reiterated the stock at "Underperform".
China Communications Construction	01800	HK\$8.10	+HK\$0.51	+6.7%	The Sri Lankan cabinet has granted approval for the Port City project of China Communications Construction to resume construction after it was suspended by the government last March.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @11/3/2016	W-O-W Change		Remarks / Comments
			Absolute	%	
Beijing Enterprises	00392	HK\$40.70	+HK\$1.45	+3.7%	UBS commented that the Company could realize its value via potential disposal of its non-core assets including beer business. The research house upgraded its rating from "Neutral" to "Buy" with price target of HK\$53 for the counter, in view of its undemanding valuation.

Major Results Announcements During the Week

Stock	FY2015 Net profit	y-o-y change	Drivers of performance	Share price w-o-w chg
HAECO (00044)	HK\$464 million	-19.0%	The decline in profit was mainly due to increased loss from HAECO Americas from HK\$45 million in 2014 to HK\$158 million in 2015 on fewer airframe services manhours sold.	-5.5%
Cathay Pacific (00293)	HK\$6,000 million	+90.5%	Net profit jumped 90.5% y-o-y in 2015, helped by lower fuel costs which fell sharply by 37.8% y-o-y before accounting for losses on fuel hedging (or -18.2% y-o-y including fuel hedges).	+1.2%
Wharf Holdings (00004)	HK\$16,024 million	-55.4%	The decline in net profit was dragged by lower fair value gains from investment properties. Yet, its core profit increased by 5% y-o-y on higher growth in rental income (+8.0% y-o-y) and property sales (+16.0% y-o-y).	-5.0%
Swire Pacific (00019)	HK\$13,429 million	+21.3%	Swire Pacific reported a 21.3% yearly increase in net profit, lifted by fair value gains from investment properties and higher profit contributions from Cathay Pacific (293.HK). Excluding revaluation gains, underlying profit was up 2% y-o-y to HK\$9.89 billion in 2015.	+1.1%
Swire Property (01972)	HK\$14.07 billion	+47.9%	Its net profit jumped 47.9% y-o-y in 2015, boosted by revaluation gains from investment properties. Excluding the fair value gains, underlying profit edged down by 1% to HK\$7.31 billion due to a loss of HK\$229 million from the sale of four hotels in Britain.	Unchanged

Summary of US Economic News

Indicator	Change/Index	Comments
Initial jobless claims – week ended 5 th March 2016	-6.5% w-o-w	Initial jobless claims declined 18,000 to a seasonally adjusted 259,000 (vs. consensus of 275,000) for the week ended 5 th March, the lowest reading since October 2015. The four-week average fell 2,500 w-o-w to 267,500.



Forthcoming Important Announcements / Events

14 th March 2016 (Monday)	HK	:	Index of Industrial Production and Producer Price Index for the industrial sector for 4Q15 South China Morning Post (00583) - final results Sinotrans Shipping Ltd (00368) - final results
	US	:	No important announcements/ events
15 th March 2016 (Tuesday)	HK	:	Gross National Income and External Primary Income Flows for 4Q15 Chinese Estates Holdings Ltd (00127) - final results Country Garden Holdings Co Ltd (02007) - final results HK Electric - SS (02638) - final results Ping An Insurance (Group) (02318) - final results Want Want China Holdings Ltd (00151) - final results Xinyi Glass Holdings Ltd (00868) - final results Xtep International Holdings Ltd (01368) - final results
	US	:	Producer Price Index – February 2016 Retail Sales – February 2016
16 th March 2016 (Wednesday)	HK	:	Unemployment and underemployment statistics for Dec 2015 - Feb 2016 Cheung Kong Infrastructure (01038) - final results Li Ning Company Limited (02331) - final results Power Assets Holdings Ltd (00006) - final results Samsonite International SA (01910) - final results Sinopec Shanghai Petrochemical Co Ltd (00338) - final results
	US	:	Consumer Price Index – February 2016 Housing Starts – February 2016 Industrial Production – February 2016 FOMC Meeting Announcement
17 th March 2016 (Thursday)	HK	:	External merchandise trade for January 2016 China Overseas Grand Oceans (00081) - final results Cheung Kong Property Holdings Limited (01113) - final results Cheung Kong (Holdings) Ltd (00001) - final results Kunlun Energy Co Ltd (00135) - final results Li & Fung Ltd (00494) - final results Tencent Holdings Ltd (00700) - final results Aluminum Corp of China Ltd (02600) - final results China Mobile Ltd (00941) - final results
	US	:	Initial jobless claims – week ended 12 th March 2016
18 th March 2016 (Friday)	HK	:	Gross Domestic Product by economic activity for 4Q15 Trade involving outward processing in China for 4Q15 China Overseas Land & Investment Ltd (00688) - final results Uni President China Holdings Ltd (00220) - final results Bank of Chongqing Co Ltd (01963) - final results China Resources Beer (00291) - final results GF Securities (01776) - final results Guotai Junan International (01788) - final results The Hong Kong and China Gas Co Ltd (00003) - final results Kerry Properties Ltd (00683) - final results K. H. Group Holdings Limited (01557) – trading debut
	US	:	Consumer Sentiment – March 2016



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