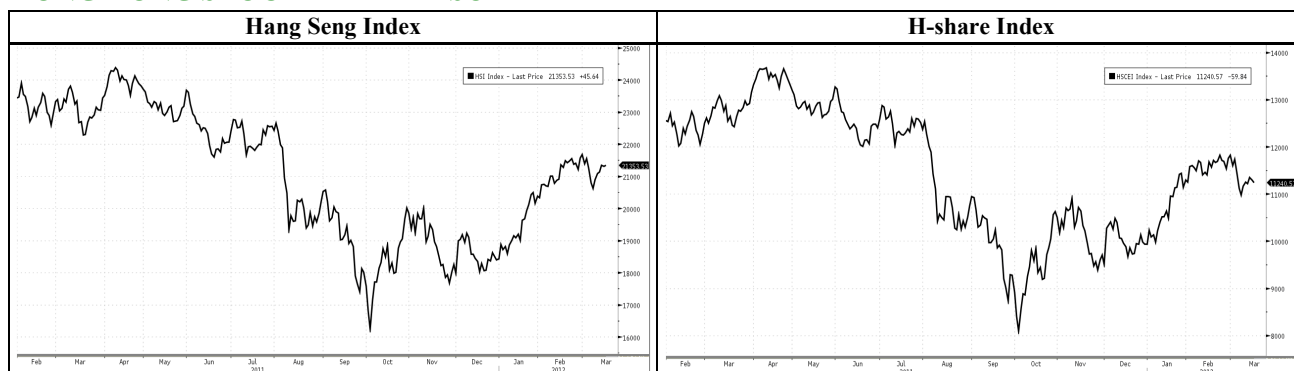


HONG KONG STOCK MARKET SUMMARY



Indexes Performance

15/03/2012	PER(x)	Close	Chg. (%)	Net Chg.	Day High	Day Low		(HK\$m)	Chg. (%)
Hang Seng Index	9.92	21,353.53	0.21%	45.64	21,368.48	21,162.17	Main board turnover	64,575	-19.77%
HSI-Finance	9.77	28,969.29	0.34%	98.17	29,032.78	28,763.11	HSI stocks	22,328	-24.21%
HSI-Comm & Ind	10.48	12,923.53	0.33%	42.62	12,933.26	12,758.98	HSCEI stocks	10,627	-32.50%
HSI-Properties	6.97	27,403.84	-0.57%	-157.46	27,505.54	27,181.39	Derivative warrants	8,551	-23.48%
HSI-Utilities	17.71	47,221.80	-0.51%	-240.15	47,423.32	46,915.33	Callable Bull/Bear	8,048	-10.92%
HSI Volatility Index	-	20.27	-4.48%	-0.95	21.28	20.13	Short-selling	5,690	-6.05%

15/03/2012	PER(x)	Close	Chg. (%)	15/03/2012	Close	Chg. (%)
HS Composite Index	-	2,961.39	-0.10%	HSCI-Financials	3,117.16	0.27%
Red Chip Index	11.71	4,149.41	-0.45%	HSCI-Services	4,060.19	-0.81%
HS H-share Index	9.42	11,240.57	-0.53%	HSCI-Telecom	1,831.59	0.46%
H-share Financial Index	8.94	14,817.59	-0.28%	HSCI-Prop & con	2,705.58	-0.98%
				HSCI-Utilities	5,721.15	-0.68%
				HSCI-Energy	14,708.32	-0.71%
				HSCI-Materials	7,778.69	-1.04%
				HSCI-Industrial goods	1,239.36	-1.31%
				HSCI-Consumer goods	4,960.45	-0.22%
				HSCI-I.T.	2,593.31	2.17%
				HSCI-Conglomerates	2,331.08	0.23%

Futures Market

	Close	Net change	Chg.(%)	Day High	Day Low	Volume	O/I
HSI Futures							
HSI Mar 12	21,314	31	0.15%	21,383	21,164	73,418	98,905
HSI Apr 12	21,306	26	0.12%	21,373	21,166	3,389	4,545
HS CEI Futures							
HSCEI Mar12	11,200	-98	-0.87%	11,297	11,128	49,595	115,390
HSCEI Apr 12	11,187	-109	-0.96%	11,276	11,127	1,723	5,646

HK Stocks in the U.S.

Code	Stock	In US (HK\$)	In HK (HK\$)	Chg.	Code	Stock	In US (HK\$)	In HK (HK\$)	Chg.
5	HSBC HOLDINGS	70.15	70.25	-0.1%	857	PETROCHINA	11.50	11.50	0.0%
2888	STANCHART	198.85	197.50	0.7%	386	SINOPEC CORP	8.89	8.86	0.4%
945	MANULIFE	107.65	106.00	1.6%	883	CNOOC	16.89	16.92	-0.2%
2628	CHINA LIFE	21.23	20.95	1.3%	338	SHANGHAI PECEM	3.02	3.01	0.3%
941	CHINA MOBILE	84.20	84.65	-0.5%	670	CHINA EAST AIR	2.86	2.85	0.4%
762	CHINA UNICOM	14.05	13.98	0.5%	1055	CHINA SOUTH AIR	3.80	3.80	0.0%
728	CHINA TELCOM	4.57	4.55	0.4%	902	HUANENG POWER	4.78	4.74	0.7%
1137	CITY TELECOM	4.93	4.89	0.9%	1171	YANZHOU COAL	17.63	17.50	0.8%
700	TENCENT	207.54	208.80	-0.6%	2600	CHALCO	4.07	4.04	0.8%
992	LENOVO GROUP	6.85	6.83	0.3%	525	GUANGSHEN RAIL	2.98	3.03	-1.7%

Event: Our affordability ratio, house value/ household disposal income, suggests that 1st-2nd tier cities have larger downside in residential price but most of the negative have been factored in. We expect that markets have overacted to Premier Wen's comments. We maintain our BUY recommendation on China property developers Evergrande (3333;HK\$4.51; TP\$5.65) , Sunac(1918;HK\$2.72;TP HK\$2.95) and KWG (1813;HK\$5.01; TP HK\$6.67).

Comments:

- Premier Wen stated, at the end of NPC meeting Mar 14 that housing price in China was far from reasonable because it did not match the household income. It was the reiteration on the government policy stance with the only difference that for the first time, income is used as benchmark to measure reasonable price.
- We examined the affordability ratios of various cities with major assumption of GFA at 70sqm and 2 labors per household. We found that in 2011 the national average ratio was 8.6x, within the international standard of 6-9x, indicating that China's residential price bubble is a regional problem rather than national. In 2011, the 1st tier cities registered much higher affordability ratio (avg. 21.8x) than the international norm and the 2nd tier cities also registered higher than the internal norm ratio (avg. 13.9x). Our findings are in line with Wen's comments that China's home price did not match the household income. However it was not a national phenomenon, in our view, the ratio for the lower tier cities (avg. 8.2x) is still within the healthy level.
- We expect the affordability ratio to drop not only with the residential price correction but also with the income increasing. With 20%YoY ASP drop for 1st-2nd tier cities and 5%YoY ASP drop for lower tier cities together with 11.5%YoY rise in household income, we estimate the affordability ratios for 1st, 2nd and lower tier cities will drop to 15.7x, 10.0x and 7.0x respectively in 2012. Although the ratios for the 1st-2nd tier cities continue to be higher than the international standard, they are 3-year low level, and we believe Chinese residents in for high tier cities have greater tolerance (13-15x for 1st tier and 10-12x for 2nd tier cities) on housing expenditure. We therefore expect that house in 1st-2nd tier cities will start to become affordable for mass market after 20%YoY ASP drop this year.
- The markets have factored in 15-20%YoY ASP drop for 1st-2nd tier cities and 5-15%YoY ASP drop for lower tier cities. We expect most of the negative have been factored in and investors have overacted to Premier Wen's comments. We maintain our BUY recommendation on China property developers Evergrande (3333;HK\$4.51; TP\$5.65) , Sunac(1918;HK\$2.72;TP HK\$2.95) and KWG (1813;HK\$5.0; TP HK\$6.67).

Affordability ratio for various tier cities

	1 st tier cities(x)	2 nd tier cities(x)	Lower tier cities(x)
2012-12	15.7	10.0	7.0
2011-12	21.8	13.9	8.2
2010-12	24.1	15.8	9.7

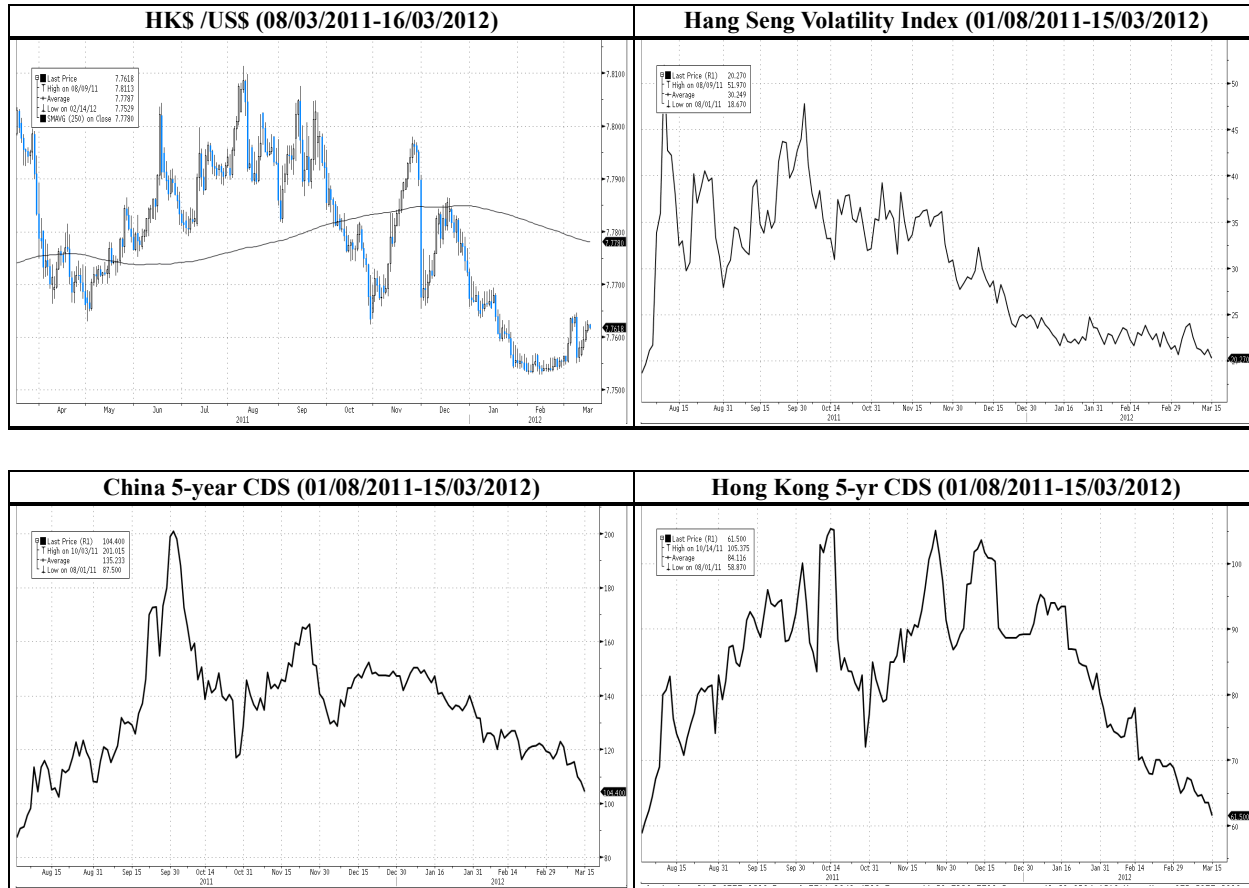
Source: National Bureau of Statistics of China and ABCI Securities

Analyst: Vivian Li



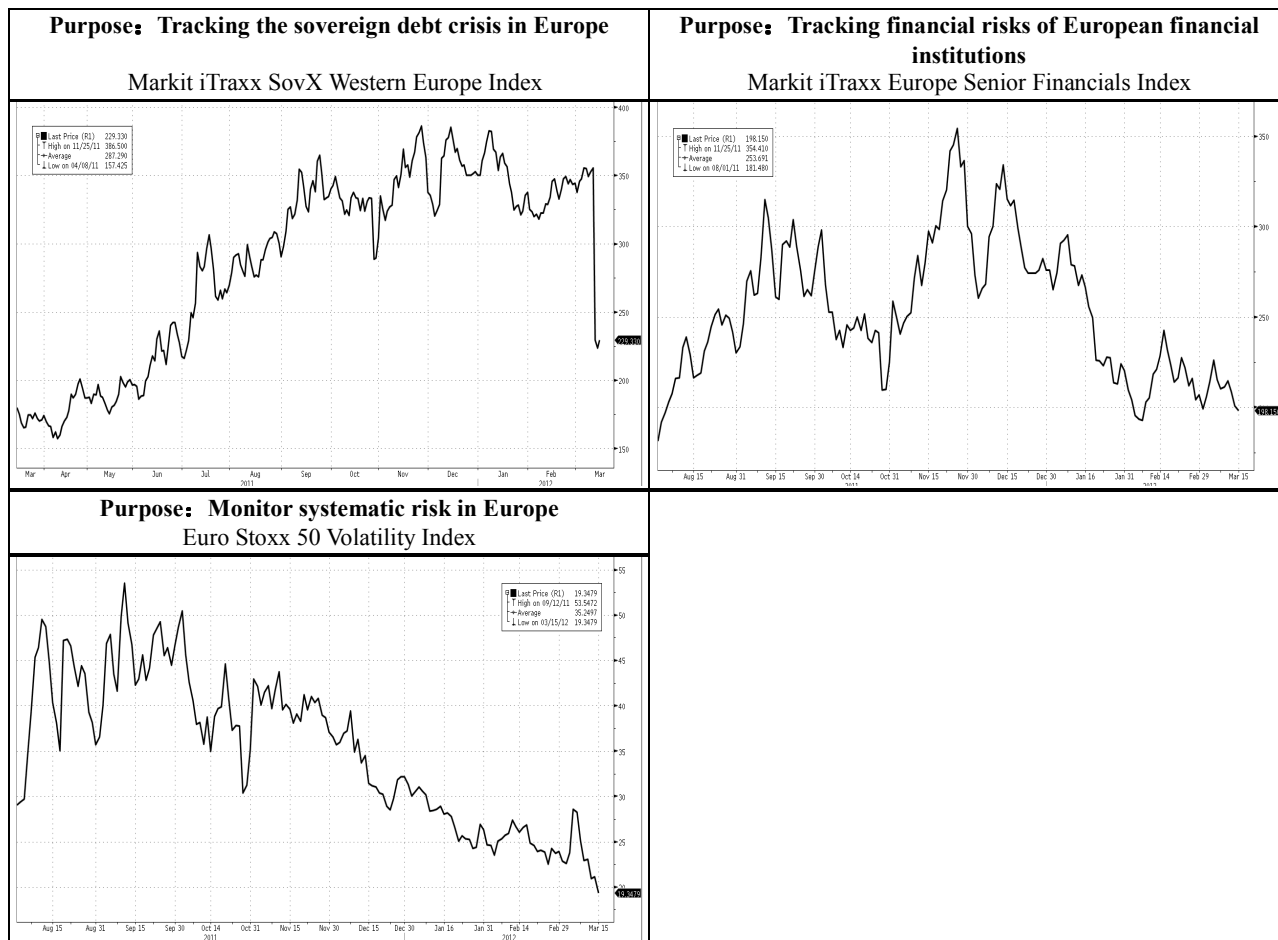
HK stock market risks monitor

China 5-year and HK 5-year CDS continued to drop on 15 Mar. The HK\$ against US\$ is traded at 7.7618 in the morning of 16 Mar.



Europe debt crisis monitor (Update to 15/03/2012)

Markit iTraxx SovX Western Europe Index which tracks CDS of 15 Western European increased slightly while the Markit iTraxx Europe Senior Financials Index which tracks CDS of major financial institutions in Europe dropped on 15Mar.



Remarks: Indices indicate the default risks of sovereign debt and debts of financial institutions. Increase in index implies risk of debt crisis is rising and vice versa.

Source: Bloomberg, Markit



SHORT SELLING ACTIVITIES (15/03/2012)

Code	Stock	Price (HK\$)	Price Chg	Short sell ratio	Notes:
83	SINO LAND CO	13.36	-1.04%	40%	The main short selling sector: • Consumer goods- Tsingtao Brewery(168), Belle(1880) • Transportation- China Cosco(1919), Cathay Pacific(293)
23	BANK EAST ASIA	30.20	-0.49%	40%	
168	TSINGTAO BREW-H	44.90	1.01%	40%	
1919	CHINA COSCO HO-H	5.10	-1.73%	39%	
19	SWIRE PACIFIC-A	89.35	-0.78%	39%	
358	JIANGXI COPPER-H	19.20	-0.93%	39%	
1211	BYD CO LTD-H	22.15	-1.77%	31%	
293	CATHAY PAC AIR	15.26	0.79%	31%	
390	CHINA RAIL GR-H	2.76	-0.72%	31%	
1880	BELLE INTERNATIO	14.76	1.79%	30%	
1109	CHINA RES LAND	13.54	-1.60%	30%	
606	CHINA AGRI-INDUS	5.60	-1.58%	30%	
1988	CHINA MINSHENG-H	7.38	0.27%	29%	
119	POLY HONG KONG	4.45	-1.98%	29%	
270	GUANGDONG INVEST	5.27	-1.31%	28%	

Remark: Ranked by top 15 short-selling turnover to total stock turnover ratios among Hang Seng Index, Red-chip index or H-share index. Short sell ratio = Short selling transaction value of the stock/total transaction value of the stock

Top 10 Percentage Gainers and Losers (15/03/2012)

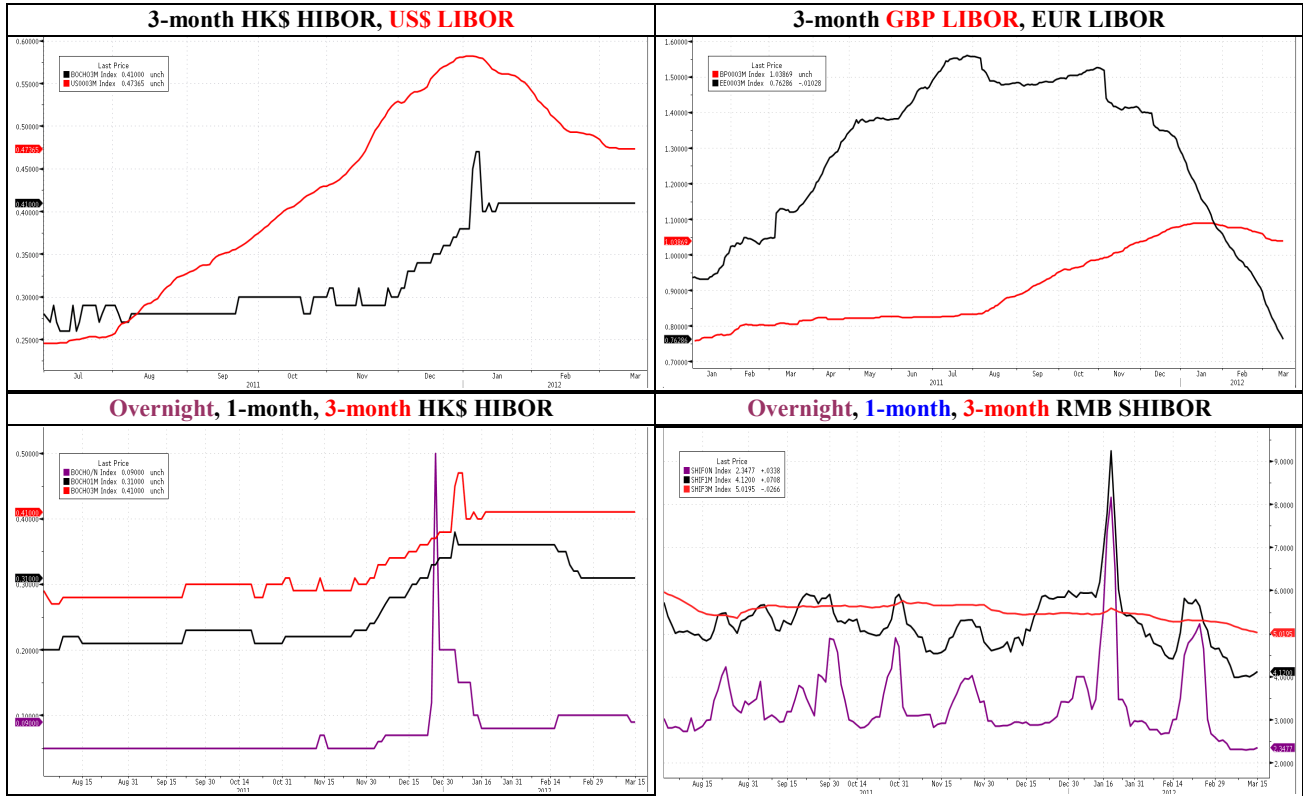
Hang Seng Index stocks									
Top 10 percent gain stocks					Top 10 percent loss stocks				
Rank	Code	Stock	Price (HK\$)	Change	Code	Stock	Price (HK\$)	Change	
1	700	TENCENT HOLDINGS	208.80	4.09%	688	CHINA OVERSEAS	15.36	-2.66%	
2	494	LI & FUNG LTD	18.60	1.97%	144	CHINA MERCHANT	27.3	-2.33%	
3	1880	BELLE INTERNATIO	14.76	1.79%	330	ESPRIT HLDGS	17.66	-2.32%	
4	291	CHINA RES ENTERP	30.65	1.66%	322	TINGYI HLDG CO	24.3	-2.02%	
5	1299	AIA GROUP LTD	28.40	1.61%	1109	CHINA RES LAND	13.54	-1.60%	
6	5	HSBC HLDGS PLC	70.25	1.37%	151	WANT WANT CHINA	8.8	-1.57%	
7	13	HUTCHISON WHAMPO	80.85	1.32%	1898	CHINA COAL ENE-H	9.52	-1.35%	
8	2318	PING AN INSURA-H	63.35	0.88%	6	POWER ASSETS HOL	58.15	-1.27%	
9	293	CATHAY PAC AIR	15.26	0.79%	2628	CHINA LIFE INS-H	20.95	-1.18%	
10	762	CHINA UNICOM HON	13.98	0.72%	883	CNOOC LTD	16.92	-1.17%	

H-share Index stocks									
Top 10 percent gain stocks					Top 10 percent loss stocks				
Rank	Code	Stock	Price (HK\$)	Change	Code	Stock	Price (HK\$)	Change	
1	763	ZTE CORP-H	23.10	1.76%	916	CHINA LONGYUAN-H	6.82	-3.54%	
2	2601	CHINA PACIFIC-H	26.45	1.15%	1800	CHINA COM CONS-H	7.27	-2.42%	
3	168	TSINGTAO BREW-H	44.90	1.01%	2899	ZIJIN MINING-H	3.27	-2.39%	
4	2318	PING AN INSURA-H	63.35	0.88%	2883	CHINA OILFIELD-H	12.66	-2.16%	
5	489	DONGFENG MOTOR-H	14.34	0.70%	902	HUANENG POWER-H	4.74	-1.86%	
6	728	CHINA TELECOM-H	4.55	0.66%	1211	BYD CO LTD-H	22.15	-1.77%	
7	2328	PICC PROPERTY &	10.46	0.58%	1919	CHINA COSCO HO-H	5.10	-1.73%	
8	2238	GUANGZHOU AUTO-H	8.65	0.35%	914	ANHUI CONCH-H	23.25	-1.69%	
9	1088	CHINA SHENHUA-H	35.60	0.28%	1171	YANZHOU COAL-H	17.50	-1.57%	
10	1988	CHINA MINSHENG-H	7.38	0.27%	753	AIR CHINA LTD-H	5.50	-1.43%	

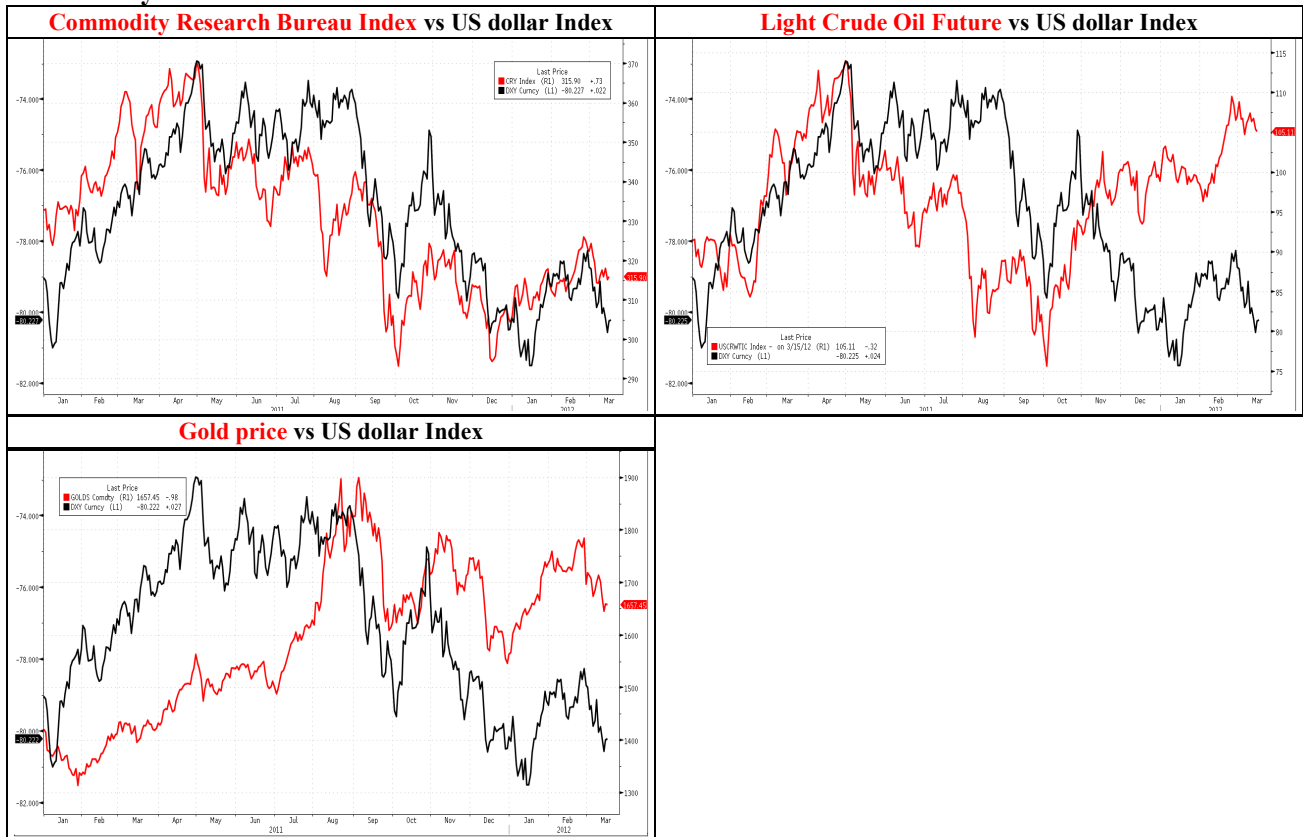
Red Chip Index stocks									
Top 10 percent gain stocks					Top 10 percent loss stocks				
Rank	Code	Stock	Price (HK\$)	Change	Code	Stock	Price (HK\$)	Change	
1	135	KUNLUN ENERGY CO	13.80	2.07%	1313	CHINA RES CEMENT	6.05	-3.35%	
2	291	CHINA RES ENTERP	30.65	1.66%	297	SINOFERT HOLDING	2.18	-2.68%	
3	123	YUEXIU PROPERTY	1.62	1.25%	688	CHINA OVERSEAS	15.36	-2.66%	
4	762	CHINA UNICOM HON	13.98	0.72%	966	CHINA TAIPING IN	16.06	-2.55%	
5	941	CHINA MOBILE	84.65	0.53%	144	CHINA MERCHANT	27.30	-2.33%	
6	992	LENOVO GROUP LTD	6.83	0.29%	119	POLY HONG KONG	4.45	-1.98%	
7	267	CITIC PACIFIC	13.68	0.29%	1109	CHINA RES LAND	13.54	-1.60%	
8	392	BEIJING ENTERPRI	48.65	0.10%	606	CHINA AGRI-INDUS	5.60	-1.58%	
9					3808	SINOTRUK HK LTD	5.26	-1.31%	
10					270	GUANGDONG INVEST	5.27	-1.31%	



Interest Rates Monitor



Commodity Monitor



Appendix: H-Share and A-share Price Comparison Table (15/03/2012)

H-share Code	A-share Code	Stock Name	H-share		A-share		H-share premium		2010 PER	2011 PER	2012 PER	2011 P/B
			Price (HK\$)	price chg (%)	Price (RMB)	price chg (%)	(discount) to A-share					
939	601939	CCB	6.25	-1.0%	4.74	-0.4%	7.5%	7.83	7.59	6.83	1.65	
1398	601398	ICBC	5.32	-0.2%	4.31	-0.2%	0.7%	7.55	7.35	6.63	1.68	
1288	601288	ABC	3.72	-0.3%	2.67	-1.1%	13.6%	7.82	7.62	6.52	1.59	
3988	601988	BANK OF CHINA	3.32	-0.9%	3.03	-0.3%	-10.6%	6.29	6.28	5.81	1.13	
3328	601328	BANKCOMM	6.19	0.0%	4.87	0.0%	3.7%	6.95	6.26	5.80	1.26	
3968	600036	CM BANK	16.80	-0.9%	12.22	-0.7%	12.1%	9.51	8.43	7.91	2.03	
998	601998	CITIC BANK	5.07	0.2%	4.48	-0.2%	-7.7%	6.46	6.24	6.07	1.27	
1988	600016	MINSHENG BANK	7.38	0.3%	6.36	0.0%	-5.4%	6.21	6.12	5.67	1.31	
2628	601628	CHINA LIFE	20.95	-1.2%	17.19	0.1%	-0.6%	16.92	21.93	14.88	2.45	
2318	601318	PING AN	63.35	0.9%	39.54	-0.5%	30.7%	19.30	20.53	15.35	3.04	
2601	601601	CPIC	26.45	1.1%	20.14	0.2%	7.1%	21.57	19.36	15.24	2.31	
1336	601336	NEW CHINA LIFE	33.00	1.1%	29.97	2.5%	-10.2%	14.39	26.00	21.58	-	
6030	600030	CITIC SEC	15.44	-2.2%	11.90	-0.7%	5.8%	11.05	22.49	19.40	1.78	
857	601857	PETROCHINA	11.50	-0.9%	10.23	0.5%	-8.3%	12.23	12.57	10.89	1.76	
386	600028	SINOPEC CORP	8.86	-0.3%	7.56	0.7%	-4.4%	8.08	8.31	7.47	1.38	
338	600688	SHANGHAI PEICHEM	3.01	1.0%	6.26	-1.4%	-60.8%	-	12.09	9.59	0.96	
1033	600871	YIZHENG CHEM	2.19	-2.2%	7.30	-1.4%	-75.5%	5.16	6.61	7.35	0.82	
2883	601808	CHINA OILFIELD	12.66	-2.2%	17.86	0.1%	-42.2%	11.53	11.27	9.78	1.74	
568	002490	SHANDONG MOLONG	4.95	-0.2%	11.37	2.7%	-64.5%	4.65	4.75	6.51	1.00	
1088	601088	SHENHUA ENERGY	35.60	0.3%	26.18	-0.6%	10.9%	13.88	12.64	11.25	2.85	
1898	601898	CHINA COAL	9.52	-1.3%	9.11	-1.9%	-14.8%	13.62	10.23	9.08	1.33	
1171	600188	YANZHOU COAL	17.50	-1.6%	24.71	-0.2%	-42.2%	5.97	7.93	7.80	1.76	
902	600011	HUANENG POWER	4.74	-1.9%	5.31	0.2%	-27.2%	19.68	32.21	11.71	1.04	
991	601991	DATANG POWER	2.83	-0.4%	5.24	0.6%	-56.0%	11.04	17.75	10.26	0.80	
1071	600027	HUADIAN POWER	1.91	0.0%	3.07	-1.0%	-49.3%	41.76	-	10.52	0.65	
670	600115	CHINA EAST AIR	2.85	-0.7%	4.02	-2.0%	-42.2%	4.84	5.31	6.07	1.50	
1055	600029	CHINA SOUTH AIR	3.80	-1.6%	4.94	-2.9%	-37.3%	4.35	5.80	6.90	1.02	
753	601111	AIR CHINA	5.50	-1.4%	6.63	-2.1%	-32.3%	4.65	6.77	7.71	1.32	
390	601390	CHINA RAILWAY	2.76	-0.7%	2.63	-0.8%	-14.4%	7.16	8.59	7.84	0.71	
1186	601186	CHINA RAIL CONS	5.18	-0.4%	4.16	-1.2%	1.5%	11.72	7.52	7.36	0.86	
1766	601766	CSR	5.38	-1.6%	4.54	-1.7%	-3.4%	15.13	13.93	12.64	2.50	
525	601333	GUANGSHEN RAIL	3.03	1.3%	3.41	-0.9%	-27.5%	9.84	9.85	10.52	0.72	
177	600377	JIANGSU EXPRESS	7.88	0.3%	5.95	0.3%	8.0%	12.78	12.58	11.62	1.90	
548	600548	SHENZHEN EXPRESS	3.31	-1.2%	3.94	-2.0%	-31.5%	7.96	7.73	7.16	0.68	
995	600012	ANHUI EXPRESSWAY	4.79	0.0%	4.45	-1.3%	-12.2%	7.49	7.41	6.79	1.09	
107	601107	SICHUAN EXPRESS	3.48	0.6%	3.89	-3.2%	-27.0%	7.92	7.26	6.77	1.01	
1065	600874	TIANJIN CAPITAL	2.22	0.5%	5.57	-2.3%	-67.5%	9.10	9.79	10.35	0.75	
1211	002594	BYD COMPANY	22.15	-1.8%	24.61	-2.9%	-26.6%	109.55	42.91	32.43	2.12	
2333	601633	GREATWALL MOTOR	15.80	0.1%	14.12	-2.4%	-8.7%	9.70	10.87	9.63	3.14	
2338	000338	WEICHAI POWER	38.30	-1.2%	33.76	-2.0%	-7.5%	7.39	8.70	8.13	2.47	
1157	000157	ZOOMLION	11.36	-1.2%	9.65	1.0%	-4.0%	8.06	9.29	8.80	1.71	
187	600860	BEIREN PRINTING	1.70	-2.3%	5.16	0.6%	-73.1%	10.11	-	-	0.77	
300	600806	JIAODA HIGHTECH	2.69	1.5%	8.07	3.3%	-72.8%	8.39	3.32	2.64	0.84	
42	000585	NE ELECTRIC	0.82	0.0%	2.86	-1.7%	-76.6%	28.34	-	-	1.75	
1072	600875	DONGFANG ELEC	20.35	-2.6%	23.66	-0.7%	-29.9%	10.66	10.71	9.65	2.70	
2727	600627	SH ELECTRIC	4.10	-4.0%	5.78	0.2%	-42.2%	14.21	13.37	11.82	1.54	
2208	002202	GOLDWIND	4.64	-0.6%	8.36	-2.5%	-54.7%	3.82	13.61	15.08	0.77	
350	000666	JINGWEI TEXTILE	4.66	-2.7%	10.25	-3.0%	-62.9%	5.31	4.58	-	0.69	
168	600600	TSINGTAO BREW	44.90	1.0%	34.04	0.0%	7.6%	26.01	29.44	24.69	4.78	
719	000756	SHANDONG XINHUA	2.20	-3.1%	5.71	-3.5%	-68.6%	8.12	-	-	0.48	
874	600332	GUANGZHOU PHAR	6.07	0.0%	-	-	-	13.94	10.72	9.63	1.06	



2607	601607	SH PHARMA	14.20	-1.7%	12.15	0.2%	-4.7%	16.78	15.48	14.33	2.53
1618	601618	MCC	2.07	-1.4%	2.67	-1.1%	-36.8%	6.49	7.40	6.18	0.70
347	000898	ANGANG STEEL	5.42	-3.6%	4.64	-2.3%	-4.7%	-	-	39.12	0.60
323	600808	MAANSHAN IRON	2.51	-1.2%	2.61	-1.9%	-21.6%	42.56	60.21	19.13	0.58
1053	601005	CHONGQING IRON	1.38	0.0%	3.27	0.0%	-65.6%	85.49	75.03	34.10	0.35
2600	601600	CHALCO	4.04	-0.7%	6.95	-2.8%	-52.6%	66.83	74.88	173.41	0.86
358	600362	JIANGXI COPPER	19.20	-0.9%	25.41	-1.9%	-38.4%	7.42	7.41	7.52	1.44
2899	601899	ZIJIN MINING	3.27	-2.4%	4.32	-2.3%	-38.3%	11.17	9.23	7.87	2.51
914	600585	ANHUI CONCH	23.25	-1.7%	16.02	-4.2%	18.4%	9.70	8.42	8.83	2.52
2009	601992	BBMG	7.09	-2.5%	8.90	-2.9%	-35.0%	8.26	6.68	5.78	1.38
588	601588	BEIJING N STAR	1.60	-0.6%	2.83	-2.1%	-53.9%	3.21	10.04	-	0.33
763	000063	ZTE	23.10	1.8%	17.56	2.6%	7.3%	19.26	20.84	16.51	2.34
553	600775	NANJING PANDA	1.82	-1.1%	6.39	-0.9%	-76.8%	18.10	-	-	0.64
317	600685	GUANGZHOU SHIP	8.09	0.7%	16.49	-2.8%	-60.0%	6.75	6.44	5.95	1.09
1919	601919	CHINA COSCO	5.10	-1.7%	5.32	-1.3%	-21.8%	64.89	-	-	0.98
2866	601866	CSCL	2.58	-3.0%	2.83	-1.4%	-25.7%	10.21	-	-	0.87
1138	600026	CHINA SHIP DEV	5.43	-0.4%	6.28	-1.3%	-29.5%	10.60	15.17	14.86	0.67
2880	601880	DALIAN PORT	2.09	0.0%	2.73	-1.1%	-37.6%	8.87	10.27	9.07	0.61
921	000921	HISENSE KELON	1.82	0.0%	4.22	-3.2%	-64.8%	3.50	-	-	2.44
1108	600876	LUOYANG GLASS	1.90	1.1%	7.38	-0.8%	-79.0%	4.90	-	-	4.76
1812	000488	CHENMING PAPER	4.16	-1.4%	5.07	-2.5%	-33.1%	5.85	6.52	4.76	0.53

Source: Bloomberg

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