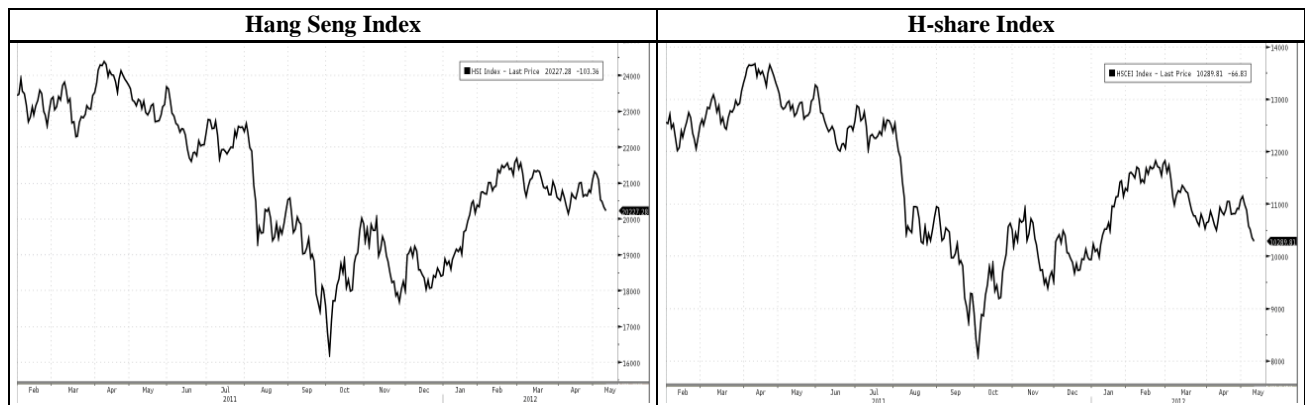




HONG KONG STOCK MARKET SUMMARY



Indexes Performance

10/05/2012	PER(x)	Close	Chg. (%)	Net Chg.	Day High	Day Low		(HK\$mn)	Chg. (%)
Hang Seng Index	9.68	20,227.28	-0.51%	-103.36	20,375.04	20,091.68	Main board turnover	52,559	-4.65%
HSI-Finance	9.35	27,506.56	-0.52%	-143.39	27,638.28	27,266.32	HSI stocks	20,365	-0.86%
HSI-Comm & Ind	10.70	12,326.20	-0.60%	-74.09	12,445.29	12,257.00	HSCEI stocks	13,305	-3.77%
HSI-Properties	6.23	24,275.28	-0.34%	-83.85	24,544.25	24,103.12	Derivative warrants	7,435	11.36%
HSI-Utilities	17.37	46,293.43	0.01%	5.44	46,826.08	46,238.82	Callable Bull/Bear	6,707	0.29%
HSI Volatility Index	-	22.60	1.12%	0.25	23.52	21.51	Short-selling	5,178	0.82%

10/05/2012	PER(x)	Close	Chg. (%)	10/05/2012	Close	Chg. (%)
HS Composite Index	-	2,772.48	-0.55%	HSCI-Financials	2,953.02	-0.53%
Red Chip Index	11.16	3,948.65	0.01%	HSCI-Services	3,717.12	-1.32%
HS H-share Index	8.58	10,289.81	-0.65%	HSCI-Telecom	1,859.42	0.24%
H-share Financial Index	7.91	13,830.36	-0.34%	HSCI-Prop & con	2,475.96	-0.69%
				HSCI-Utilities	5,569.02	0.17%
				HSCI-Energy	13,157.81	-1.42%
				HSCI-Materials	6,286.35	-0.97%
				HSCI-Industrial goods	1,105.55	-0.60%
				HSCI-Consumer goods	4,557.45	-0.11%
				HSCI-I.T.	2,591.28	-0.11%
				HSCI-Conglomerates	2,153.43	-0.56%

Futures Market

	Close	Net change	Chg.(%)	Day High	Day Low	Volume	O/I
HSI Futures							
HSI May 12	19,923	-211	-1.05%	20,178	19,882	85,761	93,374
HSI Jun 12	19,732	-205	-1.03%	19,980	19,692	1,575	9,772
HS CEI Futures							
HSCEI May 12	10,155	-105	-1.02%	10,317	10,134	45,198	102,651
HSCEI Jun 12	9,933	-108	-1.08%	10,081	9,914	1,582	12,645

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	69.54	69.05	0.7%	857	PETROCHINA	10.55	10.52	0.3%
2888	STANCHART	173.35	173.00	0.2%	386	SINOPEC CORP	7.77	7.73	0.5%
945	MANULIFE	94.71	95.60	-0.9%	883	CNOOC	15.13	15.22	-0.6%
2628	CHINA LIFE	20.07	20.15	-0.4%	338	SHANGHAI PECEM	2.51	2.50	0.3%
941	CHINA MOBILE	88.11	88.60	-0.6%	670	CHINA EAST AIR	2.57	2.58	-0.5%
762	CHINA UNICOM	13.06	13.08	-0.1%	1055	CHINA SOUTH AIR	3.53	3.56	-0.9%
728	CHINA TELCOM	3.96	3.97	-0.3%	902	HUANENG POWER	4.66	4.64	0.3%
1137	CITY TELECOM	4.25	4.41	-3.6%	1171	YANZHOU COAL	14.70	14.94	-1.6%
700	TENCENT	222.80	223.20	-0.2%	2600	CHALCO	3.38	3.37	0.2%
992	LENOVO GROUP	7.10	7.14	-0.6%	525	GUANGSHEN RAIL	2.69	2.68	0.3%

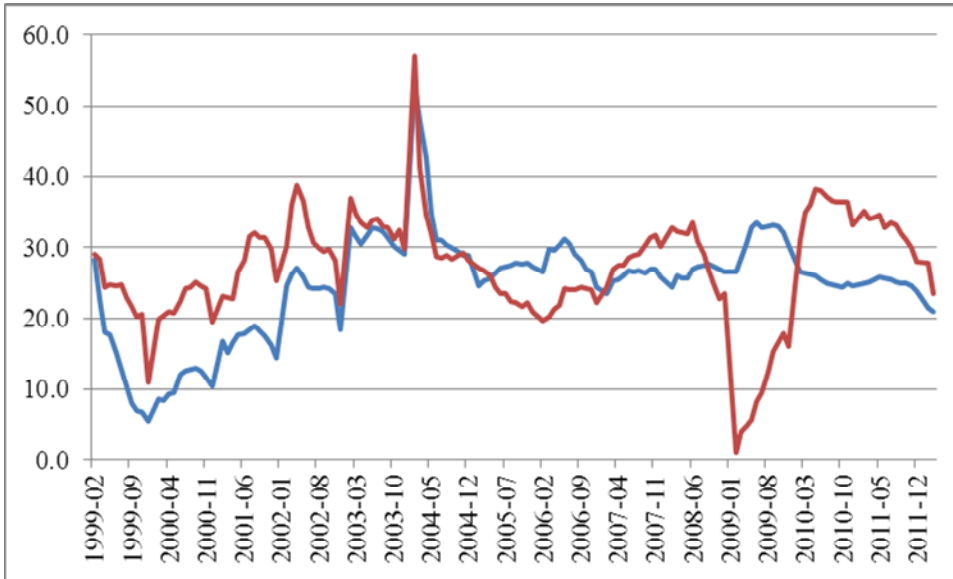


Event: We anticipate the government will soon to release new stimulus measures to boost the housing market, but the measures will not boost the speculation. The policy stance will still be on the support of genuine demand. We expect the government to lower the barriers for upgraders to buy new houses to improve the living standards.

Comments:

- China is due to release April housing fixed asset investment (FAI) on May 11. We expect the release's growth rate to continue downward trend in April as the oversupply situation in China residential market, although improved, may sustain in the upcoming 6-12 months (details please refer to Morning Report on April 16). Highly leveraged China developers are busy to downsize their inventories in a bid to de-leverage their balance sheets. Reasonably geared-up developers such as China Overseas Land (688) take advantage of recent low land cost to replenish their land inventories. We project the housing FAI for the first four months to come in at Rmb1,642.3bn, representing 23.1% YoY growth. The growth rate has dropped for 8 consecutive months.
- The already slowdown growth for housing FAI (accounting for ~ 20-25% of overall FAI in China) together with its gloomy outlook will depress overall economy. We expect government to introduce more measures such as favorable mortgage rate, easier approval for pre-sales permits on high ASP projects, selective home purchase restriction easing to boost the genuine demand for new homes and to avoid over-turbulence on economy as well.
- The question now are when and how we can expect to see more policy easing and who will benefit most, following the favorable mortgage policy ensuring first home mortgage access. We are of view that upgraders, the other part of genuine demand, will most likely be the second segment benefiting from the further potential relaxation for self-use purchase, which may start in 2H12.
- In our coverage, medium-to-high end property developer Sunac(1918;HK\$2.31;BUY; Target price HK\$2.95) is most exposed to upgrade buyers, which made up 60-70% of its sales, according to management. The stock retreated 8.3% over the past 5 trading days as the overall risk aversion rose in the HK market. We maintain BUY rating on Sunac, the top beneficiary of potential relaxation in the upgrade demand. We maintain target price at HK\$2.95, representing 53.7% discount to 2012 NAV(HK\$6.37/share) and 2.4x 2012 PE(FY12 EPS to grow 67.1% YoY to Rmb1.0).

China housing FAI (in red) and Overall FAI (in blue) growth rate (%)



Source: NBS and ABCI Securities

1-year share price of Sunac



Source: Bloomberg

Analyst: Vivian li

HK stock market risks monitor

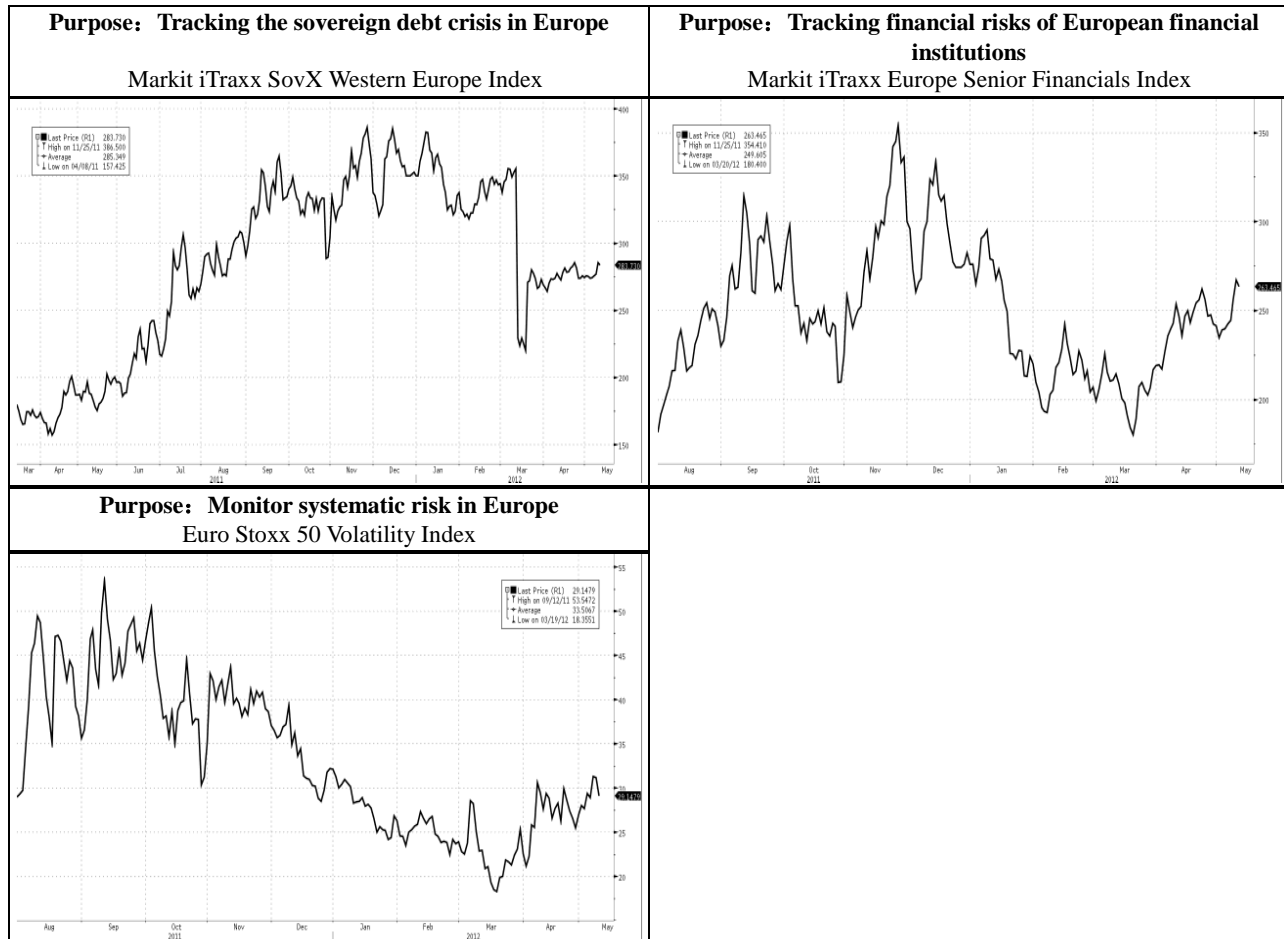
China 5-year CDS dropped while HK 5-year CDS increased slightly on 10May. The HK\$ against US\$ is traded at 7.7631 in the morning of 11 May.



Source: Bloomberg

Europe debt crisis monitor (Update to 10/05/2012)

Markit iTraxx SovX Western Europe Index which tracks CDS of 15 Western European and Markit iTraxx Europe Senior Financials Index which tracks CDS of major financial institutions in Europe dropped slightly on 10 May.



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 (10/05/2012)

Code	Stock	Price (HK\$)	Price Chg	Short sell ratio	Notes:
1313	CHINA RES CEMENT	5.66	-2.92%	55%	The main short selling sector: • Consumer Goods-Esprit(330), Tsing Tao Brewery(168), Sino Pharm(1099), Esprit(330), Li& Fung(494)
1186	CHINA RAIL CN-H	5.40	-1.82%	47%	
2038	FOXCONN INTL HLD	3.45	0.58%	47%	
902	HUANENG POWER-H	4.64	3.11%	44%	
168	TSINGTAO BREW-H	48.00	1.69%	41%	
1099	SINOPHARM-H	18.34	-0.43%	36%	
330	ESPRIT HLDGS	14.78	5.42%	35%	
494	LI & FUNG LTD	15.72	-1.01%	33%	
297	SINOFERT HOLDING	1.61	-1.83%	32%	
347	ANGANG STEEL-H	4.84	-2.81%	31%	
700	TENCENT HOLDINGS	223.20	-0.71%	31%	
606	CHINA AGRI-INDUS	5.36	-0.92%	30%	
3808	SINOTRUK HK LTD	4.25	0.71%	30%	
688	CHINA OVERSEAS	16.00	-0.12%	29%	
358	JIANGXI COPPER-H	17.34	-1.03%	29%	

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 (10/05/2012)

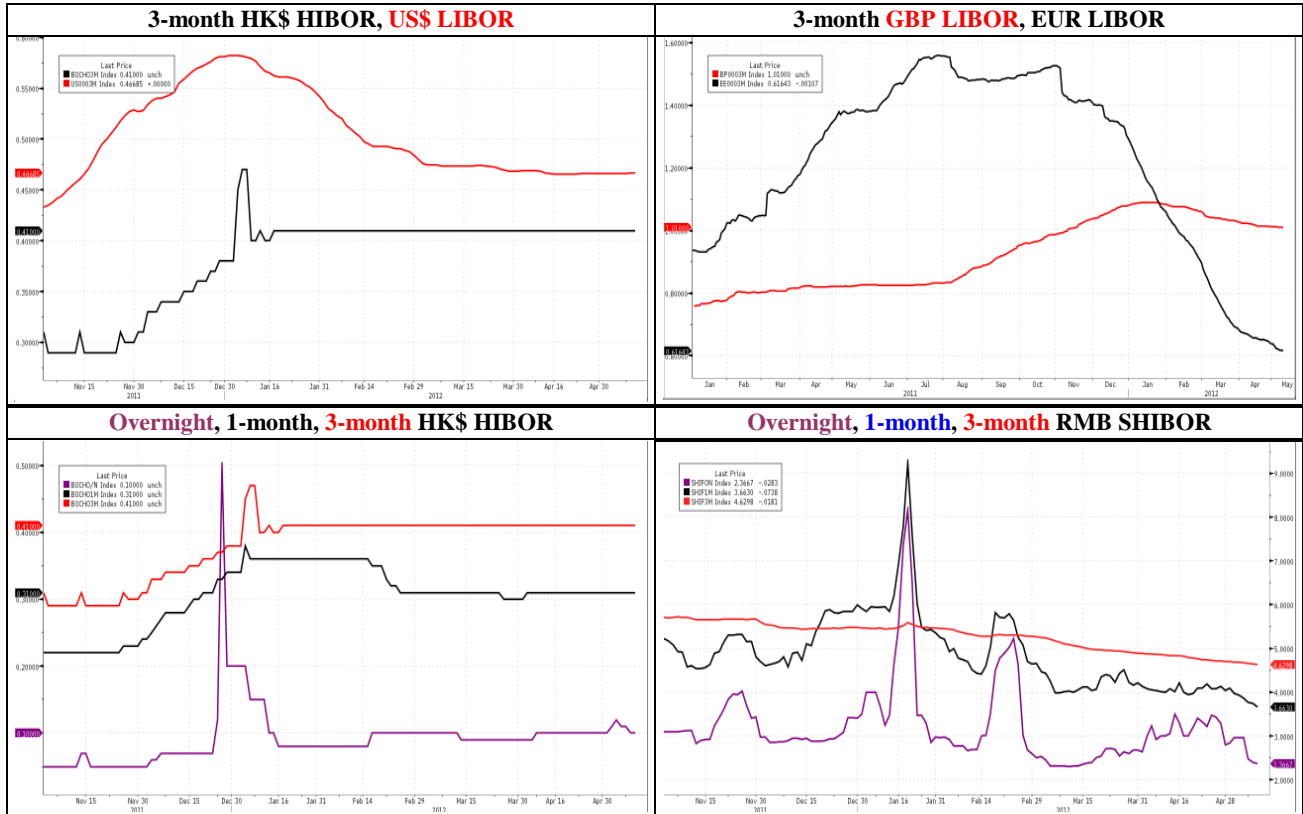
Hang Seng Index stocks									
Top 10 percent gain stocks			Price (HK\$)				Top 10 percent loss stocks		
Rank	Code	Stock	Price (HK\$)	Change	Code	Stock	Price (HK\$)	Change	
1	330	ESPRIT HLDGS	14.78	5.42%	293	CATHAY PAC AIR	12.52	-6.29%	
2	1044	HENGAN INTL	80.90	3.45%	19	SWIRE PACIFIC-A	87.2	-3.75%	
3	291	CHINA RES ENTERP	28.80	2.13%	101	HANG LUNG PROPER	26.25	-2.96%	
4	1109	CHINA RES LAND	13.92	1.61%	857	PETROCHINA CO-H	10.52	-2.05%	
5	17	NEW WORLD DEV	9.34	1.41%	386	CHINA PETROLEU-H	7.73	-1.78%	
6	836	CHINA RES POWER	13.76	1.18%	1088	CHINA SHENHUA-H	31.4	-1.72%	
7	762	CHINA UNICOM HON	13.08	0.62%	1199	COSCO PAC LTD	10.16	-1.55%	
8	151	WANT WANT CHINA	9.41	0.43%	267	CITIC PACIFIC	12.18	-1.46%	
9	1	CHEUNG KONG	99.70	0.35%	388	HONG KONG EXCHNG	117.2	-1.43%	
10	3988	BANK OF CHINA-H	3.03	0.33%	2388	BOC HONG KONG HO	23.7	-1.25%	

H-share Index stocks									
Top 10 percent gain stocks			Price (HK\$)				Top 10 percent loss stocks		
Rank	Code	Stock	Price (HK\$)	Change	Code	Stock	Price (HK\$)	Change	
1	902	HUANENG POWER-H	4.64	3.11%	1919	CHINA COSCO HO-H	3.82	-5.45%	
2	1988	CHINA MINSHENG-H	7.85	1.95%	753	AIR CHINA LTD-H	5.55	-3.98%	
3	728	CHINA TELECOM-H	3.97	1.79%	2238	GUANGZHOU AUTO-H	6.92	-3.76%	
4	168	TSINGTAO BREW-H	48.00	1.69%	3323	CHINA NATL BDG-H	9.05	-2.90%	
5	916	CHINA LONGYUAN-H	5.89	1.55%	857	PETROCHINA CO-H	10.52	-2.05%	
6	1066	SHANDONG WEIG-H	8.34	0.97%	1186	CHINA RAIL CN-H	5.40	-1.82%	
7	1157	ZOOMLION HEAVY-H	10.16	0.59%	386	CHINA PETROLEU-H	7.73	-1.78%	
8	3988	BANK OF CHINA-H	3.03	0.33%	1088	CHINA SHENHUA-H	31.40	-1.72%	
9	2600	ALUMINUM CORP-H	3.37	0.30%	914	ANHUI CONCH-H	22.85	-1.72%	
10	1171	YANZHOU COAL-H	14.94	0.13%	390	CHINA RAIL GR-H	2.67	-1.48%	

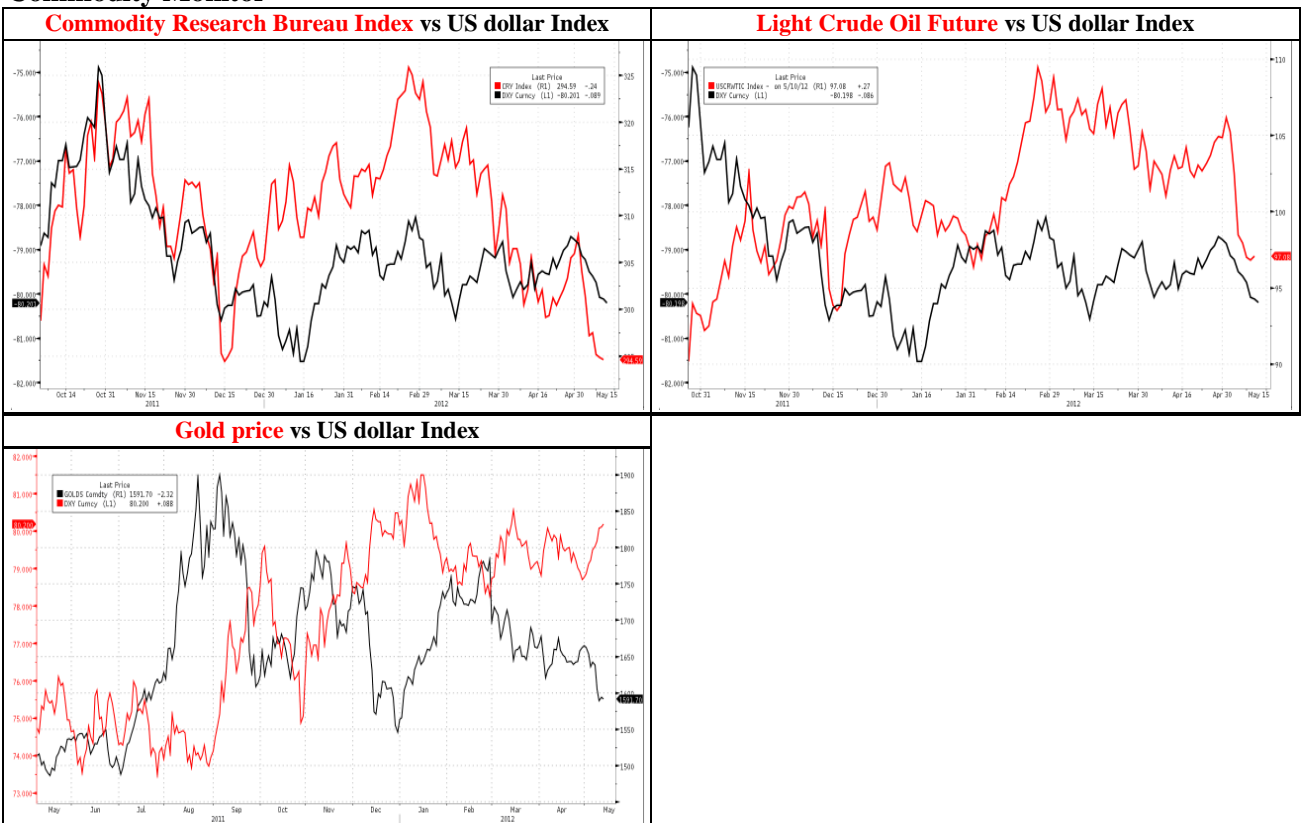
Red Chin Index stocks									
Top 10 percent gain stocks			Price (HK\$)				Top 10 percent loss stocks		
Rank	Code	Stock	Price (HK\$)	Change	Code	Stock	Price (HK\$)	Change	
1	992	LENOVO GROUP LTD	7.14	2.59%	1313	CHINA RES CEMENT	5.66	-2.92%	
2	291	CHINA RES ENTERP	28.8	2.13%	297	SINOFERT HOLDING	1.61	-1.83%	
3	1109	CHINA RES LAND	13.92	1.61%	966	CHINA TAIPING IN	14.36	-1.78%	
4	119	POLY HONG KONG	3.55	1.43%	392	BEIJING ENTERPRI	42.85	-1.61%	
5	836	CHINA RES POWER	13.76	1.18%	1199	COSCO PAC LTD	10.16	-1.55%	
6	3808	SINOTRUK HK LTD	4.25	0.71%	817	FRANSHION PROP	2.01	-1.47%	
7	762	CHINA UNICOM HON	13.08	0.62%	267	CITIC PACIFIC	12.18	-1.46%	
8	270	GUANGDONG INVEST	5.47	0.18%	135	KUNLUN ENERGY CO	12.84	-1.23%	
9	941	CHINA MOBILE	88.60	0.06%	1114	BRILLIANCE CHINA	7.84	-1.13%	
10					606	CHINA AGRI-INDUS	5.36	-0.92%	

Source: Bloomberg

Interest Rates Monitor



Commodity Monitor



Source: Bloomberg

Appendix: H-Share and A-share Price Comparison Table (10/05/2012)

H-share Code	A-share Code	Stock Name	H-share		A-share		H-share premium		2011 PER	2012 PER	2013 PER	2011 P/B
			Price (HK\$)	price chg (%)	Price (RMB)	price chg (%)	(discount) to A-share					
939	601939	CCB	5.67	-0.5%	4.69	-0.4%	-2.0%	6.76	6.23	5.54	1.42	
1398	601398	ICBC	4.96	-0.2%	4.40	0.5%	-8.7%	6.81	6.13	5.50	1.47	
1288	601288	ABC	3.40	-0.6%	2.74	0.7%	0.5%	6.80	6.03	5.30	1.38	
3988	601988	BANK OF CHINA	3.03	0.3%	3.07	0.7%	-20.0%	5.49	5.17	4.80	0.95	
3328	601328	BANKCOMM	5.53	-0.9%	4.88	-0.2%	-8.2%	5.47	5.27	4.99	1.02	
3968	600036	CM BANK	15.64	-1.0%	12.11	-0.1%	4.6%	7.59	7.08	6.38	1.66	
998	601998	CITIC BANK	4.61	-0.9%	4.50	0.0%	-17.0%	5.26	5.20	4.76	1.00	
1988	600016	MINSHENG BANK	7.85	1.9%	6.65	-1.0%	-4.3%	5.52	5.62	5.10	1.22	
2628	601628	CHINA LIFE	20.15	0.0%	18.28	-1.0%	-10.7%	25.12	16.01	13.17	2.41	
2318	601318	PING AN	61.70	-0.5%	41.37	-0.2%	20.8%	19.85	15.13	12.58	3.02	
2601	601601	CPIC	23.90	-0.4%	21.29	-0.2%	-9.0%	19.97	15.17	12.59	2.17	
1336	601336	NEW CHINA LIFE	34.55	0.9%	33.62	-0.1%	-16.7%	22.58	22.52	18.35	2.79	
6030	600030	CITIC SEC	15.90	1.5%	12.98	0.8%	-0.7%	10.47	22.52	17.55	1.64	
6837	600837	HAITONG SEC	10.58	-1.1%	9.86	0.0%	-13.1%	-	20.17	15.31	-	
857	601857	PETROCHINA	10.52	-2.0%	9.66	-0.7%	-11.8%	11.68	9.90	9.19	1.56	
386	600028	SINOPEC CORP	7.73	-1.8%	7.12	0.1%	-12.0%	7.42	7.00	6.48	1.15	
338	600688	SHANGHAI PEICHEM	2.50	-2.0%	6.19	2.1%	-67.3%	15.23	11.71	7.56	0.81	
1033	600871	YIZHENG CHEM	1.68	-1.8%	7.12	1.1%	-80.9%	6.50	7.56	7.36	0.61	
2883	601808	CHINA OILFIELD	11.40	-0.7%	19.39	2.0%	-52.4%	10.29	8.93	7.98	1.46	
568	002490	SHANDONG MOLONG	5.43	0.4%	17.53	6.0%	-74.9%	10.48	4.15	3.52	0.65	
1088	601088	SHENHUA ENERGY	31.40	-1.7%	26.91	-0.2%	-5.4%	11.30	10.15	9.07	2.24	
1898	601898	CHINA COAL	8.28	-0.5%	9.46	0.1%	-29.1%	9.07	8.04	6.96	1.09	
1171	600188	YANZHOU COAL	14.94	0.1%	24.00	0.5%	-49.6%	6.69	7.01	6.44	1.40	
902	600011	HUANENG POWER	4.64	3.1%	5.56	-0.4%	-32.4%	45.01	11.60	10.24	1.04	
991	601991	DATANG POWER	2.62	0.4%	5.43	1.7%	-60.9%	13.89	9.11	7.48	0.73	
1071	600027	HUADIAN POWER	1.80	0.0%	3.20	-0.9%	-54.4%	132.59	8.89	7.11	0.61	
670	600115	CHINA EAST AIR	2.58	-3.0%	4.19	-1.9%	-50.1%	5.18	6.99	5.79	1.17	
1055	600029	CHINA SOUTH AIR	3.56	-2.7%	4.80	0.2%	-39.9%	5.55	8.36	7.43	0.88	
753	601111	AIR CHINA	5.55	-4.0%	6.34	-1.7%	-29.1%	7.43	9.71	8.19	1.26	
1800	601800	CHINA COMM CONS	6.74	-1.2%	5.69	-1.4%	-4.0%	6.91	6.87	6.04	1.15	
390	601390	CHINA RAILWAY	2.67	-1.5%	2.68	-0.4%	-19.3%	6.89	7.21	6.44	0.64	
1186	601186	CHINA RAIL CONS	5.40	-1.8%	4.30	-0.9%	1.8%	6.84	7.43	6.71	0.83	
1766	601766	CSR	5.75	-0.5%	4.80	-0.2%	-2.9%	14.29	14.29	12.20	2.45	
525	601333	GUANGSHEN RAIL	2.68	-1.5%	3.42	-0.9%	-36.5%	8.69	9.78	8.55	0.61	
177	600377	JIANGSU EXPRESS	7.54	-1.4%	6.11	0.3%	-0.0%	12.68	11.73	10.74	1.70	
548	600548	SHENZHEN EXPRESS	3.16	-1.9%	4.02	-0.2%	-36.3%	6.39	7.21	6.47	0.61	
995	600012	ANHUI EXPRESSWAY	4.16	-1.0%	4.62	-0.2%	-27.0%	6.58	6.41	6.19	0.88	
107	601107	SICHUAN EXPRESS	3.05	1.7%	3.83	0.0%	-35.5%	5.80	6.01	5.84	0.81	
895	002672	DONGJIANG	30.85	-1.4%	48.57	0.0%	-48.5%	21.22	13.37	11.34	4.68	
1065	600874	TIANJIN CAPITAL	1.93	-1.5%	5.79	-0.2%	-73.0%	8.23	8.94	9.48	0.63	
1211	002594	BYD COMPANY	18.34	-0.5%	25.59	-0.9%	-41.9%	25.15	26.54	20.64	1.66	
2238	601238	GUANGZHOU AUTO	6.92	-3.8%	8.34	0.1%	-32.8%	8.07	7.74	6.49	1.18	
2333	601633	GREATWALL MOTOR	16.28	-0.1%	15.60	-1.1%	-15.4%	10.81	9.63	8.72	3.22	
2338	000338	WEICHAI POWER	35.00	-0.6%	33.00	-0.8%	-14.1%	8.44	8.80	7.60	2.06	
1157	000157	ZOOMLION	10.16	0.6%	10.02	-0.6%	-17.8%	7.84	7.16	6.17	1.79	
187	600860	BEIREN PRINTING	1.59	0.0%	4.95	0.0%	-74.0%	54.52	-	-	0.72	
300	600806	JIAODA HIGHTECH	2.13	-2.3%	6.88	-0.6%	-74.9%	16.84	2.08	-	0.66	
42	000585	NE ELECTRIC	0.64	-1.5%	2.25	1.4%	-77.0%	-	-	-	1.68	
1072	600875	DONGFANG ELEC	19.02	-1.9%	21.98	1.4%	-29.9%	10.07	9.20	8.71	2.24	
2727	600627	SH ELECTRIC	3.75	-0.3%	5.64	0.5%	-46.1%	11.93	10.81	9.80	1.33	
2208	002202	GOLDWIND	3.56	-1.9%	7.55	-0.5%	-61.8%	12.54	15.94	14.21	0.60	



350	000666	JINGWEI TEXTILE	4.84	3.0%	13.77	5.4%	-71.5%	4.84	-	-	0.72
168	600600	TSINGTAO BREW	48.00	1.7%	36.73	2.6%	5.9%	30.23	26.05	22.05	4.73
719	000756	SHANDONG XINHUA	1.74	-2.2%	5.65	0.9%	-75.0%	8.39	-	-	0.37
874	600332	GUANGZHOU PHAR	9.52	4.0%	17.28	6.5%	-55.4%	21.73	17.14	14.67	1.65
2607	601607	SH PHARMA	11.98	0.7%	12.40	2.8%	-21.7%	11.56	13.08	11.33	1.13
1618	601618	MCC	1.65	0.0%	2.65	-0.4%	-49.5%	6.13	5.50	4.61	0.53
347	000898	ANGANG STEEL	4.84	-2.8%	4.36	0.0%	-10.0%	-	63.26	17.91	0.56
323	600808	MAANSHAN IRON	1.92	-4.0%	2.49	0.4%	-37.5%	172.86	28.81	10.30	0.44
1053	601005	CHONGQING IRON	1.38	0.0%	-	-	-	-	-	-	0.48
2600	601600	CHALCO	3.37	0.3%	7.19	0.6%	-62.0%	136.54	-	39.58	0.71
358	600362	JIANGXI COPPER	17.34	-1.0%	26.44	0.9%	-46.9%	7.40	7.21	7.19	1.24
2899	601899	ZIJIN MINING	2.32	0.0%	4.26	-0.5%	-55.9%	7.23	6.39	5.87	1.64
914	600585	ANHUI CONCH	22.85	-1.7%	16.29	-1.2%	13.7%	8.45	10.20	8.52	2.21
2009	601992	BBMG	5.89	-2.3%	8.09	0.1%	-41.0%	5.89	5.33	4.51	1.01
588	601588	BEIJING N STAR	1.40	-0.7%	2.91	0.7%	-61.0%	3.26	-	-	0.27
763	000063	ZTE	17.96	0.0%	16.85	-0.9%	-13.6%	22.39	14.96	11.94	2.07
553	600775	NANJING PANDA	1.61	0.6%	6.39	1.6%	-79.6%	7.77	-	-	0.54
317	600685	GUANGZHOU SHIP	6.16	-5.2%	17.05	-3.2%	-70.7%	5.23	4.23	6.09	0.83
1919	601919	CHINA COSCO	3.82	-5.4%	5.18	-1.1%	-40.2%	-	-	18.32	0.91
2866	601866	CSCL	2.09	-5.0%	3.09	0.0%	-45.2%	-	130.27	15.98	0.76
1138	600026	CHINA SHIP DEV	4.58	-1.5%	6.06	-0.2%	-38.8%	12.06	15.93	8.69	0.53
2880	601880	DALIAN PORT	1.68	-1.2%	2.69	-0.7%	-49.4%	8.83	7.48	6.98	0.48
921	000921	HISENSE KELON	1.59	-2.5%	4.29	-1.4%	-70.0%	7.68	-	-	2.17
1108	600876	LUOYANG GLASS	1.49	1.4%	6.32	0.3%	-80.9%	-	-	-	3.71
1812	000488	CHENMING PAPER	3.43	-0.9%	4.82	0.0%	-42.3%	9.58	6.39	4.92	0.42

Source: Bloomberg

Analyst Certification and Disclosure

Analyst Certification

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