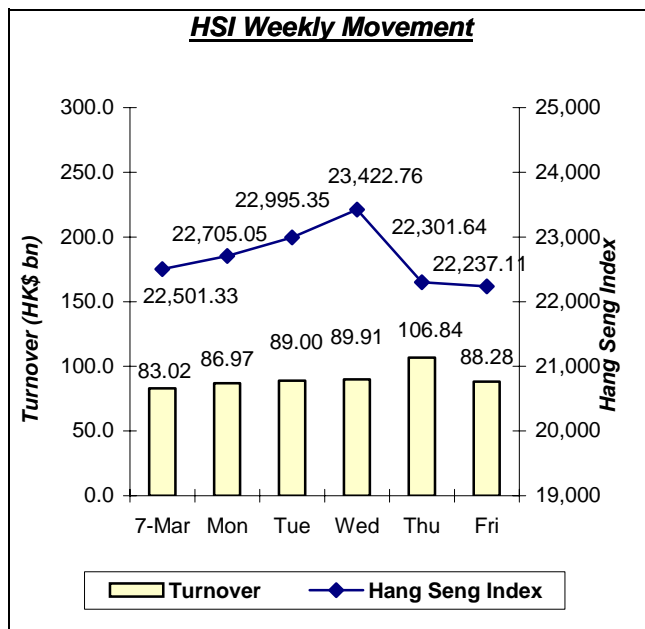


## HSI failed to sustain on central banks' coordinated money injection



<b>Weekly Market Statistics</b>				
Week ended	14/3/2008	7/3/2008	Change	%
Hang Seng Index	22,237	22,501	-264	-1.2%
HS Red Chip Index	4,850	5,024	-174	-3.5%
HS China Enterprises Index	11,891	12,607	-715	-5.7%
HS Composite Index	3,114	3,207	-92	-2.9%
HS HK Composite Index	2,415	2,420	-5	-0.2%
HS Mainland Composite Index	4,006	4,193	-188	-4.5%
Growth Enterprise Index	936	982	-45	-4.6%
Avg Daily Turnover (HK\$ bn)	88.3	79.5	+9	+11.0%
<b>Sectoral Indices</b>				
Finance	32,326	32,230	+95	+0.3%
Utilities	44,800	40,506	+4,294	+10.6%
Properties	27,094	28,628	-1,534	-5.4%
Comm & Ind	12,914	13,290	-376	-2.8%

### Review & Outlook of Market Performance

Starting the week, the local bourse bucked weakness in the Mainland and the regional equities markets, on rebound of HSBC shares. On Tuesday, it surged further, led by a recovery in regional markets amid news of surging global oil prices and worsening China inflation rate. Mainland CPI hit 8.7% y-o-y in Feb 08 (vs. 7.1% in Jan 08), which was the highest since 1996. In the mid of the week, stocks vaulted massively as investors appeared to be cheered by the global central banks' coordinated moves of injecting liquidity into the credit markets. Property shares ramped up swiftly. However, on Thursday there was immense selling pressure in China related counters and local property developers, tracking the weakness in Mainland and the regional stock markets. On Friday, investors remained cautious for fears of more bad news on the global credit markets. Over the week, the Hang Seng Index fell 264.22 points or 1.17% to 22,237.11 while the HSCEI dived 715.41 or 5.67% to 11,891.42. The average daily turnover was HK\$88.283 billion, higher than that of HK\$79.5 billion in the previous week.

On the earnings front, there were overwhelming majority of impressive 2007 financial results being announced throughout the week, including, SOHO China's net profit soaring 477% y-o-y to RMB1.97 billion, Fubon Bank (HK) reported a 40.9% increase in net profit, Citic 1616's net profit rose 30.4%, MTRC's underlying profit jumped 43.8% to HK\$8.57 billion, ICBC (Asia) reported net profit growth of 29.2% to HK\$1.61 billion, Guangzhou R&F Properties' underlying profit jumped 50.5%. Meanwhile, China Railway Construction Corp rose 12% on its trading debut this Thursday, which was in line with expectations. Two other IPO candidates- Evergrande and Wing Fat Printing carried on their initial public offerings this week. Both of them will be listed on 28<sup>th</sup> March.

For the coming week, there will be FOMC meeting on 18<sup>th</sup> March. Market is expecting at least 50bps rate-cut. However, chance for the local lenders to follow the same magnitude of cut is slim, as the local deposit rate is already very low. The local market should remain volatile, driven by news flow in both the Mainland and the US. The Hang Seng Index may trade down to below 22,000 levels.

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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
Week to							
14th March	12,145.74*	2,263.61*	12,241.60	2,834.75	1,203.42	819.83	8,161.39
7th March	11,893.69	2,212.49	12,782.80	2,866.28	1,296.33	821.57	8,531.38
Change	+252.05	+51.12	-541.20	-31.53	-92.91	-1.74	-369.99
%	+2.1%	+2.3%	-4.2%	-1.1%	-7.2%	-0.2%	-4.3%

Remarks: (\*) closing as of 13<sup>th</sup> March 2008

**Major Changes in Index Constituent Stocks (Week ended 14<sup>th</sup> March 2008)**
**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @14/3/08	W-O-W Change		Remarks / Comments
			Absolute	%	
HK Electric	0006	HK\$49.3	+HK\$6.3	14.65%	Share prices of HK Electric hit a record high, leading the surge in Hong Kong utilities as investors sought safe havens.
CLP Holdings	0002	HK\$64.6	+HK\$7.55	13.23%	
China Merchant Holding	0144	HK\$32.95	-HK\$4.45	-11.90%	Share prices dropped, despite that China Merchant confirmed to acquire 5.4% stake in Ningbo Port Group.
Sinopec Corp	0386	HK\$6.68	-HK\$0.88	-11.64%	On Thursday, Sinopec denied a newspaper report, which said it would probably make a loss in the first half of this year. Nevertheless, this company does have business risks due to high oil prices and government caps on prices of some refined products.

**Hang Seng China Enterprises Index (HSCEI)**

Stock	Stock Code	Closing Price @14/3/08	W-O-W Change		Remarks / Comments
			Absolute	%	
China COSCO	1919	HK\$18.00	-HK\$4.05	-18.37%	No special news on this company over the week.

**Hang Seng China-Affiliated Corporations Index (HSCCI)**

Stock	Stock Code	Closing Price @14/3/08	W-O-W Change		Remarks / Comments
			Absolute	%	
China Resource Power	0836	HK\$13.02	-HK\$3.46	-21.0%	China Resource Power was removed from Goldman Sachs' conviction buy list.

**Summary of US Economic News**

Indicator	Change/Index	Comments
Trade balance – January 2008	Deficit of US\$ 58.2 billion	Trade deficit increased to US\$ 58.2 billion in January 2008 from US\$57.9 billion in December 2007.
Initial jobless claims – the week ended 8 <sup>th</sup> March 2008	Unchanged	Initial jobless claims were unchanged at 353K last week, yet continuing claims hit a two & a half yr high.
Retail sales – February 2008	- 0.6 %	Unexpectedly fell in February, led by auto dealers and restaurants, after a 0.4% gain in January.

**Forthcoming Important Announcements / Events**

17 <sup>th</sup> March 2008 (Monday)	HK	:	<b>CITIC Pacific Ltd (0267) – Final results</b> <b>Air China Ltd (0753) –Final results</b> <b>Cheung Kong Infrastructure Holdings (1038) – Final results</b> Midland Holdings Ltd (1200) – Final results <b>Aluminum Corporation of China Ltd (2600) – Final results</b> Nine Dragons Paper Holdings Ltd (2689) – Interim results CK Life Sciences Int'l (Holdings) Inc (8222) – Final results
	US	:	Current account – Q4 2007 Industrial product – February 2008
18 <sup>th</sup> March 2008 (Tuesday)	HK	:	<b>New World Development Co Ltd (0017) – Interim results</b> Wheelock Properties Ltd (0049) – Final results <b>Sino Land Co Ltd (0083) – Interim results</b> <b>Wing Hang Bank Ltd (0302) – Final results</b> <b>PetroChina Co Ltd (0857) – Final results</b> New World China Land Ltd (0917) – Interim results China Insurance International (0966) – Final results <b>Country Garden Holdings Co Ltd (2007) – Final results</b> Li Ning Co Ltd (2331) – Final results Hutchison Telecommunications International (2332) – Final results <b>China Merchants Bank (3968) – Final results</b> Unemployment – February 2008
	US	:	Goldman Sachs Group Inc Q1 FY2008 results Lehman Brothers Holdings Inc Q1 FY2008 results Housing starts – February 2008 PPI – February 2008 State Street Investor Confidence Index – March 2008 FOMC Meeting Announcement
19 <sup>th</sup> March 2008 (Wednesday)	HK	:	<b>Hong Kong and Shanghai Hotels Ltd (0045) – Final results</b> <b>Kerry Properties Ltd (0683) – Final results</b> ZTE Corp (0763) – Final results <b>China Mobile Ltd (0941) – Final results</b> C C Land Holdings Ltd (1224) – Final results <b>Ping An Insurance (2318) – Final results</b> <b>Bank of Communications (3328) – Final results</b>
	US	:	Morgan Stanley Q1 FY2008 results NIKE Inc Q3 FY2008 results
20 <sup>th</sup> March 2008 (Thursday)	HK	:	<b>China Overseas Land &amp; Investment Ltd (0688) – Final results</b> CPI – February 2008
	US	:	Bear Stearns Co Inc Q1 FY2008 results Fedex Corp Q3 FY2008 results Initial jobless claims – the week ended 15 <sup>th</sup> March 2008 Leading indicators – February 2008 Philadelphia Fed Survey – March 2008
21 <sup>st</sup> March 2008 (Friday)	HK	:	Market Holiday
	US	:	Market Holiday

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