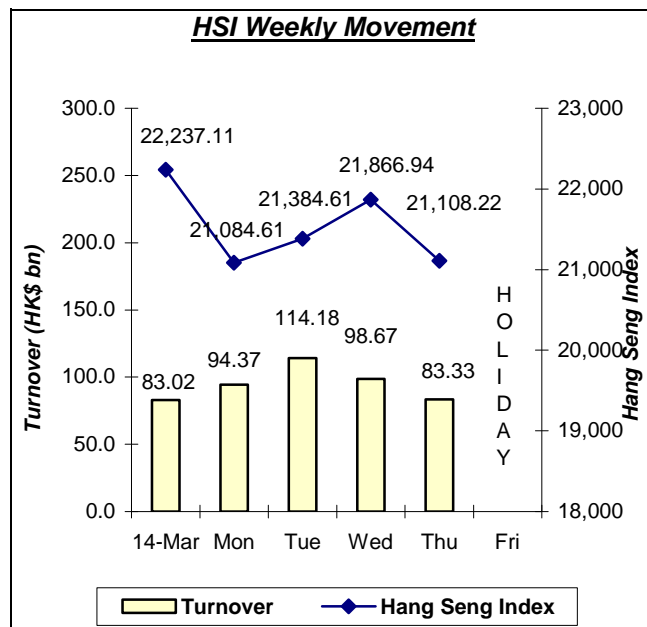


## Weakness in Wall Street hauled the HSI under 21,500



<b>Weekly Market Statistics</b>				
Week ended	20/3/2008	14/3/2008	Change	%
Hang Seng Index	21,108	22,237	-1,129	-5.1%
HS Red Chip Index	4,539	4,850	-310	-6.4%
HS China Enterprises Index	10,836	11,891	-1,055	-8.9%
HS Composite Index	2,931	3,114	-184	-5.9%
HS HK Composite Index	2,341	2,415	-73	-3.0%
HS Mainland Composite Index	3,699	4,006	-307	-7.7%
Growth Enterprise Index	802	936	-134	-14.3%
Avg Daily Turnover (HK\$ bn)	97.7	92.2	+5	+5.9%
<b>Sectoral Indices</b>				
Finance	30,922	32,326	-1,404	-4.3%
Utilities	44,130	44,800	-670	-1.5%
Properties	25,628	27,094	-1,466	-5.4%
Comm & Ind	12,117	12,914	-797	-6.2%

## Review & Outlook of Market Performance

Hong Kong stocks tumbled on Monday, in-line with the massive sell-off across the region after the US Fed cut its discount rate at an emergency meeting on Sunday night for acting against the buyout news of Bear Stearns. But the big rally on Wall Street following the US Fed's key interest rate cut offered some supports to the HSI, triggering a two-day rebound for local bourse. The HSI eventually closed at 21,108.22, down 1,128.89 points or 5.1% on a weekly basis. Average daily turnover was up from last week's HK\$92.2 billion to HK\$97.7 billion.

Market sentiment on China-related shares continuous to be weak as PBOC raised the reserve requirement ratio for the 2<sup>nd</sup> time this year after Premier Wen Jiabao pledged to curb inflation. In addition, the recent price weakness of the shares in the mainland bourses also drove the H-shares even lower. Panic selling was seen for some popular stocks. Shares of Nine Dragons Paper plunged 40% on Monday after it reported a sharp drop in profit margin. Despite reporting a 340% jump in its net profit, Alibaba stock dived 21% to a level below its offering price of HK\$13.50 on Tuesday, reflecting investors' pessimistic view on mainland shares.

Following the FOMC decision to cut rate by 75bps, Hong Kong banks cut interest rates by 0.5%. The prime rate for local banks were lowered to either 5.25% or 5.50%. The market is now expecting the Fed to further slash the rate by 25 to 50 bps in next meeting to prevent the US economy from slipping into a deep recession. However, the room for further rate cuts in Hong Kong should be limited as saving rates are already close to zero.

Looking into next week, as there are very few US economic figures to be released, investors are likely turning their attention back to the results announcements of mainland financial and local property stocks such as ICBC, Bank of China, China Life, Cheung Kong and Henderson Land. Global stock markets should remain in lacklustre due to the poor investment sentiment.

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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							
20th March	12,099.66*	2,209.96*	12,260.44	2,824.91	1,186.54	798.11	8,337.62
14th March	11,951.09	2,212.49	12,241.60	2,839.01	1,194.84	818.04	8,161.39
Change	+148.57	-2.53	+18.84	-14.10	-8.30	-19.93	+176.23
%	+1.2%	-0.1%	+0.2%	-0.5%	-0.7%	-2.4%	+2.2%

Remarks: (\*) closing as of 19<sup>th</sup> March 2008

**Major Changes in Index Constituent Stocks (Week ended 20<sup>th</sup> March 2008)**
**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @20/3/08	W-O-W Change		Remarks / Comments
			Absolute	%	
HK Electric	0006	HK\$50.4	+ HK\$3.90	+ 8.39%	Investors sought safety in the utilities, sending HK Electric to a fresh record.
Sinopec	0386	HK\$6.17	- HK\$0.83	- 11.86%	Investors did not believe refined product prices would rise in the near term and not sure if the Chinese government would subsidize Sinopec for its refining loss.

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

Stock	Stock Code	Closing Price @20/3/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Zijin Mining	2899	HK\$6.49	- HK\$2.89	- 30.81%	Gold mining firms were sharply lower as gold prices retreated from their record highs.
China Shenhua	1088	HK\$29.55	- HK\$7.40	- 20.71%	China Shenhua posted a disappointing 2007 earnings because of weaker-than-forecast coal prices last year. Investors also expected the results from its rivals, Yanzhou Coal and China Coal, would be disappointing.
China Coal	1898	HK\$11.46	- HK\$2.58	- 18.38%	
Yanzhou Coal	1171	HK\$9.10	- HK\$2.10	- 18.75%	

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

Stock	Stock Code	Closing Price @20/3/08	W-O-W Change		Remarks / Comments
			Absolute	%	
CNOOC	0883	HK\$10.18	- HK\$2.20	- 17.77%	Its rival, PetroChina delivered a worse-than-expected FY2007 results. CNOOC shares fell accordingly as investors were also not optimistic with its FY2007 earnings.

**Summary of US Economic News**

Indicator	Change/Index	Comments
Industrial Production – Feb 2008 - M/M change	- 0.5%	Overall industrial production was worse than the consensus forecast for a 0.1% decline in February, showing weakness in the economy continued to spread into manufacturing.
Producer Price Index – Feb 2008 - M/M change	+ 0.3%	Overall producer price inflation in Feb moderated but the core rate showed sharp acceleration. The report is a reminder for the Fed that inflation is still a problem.
FOMC Meeting Announcement - Federal Funds Rate (Target Level)	2.25%	The FOMC surprised the financial markets by cutting the fed funds rate only 0.75% instead of the expected 1%, as the Fed believes inflation remains a concern to the US economy.

**Forthcoming Important Announcements / Events**

24 <sup>th</sup> March 2008 (Monday)	HK	:	Beijing Jingkelong Co Ltd (0814) – Final results
	US	:	Existing Home Sales – Feb 2008 Tiffany & Co. – Q4 2007 results
25 <sup>th</sup> March 2008 (Tuesday)	HK	:	Jiangxi Copper (0358) – Final results <b>Dah Sing Financial (0440) – Final results</b> Sinotrans (0598) – Final results Fosun International (0656) – Final results Huaneng Power (0902) – Final results <b>China Netcom (0906) – Final results</b> Huadian Power (1071) – Final results <b>ICBC (1398) – Final results</b> KWG Property (1813) – Final results <b>Dah Sing Banking (2356) – Final results</b> <b>Bank of China (Hong Kong) (2388) – Final results</b> <b>China Life (2628) – Final results</b> China Infrastructure Machinery (3339) – Final results <b>Bank of China (3988) – Final results</b>
	US	:	Consumer Confidence – Mar 2008
26 <sup>th</sup> March 2008 (Wednesday)	HK	:	<b>HK &amp; China Gas (0003) – Final results</b> <b>Wharf (0004) – Final results</b> TVB (0511) – Final results Datang Power (0991) – Final results <b>China Citic Bank (0998) – Final results</b> China Want Want (0151) – Trading debut
	US	:	Durable Goods Orders – Feb 2008 New Home Sales – Feb 2008 Oracle – Q3 2008 results
27 <sup>th</sup> March 2008 (Thursday)	HK	:	<b>Cheung Kong (0001) – Final results</b> <b>Henderson Land (0012) – Interim results</b> <b>Hutchison Whampoa (0013) – Final results</b> Henderson Investment (0097) – Interim results <b>CITIC International Financial (0183) – Final results</b> Li & Fung (0494) – Final results <b>China Unicom (0762) – Final results</b> CNOOC (0883) – Final results Anhui Conch (0914) – Final results
	US	:	Initial jobless claims – the week ended 22 <sup>nd</sup> March 2008 GDP Final – Q1 2008
28 <sup>th</sup> March 2008 (Friday)	HK	:	Cosco International (0517) – Final results China Resources Land (1109) – Final results Wing Fat Printing (0633) – Trading debut
	US	:	Personal Income and Outlays – Feb 2008 Consumer Sentiment – Mar 2008

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