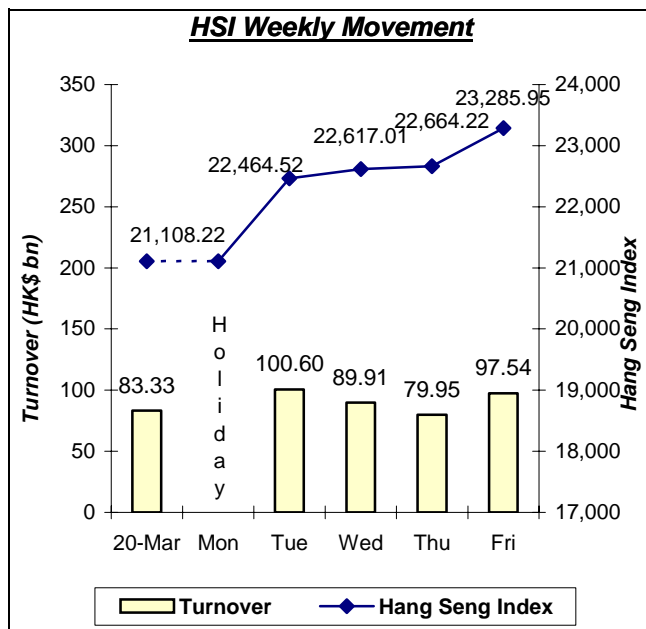


HSI recaptured grounds above 23,000 on short-squeezing



Weekly Market Statistics				
Week ended	28/3/2008	20/3/2008	Change	%
Hang Seng Index	23,286	21,108	+2,178	+10.3%
HS Red Chip Index	5,175	4,539	+635	+14.0%
HS China Enterprises Index	12,433	10,836	+1,596	+14.7%
HS Composite Index	3,275	2,931	+344	+11.8%
HS HK Composite Index	2,510	2,341	+168	+7.2%
HS Mainland Composite Index	4,244	3,699	+545	+14.7%
Growth Enterprise Index	840	802	+37	+4.6%
Avg Daily Turnover (HK\$ bn)	92.0	97.7	-6	-5.8%
Sectoral Indices				
Finance	34,191	30,922	+3,269	+10.6%
Utilities	44,852	44,130	+722	+1.6%
Properties	29,039	25,628	+3,411	+13.3%
Comm & Ind	13,384	12,117	+1,267	+10.5%

Review & Outlook of Market Performance

Despite the sluggish US stock market and weak market sentiment in the Mainland during the week, the Hang Seng Index rose for 4 consecutive sessions, up a sharp 2,177.73 points or 10.3% to 23,285.95. Tracking gains in overseas market during the Easter holiday break, Hong Kong equities posted sharp gains on Tuesday. Short-squeezing ahead of the expiry of March 07 index futures, window dressing before the quarter-end and positive brokerage call on H shares also lent support. Short-covering in H shares helped lift the HSCEI by 14.7% w-o-w to 12,432.53. The average daily turnover was HK\$92.0 billion, compared with HK\$97.7 billion, as investors stayed cautious about the market outlook.

Despite a serious sell-off in the Mainland A-shares market following a mandatory liquidation of a bank QDII fund and China Life's negative comments on its equity strategy in 2008, HK stocks, especially H shares and red chips, rebounded sharply over the week on a 4-day winning streak, supported by short-covering and bargain hunting. Mainland banking plays were among the winners during the week, which drove both the HSI and the HSCEI higher. China Construction Bank, pending for the release of its 2007 results in mid-April, outperformed its sector peers with a 16.6% w-o-w jump, followed by its bigger rival ICBC's 16.3% rise. Despite souring oil refining business, the PRC oil trio ended the week with solid gains, as there are rising rumours that Beijing would loosen its control over oil refined products and the special tax on domestic oil production soon. CNOOC ended the week 16.7% higher, while Sinopec and PetroChina finished up 10.5% and 8.6%, respectively.

Most of the index heavyweights like HSBC, China Mobile, PetroChina, China Life and ICBC have already released their earnings results. Generally speaking, the 2007 corporate earnings were generally in line with market expectations and the management guidance for 2008 is cautiously positive. Looking ahead, despite solid fundamentals among HK shares, the US subprime woes should take some time before fully healed. We expect profit taking by short-term investors and traders to kick in next week, triggering a retreat in the HSI. Support for the blue-chip index is seen near 22,200-22,500.

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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							
28th March	12,302.46*	2,280.83*	12,820.47	3,031.90	1,258.41	825.17	8,623.48
21st March	12,361.22^	2,258.11^	12,482.57	2,824.91^	1,189.06	803.32	8,524.99
Change	-58.76	+22.72	+337.90	+206.99	+69.35	+21.85	+98.49
%	-0.5%	+1.0%	+2.7%	+7.3%	+5.8%	+2.7%	+1.2%

Remarks: (^) closing as of 20th March 2008, (*) closing as of 27th March 2008

Major Changes in Index Constituent Stocks (Week ended 28th March 2008)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @28/3/08	W-O-W Change		Remarks / Comments
			Absolute	%	
China Overseas Land & Investment	0688	HK\$14.60	+HK\$3.04	+26.3%	China Overseas Land was the best performing HSI member during the week, after it posted a better-than-expected 76% y-o-y rise in FY07 profit to HK\$4.2 billion.
ICBC	1398	HK\$5.57	+HK\$0.78	+16.3%	ICBC reported a 65.5% rise in FY07 profit to RMB81.5 billion, in line with market expectation. Several brokerage houses issued "Buy/Overweight" rating on ICBC, citing its strong business scale and defensive nature.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @28/3/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Jiangxi Copper	0358	HK\$14.82	+HK\$0.92	+6.6%	Jiangxi Copper was the 2nd worst performer in the H-share index over the week after reporting a 12.6% drop in 2007 profit on depressed profit margins.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @28/3/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Sino-Ocean Land	3377	HK\$7.66	+HK\$1.66	+27.7%	Sino-Ocean Land outperformed, tracking gains in other PRC property developers. The Beijing developer said it would team up with Swire Pacific in a retail complex project in Beijing, which involves capital investment of RMB4 billion.

Summary of US Economic News

Indicator	Change/Index	Comments
Existing home sales – February 2008	+2.9%	US Existing home sales rose 2.9% in Feb to an annual rate of 5.03 million units from 4.89 million units in Jan, bucking market expectation of a drop to 4.86 million units.
Consumer confidence index – March 2008	64.5	The consumer confidence index fell sharply to 64.5 in Mar from 76.4 in Feb, much lower than consensus forecast of a reading of 73.
New home sales – February 2008	-1.8%	Feb new home sales fell 1.8% from Jan to an annual rate of 590,000 in Feb, the lowest pace in 13 years.
Durable goods orders – February 2008	-1.7%	Durable goods orders in Feb fell 1.7% m-o-m, mainly dragged by a 13% drop in machinery orders. The figure was much worse than consensus forecast of a 0.8% rise.
Initial jobless claims – the week ended 22 nd Mar 2008	-9,000	Initial jobless claims fell 9,000 to 366,000 last week, better than consensus forecast of 371,000.
GDP (final) – Q4 2007	+0.6%	The Commerce Department released the final reading of Q4 2007 GDP growth figure – unchanged at 0.6%.

Forthcoming Important Announcements / Events

31 st March 2008 (Monday)	HK	:	China Resources Enterprise (0291) – final results China Telecom (0728) – final results China Resources Power (0836) – final results First Pacific (0142) – final results GZI REIT (0405) – final results Huiyuan Juice (1886) – final results Melco International (0200) – final results Meilan Airport (0357) – final results SCMP (0583) – final results Xinyi Glass (0868) – final results
	US	:	No important announcement/event
1 st April 2008 (Tuesday)	HK	:	Retail sales – March 2008 Asia Financial (0662) – final results Beijing Capital International Airport (0694) – final results China Dongxiang (3818) – final results China Shipping Container Lines (2866) – final results Minth Group (0425) – final results Neo-Neon (1868) – final results Shangri-la Asia (0069) – final results Tiangong International (0826) – final results Xinjiang Xinxin Mining (3833) – final results
	US	:	Construction spending – February 2008 ISM manufacturing index – March 2008
2 nd April 2008 (Wednesday)	HK	:	China Ting (3398) – final results Denway Motors (0203) – final results Great Eagle (0041) – final results K Wah International (0173) – final results Northeast Electric (0042) – final results RREEF CCT REIT (0625) – final results Shenzhen International (0152) – final results
	US	:	Factory orders – February 2008 Best Buy Co., Inc. – Q4 FY2007/08 results
3 rd April 2008 (Thursday)	HK	:	Sinopec (0386) – final results Sinolink Worldwide Holdings (1168) – final results
	US	:	Initial jobless claims – the week ended 29 th March 2008 ISM non-manufacturing index – March 2008
4 th April 2008 (Friday)	HK	:	Ching Ming Festival holiday
	US	:	Non-farm payrolls and unemployment rate – March 2008

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