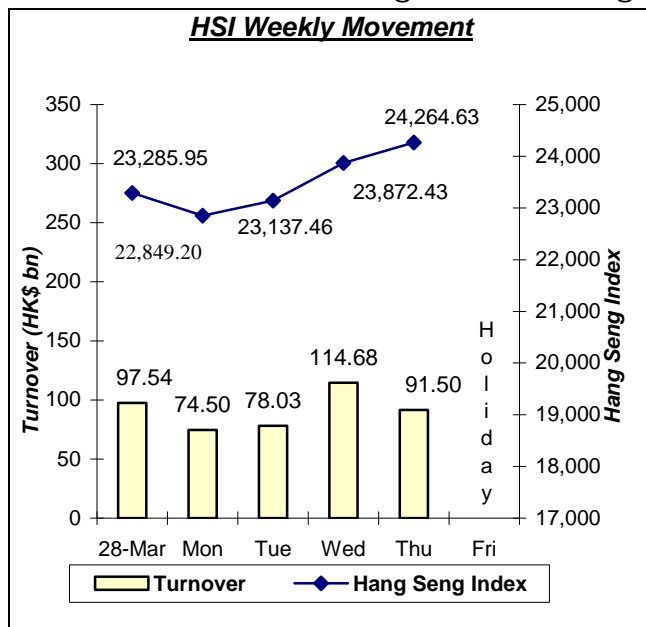


HSI surged on easing of US subprime worries



Weekly Market Statistics

Weekended	03/04/2008	28/3/2008	Change	%
Hang Seng Index	24,265	23,286	+979	+4.2%
HS Red Chip Index	5,409	5,175	+235	+4.5%
HS China Enterprises Index	13,138	12,433	+705	+5.7%
HS Composite Index	3,420	3,275	+145	+4.4%
HS HK Composite Index	2,591	2,510	+81	+3.2%
HS Mainland Composite Index	4,463	4,244	+219	+5.2%
Growth Enterprise Index	880	840	+40	+4.8%
Avg Daily Turnover (HK\$ bn)	89.7	92.0	-2	-2.5%
Sectoral Indices				
Finance	35,952	34,191	+1,760	+5.1%
Utilities	43,754	44,852	-1,098	-2.4%
Properties	31,093	29,039	+2,054	+7.1%
Comm&Ind	13,828	13,384	+444	+3.3%

Review & Outlook of Market Performance

Tracking softer overseas markets, the local stock markets fell on Monday after four straight days of gains. Although Mainland's A-share market dived on the following day, an upward momentum in Hong Kong stock markets started to accumulate as the market saw banks being aggressively cleaning their soured investments after UBS and Deutsche Bank had reported further write-downs for the subprime crisis, while Lehman had got successful capital raisings to boost its balance sheet. Meanwhile, investors were cheered by the news that Beijing would shift its macroeconomic policies to avert economic slowdown. The HSI rose by 4.20% w-o-w to 24,264.63, while the HSCEI rose by 5.67% w-o-w to 13,137.57. The average daily turnover fell to HK\$89.7 billion from HK\$92.0 billion in the previous week.

Two IPO debutants posted disappointing performance on their first trading day. Xingfa Aluminium dropped 7.4% to close at HK\$2.12 (closing the week at \$2.19 vs its IPO price of \$2.28), whilst Solargiga Energy stayed almost unchanged at its offer price of HK\$2.93 (closing the week at \$2.93 as well vs its IPO price of \$2.92). Evergrande, a developer who recently postponed its Hong Kong initial public offering, cut prices on a number of its upmarket residential projects in Guangzhou by nearly 40% to speed up sales. Market suspected that it was trying to raise cash by selling its properties at a deep discount. Separately, Hong Kong's retail sales rose 9.5% y-o-y to HK\$22.8 billion in February, which was lower than anticipated. Meanwhile, the World Bank lowered its growth forecast for China to 9.4% this year from 11.4% in 2007.

Looking ahead, market sentiment could be seesawed between news from the U.S. and volatility in the mainland China stock markets. It is expected that the HSI will fluctuate wildly between 22,000 and 25,500 in the coming week.

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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							
3rd April	12,605.83*	2,361.40*	13,389.90	3,158.51	1,223.66	826.68	8,596.34
28th March	12,216.40	2,261.18	12,820.47	3,031.90	1,258.41	825.17	8,623.48
Change	+389.43	+100.22	+569.43	+126.61	-34.75	+1.51	-27.14
%	+3.2%	+4.4%	+4.4%	+4.2%	-2.8%	+0.2%	-0.3%

Remarks: (*) closing as of 2nd April 2008

Major Changes in Index Constituent Stocks (Week ended 3rd April 2008)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @3/4/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Ping An	2318	HK\$63.05	HK\$6.05	+10.61%	On Wednesday, Ping An acquired a 50% stake in the asset management arm of Fortis for HK\$26.14 billion.
Sino Land	0083	HK\$18.90	+HK\$1.74	+10.14%	The best performed share among major property developers in Hong Kong, following series of positive news on global investment banks' efforts to clean their soured investments and raised optimism that the worst of the credit crisis might be over.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @3/4/08	W-O-W Change		Remarks / Comments
			Absolute	%	
CSCCL	2866	HK\$3.53	+HK\$0.55	+18.46%	The best performed share in HSCEI. CSCCL reported its FY07 results with net profit surging 274.2% to RMB3.2 billion. Turnover increased 27.3% y-o-y to RMB38.8 billion, driven by the freight rate hike in the European routes.
Zijin Mining	2899	HK\$7.17	-HK\$0.67	-8.55%	The worst performed share in HSCEI on weak gold prices.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @3/4/08	W-O-W Change		Remarks / Comments
			Absolute	%	
China Resources Power (CRP)	0836	HK\$17.32	+HK\$3.08	+21.63%	Post FY07 earnings results on 31 March, Merrill Lynch upgraded CRP to 'Buy' with target price of HK\$22, citing that the counter's strength in coal costs control and its higher production capacity had not been priced in.

Summary of US Economic News

Indicator	Change/Index	Comments
Chicago purchasing manager – March 2008	48.2	Index rose to 48.2 in March from a six-year low of 44.5 a month earlier, beating market consensus of 46. The report helped the S&P break a three-day losing streak.
ISM manufacturing index – March 2008	48.6	ISM manufacturing index increased slightly to 48.6 from 48.3 in February, driven by overseas demand despite stagnating domestic consumer spending and businesses investments.
Construction spending – February 2008	-0.3% m-o-m	Construction spending fell for a fifth straight month, led by a drop in residential construction.
Factory orders – February 2008	-1.3% m-o-m	Data was worse than consensus of -0.6% m-o-m. New orders for manufactured goods in February, down two consecutive months, dropped \$5.7 billion or 1.3% to \$424.4 billion.

Forthcoming Important Announcements / Events

7 th April 2008 (Monday)	HK	:	Sinopec Shanghai Petrochemical Co Ltd (0338) – Final results Sinopec Yizheng Chemical Fibre Co Ltd (1033) – Final results COSCO Pacific Ltd (1199) – Final results
	US	:	Alcoa – Q1 2008 results
8 th April 2008 (Tuesday)	HK	:	Hantec Investments Holdings Ltd (0111) – Final results Beijing Development (Hong Kong) Ltd (0154) – Final results Shun Tak Holdings Ltd (0242) – Final results China Travel International Investment HK Ltd (0308) – Final results Beijing Enterprises Holdings Ltd. (0392) – Final results Shui On Construction and Materials Ltd (0983) – Final results Road King Infrastructure Ltd (1098) – Final results China Communications Construction Co Ltd (1800) – Final results China Mengniu Dairy Co Ltd (2319) – Final results
	US	:	Pending home sales index – February 2008 Release of FOMC minutes of 18 th March 2008 meeting
9 th April 2008 (Wednesday)	HK	:	Sun Hung Kai & Co Ltd (0086) – Final results China Yurun Food Group Ltd (1068) – Final results China Coal Energy (1898) – Final results
	US	:	Wholesale trade – February 2008
10 th April 2008 (Thursday)	HK	:	GCL-poly Energy Holdings Ltd (3800) – Final results
	US	:	International trade – February 2008 Initial jobless claims – the week ended 5 th April 2008
11 th April 2008 (Friday)	HK	:	Lai Sun Garment (International) Ltd (0191) – Interim results Lai Sun Development Co Ltd (0488) – Interim results Harbin Power Equipment Co Ltd (1133) – Final results China Construction Bank (0939) – Final results
	US	:	Consumer sentiment – April 2008

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