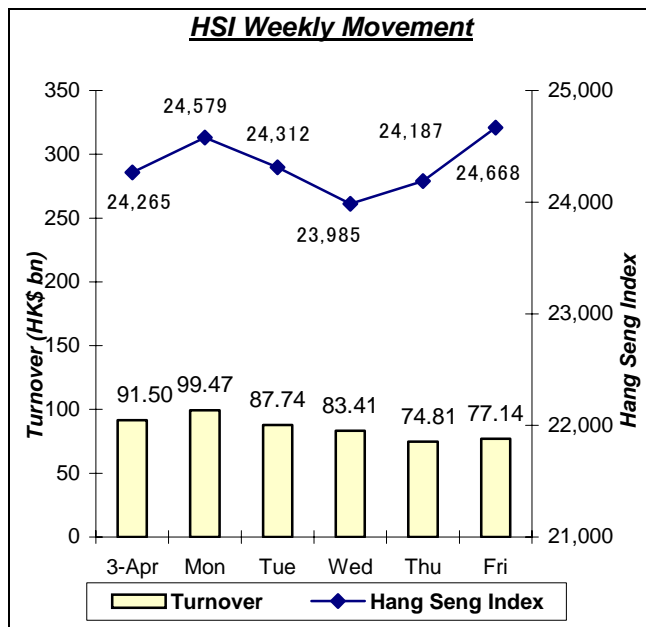


## Mainland banks drove the market to a 2-month high



<b><u>Weekly Market Statistics</u></b>				
Week ended	11/04/2008	03/04/2008	Change	%
Hang Seng Index	24,668	24,265	+403	+1.7%
HS Red Chip Index	5,590	5,409	+181	+3.3%
HS China Enterprises Index	13,357	13,138	+220	+1.7%
HS Composite Index	3,468	3,420	+48	+1.4%
HS HK Composite Index	2,586	2,591	-5	-0.2%
HS Mainland Composite Index	4,568	4,463	+105	+2.3%
Growth Enterprise Index	862	880	-18	-2.0%
Avg Daily Turnover (HK\$ bn)	84.5	89.7	-5	-5.8%
<b>Sectoral Indices</b>				
Finance	36,751	35,952	+799	+2.2%
Utilities	44,035	43,754	+281	+0.6%
Properties	30,635	31,093	-458	-1.5%
Comm&Ind	14,106	13,828	+278	+2.0%

## Review & Outlook of Market Performance

After the HSI gained for 4 consecutive sessions, the rally was held back on Tuesday by profit-taking. The market was in a cautious mode as the Wall Street is pretty choppy over the week. The Hong Kong stock market traded narrowly upward and closed at 24,667.79, up 403.16 points or 1.7% w-o-w, to a 2-month high. Amid the cautiousness in trading, average daily turnover dropped to HK\$84.5 billion from HK\$89.7 billion in the previous week.

Catching market attention was the 1Q 2008 result announcements of ICBC and China Merchant Bank later in the week. ICBC expected its first-quarter profit to soar by more than 50%, while China Merchant Banks estimated its earnings to surge 140% for the same period. Both banks attributed the rosy results to China's economic growth that boosted demand for loans and fee income. As a result, Chinese banks showed price strength and investors started believe the banking industry should benefit from a more relaxed business environment in which the central government may have less reason to step up macro-economic control measures in the future.

On the other hand, oil refiner, Sinopec and airlines, Cathy Pacific & Air China were among the losers, amid a renewed rally in crude oil prices (New York crude oil futures closed at a record \$110.87 per barrel on Wednesday) as rising raw material and fuel cost squeezed their profit margins.

Looking ahead, the HSI is likely to hover around current levels with little direction early next week. Investors may keep a close eye on the US markets starting next Wednesday, with a raft of major US financial corporations, including JP Morgan, Wells Fargo and Citigroup, reporting their quarterly financial results. In addition, higher crude prices and China's CPI announcement for March would probably place short-term cap to the local stock market. We expect the HSI should see selling pressure at the 25,000-level in the near term.

*This report has been prepared solely for information purposes and we are not soliciting any action based upon it. Neither this document nor its contents shall be construed as an offer, invitation, advertisement, inducement or representation of any kind or form whatsoever. The information is based upon information which we consider reliable, but accuracy or completeness is not guaranteed. Opinions expressed herein are subject to change without notice. At time of this report, East Asia Securities Company Limited has no position in securities of the company or companies mentioned herein, while its group companies may from time to time have interests in securities of the company or companies mentioned herein.*

**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							
11th April	12,581.98*	2,351.70*	13,323.73	3,126.87	1,246.79	827.10	8,909.58
4th April	12,609.42	2,370.98	13,293.22	3,155.56	1,221.98	824.80	8,596.34
Change	-27.44	-19.28	+30.51	-28.69	+24.81	+2.30	+313.24
%	-0.2%	-0.8%	+0.2%	-0.9%	+2.0%	+0.3%	+3.6%

Remarks: (\*) closing as of 10<sup>th</sup> April 2008

**Major Changes in Index Constituent Stocks (Week ended 11<sup>th</sup> April 2008)**
**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @11/4/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Sinopec	0386	HK\$7.16	-HK\$0.31	-4.15%	Crude prices surged above \$112 a barrel, further squeezing its refining margins as domestic fuel prices are capped by the government.
COSCO Pacific	1199	HK\$15.00	-HK\$1.00	-6.25%	Goldman Sachs and Deutsche Bank cut their ratings on the stock due to the uncertainties related to its container leasing division's future profitability.

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

Stock	Stock Code	Closing Price @11/4/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Zijin Mining	2899	HK\$7.94	+HK\$0.77	+10.74%	The gold producer soared on news of its 1.5 billion A shares listing being granted approval from the Mainland regulators.
China Shenhua	1088	HK\$36.00	+HK\$3.05	+9.26%	Sources said Shenhua planned to buy assets worth RMB11 billion from its parent and the assets to be bought would include non-coal operations.
Air China	0753	HK\$6.13	-HK\$0.65	-9.59%	Crude oil prices soared to record levels, causing worries about earnings of airline companies.

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

Stock	Stock Code	Closing Price @11/4/08	W-O-W Change		Remarks / Comments
			Absolute	%	
CNPC	135	HK\$3.46	-HK\$0.52	-13.07%	UBS cut CNPC's target price to HK\$5.30 from previous HK\$7.60, on anticipation of the company's worse-than-expected FY07 results and the higher cost pressure from its operations.

**Summary of US Economic News**

Indicator	Change/Index	Comments
Pending Homes Sales Index - Feb 2008 M/M change	- 1.9%	The outlook for the housing sector worsened once again, with the pending existing-home sales index falling 1.9% in Feb. The slip implies that the US economic momentum continues to look grim.
International Trade - Feb 2008	- \$62.3B	The figure surprisingly worsened in Feb, indicating that the first quarter is weaker than expected. The trade report will lower 1Q GDP estimates and may tip the numbers into negative territory.
FOMC Minutes	-	The Fed is still placing fighting recession as job number one but inflation is still a serious concern. As noted by FOMC members, there is a good chance that the economy will recover in 2 <sup>nd</sup> half but there is little reason to expect it to be robust.

**Forthcoming Important Announcements / Events**

14 <sup>th</sup> April 2008 (Monday)	HK	:	Guangdong Investment (0270) – Final results Angang Steel Co (0347) – Final results China Power International (2380) – Final results
	US	:	Retails Sales – Mar 2008 Eaton – Q1 2008 results
15 <sup>th</sup> April 2008 (Tuesday)	HK	:	<b>China Merchants Holdings (0144) – Final results</b> Uni-President China (0220) – Final results China Foods (0506) – Final results Sing Tao News Corp (1105) – Final results <b>PICC (2328) – Final results</b>
	US	:	Producer Price Index – Mar 2008 Intel Corp – Q1 2008 results State Street Corp – Q1 2008 results
16 <sup>th</sup> April 2008 (Wednesday)	HK	:	Guangzhou Investment (0123) – Final results China Want Want (0151) – Final results Geely Automobile (0175) – Final results Dongfeng Motor (0489) – Final results China Agri-Industries (0606) – Final results Hongkong Chinese (0655) – Final results Hopson Development (0754) – Final results Dynasty Fine Wines (0828) – Final results Shanghai Electric Group (2727) – Final results
	US	:	Consumer Price Index – Mar 2008 Housing Starts – Mar 2008 Industrial Production – Mar 2008 <b>Coca-Cola – Q1 2008 results</b> <b>IBM – Q1 2008 results</b> <b>JP Morgan Chase &amp; Co – Q1 2008 results</b> <b>Wells Fargo &amp; Company – Q1 2008 results</b>
17 <sup>th</sup> April 2008 (Thursday)	HK	:	Shui On Land (0272) – Final results Maanshan Iron and Steel (0323) – Final results Qingling Motors (1122) – Final results China National Building Material (3323) – Final results
	US	:	Initial jobless claims – the week ended 12 <sup>th</sup> April 2008
18 <sup>th</sup> April 2008 (Friday)	HK	:	Kingway Brewery (0124) – Final results China Southern Airlines (1055) – Final results Yanzhou Coal Mining (1171) – Final results CITIC Resources (1205) – Final results Agile Property (3383) – Final results
	US	:	<b>Citigroup – Q1 2008 results</b> <b>Wachovia – Q1 2008 results</b>

---

**Important Disclosure / Analyst Certification / Disclaimer**

This document is published by East Asia Securities Company Limited, a wholly-owned subsidiary of The Bank of East Asia, Limited (BEA).

The research analyst primarily responsible for the content of this report, in part or in whole certifies that the views on the companies and their securities mentioned in this report accurately reflect his/her personal views. The analyst also certifies that no part of his/her compensation was, is, or will be, directly, or indirectly, related to specific recommendations or views expressed in this report.

This report has been prepared solely for information purposes and has no intention whatsoever to solicit any action based upon it. Neither this report nor its contents shall be construed as an offer, invitation, advertisement, inducement or representation of any kind or form whatsoever. The information is based upon information, which East Asia Securities Company Limited considers reliable, but accuracy or completeness is not guaranteed. Information and opinions expressed herein reflect a judgment as of the date of this document and are subject to change without notice. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This report is not to be taken in substitution for the exercise of judgment by respective readers of this report, who should obtain separate legal or financial advice. East Asia Securities Company Limited and / or The BEA Group accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or further communication given in relation to this report.

At time of this report, East Asia Securities Company Limited has no position in securities of the company or companies mentioned herein the report, while BEA along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this report. BEA and its associates, its directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

BEA and/or any of its affiliates may beneficially own a total of 1% or more of any class of common equity securities of the subject company or companies mentioned in this report and may, within the past 12 months, have received compensation and/or within the next 3 months seek to obtain compensation for investment banking services from the subject company or companies mentioned in the report.

This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of, or located in, any locality, state, country or other jurisdiction, publication, availability or use would be contrary to law and regulation.