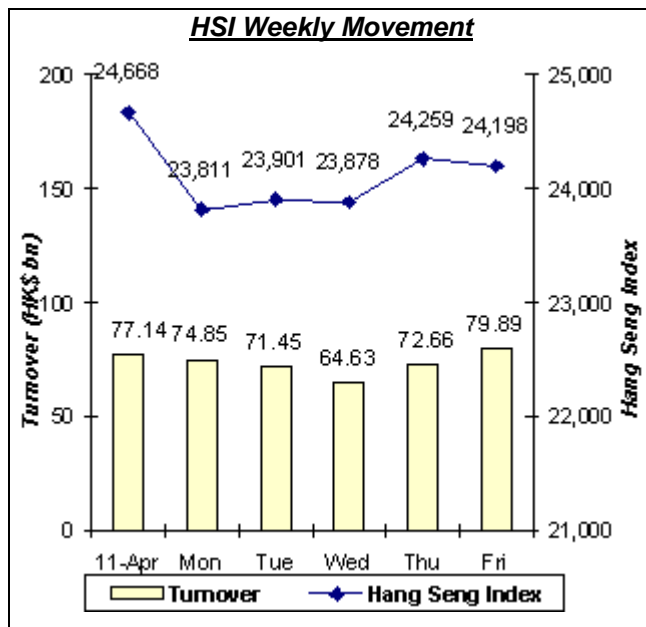


H shares battered on the diving Mainland stock market



| Weekly Market Statistics | | | | |
|---------------------------------|------------|------------|--------|--------|
| Week ended | 18/04/2008 | 11/04/2008 | Change | % |
| Hang Seng Index | 24,198 | 24,668 | -470 | -1.9% |
| HS Red Chip Index | 5,603 | 5,590 | +13 | +0.2% |
| HS China Enterprises Index | 12,675 | 13,357 | -682 | -5.1% |
| HS Composite Index | 3,392 | 3,468 | -76 | -2.2% |
| HS HK Composite Index | 2,551 | 2,586 | -34 | -1.3% |
| HS Mainland Composite Index | 4,444 | 4,568 | -123 | -2.7% |
| Growth Enterprise Index | 836 | 862 | -26 | -3.1% |
| Avg Daily Turnover (HK\$ bn) | 72.7 | 84.5 | -12 | -14.0% |
| Sectoral Indices | | | | |
| Finance | 35,429 | 36,751 | -1,322 | -3.6% |
| Utilities | 44,136 | 44,035 | +102 | +0.2% |
| Properties | 29,867 | 30,635 | -769 | -2.5% |
| Comm&Ind | 14,072 | 14,106 | -33 | -0.2% |

Review & Outlook of Market Performance

Hong Kong equities were sluggish over the week, mainly dragged by H shares amid a serious sell-off in the Mainland stock market. The Hang Seng Index fell 1.9% w-o-w to 24,197.78, while the HSCEI dropped 5.1% to 12,675.43. More and more investors turned to sit on the sideline, leading to a thinner market turnover with a daily average of HK\$73 billion, compared with HK\$85 billion in the previous week.

China related counters were among the losers, owing to further monetary tightening in the Mainland as well as the weak domestic stock market. The People's Bank of China decided to raise the reserve requirement ratio by 50 bps to a record 16%, after figures showed that GDP growth stayed high at 10.6% in the first quarter (Q4 2007: +11.2%) and inflationary pressure remained intact with CPI up a sharp 8.3% in March (Feb: +8.7%). Further tightening and absence of any market relief measures dampened investor sentiment and triggered a broad market sell-off. Over the week, the Shanghai Composite Index plunged 11.4%, the worst weekly performance in a decade, leading to great pressure on HK-listed China shares. Despite their strong 2007 earnings, Mainland financials were among the losers, with China Construction Bank down 8.20% and Ping An Insurance down 8.19% w-o-w. Air China also tumbled sharply by 15.17% w-o-w, amid rumours that Beijing might hike jet fuel oil prices. Meanwhile, there were several small- to medium-scaled share placements by financial investors during the week, as institutions continued to look for liquidity amid global credit crunch.

The reporting season for 2007 results is close to an end, while investors will turn their focus on the first-quarter result announcements of major H-share companies starting next week. The Q1 results may add further pressure on the battered stock market, as disappointing earnings are expected to be reported by major Chinese enterprises on stricter monetary tightening, rising energy costs and business distortion from snowstorm. For the coming week, we see the blue-chip index to trade lower, while the short-term support could be near 23,000.

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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 | | | | | | | |
| 18th April | 12,620.49* | 2,341.83* | 13,476.45 | 3,124.87 | 1,267.65 | 845.40 | 9,074.34 |
| 11th April | 12,325.42 | 2,290.24 | 13,323.73 | 3,126.87 | 1,246.79 | 827.10 | 8,909.58 |
| Change | +295.07 | +51.59 | +152.72 | -2.00 | +20.86 | +18.30 | +164.76 |
| % | +2.4% | +2.3% | +1.1% | -0.1% | +1.7% | +2.2% | +1.8% |

Remarks: (*) closing as of 17th April 2008

Major Changes in Index Constituent Stocks (Week ended 18th April 2008)

Hang Seng Index (HSI)

| Stock | Stock Code | Closing Price @18/4/08 | W-O-W Change | | Remarks / Comments |
|-------------------------|------------|---------------------------|--------------|--------|--|
| | | | Absolute | % | |
| China Construction Bank | 0939 | HK\$6.16 | -HK\$0.56 | -8.20% | Mainland banking giants failed to hold earlier gains and fell sharply over the week on profit taking, following a 50bps hike in reserve requirement ratio to a record 16%. |
| ICBC | 1398 | HK\$5.87 | -HK\$0.28 | -4.55% | |
| Bank of Communications | 3328 | HK\$10.02 | -HK\$0.50 | -4.75% | |

Hang Seng China Enterprises Index (HSCEI)

| Stock | Stock Code | Closing Price @18/4/08 | W-O-W Change | | Remarks / Comments |
|------------|------------|---------------------------|--------------|--------|--|
| | | | Absolute | % | |
| PetroChina | 0857 | HK\$9.82 | -HK\$0.54 | -5.21% | The two oil giants showed mixed performance during the week, following Beijing's decision to return taxes on refined products (diesel & gasoline) import. In fact, investors remained disappointed. They had been expecting Beijing to refund tax on crude oil imports, as it would have a much greater support and relief to the two oil refiners. Meanwhile, PetroChina's A shares ended below its issue price of RMB16.7 for the first time amid weak market sentiment. |
| Sinopec | 0386 | HK\$7.34 | +HK\$0.18 | +2.51% | |

Hang Seng China-Affiliated Corporations Index (HSCCI)

| Stock | Stock Code | Closing Price @18/4/08 | W-O-W Change | | Remarks / Comments |
|---------------|------------|---------------------------|--------------|---------|---|
| | | | Absolute | % | |
| COSCO Pacific | 1199 | HK\$13.48 | -HK\$1.52 | -10.13% | An institutional investor sold 56.7 million existing shares at a 5%-6% discount on Tuesday, raising about HK\$748 million. In the previous week, COSCO Pacific reported a lower-than-expected 47% y-o-y rise in 2007 net profit, which was largely helped by one-off items. |

Summary of US Economic News

| Indicator | Change/Index | Comments |
|---|--------------|--|
| Retail sales – March 2008 | +0.2% | Retail sales grew 0.2% in Mar, reviving from a 0.4% decline in Feb and beating forecast a 0.1% rise. |
| Producer price index – March 2008 | +1.1% | Wholesale prices rose 1.1% m-o-m last month, much higher than market expectations of a 0.4% rise, driven by energy and food costs. |
| Consumer price index – March 2008 | +0.3% | CPI rose 0.3% in Mar, while core CPI advanced 0.2% last month – both matching market expectations. |
| Housing starts – March 2008 | -11.9% | Housing starts fell 11.9% in Mar to an annual rate of 947,000 units, down from 1.07 million units in Feb, to a 17-year low. |
| Initial jobless claims – the week ended 12 th April | +17,000 | Initial jobless claims surged 17,000 to 372,000 last week, slightly below consensus forecast of 375,000. |
| Index of leading indicators – March 2008 | +0.1% | The index of leading indicators rose a mere 0.1% in Mar but matched market expectations. |

Forthcoming Important Announcements / Events

| | | | |
|---|----|---|---|
| 21 st April 2008 (Monday) | HK | : | Tsingtao Brewery (0168) – final results Tingyi (0322) – final results Shanghai Industrial (0363) – final results China High Speed Transmission Equipment (0658) – final results Shimao Property (0813) – final results Brilliance China (1114) – final results Kam Hing International (2307) – final results Zhuzhou CSR Times Electric (3898) – final results Greentown China (3900) – final results |
| | US | : | Bank of America – Q1 2008 results Merck & Co., Inc. – Q1 2008 results |
| 22 nd April 2008 (Tuesday) | HK | : | Consumer price index – March 2008 Beijing Media Corporation (1000) – final results Qingling Motors (1122) – final results China National Materials (1893) – final results China COSCO Holdings (1919) – final results Foxconn (2038) – final results Lingbao Gold (3330) – final results |
| | US | : | AT&T – Q1 2008 results DuPont – Q1 2008 results Yahoo, Inc. – Q1 2008 results |
| 23 rd April 2008 (Wednesday) | HK | : | Guangshen Railway (0525) – final results |
| | US | : | Existing home sales – March 2008 Amazon.com, Inc. – Q1 2008 results Apple Inc. – Q2 FY2007/08 results |
| 24 th April 2008 (Thursday) | HK | : | External trade – March 2008 China Railway (0390) – final results |
| | US | : | Initial jobless claims – the week ended 19 th April 2008 New orders for durable goods – March 2008 New home sales – March 2008 3M Company – Q1 2008 results Coca-Cola Enterprises Inc. – Q1 2008 results Microsoft – Q3 FY2007/08 results Motorola Inc. – Q1 2008 results The Dow Chemical Company – Q1 2008 results |
| 25 th April 2008 (Friday) | HK | : | China Merchants China Direct Investments (0133) – final results China Railway Construction (1186) – final results AEON Credit Service (Asia) (0900) – final results |
| | US | : | Consumer sentiments (revised) – April 2008 |

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