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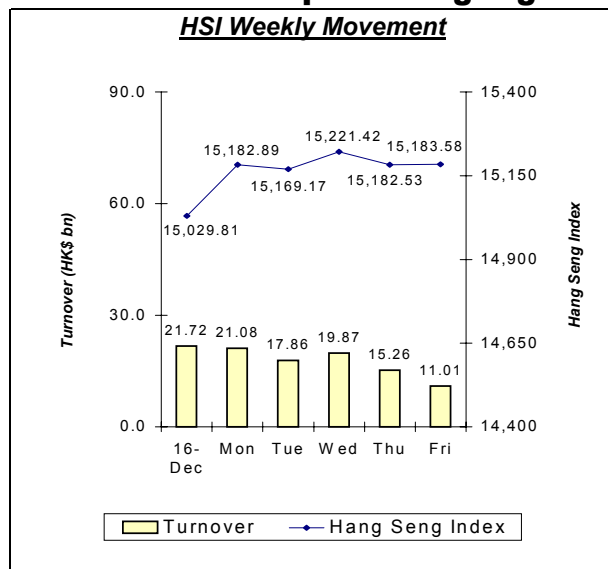
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HONG KONG RESEARCH

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Weekly Report
24th December 2005

Market post a slight gain ahead of Christmas Holidays



Weekly Market Statistics				
Week ended	23/12/2005	16/12/2005	Change	%
Hang Seng Index	15,183.58	15,029.81	+153.77	+1.0%
HS Red Chip Index	2,009.84	1,981.58	+28.26	+1.4%
HS China Enterprises Index	5,308.42	5,219.35	+89.07	+1.7%
HS Composite Index	1,974.14	1,955.06	+19.08	+1.0%
HS HK Composite Index	1,994.94	1,978.05	+16.89	+0.9%
HS Mainland Composite Index	1,944.61	1,921.10	+23.51	+1.2%
S&P/HKEx GEM Index	985.99	985.67	+0.32	+0.0%
Avg Daily Turnover (HK\$ bn)	17.02	19.62	-2.60	-13.3%
Sectoral Indices				
Finance	26,778.56	26,802.34	-23.78	-0.1%
Utilities	32,468.41	32,047.97	+420.44	+1.3%
Properties	18,241.25	18,007.56	+233.69	+1.3%
Comm & Ind	7,387.83	7,252.53	+135.30	+1.9%

Review & Outlook of Market Performance

Hong Kong stocks posted a 1% gain during the week as investors felt relieved after the conclusion of the WTO conference. The market surged 153 points on Monday but then investors shifted their focus back to the IPOs with the debut of the GZI REIT (0405) on Wednesday. Hang Seng Index gained 153.77 points, or 1.0% w-o-w, to close at 15,183.58. Ahead of the Christmas holidays, average daily turnover shrunk to HK\$17.02 billion as compared with last week's HK\$19.62.

During the week, Hutchison (0013) announced that it had reached an agreement with Egypt based Orascom Telecom to sell a 19.3% stake in Hutchison Telecommunications International Limited (2332) that would generate a one-time disposal profit of HK\$7.4 billion. The counter gained 2.3% w-o-w to close at HK\$74.70. Given strong performance of the newly listed REITs, Wharf (0004) revealed its intention to raise about HK\$2 billion by listing a REIT that would be based on rental income from the Gateway Towers complex in Tsim Sha Tsui. Its shares ended the week up 3.4% to close at HK\$27.60. Share prices of New World Development (0017) stabilized, up 1.8% w-o-w, to close at HK\$11.15 after the company reduced the scale of its placement by 62% from 280 million to 107 million new shares, or 2.97% of the enlarged share capital, in order to avoid the connected party issue raised by the Takeovers and Mergers Panel.

Newly listed stocks continued to draw investors' attention. Xiamen International Port (3378) rose 15.9% to HK\$1.60 after the Hong Kong Exchange filings revealed that The Children's Investment Fund Management (TCI) had bought 11% stake of the counter during its debut on Monday, paying around HK\$1.39 for each share. GZI REIT (0405), whose IPO was 145 times oversubscribed by institutional investors, jumped 18.7% to close at HK\$3.65 on its week of debut. Lingbao Gold, the second largest gold miner in the PRC, had kicked off its IPO road show on Thursday and will be the last IPO in 2005.

Looking ahead, turnover is expected to be thin next week as the trading week is shortened by Christmas holidays on Monday and Tuesday. Window dressing activities by institutional investors and futures related trading should dominate the market. The HSI would see its technical support near 14,850, with resistance at around the 15,300 level.

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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							
23rd December	10,883.27	2,249.42	15,941.37	2,328.29	892.13	698.95	6,512.63
16th December	10,875.59	2,252.48	15,173.07	2,325.53	893.37	691.17	6,350.69
Change	+7.68	-3.06	+768.30	+2.76	-1.24	+7.78	+161.94
%	+0.1%	-0.1%	+5.1%	+0.1%	-0.1%	+1.1%	+2.5%

Major Changes in Index Constituent Stocks (Week ended 23rd December 2005)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @23/12/05	W-O-W Change		Remarks / Comments
			Absolute	%	
China Merchant	0144	HK\$18.10	+HK\$1.45	+8.7%	Optimism on the sector grew after Hutchison (0013) and Maersk joined the consortium to invest, build and manage the second phase of Shanghai's Yangshan port project.
COSCO Pacific	1199	HK\$13.95	+HK\$1.00	+7.7%	

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @23/12/05	W-O-W Change		Remarks / Comments
			Absolute	%	
Yizheng Chemical	1033	HK\$1.68	+HK\$0.15	+9.8%	The proposed privatization of Zhenhai Refinery (1128) by Sinopec (0386) had sparked speculation that the counter would be its next target.
Zijin Mining	2899	HK\$3.375	+HK\$0.20	+6.3%	Buying interests on the counter were boosted by the coming IPO of Lingbao Gold.

Hang Seng China-Affiliated Corporation Index (HSCCI)

Stock	Stock Code	Closing Price @23/12/05	W-O-W Change		Remarks / Comments
			Absolute	%	
Guangzhou Investment	0123	HK\$0.82	-HK\$0.03	-3.5%	Investors took profit after the listing of its spin-off, GZI REIT (0405) on the Hong Kong Stock Exchange.

**Summary of US Economic News**

Indicator	Change/Index	Comments
November Producer Price Index	-0.7%	The decline was more than market consensus (-0.5%). The downturn in the index was due to prices for energy goods, which fell 4.0% in November after increasing 4.1% a month earlier.
November Housing Starts	+5.3%	The increase was more than market forecast (+0.6%) and that of the previous month (-6.6%).
3 rd Quarter Final GDP	+4.1%	The increase was lower than consensus forecast (+4.4%) but higher than previous month (+3.3%). Major contributors to the increase were personal consumption expenditures, equipment and software, federal government spending and residential fixed investment.
Initial Jobless Claims – For Week Ended 18 th December	-13k	The decrease was higher than market consensus (-9k). The four week moving average was 324,500, a decrease of 4,750 from the previous week's revised average of 329,250
November Durable Goods Orders	+4.4%	The increase was higher than consensus forecast (+0.8%). Most of the strength came from orders of civilian aircrafts, which bounced 134%. Without the transport sector, the orders for durable goods actually fell 0.6% that reversed the trend of the previous month (+3.0%).
November New Home Sales	-11.3%	The fall was greater than market consensus (-8.7%). Sales of new single-family homes fell 11%, the largest drop since a 24% plunge in January 1994.

Forthcoming Important Announcements / Events

26 th December 2005 (Monday)	HK	:	Public Holiday – Christmas
	US	:	Public Holiday – Christmas
27 th December 2005 (Tuesday)	HK	:	Public Holiday – Christmas
	US	:	December Richmond Fed Business Index
28 th December 2005 (Wednesday)	HK	:	China Merchants DiChain (0632) – Interim Results
	US	:	December Conference Board Consumer Confidence
29 th December 2005 (Thursday)	HK	:	November External Trade Balance 3Q Balance of Payments A-Max Holdings Limited (0959) – Interim Results
	US	:	Initial Jobless Claims – For Week Ended 25 th Dec. November Existing Home Sales
30 th December 2005 (Friday)	HK	:	November Money Supply Dickson Group Holdings (0313) – Interim Results
	US	:	December Chicago Purchasing Manager Index