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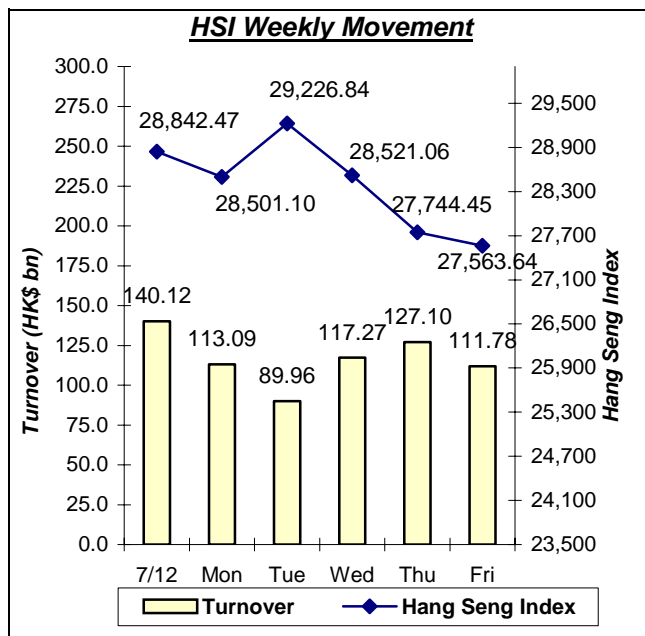
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Weekly Report

14th December 2007

Shares sell-off amid continued fears for US economy



Weekly Market Statistics				
Week ended	14/12/07	07/12/07	Change	%
Hang Seng Index	27,564	28,842	-1,279	-4.4%
HS Red Chip Index	5,955	6,287	-332	-5.3%
HS China Enterprises Index	15,957	17,619	-1,662	-9.4%
HS Composite Index	3,881	4,097	-216	-5.3%
HS HK Composite Index	2,880	2,952	-72	-2.4%
HS Mainland Composite Index	5,129	5,511	-382	-6.9%
Growth Enterprise Index	1,324	1,407	-84	-5.9%
Avg Daily Turnover (HK\$ bn)	111.8	140.1	-28	-20.2%
Sectoral Indices				
Finance	39,899	42,118	-2,219	-5.3%
Utilities	39,397	39,721	-324	-0.8%
Properties	36,745	37,218	-473	-1.3%
Comm & Ind	16,291	17,096	-805	-4.7%

Review & Outlook of Market Performance

Following PBOC's raising the reserve ratio by 1% (instead of the usual 25bps) last weekend, Hong Kong shares exerted great selling pressure this Monday. The index rebounded sharply on Tuesday, led by the local property developers and banks, as investors bet on a 50bps rate cut in the US. But the disappointing 0.25% rate cut and the continued worries over the US subprime woes caused the subsequent 3-day shares sell-off in most of the Asia markets. Hang Seng Index dropped 4.4% w-o-w at 27,564, down 1,279 points. Average turnover was at HK\$111.8billion, down from last week's HK\$115.8billion.

Over the week, mainland property plays were the top losers as the central government reiterated that the required down payment for those buying a second property would be raised to 40% whilst the interest rate would be 1.1 times the normal rate. Worries over further austerity measures in the mainland dampened buying interest. R&F Properties (2777) and China Resources Land (1109) dropped more than 20% w-o-w.

Despite the satisfactory debut performance of China Railway (0390), investors lacked confidence in other smaller listings. BioBeauty (3332) pulled off its IPO amid poor demand. Shares of China Sunshine Paper (2002) closed only 3% above its offering price while Dongyue (0189) & Anton Oilfield (3337) dropped 12% and 13% respectively, on their trading debuts. Uni-President China (0220) and BYD Electronics (0285) were priced at or close to the lower end of their indicative price range. Building materials producer, Sinoma (1893) is the rare IPO candidate that could draw attention from investors.

Market sentiments were quite poor this week, dragged by the tightening measures in the PRC and the fears on the worsening sub-prime crisis. Any negative news may trigger another broad sell-off across the region. We see the HSI will continue to face selling pressure ahead of the Christmas holidays.

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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							
14th December	13,517.96*	2,668.49*	15,514.51	3,466.38	1,403.41	836.40	8,118.08
7th December	13,625.58	2,706.16	15,956.37	3,557.95	1,434.04	841.39	8,722.38
Change	-107.62	-37.67	-441.86	-91.57	-30.63	-4.99	-604.30
%	-0.8%	-1.4%	-2.8%	-2.6%	-2.1%	-0.6%	-6.9%

Remarks: (*) closing as of 13th December 2007.

Major Changes in Index Constituent Stocks (Week ended 14th December 2007)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @14/12/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Yue Yuen Industrial	0551	HK\$27.15	+ HK\$2.60	+ 10.59%	The company applied to the Hong Kong Exchanges for a separate listing of its retail unit, Pou Sheng International.
China Construction Bank	0939	HK\$6.80	- HK\$0.71	- 9.45%	Instead of the usual 0.5% increment, the PBOC raised the reserve requirement ratio by 1% so as to keep a tight monetary condition and rein in credit growth in 2008.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @14/12/07	W-O-W Change		Remarks / Comments
			Absolute	%	
CSCL	2866	HK\$4.79	- HK\$1.74	- 26.65%	Cheung Kong (0001) unloaded 250 million shares of CSCL and its sister conglomerate Hutchison Whampoa (0013) unloaded 89 million shares of China COSCO.
China COSCO	1919	HK\$21.85	- HK\$5.00	-18.62%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @14/12/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Shenzhen Investment	0604	HK\$5.40	- HK\$0.62	- 10.30%	Detailed rules were issued on the purchase of second homes, indicating a greater determination of the PRC government to further cool down the red-hot property market.
China Overseas	0688	HK\$14.94	- HK\$3.24	- 17.82%	
China Resource Land	1109	HK\$15.22	- HK\$4.83	- 24.09%	
Kingway Brew	0124	HK\$2.02	+ HK\$0.27	+ 15.43%	Issued profit warning in early Dec but the better-than-expected retail sales figure in November lifted the forecast of the PRC consumer stocks.

Summary of US Economic News

Indicator	Change/Index	Comments
FOMC Meeting Announcement	- 0.25%	Due to concern over continuing strains within the financial markets, the FOMC cut the fed funds target rate by 25 basis points as expected by the markets. The Fed gave no indication that further interest rate cuts are likely but it does not rule them out either.
International Trade – Oct 2007	- \$57.8B	Larger than the consensus forecast of \$57.0B, reflecting import growth outstripping export growth with a jump in oil imports being the primary reason.
Retail Sales – November (M/M change)	+ 1.2%	Retails sales were suprisingly strong in Novemeber, led by gasoline, clothing and electronics. Excluding motor vehicles, the increase was a robust 1.8%, much higher than the consensus of 0.7%.
Producer Price Index – November (M/M change)	+ 3.2%	The Nov increase was double the market forecast for a 1.5% surge, which is clearly a bad news on the inflation front.

Forthcoming Important Announcements / Events

17 th December 2007 (Monday)	HK	:	Get Nice Holdings Ltd (0064) – interim results Next Media Ltd (0282) – interim results Sino Union Petro. & Chem. Int'l Ltd (0346) – interim results Stone Group Holding Ltd (0409) – interim results Luk Fook Holdings Ltd (0590) – interim results
	US	:	Housing Market Index – Dec 2007 Adobe System – Q4 2007 results
18 th December 2007 (Tuesday)	HK	:	Pacific Online (0543) – Trading debut Emperor Int'l Holdings Ltd (0163) – interim results CITIC 21CN Co Ltd (0241) – interim results Skyworth Digital Holdings Ltd (0751) – interim results Bosideng Int'l Holdings Ltd (3998) – interim results
	US	:	Housing Starts – Nov 2007 State Street Investor Confidence Index – Dec 2007 Goldman Sachs – Q4 2007 results
19 th December 2007 (Wednesday)	HK	:	Rainbow Brothers Holdings Ltd (0033) – interim results China Gas Holdings Ltd (0384) – interim results Oriental Watch Holdings Ltd (0398) – interim results
	US	:	Nike – Q2 2008 results Oracle – Q2 2008 results
20 th December 2007 (Thursday)	HK	:	BYD Electronic Company Ltd (0285) – Trading debut Vietnam Manufacturing and Export Processing (Holdings) Ltd (0422) – Trading debut China National Materials Co Ltd (1893) –Trading debut Chung Tai Printing Holdings Ltd (0055) – interim results A-Max Holdings Ltd (0959) – interim results
	US	:	Gross Domestic Product (Final) – Q3 2007 Initial jobless claims – the week ended 15 th Dec 2007 Leading Indicators – Nov 2007 Philadelphia Fed Survey – Dec 2007 Micron Technology – Q1 2008 results FedEx – Q2 2008 results
21 st December 2007 (Friday)	HK	:	Eyang Holdings (Group) Company Ltd (0117) –Trading debut Pan Asia Environmental Protection (0556) – Trading debut
	US	:	Personal Income and Outlay – Nov 2007 Consumer Sentiment – Dec 2007

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