



Weekly Market Statistics				
Week ended	28/12/07	21/12/07	Change	%
Hang Seng Index	27,371	27,627	-256	-0.9%
HS Red Chip Index	5,994	6,013	-20	-0.3%
HS China Enterprises Index	15,991	15,982	+10	+0.1%
HS Composite Index	3,874	3,887	-13	-0.3%
HS HK Composite Index	2,865	2,879	-14	-0.5%
HS Mainland Composite Index	5,130	5,144	-13	-0.3%
Growth Enterprise Index	1,328	1,311	+17	+1.3%
Avg Daily Turnover (HK\$ bn)	82.7	90.2	-8	-8.4%
Sectoral Indices				
Finance	39,245	39,660	-415	-1.0%
Utilities	40,296	40,779	-483	-1.2%
Properties	36,665	36,904	-239	-0.6%
Comm & Ind	16,263	16,404	-141	-0.9%

Review & Outlook of Market Performance

The local market ended lower with just 2½ trading days as shortened by the Christmas break. The benchmark HSI finished at 27,371 points, down 256 points or 0.9% w-o-w. Average daily turnover was thin at HK\$82.7 billion as most investors were absent due to holidays.

Telecom plays jumped after the State Council approved a plan on new-generation wireless technology, triggering speculation that the government will split China Unicom and award mobile licences to fixed-line operators. Over the week, China Unicom (0762) jumped 6.68% to HK\$17.88, while fixed-line operators China Telecom (0728) soared 6.91% and China Netcom (0906) closed flat. In contrast, heavyweight China Mobile (0941), on investors' concern that restructuring in the sector could limit earnings growth of the mainland's biggest mobile phone company, dropped 2.03% to HK\$135.

Besides telecom plays, recent new listings were another spotlights in the market. Infrastructure shares, China Railway (0390) jumped a further 16% w-o-w to HK\$11.14 while China National Materials (1893) surged 36% to HK\$10.18 following their strong debuts. Both stocks closed at their historical highs, with the accumulative returns of 93% and 126% respectively, compared to their respective IPO prices. On the other hand, Xingye Copper (0506), the only new listing this week, was surprisingly up 93.53% on its trading debut, the 4th-best performing IPO stock this year. The unexpected jump of the recent IPOs motivated investors to reconsider other semi-fresh debutants, with VMEP Holdings (0422) up 18%, Anton Oilfield (3337) up 66%, Sunshine Paper (2002) up 19%, Uni-President China (0220) up 38%, Pacific Online (0543) up 20% and Dongyue Group (0189) up 24% w-o-w.

As a wrap-up for the 2007, the HSI recorded a 37% gain or up 7,406 points over the year while the HSCEI registered a whopping 55% jump. Looking ahead, trading activity should gradually pick up after the New Year holiday but the market is expected to remain sluggish as only few significant announcements will be released in the coming 3½-trading-day week. Tightening measures in the PRC and fears on worsening subprime crisis should continue to be the main concerns that haunt the market in the 1st quarter of 2008.

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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 28th December	13,359.61*	2,675.89*	15,307.78	3,445.82	1,447.04	858.10	8,396.95
21st December	13,450.65	2,671.59	15,257.00	3,398.10	1,403.56	813.60	7,941.44
Change	-91.04	+4.30	+50.78	+47.72	+43.48	+44.50	+455.51
%	-0.7%	+0.2%	+0.3%	+1.4%	+3.1%	+5.5%	+5.7%

Remarks: (*) closing as of 27th December 2007.

Major Changes in Index Constituent Stocks (Week ended 28th December 2007)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @28/12/07	W-O-W Change		Remarks / Comments
			Absolute	%	
China Mobile	0941	HK\$135.00	-HK\$2.80	-2.03%	The PRC government approved plans for a high-speed mobile-phone network, signalling a reorganization of the industry is under way. Investors expected that impending restructuring of the telecom sector would impair the China Mobile's earnings potential and undermine its leading position.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @28/12/07	W-O-W Change		Remarks / Comments
			Absolute	%	
China Telecom	0728	HK\$6.19	+HK\$0.40	+6.91%	China Telecom is expected to benefit more from the proposed telecom restructuring as it can boost its customer numbers by launching mobile services.
ZTE	0763	HK\$42.00	+HK\$3.55	+9.23%	
China Communications Services	0552	HK\$7.49	+HK\$0.54	+7.77%	Investors also expect that the approval of building a new-generation broadband network will help boosting the sales of Chinese telecom equipment companies.
Zijin Mining	2899	HK\$11.66	+HK\$1.36	+13.20%	The China Securities Regulatory Commission said it has approved a plan by Zijin Mining Group to issue shares on the Shanghai Stock Exchange.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @28/12/07	W-O-W Change		Remarks / Comments
			Absolute	%	
China Unicom	0762	HK\$17.88	+HK\$1.12	+6.68%	Investors believe that China Unicom will be acquired by China Telecom and China Netcom after the proposed restructuring.

Summary of US Economic News

Indicator	Change/Index	Comments
Consumer Spending – Nov 2007 M/M change	+ 1.1%	Following a moderate 0.4% rise in Oct., personal consumption in November surged 1.1%, higher than the consensus of 0.8% gain. The report clearly shows that inflation remains a key concern while chances of recession faded notably.
Durable Goods Orders – Nov 2007 M/M change	+0.07%	Durable goods orders were much weaker than the consensus of +3% in November. Demand for capital goods softened, suggesting business investment will be a drag on economic growth.
Initial Jobless Claims – Week ended 22 nd December 2007	349,000	New applications for U.S. jobless benefits unexpectedly rose by 1,000 last week. The number of people continuing to collect unemployment benefits also jumped by 75,000 to 2.713 million in the week that ended 15 th December 2007, the highest since November 2005.
Consumer Confidence – Dec 2007	88.6	The index rose to 88.6, the first gain in five months, from an upwardly revised 87.8 in November.

Forthcoming Important Announcements / Events

31 st December 2007 (Monday)	HK US	: Kenfair International (Holdings) Ltd (0223) – interim results : Existing Home Sales – Nov 2007
1 st January 2008 (Tuesday)	HK US	: New Year's Day holiday : New Year's Day holiday
2 nd January 2008 (Wednesday)	HK US	: No important announcement /event : ISM Mfg Index – Dec 2007 Construction Spending – Nov 2007 Minutes of FOMC Meeting held on 11th December 2007 Bed Bath & Beyond Inc. – Q3 2007 results Monsanto Company – Q1 2008 results
3 rd January 2008 (Thursday)	HK US	: Berjaya Holdings (HK) Ltd (0288) – interim results China Sciences Conservational Power (0351) – interim results : Initial Jobless Claims – the week ended 29 th December 2007 Factory Orders – Nov 2007
4 th January 2008 (Friday)	HK US	: No important announcement /event : Employment Situation – Dec 2007 ISM Non-Mfg Survey – Dec 2007

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