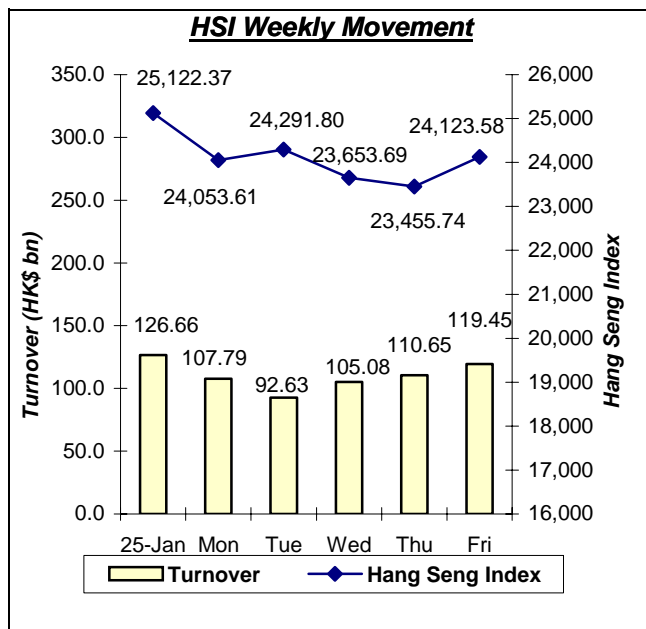


HSI stayed volatile amid two headwinds



Weekly Market Statistics				
Week ended	1/2/2008	25/1/2008	Change	%
Hang Seng Index	24,124	25,122	-999	-4.0%
HS Red Chip Index	5,308	5,444	-136	-2.5%
HS China Enterprises Index	13,285	14,016	-731	-5.2%
HS Composite Index	3,392	3,529	-138	-3.9%
HS HK Composite Index	2,591	2,689	-98	-3.6%
HS Mainland Composite Index	4,401	4,588	-187	-4.1%
Growth Enterprise Index	1,002	1,075	-73	-6.8%
Avg Daily Turnover (HK\$ bn)	119.4	139.7	-20	-14.5%
Sectoral Indices				
Finance	33,615	35,547	-1,932	-5.4%
Utilities	42,575	41,409	+1,166	+2.8%
Properties	32,825	35,550	-2,725	-7.7%
Comm&Ind	14,408	14,738	-330	-2.2%

Review & Outlook of Market Performance

HK stocks stayed volatile over the week amid the global economic uncertainties and the severe snowstorms in the PRC. Over the week, HSI plunged 999 points or 4% and closed at 24,123.58, while the H-share index dived 731 points or 5.2% and closed at 13,284.74. Average daily turnover fell to HK\$119.4 billion from last week's HK\$139.7 billion.

Whilst the US Fed shaved its interest rate by 50bps on Wednesday as expected, local banks did not follow suit and only announced rate cuts of 25bps. Meanwhile, the Hong Kong Monetary Authority also reduced the base rate for overnight lending by 50bps to 4.5%.

Owing to volatile market conditions, six IPOs were called off - including Maoye International Holdings, SJM Holdings, Honghua Group, Changsheng China Property, Solargiga Energy, SFK Construction Holdings. Only New Media Group proceeded which opened its retail tranche on Tuesday. However, it was reported that at least 7 companies would launch initial public offerings after the Lunar New Year to raise about US\$6 billion.

On policy front, the Mainland will impose a tax on commercial properties in 1H08. Market expected that the government would set the rate at between 0.8% and 1.4%. Meanwhile, the PRC regulators have been preparing to allow some 100 mainland brokers to manage assets on behalf of individual clients with a minimum of RMB 1 million. Moreover, it was also reported that the PRC would suspend approvals on foreign futures joint ventures until rules governing the market have been launched. At present, only JP Morgan, ABN Amro and Cr dit Agricole have got such approval.

Looking forward, trading should be more cautious next week ahead of the Lunar New Year holidays while market volatility should remain high, as there are still many uncertainties in the global economies.

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

Remarks: (*) closing as of 31st January 2008

Date	US Dow Jones	US NASDAQ	JAPAN Nikkei Avg	SINGAPORE STI	MALAYSIA KLSE Index	BANGKOK SET Index	TAIPEI Weighted Index
Week to							
1st February	12,650.36*	2,389.86*	13,497.16	3,002.41	1,393.25	810.86	7,673.99
25th January	12,207.17	2,326.20	13,629.16	3,159.48	1,405.40	759.72	7,739.59
Change	+443.19	+63.66	-132.00	-157.07	-12.15	+51.14	-65.60
%	+3.6%	+2.7%	-1.0%	-5.0%	-0.9%	+6.7%	-0.8%

Major Changes in Index Constituent Stocks (Week ended 1st February 2008)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @1/2/08	W-O-W Change		Remarks / Comments
			Absolute	%	
CCB	0939	HK\$5.84	+HK\$0.45	+8.35%	CCB planned to raise its stake in Ritz-Carlton Hong Kong from 40% to 50% with HK\$417.2 million.
ICBC	1398	HK\$5.00	+HK\$0.37	+7.99%	It was expected that ICBC could add value through overseas M&A.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @1/2/08	W-O-W Change		Remarks / Comments
			Absolute	%	
ZTE	0763	HK\$43.35	+HK\$6.15	+16.53%	It is expected that ZTE to FY2007 net profit to increase between 50% and 70% on strong sales in local and overseas markets. International sales were the main growth driver, accounting for 54.6% of the total.
China Oilfield	2883	HK\$15.24	+HK\$1.74	+12.89%	FY2007 net profit grew about 95% (vs. 37.4% in 2006) as robust gas and oil exploration activities put oilfield services in high demand.
China COSCO	1919	HK\$19.52	+HK\$2.18	+12.57%	Owing to the severe snowstorm in the PRC, the domestic demand for shipping of coal kept holding up.
PICC P&C	2328	HK\$7.91	-HK\$1.34	-14.49%	Shares tumbled on fears that the China's bad weather would raise the number of claims.
Ping An	2318	HK\$56.8	-HK\$11.40	-16.72%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @1/2/08	W-O-W Change		Remarks / Comments
			Absolute	%	
China Overseas Land & Investment	0688	HK\$14.72	+HK\$1.56	+11.85%	The company has some 50% of 2008 earnings locked in and with well-diversified land bank, which could reduce risks amid the PRC's austerity measures.

Summary of US Economic News

Indicator	Change/Index	Comments
New home sales – December 2007	-4.7%	Dropped from 634,000 in Nov 2007 to 604,000, the fewest since February 1995. It reinforced fears that falling home prices and stricter lending rules could lead to more foreclosures and hurt consumer spending.
Durable goods orders – December 2007	+5.2%	It was the biggest gain since July 2007 and there was a revised up of 0.5% in last month's figure, suggesting business investment has been hold up.
Consumer confidence – December 2007	87.9	Fell less than forecast from a revised 90.6 level in November 2007.
Federal Reserve's Fed funds rate target	-50bps	The Fed cut the benchmark interest rate by 50bps to 3%.
Initial Jobless Claims – the week ended 26 th January 2008	+69,000	Rose more than expected to 375,000, which was a 27-month high level.

Forthcoming Important Announcements / Events

4 th February 2008 (Monday)	HK	: Sincere Watch (Hong Kong) Ltd (0444) – Q3 2007 results Sunevision Holdings Ltd (8008) – interim results Prosten Technology Holdings Ltd (8026) – Q3 2007 results Tiger Tech Holdings Ltd (8046) – interim results M Dream Inworld Ltd (8100) – final results Soluteck Holdings Ltd (8111) – Q3 2007 results Tradeeasy Holdings Ltd (8163) – Q3 2007 results Emcom International Ltd (8220) – Q3 2007 results AGTech Holdings Ltd (8279) – interim results Finet Group Ltd (8317) – Q3 2007 results
	US	: News Corporation – Q2 FY2008 Wendys Intl. Inc – Q4 FY2007 Challenger Job-Cut Report – January 2008 Factory Orders – December 2007
5 th February 2008 (Tuesday)	HK	: Frasers Property China Ltd (0535) – Q1 2007 results Polyard Petroleum International Gp Ltd (8011) – final results ITE (Holdings) Ltd (8092) – Q3 2007 results IIN International Ltd (8128) – Q1 2007 results Richfield Group Holdings Ltd (8136) – Q3 2007 results China Cyber Port Intl Co Ltd (8206) – Q3 2007 results
	US	: CB Richard Ellis Group Inc – Q4 FY2007 Tyco Intl. Ltd – Q1 FY2008 Walt Disney Co – Q1 FY2008 ISM Non-Mfg – January 2008
6 th February 2008 (Wednesday)	HK	: No important announcement/event
	US	: Cisco Systems Inc – Q2 FY2008 Devon Energy Corp – Q4 FY2007 Polo Ralph Lauren Corp – Q3 FY2008 Prudential Financial Inc – Q4 FY2007 Time Warner Inc – Q4 FY2007 Nonfarm Productivity – Q4 2007 Unit Labor Costs – Q4 2007
7 th February 2008 (Thursday)	HK	: Lunar New Year Holiday
	US	: Moody's Corp – Q4 FY2007 Pepsico Inc – Q4 FY2007 Chain Store Sales – January 2008 Pending Home Sales – December 2007 Initial Jobless Claims - the week ended 2 nd February 2008
8 th February 2008 (Friday)	HK	: Lunar New Year Holiday
	US	: Wholesale Trade – December 2007

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.