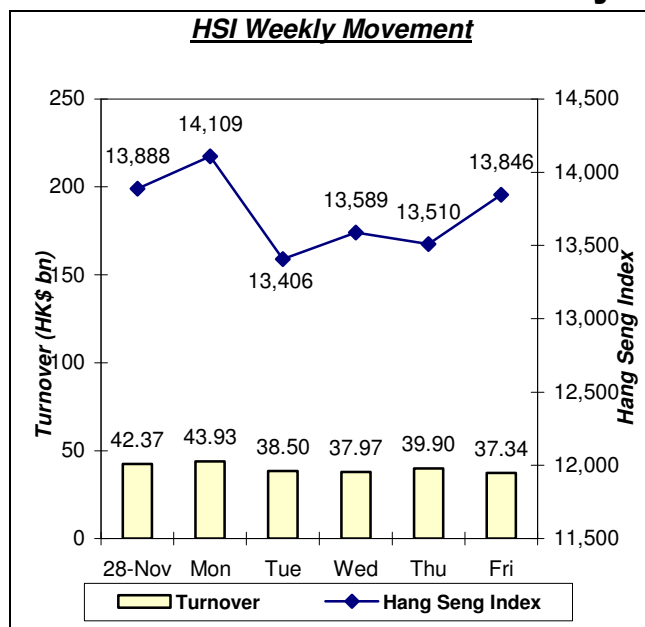


HSI closed nearly flat after a bumpy week



Weekly Market Statistics				
Week ended	05/12/2008	28/11/2008	Change	%
Hang Seng Index	13,846	13,888	-42	-0.3%
HS Red Chip Index	3,079	2,997	+82	+2.7%
HS China Enterprises Index	7,429	7,207	+221	+3.1%
HS Composite Index	1,894	1,874	+19	+1.0%
HS HK Composite Index	1,379	1,432	-53	-3.7%
HS Mainland Composite Index	2,521	2,428	+93	+3.8%
Growth Enterprise Index	353	352	+2	+0.4%
Avg Daily Turnover (HK\$ bn)	39.5	42.1	-3	-6.1%
Sectoral Indices				
Finance	22,033	21,643	+390	+1.8%
Utilities	34,404	35,973	-1,569	-4.4%
Properties	14,939	16,083	-1,144	-7.1%
Comm & Ind	7,296	7,314	-19	-0.3%

Review & Outlook of Market Performance

Starting the week, the Hang Seng Index rebounded to above the 14,000 level driven by good performance in shares of non-ferrous metal and China developers. However, Hong Kong equities tracked a slump in the US stock market and traded sharply lower on Tuesday. On Wednesday, Hong Kong shares edged up again, tracking a rebound in the US market, led by heavyweights and China financials, which were supported by Huijin and pension fund buying news. On Thursday, Hong Kong shares closed lower again as local developers got sell-off but financial stocks rose after Chinese government announced a 9-point plan to stimulate the economy. On Friday, Hong Kong shares rallied on talks of having more measures from the PRC government to spur the economy. Over the week, the Hang Seng Index fell 42.15 points or 0.3% to 13,846.09, while the HSCEI rose 3.07% to 7,428.54. Market volume remained low with the daily average of mainboard turnover down further by 6.1% w-o-w to just HK\$39.5 billion.

In response to the pervasive economic gloom, many central banks had aggressive rate cut during the week, including Sweden, New Zealand, England, ECB and Australia, slashing interest rates by 1.75%, 1.5%, 1%, 0.75% and 1%, respectively. Meanwhile, share prices of local property developers were hit hard following banks' raising their interest rates for new mortgages. SHKP, NWD, Hung Lung dived 11.49%, 10.66% and 9.82% w-o-w. However, financial stocks jumped on positive outlook of loan lending businesses and China's plan to stabilise its stock market and ensure liquidity in the banking system. ICBC gained 7.11% while CCB rose 7.82%. China Life rose 8.32%, while Ping An soared 13.85% and PICC surged 38.66%. Apart from that, R&F Properties also jumped by 34.52% to close at HK\$6.43. Chinese telecom shares were also very active on renewed speculations that 3G licences will be issued by the end of this year. China Mobile rose 6.19% and China Telecom was up 2.71% but China Unicom lost 5.02%.

Looking ahead, although trading is fairly quiet, sentiment has generally stayed positive following the latest accommodative policies implemented by the central banks and China's latest efforts to stabilize its stock market. Nevertheless, it should take a while for us to see their effectiveness. We see the HSI to trade between 13,500 to 14,200 in the near term.

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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							
5th December	8,376.24*	1,445.56*	7,917.51	1,659.17	838.28	392.87	4,225.07
28th November	8,829.04	1,535.57	8,512.27	1,732.57	866.14	401.84	4,460.49
Change	-452.80	-90.01	-594.76	-73.40	-27.86	-8.97	-235.42
%	-5.1%	-5.9%	-7.0%	-4.2%	-3.2%	-2.2%	-5.3%

Remarks: (*) closing as of 4th December 2008

Major Changes in Index Constituent Stocks (Week ended 5th December 2008)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @5/12/08	W-O-W Change		Remarks / Comments
			Absolute	%	
SHK Properties	00016	HK\$54.30	-HK\$7.05	-11.49%	The counter was the worst performed share this week in the HSI. News reported that the company revised down its sale target by 20% to HK\$16 billion for the financial year to June, saying the impact of the global financial turmoil would last for up to two years.
Ping An	02318	HK\$33.30	+HK\$4.05	+13.85%	The counter jumped most in the HSI after China's plan to stabilise its stock market and ensure liquidity in the banking system.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @5/12/08	W-O-W Change		Remarks / Comments
			Absolute	%	
PICC P&C	02328	HK\$3.73	+HK\$1.04	+38.66%	The counter jumped most in the HSCEI after China's latest plan to stabilise its stock market and ensure liquidity in the banking system.
R&F Properties	02777	HK\$6.43	+HK\$1.65	+34.52%	R&F was the top gainer among the mainland property developers following news reported earlier this week that China might soon launch real estate investment trust (REITs) on a trial basis.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @5/12/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Guangzhou Investment	00123	HK\$0.59	+HK\$0.115	+24.21%	The counter just rebounded after days of sell-off and there was no important news from the counter during the week.
Shenzhen Investment	00604	HK\$1.13	+HK\$0.21	+22.83%	News reported that an executive director of the Shenzhen Investment, Mr. Tam Ping Lung resigned from the position due to relocation of duties within the Group, but will remain as Financial Controller of the Group.



Summary of US Economic News

Indicator	Change/Index	Comments
Construction spending – October 2008	-1.2%	Construction spending fell more than expectation by 1.2% in October as a slump in spending of residential construction projects spread to non-residential ones. September figure was revised to unchanged, from 0.3% drop.
ISM manufacturing index – November 2008	36.2	ISM manufacturing index fell to 36.2 from 38.9 in October, the weakest since 1982 and below forecasts.
Productivity (revised) – Q3 2008	+1.3%	Productivity rose better-than-forecast at a 1.3% annual rate, compared with a 1.1% gain estimated last month, revised figures, on lower raw-material costs and more companies had cost cut.
ISM non-manufacturing index – November 2008	37.3	The ISM non-manufacturing businesses fell to 37.3, the lowest level since records began in 1997, from 44.4 the prior month.
Federal Reserve Beige Book	-	The US economy weakened across all regions since the middle of October as it was harder to get loans. Retail sales, tourism spending and manufacturing fell in most places. Meanwhile, housing markets stayed weak while commercial property weakened broadly.
Initial jobless claims – week ended 29 th November 2008	-21,000	Initial jobless claims declined by 21,000 to 509,000 and its four-week moving average climbed to 524,500, the highest since 1982, from 518,250.
Factory orders – October 2008	-5.1%	Factory orders fell 5.1%, more than forecast and the biggest fall since July 2000, after a revised 3.1% decrease in September.

Forthcoming Important Announcements / Events

8 th December 2008 (Monday)	HK	:	Texwinca Holdings Limited (00321) – Interim results
	US	:	National Semiconductor – Q2 FY2009 results
9 th December 2008 (Tuesday)	HK	:	Café de Coral Holdings Limited (00341) – Interim results TPV Technology Limited (00903) – Q3 2008 results
	US	:	Pending home sales index – October 2008
10 th December 2008 (Wednesday)	HK	:	No important announcement/event
	US	:	Wholesale trade – October 2008
11 th December 2008 (Thursday)	HK	:	Chuang's China Investments Limited (00298) – Interim results New Media Group Holdings Limited (00708) – Interim results
	US	:	International trade – October 2008 Initial jobless claims – week ended 6 th December 2008
12 th December 2008 (Friday)	HK	:	King Fook Holdings Limited (00280) – Interim results Industrial production – 3Q 2008 Producer price – 3Q 2008
	US	:	Producer price index – November 2008 Retail sales – November 2008 Business inventories – October 2008 Consumer sentiment – December 2008



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