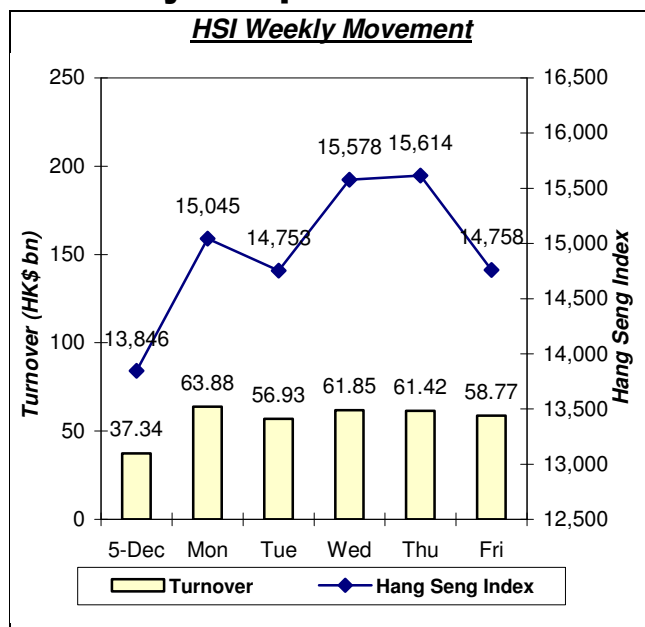


HSI stayed in positive territories w-o-w despite a global sell-off on Friday



Weekly Market Statistics				
Week ended	12/12/2008	05/12/2008	Change	%
Hang Seng Index	14,758	13,846	+912	+6.6%
HS Red Chip Index	3,260	3,079	+182	+5.9%
HS China Enterprises Index	7,912	7,429	+483	+6.5%
HS Composite Index	2,001	1,894	+108	+5.7%
HS HK Composite Index	1,462	1,379	+82	+6.0%
HS Mainland Composite Index	2,661	2,521	+140	+5.5%
Growth Enterprise Index	375	353	+22	+6.2%
Avg Daily Turnover (HK\$ bn)	60.6	39.5	+21	+53.2%
Sectoral Indices				
Finance	23,040	22,033	+1,007	+4.6%
Utilities	33,894	34,404	-510	-1.5%
Properties	17,037	14,939	+2,098	+14.0%
Comm & Ind	7,913	7,296	+617	+8.5%

Review & Outlook of Market Performance

Hong Kong equities surged to a two-month high during the week on continued flows of positive news boosting market sentiments. Nonetheless, the market gave up more than half of its gain, as profit taking kicked in on Friday following failure of the US automaker bailout plan. The Hang Seng Index had rallied as much as 14.0% or 1,900 points, before ending the week up only by 6.6% w-o-w at 14,758.39, while the HSCEI surged 6.5%. Trading turned more active with Mainboard turnover averaging over HK\$60 billion a day, compared with only some HK\$40 billion in the previous week.

The HK stock market opened the week sharply higher, as investors hoped the Chinese government would introduce further economic support measures following its three-day (Mon-Wed) annual central economic work conference. Financial secretary John Tsang's comment on HK Through-Train scheme and progress of the rescue plan in the US' automobile industry also helped boost market sentiment. However, global equities markets reversed towards the end of the week, as the US\$14 billion bailout bill for US automakers failed to make its way through the Senate. Meanwhile, China released a set of economic data during the week, including a sharp fall in consumer and wholesale inflation and weak import and export figures, which affirmed that the Mainland economy decelerated substantially last month amid global credit crunch and chaos in financial markets. During the week, the Mainland airlines were the biggest winners, after Beijing outlined ten measures to support the sector as well as capital injection plans in China Eastern Airlines and China Southern Airlines. The two air carriers jumped 37.3% and 32.3%, respectively, after resumed from trading suspension since late November, while Air China rose a solid 20.9% w-o-w. HK property developers also outperformed on bargain hunting as well as talks of rate cut next week.

The FOMC will meet next Tuesday, and a rate cut of at least 50bps is expected. However, the move should lend only limited support to stock markets, as investors would stay alert if whether the big three US automakers would go bankrupt, giving another big hit on the gloomy US economy. HK stocks are expected to head south next week, while initial support for the HSI is expected near 14,200.

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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							
12th December	8,565.09*	1,507.88*	8,235.87	1,740.34	852.27	424.79	4,481.27
5th December	8,635.42	1,509.31	7,917.51	1,659.17	838.28	392.87	4,225.07
Change	-70.33	-1.43	+318.36	+81.17	+13.99	+31.92	+256.20
%	-0.8%	-0.1%	+4.0%	+4.9%	+1.7%	+8.1%	+6.1%

Remarks: (*) closing as of 11th December 2008

Major Changes in Index Constituent Stocks (Week ended 12th December 2008)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @12/12/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Sino Land	00083	HK\$7.60	+HK\$2.31	+43.67%	Property developers were among the big winners this week, amid talks of rate cut. The FOMC will meet next Tuesday and a 50bps cut is expected. Bankers said there is room for HK banks to follow suit but by a smaller magnitude, as interbank rates stayed at low levels. In addition, the counters were also boosted by the enhancement of the Mortgage Insurance Programme which lowered the threshold above which insurance would be made available from the current 70% loan-to-value ratio to 60%.
New World Development	00017	HK\$6.83	+HK\$1.38	+25.32%	
Henderson Land Development	00012	HK\$29.00	+HK\$4.90	+20.33%	

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @12/12/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Air China	00753	HK\$2.31	+HK\$0.40	+20.94%	Air China rebounded, after CAAC, the Mainland's air traffic regulatory body, outlined ten measures to support the battered airline industry and strengthen its development. Speculative buying was also seen in both China Eastern Airlines and China Southern Airlines, after they announced plans of capital injection from their parent companies.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @12/12/08	W-O-W Change		Remarks / Comments
			Absolute	%	
CNOOC	00883	HK\$7.21	+HK\$1.39	+23.88%	CNOOC, a pure upstream oil play, jumped during the week, amid a sharp rebound in crude oil prices. Crude oil prices rebounded by more than 10% over the week, after the OPEC president called for more "severe" output cut amid souring demand.



Summary of US Economic News

Indicator	Change/Index	Comments
Pending home sales – October 2008	-1%	Pending home sales fell 1% in Oct and 0.7% in Sep, much better than market expectation of a 3.6% and 3% decline in Oct and Sep, respectively.
Wholesale inventories – October 2008	-1.1%	Wholesale inventories dropped 1.1% in Oct, below consensus forecast of a 0.2% decline.
Initial jobless claims – week ended 6 th December 2008	+58,000	Initial jobless claims rose a sharp 58,000 to a 26-year high at 573,000 last week, much higher than market estimate of 525,000.
Trade balance – October 2008	-US\$57.2 billion	US trade deficit surged to US\$57.2 billion in Oct from US\$56.6 billion in Sep, higher than forecast of US\$53.5 billion, as exports fell by a sharp 2.2% m-o-m. In Oct, imports fell 1.1% m-o-m.

Forthcoming Important Announcements / Events

15 th December 2008 (Monday)	HK	:	YGM Trading (00375) – interim results Lee & Man Paper (02314) – interim results Bosideng International (03998) – interim results
	US	:	Industrial production – November 2008
16 th December 2008 (Tuesday)	HK	:	External trade – October 2008 CVM Minerals (00705) – trading debut Miramar Hotel (00071) – interim results Emperor International (00163) – interim results Bauhaus International (00483) – interim results
	US	:	Consumer price index – November 2008 Housing starts – November 2008 FOMC policy statement Best Buy Co., Inc. – Q3 FY2008/09 results Goldman Sachs – Q4 FY2007/08 results
17 th December 2008 (Wednesday)	HK	:	Chuang's International (00367) – interim results China Gas Holdings (00384) – interim results Modern Beauty (00919) – interim results
	US	:	Morgan Stanley – Q4 FY2007/08 results Nike – Q2 FY2008/09 results
18 th December 2008 (Thursday)	HK	:	Unemployment statistics – Sep-Nov 2008 Hon Kwok Land (00160) – interim results Macau Success (00487) – interim results Luk Fook Holdings (00590) – interim results Chun Wo Development (00711) – interim results Samson Paper (00731) – interim results Walker Group (01386) – interim results
	US	:	Initial jobless claims – week ended 13 th December 2008 Index of leading economic indicators – November 2008 FedEx – Q2 FY2008/09 results Oracle – Q2 FY2008/09 results
19 th December 2008 (Friday)	HK	:	Four Seas Food (00060) – interim results Mongolia Energy (00276) – interim results Kwoon Chung Bus (00306) – interim results Four Seas Mercantile (00374) – interim results Starlight International (00485) – interim results Amax Entertainment (00959) – interim results Ocean Grand Chemicals (02882) – interim results
	US	:	No important announcement/event



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