

**THE FED LOWERS INTEREST RATES
BY ANOTHER 50 BASIS POINTS,
BUT QUESTIONS ARE BEING ASKED:
DID THE COSMETICIAN FORGET THE TALCUM POWDER**

Last Monday, around the world, everybody and their cats were waiting to learn what action, if any, the US Federal Reserve would take at its Open Market Committee Meeting, scheduled to start the following day.

Suggestions abounded that The Fed might well determine to reduce interest rates by up to one percent.

On Wall Street, after a slow start, the prices of equities rose smartly.

On The New York Stock Exchange, the Dow Jones Industrial Average shot up 176.72 points, equivalent to about 1.45 percent, ending the moderately active trading session at 12,383.89 points.

On The NASDAQ, its Composite Index closed up 23.71 points, or about 1.02 percent, to 2,349.91 points.

The ratio of gainers to losers was about 3.50:One on The New York Stock Exchange and about 1.80:One on The NASDAQ.

The rise in the key indices of the world's largest equity markets was, just about, all due to psychology and the expectation of the actions of The Fed with regard to lowering interest rates, again – the second time in a fortnight.

Due to the fact that there had been a great deal of bad news, hitting the equity markets, of late, investors were fantasizing about the future, looking for a leaf onto which to cling.

And more bad news, came last Monday.

According to The Commerce Department, sales of new homes in the US fell at a record pace in 2007.

The number of new homes that were sold in 2007 was about 774,000 units, down about 26.40 percent, Year-On-Year.

In December 2007, alone, sales of new homes dropped by about 40.70 percent, compared with the like month in 2006.

News Wise

- **American Express Company** announced that its Net Income for the final quarter of 2007, ended December 31, was about \$US831 million, down about \$US91 million, equivalent to a fall of about 10 percent, Year-On-Year. Provisions and write-offs in respect of losses on defaulting, credit-card users were said to have been the bugbear.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in March was \$US90.99, representing an increase of about 0.31 percent, compared with the closing level of Friday, January 25.

As for delivery in April, the last settlement came in at \$US90.79 per barrel of light sweet crude oil, an increase about 0.35 percent on the final quote of the previous Friday.

In Europe, after a start to trading on the most-important bourses, which saw the key indices fall, quickly, things picked up a might, resulting in a mixed bag by the close of Europe's trading days.

European investors continued to fret about the prospects of a recession in the US and its knock-on effect in the European Union.

The following **TARGET** () list are the key indices of the most-important bourses of Europe at the close of trading, last Monday:

Amsterdam's AEX Index	Plus 0.14 percent
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France's CAC 40 Index	Minus 0.61 percent
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Germany's Frankfurt XETRA DAX Index	Plus 0.03 percent
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Great Britain's FTSE 100 Index	Minus 1.36 percent
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Italy's MIBTEL Index	Minus 0.15 percent
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Switzerland's Swiss Market Index	Minus 1.36 percent
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In Asia, every key index of every equity market fell – and fell hard.

Asian investors were following Wall Street's drops of the previous Friday; and, they fully expected to have more of the same before the week was out.

In addition, in the People's Republic of China (PRC), devastating winter storms, which included the heaviest snowfalls of the past 50 years, were resulting in a reported 80 million people, being stranded at railway stations, bus stations, airports and along the many highways of the country.

Also, electric power stations were inoperable in certain parts of the country, coal was starting to run short, and the price of staples was rising, quickly, as disruption to supplies exacerbated the difficult situation, threatening the lives of many people as well as cattle.

The situation was threatening the entire economy of the most-populous country of the world and, by last Monday's tally, it had cost the country not less than \$HK18 billion.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, both equity markets suffered material losses.

The Hang Seng Index, which is the benchmark of the Main Board of The Stock Exchange of Hongkong Ltd, shed about 4.25 percent, ending the trading day at 24,053.61 points.

The Total Turnover was about \$HK107.79 billion.

The ratio of declining counters to advancing ones was about 4.49:One.

The Ten Most Active counters were:

China Life Insurance Company Ltd (Code: 2628)	Down 6.27 percent to \$HK31.40 per share
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China Mobile Ltd (Code: 941)	Down 4.80 percent to \$HK117.10 per share
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HSBC Holdings plc (Code: 5)

Down 3.32 percent to \$HK116.50 per share

PetroChina Company Ltd (Code: 857)

Down 5.72 percent to \$HK11.20 per share

Industrial and Commercial Bank of China Ltd
(Code: 1398)

Down 5.38 percent to \$HK4.92 per share

China Construction Bank Corporation (Code:
939)

Down 5.82 percent to \$HK5.83 per share

Hongkong Exchanges and Clearing Ltd (Code:
388)

Down 4.57 percent to \$HK179.50 per share

China Shenhua Energy Company Ltd (Code:
1088)

Up 0.12 percent to \$HK41.85 per share

China Telecom Corporation Ltd (Code: 728)

Down 4.91 percent to \$HK5.62 per share

Sun Hung Kai Properties Ltd (Code: 16)

Down 2.97 percent to \$HK153.70 per share

The Main Board's double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Bosideng International Holdings Ltd	3998	14.13		2.10
CATIC International Holdings Ltd	232	25.86		0.365
China Glass Holdings Ltd	3300		16.90	3.49
China Water Affairs Group Ltd	855	17.19		3.75
CNT Group Ltd	701	19.53		0.202
Daiwa Associate Holdings Ltd	1037		10.00	0.495
Foxconn International Holdings Ltd	2038		10.74	12.96
Fujian Holdings Ltd	181		12.12	0.58
Guangdong Tannery Ltd	1058		16.42	0.56
J.I.C. Technology Company Ltd	987	10.91		0.61

K and P International Holdings Ltd	675		13.85	0.28
Lifestyle International Holdings Ltd	1212		11.87	19.30
Lijun International Pharmaceutical (Holding) Company Ltd	2005		10.71	1.00
MAE Holdings Ltd	851		14.00	0.43
Midas International Holdings Ltd	1172	27.50		0.51
Ngai Hing Hong Company Ltd	1047		15.45	1.04
PacMOS Technologies Holdings Ltd	1010		18.18	0.45
PME Group Ltd	379	19.18		0.435
Poly Investments Holdings Ltd	263		22.58	0.48
Premium Land Ltd	164		10.53	0.85
SEEC Media Group Ltd	205		10.00	0.36
Shandong Xinhua Pharmaceutical Company Ltd	719		10.73	2.08
Shenzhen High-Tech Holdings Ltd	106	12.68		0.40
Sinotrans Ltd	598		10.22	2.46
SRE Group Ltd	1207		10.07	1.34
Sun Hing Vision Group Holdings Ltd	125		11.43	3.72
United Pacific Industries Ltd	176	15.56		0.52
Yardway Group Ltd	646		11.76	0.60
Yunnan Enterprises Holdings Ltd	455		10.61	0.59
Zhongda International Holdings Ltd	909	10.61		0.73
Zhongtian International Ltd	2379		14.52	0.265

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index surrendered about 2.61 percent, falling back to 1,046.89 points.

The Total Turnover on this market was about \$HK286.13 million.

The ratio of losers to gainers was about 2.15:One.

The 5, most-active counters in terms of their respective turnovers, only, were:

China LotSynergy Holdings Ltd (Code: 8161)

Down 1.67 percent to \$HK0.59 per share

Wumart Stores Incorporated (Code: 8277)

Down 0.18 percent to \$HK5.50 per share

Shandong Weigao Group Medical
Polymer Company Ltd (Code: 8199)

Down 3.34 percent to \$HK13.90 per share

China Railway Logistics Ltd (Code: 8089)

Up 29.93 percent to \$HK1.78 per share

Phoenix Satellite Television Holdings Ltd (Code:
8002)

Down 6.47 percent to \$HK1.30 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Railway Logistics Ltd	8089	29.93		1.78
Emcom International Ltd	8220		10.20	0.132
Era Information and Entertainment Ltd	8043		11.11	0.40
Glory Future Group Ltd	8071		10.18	0.247
Golden Meditech Company Ltd	8180		10.03	3.05
Goldmond Holdings Ltd	8190		14.29	0.15
Long Success International (Holdings) Ltd	8017		11.88	0.089
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301		13.04	0.20
Rojam Entertainment Holdings Ltd	8075	20.00		0.108
Trasy Gold Ex Ltd	8063		11.84	0.067
Vodatel Networks Holdings Ltd	8033		13.29	0.15

Wafer Systems Ltd	8198		11.11	1.60
Zheda Lande Scitech Ltd	8106	11.11		0.30

In Japan, the key indices of all of the country's equity markets fell.

On The Tokyo Stock Exchange, which is the premier equity market of The Land of The Rising Sun, its TOPIX Index gave up 51.74 points, equivalent to about 3.85 percent, dropping back to 1,293.03 points.

Losing counters outnumbered gaining ones by the ratio of about 4.75:One.

The Nikkei-225 Stock Average, which is a much-narrower gauge of trading in select blue chips, listed on The First Section of The Tokyo Stock Exchange, than the TOPIX Index, fell 541.25 yen, or about 3.97 percent, ending the hectic trading day at 13,087.91 yen.

In other parts of Asia, this was how the situation looked, last Monday night, with regard to the key indices of the region's equity markets:

The HKSAR	Hang Seng Index Minus 4.25 percent to 24,053.61 The Growth Enterprise Index Minus 2.61 percent to 1,046.89
Indonesia	Minus 1.47 percent to 2,582.05
Japan	TOPIX Index Minus 3.85 percent to 1,293.03 Nikkei-225 Stock Average Minus 3.97 percent to 13,087.91
Malaysia	Minus 1.77 percent to 1,380.54
The Philippines	Minus 1.05 percent to 3,203.56
The PRC	Shanghai Composite Index Minus 7.19 percent to 4,419.29 Shenzhen Composite Index Minus 6.85 percent to 1,335.96
Singapore	Minus 3.75 percent to 3,041.06
South Korea	Minus 3.85 percent to 1,627.19
Taiwan	Minus 3.28 percent to 7,485.79
Thailand	Minus 2.02 percent to 744.36

Tuesday

Frustrated migrant workers took out their anger on the Authorities of the People's Republic of China (PRC), last Tuesday, as chaos spread throughout many parts of the country.

And the rain and the snow continued to fall, exacerbating an already difficult situation which had its beginnings on January 10, 2008, when the heavy snows started to fall on 14 provinces.

Those heavy snowfalls broke a 50-year record.

And more snow, forecast for the following week, coincided with the commencement of the Chinese New Year holidays on February 7, 2008.

Some 24 airports had been closed down in the country and Shanghai, an important hub in the north, had been shut down, tightly, due to the fact that it, too, was under tons of snow.

Not less than 80 million people had become directly affected by the freezing weather patterns, sweeping across the Middle Kingdom.

Coal supplies were running dangerously low; food was becoming more scarce, with the prices of staples, rising, rapidly; electricity supplies had been curtailed in a number of cities and towns, with some cities, having no power at all; and, industry has been brought to a virtual standstill.

Millions of acres of agricultural land had been utterly destroyed.

The cost of the record-breaking freeze was still being estimated, but it was known to be in the many tens of millions of renminbi.

The problems in the Middle Kingdom, in the fullness of time, will cascade down to its trading partners: It is inevitable.

On international commodities exchanges, the price of crude oil rose.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in March was \$US91.64, up another 0.71 percent, compared with Monday's closing level.

As for delivery in April, the last settlement for a barrel of light sweet crude oil came in at \$US91.42, representing an increase of about 0.69 percent on Monday's final quote.

On Wall Street, investors were awaiting the determinations of the US Federal Reserve's Open Market Committee Meeting, which convened its interest-rate meeting last Tuesday, Washington D.C. time.

On The New York Stock Exchange, in anticipation of another interest-rate cut, investors ploughed into stocks and shares, sending the key indices to higher levels.

The Dow Jones Industrial Average gained 96.41 points, equivalent to about 0.78 percent, running up to 12,480.30 points.

Over on The NASDAQ, its Composite Index gained 8.15 points, or about 0.35 percent, as investors nudged it to 2,358.06 points.

The ratio of gainers to losers was about 1.80:One on The New York Stock Exchange and about 1.25:One on The NASDAQ.

News Wise

- **Yahoo Incorporated** announced that its Net Profit Attributable to Shareholders in respect of the quarter, ended December 31, 2007, was about \$US205.70 million, down about 23.45 percent, Year-On-Year. The company said that it intends to sack about 1,000 of its workers.

In Europe, investors were laying down bets on The Fed, cutting interest rates at its Open Market Committee Meeting.

And as base metal prices rose, investors went for miners, pushing prices to higher levels in anticipation of even higher prices to come.

Oils, also, benefitted as the price of crude oil continued its run up, closer to the magic \$US100 per-barrel level.

In such an atmosphere, it was hardly any wonder that the key indices of European bourses recorded material gains, last Tuesday:

Amsterdam's AEX Index	Plus	1.53 percent
France's CAC 40 Index	Plus	1.92 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.08 percent
Great Britain's FTSE 100 Index	Plus	1.66 percent
Italy's MIBTEL Index	Plus	1.36 percent
Switzerland's Swiss Market Index	Plus	1.61 percent

After Monday's sell-off on all of the equity markets of Asia, last Tuesday witnessed the return of investors, many of whom, no doubt, had to cover short positions because one would have to be extremely bullish – or very stupid – to think that the markets were out of the proverbial woods at this early stage of the game.

However, for whatever reason, all of the key indices of every major equity market in this region of the world recorded gains, last Tuesday.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, the key index of the premier equity market rose nearly one percentage point, but The (very speculative) **G**rowth **E**nterprise **M**arket (The GEM) lost its footing.

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, shed, exactly, 0.99 percent, ending the trading day at 24,291.80 points.

The Total Turnover, however, fell to about \$HK92.63 billion, a volume of activity which was down about 14 percent, compared with Monday's Total Turnover, and it represented the lowest volume of activity of the past year for a full-day's trading.

The ratio of advancing counters to declining ones was about 1.21:One.

The Ten Most Active counters were:

China Mobile Ltd (Code: 941)	Up 0.68 percent to \$HK117.90 per share
China Life Insurance Company Ltd (Code: 2628)	Down 0.32 percent to \$HK31.30 per share
HSBC Holdings plc (Code: 5)	Up 0.94 percent to \$HK117.60 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 3.90 percent to \$HK159.70 per share

PetroChina Company Ltd (Code: 857)

Up 0.36 percent to \$HK11.24 per share

Hongkong Exchanges and Clearing Ltd (Code:
388)

Down 0.89 percent to \$HK177.90 per share

China Construction Bank Corporation (Code:
939)

Up 1.20 percent to \$HK5.90 per share

Industrial and Commercial Bank of China Ltd
(Code: 1398)

Down 0.61 percent to \$HK4.89 per share

China Shenhua Energy Company Ltd (Code:
1088)

Up 1.67 percent to \$HK42.55 per share

Ping An Insurance (Group) Company of China
Ltd (Code: 2318)

Down 3.31 percent to \$HK61.40 per share

The Main Board's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959	12.86		0.079
Asia TeleMedia Ltd	376		11.72	0.128
Bosideng International Holdings Ltd	3998	11.43		2.34
Century City International Holdings Ltd	355	23.33		0.111
China Financial Leasing Group Ltd	2312	18.05		0.242
China Water Affairs Group Ltd	855		11.73	3.31
Daido Group Ltd	544	18.42		0.045
Daiwa Associate Holdings Ltd	1037	11.11		0.55
EC-Founder (Holdings) Company Ltd	618		14.40	0.214
Fong's Industries Company Ltd	641		33.05	3.10
Global Green Tech Group Ltd	274	14.41		1.27
Goldbond Group Holdings Ltd	172	15.85		0.475

Green Energy Group Ltd	979	12.15		1.20
The Hongkong Parkview Group Ltd	207	12.12		1.48
Linmark Group Ltd	915		18.97	0.47
Lo's Enviro-Pro Holdings Ltd	309	18.64		0.70
Nan Hai Corporation Ltd	680	16.90		0.083
New World Mobile Holdings Ltd	862		10.00	5.40
Oriental Explorer Holdings Ltd	430		13.04	0.10
Pyxis Group Ltd	516		11.11	0.16
Regent Pacific Group Ltd	575	11.94		0.75
Shang Hua Holdings Ltd	371	153.95		1.93
Shenzhen High-Tech Holdings Ltd	106		11.25	0.355
Sunny Global Holdings Ltd	2905	12.50		0.63
Truly International Holdings Ltd	732	16.70		12.30
United Pacific Industries Ltd	176		11.54	0.46
Vodone Ltd	82		16.33	0.82
Yardway Group Ltd	646	10.00		0.66
Zhongda International Holdings Ltd	909	19.18		0.87

On The GEM, its Growth Enterprise Index shed about 0.44 percent, dropping back to 1,042.33 points.

The Total Turnover on this market was down to about \$HK193.39 million.

Declining counters outpaced advancing ones by the ratio of about 1.24:One.

The 5, most-active counters in terms of their respective turnovers, only, were:

China LotSynergy Holdings Ltd (Code: 8161)

Down 1.69 percent to \$HK0.58 per share

China Railway Logistics Ltd (Code: 8089)

Down 11.80 percent to \$HK1.57 per share

Shandong Weigao Group Medical
Polymer Company Ltd (Code: 8199)

Down 0.29 percent to \$HK13.86 per share

Glory Future Group Ltd (Code: 8071)

Up 0.40 percent to \$HK0.248 per share

Enviro Energy International Holdings Ltd (Code:
8182)

Up 3.09 percent to \$HK1.00 per share

The GEM's double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Armitage Technologies Holding Ltd	8213	10.67		0.083
B M Intelligence International Ltd	8158	14.43		0.23
Brilliant Arts Multi-Media Holding Ltd	8130	12.50		0.09
China Railway Logistics Ltd	8089		11.80	1.57
Espco Technology Holdings Ltd	8299	28.40		0.52
Excel Technology International Holdings Ltd	8048		15.70	0.102
Intelli-Media Group (Holdings) Ltd	8173	10.34		0.16
Shanghai Jiada Withub Information Industrial Company Ltd	8205	13.21		0.30
Ming Kei Energy Holdings Ltd	8239	17.65		0.50
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301	12.50		0.225
New Universe International Group Ltd	8068	18.18		0.195
SYSCAN Technology Holdings Ltd	8083	11.32		0.59
Tiger Tech Holdings Ltd	8046	30.51		0.385

In Japan, the key indices of the country's 3 equity markets all made very substantial gains.

On The Tokyo Stock Exchange, its TOPIX Index rose about 2.76 percent to 1,328.73 points.

Gainers outnumbered losers by the ratio of about 8.33:One.

The Nikkei-225 Stock Average rose in unison with the key index of this market, which is the largest and most-important in Asia, hitting 13,478.86 yen by the close, a one-day improvement of about 2.99 percent.

On other Asian equity markets, this was how their respective key indices fared, last Tuesday:

The HKSAR	Hang Seng Index Plus 0.99 percent to 24,291.80 The Growth Enterprise Index Minus 0.44 percent to 1,042.33
Indonesia	Plus 1.00 percent to 2,607.84
Japan	TOPIX Index Plus 2.76 percent to 1,328.73 Nikkei-225 Stock Average Plus 2.99 percent to 13,478.86
Malaysia	Plus 0.58 percent to 1,388.50
The Philippines	Plus 0.65 percent to 3,224.24
The PRC	Shanghai Composite Index Plus 0.87 percent to 4,457.94 Shenzhen Composite Index Plus 0.66 percent to 1,344.79
Singapore	Plus 0.29 percent to 3,049.90
South Korea	Plus 0.66 percent to 1,637.91
Taiwan	Plus 1.21 percent to 7,576.42
Thailand	Plus 1.41 percent to 754.87

Wednesday

The US Federal Reserve cut the Federal Funds Rate by another 50 basis points, last Wednesday, but it did little to ameliorate the ever-worsening situation on equity markets of the world.

The fact is that the growth rate of the largest and most-important economy of the world, in the American lingo, ‘*sucks*’ – and it is quite likely to get worse.

The problems of this economy are carved in stone and The Fed can do little about them at this late stage.

The following is the verbatim statement of The Fed, which was released during trading hours, last Wednesday:

‘The Federal Open Market Committee decided today to lower its target for the federal funds rate 50

basis points to 3 percent.

‘Financial markets remain under considerable stress, and credit has tightened further for some businesses and households. Moreover, recent information indicates a deepening of the housing contraction as well as some softening in labor markets.

‘The Committee expects inflation to moderate in coming quarters, but it will be necessary to continue to monitor inflation developments carefully.

‘Today’s policy action, combined with those taken earlier, should help to promote moderate growth over time and to mitigate the risks to economic activity. However, downside risks to growth remain. The Committee will continue to assess the effects of financial and other developments on economic prospects and will act in a timely manner as needed to address those risks.

‘Voting for the FOMC monetary policy action were: Ben S. Bernanke, Chairman; Timothy F. Geithner, Vice Chairman; Donald L. Kohn; Randall S. Kroszner; Frederic S. Mishkin; Sandra Pianalto; Charles I. Plosser; Gary H. Stern; and Kevin M. Warsh. Voting against was Richard W. Fisher, who preferred no change in the target for the federal funds rate at this meeting.

‘In a related action, the Board of Governors unanimously approved a 50 basis-point decrease in the discount rate to 3-1/2 percent. In taking this action, the Board approved the requests submitted by the Boards of Directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Atlanta, Chicago, St. Louis, Kansas City, and San Francisco.’

Up to last Wednesday, in a period of just 8 days, The Fed had cut interest rates by 1.25 percent, but it had made very little difference to the general feeling of investor despondency, from one side of the world to the other.

If anything, The Fed had sent a message to the world, that message, being that the US Central Bank was in a state of panic.

The Fed’s determination of last Wednesday came after The Bureau of Economic Analysis, a division of the US Government’s Department of Commerce, released its findings in respect of the Real Gross Domestic Product for the fourth quarter of 2007.

It was nothing but bad news and confirmed that which most economists had feared: The US economy has, just about stalled.

The following is a précis of The Bureau’s findings:

‘Real gross domestic product (GDP) increased 0.6 percent in the fourth quarter after increasing 4.9 percent in the third quarter, according to estimates released by the Bureau of Economic Analysis. Annual growth in 2007 was 2.2 percent, compared with 2.9 percent in 2006.

‘Fourth-quarter highlights

- *Inventory investment turned down and reduced real GDP growth by 1.25 percentage points, after adding 0.89 percentage point in the third quarter. The downturn was mostly in motor vehicles inventories.*
- *Exports slowed, adding 0.46 percentage point to growth after adding 2.1 percentage points in the third quarter.*
- *Consumer spending decelerated, adding 1.37 percentage points to growth, compared with 2.01 percentage points in the third quarter.*
- *Housing investment continued to decline, subtracting 1.18 percentage points from GDP growth; in the third quarter, it subtracted 1.08 percentage points.*

‘Prices for personal consumption expenditures rose 3.9 percent, compared with 1.8 percent in the third quarter. Excluding food and energy, consumer prices increased 2.7 percent, compared with 2.0 percent in the third quarter.

‘2007 highlights

‘Consumer spending on services, exports, and investment in business structures were major contributors to the 2.2 percent growth in real GDP in 2007. The continued drag from housing and a drawdown in inventories accounted for a significant share of the slowdown in growth compared to 2006.’

Not quite negative growth, is it? But it is getting closer and closer to the first quarter of negative growth.

On The New York Stock Exchange, investors could not stand the ‘heat’ and the initial gains in the Dow Jones Industrial Average, following the interest-rate statement by The Fed, were quickly erased as the realisation of the true situation in the US economy hit home – and hard.

The Dow ended the trading session at 12,442.83 points, down about 0.30 percent on Tuesday’s close.

The Composite Index of The NASDAQ fell back by about 0.38 percent to 2,349.00 points.

Making matters worse was that the price of crude oil was continuing to creep up, closer again to \$US100 per barrel.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in March came in at \$US92.23, up about 0.75 percent on Tuesday’s final quote.

As for April delivery, the last settlement for a barrel of light sweet crude oil was \$US92.16, representing an increase of about 0.81 percent on Tuesday’s last settlement.

In Europe, every key index of every major bourse fell to widespread, bearishness:

Amsterdam’s AEX Index	Minus 0.68 percent
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France’s CAC 40 Index	Minus 1.37 percent
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Germany’s Frankfurt XETRA DAX Index	Minus 0.25 percent
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Great Britain’s FTSE 100 Index	Minus 0.81 percent
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Italy’s MIBTEL Index	Minus 0.82 percent
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Switzerland’s Swiss Market Index	Minus 0.42 percent
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Europe had not been apprised of the determinations of The Fed, during trading hours, but it had been apprised of the fact that UBS AG, one of Europe’s largest banks, had made the shock announcement that it had written off another \$US4 billion with regard to its exposure to the US subprime, mortgage-lending crisis.

Banks came under immediate pressure on the news, their share prices, being clipped.

In Asia, weakness prevailed on the largest and most-important equity markets.

In the People’s Republic of China (PRC), the situation with regard to the freak cold spell was not letting up and migrant workers, awaiting trains to take them home for the Chinese New Year holiday, which is the

most-important holiday of the year, had swelled to more than 800,000 in Guangzhou, alone, Guangzhou, being just across the border with the Hongkong Special Administrative Region (HKSAR) of the PRC.

And, in the HKSAR, on the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index shed about 2.63 percent, falling back to 23,653.69 points.

The Total Turnover was about \$HK105.08 billion, while the ratio of losing counters to gaining ones was about 4.13:One.

The Ten Most Actives were:

China Life Insurance Company Ltd (Code: 2628)

Down 7.35 percent to \$HK29.00 per share

China Mobile Ltd (Code: 941)

Down 3.65 percent to \$HK113.60 per share

HSBC Holdings plc (Code: 5)

Down 0.43 percent to \$HK117.10 per share

PetroChina Company Ltd (Code: 857)

Down 3.91 percent to \$HK10.80 per share

Hongkong Exchanges and Clearing Ltd (Code:
388)

Down 6.41 percent to \$HK166.50 per share

Sun Hung Kai Properties Ltd (Code: 16)

Down 2.57 percent to \$HK155.60 per share

China Construction Bank Corporation (Code:
939)

Down 5.59 percent to \$HK5.57 per share

CNOOC Ltd (Code: 883)

Down 0.72 percent to \$HK10.98 per share

Ping An Insurance (Group) Company of China
Ltd (Code: 2318)

Down 6.51 percent to \$HK57.40 per share

Industrial and Commercial Bank of China Ltd
(Code: 1398)

Down 4.09 percent to \$HK4.69 per share

The Main Board's double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Aerospace International Holdings Ltd	31		10.00	0.90
China Everbright Ltd	165		15.43	15.90
China Oil Resources Holdings Ltd	850		16.67	0.50
China Properties Investment Holdings Ltd	736		12.50	0.315

China Strategic Holdings Ltd	235		11.82	0.485
Dynamic Global Holdings Ltd	231		11.76	0.09
Earnest Investments Holdings Ltd	339		15.00	0.51
Fong's Industries Company Ltd	641	46.77		4.55
Global Tech (Holdings) Ltd	143		10.96	0.065
Great China Holdings Ltd	141		11.59	0.61
Guangdong Tannery Ltd	1058		10.00	0.54
The Hongkong Parkview Group Ltd	207		10.81	1.32
Hua Yi Copper Holdings Ltd	559	12.50		0.63
Jiwa Bio-Pharm Holdings Ltd	2327	10.71		0.186
Lijun International Pharmaceutical (Holding) Company Ltd	2005		14.14	0.85
Lo's Enviro-Pro Holdings Ltd	309	18.57		0.83
Nan Hai Corporation Ltd	680		12.05	0.073
Paladin Ltd	495		16.67	0.25
Peaktop International Holdings Ltd	925		15.00	0.255
Poly Investments Holdings Ltd	263		25.81	0.345
Guangzhou R and F Properties Company Ltd	2777		11.56	19.90
Shimao Property Holdings Ltd	813		10.08	13.38
Sino-Tech International Holdings Ltd	724		11.94	0.295
Sun Hing Vision Group Holdings Ltd	125	10.58		4.18
Temujin International Investments Ltd	204		11.29	1.10
Tomorrow International Holdings Ltd	760		13.04	0.30

Vitop Bioenergy Holdings Ltd	1178		10.92	0.106
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On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index shed about 2.67 percent, dropping back to 1,014.53 points.

The Total Turnover on this market was about \$HK174.61 million.

Losing counters outran gaining ones by the ratio of about 2.39:One

The 5, most-active counters in terms of their respective turnovers, only, were:

China LotSynergy Holdings Ltd (Code: 8161)

Down 3.45 percent to \$HK0.56 per share

Shandong Weigao Group Medical
Polymer Company Ltd (Code: 8199)

Down 5.19 percent to \$HK13.14 per share

NetDragon Websoft Incorporated (Code: 8288)

Down 0.76 percent to \$HK13.08 per share

Century Sunshine Ecological
Technology Holdings Ltd (Code: 8276)

Down 3.90 percent to \$HK0.37 per share

Glory Future Group Ltd (Code: 8071)

Down 0.40 percent to \$HK0.247 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd	8095		10.13	0.355
B M Intelligence International Ltd	8158		10.43	0.206
Capinfo Company Ltd	8157		14.71	0.29
China Primary Resources Holdings Ltd	8117		10.00	0.162
EMER International Group Ltd	8149		11.11	3.20
Espco Technology Holdings Ltd	8299		17.31	0.43
Long Success International (Holdings) Ltd	8017		21.35	0.07
Netel Technology (Holdings) Ltd	8256	10.00		0.11
ProSticks International Holdings Ltd	8055	10.71		0.62

QUASAR Communication Technology Holdings Ltd	8171		10.26	0.35
Rojam Entertainment Holdings Ltd	8075		10.00	0.09
Sino Haijing Holdings Ltd	8065		12.38	0.92
Tai Shing International (Holdings) Ltd	8103		21.67	0.47
Thiz Technology Group Ltd	8119	19.00		0.119
Timeless Software Ltd	8028	17.20		0.109

On The Tokyo Stock Exchange, the key indices lost some of Tuesday's gains.

The TOPIX Index shed about 0.65 percent, ending the trading day at 1,320.11 points.

Declining counters outnumbered advancing ones by the ratio of about 1.92:One.

The Nikkei-225 Stock Average lost about 0.99 percent, ending up at 13,345.03 yen by supper time.

News Wise

- **Honda Motor Company** announced that, for its third quarter, ended December 31, 2007, it had booked a Net Profit Attributable to Shareholders of about ¥200 billion. That figure represented a Year-On-Year gain of about 38.10 percent, the company said.

This was how things looked on other Asian equity markets, last Wednesday night:

The HKSAR	Hang Seng Index Minus 2.63 percent to 23,653.69 The Growth Enterprise Index Minus 2.67 percent to 1,014.53
Indonesia	Plus 0.10 percent to 2,610.36
Japan	TOPIX Index Minus 0.65 percent to 1,320.11 Nikkei-225 Stock Average Minus 0.99 percent to 13,345.03
Malaysia	Minus 0.32 percent to 1,384.08
The Philippines	Plus 1.00 percent to 3,256.53
The PRC	Shanghai Composite Index Minus 0.90 percent to 4,417.85 Shenzhen Composite Index Plus 0.22 percent to 1,347.81

Singapore	Minus 1.64 percent to 3,000.03
South Korea	Minus 2.98 percent to 1,589.06
Taiwan	Minus 0.43 percent to 7,543.50
Thailand	Plus 1.14 percent to 763.48

Thursday

Following assurances that bond issuers in the US would not run out of money, thus guaranteeing payments on corporate and municipal bonds, share prices picked up on US equity markets, last Thursday.

Also, the share prices of retailers benefitted, substantially, because it was reasoned that, with interest rates, down another 50 basis points (Please see Wednesday's reports), consumers would be returning in force to buy in discount chain stores, such as Wal-Mart Stores Incorporated.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 207.53 points, equivalent to about 1.67 percent, ending the trading session at 12,650.36 points.

On The NASDAQ, its Composite Index rose 40.86 points, or about 1.74 percent, at 2,389.86 points.

Advancing counters outpaced declining ones by the ratio of about 2.67:One on The New York Stock Exchange and by about 1.80:One on The NASDAQ.

Between Wednesday and Thursday, little of any material consequence, other than The Fed's announcement, had transpired so that, in reality, there was no logical reason for the key indices of the largest equity markets of the world to rise to the extent that they did, last Thursday.

Certainly, in Europe, investors in this part of the world determined that the US economic gloom did not constitute anywhere near even a mildly bullish market.

Down came the key indices of the most-important equity markets in this part of the world:

Amsterdam's AEX Index Minus 0.38 percent

France's CAC 40 Index Minus 0.07 percent

Germany's Frankfurt XETRA DAX Index Minus 0.34 percent

Great Britain's FTSE 100 Index Plus 0.72 percent

Italy's MIBTEL Index Minus 0.04 percent

Switzerland's Swiss Market Index Minus 0.01 percent

With the US, seemingly on the verge of Phase One of a recession (the first, negative quarter), it stood to reason that the world's largest exporter, Germany, would be facing a difficult time for the remainder of the

year.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in March came in at \$US91.75, down about 0.63 percent, compared with Wednesday's closing level.

As for delivery in April, the last settlement for a barrel of light sweet crude oil was \$US91.68, representing a fall of about 0.52 percent on Wednesday's final quote.

In Asia, the key indices of 6 equity markets made gains while the key indices of the remaining 4 equity markets recorded losses.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the key indices of both equity markets suffered material losses.

In the PRC, the situation was becoming much worse in respect of the chaos, caused by the big freeze.

The number of people, badly affected by the record-breaking snowstorms and blizzards, had reached about 100 million, men, women and children, according to official estimates.

Many power stations had, already, run out of coal by last Wednesday and, according to The China Electricity Regulatory Commission, the country had only sufficient coal for a further 6 days.

Since January 10, 2008, when the snowstorms started, the estimated losses stood at about 43 billion yuan.

A total of 750,000 homes had been destroyed and 8.30 hectares of agricultural land had been badly damaged, it was reported by The Ministry of Civil Affairs.

It will take the best part of a year to repair the damage, it was conjectured by usually reliable sources.

Investors of the HKSAR feared for the worst because what happens in the PRC, proper, must, invariably, affect the HKSAR in the fullness of time.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index shed about 0.84 percent, dropping back to 23,455.74 points.

The Total Turnover was about \$HK110.65 billion.

Losers outpaced gainers by the ratio of 2.80:One, exactly.

The Ten Most Active counters were:

China Life Insurance Company Ltd (Code: 2628)

Down 3.45 percent to \$HK28.00 per share

China Mobile Ltd (Code: 941)

Up 0.62 percent to \$HK114.30 per share

HSBC Holdings plc (Code: 5)

Down 1.28 percent to \$HK115.60 per share

PetroChina Company Ltd (Code: 857)

Down 0.74 percent to \$HK10.72 per share

Sun Hung Kai Properties Ltd (Code: 16)

Down 1.99 percent to \$HK152.50 per share

Hongkong Exchanges and Clearing Ltd (Code:
388)

Down 3.42 percent to \$HK160.80 per share

China Construction Bank Corporation (Code:
939)

Down 3.23 percent to \$HK5.39 per share

China Coal Energy Company Ltd (Code: 1898)

Down 9.15 percent to \$HK17.88 per share

China Shenhua Energy Company Ltd (Code:
1088)

Down 3.26 percent to \$HK40.00 per share

Industrial and Commercial Bank of China Ltd
(Code: 1398)

Down 1.28 percent to \$HK4.63 per share

There was a total of 38, double-digit movers on the Main Board, last Thursday, with 26 counters, losing 10 percent or more of their respective market capitalisations, while 12 counters gained 10 percent or more of their respective market capitalisations.

The biggest loser of the day was Garron International Ltd (Code: 1226) as investors knocked down its share price by 19.12 percent to 55 cents.

The biggest gainer was Yunnan Enterprises Holdings Ltd (Code: 455) as its share price rose 28.81 percent to 76 cents.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index moved up by about 1.34 percent to 1,000.89 points.

The Total Turnover was about \$HK179.86 million.

Declining counters led advancing ones by the ratio of about 1.61:One.

The 5, most-active counters in terms of their respective turnovers, only, were:

China LotSynergy Holdings Ltd (Code: 8161)

Down 15.18 percent to \$HK0.475 per share

Shandong Weigao Group Medical
Polymer Company Ltd (Code: 8199)

Up 0.15 percent to \$HK13.16 per share

Golden Meditech Company Ltd (Code: 8180)

Up 5.33 percent to \$HK3.16 per share

NetDragon Websoft Incorporated (Code: 8288)

Down 0.61 percent to \$HK13.00 per share

Ming Kei Energy Holdings Ltd (Code: 8239)

Up 16.98 percent to \$HK0.62 per share

As for The GEM's double-digit movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131		15.00	0.255

Advanced Card Systems Holdings Ltd	8210	12.90		0.28
China LotSynergy Holdings Ltd	8161		15.18	0.475
CIG Yangtze Ports PLC	8233		14.06	0.55
Enviro Energy International Holdings Ltd	8182		17.02	0.78
Excel Technology International Holdings Ltd	8048	16.50		0.12
Finet Group Ltd	8317	27.27		0.42
Glory Mark Hi-Tech (Holdings) Ltd	8159		13.33	0.26
Global Solution Engineering Ltd	8192		25.56	0.134
Long Success International (Holdings) Ltd	8017		20.00	0.056
Ming Kei Energy Holdings Ltd	8239	16.98		0.62
Mobile Telecom Network (Holdings) Ltd	8266	10.80		0.195
Qianlong Technology International Holdings Ltd	8015		28.74	0.62
Sau San Tong Holdings Ltd	8200	12.50		0.135
Tai Shing International (Holdings) Ltd	8103	27.66		0.60
Trasy Gold Ex Ltd	8063		10.34	0.052
Vertex Group Ltd	8228		10.53	0.17
Yuxing InfoTech Holdings Ltd	8005		18.03	0.50

In Japan, investors went to town on purchases of stocks and shares, causing the key indices of the country's 3 equity markets to rise, smartly.

On The Tokyo Stock Exchange, which is the premier equity market of the country, its TOPIX Index gained about 1.98 percent, rising to 1,346.31 points.

Advancing counters were ahead of declining ones by the ratio of about 8.44:One.

The Nikkei-225 Stock Average gained 247.44 yen, or about 1.85 percent, ending the day's trading session at 13,592.47 yen.

News Wise

- **All Nippon Airways Company** announced that its Net Profit Attributable to Shareholders for the quarter, ended December 31, 2007, was ¥12.40 billion, up about 33.90 percent, Year-On-Year;

- **Mizuho Financial Group Incorporated** announced that, for the 9 months, ended December 31, 2007, its Net Profit Attributable to Shareholders was ¥393 billion, down about 32 percent, compared with the like period in 2006;
- **Sony Corporation** announced that, for the 9 months, ended December 31, 2007, its Net Profit Attributable to Shareholders was about ¥340.39 billion, an increase of about 75.60 percent, compared with the like, 9-month period of 2006;
- **Nomura Holdings Incorporated**, Japan's largest stockbrokerage company, announced that its Net Profit Attributable to Shareholders for the first 9 months of Fiscal 2007 came in at ¥88.87 billion, down about 37.70 percent, Year-On-Year;
- **Matsushita Electric Industrial Company**, an electronics producer in Japan, announced that, for the quarter, ended December 31, 2007, its Net Profit Attributable to Shareholders was ¥115.20 billion, a Year-On-Year increase of about 46.38 percent; and,
- **Housing starts** in Japan fell to a 40-year low in 2007, according to The Land, Infrastructure, Transport and Tourism Ministry. For 2007, the number of housing starts was 1,060,741 units, down about 17.80 percent, Year-On-Year, and the lowest level since 1967.

In other parts of Asia, this was how the key indices of these equity markets fared, last Thursday:

The HKSAR	Hang Seng Index Minus 0.84 percent to 23,455.74 The Growth Enterprise Index Minus 1.34 percent to 1,000.89
Indonesia	Plus 0.65 percent to 2,627.25
Japan	TOPIX Index Plus 1.98 percent to 1,346.31 Nikkei-225 Stock Average Plus 1.85 percent to 13,592.47
Malaysia	Plus 0.66 percent to 1,393.25
The Philippines	Plus 0.29 percent to 3,266.00
The PRC	Shanghai Composite Index Minus 0.78 percent to 4,383.39 Shenzhen Composite Index Minus 2.71 percent to 1,311.29
Singapore	Minus 0.61 percent to 2,981.75
South Korea	Plus 2.24 percent to 1,624.68
Taiwan	Minus 0.30 percent to 7,521.13

Thailand	Plus 2.72 percent to 784.23
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Friday

While the US Labour Department brought out what could only be described as a devastating report about the state of employment and unemployment in The Land of The Free and The Home of The Brave, for investors on Wall Street, the only important consideration appeared to be the offer by Microsoft Corporation to take control of Yahoo Incorporated.

At a price tag of about \$US44.60 billion, the Microsoft offer represents a premium of about 62 percent, compared with the closing share price of Yahoo on Thursday, January 31, 2008.

The share price of Yahoo rose about 48 percent on the news, last Friday.

Microsoft is launching its bid to amalgamate its Internet interests with those of Yahoo in order to compete more effectively against its main rival, Google Incorporated, which, in a few short years, has come to dominate the Internet search market.

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.73 percent, ending the week's trading at 12,743.19 points.

The NASDAQ Composite Index put on about 0.98 percent to finish off the week at 2,413.30 points.

The ratio of gaining counters to losing ones was about 3.50:One on The New York Stock Exchange and about 2.25:One on The NASDAQ.

The tally for the week for the world's largest equity markets was:

The Dow Jones Industrial Average Plus 4.39 percent

The NASDAQ's Composite Index Plus 3.75 percent

While investors on the world's biggest and most-important equity markets appeared to be mesmerised by the Microsoft bid for control of Yahoo, there was a lot of bad news, making the rounds.

The US Labour Department released, just before trading commenced on Wall Street, last Friday, that all was not well in respect of employment in the US.

The following is the verbatim testimony of Mr Keith Hall, Commissioner, Bureau of Labour Statistics, to the Joint Economic Committee of the United States Congress:

'Mr. Chairman and Members of the Committee:

'I appreciate this opportunity to comment on the employment and unemployment data that we released this morning.

'Nonfarm payroll employment was essentially unchanged in January, at 138.1 million, as was the unemployment rate, at 4.9 percent. Employment declined in construction and in manufacturing, while the number of jobs increased in health care. In 2007, payroll employment grew by an average of 95,000 per month, compared with an average of 175,000 per month in 2006. Average hourly earnings rose by 4 cents in January, or 0.2 percent. From December 2006 to December 2007, average hourly earnings rose by 3.7 percent, compared with a rise in the Consumer Price Index for Urban Wage Earners and Clerical Workers of 4.4 percent.

'Construction employment decreased by 27,000 in January, with the decline concentrated among the residential components. Construction has lost 284,000 jobs since its employment peak in September 2006; the residential components lost 315,000 jobs over that period.

'Manufacturing employment fell by 28,000 in January, with small but widespread declines occurring in both durable and nondurable goods industries. Manufacturing has lost 269,000

jobs over the last 12 months. Both the factory workweek and overtime were unchanged in January, at 41.1 and 4.0 hours, respectively.

'In the service-providing sector, employment in health care continued to increase in January (27,000). Over the year ending in January, this industry added 367,000 jobs, accounting for more than one-third of the growth in total nonfarm employment. In January, employment rose in ambulatory health care, which includes doctors' offices, and in hospitals.

'Food services employment also continued its upward trend over the month, though employment growth in this industry has slowed recently. From November 2007 through January, food services added an average of 16,000 jobs per month; the average growth during the 12-month period ending in October 2007 was 28,000 jobs per month.

'Following a large increase in December (49,000), employment in professional and technical services was little changed in January. In 2007, this industry added 335,000 jobs. Within administrative and support services, business support services lost jobs in January.

'Elsewhere in the service-providing sector, retail trade employment was little changed, both over the month and over the year. Wholesale trade employment has been flat since October 2007; the industry had been adding jobs for several years. Within financial activities, employment in credit intermediation, which includes mortgage lending, continued to trend down in January and has fallen by 111,000 since its most recent high point in October 2006.

'The establishment survey data released today reflect the incorporation of annual benchmark revisions, updated seasonal adjustment factors, and a minor revision to the industry classification system. Each year, we re-anchor our sample-based survey estimates to full universe counts of employment, primarily derived from administrative records of the unemployment insurance tax system. The benchmark revision caused a decrease in the level of nonfarm payroll employment in March 2007 of 293,000 (not seasonally adjusted) or 0.2 percent. Over the past 10 years, benchmark revisions have averaged plus or minus 0.2 percent.

'All seasonally adjusted establishment survey data from January 2003 forward have been revised to incorporate updated seasonal adjustment factors. Another change effective with this release is an update to the 2007 North American Industry Classification System (NAICS) from the 2002 NAICS. The update to NAICS 2007 resulted in minor definitional changes. All affected historical time series data for the establishment survey beginning in January 1990 have been reconstructed based on NAICS 2007.

'Turning now to some of our measures from the household survey, both the number of unemployed persons (7.6 million) and the unemployment rate (4.9 percent) were essentially unchanged over the month. However, both measures are up over the past 12 months. In January, 18.3 percent of unemployed persons had been unemployed 27 weeks and over, up from 16.2 percent a year earlier. Civilian employment rose in January (after accounting for an adjustment to the population controls used in the survey), and the employment-population ratio edged up to 62.9 percent.

'Household survey data beginning in January 2008 reflect updated population controls. As part of its annual review of intercensal population estimates, the U.S. Census Bureau determined that a downward adjustment should be made to the population controls. This adjustment stems from revised estimates of net international migration and the institutional population, along with updated vital statistics information. The updated controls would have resulted in a decline of 745,000 in the estimated size of the civilian noninstitutional population age 16 years and over for December 2007. In accordance with our usual practice, official estimates for December 2007 and earlier months will not be revised.

'A comparison of December 2007 not seasonally adjusted data based on the old and new controls shows that the population adjustment caused decreases in the levels for the labor force (-637,000), employment (-598,000), and unemployment (-40,000). The unemployment rate was unaffected by the new population controls; there was a negligible impact on other percentage estimates.

'To summarize January's labor market developments, payroll employment was essentially unchanged (-17,000), as was the unemployment rate at 4.9 percent.'

It was not good news, to be sure, suggesting that the US economy is headed closer to its first quarter of negative growth.

On The **New York Mercantile Exchange** (NYMEX), the price of crude oil came off, very materially.

For delivery in March, the last settlement for a barrel of light sweet crude oil came in at \$US88.96, representing a one-day fall of about 3.04 percent.

The last settlement for a barrel of light sweet crude oil for delivery in April was \$US89.00, exactly, down about 2.92 percent on Thursday's final quote.

In Europe, there was more than a hint of euphoria on equity markets, touched off by the news of the Microsoft-Yahoo takeover bid.

The Microsoft bid reawakened merger-and-acquisition suggestions from a number of other quarters.

Every key index of every major bourse rose very substantially as **TARGET**'s list illustrates:

Amsterdam's AEX Index	Plus	2.32 percent
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France's CAC 40 Index	Plus	2.22 percent
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Germany's Frankfurt XETRA DAX Index	Plus	1.70 percent
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Great Britain's FTSE 100 Index	Plus	2.54 percent
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Italy's MIBTEL Index	Plus	1.30 percent
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Switzerland's Swiss Market Index	Plus	1.89 percent
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In Asia, it was not all beer and skittles, however.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets made useful gains in their respective key indices.

The situation with regard to the big freeze in the PRC, proper, being distinct from the HKSAR of the PRC, continued to dominate the thinking of most people as it was reported that more than 100 million people had been directly affected by the freak snowstorms that had not been seen for the past 50 years.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index gained about 2.85 percent, ending the trading day at 24,123.58 points.

The Total Turnover was about \$HK119.45 billion, while the ratio of advancing counters to declining ones was about 2.31:One.

The Ten Most Active counters were:

China Life Insurance Company Ltd (Code: 2628)

Up 5.36 percent to \$HK29.50 per share

China Mobile Ltd (Code: 941)

Up 2.89 percent to \$HK117.60 per share

Industrial and Commercial Bank of China Ltd

Up 9.72 percent to \$HK5.08 per share

(Code: 1398)

PetroChina Company Ltd (Code: 857)

Up 6.90 percent to \$HK11.46 per share

HSBC Holdings plc (Code: 5)

Up 2.25 percent to \$HK118.20 per share

Hongkong Exchanges and Clearing Ltd (Code:
388)

Up 6.16 percent to \$HK170.70 per share

China Construction Bank Corporation (Code:
939)

Up 8.53 percent to \$HK5.85 per share

Sun Hung Kai Properties Ltd (Code: 16)

Down 3.28 percent to \$HK147.50 per share

Ping An Insurance (Group) Company of China
Ltd (Code: 2318)

Up 2.95 percent to \$HK55.80 per share

CNOOC Ltd (Code: 883)

Up 7.66 percent to \$HK11.80 per share

There was a total of 41, double-digit movers on the Main Board of The Stock Exchange of Hongkong Ltd, with 13 losers and 28 gainers.

The biggest loser of the day was Kenford Group Holdings Ltd (Code: 464), its shares price, dropping 33.02 percent to 35.50 cents.

The biggest gainer of the day was China Properties Investment Holdings Ltd (Code: 736) as investors pushed up its share price to 40 cents, representing a gain of 50.94 percent, compared with Thursday's closing quote.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index rose about 0.07 percent as investors pulled it up to 1,001.56 points.

The Total Turnover on this market was about \$HK163.76 million.

The ratio of advancing counters to declining ones was about 1.29:One.

The 5, most-active counters in terms of their respective turnovers, only, were:

China LotSynergy Holdings Ltd (Code: 8161)

Up 7.37 percent to \$HK0.51 per share

Shandong Weigao Group Medical
Polymer Company Ltd (Code: 8199)

Up 1.67 percent to \$HK13.38 per share

NetDragon Websoft Incorporated (Code: 8288)

Down 0.62 percent to \$HK12.92 per share

Inspur International Ltd (Code: 8141)

Up 0.72 percent to \$HK1.39 per share

Golden Meditech Company Ltd (Code: 8180)

Down 3.80 percent to \$HK3.04 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Leason Investment Group Company Ltd	8270	11.11		1.30
EMER International Group Ltd	8149		12.04	2.63
Everpride Biopharmaceutical Company Ltd	8019	10.14		0.38
Finet Group Ltd	8317		10.71	0.375
Global Link Communications Holdings Ltd	8060		12.13	0.21
Goldmond Holdings Ltd	8190	11.97		0.159
GreaterChina Technology Group Ltd	8032	15.79		0.11
M Dream Inworld Ltd	8100	13.21		0.30
Netel Technology (Holdings) Ltd	8256	16.36		0.128
Northeast Tiger Pharmaceutical Company Ltd	8197		12.12	0.145
PINE Technology Holdings Ltd	8013	10.00		0.44
Prosten Technology Holdings Ltd	8026	12.50		0.45
Vertex Group Ltd	8228	11.76		0.19

The tally for Asia's second-largest equity market was:

The Hang Seng Index Minus 3.98 percent
The Growth Enterprise Index Minus 6.82 percent

In Japan, it was losers, all the way.

On The Tokyo Stock Exchange, its TOPIX Index shed about 0.70 percent, ending the trading day at 1,336.86 points.

Losing counters outnumbered gaining ones by the ratio of about 1.45:One.

The Nikkei-225 Stock Average lost about 0.70 percent, also, finishing the week at 13,497.16 points.

The tally for Asia's largest and most-important equity market was:

The TOPIX Index Minus 0.59 percent
The Nikkei-225 Stock Average Minus 0.97 percent

And this was how other Asian equity markets closed out the week of February 1, 2008:

The HKSAR	Hang Seng Index Plus 2.85 percent to 24,123.58 The Growth Enterprise Index Plus 0.07 percent to 1,001.56
Indonesia	Plus 0.74 percent to 2,646.82
Japan	TOPIX Index Minus 0.70 percent to 1,336.86 Nikkei-225 Stock Average Minus 0.70 percent to 13,497.16
Malaysia	Closed
The Philippines	Plus 0.86 percent to 3,294.08
The PRC	Shanghai Composite Index Minus 1.43 percent to 4,320.77 Shenzhen Composite Index Minus 2.77 percent to 1,274.92
Singapore	Plus 0.87 percent to 3,007.80
South Korea	Plus 0.61 percent to 1,634.53
Taiwan	Plus 2.03 percent to 7,673.99
Thailand	Plus 3.40 percent to 810.86

-- E N D --

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