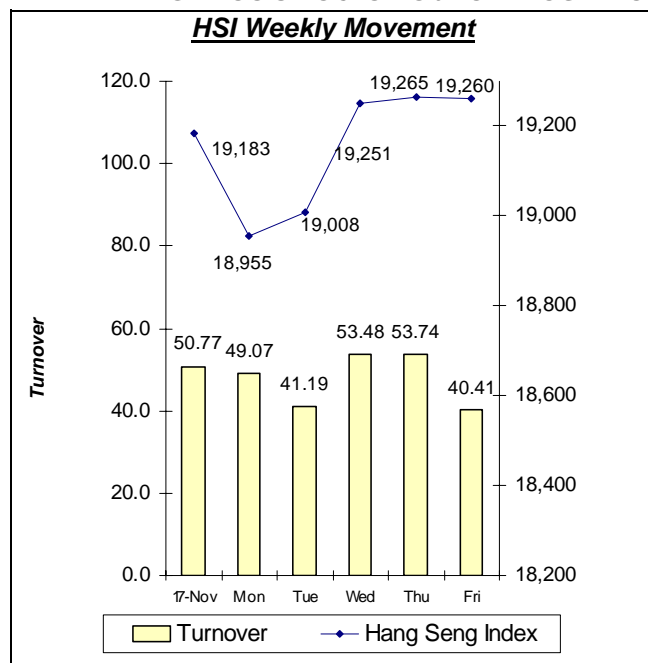


## HSI reached another fresh record high after minor correction



| <b>Weekly Market Statistics</b> |            |            |        |        |
|---------------------------------|------------|------------|--------|--------|
| Week ended                      | 24/11/2006 | 17/11/2006 | Change | %      |
| Hang Seng Index                 | 19,260     | 19,183     | +78    | +0.4%  |
| HS Red Chip Index               | 3,148      | 3,139      | +9     | +0.3%  |
| HS China Enterprises Index      | 8,591      | 8,321      | +270   | +3.2%  |
| HS Composite Index              | 2,618      | 2,589      | +29    | +1.1%  |
| HS HK Composite Index           | 2,390      | 2,382      | +9     | +0.4%  |
| HS Mainland Composite Index     | 2,944      | 2,888      | +56    | +1.9%  |
| S&P/HKEx GEM Index              | 1,174      | 1,139      | +35    | +3.1%  |
| Avg Daily Turnover (HK\$ bn)    | 47.6       | 55.8       | -8     | -14.7% |
| Sectoral Indices                |            |            |        |        |
| Finance                         | 31,893     | 31,747     | +146   | +0.5%  |
| Utilities                       | 33,466     | 33,731     | -265   | -0.8%  |
| Properties                      | 22,348     | 21,845     | +502   | +2.3%  |
| Comm & Ind                      | 10,124     | 10,115     | +9     | +0.1%  |

## Review & Outlook of Market Performance

Hang Seng Index started off the week with a 228-point correction on Monday as profit-taking accelerated on weaker Japanese stocks. However, investors quickly regained confidence and continued chasing Chinese stocks with Mainland properties stocks being the favourite. Despite the mediocre sentiment in other Asian markets, fund flow continued to fuel market momentum during the mid-week pushing the HSI to reach another new high of 19,404.01. Over the week, the benchmark index gained 78 points or 0.4% to close at 19,260.30. Average daily turnover was HK\$47.6 billion, which was slightly lower than last week's HK\$55.8 billion.

Investors picked up blue chips laggards. Cheung Kong gained, as there was news that Hutchison Whampoa was in talks to sell its European 3G business (although subsequently denied). Local banks were also chased. In particular, BOC Hong Kong rose by 5.69% w-o-w. Continuing with last week's 13.6% w-o-w jump, BEA reached a record before easing to HK\$43.65, up 3.19% w-o-w as it plans to set up a subsidiary in the Mainland and submit an application to be incorporated locally.

Mainland property stocks continued their uptrend on news of additional land acquisition and re-rating by several brokerage houses. In particular, Guangzhou R&F (HK\$15.60, +11.43% w-o-w) caught investors' attention this week after the counter's target price was drastically revised up. Shimao Prop (HK\$13.14, +15.67%) and SPG Land (HK\$6.18, +13.81%) leapt more than 10% over the week amid strong RMB. Investors' interest in Mainland financials stocks eased slightly with ICBC, Bank of China, CCB and China Life rose by 2%-3% w-o-w. CIFIH soared 5.5% w-o-w after Spanish bank BBVA said to purchase its 15% stake. The H-share index ended the week up 3.24% w-o-w at 8,591.09.

During the week, the HKSAR Government released this year's economic forecast following better-than-expected GDP growth of 6.8% in the third quarter. Despite the slowdown in the US economy, the forecast in economic growth in 2006 has been increased from 5 to 6.5%, further providing evidence to the solid local economy. Looking forward, market sentiment should remain strong while investors await several IPOs and the results from the land auction to be held next Tuesday 28<sup>th</sup> Nov. The HSI is expected to see good support at 19,000 in the near term.

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**US & Regional Markets Weekly Update**

| Date          | US<br>Dow Jones | US<br>NASDAQ | JAPAN<br>Nikkei Avg | SINGAPORE<br>STI | MALAYSIA<br>KLSE Index | BANGKOK<br>SET Index | TAIPEI<br>Weighted Index |
|---------------|-----------------|--------------|---------------------|------------------|------------------------|----------------------|--------------------------|
| Week to       |                 |              |                     |                  |                        |                      |                          |
| 24th November | 12,326.95*      | 2,465.98*    | 15,734.60           | 2,814.81         | 1,060.43               | 723.87               | 7,427.36                 |
| 17th November | 12,342.56       | 2,445.86     | 16,091.73           | 2,813.18         | 1,040.79               | 733.92               | 7,259.54                 |
| Change        | -15.61          | +20.12       | -357.13             | +1.63            | +19.64                 | -10.05               | +167.82                  |
| %             | -0.1%           | +0.8%        | -2.2%               | +0.1%            | +1.9%                  | -1.4%                | +2.3%                    |

Remark (\*): closing as of 22<sup>nd</sup> November 2006

**Major Changes in Index Constituent Stocks (Week ended 24<sup>th</sup> November 2006)****Hang Seng Index (HSI)**

| Stock                 | Stock Code | Closing Price<br>@24/11/06 | W-O-W Change |         | Remarks / Comments   |
|-----------------------|------------|----------------------------|--------------|---------|--|
|                       |            | HK\$                       | Absolute     | %       |  |
| China Unicom          | 0762       | HK\$9.11                   | +HK\$0.87    | +10.56% | The mobile operator reported it had added 1.28 million subscribers in October, slightly higher than that in September. Also, the counter was being upgraded to "overweight" by Morgan Stanley. |
| Cheung Kong           | 0001       | HK\$94.15                  | +HK\$5.2     | +5.85%  | A report said the sister company Hutchison Whampoa (0013) was in talks to sell its European 3G business.   |
| Foxconn International | 2038       | HK\$24.10                  | -HK\$2.65    | -9.91%  | Merrill Lynch downgraded the counter to "neutral" from "buy", citing concerns about inventory build-up and rising competition.   |

**Hang Seng China Enterprises Index (HSCEI)**

| Stock          | Stock Code | Closing Price<br>@24/11/06 | W-O-W Change |         | Remarks / Comments  |
|----------------|------------|----------------------------|--------------|---------|---|
|                |            | HK\$                       | Absolute     | %       |   |
| Anhui Conch    | 0914       | HK\$20.30                  | +HK\$3.54    | +21.12% | Construction related counters were chased as laggards riding on the rally of China properties stocks          |
| R&F Properties | 2777       | HK\$15.60                  | +HK\$1.60    | +11.43% | The mainland property developer continued the recent rally after Macquarie raising the counter's target price |

**Hang Seng China-Affiliated Corporations Index (HSCCI)**

| Stock                | Stock Code | Closing Price<br>@24/11/06 | W-O-W Change |         | Remarks / Comments   |
|----------------------|------------|----------------------------|--------------|---------|--|
|                      |            | HK\$                       | Absolute     | %       |  |
| CR Land              | 1109       | HK\$7.96                   | +HK\$1.17    | +17.23% | The company said it would buy from its parents, China Resources (Holdings), the entire issued share capital of a firm that holds interests in two development sites in Beijing and Chengdu for HK\$2.73 billion. |
| Guangzhou Investment | 0123       | HK\$2.00                   | +HK\$0.34    | +20.48% | The company acquired two sites: a 254,000 square metre mixed-use site in Liwan district for RMB1.7 billion and a 10,800 square metre office plot in Pearl River New City for a total of about RMB2.07 billion.   |

**Summary of US Economic News**

| Indicator  | Change/Index | Comments   |
|--|--------------|--|
| Leading indicators – October 2006                                  | 0.2%         | Composite leading indicator climbed 0.2% in October, after gaining 0.4% in September, as strong household demand outweighed weakness in the manufacturing sector. The data was shy of analysts' forecasts of 0.3%. |
| Initial jobless claims – week ended 18 <sup>th</sup> November 2006 | +12,000      | The number of US workers signing up for unemployment benefits rose by a seasonally adjusted 12,000 last week to 321,000, higher than the forecast of 310,000.  |

**Forthcoming Important Announcements / Events**

|  |              |                 |  |
|--|--------------|-----------------|--|
| 27 <sup>th</sup> November 2006 (Monday)    | HK<br>US     | :<br>:<br>:     | Next Media (0282) – FY2006/07 interim results<br>Bayer – Q3 2006<br>Schering AG – Q3 2006  |
| 28 <sup>th</sup> November 2006 (Tuesday)   | HK<br>US     | :<br>:<br>:     | <b>Wheelock &amp; Co. (0020) – FY2006/07 interim results</b><br><b>Consumer Confidence – November 2006</b><br><b>Existing Home Sales – October 2006</b><br><b>Durable Goods Order – October 2006</b>   |
| 29 <sup>th</sup> November 2006 (Wednesday) | HK<br><br>US | :<br><br>:<br>: | <b>Fairwood (0052) – FY2006/07 interim results</b><br><b>Miramar Hotel (0071) – FY2006/07 interim results</b><br>Goldbond Group (0172) – FY2006/07 interim results<br><b>GDP – Q3 2006</b><br><b>New Home Sales – October 2006</b><br>Tiffany & Co. – Q3 FY2007 results          |
| 30 <sup>th</sup> November 2006 (Thursday)  | HK<br><br>US | :<br><br>:<br>: | Sa Sa International (0178) – FY2006/07 interim results<br>Chen Hsong Holdings (0057) – FY2006/07 interim results<br>Joyce Boutique (0647) – FY2006/07 interim results<br>Initial jobless claims – week ended 25 <sup>th</sup> November 2006<br>Del Monte Foods – Q2 2007 results |
| 1 <sup>st</sup> December 2006 (Friday)     | HK<br>US     | :<br>:<br>:     | Huabao International (0336) – FY2006/07 interim results<br>Construction Spending – October 2006<br>Warner Music Group – FY2006 annual results  |

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