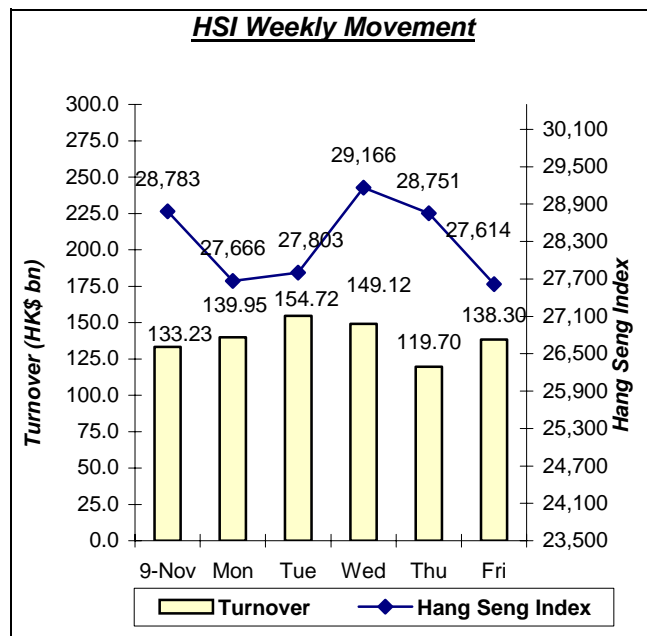


## Another roller coaster week



<b>Weekly Market Statistics</b>				
Week ended	16/11/07	09/11/07	Change	%
Hang Seng Index	27,614	28,783	-1,169	-4.1%
HS Red Chip Index	5,870	6,153	-284	-4.6%
HS China Enterprises Index	16,738	17,704	-966	-5.5%
HS Composite Index	3,928	4,123	-196	-4.7%
HS HK Composite Index	2,848	2,961	-113	-3.8%
HS Mainland Composite Index	5,263	5,556	-294	-5.3%
Growth Enterprise Index	1,442	1,490	-48	-3.2%
Avg Daily Turnover (HK\$ bn)	138.3	154.0	-16	-10.2%
<b>Sectoral Indices</b>				
Finance	41,423	43,110	-1,687	-3.9%
Utilities	38,171	38,379	-208	-0.5%
Properties	35,204	36,527	-1,323	-3.6%
Comm & Ind	15,935	16,722	-787	-4.7%

## Review & Outlook of Market Performance

Hong Kong stocks continued to be volatile over the week. Following the sharp falls in the US markets last Friday, coupled with the credit woes and the PBOC raised the reserves ratio to 13.5%, HK shares prices slid to 5-week lows on Monday. The HSI index fell below 27,000 at one point during Tuesday morning session as investors were further fretted by the higher than expected October CPI (+6.5%, y-o-y) in China which would trigger many new tightening measures. Surprisingly on Wednesday, HK shares rebounded massively on positive corporate news as well as the easing of crude oil prices. A short-term profit taking emerged the following day amid of thin trading volume. However, investment sentiment was jeopardized again on Friday after further Wall Street losses and China's central bank had ordered lenders in Shenzhen to cap cash withdrawals by residents to curb money laundering and flows of funds to the HK stock market. Over the week, the Hang Seng Index tumbled 4.1% to close HK\$27,614.43. The HSCEI slumped 5.5% to close HK\$16,737.73. Market turnover dropped substantially by 10.2% to HK\$138.3bn from HK\$154bn last Friday.

On the IPO front, despite of such bumpy market, IPO frenzy gained pace with both Sinotrans Shipping and Sinotruk (HK) received overwhelming responses. Coming up next week, China Railway Group, the mainland's largest construction company will launch international roadshows for its US\$4bn offering. Shares will start trading in Shanghai on 3<sup>rd</sup> December and in Hong Kong four days later. It was reported that the Hong Kong shares would be priced at the same level or at a slight premium to the A shares.

On corporate results front, Hong Kong Exchanges had its third-quarter profit almost tripled from last year, thanks to the soaring stock trading volume. Net income for the 3 months to September was HK\$1.68 billion, or HK\$1.58 per share, compared with HK\$566 million, or 53 HK cents per share a year ago. Profit for the first nine months was HK\$4.01 billion, up 140% over the same period last year.

Looking ahead, HK equities would remain volatile next week with thin trading volume amid of a weaker market sentiment due to the persistent US credit woes and the fear of further innovative measures in the Mainland to curb the over-heating economy.

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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							
16th November	13,110.05*	2,618.51*	15,154.61	3,440.96	1,382.40	849.07	8,764.82
9th November	13,042.74	2,627.94	15,583.42	3,599.67	1,402.25	874.64	8,970.92
Change	+67.31	-9.43	-428.81	-158.71	-19.85	-25.57	-206.10
%	+0.5%	-0.4%	-2.8%	-4.4%	-1.4%	-2.9%	-2.3%

Remarks: (\*) closing as of 15<sup>th</sup> November 2007.

**Major Changes in Index Constituent Stocks (Week ended 16<sup>th</sup> November 2007)**
**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @16/11/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Yue Yuen Ind	0551	HK\$26.75	+HK\$1.6	+6.36%	Biggest gainer in the index as investors expected it could have robust growth due to the approaching of 2008 Olympic Games, which could further boost up its wholesales and retail businesses.
CNOOC	0883	HK\$12.4	-HK\$1.6	-11.43%	Biggest loser in the index as Lehman Brothers said that there could be a downside risk from the current high crude oil levels and warned investors to be cautious.

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

Stock	Stock Code	Closing Price @16/11/07	W-O-W Change		Remarks / Comments
			Absolute	%	
China Oilfield	2883	HK\$17.7	+HK\$1	+5.99%	Best performed share in the index. Cash rich company and major player in domestic market attracted investors amid a tumbling market.
Weiqiao Textile	2698	HK\$10.88	-HK\$1.92	-15%	No special news on this stock but it was the worst performer in this roller coaster like stock market.

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

Stock	Stock Code	Closing Price @16/11/07	W-O-W Change		Remarks / Comments
			Absolute	%	
SINOFERT	0297	HK\$6.29	-HK\$1.17	-15.68%	There is an issue that if the Berezniki sinkhole continues to spread and threaten the major rail line that ships out potash from major Russian producers to China, the producers' hand in the 2008 China potash import contract negotiation could be strengthened.  Yet, Goldman Sachs believed that a potential delay in the 2008 negotiation due to this could be a medium-term overhang for Sinofert.

**Summary of US Economic News**

Indicator	Change/Index	Comments
Pending Home Sales – September 2007	+0.2% m-o-m	Index unexpectedly rose to 85.7 in Sept after reaching a record low. Yet stricter lending standards and falling home values will continue to limit sales in coming months, restraining construction and economic growth.
Producer Price Index –October 2007	+0.1% m-o-m	The economy is expanding but not at a rapid rate and inflation remains favorable which provided additional support for rate cut.
Retail Sales – October 2007	+0.2% m-o-m	Looking ahead, rising fuel prices and falling property values may leave shoppers with little extra cash to spend.
Business Inventories– September 2007	+0.4% m-o-m	In line with expectation.
Consumer Price Index- October 2007	+0.3% m-o-m	Same pace as last month and in line with expectation.
Initial Jobless Claims – the week ended 10 <sup>th</sup> November 2007	+20,000	Rose more-than-forecast 20,000 to 339,000, a level consistent with a weaker labor market.
Philadelphia Fed Survey – November 2007	8.2	Index rose to 8.2 from 6.8 in October, signalling the housing recession and less access to credit seem yet to constrain consumer and business demand for factory goods. Yet, executives were less confident about the outlook.

**Forthcoming Important Announcements / Events**

19 <sup>th</sup> November 2007 (Monday)	HK	:	Rainbow Brothers Holdings Ltd (0033) – Trading debut Sincere Co Ltd (0244) – interim results Matsunichi Communication Holdings (0283) – interim results Tse Sui Luen Jewellery (Int'l) (0417) – interim results HK Economic Times Holdings (0423) – interim results VST Holdings Ltd (0856) – interim results Xinjiang Xinxin Mining (3833) – interim results Unemployment rate – October 2007
	US	:	Hewlett-Packard Co - Q4 FY 2007 results
20 <sup>th</sup> November 2007 (Tuesday)	US	:	Housing Starts- October 2007
21 <sup>st</sup> November 2007 (Wednesday)	HK	:	Pokfulam Development Co Ltd (0225) – final results Orient Resources Group Co Ltd (0467) – interim results SunCorp Technologies Ltd (1063) – Q3 FY 2007 results Grand Investment International Ltd (1160) – interim results <b>Lee &amp; Man Paper (2314) – interim results</b>
	US	:	Gap Inc. –Q3 FY 2007 results Initial Jobless Claims – the week ended 17 <sup>th</sup> November 2007 Consumer Sentiment – November 2007 Leading Indicator – October 2007 FOMC Minutes – for the meeting in 30 <sup>th</sup> -31 <sup>st</sup> October 2007
22 <sup>nd</sup> November 2007 (Thursday)	HK	:	Value Partners Group Limited (0806) – Trading debut Capital Estate Ltd (0193) – final results City Telecom (HK) Ltd (1137) – final results Mirabell International Holdings Ltd (1179) – interim results CPI – October 2007
	US	:	<b>US Holiday: Thanksgiving Day</b>
23 <sup>rd</sup> November 2007 (Friday)	HK	:	Sinotrans Shipping Limited (0368) – Trading debut Pan Sino International Holding Ltd (0502) – final results UDL Holdings Ltd (0620) – final results Le Saunda Holdings Ltd (0738) – interim results China Water Affairs Group Ltd (0855) – interim results China Rich Holdings Ltd (1191) – final results

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