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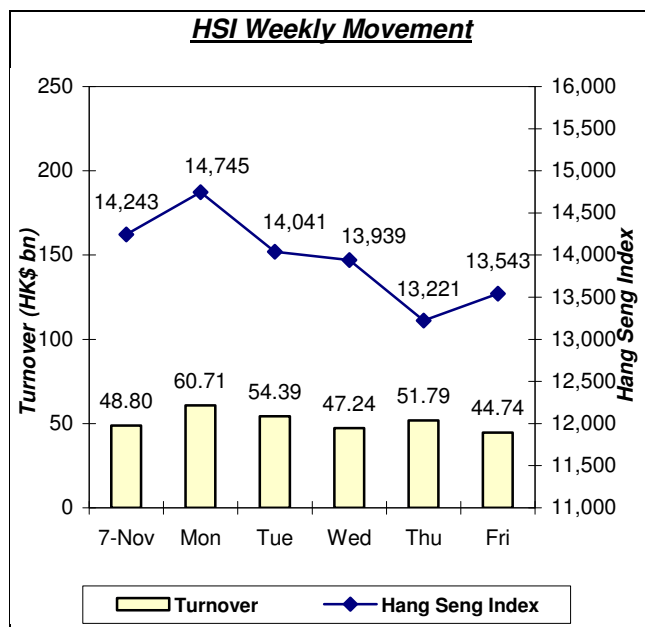
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**Weekly Report**14<sup>th</sup> November 2008**The HSI rebound on China's stimulus package but failed to close higher**

<b>Weekly Market Statistics</b>				
Weekended	14/11/2008	07/11/2008	Change	%
Hang Seng Index	13,543	14,243	-701	-4.9%
HS Red Chip Index	2,892	2,895	-3	-0.1%
HS China Enterprises Index	7,022	6,795	+227	+3.3%
HS Composite Index	1,844	1,906	-62	-3.3%
HS HK Composite Index	1,409	1,562	-152	-9.8%
HS Mainland Composite Index	2,389	2,364	+25	+1.1%
Growth Enterprise Index	375	382	-7	-1.9%
Avg Daily Turnover (HK\$ bn)	51.8	51.6	+0	+0.4%
<b>Sectoral Indices</b>				
Finance	21,441	22,524	-1,083	-4.8%
Utilities	34,879	37,448	-2,569	-6.9%
Properties	15,118	17,447	-2,329	-13.3%
Comm&Ind	7,077	7,254	-177	-2.4%

**Review & Outlook of Market Performance**

Led by rally in major China plays, Hong Kong shares hit an intraday high at 15,147.96 on Monday, driven by China's announcing a RMB4 trillion stimulus package and loosen monetary policy to support economic growth. However, the blue-chip index failed to hold and broke below 10 days moving average of 14,138 on the following day on profit-taking amid global recession fears. Hong Kong stocks got another sell-off on Thursday on concerns about the U.S. Treasury's sudden backed out of a plan to buy distressed mortgage assets from banks. Tracking regional gains, Hong Kong shares rebounded again on Friday. Over the week, the Hang Seng Index fell 700 points or 4.92% to 13,542.66, but the HSCEI rose 3.34% to 7,021.64. Market volume edged up slightly with the daily average of mainboard turnover up 0.4% w-o-w to HK\$51.8 billion.

On 9<sup>th</sup> November, China announced a RMB 4 trillion stimulus package to boost the domestic economy. The package included easing credit, cutting taxes and launching of a massive infrastructure programme in the next two years on 10 major areas, such as low income housing, rural infrastructure, transport and improvement in water and electricity supply. However, investors concerned that the stimulus package could really boost the property sector right away. Meanwhile, October inflation data in China dropped faster than expected and cleared the way for the central bank to further loosen its monetary policy, as PPI rose by 6.6% y-o-y, tumbling from September's gain of 9.1% y-o-y while its CPI rose by 4.0% y-o-y in October 08.

Meanwhile, HSBC lost 10.5% w-o-w to close at HK\$82.3, after it said its third-quarter profits were up on a year ago as growth in Asia offset its rising U.S. bad debts of a USD4.3 billion. HKEx dropped 10.3% w-o-w to close at HK\$65.5, after posting its second successive drop in quarterly profit on declining trading volume, with net income declined 43% y-o-y to HK\$959.65 million. Tencent reported a 72.9% surge in third-quarter profit to RMB 737.1 million from a year earlier yet its share price fell by 3.6% w-o-w to HK\$50.15.

Despite the PRC government has revealed its RMB 4 trillion stimulate package to support its economic growth, the global recession concerns should continue to overhang the overall market sentiment. We see the HSI to be range traded at 13,200 to 14,000 in the coming week.

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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							
14th November	8,835.25*	1,596.70*	8,462.39	1,759.14	881.47	429.97	4,452.70
7th November	8,943.81	1,647.40	8,583.00	1,863.49	893.95	463.81	4,742.33
Change	-108.56	-50.70	-120.61	-104.35	-12.48	-33.84	-289.63
%	-1.2%	-3.1%	-1.4%	-5.6%	-1.4%	-7.3%	-6.1%

Remarks: (\*) closing as of 13<sup>th</sup> November 2008

### Major Changes in Index Constituent Stocks (Week ended 14<sup>th</sup> November 2008)

#### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @14/11/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Cheung Kong	00001	HK\$65.45	-HK\$13.75	-17.36%	The counter tumbled after news reported that the company slashed prices of its La Grande Villa project in Beijing last week at an average price of RMB18,108 (HK\$20,572) per square metre, which was 40% lower than the indicative price in July 08.
CHALCO	02600	HK\$3.47	+HK\$0.57	+19.66%	The counter has reduced its spot alumina prices by 10.3% to RMB2,600 per tonne. However, Chalco's current spot price, down 26% from June, is still nearly a quarter higher than prices offered by other Chinese alumina refineries.

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

Stock	Stock Code	Closing Price @14/11/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Maanshan Iron	00323	HK\$2.38	+HK\$0.70	+41.67%	The iron and steel counters jumped after China revealed its RMB 4 trillion economic stimulus package to be spent in the next two years on 10 major areas, including low income housing, rural infrastructure, transport and improvement in water and electricity supply.
CNBM	03323	HK\$5.33	+HK1.29	+31.93%	
Angang Steel	00347	HK\$6.24	+HK\$1.28	+25.81%	

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

Stock	Stock Code	Closing Price @14/11/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Lenovo Group	00992	HK\$1.83	-HK\$0.39	-17.57%	Share price of the counter slide further after the company announced a sharp fall in quarterly profit last Friday and analysts issued gloomy reports.



## Summary of US Economic News

Indicator	Change/Index	Comments
Trade balance – September 2008	-US\$ 56.5 billion	The U.S. trade deficit narrowed more than forecast to US\$56.5 billion from US\$59.1 billion in August as a record decline in the cost of foreign crude oil caused fuel imports to tumble. However, excluding petroleum, the deficit widened to US\$35.6 billion from US\$33.7 billion in August.
Initial jobless claims – week ended 8 <sup>th</sup> November 2008	+32,000	Initial jobless claims increased by 32,000 to a larger-than-forecast and seven-year high of 516,000, from a revised 484,000 the prior week. This was the highest level since September 2001 when the economy was last in a recession. Its four-week moving average rose to 491,000 last week, the highest since March 1991, from 477,750 a week earlier.

## Forthcoming Important Announcements / Events

17 <sup>th</sup> November 2008 (Monday)	HK	:	Hong Kong Economic Times Holdings Limited (00423) – interim results Le Saunda Holdings Limited (00738) – interim results Sino Biopharmaceutical Limited (01177) – Q3 2008 results
	US	:	Industrial production – October 2008 Lowe's Co.- Q3 2008 results Target Corporation - Q3 2008 results
18 <sup>th</sup> November 2008 (Tuesday)	HK	:	Tse Sui Luen Jewellery (International) Limited (00417) – interim results Sincere Watch (Hong Kong) Limited (00444) – interim results Eagle Nice (International) Holdings Limited (02368) – interim results <b>Unemployment rate – October 2008</b>
	US	:	<b>Producer price index – October 2008</b> State Street investor confidence index – November 2008 Housing market index- November 2008 <b>Home Depot Inc – Q3 2008 results</b> <b>Freddie Mac – Q3 2008 results</b>
19 <sup>th</sup> November 2008 (Wednesday)	HK	:	Rainbow Brothers Holdings Limited (00033) – interim results <b>China Resources Enterprise, Limited (00291)– Q3 2008 results</b> VTech Holdings Limited (00303) – interim results
	US	:	<b>Consumer price index – October 2008</b> Housing starts – October 2008 <b>FOMC minutes – October 2008</b>
20 <sup>th</sup> November 2008 (Thursday)	HK	:	<b>CPI – October 2008</b>
	US	:	Initial jobless claims – week ended 15 <sup>th</sup> November 2008 Leading indicators – October 2008 Philadelphia Fed Survey – November 2008 Dell, Inc. – Q3 FY2009 results Gap Inc. – Q3 2008 results
21 <sup>st</sup> November 2008 (Friday)	HK	:	No important announcement/event
	US	:	H.J. Heinz Co. – Q2 FY2008 results

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