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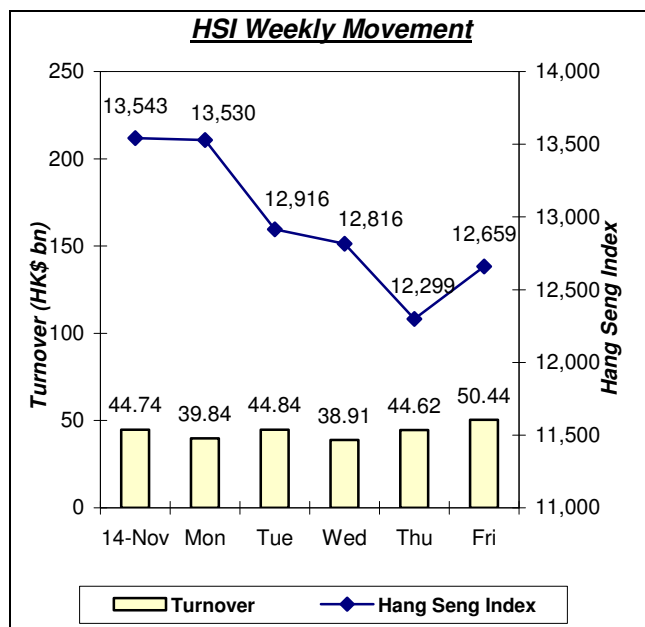
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Weekly Report21st November 2008**HSI continued to be thumped by the US woes**

Weekly Market Statistics				
Weekended	21/11/2008	14/11/2008	Change	%
Hang Seng Index	12,659	13,543	-883	-6.5%
HS Red Chip Index	2,758	2,892	-134	-4.6%
HS China Enterprises Index	6,425	7,022	-597	-8.5%
HS Composite Index	1,723	1,844	-121	-6.5%
HS HK Composite Index	1,323	1,409	-86	-6.1%
HS Mainland Composite Index	2,226	2,389	-163	-6.8%
Growth Enterprise Index	346	375	-28	-7.6%
Avg Daily Turnover (HK\$ bn)	43.7	51.8	-8	-15.5%
Sectoral Indices				
Finance	19,844	21,441	-1,597	-7.4%
Utilities	34,544	34,879	-335	-1.0%
Properties	14,237	15,118	-882	-5.8%
Comm & Ind	6,611	7,077	-467	-6.6%

Review & Outlook of Market Performance

Having fallen for 4 out of the 5 trading days, the HSI was drawing itself closer to the critical 52-wk low of 10,676 as the Dow Jones Industrial Average shed 11% this week, to 7552.29, its lowest level since March 2003. The HSI index eventually landed at 12,659.20 down 883.46 points or 6.52%. The volume of trade also dropped to HK\$43.7 billion from HK\$51.8 billion of last week's, as investors were discouraged by the global economic downturn.

During the week, the Hong Kong Monetary Authority pumped more than HK\$30 billion into the banking system to curb the Hong Kong dollars' rise beyond the trading band against the US dollar amid the deleveraging of previously long US dollar positions. As a result of the interventions, the city's aggregate balance in the banking system was boosted to a record high of HK\$66.02 billion on Friday, and to yet another new record of HK\$84.27 billion on Monday, surpassing the previous record of HK\$55 billion in April 2004. Despite the cash infusion led to ample liquidity, banks are unlikely to slash the prime rates again shortly as the three-month HIBOR is still standing at around 2%.

On Tuesday, the government announced that the unemployment surged to 3.5% for the August- to-October period, up from 3.4% in the July-to-September period but the figures did not include the layoffs this month, with 4,000 Hong Kong workers being sacked from the Sands resort development in Macau, HSBC had layoffs of 450 and trading giant Li & Fung saying it would cut 150 jobs this year. As the pain might spread beyond the trade and finance sectors into tourism and consumption related sectors later, economists are expecting the unemployment rate might get worse rather quickly in coming months.

Most Asian markets including Hong Kong rebounded dramatically on Friday after days of sharp declines in stocks around the world. However, it is too early to say the HSI has seen the near bottom, as recession fear should persist before the US economy can show some signs of recovery. We see the shaky Wall Street market will continue to add pressure to the local bourse and the HSI is likely test the 12,000 level again next 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							
21st November	7,552.29*	1,316.12*	7,910.79	1,662.10	866.88	397.51	4,171.10
14th November	8,497.31	1,516.85	8,462.39	1,759.14	881.47	429.97	4,452.70
Change	-945.02	-200.73	-551.60	-97.04	-14.59	-32.46	-281.60
%	-11.1%	-13.2%	-6.5%	-5.5%	-1.7%	-7.5%	-6.3%

Remarks: (*) closing as of 20th November 2008

Major Changes in Index Constituent Stocks (Week ended 21st November 2008)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @21/11/08	W-O-W Change		Remarks / Comments
			Absolute	%	
HKEx	00388	HK\$53.0	-HK\$12.50	-19.08%	Morgan Stanley slashed HKEx price target for 49% to HK\$38, saying the average daily value of shares traded on the exchange could drop to HK\$47 billion next year.
China Construction Bank	00939	HK\$3.81	-HK\$0.33	-7.97%	CCB's strategic shareholder, the Bank of America (BOA), would raise its stake in CCB to 19.1% through the existing call options. Investors are concerned that BOA would sell its existing holdings to fund its US operations, as the American lender is in the process of taking over Wall Street brokerage house Merrill Lynch.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @21/11/08	W-O-W Change		Remarks / Comments
			Absolute	%	
CSCL	02866	HK\$0.82	-HK\$0.14	-14.58%	CSCL said freight rates from Asia to Europe had fallen to the lowest level on its record and the outlook for demand and rates was grim as a global financial downturn dampens trade. The pessimistic remark dragged down all the shipping related shares.
China COSCO	01919	HK\$3.56	-HK\$1.24	-25.83%	
China Shipping Development	01138	HK\$4.95	-HK\$2.04	-29.18%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @21/11/08	W-O-W Change		Remarks / Comments
			Absolute	%	
China Resources	00291	HK\$11.22	-HK\$2.18	-16.27%	The state-controlled chain retailer reported that its third-quarter net profit declined 12% on weaker domestic consumer confidence and increased competition in the food processing industry.



Summary of US Economic News

Indicator	Change/Index	Comments
Producer Price Index – Oct 2008	-2.8%	The overall PPI dropped 2.8%, following a 0.4% decline in September. Pulling the headline number down was a monthly 12.8% plunge in energy costs, following a 2.9% decrease in September.
Consumer Price Index – Oct 2008	-1.0%	Consumer price inflation was pulled down by energy in October but other components pointed to weak consumer demand.
Housing Starts – Oct 2008	-4.5%	Housing starts fell 4.5%, following a 3.0% drop in September. The report shows the housing sector still not stabilizing, which is expected to pull the economy down further in the fourth quarter and even impact the first quarter of 2009.
Initial jobless claims – week ended 15 th November 2008	+26,000	The latest evidence from weekly jobless claims shows that contraction in the jobs market is becoming more severe. The first-time jobless claims jumped 26,000 to 542,000 for the highest level since 1992. Trouble is further confirmed by the figures in continuing claims, which indicate those already out of a job are having trouble finding a new job. Continuing claims for the Nov 8 th week jumped 109,000 to 4.012 million, the highest since 1982.

Forthcoming Important Announcements / Events

24th November 2008 (Monday)	HK	:	Tingyi (00322) – Q3 2008 results Vitasoy (00345) – Interim results
	US	:	Existing Home Sales – October 2008 Hewlett-Packard – Q4 2008 earnings release Campbell Soup – Q1 2009 earnings release
25th November 2008 (Tuesday)	HK	:	China Windpower (00182) – Interim results
	US	:	GDP (preliminary) – 3Q 2008 Consumer Confidence – November 2008
26th November 2008 (Wednesday)	HK	:	Advanced Semiconductor (03355) – Q3 2008 results Kingsoft (03888) – Q3 2008 results
	US	:	Durable Goods Orders – October 2008 Initial jobless claims – week ended 22nd November 2008 Personal Income and Outlays – October 2008 New Home Sales – October 2008 Consumer Sentiment – November 2008 Tiffany & Co – Q3 2008 earnings release
27th November 2008 (Thursday)	HK	:	Fairwood (00052) – Interim results Sa Sa International (00178) – Interim results Emperor Capital (00717) – Interim results Fujikon Industrial (00927) – Interim results
	US	:	US holiday: Thanksgiving Day
28th November 2008 (Friday)	HK	:	Grand Investment (01160) – Interim results
	US	:	Farm Prices – November 2008



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