



BEA securities

EAST ASIA SECURITIES COMPANY LIMITED

8/F, 10 Des Voeux Road Central, Hong Kong.

Dealing: 3608 8000 Research: 3608 8098 Facsimile: 3608 6132

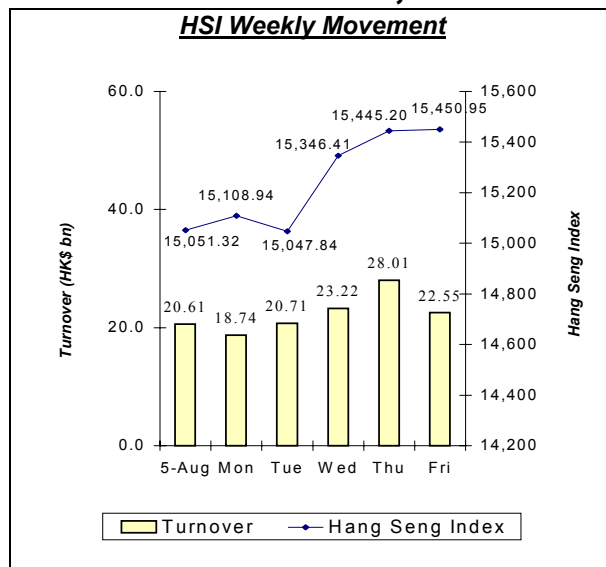
HONG KONG RESEARCH

Restricted circulation

Weekly Report

13th August 2005

China Mobile, CNOOC led HSI to a fresh 4 1/2 year high



Weekly Market Statistics				
Week ended	12/08/2005	05/08/2005	Change	%
Hang Seng Index	15,450.95	15,051.32	+399.63	+2.7%
HS Red Chip Index	1,954.18	1,812.27	+141.91	+7.8%
HS China Enterprises Index	5,481.99	5,312.58	+169.41	+3.2%
HS Composite Index	1,993.31	1,948.16	+45.15	+2.3%
HS HK Composite Index	2,039.42	2,024.05	+15.37	+0.8%
HS Mainland Composite Index	1,914.85	1,807.34	+107.51	+5.9%
S&P/HKEx GEM Index	936.56	912.11	+24.45	+2.7%
Avg Daily Turnover (HK\$ bn)	22.65	23.56	-0.91	-3.9%
Sectoral Indices				
Finance	27,846.96	27,479.26	+367.70	+1.3%
Utilities	31,231.58	31,306.15	-74.57	-0.2%
Properties	19,223.43	19,302.11	-78.68	-0.4%
Comm & Ind	7,370.08	7,014.85	+355.23	+5.1%

Review & Outlook of Market Performance

Hang Seng Index jumped to a fresh 4 1/2 year high, driven by a strong rally in index heavyweights China Mobile and CNOOC. Over the week, HSI gained nearly 400 points or 2.7% to close at 15,450.95, while average daily turnover slipped slightly to HK\$22.65 billion from HK\$23.56 billion in the previous week.

China Mobile jumped 9.05% w-o-w to HK\$34.95, after the top mobile carrier in the PRC reported better-than-expected 1H2005 results. For the six months ended 30/06/2005, China Mobile's net profit grew 27.7% y-o-y to RMB24 billion, thanks to contributions from the 10 provincial networks acquired last year and a robust growth in the new business segment, particularly revenue from SMS. Other mainland telecoms also gained on the news, with China Netcom up 6.35% w-o-w at HK\$13.40 and China Telecom up 5.04% at HK\$3.125. China Unicom underperformed with a milder 2.26% gain, after China Mobile claimed increased market share in 1H2005 despite Unicom's rivalry.

Crude oil prices surged to new all-time highs at US\$67.10 per barrel, amid supply worries after a streak of refinery problems in the US. Oil plays gained on the rally, with CNOOC up a sharp 13.08% w-o-w at HK\$6.05 and PetroChina 3.62% higher at HK\$7.15. Meanwhile, banks in Hong Kong followed Fed's move and raised their respective prime rates by 25 bps to 6.75%. Banks generally closed firmer after the rate move, with BOC Hong Kong up 2.80% w-o-w at HK\$16.55 and HSBC Holdings up 1.33% at HK\$129.20. For share prices of smaller banks, ICBC (Asia) reaped 2.97% w-o-w, while Wing Hang Bank gained 1.89% after reporting a 32.5% y-o-y jump in 1H2005 net profit. On Friday, HSI Services said it would include China Shenhua, China COSCO, SH Electric and Bank of Communications in HSCEI, while AviChina will be removed from the index, effective 5th Sept., 2005. BoCom will grasp a 12.6% weighting in the H-share index (as at 10/08/2005), while weighting of PetroChina would slip to 20.4% from the original 25.5%.

For the coming week, market focus would turn to banking counters, as several lenders would deliver their interim results next week, including BOC Hong Kong, CIFIH, ICBC (Asia), Dah Sing Banking Group, Liu Chong Hing Bank and Wing Lung Bank. HSI is expected to trade in range below 15,500, as valuations of blue chips look a bit stretched in the short-term after recent strong rally.

This report has been prepared solely for information purposes and we are not soliciting any action based upon it. Neither this document nor its contents shall be construed as an offer, invitation, advertisement, inducement or representation of any kind or form whatsoever. The information is based upon information which we consider reliable, but accuracy or completeness is not guaranteed. Opinions expressed herein are subject to change without notice. At time of this report, East Asia Securities Company Limited has no position in securities of the company or companies mentioned herein.



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							
12th August	10,600.31	2,156.90	12,261.68	2,303.20	937.04	681.95	6,350.90
5th August	10,640.91	2,184.83	11,899.60	2,352.56	937.39	675.67	6,311.98
Change	-40.60	-27.93	+362.08	-49.36	-0.35	+6.28	+38.92
%	-0.4%	-1.3%	+3.0%	-2.1%	-0.0%	+0.9%	+0.6%

Major Changes in Index Constituent Stocks (Week ended 12th August 2005)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @12/08/05	W-O-W Change		Remarks / Comments
			Absolute	%	
China Mobile	0941	HK\$34.95	+HK\$2.90	+9.05%	China Mobile reported a stronger-than-expected 27.7 % rise in 1H2005 net profit, thanks to the acquisition of 10 provincial networks last year as well as robust growth in its new business segment, particularly revenue from SMS.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @12/08/05	W-O-W Change		Remarks / Comments
			Absolute	%	
Zijin Mining Group	2899	HK\$1.93	+HK\$0.23	+13.53%	The 2 nd largest gold miner in the PRC said it plans to build a new copper smelter to meet strong demand for the base metal in the Mainland. Meanwhile, Zijin reported a 37% y-o-y jump in 1H2005 net profit, thanks to increased output and high gold and copper prices.

Hang Seng China-Affiliated Corporation Index (HSCCI)

Stock	Stock Code	Closing Price @12/08/05	W-O-W Change		Remarks / Comments
			Absolute	%	
Lenovo	0992	HK\$3.15	+HK\$0.475	+17.76%	The PC maker reported a 6% increase in net profit for the quarter ended 30/06/2005. Lenovo also revealed that the IBM PC business it acquired earlier this year had already turned profitable in 1Q05/06 and grasped a combined share of more than 25% in the PC market in China.



Summary of US Economic News

Indicator	Change/Index	Comments
Non-farm productivity – 2Q2005	+2.2%	US non-farm productivity rose 2.2% in 2Q05, down from a 3.2% rise in 1Q05 but beating market expectations of a 2.0% growth.
Initial jobless claims – the week ended 6 th August 2005	-6,000	US initial jobless claims fell 6,000 to 308,000 from a revised 314,000 in the previous week, rather than market expectations of a rise to 315,000.
Retail sales – July	+1.8%	US retail sales surged 1.8% last month after a 1.7% rise in June, showing consumer spending stayed robust in the country.
Trade balance – June	-US\$57.2 billion	US trade gap surged to US\$57.2 billion in June from a US\$55.4 billion in May, mainly due to an increase in crude oil imports.

Forthcoming Important Announcements / Events

15 th August 2005 (Monday)	HK	:	China Resources Logic (1193) – interim results Maanshan Iron (0323) – interim results Zhejiang Expressway (0576) – interim results
	US	:	Agilent Technologies – FY05 Q3 results
16 th August 2005 (Tuesday)	HK	:	CITIC Int'l Financial Holdings (0183) – interim results GOME (0493) – interim results ICBC (Asia) (0349) – interim results
	US	:	Sichuan Express (0107) – final results Consumer price index – July 2005 Housing starts – July 2005 Industrial production – July 2005 Hewlett-Packard Co – FY05 Q3 results Home Depot Inc – FY05 Q2 results Wal-Mart Stores Inc – FY06 Q2 results Applied Materials Inc – FY05 Q3 results
17 th August 2005 (Wednesday)	HK	:	China Power (2380) – interim results Dah Sing Financial Holdings (0440) – interim results Dah Sing Banking Group (2356) – interim results HKEEx (0388) – interim results Liu Chong Hing Bank (1111) – interim results Wing Lung Bank (0096) – interim results
	US	:	Producer price index – July 2005
18 th August 2005 (Thursday)	HK	:	Unemployment rate – May-Jul 2005 BOC Hong Kong (2388) – interim results CKI Holdings (1038) – interim results IDS Group (2387) – interim results Lianhua (0980) – interim results PCCW (0008) – interim results PCPD (0432) – interim results Shineway Pharmaceutical (2877) – interim results Sunday Communications (0866) – interim results
	US	:	Initial jobless claims – week ended 13 th August 2005
19 th August 2005 (Friday)	HK	:	Guangdong Kelon Electrical (0921) – interim results Jiangsu Expressway (0177) – interim results Tsingtao Brewery (0168) – interim results Yanzhou Coal (1171) – interim results Zhenhai Refining (1128) – interim results
	US	:	No important announcement
20 th August 2005 (Saturday)	HK	:	Ping An Insurance (2318) – interim results