



**BEA securities**

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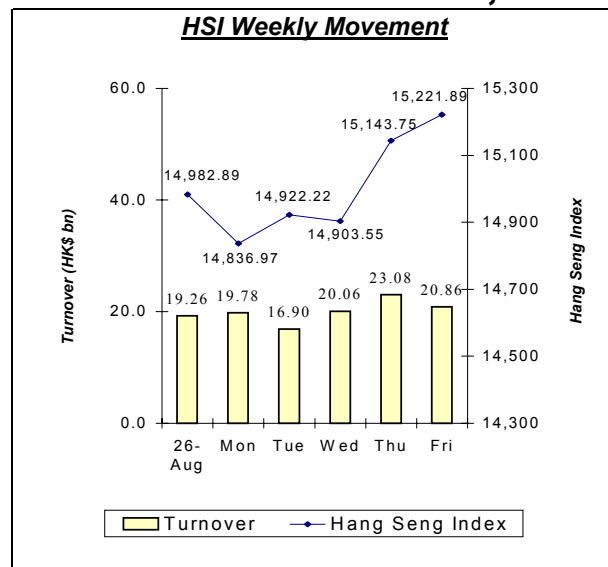
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**HONG KONG RESEARCH**

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**Weekly Report**  
3<sup>rd</sup> September 2005

## HSI revisited 15,200 as property counters rallied



<b>Weekly Market Statistics</b>				
Week ended	02/09/2005	26/08/2005	Change	%
Hang Seng Index	15,221.89	14,982.89	+239.00	+1.6%
HS Red Chip Index	1,919.03	1,890.43	+28.60	+1.5%
HS China Enterprises Index	5,157.39	5,199.68	-42.29	-0.8%
HS Composite Index	1,959.12	1,934.72	+24.40	+1.3%
HS HK Composite Index	2,013.69	1,983.44	+30.25	+1.5%
HS Mainland Composite Index	1,862.79	1,850.33	+12.46	+0.7%
S&P/HKEx GEM Index	944.91	932.83	+12.08	+1.3%
Avg Daily Turnover (HK\$ bn)	20.14	20.38	-0.25	-1.2%
<b>Sectoral Indices</b>				
Finance	27,156.49	26,940.45	+216.04	+0.8%
Utilities	31,368.04	31,187.24	+180.80	+0.6%
Properties	19,369.86	18,618.33	+751.53	+4.0%
Comm & Ind	7,264.04	7,136.17	+127.87	+1.8%

## Review & Outlook of Market Performance

Hang Seng Index swung range traded around the 15,000 level, amid bumpy crude oil prices and maturity of August index futures contracts. Crude oil price surged to a new all-time high of US\$70.85 per barrel, as oil supply in the US was disrupted by hurricane *Katrina*, and dragged stock market sentiments. However, active buying in property related counters helped cut earlier losses in the blue-chip index, after the August index futures expired on Wednesday. Over the week, Hang Seng Index gained 239.00 points or 1.6% to close at 15,221.89, while average daily turnover was HK\$20.14 billion, more or less the same as last week's HK\$20.38 billion.

To take advantage of the strong ride in crude oil prices, PetroChina and its parent CNPC sold nearly 3.5 billion shares at HK\$6.00 each or a 4.8% discount, raising as much as HK\$21 billion. The shares sold by PetroChina are new shares, about 91% of the total shares placed, while those sold by CNPC are existing shares. The proceeds raised by PetroChina is expected to fund overseas acquisitions in the future. PetroChina ended the week 0.77% lower at HK\$6.45, but was up 2.38% from the closing price of HK\$6.30 before the share placement was announced.

Meanwhile, conglomerate and property investor Wharf (Holdings) announced net profit jumped of 442% y-o-y in 1H2005, mainly driven by a property revaluation gain of HK\$7.1 billion. Wharf closed at HK\$29.95, up 7.54% w-o-w, and was the top blue-chip gainer over the week. The stunning results also helped boost other property related counters to outperform the general market. Cheung Kong (Holdings) jumped 4.36% w-o-w, while SHKP gained 4.12% w-o-w. Overall, the Hang Seng Properties sub-index rose 4.0% w-o-w.

It is expected that the HK stock market would trade in a narrow range of some 150 points next week. Interim results announcements are drawing near to a close with only a few major results announcements next week. Air China will release its interim results on Monday, HK & China Gas on Wednesday and COSCO Pacific on Thursday. Meanwhile, investors should note that the latest reshuffle of HSCEI will take effect next Monday, 5<sup>th</sup> September 2005.

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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							
2nd September	10,447.37	2,141.07	12,600.00	2,300.89	909.18	709.97	6,116.05
26th August	10,397.29	2,120.77	12,439.48	2,286.55	918.38	695.89	6,136.55
Change	+50.08	+20.30	+160.52	+14.34	-9.20	+14.08	-20.50
%	+0.5%	+1.0%	+1.3%	+0.6%	-1.0%	+2.0%	-0.3%

**Major Changes in Index Constituent Stocks (Week ended 2<sup>nd</sup> September 2005)****Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @02/09/05	W-O-W Change		Remarks / Comments
			Absolute	%	
Wharf	0004	HK\$29.95	+HK\$2.10	+7.54%	The conglomerate reported a 442% y-o-y rise in 1H2005 net profit to HK\$9.04 billion, thanks to higher rents as well as a revaluation gain from its investment properties.

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

Stock	Stock Code	Closing Price @02/09/05	W-O-W Change		Remarks / Comments
			Absolute	%	
AviChina	2357	HK\$0.44	-HK\$0.06	-12.00%	Selling pressure on the counter lingered, after the company reported net profit tumbled 77.9% y-o-y in 1H2005 during the previous week. Meanwhile, the stock will be removed from the H-share index next Monday.

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

Stock	Stock Code	Closing Price @02/09/05	W-O-W Change		Remarks / Comments
			Absolute	%	
China Resources Power	0836	HK\$5.00	+HK\$0.525	+11.73%	China Resources Power reported a 41.5% y-o-y rise 1H2005 net profit, compared with flat or lower first-half earnings among other major peers. It could be attributable to the company's good control over fuel costs.



## Summary of US Economic News

Indicator	Change/Index	Comments
GDP – 2Q2005 (revised)	+3.3%	US GDP growth for 2Q2005 was revised down to 3.3% from 3.4%, against market expectation of 3.5%. GDP grew 3.8% y-o-y in 1Q2005.
ISM manufacturing index – August	53.6	The index slipped to 53.6 last month from 56.6 in July, worse than consensus forecast of 56.5.
Initial jobless claims – the week ended 25 <sup>th</sup> August 2005	+30,000	Initial jobless claims rose to 320,000 last week from an upwardly revised 317,000 in the previous week, slightly higher than market expectation of 315,000.
Personal spending – July	+1.0	Personal consumption rose 1.0%, while personal income rose 0.3%. Saving rate for the month was minus 0.6%, the lowest level since records began in 1959.
Non-farm payrolls – August	+169,000	Non-farm payrolls rose 169,000 in August from an upwardly revised addition of 242,000 in July, lower than market expectation of an increase of 190,000.
Jobless rate – August	4.9%	Unemployment rate dropped to 4.9% in August from 5.0% in July, against consensus forecast of 5.0%

## Forthcoming Important Announcements / Events

5 <sup>th</sup> September 2005 (Monday)	HK	:	AAC Acoustic Technologies Holdings (2018) – interim results <b>Air China (0753) – interim results</b> New Focus Auto Tech Holdings (0360) – interim results <b>Smartone Telecommunications (0315) – interim results</b>
	US	:	The Labour Day holiday
6 <sup>th</sup> September 2005 (Tuesday)	HK	:	<b>Retail sales – July 2005</b> Goldlion Holdings (0533) – interim results Hengan International (1044) – interim results Roadshow (0888) – interim results TPV Technology (0903) – interim results
	US	:	ISM non-manufacturing index – August 2005
7 <sup>th</sup> September 2005 (Wednesday)	HK	:	BYD Company (1211) – interim results COFCO International (0506) – interim results Carry Wealth (0643) – interim results <b>Great Eagle Holdings (0041) – interim results</b> <b>HK &amp; China Gas (0003) – interim results</b> Kowloon Development (0034) – interim results Nanyang Holdings (0212) – interim results Solomon Systech (2878) – interim results
	US	:	Productivity – 2Q2005 Beige Book – August 2005
8 <sup>th</sup> September 2005 (Thursday)	HK	:	Beijing Development (Hong Kong) (0154) – interim results <b>Beijing Enterprises (0392) – interim results</b> <b>China Resources Enterprises (0291) – interim results</b> <b>COSCO Pacific (1199) – interim results</b> <b>Kingboard Chemical (0148) – interim results</b> Midland Holdings (1200) – interim results Wah Nam International (0159) – interim results
	US	:	Initial jobless claims – week ended 3 <sup>rd</sup> September 2005
9 <sup>th</sup> September 2005 (Friday)	HK	:	Aeon Stores (0984) – interim results <b>China Insurance International (0966) – interim results</b> Fulbond Holding (1041) – interim results Mainland Headwear Holdings (1100) – interim results Shenyin Wangquo (0218) – interim results SUNeVision (8008) – final results
	US	:	No important announcement