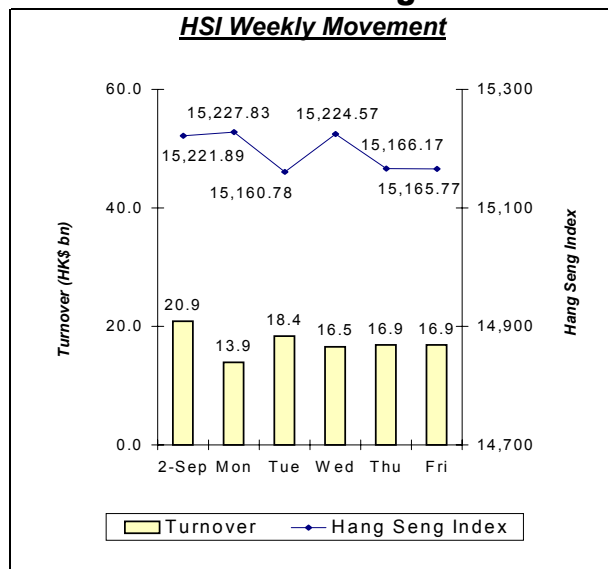


HSI range-bound on interest-rate concerns


<u>Weekly Market Statistics</u>				
Week ended	09/09/2005	02/09/2005	Change	%
Hang Seng Index	15,165.77	15,221.89	-56.12	-0.4%
HS Red Chip Index	1,893.04	1,919.03	-25.99	-1.4%
HS China Enterprises Index	5,137.44	5,157.39	-19.95	-0.4%
HS Composite Index	1,950.80	1,959.12	-8.32	-0.4%
HS HK Composite Index	2,009.76	2,013.69	-3.93	-0.2%
HS Mainland Composite Index	1,845.65	1,862.79	-17.14	-0.9%
S&P/HKEx GEM Index	945.67	944.91	+0.76	+0.1%
Avg Daily Turnover (HK\$ bn)	16.51	20.14	-3.63	-18.0%
Sectoral Indices				
Finance	27,213.83	27,156.49	+57.34	+0.2%
Utilities	31,945.68	31,368.04	+577.64	+1.8%
Properties	19,253.46	19,369.86	-116.40	-0.6%
Comm & Ind	7,184.34	7,264.04	-79.70	-1.1%

Review & Outlook of Market Performance

The Hong Kong stock market traded narrowly downwards as an earlier belief that the US Fed might take a pause in the interest-rate tightening cycle was weakened after Chicago Federal President hinted at more rate rises ahead. The HSI lost 56.12 points, or 0.37% w-o-w, to 15,165.77. Average daily turnover declined to HK\$16.51 billion from last week's HK\$20.14 billion.

The uncertainty in the interest-rate outlook put pressure on property stocks, despite news that the government is planning to re-launch the Link REIT by the end of this year. The HS Properties sub-index shed 0.60% w-o-w. HSBC Holdings held up well against other blue-chip banks, rising 0.56% w-o-w to HK\$126.7, as the August ISM Non-Manufacturing index showed strength in the US services sector and provided support to the counter. Meanwhile, Standard Chartered surged 2.35% w-o-w to HK\$174.5 after the bank said it would invest US\$123 million to acquire 19.9% of Tianjin-based Bohai Bank and was seeking another acquisition opportunity in the mainland.

Esprit Holdings climbed 1.25% w-o-w to HK\$60.85 as investors priced in strong expectations ahead of the company's earnings report next Tuesday. Other retail stocks ended mixed despite the government announced a robust 7% rise by value in July retail sales. Giordano International dropped 5.45% w-o-w to HK\$4.775, while Sa Sa International was flat at HK\$3.625.

Among China-related shares, PetroChina fell 3.88% w-o-w to HK\$6.2 after oil prices eased. Buying interest was seen in shipping counters following better-than-expected interim results reported by COSCO Pacific. COSCO Pacific, which posted 1st-half net profit more than doubled from last year to US\$214 million, gained 2.28% w-o-w to HK\$15.7, while China Shipping Development added 2.44% w-o-w to HK\$6.3.

Looking ahead, interest-rate factor remains lingering on market sentiment. Some observers expect the US Federal to pause its rate-rise cycle to offset the hurricane's impact on economic growth, while others see another small rise to contain inflationary pressures. Without any fresh impetus, the HSI is seen to be range-traded between 15,100 to 15,300 next week.



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							
9th September	10,678.56	2,175.51	12,692.04	2,301.28	917.92	712.78	6,119.06
2nd September	10,447.37	2,141.07	12,600.00	2,300.89	909.18	709.97	6,116.05
Change	+231.19	+34.44	+92.04	+0.39	+8.74	+2.81	+3.01
%	+2.2%	+1.6%	+0.7%	+0.0%	+1.0%	+0.4%	+0.0%

Major Changes in Index Constituent Stocks (Week ended 9th September 2005)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @09/09/05	W-O-W Change		Remarks / Comments
			Absolute	%	
Denway Motors	0203	HK\$2.625	-HK\$0.25	-8.70%	Rumour has it that the Mainland government is considering raising consumption taxes on cars.
Hong Kong and China Gas	0003	HK\$16.15	+HK\$0.45	+2.87%	Gains from property sales and a revaluation of investment properties boosted the company's 1 st -half net profit up 57% y-o-y to HK\$3.13 billion.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @09/09/05	W-O-W Change		Remarks / Comments
			Absolute	%	
BYD Company	1211	HK\$12.7	-HK\$1.1	-7.97%	BYD posted a 48% y-o-y fall in 1 st -half net profit to RMB247 million, weighed down by sluggish growth in battery shipments for phone handsets and its loss-making car battery business.

Hang Seng China-Affiliated Corporation Index (HSCCI)

Stock	Stock Code	Closing Price @09/09/05	W-O-W Change		Remarks / Comments
			Absolute	%	
COFCO International	0506	HK\$3.5	+HK\$0.225	+6.87%	COFCO's 1 st -half net profit rose 73% y-o-y to HK\$204 million, due to increased wine sales and a good performance in trading, even though profit of its core edible oil and soy meal business fell short of expectations.



Summary of US Economic News

Indicator	Change/Index	Comments
ISM Non-Manufacturing Index – August	65.0	The ISM non-manufacturing index rose to 65.0 in August from July's 60.5, showing that the service sector was expanding prior to Hurricane Katrina.
Nonfarm productivity – Q2 revised	1.8%	Non-farm productivity grew at a slower-than-expected 1.8% annual rate in Q2, while unit labor costs rose more quickly at a 2.5% pace. These raised concerns about inflation pressures ahead.
Initial Jobless Claims – week ended 3 rd September 2005	319,000	Initial jobless claims fell 1,000 last week, but an upward revision is expected as hurricane-stricken Gulf Coast states process applications.
Import Prices – August	1.3%	Import prices rose by a larger-than-expected 1.3% in August, as petroleum prices leapt again.

Forthcoming Important Announcements / Events

12 th September 2005 (Monday)	HK	:	Kowloon Motor Bus Holdings (0062) – Interim results Melco International Development Co (0200) – Interim results China Netcom Group Corp (HK) (0906) – Interim results
	US	:	Campbell Soup Co – Q4 results
13 th September 2005 (Tuesday)	HK	:	Geely Automobile Holdings (0175) – Interim results Denway Motors (0203) – Interim results Shun Tak Holdings (0242) – Interim results Esprit Holdings (0330) – Final results SCMP Group (0583) – Interim results
	US	:	Dynasty Fine Wines Group (0828) – Interim results Tianjin Development Holdings (0882) – Interim results International Trade – July Producer Price Index – August Kroger Co – Q2 results
14 th September 2005 (Wednesday)	HK	:	K. Wah Construction Materials (0027) – Interim results Eganagoldpfeil (Holdings) (0048) – Final results K. Wah International Holdings (0173) – Interim results Sing Tao News Corporation (1105) – Interim results
	US	:	Retail Sales – August Industrial Production – August Lehman Brothers Holdings Inc – Q3 results
15 th September 2005 (Thursday)	HK	:	Sun Hung Kai Properties (0016) – Final results Allied Properties (Hong Kong) (0056) – Interim results Regal Hotels International Holdings (0078) – Interim results China Everbright (0165) – Interim results Allied Group (Hong Kong) (0373) – Interim results China Resources Land (1109) – Interim results China COSCO Holdings (1919) – Interim results
	US	:	Comba Telecom Systems (2342) – Interim results Business Inventories – July Consumer Price Index – August Initial Jobless Claims – week ended 10 th September 2005 Philadelphia Fed Survey – September Adobe Systems Inc – Q3 results Bear Stearns Companies Inc – Q3 results
16 th September 2005 (Friday)	HK	:	Industrial Production – Q2 Guangdong Investment (0270) – Interim results Shenzhen Investment (0604) – Interim results
	US	:	Current Account – Q2 Consumer sentiment (preliminary) – September