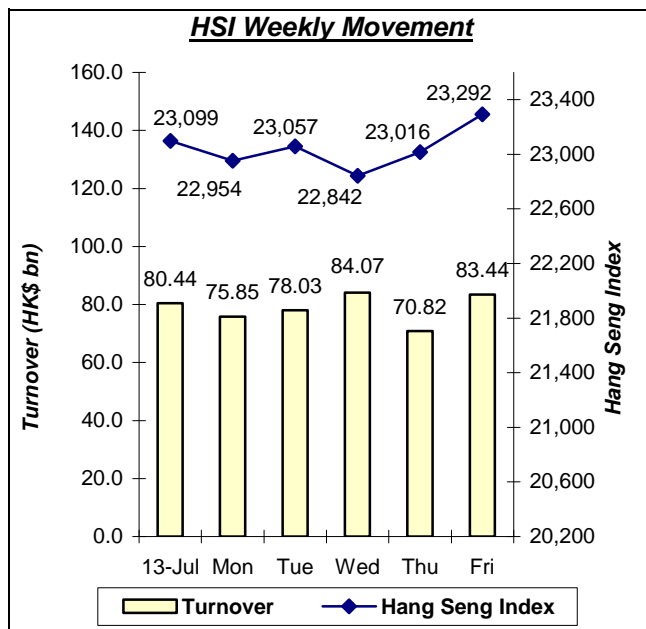


The HSI hit fresh all-time high on late buying spree



Weekly Market Statistics				
Week ended	20/07/07	13/07/07	Change	%
Hang Seng Index	23,292	23,099	+193	+0.8%
HS Red Chip Index	4,553	4,464	+89	+2.0%
HS China Enterprises Index	13,152	13,201	-48	-0.4%
HS Composite Index	3,374	3,328	+46	+1.4%
HS HK Composite Index	2,679	2,648	+32	+1.2%
HS Mainland Composite Index	4,261	4,197	+65	+1.5%
Growth Enterprise Index	1,767	1,716	+51	+3.0%
Avg Daily Turnover (HK\$ bn)	78.4	96.9	-18	-19.0%
Sectoral Indices				
Finance	35,593	35,396	+196	+0.6%
Utilities	36,772	36,510	+262	+0.7%
Properties	27,396	26,780	+616	+2.3%
Comm & Ind	13,202	13,102	+99	+0.8%

Review & Outlook of Market Performance

The local bourse was in a consolidation mode earlier this week after hitting new highs last Friday. In fact, worries of heightened inflation pressure on the mainland amid escalating food prices clouded the market sentiment in the early part of the week. Nevertheless, strength in the US stock markets, with the Dow recorded its first close above the 14,000 mark on Thursday, reignited the sentiment. Strength in red chips, including heavyweight China Mobile (HK\$93.20, +1.4% w-o-w) and CNOOC, as well as strong buying interests in laggards Cheung Kong (HK\$114.00, +4.4% w-o-w) and Hutchison Whampoa (HK\$87.75, +3.2% w-o-w) helped drive the Hang Seng Index to a new all-time intraday high of 23,301.93 on Friday. The HSI also finished the week at a fresh record closing high of 23,291.90, up 192.61 points or 0.8% w-o-w. Trading was less active this week, with average daily turnover dropped to HK\$78.4 billion.

Trading in H shares was cautious in this eventful week amid fears of further tightening measures by the mainland government on inflationary pressure and overheating economy. On Thursday, the mainland's statistics bureau announced that the country's CPI surged an alarming 4.4% y-o-y in June on higher food prices while Q2 2007 GDP grew at an 11-year high of 11.9% y-o-y. Stock markets, having largely factored in another possible rate hike by the PBOC, reacted calmly to these strong numbers. In fact, the PBOC after Friday's market close raised the 1-year RMB lending and deposit rates by 27 bps, effective 21st July. However, profit-taking in some recent gainers and weakness in Sinopec on concerns over its refining business on rising crude oil prices dragged down the H-share index. The HSCEI ended this week's trades at 13,152.25, down 0.4% w-o-w.

Looking forward into next week, trading may turn more cautious following the rate hike on the mainland while the interim results season for Hong Kong-listed companies draws near. However, market sentiment should remain supportive, with market already digested the strong mainland economic data and factored in the expected rate hike. Meanwhile, US corporate quarterly earnings reporting season will heat up next week, with a slew of major corporates, including American Express, Merck, AT&T, Du Pont, McDonald's, PepsiCo, Apple, Boeing, 3M and Exxon Mobil releasing their latest report cards. Barring any unforeseen circumstances, the HSI is expected to hold above the 23,000 mark.

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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 20th July	14,000.41*	2,720.04*	18,157.93	3,651.38	1,382.36	850.54	9,585.90
13th July	13,907.25	2,707.00	18,238.95	3,654.61	1,384.72	859.14	9,471.30
Change	+93.16	+13.04	-81.02	-3.23	-2.36	-8.60	+114.60
%	+0.7%	+0.5%	-0.4%	-0.1%	-0.2%	-1.0%	+1.2%

Remark (*): closing as of 19th July 2007

Major Changes in Index Constituent Stocks (Week ended 20th July 2007)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @20/07/07	W-O-W Change		Remarks / Comments
			Absolute	%	
CNOOC	0883	HK\$9.69	+HK\$0.34	+3.6%	The offshore oil major jumped on strength in crude oil prices.
CITIC Pacific	0267	HK\$40.70	-HK\$1.85	-4.3%	The conglomerate succumbed to profit-taking after the recent strong run on the spin-off plan of its motor vehicle and consumer products distribution unit, Dah Chong Hong, in a separate listing.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @20/07/07	W-O-W Change		Remarks / Comments
			Absolute	%	
China Coal	1898	HK\$15.22	+HK\$0.64	+4.4%	The mainland's 2 nd largest coal miner said it would issue 1.525 billion A shares in an IPO in Shanghai.
Zijin Mining	2899	HK\$5.75	+HK\$0.36	+6.7%	The miner tracked the strength in gold prices, which surged to a 6-week high.
Angang Steel	0347	HK\$17.14	-HK\$1.06	-5.8%	The steelmaker declined on oversupply concern.
Sinopec	0386	HK\$8.29	-HK\$0.70	-7.8%	Negative outlook for its refining business amid rising crude oil prices battered oil refiner.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @20/07/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Shanghai Industrial	0363	HK\$35.75	+HK\$3.25	+10.0%	The conglomerate unveiled the plan to spin off its printing business for a Hong Kong IPO. The unit, Wing Fat Printing, prints packaging for cigarettes and high-end consumer products.
China Overseas	0688	HK\$15.86	+HK\$2.26	+16.6%	The property developer proposed a bonus issue on the basis of one warrant for every 12 shares held at a subscription price of HK\$12.50 per share.
China International Insurance	0966	HK\$19.96	+HK\$2.86	+16.7%	The insurer continued its upsurge after its unit Tai Ping Life recorded solid premium growth in the first half of this year.



Summary of US Economic News

Indicator	Change/Index	Comments
Producer price index – June 2007	-0.2% m-o-m	PPI declined by 0.2% in June on lower overall energy costs, after shooting up by 0.9% in May. Stripping out the volatile food and energy costs, core PPI in June climbed 0.3% after rising 0.2% in May.
Industrial Production – June 2007	+0.5% m-o-m	Industrial output rose by a slightly bigger-than-expected 0.5% in June on a 2.5% jump in auto production, following a revised 0.1% drop in May.
Consumer price index – June 2007	+0.2% m-o-m	CPI rose by a slightly bigger-than-expected 0.2% in June. Stripping out the volatile food and energy prices, core CPI was also up 0.2%, in line with market expectations.
Housing Starts – June 2007	+2.3% m-o-m	Housing starts rose unexpectedly to an annual rate of 1.47 million from a revised 1.43 million in May.
Initial jobless claims – the week ended 14 th July 2007	-8,000	Initial claims for jobless benefits fell to 301,000 last week, their lowest level in two months, from an upwardly-revised 309,000 claims in the prior week.
Leading Indicators – June 2007	-0.3% m-o-m	The Conference Board's Index of Leading Economic Indicators fell 0.3% in June after a downwardly-revised 0.2% rise in May.

Forthcoming Important Announcements / Events

23 rd July 2007 (Monday)	HK US	:	TOM Online (8282) – FY2007 interim results American Express Co – Q2 2007 results Merck & Co Inc – Q2 2007 results Texas Instruments Inc – Q2 2007 results
24 th July 2007 (Tuesday)	HK US	:	Skyworth Digital (0751) – FY2006/07 final results Amazon.Com Inc – Q2 2007 results AT&T Inc – Q2 2007 results Chubb Corp – Q2 2007 results El Du Pont de Nemours & Co – Q2 2007 results Eli Lilly & Co – Q2 2007 results Kimberly-Clark Corp – Q2 2007 results Legg Mason Inc – Q1 2007/08 results Lockheed Martin Corp – Q2 2007 results McDonald's Corp – Q2 2007 results PepsiCo Inc – Q2 2007 results United Parcel Service Inc – Q2 2007 results
25 th July 2007 (Wednesday)	HK US	:	Coastal Greenland (1124) – FY2006/07 final results Existing home sales – June 2007 Apple Inc – Q3 2006/07 results Boeing Co – Q2 2007 results Colgate-Palmolive Co – Q2 2007 results ConocoPhillips – Q2 2007 results Qualcomm Inc – Q3 2006/07 results
26 th July 2007 (Thursday)	HK US	:	Trade statistics – June 2007 Tiangong International (0826) – trading debut Durable goods orders – June 2007 Initial jobless claims – the week ended 21 st July 2007 New home sales – June 2007 3M Co – Q2 2007 results Amgen Inc – Q2 2007 results Comcast Corp – Q2 2007 results Dow Chemical Co – Q2 2007 results Exxon Mobil Corp – Q2 2007 results Ford Motor Co – Q2 2007 results Kellogg Co – Q2 2007 results Travelers Cos Inc – Q2 2007 results
27 th July 2007 (Friday)	HK US	:	China Water Affairs (0855) – FY2006/07 final results GDP (advance) – Q2 2007 Chevron Corp – Q2 2007 results

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