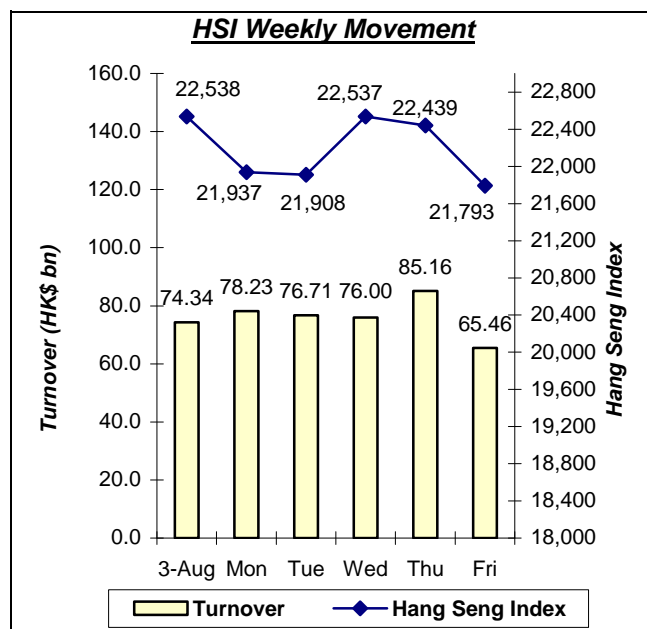


## A roller coaster week amid credit woes



<b><u>Weekly Market Statistics</u></b>				
Week ended	10/08/07	03/08/07	Change	%
Hang Seng Index	21,793	22,538	-746	-3.3%
HS Red Chip Index	4,148	4,346	-199	-4.6%
HS China Enterprises Index	12,276	12,780	-504	-3.9%
HS Composite Index	3,154	3,260	-106	-3.3%
HS HK Composite Index	2,545	2,603	-59	-2.2%
HS Mainland Composite Index	3,937	4,101	-164	-4.0%
Growth Enterprise Index	1,559	1,691	-132	-7.8%
Avg Daily Turnover (HK\$ bn)	76.3	92.0	-16	-17.0%
Sectoral Indices				
Finance	34,391	35,381	-990	-2.8%
Utilities	35,199	35,732	-533	-1.5%
Properties	25,007	26,129	-1,122	-4.3%
Comm & Ind	12,053	12,519	-466	-3.7%

## Review & Outlook of Market Performance

The local bourse started the week with a massive sell-off following plunges in the Wall Street last Friday amid lingering fears on credit market and weak economic data. Meanwhile, the US Fed held the rates unchanged as expected following the FOMC meeting. The Fed indicated that it was concerned about growing credit problems in the economy, but also stressed that inflation remains its primary concern. In fact, the Hong Kong stock market staged a strong rebound on Wednesday, driven by bargain hunting activities. However, sell-offs in the local bourse as well as global markets resumed after France's largest bank BNP Paribas said it froze 3 asset-backed securities funds because it is no longer possible to "fairly" value their holdings, as concern over US subprime mortgage losses roils credit markets. With Friday's trading session shortened by the typhoon signal No.8, the Hang Seng Index closed the week at 21,792.71, down 745.73 points or 3.3% w-o-w. The HSCEI also slipped 3.9% w-o-w and closed at 12,276.06. Average daily turnover dropped to HK\$76.3 billion from last week's HK\$92.0 billion as investors stayed sidelined.

During the week, a few blue-chip companies released their 1H2007 results. MTRC (HK\$18.92, -0.8%) posted a 21.2% y-o-y drop in its interim net profit to HK\$4,071 million, due to lower property development contribution. Cathay Pacific (HK\$20.60, +1.0%) saw its first-half net profit up 54.7% to a forecast-beating HK\$2,581 million driven by healthy traffic volume, improved passenger yields, as well as the full-period profit contribution from Dragonair while Swire Pacific (HK\$85.50, -1.8%) recorded a 57.8% rise in its half-year earnings to HK\$12,493 million that was primarily driven by an investment property revaluation gain of HK\$8,895 million. Hongkong Electric (HK\$38.20, -1.0%) registered a 7.3% y-o-y increase in its six-month net profit to HK\$2,660 million.

HSI Services Limited announces that the review results of the Hang Seng Family of Indexes, originally scheduled for release today after market close, has been postponed due to the hoisting of Typhoon Signal No. 8 at 2:30 p.m. today. The revised date for the release of the review results will be announced next Monday. Looking forward into next week, earnings reporting season will heat up, with HSI constituents Wharf, Hang Lung Properties, Li & Fung, HKEx, CLP, China Mobile, Cheung Kong Infrastructure and Ping An Insurance to release their latest report cards. In addition, the latest inflation figures in the US will be released next week, providing some indications for the future US rate movement. Trading in the local bourse should remain volatile and investors should adopt a wait-and-see approach.

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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							
10th August	13,270.68*	2,556.49*	16,764.09	3,359.18	1,287.70	802.94	8,931.31
3rd August	13,181.91	2,511.25	16,979.86	3,436.04	1,335.42	837.73	9,057.82
Change	+88.77	+45.24	-215.77	-76.86	-47.72	-34.79	-126.51
%	+0.7%	+1.8%	-1.3%	-2.2%	-3.6%	-4.2%	-1.4%

Remark (\*): closing as of 9<sup>th</sup> August 2007

**Major Changes in Index Constituent Stocks (Week ended 10<sup>th</sup> August 2007)**
**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @10/08/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Hang Lung Properties	0101	HK\$24.55	-HK\$3.80	-13.4%	Ahead of its final results release next week, the property player plunged amid heavy profit-taking activities following its strong run so far this year.

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

Stock	Stock Code	Closing Price @10/08/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Shanghai Petrochemical	0338	HK\$3.97	-HK\$0.48	-10.8%	The firm's shares fell on concern of narrowing margin amid high crude oil prices
China Shipping Container Lines	2866	HK\$7.24	+HK\$0.32	+4.6%	The shipper posted a 13.2x surge in interim net profit to RMB1.16 billion and revealed its plan to issue A shares.

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

Stock	Stock Code	Closing Price @10/08/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Lenovo Group	0992	HK\$4.50	-HK\$0.70	-13.5%	The PC maker said it hoped to take over rival Packard Bell to strengthen its European operation

**Summary of US Economic News**

Indicator	Change/Index	Comments
Productivity – Q2 2007	+1.8% y-o-y	Non-farm productivity grew at a slightly slower-than-expected 1.8% annualized pace in Q2 2007 after a downwardly-revised 0.7% increase in Q1 2007.
Consumer credit – June 2007	+US\$13.2 billion	Total consumer credit rose by a bigger-than-expected US\$13.2 billion in June to a record US\$2.459 trillion.
Wholesale inventories – June 2007	+0.5% m-o-m	Wholesale inventories rose 0.5% in June, slightly more than expected, mainly due to larger stocks of automobile and nondurable goods.
Initial jobless claims – the week ended 4 <sup>th</sup> August 2007	+7,000	Initial jobless claims rose by 7,000 to a seasonally adjusted 316,000 last week from an upwardly-revised 309,000 the prior week.



13 <sup>th</sup> August 2007 (Monday)	HK US	: :	Xinyi Glass (0868) – FY2007 interim results <b>Retail sales – July 2007</b> Business inventories – June 2007 <b>Blackstone Group LP – Q2 2007 results</b> DTE Energy Co – Q2 2007 results SYSCO Corp – Q4 2006/07 results
14 <sup>th</sup> August 2007 (Tuesday)	HK  US	:  :	<b>Fubon Bank (Hong Kong) (0636) – FY2007 interim results</b> Star Cruises (0678) – FY2007 interim results Huaneng Power International (0902) – FY2007 interim results China Shipping Development (1138) – FY2007 interim results Trade balance – June 2007 Producer price index – July 2007 Agilent Technologies Inc – Q3 2006/07 results Applied Materials Inc – Q3 2006/07 results <b>Home Depot Inc – Q2 2007/08 results</b> TJX Cos Inc – Q2 2007/08 results Wal-Mart Stores Inc – Q2 2007/08 results
15 <sup>th</sup> August 2007 (Wednesday)	HK  US	:  :	<b>Wharf (Holdings) (0004) – FY2007 interim results</b> <b>Hang Lung Group (0010) – FY2006/07 final results</b> <b>Wing Lung Bank (0096) – FY2007 interim results</b> <b>Hang Lung Properties (0101) – FY2006/07 final results</b> <b>HKEEx (0388) – FY2007 interim results</b> <b>Li &amp; Fung (0494) – FY2007 interim results</b> Tencent Holdings (0700) – FY2007 interim results Zijin Mining (2899) – FY2007 interim results <b>Consumer price index – July 2007</b> <b>Industrial production – July 2007</b> Deere & Co – Q3 2006/07 results Macy's Inc – Q2 2007/08 results Network Appliance Inc – Q1 2007/08 results Sara Lee Corp – Q4 2006/07 results
16 <sup>th</sup> August 2007 (Thursday)	HK  US	:  :	CLP Holdings (0002) – FY2007 interim results Wing Hang Bank (0302) – FY2007 interim results Guangzhou Shipyard (0317) – FY2007 interim results Maanshan Iron & Steel (0323) – FY2007 interim results <b>ICBC (Asia) (0349) – FY2007 interim results</b> <b>China Overseas (0688) – FY2007 interim results</b> ZTE Corporation (0763) – FY2007 interim results Shimao Property (0813) – FY2007 interim results <b>China Mobile (0941) – FY2007 interim results</b> Cheung Kong Infrastructure (1038) – FY2007 interim results <b>Ping An Insurance (2318) – FY2007 interim results</b> <b>Bank of Communications (3328) – FY2007 interim results</b> Initial jobless claims – the week ended 11 <sup>th</sup> August 2007 Housing starts – July 2007 Leading indicators – July 2007 Autodesk Inc – Q2 2007/08 results <b>Hewlett-Packard Co – Q3 2006/07 results</b> JC Penney Co Inc – Q2 2007/08 results Nordstrom Inc – Q2 2007/08 results
17 <sup>th</sup> August 2007 (Friday)	HK  US	:  :	GDP – Q2 2007 Jiangsu Expressway (0177) – FY2007 interim results Minth Group (0425) – FY2007 interim results Anhui Conch Cement (0914) – FY2007 interim results <b>China Shenhua Energy (1088) – FY2007 interim results</b> Shanghai Electric (2727) – FY2007 interim results Beijing Capital Land (2868) – FY2007 interim results Franshion Properties (China) (0817) – trading debut No important announcements / events

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