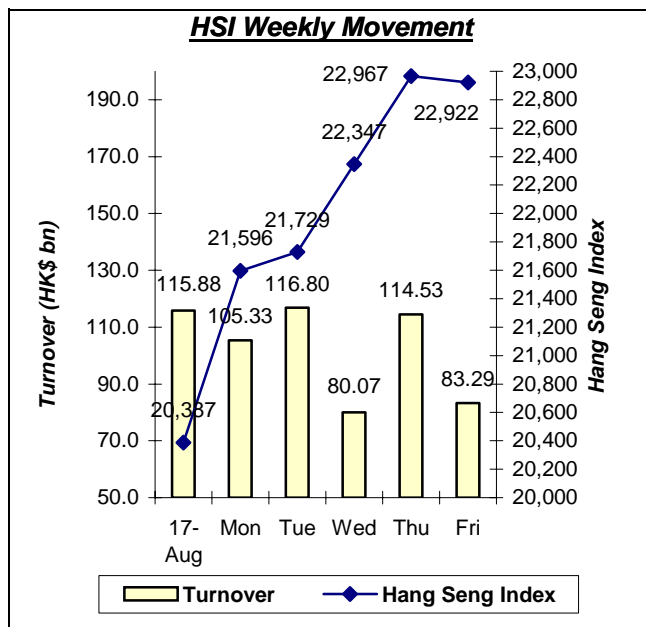


### Swift and strong rebound after last week's sell-off



<b>Weekly Market Statistics</b>				
Week ended	24/08/07	17/08/07	Change	%
Hang Seng Index	22,922	20,387	+2,535	+12.4%
HS Red Chip Index	4,511	3,803	+708	+18.6%
HS China Enterprises Index	13,178	11,003	+2,176	+19.8%
HS Composite Index	3,284	2,886	+399	+13.8%
HS HK Composite Index	2,562	2,379	+184	+7.7%
HS Mainland Composite Index	4,200	3,544	+656	+18.5%
Growth Enterprise Index	1,468	1,347	+121	+9.0%
Avg Daily Turnover (HK\$ bn)	100.0	83.0	+17	+20.5%
Sectoral Indices				
Finance	35,419	32,021	+3,398	+10.6%
Utilities	35,904	34,476	+1,428	+4.1%
Properties	26,774	23,600	+3,175	+13.5%
Comm & Ind	12,901	11,247	+1,654	+14.7%

### Review & Outlook of Market Performance

The US Fed cut the discount rate on its lending to banks by 50 basis points to 5.75% last Friday. The move helped boost confidence in the US and European markets, and helped Asian markets rebound at the start of the week. The local market was further buoyed by the news that the State Administration of Foreign Exchange (SAFE) allowed Chinese residents to invest directly in Hong Kong securities for the first time under a pilot program to be launched in Tianjin. Thanks to these confidence boosts, the HSI soared 1,208 points on Monday, which was the biggest single-day gain in almost 9 years. The change in fundamentals of the HK market and the stabilization of Yen boosted local market sentiment and the swift rebound triggered short-covering activity. H-shares saw a bigger rally amid expectations on further narrowing of A-H shares premium. Speculation on further expansion of the pilot "individual QDII" program remained the key impetus. Meanwhile, the People's Bank of China introduced fresh monetary tightening measure of another round of rate hikes but investors in both the local and the A-share markets seemed to be unmoved. The Shanghai Composite Index broke through the 5,000-mark this week. Hopes for a US Fed rate cut persisted and helped boosted local properties counters. The HSI failed to re-challenge the 23,000-level when investors cashed in profits amid the strong rebound of over 2,000 points in a few days. Over the week, the HSI gained 12.4% to 22,921.89, while the H-share index rallied 19.8% to 13,178.09. Average daily turnover was HK\$100.0 billion versus last week's HK\$83.0 billion, suggesting improved sentiment.

Over the week, many H-share banks and blue chips reported their better than expected interim results: ICBC, BOC, China CITIC Bank, Cheung Kong, and CITIC Pacific. These provided support to the local market and strong indication of sound fundamentals.

Local bourses experienced a steep slump-to-rebound over the past month with the local market seems to have fully digested worries on subprime problems. However, shares in Singapore's DBS Group Holdings, Bank of China and BOC Hong Kong all skidded on Friday after they revealed substantial exposure to subprime mortgages. Lingering worries on subprime issues continue to weigh on sentiment. Short-term volatility is likely to remain and we see the Hang Seng Index should have a good support at the 22,500 level.

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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							
24th August	13,235.88*	2,541.70*	16,248.97	3,369.45	1,273.52	790.72	8,690.09
17th August	13,239.54	2,544.89	15,273.68	3,130.71	1,191.55	758.42	8,090.29
Change	-3.66	-3.19	+975.29	+238.74	+81.97	+32.30	+599.80
%	-0.0%	-0.1%	+6.4%	+7.6%	+6.9%	+4.3%	+7.4%

Remark (\*): closing as of 23<sup>rd</sup> August 2007

### Major Changes in Index Constituent Stocks (Week ended 24<sup>th</sup> August 2007)

#### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @24/08/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Hong Kong Exchanges and Clearing Ltd.	0388	HK\$132.4	+HK\$26.10	+24.55%	The counter is expected to be benefited after the news that mainland individuals will be allowed to buy HK equities on a trial basis.
Bank of China	3988	HK\$3.87	+HK\$0.47	+13.82%	The bank is expected to be benefited from the "individual QDII" trial program in Tianjin. But the gains were given up toward the end of the week after the bank disclosed a larger-than-expected exposure to subprime investment.

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

Stock	Stock Code	Closing Price @24/08/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Datang International Power	0991	HK\$7.95	+HK\$3.17	+66.32%	The counter soared as investors chased after H-shares that are trading at deep discount to their respective A-shares after the announcement of the introduction of "individual QDII" scheme.

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

Stock	Stock Code	Closing Price @24/08/07	W-O-W Change		Remarks / Comments
			Absolute	%	
China Resources Power	0836	HK\$19.80	+HK\$4.64	+30.61%	Morgan Stanley raised the counter's target price from HK\$15 to HK\$20.65 on strong capacity growth, from the original 14GW to 20GW by 2010.

### Summary of US Economic News

Indicator	Change/Index	Comments
Index of leading indicators – July 2007	+0.4%	The index, a closely watched gauge of future economic activity, rose 0.4% in July, after falling 0.3% in June. The market expected 0.4% increase in July.
Initial jobless claims – the week ended 18 <sup>th</sup> August 2007	-2,000	Initial jobless claims dipped by 2,000 to 322,000, rather than an expected 324,000.

**Forthcoming Important Announcements / Events**

27 <sup>th</sup> August 2007 (Monday)	HK	: <b>China Life Insurance (2628) – interim results</b> China Green (0904) – FY07 results Country Garden (2007) – interim results China National Building Material (3323) – interim results China Wireless (2369) – interim results <b>Datang Power (0991) – interim results</b> Greatwall Motor (2333) – interim results Shanghai Forte Land (2337) – interim results Luoyang Glass (1108) – interim results Kingboard Laminates (1888) – interim results Regal International (0078) – interim results Ports International (0589) – interim results Sinofert (0297) – interim results <b>Tsingtao Brewery (0168) – interim results</b> Xiamen Port (3378) – interim results Xinhua Winshare (0811) – interim results
	US	: Existing home sales – July 2007
28 <sup>th</sup> August 2007 (Tuesday)	HK	: <b>Air China (0753) – interim results</b> <b>China Telecom (0728) – interim results</b> China Oilfield Services (2883) – interim results Zhuzhou CSR Times Electric (3898) – interim results Kingboard Chemical (0148) – interim results Guangshen Railway (0525) – interim results <b>Jiangxi Copper (0358) – interim results</b> Li Ning (2331) – interim results Neo-China Group (0563) – interim results Shenzhen International (0152) – interim results Sinotrans (0598) – interim results Sichuan Expressway (0107) – interim results Sunny Optical (2382) – interim results Smartone Telecom (0315) – FY07 results Weichai Power (2338) – interim results
	US	: <b>Consumer confidence – August 2007</b> Minutes from the August FOMC meeting
29 <sup>th</sup> August 2007 (Wednesday)	HK	: China Eastern Airlines (0670) – interim results CNOOC (0883) – interim results <b>Dah Sing Financial (0440) – interim results</b> <b>Dah Sing Banking (2356) – interim results</b> Dongfeng Group (0489) – interim results Esprit (0330) – FY07 results Meilan Airport (0357) – interim results <b>PCCW (0008) – interim results</b> Pacific Century Premium Developments (0432) – interim results Singamas Container (0716) – interim results <b>TVB (0511) – interim results</b> Yurun Food (1068) – interim results
30 <sup>th</sup> August 2007 (Thursday)	US	: No important announcement/event
30 <sup>th</sup> August 2007 (Thursday)	HK	: <b>China Insurance International (0966) – interim results</b> Chow Sang Sang (0116) – interim results Dongfang Electric (1072) – interim results R&F Properties (2777) – interim results Samling Global (3938) – FY07 results <b>Shanghai Industrial (0363) – interim results</b> Yizheng Chemical (1033) – interim results
	US	: Initial jobless claims – the week ended 25 <sup>th</sup> Aug 2007 <b>GDP – 2Q2007</b> <b>Dell Computer Corp – Q2 FY2007 results</b> <b>Freddie Mac – Q2 FY2007 results</b> Sears Holdings Corp – Q2 FY2007 results
31 <sup>st</sup> August 2007 (Friday)	HK	: <b>BYD (1211) – interim results</b> China Motor Bus (0026) – interim results SEE Corporation (0491) – FY07 results
	US	: Personal Income – July 2007 Personal Spending – July 2007 University of Michigan Consumer Confidence – August 2007 Chicago PMI – August 2007

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