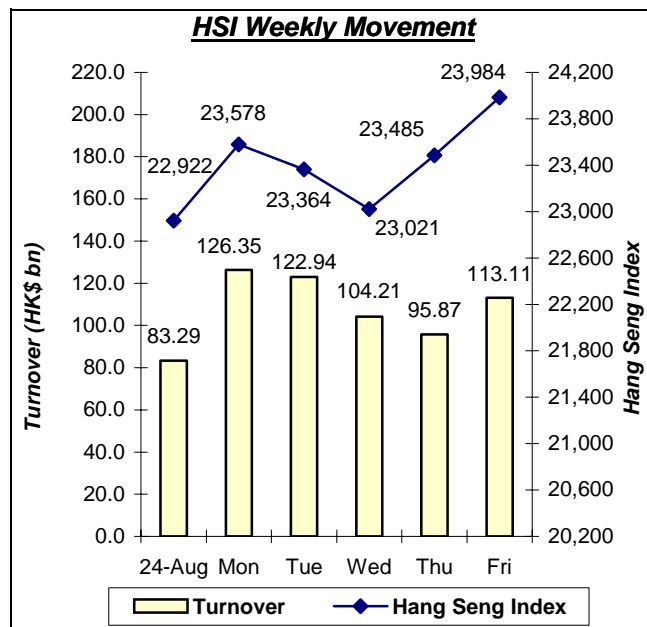


Another roller-coaster week that sent indices to new highs



Weekly Market Statistics				
Week ended	31/08/07	24/08/07	Change	%
Hang Seng Index	23,984	22,922	+1,062	+4.6%
HS Red Chip Index	4,857	4,511	+346	+7.7%
HS China Enterprises Index	14,339	13,178	+1,161	+8.8%
HS Composite Index	3,467	3,284	+182	+5.6%
HS HK Composite Index	2,605	2,562	+43	+1.7%
HS Mainland Composite Index	4,547	4,200	+347	+8.3%
Growth Enterprise Index	1,507	1,468	+39	+2.6%
Avg Daily Turnover (HK\$ bn)	112.5	100.0	+12	+12.5%
Sectoral Indices				
Finance	36,686	35,419	+1,267	+3.6%
Utilities	36,298	35,904	+394	+1.1%
Properties	27,757	26,774	+983	+3.7%
Comm & Ind	13,687	12,901	+786	+6.1%

Review & Outlook of Market Performance

The local bourse started the week in an upbeat tone amid continued optimism towards the pilot programme allowing mainlanders to buy Hong Kong-listed stocks directly that sent both the HSI and HSCEI higher. However, stocks retreated in mid-week on the back of Wall Street slumps dragged by weak existing home sales and consumer confidence that fell the most in August since Hurricane Katrina in September 2005 while lingering concerns of widening US sub-prime fallout clouded market sentiment. Nevertheless, Hong Kong-listed stocks staged a strong rebound in the latter part of the week on hopes of a US interest-rate cut in September. The HSI finished this week's trades up 1,062.25 or 4.6% w-o-w at a fresh record closing high of 23,984.14, after hitting 24,089.00 during intraday trades on Friday. Trading activities turned even more hectic this week, with average daily turnover grew to HK\$112.5 billion.

The robust turnover in the local bourse boosted the shares of HKEx, which ended the week at a fresh lifetime high of HK\$143.50, up 8.38% w-o-w. In addition, heavyweight China Mobile also surged 9.73% to hit its fresh all-time closing high at HK\$106.00 on Friday when it touched a new record intraday high of HK\$106.40.

A-H "share discount trading" continued to dominate the market, with the dual-listed stocks remained the market's key focus. In addition, H shares were also boosted by satisfactory interim results. The HSCEI ended this week at 14,338.84, up 8.8% w-o-w.

Looking forward, volatile trading should remain in the scene amid lingering concerns over the US sub-prime woes and market talks of a possible slash in interest rates by the US Fed in the coming FOMC meeting on 18th September. Following the recent uptrend that drove the HSI and HSCEI up 3.4% and 7.3% respectively in the month of August, short-term consolidation should emerge before testing new highs, while fundamentals of Hong Kong-listed stocks remain strong and most of the enterprises reported consensus-beating interim results. Barring any unforeseen circumstances, the HSI should see good support at 23,500.

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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							
31st August	13,238.73*	2,565.30*	16,569.09	3,392.91	1,273.93	813.21	8,982.16
24th August	13,378.87	2,576.69	16,248.97	3,369.45	1,273.52	790.72	8,690.09
Change	-140.14	-11.39	+320.12	+23.46	+0.41	+22.49	+292.07
%	-1.0%	-0.4%	+2.0%	+0.7%	+0.0%	+2.8%	+3.4%

Remark (*): closing as of 30th August 2007

Major Changes in Index Constituent Stocks (Week ended 31st August 2007)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @31/08/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Esprit Holdings	0330	HK\$113.50	+HK\$10.50	+10.2%	The firm reported a consensus-beating 38.6% jump in net profit to HK\$5.18 billion for the year ended 30 th June 2007.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @31/08/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Angang Steel	0347	HK\$26.20	+HK\$4.60	+21.3%	Commodity plays shot up on A-H discount trades. Meanwhile, Jiangxi Copper reported a 2.8% y-o-y decline in interim net profit to RMB2.03 billion on higher raw material costs.
Jiangxi Copper	0358	HK\$18.02	+HK\$2.72	+17.8%	
CHALCO	2600	HK\$21.35	+HK\$5.13	+31.6%	
Sinotrans	0598	HK\$4.28	+HK\$0.83	+24.1%	The logistics services provider said its parent would soon wrap up a plan to inject assets into the listed company.
Air China	0753	HK\$9.70	+HK\$2.44	+33.6%	The mainland's flagship airline posted a 242.5% y-o-y jump in its first-half net profit to RMB1.57 billion.
China Construction Bank	0939	HK\$6.53	+HK\$0.68	+11.6%	The bank reported a 47.4% y-o-y increase in net profit to RMB34.2 billion for 1H2007.
China Life Insurance	2628	HK\$37.65	+HK\$4.00	+11.9%	The top Chinese life insurance reported a 159.7% y-o-y jump in interim net profit to RMB23.3 billion.
Shanghai Electric	2727	HK\$4.99	+HK\$1.48	+42.2%	The firm plans to buy out its mainland-listed unit and achieve a Shanghai listing after the merger.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @31/08/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Shanghai Industrial	0363	HK\$34.10	+HK\$3.65	+12.0%	The conglomerate reported a 49.2% y-o-y surge in net profit to HK\$932.9 million for 1H2007.
COSCO Pacific	1199	HK\$21.65	+HK\$2.43	+12.6%	The company said it would dispose of its 20% stake in Chong Hing Bank to its parent for HK\$2.09 billion (HK\$24 each).

Summary of US Economic News

Indicator	Change/Index	Comments
Existing home sales – July 2007	-0.2% m-o-m	Sales by homeowners slipped to an annual rate of 5.75 million in July, down 0.2% from the revised 5.76 million pace in June.
Consumer confidence – August 2007	-6.9% m-o-m	The Conference Board's consumer confidence index fell to a better-than-expected 105.0 in August from a revised 111.9 reading in July. It was the biggest m-o-m drop since September 2005, when hurricanes Katrina and Rita sent gas prices to then record levels.
GDP (Prel.) – Q2 2007	+4.0% q-o-q (annualised)	US GDP came in at a 4.0% annual rate of growth for Q2 2007, revising up from its previous estimate of 3.4% and showing the highest growth rate in more than a year.
Initial jobless claims – the week ended 25 th August 2007	+9,000	Applications for unemployment benefits expectedly rose 9,000 to 334,000 last week.

Forthcoming Important Announcements / Events

3 rd September 2007 (Monday)	HK	:	Retail sales – July 2007
	US	:	China Travel (0308) – 2007 interim results Labour Day holiday
4 th September 2007 (Tuesday)	HK	:	Shangri-La Asia (0069) – FY2007 interim results San Miguel Brewery (0236) – FY2007 interim results Tomson Group (0258) – FY2007 interim results Tradelink Electronic (0536) – FY2007 interim results Ajisen (China) Holdings (0538) – FY2007 interim results South China Financial Holdings (0619) – FY2007 interim results Ju Teng International (3336) – FY2007 interim results
	US	:	Construction spending – July 2007 ISM manufacturing index – August 2007 Guess ? Inc – Q2 2007/08 results
5 th September 2007 (Wednesday)	HK	:	First Pacific (0142) – FY2007 interim results China Resources Enterprise (0291) – FY2007 interim results China Communications Services (0552) – FY2007 interim results Hengan International (1044) – FY2007 interim results Sing Tao News Corporation (1105) – FY2007 interim results Wuyi Int'l Pharmaceutical (1889) – FY2007 interim results Xingda International (1899) – FY2007 interim results China Power International (2380) – FY2007 interim results
	US	:	ISM non-manufacturing index – August 2007
6 th September 2007 (Thursday)	HK	:	Denway Motors (0203) – FY2007 interim results SPG Land (Holdings) (0337) – FY2007 interim results Sino Biopharmaceutical (1177) – FY2007 interim results Minmetals Resources (1208) – FY2007 interim results Solomon Systech (2878) – FY2007 interim results Tech Pro Technology Development (3823) – trading debut
	US	:	Productivity (revised) – Q2 2007 Campbell Soup Co – Q4 2006/07 results Cooper Cos Inc – Q3 2006/07 results Quiksilver Inc – Q3 2006/07 results
7 th September 2007 (Friday)	HK	:	Geely Automobile (0175) – FY2007 interim results Top Form International (0333) – FY2006/07 final results
	US	:	China Comm. Construction (1800) – FY2007 interim results Unemployment rate – August 2007 Wholesale inventories – July 2007

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