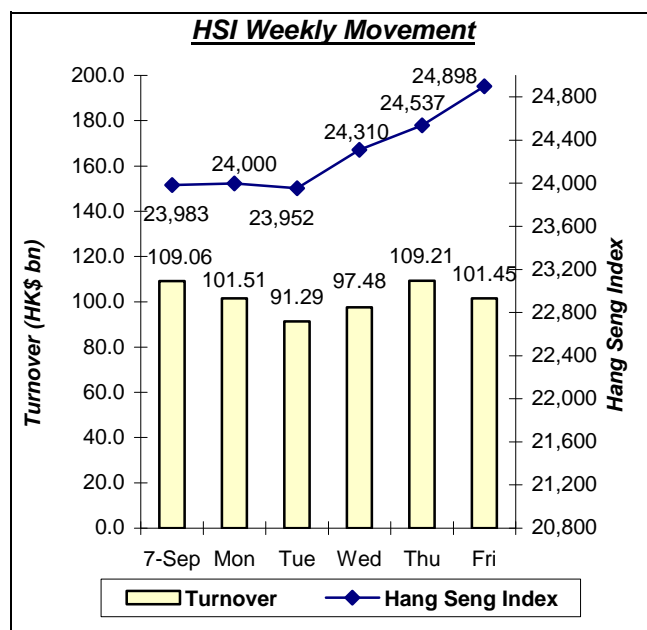


The HSI marched to consecutive new highs



Weekly Market Statistics				
Week ended	14/09/07	07/09/07	Change	%
Hang Seng Index	24,898	23,983	+916	+3.8%
HS Red Chip Index	4,999	4,748	+251	+5.3%
HS China Enterprises Index	14,708	14,489	+219	+1.5%
HS Composite Index	3,608	3,498	+110	+3.2%
HS HK Composite Index	2,735	2,641	+94	+3.6%
HS Mainland Composite Index	4,705	4,573	+132	+2.9%
Growth Enterprise Index	1,541	1,491	+50	+3.3%
Avg Daily Turnover (HK\$ bn)	100.2	90.8	+9	+10.3%
Sectoral Indices				
Finance	37,688	36,983	+705	+1.9%
Utilities	36,743	36,969	-226	-0.6%
Properties	31,853	28,372	+3,481	+12.3%
Comm & Ind	14,103	13,503	+600	+4.4%

Review & Outlook of Market Performance

The local bourse started the week in a flat tone amid a lack of clear direction. However, market sentiment has been buoyant since mid-week on the back of surges in the global markets as investors bet on an interest-rate cut by the US Fed next week. Mainly boosted by the strong performances of property counters amid the rate-cut expectation, the Hang Seng Index marched to all-time highs in three consecutive trading days to close the week at 24,898.11, up 915.50 points or 3.8% w-o-w. Trading remained hectic this week, with average daily turnover amounted to HK\$100.2 billion.

Earlier in the week, market focus was on HKEx, which soared after the HKSAR government said it had raised its shareholding in the bourse operator to 5.88% last Friday. Local property counters picked up steam from mid-week amid growing confidence for a US rate cut next week while the upcoming public land auction also attracted investors' attention on the sector. The HS Properties Sub-index shot up 12.3% w-o-w, with a few blue-chip property developers surging to new record highs on Friday.

The mainland on Tuesday released its latest inflation data, with August's consumer price index up 6.5% y-o-y – the highest since December 2006 – driven by surging food prices. The higher inflationary pressure further signalled that the central government would respond with decisive tightening measures. Meanwhile, A-share listing continued to be the main theme for select H shares, whereas concerns over possible further austerity measures somewhat weighed on the overall sentiment towards H shares. Indeed, the PBOC after Friday's market close raised both the benchmark 1-year deposit rate and lending rate by 27 bps, effective 15th September 2007. Underperforming the HSI, the HSCEI ended this week at 14,707.90, up 1.5% w-o-w.

Looking forward, market spotlight should fall on the interest-rate decision in the FOMC meeting next Tuesday. Although a meaningful profit-taking in the local stock market may be imminent after this week's rally, any consolidation should be short-lived on the back of strong liquidity on continual QDII inflows and the upcoming "individual through train" programme.

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 14th September	13,424.88*	2,601.06*	16,127.42	3,536.40	1,289.50	811.95	9,031.63
7th September	13,113.38	2,565.70	16,122.16	3,488.97	1,304.90	801.46	9,018.08
Change	+311.50	+35.36	+5.26	+47.43	-15.40	+10.49	+13.55
%	+2.4%	+1.4%	+0.0%	+1.4%	-1.2%	+1.3%	+0.2%

Remark (*): closing as of 13th September 2007

Major Changes in Index Constituent Stocks (Week ended 14th September 2007)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @14/09/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Cheung Kong	0001	HK\$127.80	+HK\$11.20	+9.61%	Local ppt counters were well bid on expectation of a US rate-cut after next week's FOMC meeting. Cheung Kong, SHK PPT, Sino Land and Hang Lung PPT hit new highs on Friday.
Henderson Land	0012	HK\$63.10	+HK\$9.10	+16.85%	
SHK Properties	0016	HK\$121.00	+HK\$14.60	+13.72%	
Sino Land	0083	HK\$21.55	+HK\$2.41	+12.59%	
Hang Lung PPT	0101	HK\$33.30	+HK\$3.75	+12.69%	
MTRC	0066	HK\$23.30	+HK\$1.90	+8.88%	MTRC's shares were well bid as its pending tie-up with KCRC moved closer.
HKEx	0388	HK\$187.10	+HK\$29.10	+18.42%	The HKSAR government said it raised its stake in the city's bourse operator.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @14/09/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Shenhua Energy	1088	HK\$40.55	+HK\$5.50	+15.69%	The coal miners surged on rising coal prices and their A-share listing plan.
China Coal	1898	HK\$16.92	+HK\$2.00	+13.40%	
Zijin Mining	2899	HK\$9.08	+HK\$1.05	+13.08%	Buoyant gold prices and A-share listing plan continued to propel the gold miner.
CHALCO	2600	HK\$18.94	-HK\$0.94	-4.73%	Alcoa sold its entire 7% stake in Chalco at HK\$17.34 per share.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @14/09/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Shenzhen Investment	0604	HK\$7.73	+HK\$1.00	+14.86%	The counter recorded a 55x y-o-y surge in underlying interim net profit.

Summary of US Economic News

Indicator	Change/Index	Comments
Consumer credit – July 2007	+US\$7.5 billion	Total consumer credit rose by a smaller-than-expected US\$7.5 billion in July to US\$2.46 trillion.
Trade balance – July 2007	US\$59.2 billion deficit	The trade deficit edged down 0.3% in July to US\$59.2 billion. Exports rose 2.7% to an all-time high of US\$137.7 billion while imports also rose to a record in July, up 1.8% to US\$196.9 billion.
Initial jobless claims – the week ended 8 th September 2007	+4,000	Initial jobless claims rose to 319,000 last week, marking the 6 th increase in the past 7 weeks.

Forthcoming Important Announcements / Events

17 th September 2007 (Monday)	HK	: Public land auction Henderson Land (0012) – FY2006/07 final results Henderson Investment (0097) – FY2006/07 final results Sunlight REIT (0435) – FY2006/07 final results Fosun International (0656) – FY2007 interim results Midland Holdings (1200) – FY2007 interim results Agile Property (3383) – FY2007 interim results
	US	: Adobe Systems Inc – Q3 2006/07 results
18 th September 2007 (Tuesday)	HK	: Unemployment rate – June-August 2007 Great Eagle Holdings (0041) – FY2007 interim results Sino Land (0083) – FY2006/07 final results Shui On Land (0272) – FY2007 interim results Beijing Enterprises (0392) – FY2007 interim results EPI (Holdings) (0689) – FY2007 interim results Guangnan (Holdings) (1203) – FY2007 interim results Xiniao Gas (2688) – FY2007 interim results China Infra. Machinery (3339) – FY2007 interim results China Ting Group (3398) – FY2007 interim results
	US	: FOMC meeting Producer price index – August 2007 Best Buy Co Inc – Q2 2007/08 results Kroger Co – Q2 2007/08 results Lehman Brothers Holdings Inc – Q3 2006/07 results
19 th September 2007 (Wednesday)	HK	: Kingway Brewery (0124) – FY2007 interim results China Merchants Holdings (0144) – FY2007 interim results China Foods Ltd. (0506) – FY2007 interim results COSCO International (0517) – FY2007 interim results China Agri-Industries (0606) – FY2007 interim results Aeon Credit Service (Asia) (0900) – FY2007 interim results Tianjin Port Development (3382) – FY2007 interim results
	US	: Consumer price index – August 2007 Housing starts – August 2007 General Mills Inc – Q1 2007/08 results Morgan Stanley – Q3 2006/07 results
20 th September 2007 (Thursday)	HK	: Consumer price index – August 2007 China Everbright Int'l (0257) – FY2007 interim results Dynasty Fine Wines (0828) – FY2007 interim results Tianjin Development (0882) – FY2007 interim results SMIC (0981) – FY2007 interim results Vedan International (2317) – FY2007 interim results Nine Dragons Paper (2389) – FY2007 interim results Vinda International (3331) – FY2007 interim results United Laboratories (3933) – FY2007 interim results Global Sweeteners Holdings (3889) – trading debut
	US	: Leading indicators – August 2007 Initial jobless claims – the week ended 15 th September 2007 Bear Stearns Cos Inc – Q3 2006/07 results ConAgra Foods Inc – Q1 2007/08 results FedEx Corp – Q1 2007/08 results Goldman Sachs Group Inc – Q3 2006/07 results Nike Inc – Q1 2007/08 results Oracle Corp – Q1 2007/08 results
21 st September 2007 (Friday)	HK	: Brilliance China (1114) – FY2007 interim results CITIC Resources (1205) – FY2007 interim results Global Sweeteners (3889) – FY2007 interim results Hidili Industry International (1393) – trading debut
	US	: Carnival Corp – Q3 2006/07 results

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