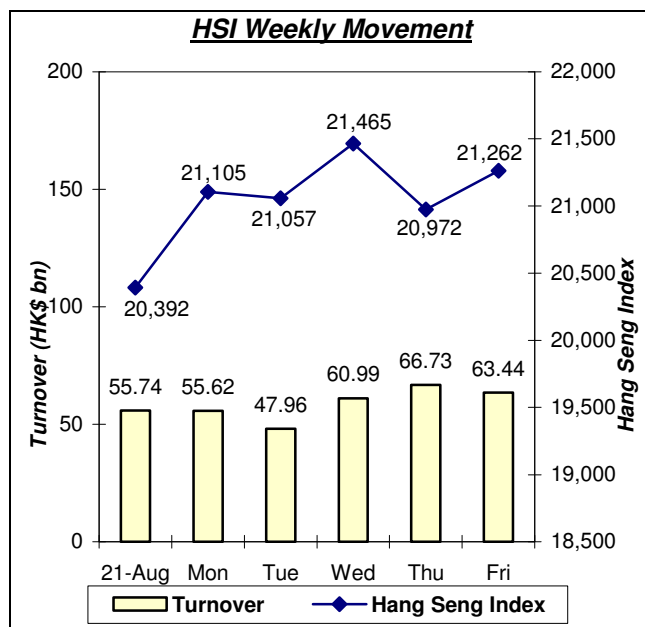


## HSI marched towards 21,500 mark



**Weekly Market Statistics**

Week ended	29/8/2008	21/8/2008	Change	%
Hang Seng Index	21,262	20,392	+870	+4.3%
HS Red Chip Index	4,175	4,111	+65	+1.6%
HS China Enterprises Index	11,664	10,917	+748	+6.9%
HS Composite Index	2,926	2,808	+118	+4.2%
HS HK Composite Index	2,283	2,201	+82	+3.7%
HS Mainland Composite Index	3,748	3,588	+160	+4.5%
Growth Enterprise Index	690	675	+16	+2.3%
Avg Daily Turnover (HK\$ bn)	58.9	52.9	+6	+11.3%
Sectoral Indices				
Finance	33,366	31,505	+1,860	+5.9%
Utilities	42,553	43,028	-476	-1.1%
Properties	26,257	24,092	+2,165	+9.0%
Comm & Ind	11,364	11,134	+230	+2.1%

## Review & Outlook of Market Performance

Tracking overseas market rally at the end of last week and HKEx being closed on Friday because of Typhoon Nuri, the HSI breached 21,000 points in its biggest single-day jump in five months on Monday. However, the turnover fell further on Tuesday, with financials advanced after some major lenders and insurers posting strong first-half earnings results. Meanwhile, investors dumped Unicom and China Netcom amid analysts' concern about the Unicom's capital spending plans for industry restructuring. On Wednesday, Hong Kong shares closed higher, lifted by sharp post-earnings relief rallies in China Mobile and China Life. There was also some frenetic buying ahead of the index futures expiry. On Thursday, major Mainland telecoms (including target price downgrade of China Mobile by major investment houses) hit year lows, Esprit tumbled by 19% amid gloomy analysts' outlook and oil refiners were down on higher crude prices. On Friday, shares rebounded again following a surprisingly strong 2Q 2008 GDP data in the US on the back of better exports and less inventory liquidation by businesses.

Over the week, the Hang Seng Index jumped 869.83 points or 4.27% to 21,261.89, while the HSCEI was up 6.85% to 11,664.43. Market volume was up with the daily average of mainboard turnover jumped 11.3% w-o-w to HK\$58.9 billion.

Looking ahead, the price of oil could rise further as concerns about the possible disruption to US offshore oil and gas output from a strengthening Hurricane Gustav. It is likely to hit Gulf of Mexico, which generates some 26% of crude output, 14% of gas production and 50% of refining capacity in the US. Meanwhile, given that worries about the credit crunch still exist and the rebound in USD could slow down the economic growth in 3Q 2008 in US, the HSI could hit a resistant mark of 22,000 in the near term.

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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							
29th August	11,715.18*	2,411.64*	13,072.87	2,739.95	1,100.50	684.44	7,046.11
22nd August	11,628.06	2,414.71	12,666.04	2,723.30	1,085.60	681.93	6,911.64
Change	+87.12	-3.07	+406.83	+16.65	+14.90	+2.51	+134.47
%	+0.7%	-0.1%	+3.2%	+0.6%	+1.4%	+0.4%	+1.9%

Remarks: (\*) closing as of 28<sup>th</sup> August 2008

### Major Changes in Index Constituent Stocks (Week ended 29<sup>th</sup> August 2008)

#### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @29/8/08	W-O-W Change		Remarks / Comments
			Absolute	%	
COSCO Pacific	01199	HK\$11.96	+HK\$1.78	+17.49%	COSCO Pacific said net profit jumped by 11% in the first half, as China's surging exports of toys, furniture and clothes boosted sea-cargo traffic despite a global slowdown. Net income climbed to US\$153.2 million or 6.8 US cents per share, up from US\$148.5 million or 6.6 US cents a share the previous year. Revenues climbed 10% to US\$162.1 million. An interim dividend of 3.5 US cents per share was declared.
Esprit Holdings	00330	HK\$65.00	-HK\$10.80	-14.25%	A day after its earnings announcement, Esprit tumbled to its lowest close in two years amid gloomy analysts' forecasts. The HK\$2.1/share special dividend and 80% payout ratio seemed not enough as the Group has huge cash reserves. Additionally, the counter has risks of more deterioration of Euro zone economic and EUR/USD depreciation going forward.

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

Stock	Stock Code	Closing Price @29/8/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Tsingtao Brew	00168	HK\$17.80	+HK\$2.90	+19.46%	Tsingtao Brewery soared further since announcing a 42% increase in first-half net profit last week.

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

Stock	Stock Code	Closing Price @29/8/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Sinofert	00297	HK\$5.11	+HK\$0.96	+23.13%	Sinofert reported strong 1H08 results. Revenues increased by 59% y-o-y to RMB22.3 billion. Net income was up 136% y-o-y to RMB1.24 billion, which is in line with market forecast. No interim dividend was declared.



## Summary of US Economic News

Indicator	Change/Index	Comments
Existing home sales – July 2008	+3.1%	Existing home sales rose 3.1% in July, more than expected, to an annual rate of five million from 4.85 million in June, from a 10-year low as declining prices helped stabilize demand.
Consumer confidence – August 2008	56.9	Consumer confidence jumped to 56.9 from July's 51.9, the highest level since May this year. It is recovered more than expected as worries over inflation eased.
New home sales – July 2008	+2.4%	New home sales rose unexpectedly by 2.4% last month to a seasonally adjusted annual rate of 515,000 units – the most since April this year, on heavily discounted properties' prices. Home prices fell 4.8% in the 2Q 2008, y-o-y, the biggest decline in the 17-year history of an index.
Orders for durable goods – July 2008	+1.3%	Orders of US durable goods unexpectedly rose in July, rising 1.3%. The gains may have been aided by foreign demand for automobiles, aircrafts and telecommunications gear as exports climbed to a record.
Initial jobless claims – week ended on 23 <sup>rd</sup> August 2008	-10,000	Initial claims for unemployment benefits fell 10,000 to 425,000. The four-week average fell by 6,000 to 440,250.
GDP (preliminary) – Q2 2008	+3.3%	GDP rose at a seasonally adjusted 3.3% annual rate April through June, a revised estimate for Q2 2008, on better exports and less inventory liquidation by businesses. Originally, the government had estimated Q2 GDP at +1.9%.

## Forthcoming Important Announcements / Events

1 <sup>st</sup> September 2008 (Monday)	HK	:	<b>SCMP Group Limited (00583) – interim results</b> Sinotrans Limited (00598) – interim results Giordano International Limited (00709) – interim results China Resources Power Hldgs Co. Ltd.(00836) – interim results Purchasing managers index – August 2008 Retail sales – July 2008
	US	:	No important announcement/ event
2 <sup>nd</sup> September 2008 (Tuesday)	HK	:	<b>China Merchants (Int'l) Co. Ltd (00144) – interim results</b> <b>Shanghai Industrial Holdings Limited (00363) – interim results</b> China Shanshui Cement (00691) – interim results Hidili Industry Intn'l Development Ltd. (01393) – interim results China National Materials Co. Ltd. (01893) – interim results
	US	:	ISM manufacturing index – August 2008
3 <sup>rd</sup> September 2008 (Wednesday)	HK	:	China Investments Holdings Limited (00132) – interim results China Resources Enterprise, Limited (00291) – interim results China Power Int'l Development Ltd. (02380) – interim results
	US	:	Factory orders – July 2008 Beige Book – August 2008
4 <sup>th</sup> September 2008 (Thursday)	HK	:	Kingway Brewery Holdings Limited (00124) – interim results Sing Tao News Corporation Limited (01105) – interim results
	US	:	Initial jobless claims – week ended on 30 <sup>th</sup> August 2008 ISM non-manufacturing survey – August 2008
5 <sup>th</sup> September 2008 (Friday)	HK	:	<b>Great Wall Motor Company Limited (02333) – interim results</b>
	US	:	Employment situation – August 2008



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