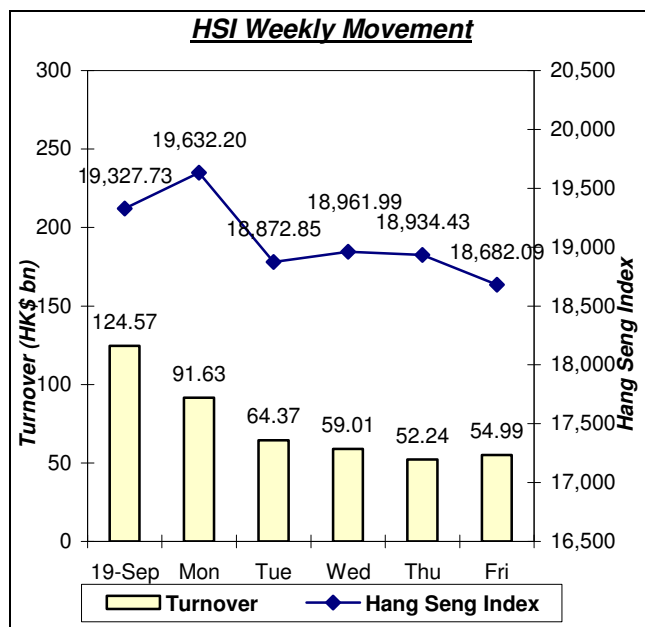


HSI resumes downward trend



Weekly Market Statistics				
Week ended	26/9/2008	19/9/2008	Change	%
Hang Seng Index	18,682	19,328	-646	-3.3%
HS Red Chip Index	3,549	3,755	-206	-5.5%
HS China Enterprises Index	9,589	9,975	-386	-3.9%
HS Composite Index	2,486	2,601	-115	-4.4%
HS HK Composite Index	2,040	2,111	-71	-3.3%
HS Mainland Composite Index	3,081	3,248	-166	-5.1%
Growth Enterprise Index	561	564	-3	-0.6%
Avg Daily Turnover (HK\$ bn)	64.4	97.9	-33	-34.1%
Sectoral Indices				
Finance	30,840	31,257	-417	-1.3%
Utilities	41,205	41,144	+61	+0.1%
Properties	20,669	22,296	-1,627	-7.3%
Comm & Ind	9,553	10,074	-521	-5.2%

Review & Outlook of Market Performance

Hong Kong stocks opened the week higher after the US government had announced a US\$700 billion bailout plan in an attempt to end the recent financial crisis. Nonetheless, the bailout plan may be delayed, as it is facing opposition in the US Congress. Besides, there was also news of the failure of Washington Mutual, which triggered renewed pressure on HK stocks. Hang Seng Index ended the week at 18,682.09, down 3.3% w-o-w, the fourth week of decline in a row, while the HSCEI fell 3.9% to 9,589.01.

Major China shares saw some support early in the week, after Central Huijin, the investment arm of the People's Bank of China, said it would raise its stake in the top three PRC lenders – ICBC, China Construction Bank and Bank of China – by buying shares in the secondary market. However, the boost was short-lived, as figures showed the first round of purchase was only of a very small scale. PetroChina, Tsingtao and China Coal Energy also claimed their parent companies had raised stakes in the respective companies in the domestic A-share market, while parent of Sinotruk had similar action via buying shares on the HKEx. Meanwhile, some stocks moved in great volatility during the week. Share prices of the Mainland's largest dairy product manufacturer Mengniu dived, after its products had been tested positive for the toxic substance of melamine. The stock was down as much as 65.8% after it resumed trading on Tuesday and finished the week down by a sharp 58.6%. Small-to-mid sized banks in HK were under pressure, after the Bank of East Asia was hit by bank run on Wednesday amid rumours that it was financially unstable. The chaos was largely contained in the next day, following the bank's clarification as well as supportive comments from the HK government, the HKMA and business tycoons like Li Ka-shing.

Investors could take a breather next week amid the National Day "Golden Week" (Sep 29 – Oct 5) in the Mainland and a day-break on Wednesday (Oct 1) in Hong Kong. Market sentiment is expected to improve beyond the golden week, as Beijing is seen introducing more favourable policies during the 3rd plenary session of the 17th National Congress to defend economic growth. For the coming week, the HSI is expected to see support near 18,000.

This report has been prepared solely for information purposes and we are not soliciting any action based upon it. Neither this document nor its contents shall be construed as an offer, invitation, advertisement, inducement or representation of any kind or form whatsoever. The information is based upon information, which we consider reliable, but accuracy or completeness is not guaranteed. Opinions expressed herein are subject to change without notice. At time of this report, East Asia Securities Company Limited has no position in securities of the company or companies mentioned herein, while its group companies may from time to time have interests in securities of the company or companies mentioned herein.



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							
26th September	11,022.06*	2,186.57*	11,893.16	2,411.46	1,020.53	618.97	5,929.63
19th September	11,388.44	2,273.90	11,920.86	2,559.07	1,025.70	624.83	5,970.38
Change	-366.38	-87.33	-27.70	-147.61	-5.17	-5.86	-40.75
%	-3.2%	-3.8%	-0.2%	-5.8%	-0.5%	-0.9%	-0.7%

Remarks: (*) closing as of 25th September 2008

Major Changes in Index Constituent Stocks (Week ended 26th September 2008)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @26/9/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Sun Hung Kai Properties	00016	HK\$85.45	-HK\$9.55	-10.05%	Property developers underperformed, as investors rushed to unwind their holdings following the V-shaped rebound on Sep 18-19. Sentiment in the local property market further weakened, as some investors were offering bigger discount to sell off their property assets in the midst of global credit crunch.
Sino Land	00083	HK\$9.65	-HK\$1.07	-9.98%	
Hang Lung Properties	00101	HK\$18.86	-HK\$2.14	-10.19%	
The Bank of East Asia	00023	HK\$25.85	-HK\$3.15	-10.86%	Due to ungrounded rumours, BEA was hit by bank run on Wed, triggering a sell-off in the stock.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @26/9/08	W-O-W Change		Remarks / Comments
			Absolute	%	
China COSCO	01919	HK\$8.00	-HK\$1.94	-19.52%	Shipping plays were among the losers in the H-share index, amid a drop in dry bulk freight rates and rising concerns over the global economy slumping into recession. Most of the counters were moving near the low set on Sep 18 when the stock market crashed.
China Shipping Development	01138	HK\$10.50	-HK\$0.86	-7.57%	
China Shipping Container Lines	02866	HK\$1.47	-HK\$0.28	-16.00%	
China Life	02628	HK\$29.35	+HK\$1.35	+4.82%	Mainland insurers saw pleasant gains during the week, thanks to a rebound in the domestic stock market following the introduction of supportive measures by Beijing. However, Ping An fell into negative territory after news reported that Fortis, of which it owns a 5% stake, was in funding trouble.
Ping An Insurance	02318	HK\$47.50	-HK\$4.40	-8.48%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @26/9/08	W-O-W Change		Remarks / Comments
			Absolute	%	
CNOOC	00883	HK\$9.47	+HK\$0.12	+1.28%	CNOOC outperformed during the week amid a rebound in crude oil prices to above US\$100 per barrel.



Summary of US Economic News

Indicator	Change/Index	Comments
Existing home sales - August 2008	-2.2%	Existing home sales stood at an annual rate of 4.91 million units by August, down 2.2% from July's 5.02 million units. On a year-on-year basis, it was down by 10.7%.
Durable goods orders - August 2008	-4.5%	Durable goods orders fell 4.5% in August, much worse than consensus forecast of a 1.3% decline.
Initial jobless claims - for the week ended 20 th September 2008	+32,000	Initial jobless claims jumped 32,000 to 491,000 (vs previous week's 461,000), the highest reading since the last week of September 2001.
New home sales - August 2008	-11.5%	New home sales tumbled 11.5% m-o-m to an annual rate of 460,000 in August, much worse than market expectation of 513,000. On a year-on-year basis, new home sales plunged 34.5%.

Forthcoming Important Announcements / Events

29 th September 2008 (Monday)	HK	:	China Infrastructure Investment (00600) – interim results Wonson International (00651) – interim results Perfectech International (00765) – interim results eForce Holdings (00943) – interim results Golden Resorts Group (01031) – interim results Mayer Holdings (01116) – interim results Inno-Tech Holdings (08202) – interim results
	US	:	Personal income and spending – August 2008
30 th September 2008 (Tuesday)	HK	:	Xian Yuen Titanium Resources (00353) – interim results Art Textile Technology International (00565) – final results Shanghai Qingpu Fire-Fighting Equipment (08115) – 2006 final and Q1-Q3 2007 results Quasar Communication Technology (08171) – interim results
	US	:	Consumer confidence – September 2008
1 st October 2008 (Wednesday)	HK	:	National Day – market holiday
	US	:	Construction spending – August 2008 ISM manufacturing index – September 2008 Micron Technology – Q4 FY2007/08 results
2 nd October 2008 (Thursday)	HK	:	Retail sales – August 2008
	US	:	Initial jobless claims – the week ended 27 th September 2008 Factory orders – August 2008
3 rd October 2008 (Friday)	HK	:	Ngai Hing Hong (01047) – final results Smart Rich Energy Finance (01051) – final results Bloomage BioTechnology (00963) – trading debut
	US	:	Non-farm payrolls – September 2008 Jobless rate – September 2008 ISM non-manufacturing index – September 2008



Important Disclosure / Analyst Certification / Disclaimer

This document is published by East Asia Securities Company Limited, a wholly-owned subsidiary of The Bank of East Asia, Limited (BEA).

The research analyst primarily responsible for the content of this report, in part or in whole certifies that the views on the companies and their securities mentioned in this report accurately reflect his/her personal views. The analyst also certifies that no part of his/her compensation was, is, or will be, directly, or indirectly, related to specific recommendations or views expressed in this report.

This report has been prepared solely for information purposes and has no intention whatsoever to solicit any action based upon it. Neither this report nor its contents shall be construed as an offer, invitation, advertisement, inducement or representation of any kind or form whatsoever. The information is based upon information, which East Asia Securities Company Limited considers reliable, but accuracy or completeness is not guaranteed. Information and opinions expressed herein reflect a judgment as of the date of this document and are subject to change without notice. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This report is not to be taken in substitution for the exercise of judgment by respective readers of this report, who should obtain separate legal or financial advice. East Asia Securities Company Limited and / or The BEA Group accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or further communication given in relation to this report.

At time of this report, East Asia Securities Company Limited has no position in securities of the company or companies mentioned herein the report, while BEA along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this report. BEA and its associates, its directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

BEA and/or any of its affiliates may beneficially own a total of 1% or more of any class of common equity securities of the subject company or companies mentioned in this report and may, within the past 12 months, have received compensation and/or within the next 3 months seek to obtain compensation for investment banking services from the subject company or companies mentioned in the report.

This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of, or located in, any locality, state, country or other jurisdiction, publication, availability or use would be contrary to law and regulation.