

**BEA** securities

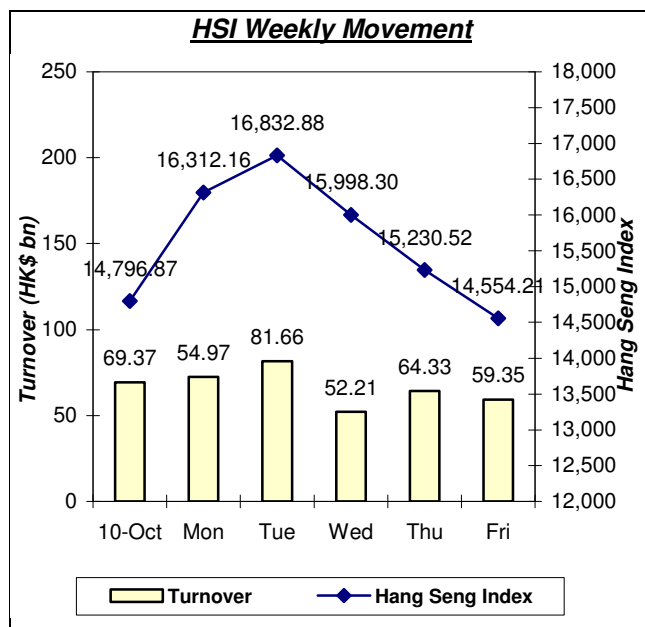
EAST ASIA SECURITIES COMPANY LIMITED

9/F, 10 Des Voeux Road Central, Hong Kong.

Dealing: 3608 8000 Research: 3608 8098 Facsimile: 3608 6132

HONG KONG RESEARCH**Restricted circulation**

Analyst: Kelvin Li

Weekly Report17th October 2008**Another “roller coaster” week for global equities**

Weekly Market Statistics				
Week ended	17/10/2008	10/10/2008	Change	%
Hang Seng Index	14,554	14,797	-243	-1.6%
HS Red Chip Index	2,857	2,855	+3	+0.1%
HS China Enterprises Index	7,008	7,136	-128	-1.8%
HS Composite Index	1,917	1,960	-42	-2.2%
HS HK Composite Index	1,612	1,647	-35	-2.1%
HS Mainland Composite Index	2,337	2,390	-53	-2.2%
Growth Enterprise Index	457	457	+1	+0.1%
Avg Daily Turnover (HK\$ bn)	66.0	63.8	+2	+3.5%
Sectoral Indices				
Finance	24,145	25,089	-944	-3.8%
Utilities	34,662	36,997	-2,335	-6.3%
Properties	15,807	14,723	+1,084	+7.4%
Comm & Ind	7,343	7,354	-12	-0.2%

Review & Outlook of Market Performance

Market volatility surged to unprecedented level over the past two weeks amid ailing confidence, big share price fluctuations and slumping energy and commodity prices. Earlier in the week, Hong Kong shares followed global equity markets to rebound, after Europe set out rescue plans to try to unfreeze the banking sector, followed by similar government actions around the world. However, global equity markets failed to hold much of the gain, as concerns over a global recession intensified following disappointing economics data in the US. Over the week, the Hang Seng Index fell 1.6% to a fresh 3-year closing low, while the HSCEI dropped 1.8%. Market turnover increased slightly with the daily average up by 3% to HK\$66 billion.

Major European countries revealed after its emergency meeting on Sunday (12th Oct) to set aside more than US\$2 trillion to boost capital of commercial banks and guarantee interbank lending, modelled from similar plans in the UK, in an attempt to restore both confidence and normal operations in the credit market. The overall scale of the rescue plans is much greater than that of the US (US\$700 billion), which has helped soothe panic sentiment and staged a global market rebound on Monday. Nonetheless, the market reversed course shortly, as the US rescue plan failed to impress and the country posted the worst monthly drop of retail sales in three years last month. Crude oil prices once traded below US\$70 a barrel (down some 10% from 10th Oct) during the week, on growing concerns that a recession would curb demand for oil and other commodities. Commodity prices like precious and base metals also headed south on a looming economic outlook. In HK, the Government said it would give full protection of bank deposits and is ready to support the banking industry by capital injection. In the meantime, Chief Executive D. Tsang delivered his policy address, but it shed not much new colours. For HK equities, we saw mixed performances. Shipping and metal plays were among the big losers on growing recession anxiety. Local property developers rebounded on bargain hunting, while the PRC power producers surged on dropping coal prices.

HK stock market would continue to track overseas movement in the short run. For the coming week, investors will pay attention to the release of key Chinese economic data, including Q3 GDP on Tuesday and CPI on Wednesday as well as pending Q3 results announcements from Chinese enterprises.

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							
17th October	8,979.26*	1,717.71*	8,693.82	1,878.51	905.23	471.31	4,960.40
10th October	8,451.19	1,649.51	8,276.43	1,948.33	934.01	451.96	5,130.71
Change	+528.07	+68.20	+417.39	-69.82	-28.78	+19.35	-170.31
%	+6.2%	+4.1%	+5.0%	-3.6%	-3.1%	+4.3%	-3.3%

Remarks: (*) closing as of 16th October 2008

Major Changes in Index Constituent Stocks (Week ended 17th October 2008)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @17/10/08	W-O-W Change		Remarks / Comments
			Absolute	%	
Ping An Insurance	02318	HK\$35.50	-HK\$4.60	-11.47%	Ping An underperformed, as investors expected it has to make further provision on its investment of a 5% stake in Fortis. Fortis, a Belgium-Dutch financial group, saw its share price down sharply after it resumed trading on Monday.
Hang Lung Properties	00101	HK\$15.70	+HK\$1.70	+12.14%	
Sino Land	00083	HK\$7.50	+HK\$0.68	+9.97%	

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @17/10/08	W-O-W Change		Remarks / Comments
			Absolute	%	
China COSCO	01919	HK\$4.26	-HK\$0.43	-9.17%	Shipping plays were hard hit, amid a plunge in global dry bulk freight rates on rising worries about global recession. The Baltic Dry index, which tracks global freight rates of dry bulk cargoes, tumbled to a 5-yr low during the week.
China Shipping Development	01138	HK\$5.81	-HK\$1.19	-17.00%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @17/10/08	W-O-W Change		Remarks / Comments
			Absolute	%	
China Resources Power	00836	HK\$15.74	+HK\$1.68	+11.95%	Mainland power producers were among the winners during the week, as the sector was expected to benefit from recent fall in coal prices in China. Besides, another power tariff hike is seen in the fourth quarter, amid easing inflationary pressure in the Mainland.
China Power	02380	HK\$1.56	+HK\$0.16	+11.43%	



Summary of US Economic News

Indicator	Change/Index	Comments
Producer price index – September 2008	-0.4%	PPI was down by 0.4% m-o-m in Sep, amid dropping crude oil prices, matching market expectations.
Retail sales – September 2008	-1.2%	Retail sales fell 1.2% m-o-m in Sep, worse than consensus forecast of a 0.8% drop. It was the largest drop in three years and the third monthly fall in a row, pointing to a weak US economy.
Consumer price index – September 2008	+0.0%	Consumer prices ended flat in Sep, below consensus forecast of a 0.1% rise, amid dropping energy prices.
Initial jobless claims – the week ended 11 th October 2008	-16,000	Initial jobless claims fell 16,000 last week to 461,000, better than market expectation of 470,000, as the labour market recovered from the impact of hurricane in Texas and Louisiana.
Industrial production – September 2008	-2.8%	Factory output tumbled 2.8% m-o-m in Sep, the worst in almost 34 years and much higher than forecast of a 0.8% fall.

Forthcoming Important Announcements / Events

20 th October 2008 (Monday)	HK	:	Unemployment statistics – Jul-Sep 2008 Hua Han Bio-Pharmaceutical (00587) – final results
	US	:	Index of leading economic indicators – September 2008 American Express Company – Q3 2008 results Texas Instruments – Q3 2008 results
21 st October 2008 (Tuesday)	HK	:	Chaoda Modern Agriculture (00682) – final results Kai Yuan Holdings (01215) – final results The Quaypoint Corporation (02330) – final results Mitsumaru East Kit (Holdings) (02358) – interim results
	US	:	3M Company – Q3 2008 results Apple Inc. – Q4 FY2007/08 results Caterpillar Inc. – Q3 2008 results Pfizer – Q3 2008 results Yahoo, Inc. – Q3 2008 results
22 nd October 2008 (Wednesday)	HK	:	Renhe Commercial (01387) – trading debut (revised from 15 th Oct) Proview International (00334) – final results Sandmartin International (00482) – final results Bossini International (00592) – final results
	US	:	Amazon.com, Inc. – Q3 2008 results AT&T – Q3 2008 results McDonald's Corporation – Q3 2008 results Merck & Co., Inc. – Q3 2008 results The Boeing Company – Q3 2008 results
23 rd October 2008 (Thursday)	HK	:	Consumer price index – September 2008 Buildmore International (00108) – interim results Paladin Limited (00495) – final results Benefun International (01130) – final results Fittec International (02662) – final results
	US	:	Jobless claims – week ended 18 th October 2008 Microsoft – Q1 FY2008/09 results Xerox Corporation – Q3 2008 results
24 th October 2008 (Friday)	HK	:	Champion Technology (00092) – final results China Outdoor Media Group (00254) – final results See Corporation (00491) – final results
	US	:	Existing home sales – 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.