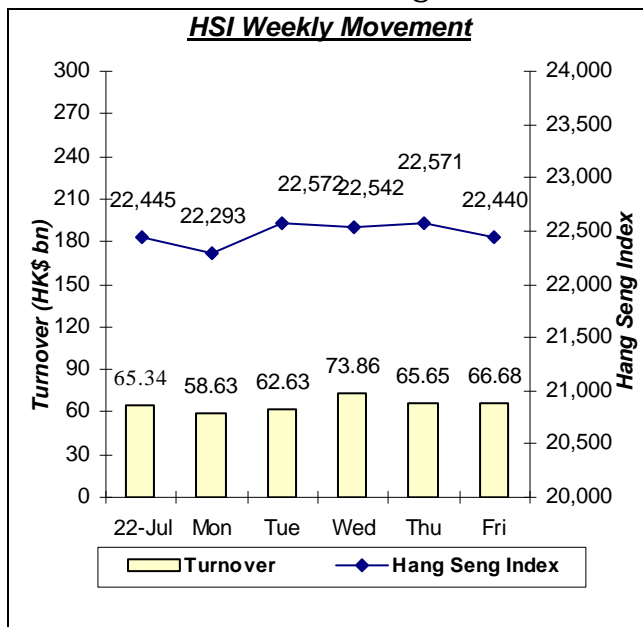


Market range traded on the eve of reporting season


Weekly Market Statistics

Week ended	29/7/2011	22/7/2011	Change	%
Hang Seng Index	22,440	22,445	-5	-0.0%
HS Red Chip Index	4,256	4,262	-7	-0.2%
HS China Enterprises Index	12,374	12,599	-225	-1.8%
HS Hong Kong 35 Index	2,514	2,486	+28	+1.1%
HS Mainland 100 Index	7,080	7,146	-66	-0.9%
Growth Enterprise Index	650	671	-22	-3.2%
Avg Daily Turnover (HK\$ bn)	65.5	63.4	+2	+3.3%
Sectoral Indices				
Finance	31,590	31,692	-102	-0.3%
Utilities	49,178	47,246	+1,932	+4.1%
Properties	28,681	28,105	+576	+2.0%
Comm & Ind	13,026	13,120	-93	-0.7%

Review & Outlook of Market Performance

The local bourse made a weak start this week as the market was awash with rumours that the US would still lose its AAA rating even if a compromise could be reached between the White House and Congress to raise the debt ceiling. But investors were subsequently cheered by optimism about local companies' interim earnings which helped offset Wall Street's weakness. Over the week, the Hang Seng Index rose 4.55 points or 0.02% to 22,440.25, while the HSCEI fell 1.79% to 12,373.64. Average daily turnover amounted to HK\$65.5 billion, up from HK\$63.4 billion in the previous week.

Power Assets, AIA Group and Hang Lung Properties kicked off the interim reporting season of local blue chips. Power Assets saw its first-half profit soar by 47% y-o-y to a record on full-period contribution from its UK investments while AIA Group reported a 24% y-o-y rise in first-half net profit, helped by strong growth in key markets such as China and Thailand. Both of their shares surged to record highs after reporting forecast-beating results. In contrast, Hang Lung Properties said full-year profit excluding gains from revaluations fell 59% on fewer homes sales.

During the week, railway shares were worst hit, as investors began panic selling after the fatal collision in Wenzhou City, Zhejiang Province, that prompted the government to order a safety inspection. Railway stocks, namely China Railway (00390), China Railway Construction (01186), CSR Corp (01766) and Zhuzhou CSR Times (03898), plunged 10%-18% w-o-w. The tragedy, however, drove up airline share prices as the train crash might spur demand for alternative transportation options.

On the IPO front, China's top hypermart operator Sun Art Retail Group (06808) surged 40.5% on its trading debut, making it one of the best performing initial public offerings this year. Separately, iBond, the first inflation-linked bond in HK, surprised investors by rising 6.7% on the first trading day after tepid response in the retail subscription.

Looking into next week, investors would focus on the results announcements of the banking counters, including HSBC, Hang Seng Bank (both on Monday), Standard Chartered (Wednesday) and the Bank of East Asia (Thursday). Attention should also be given to the upcoming US economic figures (personal spending & unemployment rate) to be released next week. Any positive surprises from corporate earnings may drive the HSI to test its resistance of 22,800 set in early July.

This report has been prepared solely for information purposes and we, East Asia Securities Company Limited 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. This document is based upon information, which we consider reliable, but accuracy and completeness are not guaranteed. Opinions expressed herein are subject to change without notice. At the time of preparing this report, we have no position in securities of the company or companies mentioned herein, while other Bank of East Asia 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
29th July	12,240.11*	2,766.25*	9,833.03	3,189.26	1,548.81	1,133.53	8,644.18
22nd July	12,681.16	2,858.83	10,132.11	3,182.05	1,565.06	1,121.04	8,765.32
Change	-441.05	-92.58	-299.08	+7.21	-16.25	+12.49	-121.14
%	-3.5%	-3.2%	-3.0%	+0.2%	-1.0%	+1.1%	-1.4%

Remark: (*) closing as of 28th July 2011

Major Changes in Index Constituent Stocks (Week ended 29th July 2011)**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @29/7/2011	W-O-W Change		Remarks / Comments
			Absolute	%	
AIA Group	01299	HK\$28.65	+HK\$1.75	+6.5%	AIA Group reported better-than-expected fiscal first-half results. The value of its new business jumped 32% y-o-y, thanks to strong growth in its key markets of Hong Kong and Thailand.
Power Assets	00006	HK\$64.5	+HK\$4.9	+8.2%	Power Asset announced a record 47% gain in 1H11 profit due to full-period contribution from its UK investments. It was the first time the proportion of earnings derived from the overseas markets exceeding earnings from the HK operations.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @29/7/2011	W-O-W Change		Remarks / Comments
			Absolute	%	
China Railway Construction	01186	HK\$4.78	-HK\$1.07	-18.3%	Chinese railway stocks slumped after a deadly train accident at the weekend fuelled concerns over the safety of the country's rapidly expanding high-speed rail network.
China Railway	00390	HK\$2.92	-HK\$0.35	-10.7%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @29/7/2011	W-O-W Change		Remarks / Comments
			Absolute	%	
COSCO Pacific	01199	HK\$12.66	-HK\$0.48	-3.7%	Shipping counters were mostly down as CSCL, China's second largest container carrier, issued a profit warning, saying adverse conditions in the global container market caused it to post a first half loss.



Summary of US Economic News

Indicator	Change/Index	Comments
Consumer Confidence - July 2011	59.5	The Conference Board's index rose nearly two points to 59.5 from 57.6 in June. A key detail in this report was the assessment of the current jobs market where more people, 44.1% vs June's 43.2%, said jobs were hard to get. This suggested another month of trouble for the monthly employment report.
New Home Sales - June 2011	-1.0%	Although the report showed weak new home sales, price strength surprised the market, with the median up 5.8% to \$235,200 and the average price up 1.8% to \$269,000.
Durable Goods Orders - June 2011	-2.1%	New factory orders for durables in June fell 2.1%, following a rebound of 1.9% in the prior month. Transportation was the weakest component, dropped a sharp 8.5%, following a 5.8% rebound in May.
Initial jobless claims – week ended 23 rd July 2011	-24,000	Initial jobless claims dropped a very sharp 24,000 for the week ended 23 rd July to 398,000 (the first sub-400,000 reading since April 2011). The four-week average of 413,750 was down a steep 8,500 in the week for a nearly 15,000 improvement from the month-ago reading.

Forthcoming Important Announcements / Events

1 st August 2011 (Monday)	HK	:	HSBC Holdings (00005) – interim results Hang Seng Bank (0011) – interim results Hutchison Telecommunications Hong Kong (00215) – interim results Retail Sales – June 2011
	US	:	ISM Mfg Index – July 2011 Construction Spending – Jun 2011
2 nd August 2011 (Tuesday)	HK	:	Hui Xian REIT (87001) – interim results
	US	:	Personal Income and Outlays – June 2011
3 rd August 2011 (Wednesday)	HK	:	SouthGobi Resources (01878) – interim results Pacific Basin Shipping (02343) – interim results Standard Chartered (02888) – interim results
	US	:	Factory Orders – June 2011 ISM Non-Mfg Index – July 2011
4 th August 2011 (Thursday)	HK	:	Cheung Kong (00001) – interim results Hutchison Whampoa (00013) – interim results The Bank of East Asia (00023) – interim results
	US	:	Initial jobless claims – week ended 30 th July 2011
5 th August 2011 (Friday)	HK	:	Orient Overseas (International) (00316) – interim results CSR Corporation (01766) – interim results Prudential Group (02378) – interim results Zhuzhou CSR Times Electric (03898) – interim results
	US	:	Employment Situation – July 2011



Important Disclosure / Analyst Declaration / Disclaimer

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

Each research analyst primarily responsible for the content of this report (whether in part or in whole) certifies that (i) the views on the companies and securities mentioned in this report accurately reflect his/her personal views; and (ii) 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. This report is based upon information, which East Asia Securities Company Limited considers reliable, but accuracy or completeness is not guaranteed. The analysis or opinions expressed in this report only reflect the views of the relevant analyst as at the date of the release of this report which 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 recipient. This report should not be regarded by recipients as a substitute for the exercise of their own judgment. Investments involve risks and investors should exercise prudence in making their investment decisions and obtain separate legal or financial advice, if necessary. East Asia Securities Company Limited and / or The Bank of East Asia Group accepts no liability whatsoever for any direct or consequential loss arising from any use of or reliance on this report or further communication given in relation to this report.

At the time of preparing this report, East Asia Securities Company Limited has no position in securities of the company or companies mentioned herein, while BEA along with its affiliates/associates 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 affiliates/associates, their 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/associates may beneficially own a total of 1% or more of any class of common equity securities of the 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 company or companies mentioned in the report.

This report 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.