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HK stocks extend momentum, buoyed by Sino-US trade talks outcome

By Gaby Lin in Hong Kong

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An electronic stock board showing Hong Kong's stock indices is seen at the Exchange Square, which houses the Hong Kong Stock Exchange, in Central, Hong Kong, Aug 20, 2025. (EDMOND TANG / CHINA DAILY)

Hong Kong stocks roared back on Monday, underpinned by renewed optimism over easing trade tensions between China and the United States, after the two countries struck a "preliminary consensus" on several key issues during weekend negotiations.

The benchmark Hang Seng Index extended last Friday's rally, adding 273.55 points to close at 26,433.70 points, after a strong start added more than 335 points in morning trading.

The Hang Seng Tech Index, which tracks the largest tech firms listed in the special administrative region, climbed 1.83 percent, or 111.19 points to close at 6,171.08 points. Meanwhile, the Hang Seng China Enterprises Index — a key gauge of mainland-based companies — edged up 1.10 percent.

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Delegations from China and the US concluded their fifth round of trade talks on Sunday. The two sides have reached a basic agreement on a number of issues, including the extension of reciprocal tariff suspensions, fentanyl-related tariffs and law enforcement cooperation, agricultural trade, and export controls.

Although specific details of the talks were not disclosed, the outcome helped set up a positive tone for equities. "The positive outcome between China and the US alleviates many market concerns and improves sentiment," said Kenny How Sze-ming, a council member of Hong Kong Securities and Futures Professionals Association.

"Technology and chip stocks are particularly notable, because these technologies are targeted by the US," he added.

Chinese tech heavyweight Baidu led the rally, jumping 6.20 percent to HK\$125.10 (\$16.10) per share. Counterparts Alibaba and Tencent followed with gains of 3.15 percent and 2.90 percent respectively. On the other hand, Semiconductor Manufacturing International — China's largest chip foundry — increased 3.50 percent, while aluminum producer China Hongqiao Group rose 3.25 percent to a record high.

Charu Chanana, chief investment strategist at Saxo Markets in Singapore, said the outcome of the [Sino-US talks](#) "looks like a win on optics for both sides".

"The US tempers inflation and supply-chain risks tied to rare earths and electronics, while China avoids sweeping tariffs and keeps its export channels open," Chanana added.

Also lending support to the Hong Kong market performance was the pharmaceutical sector. WuXi AppTec posted an over 50 percent jump in its third-quarter net income of 3.5 billion yuan (\$492 million). That sent the mainland drug maker's stock surging 4.07 percent to HK\$115.00 per share.

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Yang Delong, chief economist at First Seafrost Fund, said mainland innovative drug stocks have posted notable gains, driven by the country's many advantages such as its deep talent pool. While some shares have seen pullbacks recently, Yang said he believes companies with ample innovation capabilities still hold long-term upside potential.

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Looking ahead, Hong Kong’s equity market is likely to maintain strong momentum, according to How.

“A new round of policy deployments is expected to boost market confidence,” he said. “On the other hand, the Federal Reserve is anticipated to continue cutting interest rates in October, which may increase market risk appetite.”

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