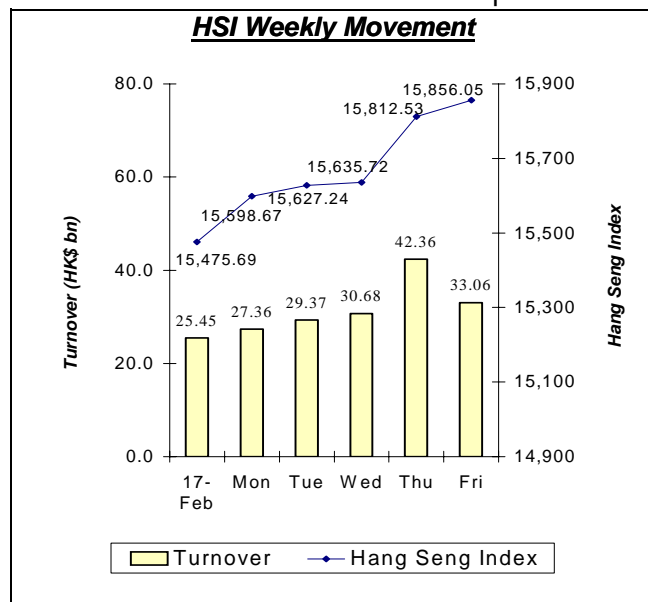


HSI up Nine Consecutive Days



Weekly Market Statistics				
Week ended	24/2/2006	17/2/2006	Change	%
Hang Seng Index	15,856.05	15,475.69	+380.36	+2.5%
HS Red Chip Index	2,126.44	2,057.28	+69.16	+3.4%
HS China Enterprises Index	6,599.40	6,379.95	+219.45	+3.4%
HS Composite Index	2,124.12	2,074.63	+49.49	+2.4%
HS HK Composite Index	2,101.18	2,060.97	+40.21	+2.0%
HS Mainland Composite Index	2,181.56	2,113.50	+68.06	+3.2%
S&P/HKEx GEM Index	1,171.10	1,158.37	+12.73	+1.1%
Avg Daily Turnover (HK\$ bn)	32.56	31.81	+0.75	+2.4%
Sectoral Indices				
Finance	28,079.36	27,597.37	+481.99	+1.7%
Utilities	32,586.61	31,681.74	+904.87	+2.9%
Properties	19,578.85	18,846.56	+732.29	+3.9%
Comm & Ind	7,676.45	7,477.57	+198.88	+2.7%

Review & Outlook of Market Performance

Hang Seng Index surged more than 2% to a high not seen since February 2001, as investors took profit on H shares after recent rally and shifted funds to blue chip laggards. The Hang Seng index gained 380.36 points or 2.46% w-o-w to close 15,856.05. Trading was active with average daily turnover at HK\$32.56 billion, up slightly from HK\$31.81 billion the previous week. Turnover of HK\$42.36 billion on Thursday was indeed the highest since August 1998 when the HK government intervened the local stock market to fend off market manipulations.

Blue chips gained over the week, as investors hunt for bargains ahead of the earnings season. Property developers were the best performers, as market watchers said local banks' mortgage price war should help the real estate market to gain back some steam. New World Development, the top gainer in HSI, jumped 9.09% to HK\$12.60, followed by a 7.83% rise in Henderson Land Development at HK\$42.00. HK & China Gas continued to lead utilities higher, as stock filings showed Chairman Lee Shau-kee kept boosting his stake in the piped gas supplier. The stock ended up 5.51% w-o-w to HK\$19.15, after testing all-time high at HK\$19.75 on Friday.

HSCEI, or the H-share index, prolonged its uptrend and reaped 3.44% w-o-w at 6,599.40. However, it was 2.88% below its record high at 6,794.76 that set in the week, as investors turned to take profit on H shares after recent strong rally. Mainland financial giants, the recent favourites among investors, all finished with strong gains but well off from their historic highs. Bank of Communications rose 6.95% w-o-w to HK\$5.00, after touching HK\$5.20 during the week, while China Life advanced 7.69% to HK\$9.10, but shy of a crest at HK\$9.75. Ping An gained 3.98% w-o-w to HK\$18.30, but it had indeed retreated 11.34% from its top.

For the coming week, investors should focus on earnings results. Blue-chip companies like CLP Holdings and Sun Kai Hung Properties would release their results on Tuesday and Friday, respectively, before the earnings season picks up its full speed in the following week when HSBC, Hang Seng Bank, MTRC, Cathay and Swire join in. Meanwhile, the market would also eye on the retail sales figure to be released on Thursday to get a glimpse on how well retailers were during the Lunar New Year holiday last month.

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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							
24th February	11,061.85	2,287.04	16,101.91	2,453.67	924.91	741.80	6,538.22
17th February	11,115.32	2,282.36	15,713.45	2,431.34	926.47	739.35	6,673.75
Change	-53.47	+4.68	+388.46	+22.33	-1.56	+2.45	-135.53
%	-0.5%	+0.2%	+2.5%	+0.9%	-0.2%	+0.3%	-2.0%

Major Changes in Index Constituent Stocks (Week ended 24th February 2006)**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @24/2/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Esprit Holdings	0330	HK\$59.40	-HK\$4.00	-6.31%	Esprit was the biggest blue-chip loser over the week, after its investment rating was cut by market analysts. The garment retailer reported a 15.7% rise in profit for the six months ended Dec 05, but its woman clothing division showed sluggish growth due to poor product mix.
Hang Lung Properties	0101	HK\$14.00	-HK\$0.15	-1.06%	The stock underperformed after revealing a disappointing interim result, which was mainly dragged by a drop in property sales.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @24/2/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Shanghai Electric	2727	HK\$3.65	+HK\$0.45	+14.06%	Sources said the H-share company may spin off its machinery arm for listing on the HK Exchanges in the 1H2006.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @24/2/06	W-O-W Change		Remarks / Comments
			Absolute	%	
TCL Multimedia	1070	HK\$1.19	-HK\$0.16	-11.85%	Investors dumped shares of TCL Multimedia, after the TV maker said last Friday it expected to make a loss in Q4 2005 due to worse-than-expected results in Europe.

Summary of US Economic News

Indicator	Change/Index	Comments
Index of leading indicators – January	+1.1%	The index of leading economic indicators rose 1.1% m-o-m in Jan. It was the largest gain in seven months and beat market expectations of a 0.6% rise.
Consumer price index – January	+0.7%	CPI rose 0.7% in Jan, slightly higher than consensus forecast of a 0.5% surge. The closely watched core CPI gained 0.2% last month, in line with expectations.
Initial jobless claims – the week ended 18 th February 2006	-20,000	Jobless claims dropped 20,000 to 278,000 last week, against consensus forecast of a surge to 300,000. It was the sixth week of below 300,000, the longest in more than five years.
New orders for durable goods – January	-10.2%	New durable goods orders plunged 10.2% m-o-m in January, versus consensus forecast of a 0.5% gain, mainly due to a drop in orders for Boeing aircraft. The fall in durable goods orders last month was the biggest in 5-1/2 years.

Forthcoming Important Announcements / Events

27 th February 2006 (Monday)	HK	:	External Trade – January 2006 Essex Bio-Tech (8151) – final results Hopewell Holdings (0054) – interim results Hopewell Infrastructure (0737) – interim results
	US	:	New home sales – January 2006 Newmont Mining Corp – Q4 2005 results
28 th February 2006 (Tuesday)	HK	:	CLP Holdings (0002) – final results Lam Soon (HK) (0411) – interim results Lifestyle International (1212) – final results Smartone (0315) – interim results
	US	:	Winfoong International (0063) – final results Gross domestic product (preliminary) – Q4 2005 Consumer confidence – February 2006 Existing home sales – January 2006
1 st March 2006 (Wednesday)	HK	:	E2-Capital (0378) – final results Fubon Bank (HK) (0636) – final results
	US	:	Personal income and spending – January 2006 Construction spending – January 2006 ISM manufacturing index – February 2006
2 nd March 2006 (Thursday)	HK	:	Retail sales – January 2006 i-Cable Communications (1097) – final results Playmates (0635) – final results Standard Chartered PLC (2888) – final results
	US	:	VC Holdings (8101) – final results Initial jobless claims – week ended 25 th February 2006 CIENA Corp – Q1 FY2005/06 results Novell Inc. – Q1 FY2005/06 results
3 rd March 2006 (Friday)	HK	:	EVI Educations (8090) – final results Sun Hung Kai Properties (0016) – interim results
	US	:	Consumer sentiment – February 2006 ISM non-manufacturing index – February 2006

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