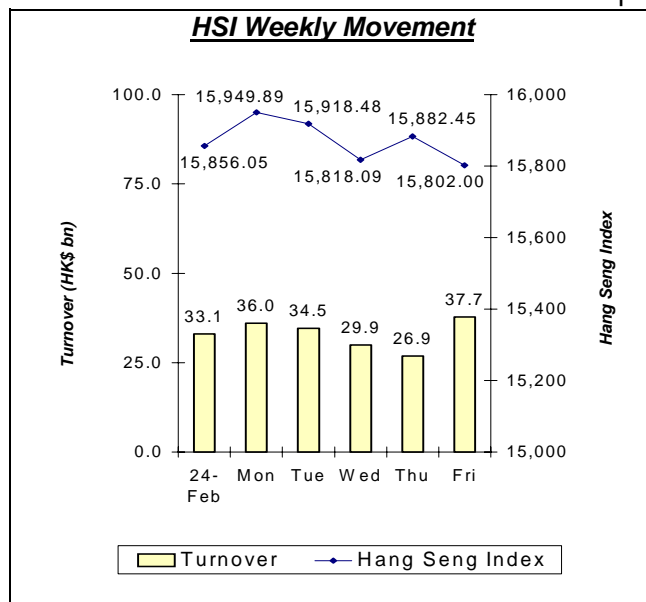


Investors locked in profits after earlier gains



Weekly Market Statistics				
Week ended	03/03/2006	24/02/2006	Change	%
Hang Seng Index	15,802.00	15,856.05	-54.05	-0.3%
HS Red Chip Index	2,112.75	2,126.44	-13.69	-0.6%
HS China Enterprises Index	6,545.59	6,599.40	-53.81	-0.8%
HS Composite Index	2,126.68	2,124.12	+2.56	+0.1%
HS HK Composite Index	2,111.40	2,101.18	+10.22	+0.5%
HS Mainland Composite Index	2,169.05	2,181.56	-12.51	-0.6%
S&P/HKEx GEM Index	1,186.22	1,171.10	+15.12	+1.3%
Avg Daily Turnover (HK\$ bn)	33.01	32.56	+0.45	+1.4%
Sectoral Indices				
Finance	28,108.98	28,079.36	+29.62	+0.1%
Utilities	32,431.77	32,586.61	-154.84	-0.5%
Properties	19,561.42	19,578.85	-17.43	-0.1%
Comm & Ind	7,617.88	7,676.45	-58.57	-0.8%

Review & Outlook of Market Performance

The HSI had once traded near the critical 16,000 level before profit taking wiped out its earlier gain. The benchmark index then staged a mild rebound but failed to sustain as investors stayed cautious ahead of heavyweight HSBC's annual results next Monday, 6th March 2006. The HSI finished down 54.05 points, or 0.34% w-o-w, at 15,802.00. Average daily turnover was HK\$33.01 billion.

After the market close on Thursday, Standard Chartered announced its 2005 full-year results, which topped analysts' forecasts with a 19% jump in pre-tax profit to US\$2.68 billion. Investors reacted positively to the results, with the bank's shares hitting an all-time high of HK\$209 before settling at HK\$207.4, up 3.96% w-o-w. Earlier in the week, Fubon Bank (Hong Kong) reported a 19% drop in 2005 net profit to HK\$241 million. The result prompted investors to sell its shares, which fell 2.56% w-o-w to HK\$2.85. Other financial stocks were mixed, with HSBC up 0.23% w-o-w at HK\$132.1 and Hang Seng Bank down 0.29% w-o-w at HK\$102.9. Meanwhile, shares of property rental companies strengthened on optimism over their upcoming earnings amid a buoyant office and retail rental market. Swire Pacific rose 2.88% w-o-w to HK\$16.05, Hysan Development gained 4.70% w-o-w to HK\$20.05 and Great Eagle added 2.16% w-o-w to HK\$26.

Heavy selling in mainland financial and insurance counters dragged down the H-share index, which finished 0.82% w-o-w lower at 6,545.59. Bank of Communications led the losers, tumbling 9.50% w-o-w to HK\$4.525, while share price of Ping An Insurance dropped 6.83% w-o-w to HK\$17.05. Metal plays were in demand after a rebound in metal prices. Zijin Mining surged 7.07% w-o-w to HK\$4.925 and Jiangxi Copper jumped 5.26% w-o-w to HK\$5. However, steel makers lagged behind as investors were concerned that the steel industry might pose losses this year due to excess capacity and hefty production costs. Maanshan Iron & Steel dropped 1.80% w-o-w to HK\$2.725 and Angang New Steel shed 0.79% w-o-w to HK\$6.3.

Market factors to watch next week will be a slew of corporate results from index components such as HSBC and Swire Pacific. The initial support for the HSI should be at 15,700.

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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							
3rd March	11,021.59	2,302.60	15,663.34	2,493.43	916.93	753.39	6,553.66
24th February	11,061.85	2,287.04	16,101.91	2,453.67	924.91	741.80	6,538.22
Change	-40.26	+15.56	-438.57	+39.76	-7.98	+11.59	+15.44
%	-0.4%	+0.7%	-2.7%	+1.6%	-0.9%	+1.6%	+0.2%

Major Changes in Index Constituent Stocks (Week ended 3rd March 2006)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @03/03/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Henderson Land Development	0012	HK\$43.35	+HK\$1.35	+3.21%	Henderson Land said it might spin off certain properties into a REIT for a separate listing.
CLP Holdings	0002	HK\$44.55	+HK\$0.55	+1.25%	The electricity supplier reported a 32% rise in net profit to a record HK\$11.4 billion in FY2005, driven by a one-off tax benefit from its Australian business.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @03/03/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Sinopec	0386	HK\$4.7	+HK\$0.1	+2.17%	Sinopec has denied that BP is holding talks to acquire a 25% stake by forming a joint venture with the company.
Weiqiao Textile	2698	HK\$12.1	-HK\$0.25	-2.02%	Weiqiao tapped the market for HK\$830.6 million by offering 68.93 million new H shares at HK\$12.05 each.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @03/03/06	W-O-W Change		Remarks / Comments
			Absolute	%	
China Insurance International Holdings	0966	HK\$3.05	-HK\$0.325	-9.63%	Investors were concerned that financial stocks were overvalued at current levels.

Summary of US Economic News

Indicator	Change/Index	Comments
New Home Sales – January	1.233 million units	New home sales declined 5% in January to their slowest pace in a year.
GDP (Preliminary) – 4Q2005	1.6%	The economy grew at a 1.6% annual rate in 4Q2005, the weakest pace in 3 years but a bit swifter than originally thought.
Consumer Spending – January	0.9%	Consumer spending came in a bit weaker than expected in January, but it still outpaced the 0.7% growth in personal income.
Construction Spending – January	0.2%	Construction spending saw the slowest gain in 7 months, indicating the housing boom is easing.
ISM Manufacturing Index – February	56.7	The index rose to 56.7 last month from 54.8 in January, thanks to a strong pick up in new orders.
Initial Jobless Claims – week ended 25 th February 2006	294,000	Initial jobless claims rose 15,000 last week, but held below the 300,000 level for a seventh straight week.
Consumer Sentiment – February	86.7	Consumer sentiment finished weaker in February compared with previous month.
ISM Non-Manufacturing Index – February	60.1	The index rose to 60.1 in February from 56.8 in January, well above market expectations of 58.0.

Forthcoming Important Announcements / Events

6 th March 2006 (Monday)	HK	:	HSBC Holdings (0005) – Final results Hang Seng Bank (0011) – Final results Pacific Basin Shipping (2343) – Final results
	US	:	Factory Orders – January Altera Corp – Q1 results
7 th March 2006 (Tuesday)	HK	:	Foreign Currency Reserves – February Hysan Development Co (0014) – Final results HAECO (0044) – Final results MTR Corp (0066) – Final results
	US	:	Productivity and Costs – 4Q2005 Revised Albertson's Inc – Q4 results Edison International – Q4 results Kroger Co – Q4 results
8 th March 2006 (Wednesday)	HK	:	Cathay Pacific Airways (0293) – Final results HK Exchanges and Clearing (0388) – Final results Hutchison Harbour Ring (0715) – Final results
	US	:	Dynegy Inc – Q4 results
9 th March 2006 (Thursday)	HK	:	Hongkong Electric Holdings (0006) – Final results Swire Pacific (0019) – Final results CITIC Int'l Financial Holdings (0183) – Final results Midland Holdings (1200) – Final results Hutchison Telecommunications Int'l (2332) – Final results
	US	:	International Trade – January Initial Jobless Claims – week ended 4 th March 2006
10 th March 2006 (Friday)	HK	:	Liu Chong Hing Investment (0194) – Final results Liu Chong Hing Bank (1111) – Final results Orient Overseas (International) (0316) – Final results China Shenhua Energy Co (1088) – Final results
	US	:	Nonfarm Payrolls – February Unemployment Rate – February Wholesale Trade – January National Semiconductor Corp – Q3 results

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