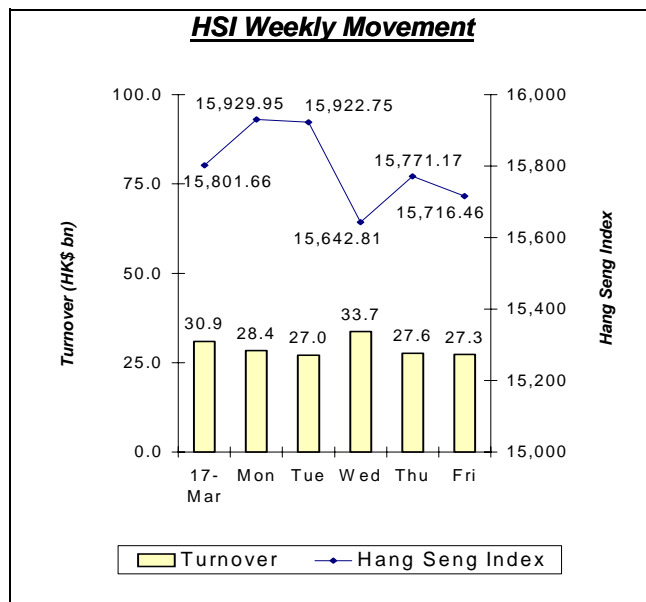


### The HSI slid on renewed interest-rate concerns



<b>Weekly Market Statistics</b>				
Week ended	24/03/2006	17/03/2006	Change	%
Hang Seng Index	15,716.46	15,801.66	-85.20	-0.5%
HS Red Chip Index	2,137.50	2,113.10	+24.40	+1.2%
HS China Enterprises Index	6,600.25	6,409.29	+190.96	+3.0%
HS Composite Index	2,128.76	2,119.67	+9.09	+0.4%
HS HK Composite Index	2,107.50	2,120.49	-12.99	-0.6%
HS Mainland Composite Index	2,179.69	2,138.89	+40.80	+1.9%
S&P/HKEx GEM Index	1,249.37	1,231.85	+17.52	+1.4%
Avg Daily Turnover (HK\$ bn)	28.79	26.25	+2.55	+9.7%
Sectoral Indices				
Finance	27,746.57	28,251.49	-504.92	-1.8%
Utilities	32,392.67	32,454.38	-61.71	-0.2%
Properties	19,302.00	19,325.23	-23.23	-0.1%
Comm & Ind	7,634.19	7,607.45	+26.74	+0.4%

### Review & Outlook of Market Performance

The HSI had once traded near the key 16,000-point level before a heavy sell-off sent it lower on renewed concerns over further US interest-rate hikes. The benchmark index then staged a rebound but failed to sustain as investors stayed cautious ahead of the US FOMC meeting held next Monday. The HSI finished down 85.20 points, or 0.54% w-o-w, at 15,716.46. Average daily turnover was HK\$28.79 billion.

A larger-than-expected rise in February's US core producer prices and comments from Fed chairman Ben Bernanke suggested the US interest-rate rise cycle could last longer than earlier expected. Rate-sensitive property stocks were hit, with Henderson Land Development slipping 1.62% w-o-w to HK\$42.4 and Sino Land declining 1.30% w-o-w to HK\$11.35. Cheung Kong Holdings received better support, rising 0.37% w-o-w to HK\$80.45 after posting a robust 31% growth in 2005 net profit to HK\$14 billion. Hutchison Whampoa, however, dipped 1.23% w-o-w to HK\$72.2 despite unveiling a better-than-expected 11% surge in last year's net profit to HK\$14.3 billion, as investors doubted if the company's loss-making 3G business could turn around by 2007 as targeted.

Fresh speculation about yuan revaluation ahead of President Hu Jintao's visit to the US next month drove the H-share index up 2.98% w-o-w at 6,600.25. News that China's cabinet has approved plans to allow mainland insurers to invest in infrastructure projects further lifted insurance stocks. Ping An Insurance climbed 5.14% w-o-w to HK\$19.45, while China Life Insurance jumped 7.26% w-o-w to HK\$9.6 after touching an all-time high of HK\$9.75. Mainland banking stocks were also buoyed, with Bank of Communications rising 7.10% w-o-w to HK\$4.9 and China Construction Bank gaining 1.43% w-o-w to HK\$3.55. Oil plays were also in demand, overriding PetroChina's forecast-lagging 2005 results with net profit rising 28% to RMB133 billion. Shares of PetroChina finished up 5.23% w-o-w at HK\$8.05.

Looking ahead, market focus will be on the US FOMC meeting held next Monday, the first under its new chairman Ben Bernanke. The tone of the Fed's brief statement following the meeting would provide more indication on the US interest-rate outlook. The initial support for the HSI should be at 15,600.

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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 March	11,279.97	2,312.82	16,560.87	2,497.31	926.09	730.85	6,376.62
17th March	11,279.65	2,306.48	16,339.73	2,494.41	922.62	741.43	6,528.57
Change	+0.32	+6.34	+221.14	+2.90	+3.47	-10.58	-151.95
%	+0.0%	+0.3%	+1.4%	+0.1%	+0.4%	-1.4%	-2.3%

### Major Changes in Index Constituent Stocks (Week ended 24<sup>th</sup> March 2006)

#### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @24/03/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Li & Fung	0494	HK\$16.55	+HK\$1.25	+8.17%	A strong pickup in gross margins and robust order trends fuelled optimism on the firm's operating outlook.
Esprit Holdings	0330	HK\$60.05	-HK\$2.1	-3.38%	Exporters of consumer goods shared some of the pain from the interest-rate concerns on fears of reduced consumer spending in the US.

#### Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @24/03/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Sinopec	0386	HK\$4.75	+HK\$0.2	+4.40%	Shares of Sinopec and its listed subsidiaries jumped on renewed privatisation talks and speculation that China is set to reform the refined oil product sector soon.
Sinopec Shanghai Petrochemical	0338	HK\$4.9	+HK\$0.225	+4.81%	
Dongfeng Motor Group	0489	HK\$3.075	-HK\$0.225	-6.82%	The Chinese regulator unveiled a new consumption tax on automobiles with large fuel capacity.

#### Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @24/03/06	W-O-W Change		Remarks / Comments
			Absolute	%	
China Insurance International	0966	HK\$3.975	+HK\$0.825	+26.19%	Brokerage firm China International Capital Corp (CICC) reiterated coverage of the stock.

**Summary of US Economic News**

Indicator	Change/Index	Comments
Producer Price Index (PPI) – February	-1.4%	PPI dropped an unexpectedly steep 1.4% in February, led by a fall in food and energy costs. However, excluding volatile food and energy prices, core PPI grew 0.3% last month after rising 0.4% in January, showing signs of inflation pressures.
Initial Jobless Claims – week ended 18 <sup>th</sup> March 2006	302,000	Initial jobless claims sank 11,000 last week, signalling a strengthening labour market.
Existing Home Sales – February	6.91 million units	Existing home sales rose 5.2% in February, halting a string of monthly declines.
Durable Goods Orders – February	2.6%	Durable goods orders bounced back last month, after an 8.9% decline in January.
New Home Sales – February	1.08 million units	New home sales fell a larger-than-expected 10.5% in February as home prices fell and supply grew.

**Forthcoming Important Announcements / Events**

27 <sup>th</sup> March 2006 (Monday)	HK	:	<b>Dah Sing Financial Holdings (0440) – Final results</b> <b>Dah Sing Banking Group (2356) – Final results</b> <b>Asia Financial Holdings (0662) – Final results</b> Asia Aluminum Holdings (0930) – Interim results Datang International Power Generation (0991) – Final results China Resources Land (1109) – Final results
	US	:	Walgreen Co – Q2 results
28 <sup>th</sup> March 2006 (Tuesday)	HK	:	Kingboard Chemical Holdings (0148) – Final results <b>China Travel Int'l Investment HK (0308) – Final results</b> Sinotrans (0598) – Final results Huaneng Power International (0902) – Final results China Shipping Development (1138) – Final results <b>Bank of Communications (3328) – Final results</b>
	US	:	Consumer Confidence – March <b>FOMC Meeting Announcement</b> Tiffany & Co – Q4 results
29 <sup>th</sup> March 2006 (Wednesday)	HK	:	<b>PCCW (0008) – Final results</b> Pacific Century Premium Developments (0432) – Final results Semiconductor Manufacturing Int'l Corp (0981) – Final results Zijin Mining Group (2899) – Final results
	US	:	No Important Announcements / Events
30 <sup>th</sup> March 2006 (Thursday)	HK	:	Kowloon Development (0034) – Final results China Oriental Group – Final results <b>China Overseas Land &amp; Investment (0688) – Final results</b>
	US	:	<b>GDP (Final) – 4Q 2005</b> Initial Jobless Claims – week ended 25 <sup>th</sup> March 2006 Best BUY Co – Q4 results
31 <sup>st</sup> March 2006 (Friday)	HK	:	<b>Retail Sales – February</b> Government Monthly Budget Surplus / Deficit – February Melco International Development (0200) – Final results <b>China Petroleum &amp; Chemical Corp (0386) – Final results</b> Shenzhen Expressway (0548) – Final results Sinopec Yizheng Chemical Fibre (1033) – Final results Road King Infrastructure (1098) – Final results
	US	:	Personal Income and Outlays – February Consumer Sentiment – March Factory Orders – February

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