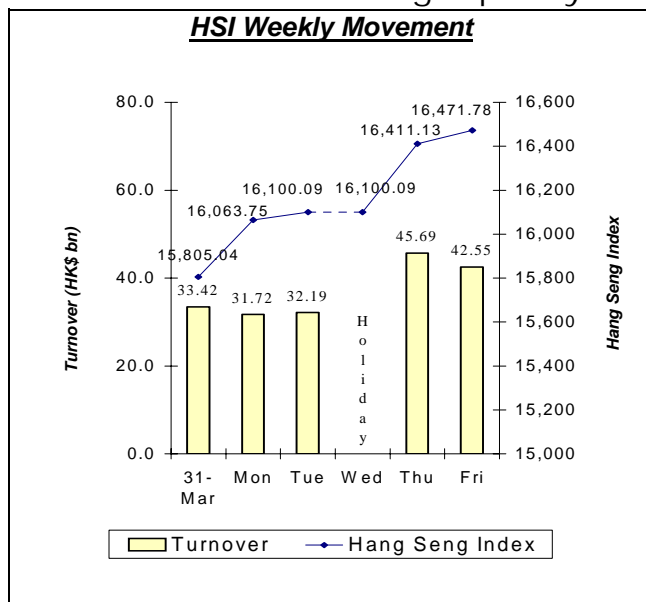


Strong liquidity lifted HSI above 16,000



Weekly Market Statistics				
Week ended	7/4/2006	31/3/2006	Change	%
Hang Seng Index	16,471.78	15,805.04	+666.74	+4.2%
HS Red Chip Index	2,351.36	2,184.60	+166.76	+7.6%
HS China Enterprises Index	6,898.94	6,703.78	+195.16	+2.9%
HS Composite Index	2,232.52	2,155.00	+77.52	+3.6%
HS HK Composite Index	2,191.18	2,118.41	+72.77	+3.4%
HS Mainland Composite Index	2,313.21	2,228.16	+85.05	+3.8%
S&P/HKEx GEM Index	1,328.74	1,269.46	+59.28	+4.7%
Avg Daily Turnover (HK\$ bn)	38.03	28.79	+9.24	+32.1%
Sectoral Indices				
Finance	28,212.39	27,697.59	+514.80	+1.9%
Utilities	33,361.70	32,860.70	+501.00	+1.5%
Properties	20,293.10	19,483.40	+809.70	+4.2%
Comm & Ind	8,205.95	7,707.87	+498.08	+6.5%

Review & Outlook of Market Performance

Hang Seng Index surged over 16,000 to a high not being seen since September 2000, amid strong liquidity inflows on speculation for further Renminbi appreciation. RMB touched 8.005 per US\$ during the week, the strongest level since July 2005 when Beijing revaluated the currency by 2.1% and widened the trading band thereafter. RMB is expected to strengthen further, amid greater tolerance from the Chinese government ahead of President Hu Jintao's US visit later this month. Strong liquidity flows boosted Hang Seng Index to touch a high at 16,534.83, before closing 4.22% up w-o-w at 16,471.78. Trading was active, with average daily turnover increased to HK\$38.03 billion, up sharply from HK\$28.79 billion in the previous week. In fact, turnover of HK\$45.7 billion on Thursday marked the third busiest trading day in the history of the Hong Kong Exchanges.

Over the week, red chips outperformed other HSI members, as overseas hot money flowed in and picked up counters with substantial business exposure in Mainland China. CITIC Pacific was the top gainer in the blue chip index, up 13.09% to HK\$26.35, while China Mobile gained a sharp 10.67% to HK\$45.10. Meanwhile, MTR Corp, Swire Pacific and Hang Lung Properties also performed well by setting new record highs on keen buying interests during the week.

Strong liquidity also drove H shares higher. HSCEI jumped 2.91% w-o-w to 6,898.94. Mainland insurers were among the winners, with Ping An up 15.25% to HK\$23.05 and China Life up 6.63% at HK\$10.45. Gold miner Zijin Mining rallied a strong 13.11% to HK\$6.90 on surging bullion prices. Meanwhile, China Construction Bank fell 4.14% to HK\$3.475 despite releasing an in-lined FY2005 result.

The reporting season is close to an end, as most index constituents have already released their FY2005 earnings results. Looking ahead, the local stock market is expected to take a pause before the long Easter holiday after the strong rally this week. However, any market consolidation is seen well contained, as the market should continue to be driven by ample liquidity and also supported by pleasant corporate earnings outlook.

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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							
7th April	11,120.04	2,339.02	17,563.37	2,552.05	943.71	770.33	6,781.94
31st March	11,109.32	2,339.79	17,059.66	2,533.40	926.63	733.25	6,613.97
Change	+10.72	-0.77	+503.71	+18.65	+17.08	+37.08	+167.97
%	+0.1%	-0.0%	+3.0%	+0.7%	+1.8%	+5.1%	+2.5%

Major Changes in Index Constituent Stocks (Week ended 7th April 2006)**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @7/4/06	W-O-W Change		Remarks / Comments
			Absolute	%	
CITIC Pacific	0267	HK\$26.35	+HK\$3.05	+13.09%	The stock rallied strongly after revealing plans to acquire two iron ore projects in Australia for US\$415 million. Meanwhile, bargain hunting for laggards in the market also helped boost CITIC Pacific's share price.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @7/4/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Zijin Mining	2899	HK\$6.90	+HK\$0.80	+13.11%	Bullion prices surged to a fresh five-year high of US\$598 per ounce during the week.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @7/4/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Beijing Enterprises	0392	HK\$16.90	+HK\$2.45	+16.96%	Beijing Enterprises said it would sell its entire 50.13% stake in Beijing Wangfujing Department Store (Group) Co. Ltd. for RMB1 billion to streamline its business portfolio. The company expects to report a disposal gain of RMB185.4 million from the sale.

Summary of US Economic News

Indicator	Change/Index	Comments
ISM manufacturing index – March	55.2	ISM manufacturing index fell to 55.2 in Mar from 56.7 in Feb but remained above 50, implying growth in the sector.
ISM non-manufacturing index – March	60.5	ISM non-manufacturing index surged to 60.5 last month from 60.1 in Feb, higher than market expectation of 59, which indicated strong growth in the US service sector.
Initial jobless claims – the week ended 1 st April 2006	-5,000	Initial jobless rate fell 5,000 last week to 299,000, rather than a surge to 305,000, which was the lowest level in more than five years.
Payrolls – March	211,000	US added 211,000 new non-farm job positions in March, better than consensus forecast of a 190,000 gain.
Jobless rate – March	4.7%	Jobless rate fell to 4.7% in March, beating market expectations of 4.8%.

Forthcoming Important Announcements / Events

10 th April 2006 (Monday)	HK	:	Angang Newsteel (0347) – final results APT Satellite (1045) – final results China Eastern Airlines (0670) – final results China Special Steel (2889) – final results IPE Group (0929) – final results Mengniu Dairy (2319) – final results Sinochem HK (0297) – final results Tai Fook Securities (0665) – final results
	US	:	Alcoa Inc – Q1 FY2006 results
11 th April 2006 (Tuesday)	HK	:	Beijing Development (HK) (0154) – final results Beijing Enterprises (0392) – final results China COSCO Holdings (1919) – final results China Resources Logic (1193) – final results Chinese Estate Holdings (0127) – final results CNPC (Hong Kong) (0135) – final results Foxconn International Holdings (2038) – final results Maanshan Iron (0323) – final results
	US	:	No important event/announcement
12 th April 2006 (Wednesday)	HK	:	Beijing Airport (0694) – final results Lingbao Gold (3330) – final results Techtronic Industries (0669) – final results
	US	:	International trade – February 2006 Treasury budget – March 2006 Advanced Micro Devices Inc – Q1 FY2006 results
13 th April 2006 (Thursday)	HK	:	Guangdong Investment (0270) – final results Hopson Development (0754) – final results Shenzhen Investment (0604) – final results Theme International (0990) – final results United Metals (2302) – final results
	US	:	Initial jobless claims – week ended 8 th April 2006 Retail sales – March 2006 Consumer sentiments – April 2006 Business inventory – February 2006 General Electric Co. – Q1 FY2006 results
14 th April 2006 (Friday)	HK	:	Good Friday holiday
	US	:	Industrial production – March 2006 IBM – Q1 FY2006 results

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