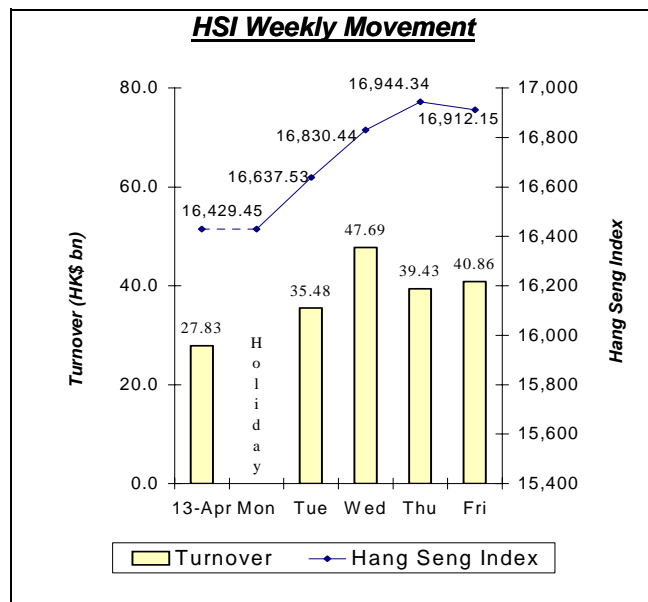


The Launch of QDII drove HSCEI above 7,000



<u>Weekly Market Statistics</u>				
Week ended	21/4/2006	13/4/2006	Change	%
Hang Seng Index	16,912.15	16,429.45	+482.70	+2.9%
HS Red Chip Index	2,448.14	2,350.39	+97.75	+4.2%
HS China Enterprises Index	7,194.76	6,776.86	+417.90	+6.2%
HS Composite Index	2,277.28	2,222.56	+54.72	+2.5%
HS HK Composite Index	2,226.59	2,186.38	+40.21	+1.8%
HS Mainland Composite Index	2,371.79	2,295.78	+76.01	+3.3%
S&P/HKEx GEM Index	1,310.39	1,311.12	-0.73	-0.1%
Avg Daily Turnover (HK\$ bn)	40.87	30.86	+10.01	+32.4%
Sectoral Indices				
Finance	28,542.69	27,697.59	+845.10	+3.1%
Utilities	32,997.09	32,860.70	+136.39	+0.4%
Properties	21,561.14	19,483.40	+2,077.74	+10.7%
Comm & Ind	8,487.81	7,707.87	+779.94	+10.1%

Review & Outlook of Market Performance

The virtual launch of the long-awaited Qualified Domestic Institutional Investor (QDII) scheme and hope for interest rates peaking in the US boosted market sentiments and helped push Hang Seng Index near the 17,000 level. The blue-chip index touched a fresh 5-1/2-year high at 16,991, before closing up 482.70 points or 2.94% w-o-w at 16,912.15. Trading was active with average daily turnover at HK\$40.87 billion, up from HK\$30.86 billion in the previous week.

People's Bank of China (PBOC) said last Thursday to allow qualified institutions, like banks, insurers and fund management companies, in the Mainland to convert yuan into foreign currencies and invest into overseas financial assets. PBOC further revealed on Tuesday that the QDII scheme would begin with Mainland banks, which could apply to the China Banking Regulatory Commission (CBRC) for licenses and investment quotas. The news triggered a strong rally in H-shares and red chips, as investors expected the scheme would favour major China stocks with no domestic A-share listing. Over the week, the HSCEI, or H-share index, jumped a sharp 6.17% to 7,194.76, while the HSCEI, or red-chip index, reaped a solid 4.16% to 2,448.14.

Meanwhile, property related plays rallied and drove the blue-chip index higher, after the FOMC March minutes showed most members in the meeting thought the end of tightening cycle is near and some even began to worry a policy overshooting. Sun Hung Kai Properties topped all gainers in the HSI, up a sharp 11.76% w-o-w at HK\$90.75. Sino Land gained 7.50% to HK\$12.90, while Hang Lung Properties surged 6.13% to HK\$16.45. Overall, the HS Properties sub-index rose by 7.19% w-o-w.

HSI has gained more than 7% so far in April 06 on ample market liquidity and strong corporate fundamentals. A meaningful market consolidation should be near, as stocks were largely overbought after a strong rally during the week. Meanwhile, as the next FOMC meeting is drawing near, which is scheduled on 10th May, interest rates should remain the key talking point in the market.

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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							
21st April	11,347.45	2,342.86	17,403.96	2,603.45	948.19	773.06	7,093.05
14th April	11,137.65*	2,326.11*	17,233.82	2,544.38*	938.32	755.43*	6,952.54
Change	+209.80	+16.75	+170.14	+59.07	+9.87	+17.63	+140.51
%	+1.9%	+0.7%	+1.0%	+2.3%	+1.1%	+2.3%	+2.0%

Remarks (*): market close as of 13th April 2006.**Major Changes in Index Constituent Stocks (Week ended 21st April 2006)****Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @21/4/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Sun Hung Kai Properties	0016	HK\$90.75	+HK\$9.55	+11.76%	Property related plays outperformed, as the latest FOMC minutes showed members of the powerful US central bank had expressed concerns over monetary policy overshooting, hinting that the end of rate-hike cycle is near.
Hang Lung Properties	0101	HK\$16.45	+HK\$0.95	+6.13%	

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @21/4/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Jiangxi Copper	0358	HK\$8.65	+HK\$1.70	+24.46%	Jiangxi Copper rallied strongly, as copper futures prices hit record levels during the week amid supply disruptions in Mexico, the world's third largest copper producer. Some profit taking emerged on Friday, after the company said its net profit grew a larger-than-expected 69% in 2005.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @21/4/06	W-O-W Change		Remarks / Comments
			Absolute	%	
CNOOC	0883	HK\$6.70	+HK\$0.35	+5.51%	CNOOC, the mainland's largest offshore oil producer, surged over the week, as NY spot-month crude oil futures hit a record at US\$75.35 per barrel on Friday.

Summary of US Economic News

Indicator	Change/Index	Comments
Producer price index – March	+0.5	PPI surged 0.5% m-o-m in Mar, slightly higher than consensus forecast of a 0.4% rise.
Housing starts – March	-7.8%	Housing starts fell 7.8% in Mar to an annual rate of 1.96 million units, slightly below market expectations of 2.03 million units.
Consumer price index – March	+0.4%	CPI rose 0.4% in Mar, in line with consensus forecast. Stripping out volatile energy and food prices, the core CPI rose 0.3% in Mar, higher than market expectations of a 0.2% increase.
Initial jobless claims – the week ended 15 th April 2006	-10,000	Initial jobless rate fell 10,000 last week to 303,000, slightly better than forecast of 306,000.
Index of leading indicators	-0.1%	Leading indicators dipped 0.1%, rather than market expectations of staying flat last month.

Forthcoming Important Announcements / Events

24 th April 2006 (Monday)	HK	:	Guangzhou Investment (0123) – final results IRICO (0438) – final results Panva Gas (1083) – final results Shun Tak Holdings (0242) – final results Silver Grant (0171) – final results Tingyi (0322) – final results
	US	:	Americian Express Co. – Q1 FY2006 results Caterpillar Inc. – Q1 FY2006 results Nortel Networks Corp – Q1 FY2006 results Phelps Dodge – Q1 FY2006 results Sun Microsystems Inc – Q3 FY2005/06 results Xerox Corp. – Q1 FY2006 results
25 th April 2006 (Tuesday)	HK	:	Anhui Conch (0914) – final results HNC (2626) – final results Shanghai Electric (2727) – final results Zhejiang Expressway (0576) – final results
	US	:	Consumer confidence – April 2006 Existing home sales – March 2006 AT&T Inc – Q1 FY2006 results
26 th April 2006 (Wednesday)	HK	:	Aeon Credit (0900) – final results Chitaly Holdings (1198) – final results
	US	:	Durable goods orders – March 2006 New home sales – March 2006 Boeing Co – Q1 FY2006 results
27 th April 2006 (Thursday)	HK	:	External trade – March 2006 TCL Communications (2618) – final results TCL Multimedia (1070) – final results
	US	:	Initial jobless claims – week ended 22 nd April 2006 Exxon Mobil Corp – Q1 FY2006 results
28 th April 2006 (Friday)	HK	:	Mudan Automobile (8188) – Final results
	US	:	GDP – Q1 2006 Consumer sentiment – April 2006 Chevron Corp – Q1 FY2006 results

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