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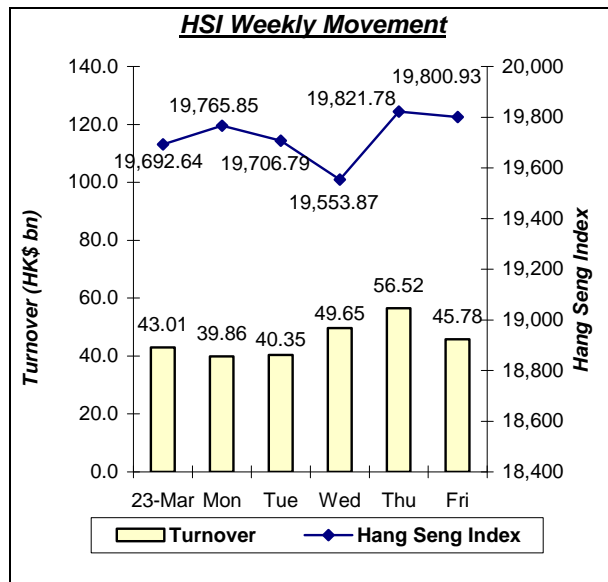
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Weekly Report

30th March 2007

HSI continues the rebound despite weakness in the US market



Weekly Market Statistics

Week ended	30/03/07	23/03/07	Change	%
Hang Seng Index	19,801	19,693	+108	+0.5%
HS Red Chip Index	3,436	3,367	+69	+2.0%
HS China Enterprises Index	9,616	9,488	+129	+1.4%
HS Composite Index	2,772	2,754	+19	+0.7%
HS HK Composite Index	2,446	2,442	+4	+0.1%
HS Mainland Composite Index	3,221	3,185	+36	+1.1%
Growth Enterprise Index	1,350	1,345	+4	+0.3%
Avg Daily Turnover (HK\$ bn)	46.4	45.0	+1	+3.1%
Sectoral Indices				
Finance	30,948	31,115	-168	-0.5%
Utilities	36,128	35,474	+654	+1.8%
Properties	23,727	23,635	+93	+0.4%
Comm & Ind	10,791	10,643	+148	+1.4%

Review & Outlook of Market Performance

After last week's rebound of 739 points, the local bourses stayed relatively quiet and stable at the beginning of the week. Local sentiment shifted on Thursday as the Hang Seng index futures expired. The local upward tone was not affected by the volatility in the US markets possibly due to window-dressing activity before the end of the first quarter. The February US new homes sales fell below even the most bearish estimates adding to the fear that the weak housing market would spread to the broader economy and affect consumer spending. Bernanke's congressional testimony said that although a weak housing market was raising uncertainty over the US economy, price pressure was a bigger risk. Overall, local bourse continued last week's rebound with Hang Seng Index gaining 108 points or 0.5% w-o-w to 19,800.93, and HSCEI gained 1.4% to 9,616.21.

This week's winners went to China-related stocks as many reported their FY06 results. They were also supported by the strong Shanghai Composite index, which reached another record high on Thursday. The talks of index futures to be launched on May 15 boosted the financial stocks, which form a major portion of the Shanghai Composite index. Telecom stocks were the top gainers this week as there was renewed speculation of industry reorganization. China Netcom (0906) gained 10.5% w-o-w, followed by China Unicom (0762)'s 9.96% gain. Oil players also gained on higher oil prices as a result of geopolitical tension in Iran. Over the week, CNOOC (0883) and China Oilfield Services (2883) gained 5.87% and 8.46% respectively as both reported better than expected FY06 results.

The earnings season goes on with a number of HSI constituent companies due to announce their report cards next week. They include China Netcom (0906), ICBC (1398) and China Resources Enterprise (0291). Corporate earnings announced so far have been encouraging with only a few missing market expectations. Trading may slow down during the short trading week ahead and HSI is likely to cap at 20,000 resistant level.

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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							
30th March	12,348.75*	2,417.88*	17,287.65	3,231.24	1,246.87	673.71	7,884.41
23rd March	12,481.01	2,448.93	17,480.61	3,205.82	1,235.65	677.79	7,859.32
Change	-132.26	-31.05	-192.96	+25.42	+11.22	-4.08	+25.09
%	-1.1%	-1.3%	-1.1%	+0.8%	+0.9%	-0.6%	+0.3%

Remark (*): closing as of 29th March 2007

Major Changes in Index Constituent Stocks (Week ended 30th March 2007)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @30/03/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Esprit	0330	HK\$91.65	+HK\$3.90	+4.44%	The Company announced that its same-store sales growth was 20% y-o-y for Jan to Feb 2007, while total turnover also rose 20% y-o-y.
Henderson Land	0012	HK\$45.65	+HK\$1.55	+3.51%	The Company plans to pay HK\$12.1 billion for interests of Henderson Investment (0097) in Miramar Hotel and HK Ferry.
Li & Fung	0494	HK\$24.55	-HK\$1.15	-4.47%	A shareholder of the Company sold up to HK\$1.5 billion worth of shares at a discount of up to 4.9%.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @30/03/07	W-O-W Change		Remarks / Comments
			Absolute	%	
China COSCO	1919	HK\$7.67	+HK\$0.73	+10.52%	Despite recording a 63.6% y-o-y drop in net profit for FY06, better operating outlook, the plan of A-shares listing, and plan to buy bulk carriers from its parent China COSCO Group helped the counter to rally.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @30/03/07	W-O-W Change		Remarks / Comments
			Absolute	%	
China Netcom	0906	HK\$20.40	+HK\$1.94	+10.51%	The counter had a run-up before its FY06 results announcement on April 2.
Brilliance China	1114	HK\$1.91	-HK\$0.17	-8.17%	The counter was downgraded by JP Morgan to "Neutral" citing the turnaround of the business has become a consensus. However, the Company announced that it had signed a \$1.3 billion contract to export 80,000 minibuses to Russia over the next 5 years.



Summary of US Economic News

Indicator	Change/Index	Comments
New home sales – February 2007	848,000	Sales of new single-family homes fell by 3.9% in February to a seasonally adjusted annual rate of 848,000. It was the slowest sales pace in nearly seven years and dimmed hopes for a rebound in the troubled housing market. The market expected the figure to be 995,000.
Consumer confidence – March 2007	107.2	Consumer confidence index fell to 107.2, from the revised 111.2 in February. Analysts had expected a reading of 109. The March index was the lowest since November 2006, when the reading was 105.3.
New orders for durable goods – February 2007	+2.5%	New orders for U.S.-made durable goods rose a smaller-than-expected 2.5% in February and excluding volatile transportation orders, new orders were down for the fourth time in the last five months.
Initial jobless claims – the week ended 24 th March 2007	-10,000	Initial jobless claims fell 10,000 to 308,000, an indication of continuing tightness in the nation's labour market.
GDP (final) – Q4 2007	2.5%	GDP expanded at a 2.5% annual rate. This was above the consensus expectations of 2.2%.

Forthcoming Important Announcements / Events

2 nd April 2007 (Monday)	HK	:	China Netcom (0906) – FY2006 final results Zhejiang Expressway (0576) – FY2006 final results China Greentown (3900) – FY2006 final results AviChina Industry & Technology(2357) – FY2006 final results Dongfang Electrical Machinery (1072) – FY2006 final results Wasion Meters Group Ltd (3393) – FY2006 final results Grande Holdings Ltd (0186) – FY2006 final results Everbest Energy Holdings Ltd (0578) – FY2006 final results Tristate Holdings Ltd (0458) – FY2006 final results
	US	:	Paulson Capital Corp – FY2006 final results Medialink Worldwide Inc – FY2006 final results
3 rd April 2007 (Tuesday)	HK	:	Citic 1616 (1883) - Trading debut AEON Stores (Hong Kong) (0984) – FY2006 final results China BluChem (3983) – FY2006 final results ICBC (1398) – FY2006 final results Beijing Enterprises Holdings (0392) – FY2006 final results Huaneng Power (0902) – FY2006 final results Road King Infrastructure Ltd (1098) – FY2006 final results Sino Biopharmaceutical Ltd (1177) – FY2006 final results Xingda International Holdings (1899) – FY2006 final results
	US	:	Robbins & Myers – 2QFY07 results Auto Sales – March 2007
4 th April 2007 (Wednesday)	HK	:	China Resources Enterprise (0291) – FY2006 final results China Properties Group Ltd. (1838) – FY2006 final results Samson Holdings (0531) – FY2006 final results
	US	:	Circuit City Stores Inc. – FY2006 final results Best Buy Co., Inc. – FY2006 final results Factory Orders – February 2007
5 th April 2007 (Thursday)	HK	:	Market Holiday
	US	:	Initial jobless claims – the week ended 31 st March 2007 Constellation Brands Inc. – FY2006 final results
6 th April 2007 (Friday)	HK	:	Market Holiday
	US	:	Sinopec Corp (0386) – FY2006 final results Market Holiday

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