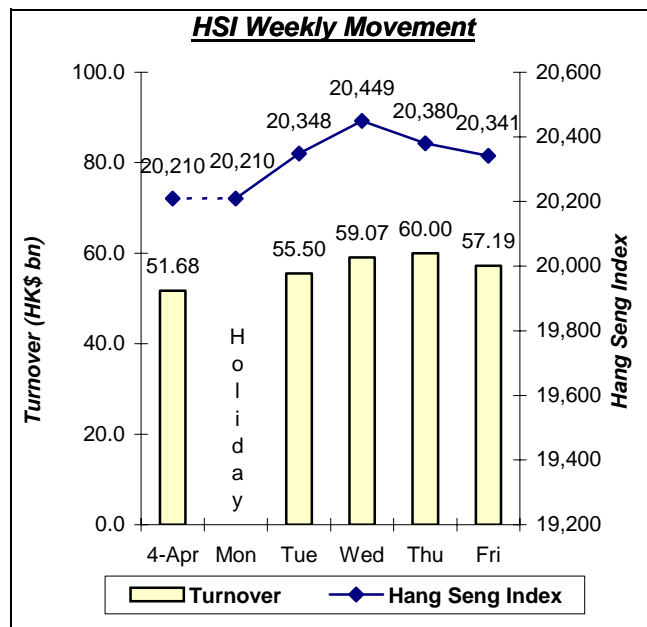


Mainland insurer trio drove the stock market higher



Weekly Market Statistics				
Week ended	13/04/07	04/04/07	Change	%
Hang Seng Index	20,341	20,210	+131	+0.6%
HS Red Chip Index	3,488	3,492	-4	-0.1%
HS China Enterprises Index	10,156	9,860	+297	+3.0%
HS Composite Index	2,861	2,832	+29	+1.0%
HS HK Composite Index	2,516	2,502	+14	+0.6%
HS Mainland Composite Index	3,332	3,285	+47	+1.4%
Growth Enterprise Index	1,360	1,366	-6	-0.4%
Avg Daily Turnover (HK\$ bn)	57.9	44.7	+13	+29.6%
Sectoral Indices				
Finance	32,109	31,329	+780	+2.5%
Utilities	36,553	36,859	-306	-0.8%
Properties	24,353	24,794	-441	-1.8%
Comm & Ind	11,012	11,029	-17	-0.2%

Review & Outlook of Market Performance

Hong Kong stock market extended its winning streak, rising for the fourth straight week, mainly tracking the strong rally in the domestic A-share market. Investors ignored the news of another hike in the reserve requirement ratio in the Mainland during the Easter holidays and bid up shares after the long weekend break, as the domestic A-share continued to rally and the regional stock markets performed well after the US announced a stronger-than-expected payrolls report last Friday. Hang Seng Index gained 0.6% w-o-w to 20,340.97, while HSCEI rallied 3.0% to 10,156.27. Average daily turnover revived to HK\$57.9 billion, up sharply from HK\$44.7 billion in the previous week.

Mainland insurers were drivers over the week, lifting both the blue-chip and the H-share indexes. Investors bid up the Mainland insurance trio, after Ping An Insurance reported 85.5% y-o-y jump in FY06 profit. China Life, a constituent of both the HSI and the HSCEI, jumped a sharp 11.0% w-o-w. Ping An finished up 11.2%, while PICC P&C ended the week 12.6% higher. Meanwhile, property developers experienced a sharp reversal during the week, after the Fed said in the latest FOMC minutes that further rate hike may be needed to contain inflations. Property developers showed a solid gain early in the week, thanks to healthy home sales during the Easter holidays. However, the gains vaporized after reveal of the FOMC minutes, leading to sluggish performance in the sector. Cheung Kong (Holdings) tumbled 4.3% w-o-w, while Sino Land fell a sharp 4.4%.

The earnings reporting season is close to an end, as the last batch of result reports of H-share giants are due to release next week, including China Life, PICC P&C, Jiangxi Copper and Yanzhou Coal Mining. Nonetheless, corporate earnings would remain the market focus, as Chinese enterprises with A-share listing are soon to report their first-quarter results. A big consolidation in the domestic stock market would be the near-term market risk. So far in 2007, the Shanghai A-share Index has rallied more than 30%, and more than 10% in April 2007.

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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							
13th April	12,552.96*	2,480.32*	17,363.95	3,373.59	1,308.20	692.46	8,002.30
6th April	12,560.20^	2,471.34^	17,484.78	3,345.86^	1,278.92	692.47^	8,004.61**
Change	-7.24	+8.98	-120.83	+27.73	+29.28	-0.01	-2.31
%	-0.1%	+0.4%	-0.7%	+0.8%	+2.3%	-0.0%	-0.0%

Remarks: (**) closing as of 4th April 2007; (^) closing as of 5th April 2007; (*) closing as of 12th April 2007

Major Changes in Index Constituent Stocks (Week ended 13th April 2007)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @13/04/07	W-O-W Change		Remarks / Comments
			Absolute	%	
China Merchants Holdings (International)	0144	HK\$35.70	-HK\$1.75	-4.67%	China Merchants reported a 7.4% y-o-y rise in net profit to HK\$2.5 billion in FY06, weaker than consensus forecast of HK\$2.7 billion.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @13/04/07	W-O-W Change		Remarks / Comments
			Absolute	%	
China Life	2628	HK\$25.30	+HK\$2.50	+10.96%	Mainland insurers outperformed during the week, tracking a strong rally in the Mainland stock markets. Meanwhile, investors also bid up the shares, as they are expecting strong earnings results from the sector. On Wed, Ping An reported an 85.5% y-o-y jump in net profit to RMB7.8 billion in FY06. China Life and PICC P&C are due to release their final results next Tuesday (Apr 17).
Ping An Insurance	2318	HK\$43.60	+HK\$4.40	+11.22%	
PICC P&C	2328	HK\$5.17	+HK\$0.58	+12.64%	

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @13/04/07	W-O-W Change		Remarks / Comments
			Absolute	%	
Beijing Enterprises	0392	HK\$21.55	+HK\$1.75	+8.84%	Beijing Enterprises topped all gainers in the red-chip index, after the Mainland conglomerate said to acquire US\$1.5 billion piped gas assets from its parent.

Summary of US Economic News

Indicator	Change/Index	Comments
Retail sales – March 2007	+0.1%	Retail sales rose a sluggish 0.1% in Mar, weaker than consensus forecast of a 0.3% rise. Cold weather was blamed for the weak sales.
Initial jobless claims – week ended 7 th April 2007	+19,000	Initial jobless claims surged to the highest level in two months to 342,000. Market watchers said the figure may be distorted due to the spring break of schools in the US.

Forthcoming Important Announcements / Events

16 th April 2007 (Monday)	HK	:	China Merchants Bank (3968) – FY2006 final results CNBM (3323) – FY2006 final results Shun Tak Holdings (0242) – FY2006 final results
	US	:	Retail sales – March 2007 Business inventory – February 2007 Citigroup – Q1 2007 results
17 th April 2007 (Tuesday)	HK	:	China Coal (1898) – FY2006 final results China Life (2628) – FY2006 final results China Communications Services (0552) – FY2006 final results GOME (0493) – FY2006 final results Maanshan Iron (0323) – FY2006 final results PICC P&C (2328) – FY2006 final results
	US	:	Weichai Power (2338) – FY2006 final results CPI – March 2007 Housing starts – March 2007 Industrial production – March 2007 Yahoo, Inc. – Q1 2007 results
18 th April 2007 (Wednesday)	HK	:	Agile Property (3383) – FY2006 final results Dongfeng Group (0489) – FY2006 final results Jiangxi Copper (0358) – FY2006 final results Lianhua (0980) – FY2006 final results Tianjin Port Development (3382) – FY2006 final results
	US	:	JP Morgan Chase & Co – Q1 2007 results Motorola Inc – Q1 2007 results United Technologies – Q1 2007 results
19 th April 2007 (Thursday)	HK	:	Unemployment rate – Jan-Mar 2007 China Agri-Industries (0606) – FY2006 final results China Eastern Airlines (0670) – FY2006 final results COFCO (0506) – FY2006 final results Guangshen Railway (0525) – FY2006 final results Guangzhou Investment (0123) – FY2006 final results Tianjin Development (0882) – FY2006 final results Tsingtao Brewery (0168) – FY2006 final results
	US	:	Initial jobless claims – the week ended 14 th April 2007 Index of leading indicators – March 2007 American Express Company – Q1 2007 results Google – Q1 2007 results Merck & Co – Q1 2007 results Merrill Lynch – Q1 2007 results
20 th April 2007 (Friday)	HK	:	CITIC Resources (1205) – FY2006 final results Country Garden (2007) – debut trading Shanghai Industrial (0363) – FY2006 final results Shui On Land (0272) – FY2006 final results Yanzhou Coal (1171) – FY2006 final results
	US	:	Xerox Corp – Q1 2007 results

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