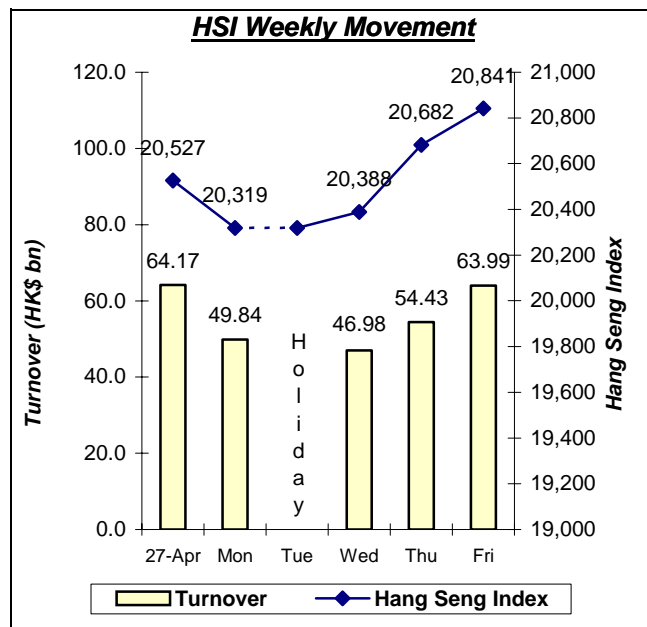


HSI settled at record closing high



| Weekly Market Statistics | | | | |
|---------------------------------|----------|----------|--------|-------|
| Week ended | 04/05/07 | 27/04/07 | Change | % |
| Hang Seng Index | 20,841 | 20,527 | +315 | +1.5% |
| HS Red Chip Index | 3,531 | 3,482 | +50 | +1.4% |
| HS China Enterprises Index | 10,384 | 10,141 | +242 | +2.4% |
| HS Composite Index | 2,934 | 2,881 | +53 | +1.8% |
| HS HK Composite Index | 2,591 | 2,543 | +48 | +1.9% |
| HS Mainland Composite Index | 3,405 | 3,345 | +60 | +1.8% |
| Growth Enterprise Index | 1,452 | 1,393 | +59 | +4.3% |
| Avg Daily Turnover (HK\$ bn) | 53.8 | 51.7 | +2 | +4.1% |
| Sectoral Indices | | | | |
| Finance | 32,856 | 32,560 | +296 | +0.9% |
| Utilities | 37,836 | 37,783 | +54 | +0.1% |
| Properties | 26,048 | 24,495 | +1,553 | +6.3% |
| Comm & Ind | 11,165 | 11,042 | +122 | +1.1% |

Review & Outlook of Market Performance

HK equities picked up steam towards the end of the week, amid strong gains in overseas stock markets and easing fear for a possible rate hike in the Mainland during the “golden week”. Hang Seng Index gained 314.6 points or 1.5% w-o-w to a record closing level at 20,841.08 (life intra-day high being 20,971), while HSCEI surged 2.4% to 10,383.63. Average daily turnover was HK\$53.8 billion, up slightly from HK\$51.7 billion last week.

Strong gains in property developers lifted the blue-chip index during the week. Investors bid up property developers, as figures showed new home sales hit a nine-year high in April 07. Their share prices were also backed by NAV re-ratings as well as positive expectations of the auction of a West Kowloon site scheduled next Tuesday. Henderson Land was the biggest gainer in the HSI over the week, up 15.6%, while Sino Land jumped a sharp 7.8%. Meanwhile, HSBC Holdings surged to a high not seen since mid-November 2006, after it was revealed that a fund owned by the ruler of Dubai has purchased a “substantial” stake in the banking giant.

Among H shares, PetroChina was the star, rallying 13.1%, after the oil giant announced a key reserve discovery in the Bohai Bay. Mainland financials were among the laggards during the week, after the People's Bank of China announced on last Sunday to raise the reserve requirement ratio by 50 bps to 11% – the 4th hike so far in 2007 – in an attempt to reduce excess liquidity in the market. The HS China H-Financials Index gained 0.2% w-o-w, much lower than the gain in the HSCEI.

The PRC markets will reopen next Tuesday after the “golden week” break. H shares should stay in a positive tone, as investors are expecting the Mainland authorities to introduce HK equities into the investment horizons of the QDII scheme this month, amid efforts to diversify excess liquidity and cool down the red-hot domestic stock market. Meanwhile, the FOMC meeting will be held next Wednesday, but it is widely expected that the US Fed would keep rates unchanged. The next HSI reshuffle is due after market close next Friday, 11th May; Ping An Insurance and China Overseas are tipped to be joining the blue-chip index.

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US & Regional Markets Weekly Update

Remarks: (*) closing as of 3rd May 2007; (^) closing as of 2nd May 2007

| Date | US Dow Jones | US NASDAQ | JAPAN Nikkei Avg | SINGAPORE STI | MALAYSIA KLSE Index | BANGKOK SET Index | TAIPEI Weighted Index |
|------------|-----------------|--------------|---------------------|------------------|------------------------|----------------------|--------------------------|
| Week to | | | | | | | |
| 4th May | 13,241.38* | 2,565.46* | 17,394.92^ | 3,485.76 | 1,363.40 | 716.44 | 8,066.06 |
| 27th April | 13,120.94 | 2,557.21 | 17,400.41 | 3,398.60 | 1,324.77 | 695.11 | 7,949.42 |
| Change | +120.44 | +8.25 | -5.49 | +87.16 | +38.63 | +21.33 | +116.64 |
| % | +0.9% | +0.3% | -0.0% | +2.6% | +2.9% | +3.1% | +1.5% |

Major Changes in Index Constituent Stocks (Week ended 4th May 2007)
Hang Seng Index (HSI)

| Stock | Stock Code | Closing Price @04/05/07 | W-O-W Change | | Remarks / Comments |
|----------------------------|------------|----------------------------|--------------|---------|---|
| | | | Absolute | % | |
| HSBC Holdings | 0005 | HK\$146.9 | +HK\$2.40 | +1.66% | Dubai Int'l Capital, a fund owned by Sheikh Mohammed bin Rashid al-Maktoum – the ruler of Dubai, revealed that it had bought a “substantial” stake in HSBC for US\$2 billion last week. Previously, Maan al-Sanea, another Saudi Arabian investor, said it had bought a 3.1% stake in HSBC since mid-Feb for £3.3 billion, making it the 3 rd -largest shareholder in the banking giant. |
| Henderson Land Development | 0012 | HK\$54.05 | +HK\$7.30 | +15.61% | Merrill Lynch revised up its price target for Henderson from HK\$52 to HK\$66.50, citing the company's Mainland landbank and a higher NAV estimate. |

Hang Seng China Enterprises Index (HSCEI)

| Stock | Stock Code | Closing Price @04/05/07 | W-O-W Change | | Remarks / Comments |
|------------------------|------------|----------------------------|--------------|---------|--|
| | | | Absolute | % | |
| PetroChina | 0857 | HK\$10.16 | +HK\$1.70 | +13.14% | PetroChina said its latest discovery in Bohai Bay holds a proven reserve of nearly 3 billion barrels or 405 million tonnes of oil equivalent – the world's largest oil find in a decade. |
| Aluminum Corp of China | 2600 | HK\$9.09 | -HK\$0.16 | -1.73% | A-shares of Chalco jumped 180% in their Shanghai debut on Monday, closing at RMB18.51, Vs an issue price of RMB6.60. In contrast, the Company's H shares ended at HK\$9.09 this week. |

Hang Seng China-Affiliated Corporations Index (HSCCI)

| Stock | Stock Code | Closing Price @04/05/07 | W-O-W Change | | Remarks / Comments |
|------------------------------------|------------|----------------------------|--------------|--------|--|
| | | | Absolute | % | |
| China Overseas Land and Investment | 0688 | HK\$10.40 | +HK\$0.54 | +5.48% | COLI said it would sell a 50% stake in a Shanghai property project to a JPMorgan real estate fund for US\$67 million. Meanwhile, the stock was tipped to join the HSI in the next reshuffle due next Friday. |

Summary of US Economic News

| Indicator | Change/Index | Comments |
|--|--------------|--|
| Construction spending – March 2007 | +0.2% | Construction spending rose 0.2% m-o-m in March, marking the first rise in the last ten months. |
| Personal spending – March 2007 | +0.3% | Personal spending grew 0.3% m-o-m in March, lower than consensus forecast of a 0.5% rise and the lowest pace since September 2006. Personal income rose 0.7% in March, better than market expectation of 0.5%. |
| ISM manufacturing index – April 2007 | 54.7 | ISM manufacturing index surged to 54.7 in April from 50.9 in March, pointing to a better growth momentum in the US manufacturing sector last month. |
| New factory orders – March 2007 | +3.1% | New orders from factories in the US jumped 3.1% m-o-m in March, higher than an expected 2.1% rise, thanks to robust orders for transportation goods. |
| Initial jobless claims – the week ended 28 th April 2007 | -21,000 | Initial jobless claims fell 21,000 last week to 305,000, bucking market expectations of a rise of 4,000. |
| ISM non-manufacturing index – April 2007 | 56.0 | The ISM non-manufacturing index surged to 56.0 in April from 52.4 in March, better than consensus forecast of 53.0, as the US service sector picked up strong growth momentum last month. |

Forthcoming Important Announcements / Events

| | | |
|--------------------------------------|----------|--|
| 7 th May 2007 (Monday) | HK US | : : No important announcement/event No important announcement/event |
| 8 th May 2007 (Tuesday) | HK US | : : CLP Holdings (0002) – Q1 2007 dividend Wholesale inventories – March 2007 Adidas – Q1 FY2007 results Allianz – Q1 FY2007 results Cisco Systems – Q3 FY2006/07 results Deutsche Bank – Q1 FY2007 results Walt Disney – Q2 FY2006/07 results |
| 9 th May 2007 (Wednesday) | HK US | : : HKEx (0388) – Q1 2007 results FOMC meeting and policy statement |
| 10 th May 2007 (Thursday) | HK US | : : No important announcement/event Initial jobless claims – the week ended 5 th May 2007 Trade balance – March 2007 Producer price index – April 2007 Retail sales – April 2007 AIG – Q1 2007 results Viacom – Q1 2007 results |
| 11 th May 2007 (Friday) | HK US | : : No important announcement/event Business inventories – March 2007 |

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