

基金經理報告 Manager's Report

新華富時中國25指數於06年上半年大幅上升22.94%至11,314.83點。

宏觀經濟方面，中國上半年經濟增長加速，第1季度國內生產總值按年增長9.90%，而前5個月之固定資產投資及M2貨幣供應亦分別大幅上升32.00%及19.10%。由於固定資產投資及M2貨幣供應增長均已遠超過目標水平，中國政府於5月份開始推出各種緊縮政策。中國人民銀行宣佈將貸款利率及法定準備金比率分別調高0.27個百分點及0.50個百分點，以抑制貸款及固定資產投資增長。同時，地方市政府亦開始出台政策打擊住宅物業市場上的違規行為與投機炒作。

展望未來，雖然近期料將有更多緊縮政策出台，但我們對中資股之長遠前景仍感樂觀。緊縮政策將對下半年經濟增長有所影響，惟有助中國經濟維持長期的穩健增長。人民幣升值預期及中國經濟強勁增長將成為 H股指數下半年的主要上升動力。

基金截至2006年6月30日止之財政年度的中期股息為每單位1.20港元。除息日為2006年6月30日，登記日為2006年7月3日，派息日為2006年7月10日。

恒生投資管理有限公司
2006年8月11日

The FTSE/Xinhua China 25 Index recorded an impressive gain of 22.94% to 11,314.83 during the first half of the year.

In the macro front, economic growth in China accelerated in the first half of the year. First quarter GDP increased 9.90% year-on-year, while fixed asset investment ("FAI") and money supply ("M2") jumped 32.00% and 19.10% year-on-year in the first five months. As growth in both FAI and M2 had far exceeded the planned targets, China began to impose various austerity measures in May. The People's Bank of China has announced to raise the lending interest rate by 0.27% and the required reserve ratio by 0.50% in order to curb loan and fixed asset investment growth. Meanwhile, local municipals also started to issue measures to crack down irregularities and speculations in the residential property market.

Looking forward, we expect more austerity measures to come in the near term but stay confident on the long-term prospect of China shares. The tightening measures should have visible impacts in the next two quarters and help China economy to maintain a healthy and sustainable growth in the long run. Expectation on Renminbi appreciation and robust economic growth in China are the key factors to drive up the H-share index in the second half of the year.

The interim dividend distribution from the Fund was HK\$1.20 per unit in respect of the financial year ended 30 June 2006. The ex. dividend date was 30 June 2006, and the record date was 3 July 2006. The dividend distribution was paid on 10 July 2006.

Hang Seng Investment Management Limited
11 August 2006