



UNION SECURITIES LTD.

Brian D. Beamish FMA, FCSI
Phone: 604-646-2042
March 26, 2007

RI Trading Alert

Harbin Electric (HRBN)



Canslim revisited...

C-A-N-S-L-I-M is the acronym created by William O'Neil (in his popular book, "How to Make Money in Stocks") to describe his fundamental analysis screening tool. It aims to identify the basic characteristics most stocks have before enormous price advances*. By strictly following the basic criteria, one can position themselves in high growth companies just as they are beginning to move. Here then is one such stock, Harbin Electric, Inc. (Nasdaq:HRBN), its CANSLIM model following criteria and its corresponding price chart with trading strategy.

*Investors Business Daily, 2006.

CRITERIA	Harbin Electric (HRBN)
C. Current Earnings up > 20%	Up 326%
A. Annual Earnings up > 20%	Up 175%
N. New Prod./Mgt./52 wk high	Yes
S. Stock outstanding < 20 million	16.6 million
L. Leadership relative to market	3 mo relative perf.: 93%
I. Institutional Ownership < 5%	1.6%
M. Friendly Market	??

Earnings Per Share - Quarterly Results			
	2006	2005	2004
1st Qtr	\$0.23	\$0.11	\$0.00
2nd Qtr	\$0.22	\$0.17	-\$0.01
3rd Qtr	\$0.26	\$0.19	\$0.16
4th Qtr	\$1.11	\$0.19	\$0.21
Total	\$1.82	\$0.66	\$0.36

Trading Strategy...

This Asian motor manufacturer has carved out a well defined 'Cup & Handle' formation. A move through the highs seen at the beginning of 2007 will confirm this price pattern and suggest a target near \$20. Currently the broader market is consolidating so we must wait for the Nasdaq to finish correcting. Should the broader market bottom and HRBN break through \$14; the CANSLIM criteria will be met and I would consider the stock a buy. As with all recommendations, there is a certain degree of

risk associated with this stock purchase. To determine if the risks associated with this trade are appropriate for you please call me for a complimentary review of your current circumstances.



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