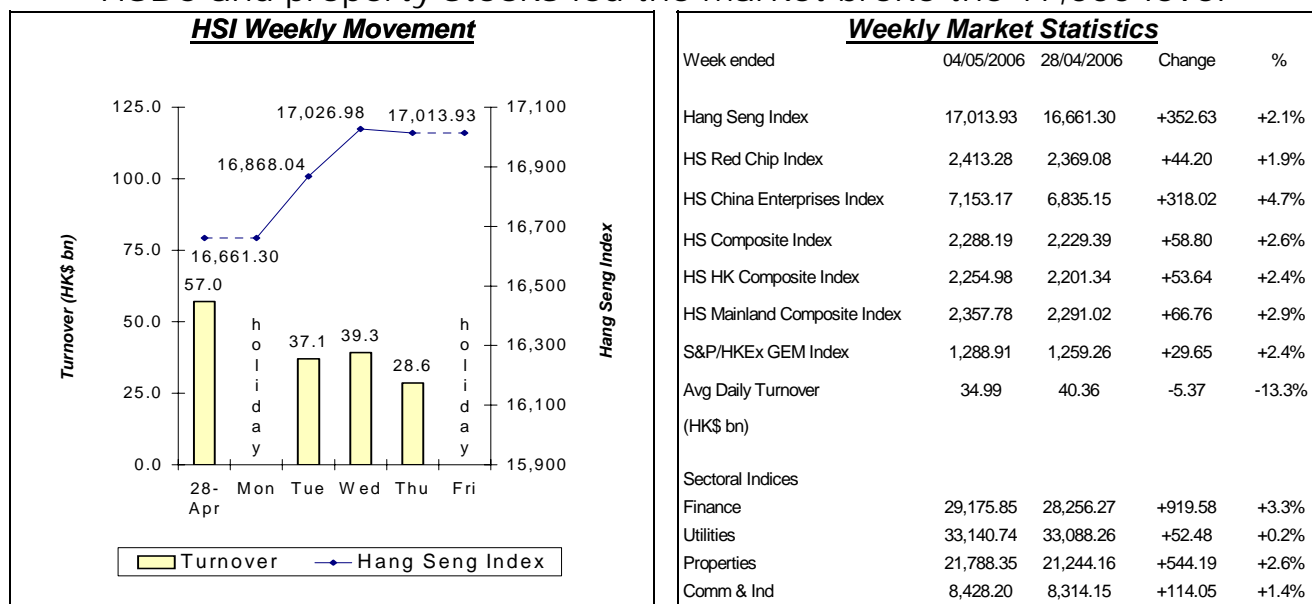


HSBC and property stocks led the market broke the 17,000 level



Review & Outlook of Market Performance

The local stock market started the week with a strong run on expectations of fresh inflow of Mainland pension money after China's approval to let the National Social Security Fund invest overseas. Profit takers then stepped in on Thursday but sentiment in general stayed positive to hold up earlier gains. The HSI finished up 352.63 points, or 2.12% w-o-w, at 17,013.93. Average daily turnover was HK\$34.99 billion.

HSBC was the main driver behind the benchmark index's gains, rising 3.78% w-o-w to HK\$137.2. The global lender drew support from recent euro and sterling strength and a better-than-expected first interim dividend of US\$0.15 per share. Meanwhile, Hang Seng Bank announced a first interim dividend of HK\$1.10 per share, with its stock ended up 0.70% w-o-w at HK\$101.1. Property stocks also helped drive up the index following warm response to Sino Land's Vision City residential project in Tsuen Wan over the previous weekend. Sino Land jumped 6.98% w-o-w to HK\$13.8, having earlier set a new peak of HK\$13.95. New World Development gained 5.40% w-o-w to HK\$14.65 and Hang Lung Properties added 3.21% w-o-w to HK\$16.1. Great Eagle, which plans to raise as much as HK\$7.1 billion from the spin-off of its Citibank Plaza in Central through a real estate investment trust – the Champion REIT, was up 3.57% w-o-w at HK\$29.05. Champion Reit, is expected to offer investors a 2006 yield of between 4.84% and 5.57%.

After the previous week's correction, investors' interest in Mainland stocks returned, securing a larger gain for the H-share index compared with the blue-chip index. The HSCEI ended up 4.65% w-o-w at 7,153.17, with commodity plays in demand. Soaring oil prices lifted oil stocks with PetroChina surging 8.19% w-o-w to HK\$9.25 and Sinopec advancing 5.58% w-o-w to HK\$5.2. Jiangxi Copper was also in favour, climbing 7.98% w-o-w to HK\$8.8, as copper prices clawed back to their recent highs.

Riding on expectations that the market would benefit from China's recent launch of Qualified Domestic Institutional Investor (QDII) scheme, sentiment is likely to stay strong next week. Nonetheless, investors may be sidelined a bit awaiting interest rate decision from the FOMC meeting to be held next Wednesday, 10th May. With the Dow advancing 1.21% or 139 points on Friday and ADR of HSBC closed at above HK\$140 per share, the HSI should have good support and likely to test 17,450 next week.

This report has been prepared solely for information purposes and we are not soliciting any action based upon it. Neither this document nor its contents shall be construed as an offer, invitation, advertisement, inducement or representation of any kind or form whatsoever. The information is based upon information, which we consider reliable, but accuracy or completeness is not guaranteed. Opinions expressed herein are subject to change without notice. At time of this report, East Asia Securities Company Limited has no position in securities of the company or companies mentioned herein, while its group companies may from time to time have interests in securities of the company or companies mentioned herein.

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							
5th May	11,577.74	2,342.57	17,153.77	2,632.42	961.38	768.22	7,370.44
28th April	11,367.14	2,322.57	16,906.23	2,610.71	949.23	768.29	7,171.77
Change	+210.60	+20.00	+247.54	+21.71	+12.15	-0.07	+198.67
%	+1.9%	+0.9%	+1.5%	+0.8%	+1.3%	-0.0%	+2.8%

Major Changes in Index Constituent Stocks (Week ended 4th May 2006)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @04/05/06	W-O-W Change		Remarks / Comments
			Absolute	%	
China Unicom	0762	HK\$7.45	+HK\$0.85	+12.88%	Rumour has it that China Unicom is in talks with 3 telecommunications operators – KDDI, SK Telecom and Sprint Nextel – about investing in China Unicom in a way to boost its ailing CDMA business.
Li & Fung	0494	HK\$19.45	+HK\$1.05	+5.71%	Li & Fung has agreed to buy a US private-label women's apparel producer for US\$37 million. The move follows a string of acquisitions in the past 18 months as the group consolidates business overseas.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @04/05/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Huadian Power International	1071	HK\$2.3	+HK\$0.175	+8.24%	The National Development and Reform Commission is proposing to raise on-grid tariffs by RMB0.0242 per kilowatt-hour, equivalent to a hike of more than 8% from the average rate charged last year.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @04/05/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Guangzhou Investment	0123	HK\$1.76	+HK\$0.21	+13.55%	Guangzhou Investment is evaluating the possibility of spinning-off its newsprint business in Hong Kong.

Summary of US Economic News

Indicator	Change/Index	Comments
Consumer spending – March	0.6%	Consumer spending rose a larger-than-expected 0.6% in March as personal income jumped 0.8%.
Construction spending – March	0.9%	Construction spending surged 0.9% in March, more than twice expectations, thanks to increasing outlays on private residential buildings.
ISM Manufacturing Index – April	57.1	The ISM manufacturing index climbed to 57.3 last month from 55.2 in March, despite soaring energy and metals costs as employment in the sector showed signs of improvement.
Factory Order – March	4.2%	Factory order rose a stronger-than-expected 4.2% in March amid strong demand for transportation equipment, electronic products and machinery,
ISM Non-Manufacturing Index – April	63.0	The ISM non-manufacturing index rose to 63.0 last month from 60.5 in March as employment and new orders strengthened.
Initial Jobless Claims – week ended 29 th April 2006	322,000	Initial jobless claims unexpectedly rose 5,000 last week, but remained at levels suggesting moderate job growth.
Nonfarm payrolls – April	138,000	Employers added 138,000 jobs last month, down from 200,000 jobs in March.
Unemployment rate – April	4.7%	The unemployment rate held at 4.7%, matching market expectations.

Forthcoming Important Announcements / Events

8 th May 2006 (Monday)	HK US	: :	No Important Announcements / Events Nabors Industries – Q1 results
9 th May 2006 (Tuesday)	HK US	: :	Foreign Currency Reserves – April CLP Holdings (0002) – Q1 results Wholesale Trade – March Cisco Systems – Q3 results Walt Disney – Q2 results
10 th May 2006 (Wednesday)	HK US	: :	Hong Kong Exchanges and Clearing (0388) – Q1 results FOMC Announcement
11 th May 2006 (Thursday)	HK US	: :	No Important Announcements / Events Initial Jobless Claims – week ended 6 th May 2006 Retail Sales – April Business Inventories – March JC Penney – Q1 results Viacom – Q1 results
12 th May 2006 (Friday)	HK US	: :	No Important Announcements / Events Import and Export Prices – April International Trade – March Consumer Sentiment (Preliminary) – May

Important Disclosure / Analyst Certification / Disclaimer

This document is published by East Asia Securities Company Limited, a wholly-owned subsidiary of The Bank of East Asia, Limited (BEA). At time of this report, East Asia Securities Company Limited has no position in securities of the company or companies mentioned herein the report, while BEA and / its associated or affiliated companies may from time to time have interests in securities of the company or companies mentioned herein.

The research analyst primarily responsible for the content of this report, in part or in whole certifies that the views on the companies and their securities mentioned in this report accurately reflect his/her personal views. The analyst also certifies that no part of his/her compensation was, is, or will be, directly, or indirectly, related to specific recommendations or views expressed in this report.

This report has been prepared solely for information purposes and has no intention whatsoever to solicit any action based upon it. Neither this report nor its contents shall be construed as an offer, invitation, advertisement, inducement or representation of any kind or form whatsoever. The information is based upon information, which East Asia Securities Company Limited considers reliable, but accuracy or completeness is not guaranteed. Opinions expressed herein are subject to change without notice. Any recommendation contained in this report does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This report is not to be taken in substitution for the exercise of judgment by respective readers of this report, who should obtain separate legal or financial advice. East Asia Securities Company Limited and / or The BEA Group accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or further communication given in relation to this report.

At time of this report, East Asia Securities Company Limited has no position in securities of the company or companies mentioned herein the report, while BEA along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this report. BEA and its associates, its directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

BEA and/or any of its affiliates may beneficially own a total of 1% or more of any class of common equity securities of the subject company or companies mentioned in this report and may, within the past 12 months, have received compensation and/or within the next 3 months seek to obtain compensation for investment banking services from the subject company or companies mentioned in the report.