

**BEA securities**

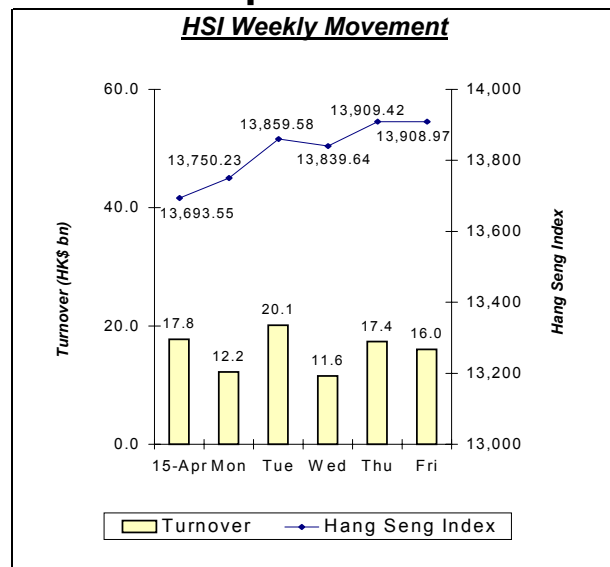
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HONG KONG RESEARCH**Restricted circulation**

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Weekly Report30th April 2005**Renewed speculation on RMB revaluation pushed the market higher**

Weekly Market Statistics				
Week ended	29/04/2005	22/04/2005	Change	%
Hang Seng Index	13,908.97	13,693.55	+215.42	+1.6%
HS Red Chip Index	1,562.22	1,537.92	+24.30	+1.6%
HS China Enterprises Index	4,657.70	4,708.80	-51.10	-1.1%
HS Composite Index	1,792.11	1,770.02	+22.09	+1.2%
HS HK Composite Index	1,896.60	1,870.56	+26.04	+1.4%
HS Mainland Composite Index	1,590.69	1,576.60	+14.09	+0.9%
S&P/HKEx GEM Index	915.86	914.62	+1.24	+0.1%
Avg Daily Turnover (HK\$ bn)	15.47	16.09	-0.62	-3.9%
Sectoral Indices				
Finance	26,810.98	26,530.34	+280.64	+1.1%
Utilities	30,598.91	29,904.66	+694.25	+2.3%
Properties	17,252.96	16,839.84	+413.12	+2.5%
Comm & Ind	6,161.65	6,056.79	+104.86	+1.7%

Review & Outlook of Market Performance

Renewed speculation on Renminbi revaluation had created a benign environment for stocks this week. Over the week, major bankers suggested inflow of hot money back to Hong Kong. The resulting increase in the banking system aggregate balance and the slide in interbank rates sparked hopes on lower of local interest rates. The Hang Seng Index was up 215.42 points or 1.6% w-o-w at 13,908.97. Average daily turnover reduced to HK\$15.47 billion when compared with HK\$16.09 billion in the previous week.

Property counters shined among major blue chips as figures showed an unexpected 44.8% m-o-m rise in new home loans approval in March that was the largest m-o-m increase in two years. In addition, strong sales figures on luxury properties also helped buoying property share prices. Property bellwethers like Cheung Kong (0001), Sun Hung Kai Properties (0016), and Henderson Land (0012) all recorded w-o-w gains from 1.7% to 3.1%.

On the H-shares front, HSCEI shed 51.1 points, or 1.1% w-o-w to close at 4,657.70 on concern of Beijing introducing further measures to quell fixed asset investment. However, airlines bucked the market trend as the market started contending that all negative news had been discounted in the share prices and market focus started shifting to their long-term prospects. China Southern Airlines (1055) and China Eastern Airlines (0670) rose 11.7% and 9.6% w-o-w respectively. Besides airlines, power shares also attracted buying interests on news that the long awaited tariff increases by mainland power companies had been approved. This tariff increase enabled the power companies to offset the higher coal costs. Among major power counters, Huaneng Power (0902) rose 3.5% w-o-w to HK\$5.95, Datang Power (0991) gained 3.4% w-o-w to close at HK\$6.00 and Huadian Power (1071) closed up 5.5% w-o-w at HK\$2.40. HSCCI gained 1.6% w-o-w to close at 1,562.22.

Looking ahead, retail counters should be the market focus as an estimated 460,000 tourists from mainland will be visiting Hong Kong in the forthcoming Labor Day Golden week. We see the HSI to test breaking the 14,000 level next week with 13,800 a strong support amid continuing funds inflow.

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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							
29th April	10,192.51	1,921.65	11,008.90	2,125.25	878.96	658.88	5,818.07
22nd April	10,157.71	1,932.19	11,045.95	2,136.91	877.78	677.25	5,747.09
Change	+34.80	-10.54	-37.05	-11.66	+1.18	-18.37	+70.98
%	+0.3%	-0.5%	-0.3%	-0.5%	+0.1%	-2.7%	+1.2%

Major Changes in Index Constituent Stocks (Week ended 29th April 2005)**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @29/04/05	W-O-W Change		Remarks / Comments
			Absolute	%	
Yue Yuen Industrial	0551	HK\$22.1	+HK\$1.25	+6.0%	The company reported a 32.5% m-o-m growth of revenue in March.

Hang Seng China Enterprises Index (HSCFI)

Stock	Stock Code	Closing Price @29/04/05	W-O-W Change		Remarks / Comments
			Absolute	%	
China Eastern Airlines	0670	HK\$1.48	+HK\$0.13	+9.6%	Market started contending that all negative news had been discounted in the share prices and market focus started shifting to their long-term prospects.
China Southern Airlines	1055	HK\$2.625	+HK\$0.275	+11.7%	
Huaneng Power	0902	HK\$5.95	+HK\$0.20	+3.5%	Power shares attracted buying interests on the news that the long awaited tariff increases by mainland power companies had been approved.
Datang Power	0991	HK\$6.00	+HK\$0.20	+3.4%	
Huadian Power	1071	HK\$2.40	+HK\$0.125	+5.5%	
PICC P&C	2328	HK\$1.98	-HK\$0.245	-11.0%	The counter reported worse than consensus FY2004 earnings on unexpectedly high top-up reserve on auto insurance and poor investment results.

Hang Seng China-Affiliated Corporation Index (HSCCI)

Stock	Stock Code	Closing Price @29/04/05	W-O-W Change		Remarks / Comments
			Absolute	%	
China Resources Power	0836	HK\$4.325	+HK\$0.225	+5.5%	Power shares attracted buying interest on the news that the long awaited tariff increases by mainland power companies had been approved.



Summary of US Economic News

Indicator	Change/Index	Comments
March existing home sales	+1%	The increase was higher than consensus (+0.2%) and was the third highest level on record.
March new home sales	+12.2%	The seasonally adjusted estimate of new homes for sale at the end of March was 433,000. This represents a supply of 3.6 months at the current sales rate.
March durable goods orders	-2.8%	The figure was worse than market forecast (+0.3%). Transportation equipment, down four consecutive months, had the largest decrease (-7.8%) due to a decrease of non-defence aircraft and parts.
Advance GDP – Q1	+3.1%	The growth was slower than consensus (+3.5%) and +3.8% of the previous quarter. The slower growth was caused by a deceleration in personal consumption expenditure and acceleration in imports.
End of April University of Michigan consumer sentiment	87.7	The figure was below consensus (89.0) and marked the fourth consecutive monthly decline. It was also the lowest level since September 2003.

Forthcoming Important Announcements / Events

2 nd May 2005 (Monday)	HK US	: : Public Holiday – Labour Day April ISM manufacturing business index March construction spending Avon Products Inc. (AVP) – Q1 results Electronic Data Systems (EDS) – Q1 results
3 rd May 2005 (Tuesday)	HK US	: : HSBC (0005) – Q1 results Hang Seng Bank (0011) – Q1 results Redbook retail sales index Aon Corporation (AOC) – Q1 results Las Vegas Sands Corp. (LVS) – Q1 results Metlife Inc. (MET) – Q1 results Tyco International (TYC) Q2 results
4 th May 2005 (Wednesday)	HK US	: : No important announcements/ events April ISM non-manufacturing business index CIGNA (CI) – Q1 results Prudential Financial, Inc. (PRU) – Q1 results Time Warner Inc. (TWX) – Q1 results
5 th May 2005 (Thursday)	HK US	: : Manulife Financial Corporation (0945) – Q1 results Initial jobless claims – week ended 30 th April First quarter non-farm productivity Pixar Animation Studios (PIXR) – Q1 results The Gillette Company (G) – Q1 results
6 th May 2005 (Friday)	HK US	: : March retail sales April non-farm payrolls April unemployment rate March consumer credit Berkshire Hathaway (BRKA) – Q1 results