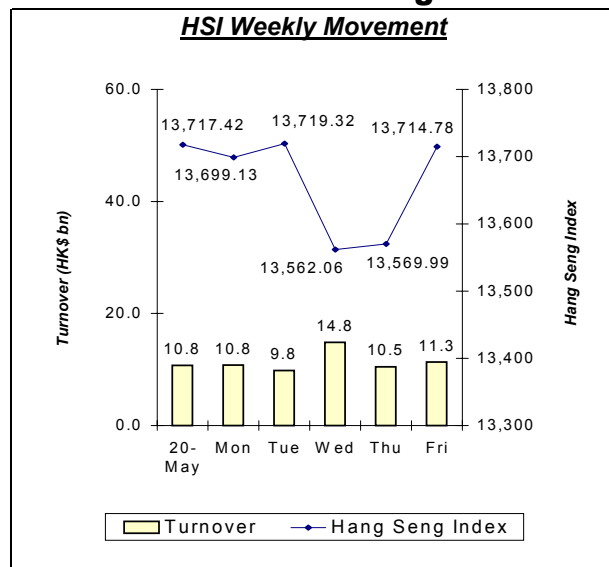


Thin trading ahead of massive IPOs next month



Weekly Market Statistics				
Week ended	27/05/2005	20/04/2005	Change	%
Hang Seng Index	13,714.78	13,717.42	-2.64	-0.0%
HS Red Chip Index	1,554.01	1,550.54	+3.47	+0.2%
HS China Enterprises Index	4,574.64	4,625.36	-50.72	-1.1%
HS Composite Index	1,768.12	1,767.87	+0.25	+0.0%
HS HK Composite Index	1,868.37	1,866.80	+1.57	+0.1%
HS Mainland Composite Index	1,575.28	1,577.75	-2.47	-0.2%
S&P/HKEx GEM Index	888.20	886.72	+1.48	+0.2%
Avg Daily Turnover (HK\$ bn)	11.45	14.65	-3.20	-21.9%
Sectoral Indices				
Finance	26,445.15	26,555.18	-110.03	-0.4%
Utilities	30,305.57	30,293.20	+12.37	+0.0%
Properties	16,605.63	16,648.81	-43.18	-0.3%
Comm & Ind	6,111.76	6,084.91	+26.85	+0.4%

Review & Outlook of Market Performance

The market traded very thinly during the week as investors side-lined to digest the impact of the new trading band for Hong Kong dollar under the linked rate system and those upcoming series of massive IPOs next month. After a quiet start, the market was sold down during midweek before recouping losses on Friday following strong Wall Street's overnight gains. The HSI lost a modest 2.64 points, or 0.02% w-o-w, to close at 13,714.78. Average daily turnover was HK\$11.45 billion.

Property stocks paced a mild retreat on higher interest rates and slower weekend home sales. According to Centaline Property Agency, sale transactions in the 10 key housing estates, including Taikoo Shing in Quarry Bay and Laguna City in Lam Tin, dropped an average 55% over the past weekend, compared with the week earlier. The HS Property sub-index was down 0.26% w-o-w, with Wheelock leading the decline at 2.18% w-o-w to HK\$11.2.

MTR Corp was the top blue-chip gainer, climbing 5.32% w-o-w to close at its highest level of HK\$13.85 in four years. The rail operator was reported to have signed up two metro projects in Shenzhen to expand income sources outside Hong Kong. Esprit Holdings, which sources the bulk of its goods from China, shrugged off worries that new export tariffs on Chinese textile products would hurt the company's earnings, adding 3.13% w-o-w to HK\$57.75.

H-shares fared less well with a number of companies, such as Sinopec, going ex-dividend. The HSCEI drifted 1.10% lower w-o-w to close at 4,574.64. Stripping out the impact of ex-dividend, Sinopec Zhenhai Refining & Chemical and Shanghai Petrochemical went down 4.96% w-o-w and 2.98% w-o-w respectively amid concerns of shrinking refinery margins. Souring trade relations between China and the US and the European Union continued weighing on shipping counters. China Shipping Development tumbled 6.20% w-o-w to HK\$6.05, while CSCL slipped 0.75% w-o-w to HK\$3.3.

Looking ahead, market sentiment is expected to be weak in the lack of fresh catalysts. The upcoming IPO of China Shenhua Energy, which targets to tap as much as HK\$28 billion, is going to tie up liquidity in the market. The HSI is likely to remain range-traded at 13550 to 13,800 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.

**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							
27th May	10,542.55	2,075.73	11,192.33	2,154.70	869.11	663.48	5,991.55
20th May	10,471.91	2,046.42	11,037.29	2,173.77	883.17	670.65	5,954.69
Change	+70.64	+29.31	+155.04	-19.07	-14.06	-7.17	+36.86
%	+0.7%	+1.4%	+1.4%	-0.9%	-1.6%	-1.1%	+0.6%

Major Changes in Index Constituent Stocks (Week ended 27th May 2005)**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @27/05/05	W-O-W Change		Remarks / Comments
			Absolute	%	
MTR Corp	0066	HK\$13.85	+HK\$0.7	+5.32%	MTR Corp signed a memorandum of understanding with Shenzhen municipal government to cooperate on the construction and operation of Shenzhen Metro Lines 2 and 3.
Li & Fung	0494	HK\$14.6	+HK\$0.6	+4.29%	The market expected Li & Fung to benefit from the trade dispute between China and the US and the European Union, which could result in curbs on Chinese textile exports.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @27/05/05	W-O-W Change		Remarks / Comments
			Absolute	%	
ZTE Corp	0763	HK\$24.15	+HK\$2.3	+10.53%	Vodafone Group and TeliaSonera, two of Europe's largest phone companies said they were among a group of European operators to make test purchases of telecom equipment from China.

Hang Seng China-Affiliated Corporation Index (HSCCI)

Stock	Stock Code	Closing Price @27/05/05	W-O-W Change		Remarks / Comments
			Absolute	%	
China Resources Land	1109	HK\$1.2	-HK\$0.12	-9.09%	Investors worried that recently introduced measures to rein in speculative buying in China's property market would lead to a sharp fall in property prices.



Summary of US Economic News

Indicator	Change/Index	Comments
Durable Goods Orders – April	+1.9% m-o-m	Durable goods orders shot up 1.9% in April, better than market expectations of 1.3%, reflecting strong demand for cars, appliances and aircraft.
Existing Home Sales – April	7.18 million units	Existing home sales surged 4.5% in April to a record high and home prices posted a monthly gain of 6.7%.
New Home Sales – April	1.316 million units	New home sales rose unexpectedly last month, climbing 0.2% to a fresh record, as low mortgage rates helped keep the strength in the real estate market.
GDP – Q1 preliminary	3.5%	GDP expanded at a 3.5% annual rate in the 1 st quarter, more than the 3.1% initially reported, as the trade deficit shrank.
Initial Jobless Claims – 21 st May 2005	323,000	Initial jobless claims gently rose 1,000 to 323,000 last week, short of market expectations for an increase to 325,000.
Personal Income – April	+0.7% m-o-m	Personal income increased 0.7% last month, in line with market expectations, after rising 0.5% a month earlier.
Consumer Spending – April	+0.6% m-o-m	Consumer spending rose a slimmer-than-expected 0.6% in April from a rise of 0.9% in March.
Consumer Sentiment – May	86.9	Consumer confidence rebounded in the 2 nd half of May, compared with a preliminary reading of 85.3 reported in the middle of the month, as fuel prices eased and the job market appeared firmer.

Forthcoming Important Announcements / Events

30 th May 2005 (Monday)	HK US	: : No Important Announcements / Events Memorial Day holiday
31 st May 2005 (Tuesday)	HK US	: : Money Supply – April Chicago PMI – May Consumer Confidence – May
1 st June 2005 (Wednesday)	HK US	: : No Important Announcements / Events Construction Spending – April ISM Manufacturing Index – May ADC Telecommunications – Q2 results
2 nd June 2005 (Thursday)	HK US	: : No Important Announcements / Events Initial Jobless Claims – 28 th May 2005 Productivity and Costs – Q1 revised Factory Orders – April CIENA Corp – Q2 results Pall Corp – Q3 results
3 rd June 2005 (Friday)	HK US	: : No Important Announcements / Events Nonfarm Payrolls – May Unemployment Rate – May ISM Non-manufacturing Index – May