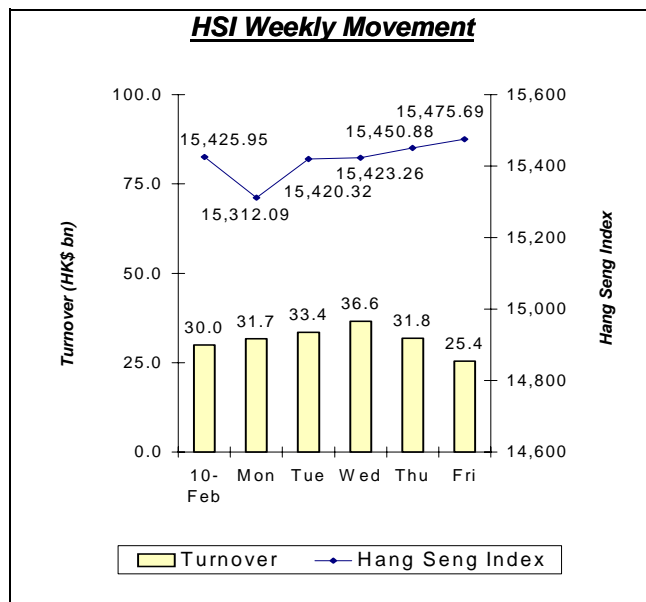


The local market rebounded from Monday's low



Weekly Market Statistics				
Week ended	17/02/2006	10/02/2006	Change	%
Hang Seng Index	15,475.69	15,425.95	+49.74	+0.3%
HS Red Chip Index	2,057.28	2,066.61	-9.33	-0.5%
HS China Enterprises Index	6,379.95	6,318.52	+61.43	+1.0%
HS Composite Index	2,074.63	2,065.85	+8.78	+0.4%
HS HK Composite Index	2,060.97	2,047.55	+13.42	+0.7%
HS Mainland Composite Index	2,113.50	2,113.80	-0.30	-0.0%
S&P/HKEx GEM Index	1,158.37	1,198.24	-39.87	-3.3%
Avg Daily Turnover (HK\$ bn)	31.81	32.11	-0.30	-0.9%
Sectoral Indices				
Finance	27,597.37	27,348.05	+249.32	+0.9%
Utilities	31,681.74	31,467.39	+214.35	+0.7%
Properties	18,846.56	18,626.07	+220.49	+1.2%
Comm & Ind	7,477.57	7,509.60	-32.03	-0.4%

Review & Outlook of Market Performance

Fuelled by gains on Wall Street, the Hong Kong stock market recovered Monday's drop of 113 points and finished the week in the positive territory. The HSI closed up 49.74 points, or 0.32% w-o-w, at 15,475.69. Trading remained buoyant during the week, with an average daily turnover of HK\$31.81 billion.

Property counters staged a rebound after HSBC's move to lower mortgage rates by 50 basis points. Sino Land surged 6.67% w-o-w to HK\$11.2 and New World Development jumped 3.13% w-o-w to HK\$11.55. Banking counters also outperformed after Bank of East Asia announced its better-than-expected FY2005 results last Friday with its share price up 5.06% w-o-w at HK\$25.95, while BOC Hong Kong ended 2.98% w-o-w higher at HK\$15.5.

Oil prices retreated during the week, prompting investors to switch out of the oil sector into airline stocks. PetroChina fell 3.29% w-o-w to HK\$7.35 and CNOOC dropped 4.55% w-o-w to HK\$6.3, while China Southern Airlines jumped 8.89% w-o-w to HK\$2.45 and Air China climbed 5.71% to HK\$2.775. Blue-chip player Cathay Pacific Airways rose 1.79% w-o-w to HK\$14.2 despite negative news that it was among a peer group under investigation for possible price fixing in the air-cargo market.

New policies that would allow H-share companies to join the HSI aroused interest in China Construction Bank, which was considered to be the most likely candidate as the lender had completed its non-tradable share reform. The counter had once set its 52-week high of HK\$3.85 before profit taking pulled it back to finish at HK\$3.575, up 9.16% w-o-w. Investors also piled up other H-share counters that could meet the selection criteria once they complete their share reforms later this year. Bank of Communications gained 6.86% w-o-w to HK\$4.675 and China Life Insurance added 2.42% w-o-w to HK\$8.45. Aided by the strong performance of financial counters, the H-share index closed up 0.97% w-o-w at 6,379.95.

Market factors to watch next week will be US CPI and the corporate results of the two local blue-chip counters Hang Lung Properties and Esprit Holdings. The initial support for the HSI should be at 15,350.

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							
17th February	11,115.32	2,282.36	15,713.45	2,431.34	926.47	739.35	6,673.75
10th February	10,919.05	2,261.88	16,257.83	2,423.59	920.31	738.07	6,594.92
Change	+196.27	+20.48	-544.38	+7.75	+6.16	+1.28	+78.83
%	+1.8%	+0.9%	-3.3%	+0.3%	+0.7%	+0.2%	+1.2%

Major Changes in Index Constituent Stocks (Week ended 17th February 2006)**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @17/02/06	W-O-W Change		Remarks / Comments
			Absolute	%	
China Merchants Holdings	0144	HK\$21.75	+HK\$1.15	+5.58%	Investors continued to seek exposure to China's booming port business.
Hutchison Whampoa	0013	HK\$73.5	-HK\$2.4	-3.16%	Hutchison Whampoa shelved the IPO of its Italian 3G unit as it failed to fetch the target valuation.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @17/02/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Sinopec Shanghai Petrochemical	0338	HK\$4.275	+HK\$0.325	+8.23%	Its parent Sinopec said it would take private 4 mainland-listed subsidiaries in a bid to simplify its structure. Investors were betting that Sinopec Shanghai Petrochemical could be the next.
Zijin Mining	2899	HK\$4.55	-HK\$0.325	-6.67%	Gold prices slipped after the US dollar rose on the prospect of more interest-rate hikes.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @17/02/06	W-O-W Change		Remarks / Comments
			Absolute	%	
China Netcom	0906	HK\$13.35	+HK\$0.4	+3.09%	China Netcom will be included in the HSI with effect from 6 th March 2006.
TCL Multimedia Technology Holdings	1070	HK\$1.35	-HK\$0.18	-11.76%	The company issued a profit warning on its fourth quarter to December results.

Summary of US Economic News

Indicator	Change/Index	Comments
Retail Sales – January	2.3%	The 2.3% rise was more than double market expectations and followed a 0.4% increase in December.
Business Inventories – December	0.7%	Business inventories rose a larger-than-expected 0.7% in December, led by automotive stocks.
Industrial Production – January	-0.2%	Industrial production unexpectedly fell last month after a record decline in utility output.
Housing Starts – January	2.276 million units	Housing starts surged 14.5% to an annualised 2.276 million units last month, well ahead of market expectations of 2.023 million.
Initial Jobless Claims – week ended 11 th February 2005	297,000	Initial jobless claims rose 19,000 last week, but held below the 300,000 level for a fifth straight week, signalling a strong job market.
Producer Price Index (PPI) – January	0.3%	PPI rose 0.3% in January, led by higher costs for vehicles and machinery. The core PPI, which excludes food and energy, increased 0.4% after a 0.1% rise in December.
Consumer Sentiment (Preliminary) – February	87.4	Consumer sentiment fell to 87.4 in February from the previous month of 91.2.

Forthcoming Important Announcements / Events

20 th February 2006 (Monday)	HK US	: : Star Cruises (0678) – Final results Public Holiday – President's Day
21 st February 2006 (Tuesday)	HK US	: : Consumer Price Index – January Hang Lung Group (0010) – Interim results Hang Lung Properties (0101) – Interim results ASM Pacific Technology (0522) – Final results Wumart Store (8277) – Final results Leading Indicators – January FOMC Minutes – 31 st January 2006 meeting Federated Department Stores Inc – Q4 results Home Depot Inc – Q4 results Medtronic Inc – Q3 results Wal-Mart Stores Inc – Q4 results
22 nd February 2006 (Wednesday)	HK US	: : Gross Domestic Product – 4Q2005 Wing Lung Bank (0096) – Final results Esprit Holdings (0330) – Interim results Consumer Price Index – January Sprint Nextel Corp – Q4 results
23 rd February 2006 (Thursday)	HK US	: : Pacific Century Insurance Holdings (0065) – Final results Parkson Retail Group (3368) – Final results Initial Jobless Claims – week ended 18 th February 2006 Gap Inc – Q4 results Kohl's Corp – Q4 results Nordstrom Inc – Q4 results
24 th February 2006 (Friday)	HK US	: : San Miguel Brewery Hong Kong (0236) – Final results Durable Goods Orders – January

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.