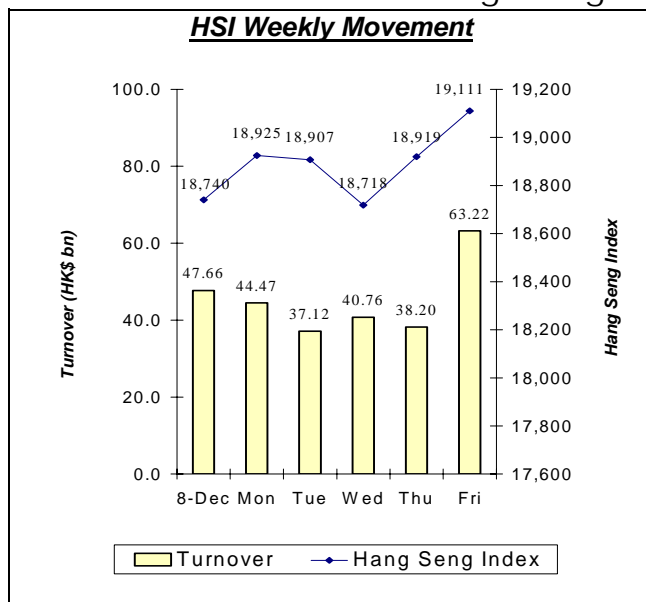


HSI regains ground above 19,000



Weekly Market Statistics				
Week ended	15/12/2006	08/12/2006	Change	%
Hang Seng Index	19,111	18,740	371	+2.0%
HS Red Chip Index	3,089	3,037	51	+1.7%
HS China Enterprises Index	8,989	8,630	359	+4.2%
HS Composite Index	2,631	2,580	51	+2.0%
HS HK Composite Index	2,404	2,363	41	+1.7%
HS Mainland Composite Index	2,955	2,891	64	+2.2%
S&P/HKEx GEM Index	1,184	1,183	1	+0.1%
Avg Daily Turnover (HK\$ bn)	44.8	46.9	(2)	-4.6%
Sectoral Indices				
Finance	31,231	30,958	273	+0.9%
Utilities	35,722	33,768	1,954	+5.8%
Properties	22,615	21,971	644	+2.9%
Comm & Ind	10,038	9,819	219	+2.2%

Review & Outlook of Market Performance

Hong Kong equities generally moved sideways at the beginning of the week, as investors kept their focus on initial share offerings, while short-term profit taking had put a cap on the upside. Hang Seng Index regained the 19,000 territory on Friday, after the US' Dow Jones Industrial Average set a new record high. The HSI ended the week at 19,110.65, up 371 points or 2.0%. Average daily turnover amounted to HK\$44.8 billion, down slightly from HK\$46.9 billion in the previous week.

Federal Reserve kept interest rates unchanged as expected during the FOMC meeting on Tuesday. However, investors generally paid little attention to the event, as the Fed barely gave lights on the future policy outlook. In fact, blue chips and H shares were mainly news-driven or being traded on rumours. China Netcom was the biggest gainer in the HSI with a 14.7% jump to settle at all-time high, after exchange filings had showed that Telefonica boosted its stake in the Mainland telecom carrier in the open market. Meanwhile, CLP Holdings jumped a sharp 10.5% w-o-w, amid rumours that local power producers might raise electricity tariffs for 2007. Hutchison Whampoa also traded 3.92% higher w-o-w amid market talks of sale of its Indian 3G business, despite denial from the conglomerate.

HSCEI touched 9,000 on Friday, before finishing at a record close of 8,988.91, up 359 points or 4.2% w-o-w. Strong rally in China Life and Ping An was the driving force, after the two Mainland insurance giants revealed plans to issue domestic A shares. Yanzhou Coal and China Shenhua were the top gainers in the H-share index, after the IPO of peer China Coal Energy received solid market response. The two Mainland coal producers ended up 13.3% and 12.2% w-o-w, respectively.

IPOs should remain the focal point of the market, as we will observe eight new stocks to begin trading on the HK stock exchange before the long Christmas holiday weekend. Trading debuts of China Coal Energy on Tuesday (19/12), Sunlight REIT on Thursday (21/12) and Ming An on Friday (22/12) should draw most investors' attentions. Looking ahead, as fundamentals remains strong and market sentiment stays healthy, the HSI is seen heading north next week and revisiting the record at 19,404 before the year-end.

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							
15th December	12,416.76*	2,453.85*	16,914.31	2,931.29	1,089.32	736.29	7,538.82
8th December	12,307.49	2,437.36	16,417.82	2,891.94	1,098.59	740.94	7,636.30
Change	+109.27	+16.49	+496.49	+39.35	-9.27	-4.65	-97.48
%	+0.9%	+0.7%	+3.0%	+1.4%	-0.8%	-0.6%	-1.3%

Remark (*): closing as of 14th December 2006

Major Changes in Index Constituent Stocks (Week ended 15th December 2006)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @15/12/06	W-O-W Change		Remarks / Comments
			Absolute	%	
China Merchants Holdings (International)	0144	HK\$30.0	-HK\$0.25	-0.83%	China Merchants tracked the market lower before its trading suspension from Thursday. The port operator said to acquire a 17.5% stake in Shekou Container Terminals (SCT 1) and SCT Phase 2 from Swire Pacific and a 22.5% stake in SCT 1 and 22.05% in SCT 2 from P&O Dover for a total of US\$406 million, in order to consolidate its interest in the Shenzhen port.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @15/12/06	W-O-W Change		Remarks / Comments
			Absolute	%	
Guangshen Railway	0525	HK\$4.30	+HK\$0.42	+10.82%	Guangshen was one of the top performing stocks in the H-share during the week. The railway operator said it plans to raise RMB10.4 billion by issuing 2.75 billion A shares in Shanghai. The company said it would use the proceeds to fund the purchase of Yang Cheng Railway from its parent.

Hang Seng China-Affiliated Corporations Index (HSCCI)

Stock	Stock Code	Closing Price @15/12/06	W-O-W Change		Remarks / Comments
			Absolute	%	
China Netcom	0906	HK\$19.16	+HK\$2.46	+14.73%	Stock exchange filings showed that Spain's Telefonica SA has boosted its stake in the Mainland fixed-line network carrier in the open market. Telefonica bought 2.09 million shares at an average price of HK\$15.8 on Dec 5, boosting its interest in Netcom to 5% from 4.97%.

Summary of US Economic News

Indicator	Change/Index	Comments
Wholesale inventory – October 2006	+0.8%	Wholesale inventory rose 0.8% in Oct, higher than consensus forecast of 0.5%, led by autos, machinery, and computer equipment.
Trade account balance – October	-US\$58.9 billion	US reported a US\$58.9 bn trade deficit in Oct, lower than the US\$64.3 bn deficit in Sep and forecast of US\$63 bn. Against China, deficit surged to US\$24.4 bn in Oct from US\$23 bn in Sep.
Retail sales – November	+1.0%	Retail sales surged 1.0% in Nov, versus a forecast of 0.2%, which showed consumer sentiment was robust during the shopping season.
Initial jobless claims – the week ended 9 th December 2006	-20,000	Initial jobless claims fell a larger-than-expected 20,000 to 304,000 last week from 328,000 in the previous week. Market previously expected a reading of 320,000.
Import prices – November	+0.2%	Despite dropping oil prices, import prices surged 0.2% in Nov, rather than forecast of staying flat. In fact, the rise was driven by natural gas prices.

Forthcoming Important Announcements / Events

18 th December 2006 (Monday)	HK	:	FE Consortium (0035) – interim results Luk Fook Holdings (0590) – interim results Pacific Andes (1174) – interim results Pearl Oriental (0632) – interim results Tack Fat Group (0928) – interim results
	US	:	Current account balance – Q3 2006 Oracle – Q2 FY2006/07 results
19 th December 2006 (Tuesday)	HK	:	Unemployment rate – November 2006 Emperor Entertainment Hotel (0296) – interim results Emperor International Holdings (0163) – interim results Hon Kwok Land (0160) – interim results Ngau Lik Industrial (0332) – interim results YangtzeKiang (0294) – interim results YGM Trading (0375) – interim results
	US	:	Housing starts – November 2006 Producer price index – November 2006 Core PPI – November 2006 Morgan Stanley – Q4 2006 Palm, Inc. – Q2 FY2006/07
20 th December 2006 (Wednesday)	HK	:	Hang Fung Gold (0870) – interim results Kwoon Chung Bus (0306) – interim results
	US	:	FedEx Corp – Q2 2007 results Nike Inc – Q2 2007 results
21 st December 2006 (Thursday)	HK	:	Consumer price index – November 2006 Linfair (0462) – interim results
	US	:	Initial jobless claims – week ended 16 th December 2006 GDP (final) – Q3 2006 Index of leading indicators – November 2006
22 nd December 2006 (Friday)	HK	:	No important event/ announcement
	US	:	Durable goods orders – November 2006 Personal income and spending – November 2006 University of Michigan consumer sentiment (revised) – Dec 2006

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.