



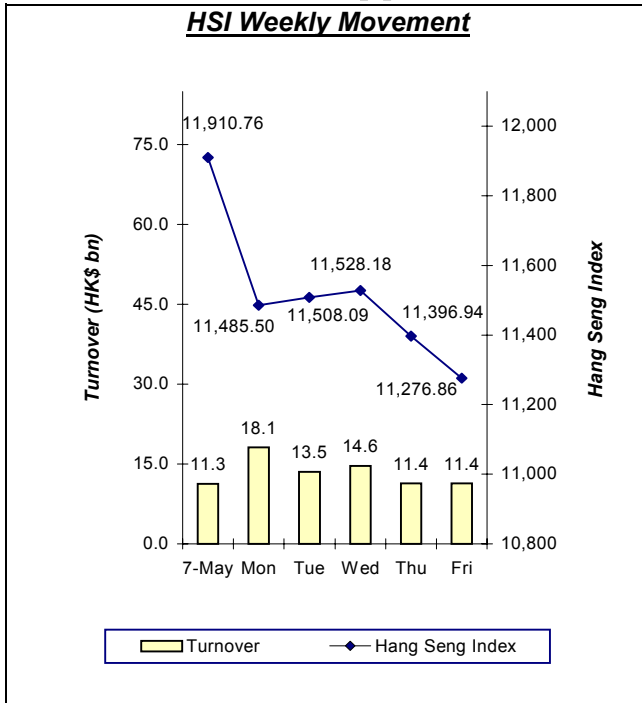
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Weekly Report

15th May, 2004

HSI dropped 5.3% whilst HKCEI tumbled 11.3%



Weekly Market Statistics

Week ended	14/5/2004	07/05/04	Change	%
Hang Seng Index	11,276.86	11,910.76	-633.90	-5.3%
HS Red Chip Index	1,179.04	1,267.36	-88.32	-7.0%
HS China Enterprises Index	3,747.03	4,222.76	-475.73	-11.3%
HS Composite Index	1,438.96	1,535.59	-96.63	-6.3%
HS HK Composite Index	1,544.66	1,637.33	-92.67	-5.7%
HS Mainland Composite Index	1,228.60	1,336.89	-108.29	-8.1%
S&P/HKEX GEM	1,070.48	1,133.43	-62.95	-5.6%
Avg Daily Turnover (HK\$ bn)	13.81	12.30	+1.51	+12.2%
Sectoral Indices				
Finance	23,673.33	24,553.14	-879.81	-3.6%
Utilities	26,679.72	27,217.04	-537.32	-2.0%
Properties	13,449.13	14,500.41	-1,051.28	-7.3%
Comm & Ind	4,539.22	4,899.76	-360.54	-7.4%

Review & Outlook of Market Performance

Hong Kong stocks tumbled this week on heightened fears of an early interest-rate rise in the US following release of some strong economic data. In fact, mirroring falls in other regional markets, the Hang Seng Index started the week with a loss of 425 points on Monday. Sentiment remained subdued later in the week with China plays battered by strong inflation data as global oil prices hit record levels. Moreover, funds were seen flowing out of the city during the week. The HSI closed Friday at a fresh year low of 11,276.86, down 5.3% or 633.90 points w-o-w. Average daily turnover was HK\$13.81 billion.

Hutchison took the limelight this week, as the conglomerate said that it would book a HK\$13.7-billion gain from sales of its 20% stake in a UK joint venture with Procter and Gamble. Although the deal was welcomed by the market, it could not help mitigate a decline in Hutchison's share prices. The stock dropped 5.5% w-o-w to close at HK\$49.40. Meanwhile, the strong market response to the weekend sales of flats at Serenity Place in Tseung Kwan O also failed to stem falls in share prices of property developers, with the HS Properties Sub-index down 7.3% on week.

China-related shares, especially H shares, led the rout this week as investors braced a possible interest-rate hike to tame China's red-hot economy. In addition, released data showing industrial output, consumer price index and exports remained strong during April, fuelling concerns that the central government may take further tightening measures. The HSCEI plunged 11.3%, while the HSCCI shed 7% w-o-w.

Notwithstanding the HSI has fallen by more than 5% this week, chance for a technical rebound seems quite remote as the market still lacks positive impetus. With lingering rate-hike fears and China's economy slowing-down measures still weighing on sentiment, the HSI may test the 11,000 psychological level in the short term.

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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 14th May	10,012.87	1,904.25	10,849.63	1,754.96	793.97	609.72	5,777.32
7th May	10,117.34	1,917.96	11,438.82	1,843.72	835.37	636.80	6,040.26
Change	-104.47	-13.71	-589.19	-88.76	-41.40	-27.08	-262.94
%	-1.03%	-0.71%	-5.15%	-4.81%	-4.96%	-4.25%	-4.35%

Major Changes in Index Constituent Stocks (week ended 14th May 2004)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @14/05/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Cathay Pacific	0293	HK\$13.20	-HK\$0.55	-4.00%	Tracking the market downtrend, the airliner was weaker this week, despite raising its fuel surcharges for cargo flights and reporting a 6% m-o-m rise in passenger number in April.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @14/05/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
China Telecom	0728	HK\$2.250	-HK\$0.175	-7.2%	The company said it would wait for better market conditions before placing shares to fund its acquisition.
Huaneng Power	0902	HK\$6.40	-HK\$1.15	-15.2%	The mainland IPPs were losers this week on talks that a further tariff rise might not materialize.
Datang International Power	0991	HK\$5.35	-HK\$1.00	-15.7%	

Summary of US Economic News

Indicator	Change/Index	Comments
Trade balance - March	US\$46.0-billion deficit	The Commerce Department said trade deficit rose to a record US\$46.0 billion in March from US\$42.1 billion in February. Exports from the nation increased 2.6% m-o-m to a record US\$94.7 billion in March, but imports jumped 4.6% m-o-m to US\$140.7 billion.
Retail sales - April	-0.5% m-o-m	Retail sales slipped by a steeper-than-expected 0.5% in April, the 1 st decline since September 2003, as automobile sales weakened, after a robust 2.0% gain in March.
Producer price index - April	+0.7% m-o-m	Producer prices gained 0.7% in April, the most since March 2003, reflecting higher costs for gasoline and food, following March's 0.5% rise.
Consumer price index - April	+0.2% m-o-m	The Labor Department said consumer price index rose 0.2% in April, following a 0.5% gain in March. Excluding food and energy, the "core" index increased 0.3% in April.
Business inventories - March	+0.7% m-o-m	Business inventories rose 0.7% in March to a record US\$1.205 trillion, following a revised 0.8% jump in February.
Industrial production - April	+0.8% m-o-m	Industrial production rose 0.8% in April, following a revised 0.1% decrease in March.

Forthcoming Important Announcements / Events

17 th May 2004 (Monday)	HK US	: :	Automated Systems (0771)- final results Toys R US- Q1 results
18 th May 2004 (Tuesday)	HK US	: : :	Fountain Set (0420)- interim results Star Cruises (0678)- Q1 results Sun Man Tai (0433)- interim results Housing starts- April Hewlett-Packard- Q2 results Home Depot- Q1 results JC Penny- Q1 results
19 th May 2004 (Wednesday)	HK	:	City Telecom (1137)- interim results
20 th May 2004 (Thursday)	HK US	: : :	Natural Beauty (0157)- final results Oxford Properties (0220)- final results Leading indicators- April Gap Inc- Q1 results