



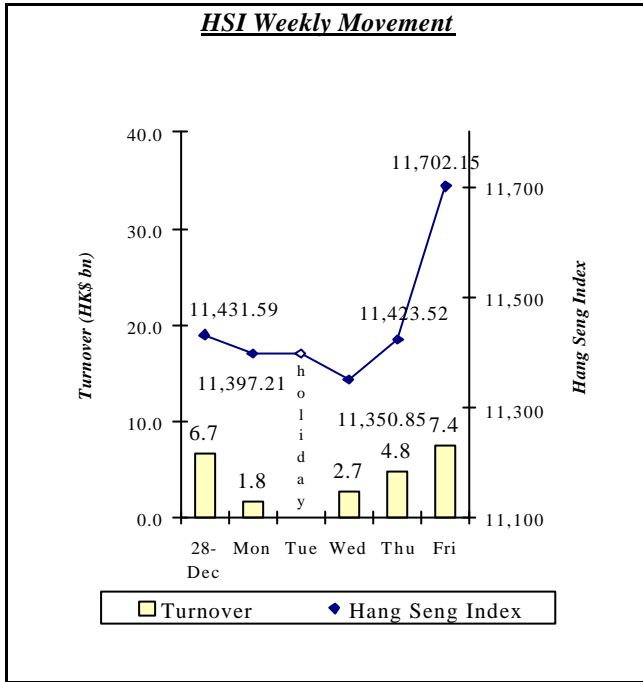
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Weekly Report

5th January, 2002

TECH PLAYS RALLIED IN THE FIRST WEEK OF 2002



Weekly Market Statistics

	4/1/02	28/12/2001	Change	%
Hang Seng Index	11,702.15	11,431.59	+270.56	+2.4%
HS Red Chip Index	1,371.38	1,348.41	+22.97	+1.7%
HS China Enterprises Index	1,816.89	1,747.97	+68.92	+3.9%
HS Composite Index	1,382.45	1,348.41	+34.04	+2.5%
HS HK Composite Index	1,460.30	1,421.73	+38.57	+2.7%
HS Mainland Composite Index	1,226.96	1,203.36	+23.60	+2.0%
Growth Enterprise Index	213.75	195.64	+18.11	+9.3%
Avg Daily Turnover (HK\$ bn)	4.18	2.70	+1.48	+54.7%
Sectoral Indices				
Finance	20,178.52	19,609.38	+569.14	+2.9%
Utilities	20,432.81	20,575.98	-143.17	-0.7%
Properties	15,935.42	15,528.23	+407.19	+2.6%
Comm & Ind	5,648.92	5,522.79	+126.13	+2.3%

Review & Outlook of Market Performance

Hong Kong stocks rallied in the first week of the year on the back of strong gains in Wall Street. Trade was meagre the day before and after the New Year holiday, but turned active later in the week. Although the local bourse ended down on the first trading day of 2002, the index managed to climb higher on continued strengths in US stocks. The hefty gains of tech issues in Asian bourses also underpinned the local market. Catching the spotlight this week were technology plays, surging on hopes of an early turnaround in the computer industry after reports of rising sales and higher prices in chips. Small-to-medium-sized tech stocks eclipsed the blue-chip large caps, with Tom.com (HK\$4.325), SUNeVision (HK\$1.97), QPL (HK\$3.20) and ASM Pacific (HK\$16.75) soaring between 11.67% and 26.28% this week. The Hang Seng Index finished the week at 11,702.15, up 2.4% or 270.56 points w-o-w, with an average daily turnover of HK\$4.18 billion.

Similar to the “Greencool” incident, another mainland private enterprise Euro-Asia Agricultural (HK\$1.46) faced heavy selling pressures this week, prompted by worries that the orchid grower could become entangled with its chairman’s private property and theme park projects. Rumours of a share placement by the company also nerved investors. Although the company had clarified that the chairman’s private businesses would not be a drain on the company funds and the company was not making any share placements, the counter still plunged 19.34% on a weekly basis.

Data from the US seems to suggest that a recovery is on its way, and there is ample liquidity in the market. These should lend support to the local stock market. However, since HSI’s 31%-gain from its 52-week low on 21st September has already factored in a large part of the expected economic recovery, the risk of corrections is on the high side. Further sustained upside momentum needs to be driven by earnings surprises. Next week, the index should consolidate around the current levels before struggling to test the 12,000 medium level.

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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 4th January	10,259.74	2,059.38	10,871.49	1,678.67	693.47	315.73	5,638.53
28th December	10,136.99	1,987.26	10,542.62	1,625.98	691.64	303.85	5,398.28
Change	122.75	72.12	328.87	52.69	1.83	11.88	240.25
%	+1.21%	+3.63%	+3.12%	+3.24%	+0.26%	+3.91%	+4.45%

Index Weighting Changes (week ended 4th January 2002)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @04/01/02	W-O-W Changes		Remarks / Comments
			Absolute	%	
PCCW	0008	HK\$2.30	+HK\$0.15	+7.0%	The rally came after the company announced a renegotiated deal involving more than HK\$845 million in business and strategic partnerships, which further revealed its determination to trim costs.
Johnson Electric	0179	HK\$8.80	+HK\$0.75	+9.3%	The two blue chips with business focused in US were beefed up on a strong US purchasing manager index figure and hopes that a recovery was on its way in the US. Positive performance of major US automakers in December also buoyed Johnson Electric.
Li & Fung	0494	HK\$9.50	+HK\$0.95	+11.1%	
Cathay Pacific	0293	HK\$10.45	+HK\$0.50	+5.0%	Cathay Pacific continued to react calmly though the Hong Kong Aircrew Officers Association, which represents its 1,500 pilots, entered a renewed "work to rule" campaign. The airline has so far not reported any service disruptions, shrugging off worries that the renewed industrial action could disturb its operations.

Hang Seng China-affiliated Corp Index (HSCCI)

Stock	Stock Code	Closing Price @04/01/02	W-O-W Changes		Remarks / Comments
			Absolute	%	
Legend	0992	HK\$4.225	+HK\$0.275	+7.0%	The mainland top PC maker surged, tracking a strong performance by US technology stocks on hopes that demand in the PC sector may start recovering. The company had also been boosted by share buyback in recent days.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @04/01/02	W-O-W Changes		Remarks / Comments
			Absolute	%	
Angang Newsteel	0347	HK\$1.01	+HK\$0.11	+12.2%	The steel, iron & copper producers were higher on rotational buyings, with investors attracted to them due to their current low valuations and brighter earnings outlooks.
Jiangxi Copper	0358	HK\$1.04	+HK\$0.13	+14.3%	
Maanshan Iron	0323	HK\$0.68	+HK\$0.08	+13.3%	
China Shipping Development	1138	HK\$1.32	+HK\$0.07	+5.6%	The state-owned company said it would pocket a total of 64.18 million yuan by leasing 9 container vessels and selling an old oil tanker to its sister companies



Summary of US News

Indicator	Change/Index	Comments
ISM purchasing manager index- December	48.2	The former NAPM index rose for a second straight month to 48.2 in December from 44.5 in November.
Unemployment- December	5.8%	The US jobless rate rose to 5.8% in December from a revised 5.6% in November, and US non-farm payrolls shed 124,000 jobs in December after November's 371,000 job loss.

Forthcoming Important Announcements / Events

7 th January, 2002 (Monday)	HK	:	External trade- November
8 th January, 2002 (Tuesday)	HK	:	Retail sales- November Orders-on-hand- November Infoserve Technology Corporation (8077)- Trading debut Jessica Publications Ltd (8137)- Trading debut
	US	:	Factory orders- November Consumer credit- November
10 th January, 2002 (Thursday)	HK	:	Hanison Construction (0896)- Trading debut
	US	:	Imports and export prices- December Wholesale inventories- November
11 th January, 2002 (Friday)	US	:	Producer price index- December