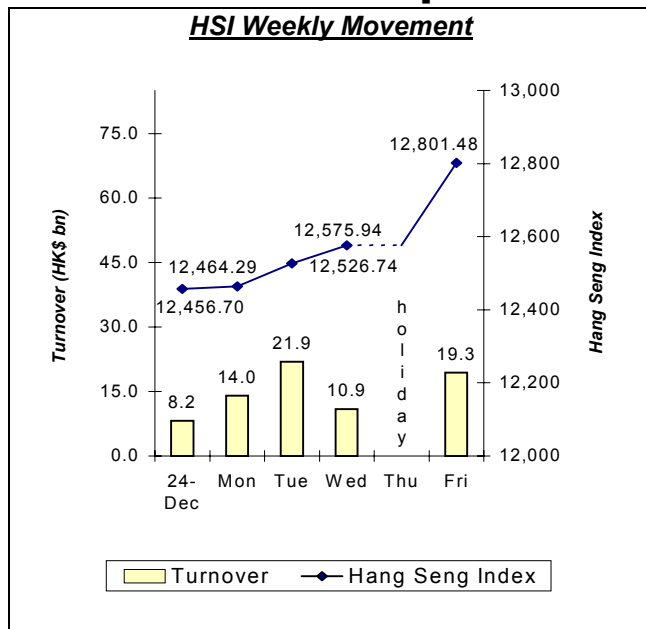


H shares outperformed the broader market again



Weekly Market Statistics				
Week ended	02/01/2004	24/12/2003	Change	%
Hang Seng Index	12,801.48	12,456.70	+344.78	+2.8%
HS Red Chip Index	1,473.56	1,428.07	+45.49	+3.2%
HS China Enterprises Index	5,363.06	4,664.06	+699.00	+15.0%
HS Composite Index	1,656.50	1,599.81	+56.69	+3.5%
HS HK Composite Index	1,713.40	1,668.77	+44.63	+2.7%
HS Mainland Composite Index	1,564.83	1,476.80	+88.03	+6.0%
S&P/HKEx GEM Index	1,201.64	1,168.68	+32.96	+2.8%
Avg Daily Turnover (HK\$ bn)	16.56	15.25	+1.31	+8.6%
Sectoral Indices				
Finance	26,563.65	25,967.92	+595.73	+2.3%
Utilities	25,142.35	24,675.48	+466.87	+1.9%
Properties	15,130.62	14,555.42	+575.20	+4.0%
Comm & Ind	5,403.07	5,240.32	+162.75	+3.1%

Review & Outlook of Market Performance

After the Christmas holidays, the local bourse resumed actions at a solid tone this week, while futures-led trading triggered volatile trading ahead of the expiry of the December HSI futures contracts on Tuesday. Despite the finding of a new SARS case in Guangzhou, the resilient market sentiment did give strong support to the local bourse and the HSI closed at 12,575.94 in the half-day trading session on New Year's Eve, bestowing the benchmark index a 34.9% gain for 2003. On Friday, Hong Kong stocks had a booming start for 2004. Led by HSBC (HK\$124.00, +2.5%), the HSI finished on Friday at 12,801.48, 2.8% or 344.78 points higher than last Wednesday's close. Average daily turnover for the 3½-day trading week was HK\$16.56 billion.

H shares continued to outperform the broader market and extended their triumph run this week. In particular, H-share-index heavyweights PetroChina (HK\$4.85), Sinopec (HK\$3.85) and China Telecom (HK\$3.35) attracted beefy buying interests, with their share prices shot up 22.8%, 29.4% and 16.5% respectively over the week. Accordingly, the HSCEI closed the week up 15.0% at 5,363.06. Buying spree in China Life Insurance continued this week and its shares, which had once hit a record intraday high of HK\$7.05, were among the most actively-traded stocks during the week. The life insurer's share price gained 12.9% w-o-w to close at HK\$6.55.

Shares of CNOOC were under selling pressure earlier this week after it announced that complex technical problems arising from some of its oil fields would pressure output and costs for 2004. The mainland offshore oil producer finished the week down 4.5% at HK\$16.05. On the other hand, the HSCCI rose 3.2% on week, buoyed by China Mobile (HK\$24.40, +3.8%) and China Unicom (HK\$7.50, +7.1%).

The H shares have been on a stellar run on optimism that the robust economic growth in China would propel the companies' earnings. Whilst the H shares have already accumulated hefty gains recently and near-term profit-taking risk is looming, these counters should continue to take the centre stage. Meanwhile, we see the HSI to consolidate at 12,800 before testing the 13,000 with good downside support at 12,500.

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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 2nd January	10,409.85	2,006.68	10,676.64	1,791.35	788.49	772.15	6,041.56
26th December	10,324.67	1,973.14	10,417.41	1,730.23	780.02	734.89	5,857.21
Change %	+85.18 +0.83%	+33.54 +1.70%	+259.23 +2.49%	+61.12 +3.53%	+8.47 +1.09%	+37.26 +5.07%	+184.35 +3.15%

Note: the close for Bangkok SET Index was as of 31/12/2003

Index Weighting Changes (Week ended 2nd January 2004)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @02/01/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Esprit	0330	HK\$26.50	+HK\$2.00	+8.2%	The global fashion retailer and wholesaler's share price was bid up on optimism that a stronger global economy would help boost its businesses.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @02/01/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
PetroChina	0857	HK\$4.85	+HK\$0.90	+22.8%	Investors stacked up the oil and petrochemical stocks on expectation that energy and petrochemical-product prices would remain high. A generally-bullish sentiment towards H shares also helped buoy these counters.
Sinopec	0386	HK\$3.850	+HK\$0.875	+29.4%	
Beijing Yanhua	0325	HK\$3.45	+HK\$0.80	+30.2%	
Shanghai Petrochemical	0338	HK\$3.675	+HK\$0.675	+22.5%	
Yizheng Chemical	1033	HK\$2.275	+HK\$0.335	+17.3%	

Hang Seng China-Affiliated Corp Index (HSCCI)

Stock	Stock Code	Closing Price @02/01/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Legend	0992	HK\$3.50	+HK\$0.20	+6.1%	The top PC maker in the mainland jumped on laggard buying.
CNOOC	0883	HK\$16.05	-HK\$0.75	-4.5%	The mainland offshore oil producer said it has cut its 2004 production target by 5 million to 6 million barrels of oil equivalent due to more-complex-than-expected technical problems at some of its oil fields.

Summary of US Economic News

Indicator	Change/Index	Comments
Consumer confidence - December	91.3	The Conference Board said its index of consumer confidence fell to 91.3 in December from an upwardly-revised 92.5 in November.
Existing-home sales - November	-4.6% m-o-m	Existing-home sales fell 4.6% to a seasonally-adjusted annual rate of 6.06 million units in November from a 6.35-million-unit rate in October.
ISM manufacturing index - December	66.2	The Institute for Supply Management reported that its manufacturing index jumped to 66.2 in December from the previous month's 62.8.

Forthcoming Important Announcements / Events

5 th January, 2004 (Monday)	US	:	Construction spending – November Walgreen Co – Q1 results
6 th January, 2004 (Tuesday)	HK US	:	Chief Executive's 2004 policy address MAE Holdings (0851) – interim results Berjaya Holdings (0288) – interim results ISM services index – December Factory orders – November
8 th January, 2004 (Thursday)	HK US	:	Retail sales – November Wholesale inventories – November Consumer credit – November Alcoa Inc – Q4 results
9 th January, 2004 (Friday)	HK US	:	SJTU Sunway Software Industry (8148) – trading debut Tianjin Tianlian Public Utilities (8290) – trading debut Kinetana International (8031) – Q3 results Millennium Group (0260) – final results Unemployment rate – December Accenture Ltd – Q1 results MGIC Investment Corp – Q4 results Seagate Technology – Q2 results State Street Corp – Q4 results