

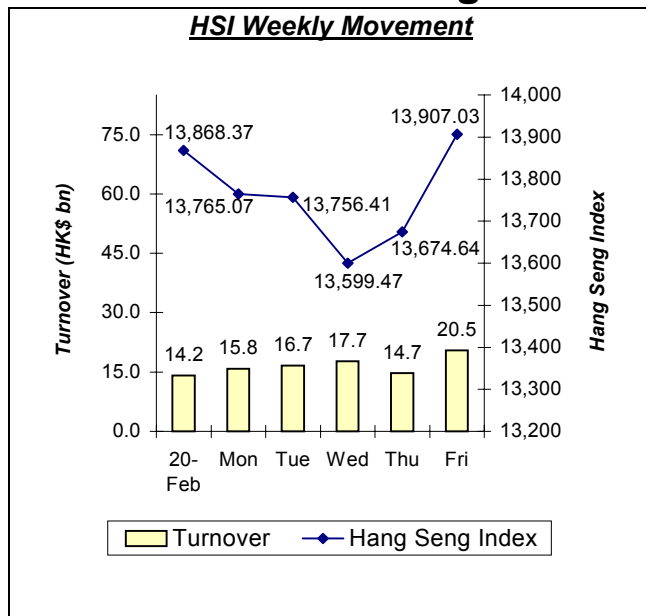
**BEA securities****EAST ASIA SECURITIES COMPANY LIMITED**

8/F, 10 Des Voeux Road Central, Hong Kong.

Dealing: 2842 3530 / 2842 3475 Research: 2842 3198 Facsimile: 2845 2937 / 2526 7992

HONG KONG RESEARCH**Restricted circulation**

Analyst: Vincent Leung

Weekly Report28th February, 2004**The HSI ended higher ahead of major earnings reports**

<u>Weekly Market Statistics</u>				
Week ended	27/02/2004	20/02/2003	Change	%
Hang Seng Index	13,907.03	13,868.37	+38.66	+0.3%
HS Red Chip Index	1,631.41	1,631.58	-0.17	-0.0%
HS China Enterprises Index	5,102.14	5,007.41	+94.73	+1.9%
HS Composite Index	1,791.41	1,786.18	+5.23	+0.3%
HS HK Composite Index	1,857.47	1,853.71	+3.76	+0.2%
HS Mainland Composite Index	1,681.02	1,672.03	+8.99	+0.5%
S&P/HKEx GEM Index	1,342.59	1,331.72	+10.87	+0.8%
Avg Daily Turnover (HK\$ bn)	17.07	19.72	-2.65	-13.4%
Sectoral Indices				
Finance	27,668.69	27,394.24	+274.45	+1.0%
Utilities	27,378.71	26,769.58	+609.13	+2.3%
Properties	17,434.96	17,615.42	-180.46	-1.0%
Comm & Ind	6,042.13	6,064.76	-22.63	-0.4%

Review & Outlook of Market Performance

Trading in the local bourse was dull early this week ahead of the expiry of the February HSI futures contracts on Thursday. Nevertheless, the expectations of strong final-results of bellwether HSBC and its subsidiary Hang Seng Bank next Monday as well as good responses to new residential projects sparked a late rally. The benchmark index closed the week at 13,907.03, up 38.66 points or 0.3% w-o-w. In fact, investors were seen staying at the sidelines awaiting the final-results releases while pouring funds into IPOs, such as China Oriental and Weichai Power, evident with a decline in average daily turnover to HK\$17.07 billion. Meanwhile, the HSCEI advanced 1.9% on week whereas the red-chip index finished virtually unchanged.

The blue-chip results-reporting season continued this week with CLP (HK\$40.10, +2.3%) delivering its 2003 annual results. The utility registered an 8.2% increase in net profit to HK\$7,687 million for the year ended 31st December 2003, which was at the top end of the market expectations. Despite the lacklustre electricity sales in Hong Kong, its overseas power-asset operations did have a strong year, helping the firm post higher overall earnings. In addition, HKEx (HK\$20.60, +0.1%) reported a 17.6% jump in net profit to HK\$691.8 million for the full year of 2003 on surging trading volume and listing fees. Moreover, the exchange operator has proposed a special cash dividend of HK\$1.68 per share on top of a final dividend of HK\$0.42 per share.

During the week, the SAR Government said it had asked the city's 2 railway operators, MTRC and KCRC, to merge in a move to lower costs and boost efficiency. The Government added that the tie-up talks between the companies should be completed by the end of August this year. With the possibility of tariff reduction after the potential merger as well as the negative impacts from the low ROE and high gearing of KCRC, MTRC (HK\$12.35) ended this week's trades down 4.6%.

Market focus will inevitably fall on the final-results announcement of the banking giant HSBC and Hang Seng Bank, while PCCW (HK\$6.15, +0.8%), Hongkong Electric (HK\$33.40, +1.8%) and MTRC will also unveil their 2003 report cards next week. Any disappointment in their earnings, especially those of HSBC, would weigh on the market following the strong gains in the HSI on Friday. The HSI may test the strong resistance level of 14,000 in the near term and should see firm support at 13,550.

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.

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 27th February	10,583.92	2,029.82	11,041.92	1,888.63	879.24	716.30	6,750.54
20th February	10,619.03	2,037.93	10,720.69	1,891.78	861.72	728.64	6,665.54
Change %	-35.11 -0.33%	-8.11 -0.40%	+321.23 +3.00%	-3.15 -0.17%	+17.52 +2.03%	-12.34 -1.69%	+85.00 +1.28%

Index Weighting Changes (Week ended 27th February 2004)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @27/02/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
MTRC	0066	HK\$12.35	-HK\$0.60	-4.6%	The subway operator faltered after the Government ordered it to begin tie-up talks with the KCRC.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @27/02/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
China Eastern Airlines	0670	HK\$1.71	-HK\$0.12	-6.6%	The airlines fell prey to profit takings after the prior week's strong gains.
China Southern Airlines	1055	HK\$4.425	-HK\$0.225	-4.8%	
Maanshan Iron & Steel	0323	HK\$3.00	+HK\$0.15	+5.3%	The steelmakers were lifted by the still-increasing steel prices so far this year instead an earlier expectation of softening prices.
Angang Newsteel	0347	HK\$4.675	+HK\$0.350	+8.1%	
Jiangsu Expressway	0177	HK\$4.10	+HK\$0.25	+6.5%	The toll-road operators jumped on rotational buying.
Shenzhen Expressway	0548	HK\$2.950	+HK\$0.175	+6.3%	
Zhejiang Expressway	0576	HK\$6.30	+HK\$0.55	+9.6%	

Summary of US Economic News

Indicator	Change/Index	Comments
Consumer confidence - February	87.3	The Conference Board's index of consumer confidence sank to a lower-than-expected 87.3 in February, the lowest level since last October, from a revised 96.4 in January.
Existing-home sales - January	-5.2% m-o-m	The National Association of Realtors said existing-home sales fell 5.2% to a seasonally-adjusted annual rate of 6.04 million units in January from a revised 6.37-million-unit rate in December.
Durable-goods orders - January	-1.8% m-o-m	The Commerce Department said orders for durable goods dipped 1.8% in January after an upwardly-revised 1.6% gain in December.
New-home sales - January	-1.7% m-o-m	The Commerce Department said new-home sales slid 1.7% to a seasonally-adjusted 1.106-million-unit annual rate in January from an upwardly-revised 1.125-million-unit rate in December.
GDP (prel.) - Q4	+4.1% q-o-q	The Commerce Department said GDP grew at a revised 4.1% annual rate in the 4 th quarter, compared with its initial estimate of 4.0% and the sizzling 8.2% growth in the 3 rd quarter.

Forthcoming Important Announcements / Events

1 st March, 2004 (Monday)	HK	: Aptus Holdings (8212) – final results First Pacific (0142) – final results HSBC (0005) – final results Hang Seng Bank (0011) – final results
	US	: Personal income – January Personal spending – January Construction spending – January ISM manufacturing index - February
2 nd March, 2004 (Tuesday)	HK	: China Oriental Group (0581) – trading debut Dah Sing Financial (0440) – final results MTR Corporation (0066) – final results TCL International (1070) – final results Vital Biotech (1164) – final results
	US	: Foot Locker Inc – Q4 results
3 rd March, 2004 (Wednesday)	HK	: Convenience Retail Asia (8052) – final results
	US	: ISM services index – February Autozone Inc – Q2 results Toys R US Inc – Q4 results
4 th March, 2004 (Thursday)	HK	: Beijing Capital Land (2868) – final results Hongkong Electric (0006) – final results PCCW (0008) – final results
	US	: Productivity (revised) – Q4 Factory orders – January Del Monte Foods Co – Q3 results Staples Inc – Q4 results
5 th March, 2004 (Friday)	HK	: Computech (8081) – final results Pearl River Tyre (1187) – final results Shenzhen Expressway (0548) – final results
	US	: Unemployment rate – February Consumer credit – January