

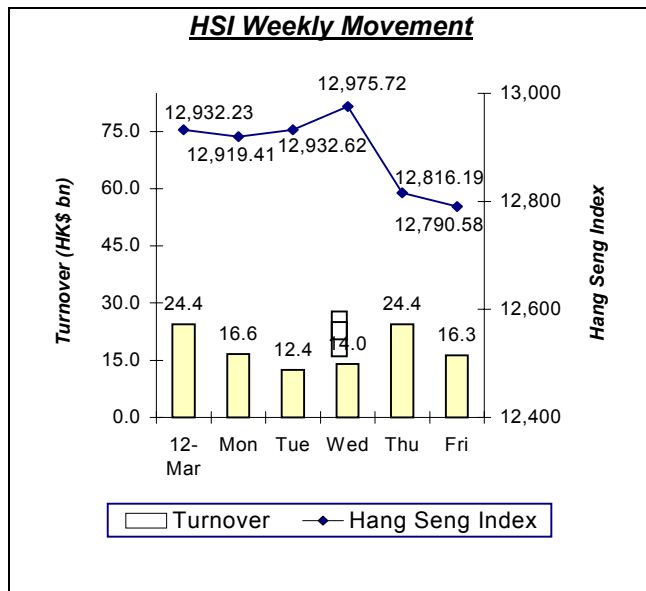
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Weekly Report20th March, 2004**The HSI extended its downtrend ahead of Taiwan elections**

Weekly Market Statistics				
Week ended	19/03/2004	12/03/2004	Change	%
Hang Seng Index	12,790.58	12,932.23	-141.65	-1.1%
HS Red Chip Index	1,443.68	1,514.82	-71.14	-4.7%
HS China Enterprises Index	4,854.02	4,866.05	-12.03	-0.2%
HS Composite Index	1,665.93	1,677.52	-11.59	-0.7%
HS HK Composite Index	1,742.01	1,737.89	+4.12	+0.2%
HS Mainland Composite Index	1,530.32	1,578.85	-48.53	-3.1%
S&P/HKEx GEM Index	1,259.45	1,265.52	-6.07	-0.5%
Avg Daily Turnover (HK\$ bn)	16.74	19.28	-2.54	-13.2%
Sectoral Indices				
Finance	25,516.37	25,681.07	-164.70	-0.6%
Utilities	27,792.97	26,865.35	+927.62	+3.5%
Properties	16,162.27	16,056.88	+105.39	+0.7%
Comm & Ind	5,444.79	5,601.75	-156.96	-2.8%

Review & Outlook of Market Performance

Following last 2 weeks' meagreness, the local bourse opened this week's trading in a lacklustre tone. Indeed, the market was in a cautious mode early in the week awaiting the results announcements of some blue chips. While companies such as Cheung Kong, Henderson Land, CNOOC, CITIC Pacific and TVB also delivered their report cards, eyes were on those of Hutchison Whampoa (HK\$57.75, -0.9%) and China Mobile (HK\$23.10, -6.9%). The ports-to-telecoms conglomerate reported a virtually-flat growth of 0.1% in net profit to HK\$14.4 billion in 2003, which beat market expectations. On the other hand, the mainland mobile giant reported a modest bottom-line growth of just 9.1% to 35.6 billion yuan in 2003. Investors were also seen staying on the sideline ahead of the presidential election in Taiwan over the weekend, evident by an average daily turnover of just HK\$16.74 billion. The benchmark index closed the week at 12,790.58, down 141.65 points or 1.1% w-o-w.

Battered by the news that its CFO had made "inaccurate statements" on whether there are sufficient funds to meet its planned capital expenditure through 2005, the mainland's largest chip maker SMIC finished its first 2 days of trading on the main board down a total 13.6% to HK\$2.325 against its offer price of HK\$2.69 per share. Meanwhile, China Life Insurance was punished by investors as the mainland's largest life insurance was brought to the court for breaching US securities law. The H-share company was accused of not adequately disclosing an audit report about its predecessor. Adding further pressure on the H-share index was Sinopec, as global oil giant Royal Dutch/Shell placed 1.85 billion H shares, or 11% of the oil refiner's H-share capital, at HK\$3.125 each after market close on Wednesday. Despite the negative news surrounding H shares, the HSCEI edged down 0.2% only this week, as a surge in Huaneng Power's share price helped cushion the downside of the index.

Also catching market attention was Dah Sing Financial (HK\$58.00), which announced on Thursday a proposal to spin off its banking operations, namely Dah Sing Bank and MEVAS Bank, which will be listed as a newly-formed company. Investors were unnerved by the proposed move and the counter tumbled 12.1% on resumed trades on Friday. Over the week, the stock fell 7.6%.

The current blue-chip earnings-reporting season is coming to the final stage, with BOC (HK), Li & Fung announcing their 2003 annual results next Mon and Wed respectively, as well as China Unicom and COSCO Pacific will report on Thursday. PetroChina and Sinopec will also unveil their 2003 performance next Wednesday and Friday respectively. Barring any further negative news, the HSI should hover between 12,700 and 12,900.

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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 19th March	10,186.60	1,940.47	11,418.51	1,839.12	904.45	681.27	6,815.09
12th March	10,240.08	1,984.73	11,162.75	1,835.08	884.55	695.08	6,800.24
Change %	-53.48 -0.52%	-44.26 -2.23%	+255.76 +2.29%	+4.04 +0.22%	+19.90 +2.25%	-13.81 -1.99%	+14.85 +0.22%

Index Weighting Changes (Week ended 19th March 2004)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @19/03/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Shanghai Industrial	0363	HK\$16.50	-HK\$1.95	-10.6%	The conglomerate's shares fell on concerns about the management at its 10.2%-owned SMIC following news on the "inaccurate statement" made by the chipmaker's CFO.
China Unicom	0762	HK\$8.15	-HK\$0.85	-9.4%	The mainland's No. 2 mobile carrier reported a disappointing February subscriber number for its CDMA network.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @19/03/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Sinopec	0386	HK\$3.075	-HK\$0.125	-3.9%	Royal Dutch/Shell placed most of its stake in the mainland oil refiner during the week.
China Life Insurance	2628	HK\$4.90	-HK\$0.35	-6.7%	The life insurer was the subject of a lawsuit for breaching US securities law.
Huaneng Power	0902	HK\$15.50	+HK\$1.70	+12.3%	Shares of the mainland IPP were bolstered by its better-than-expected 2003 earnings and a higher dividend payout.

Summary of US Economic News

Indicator	Change/Index	Comments
Industrial production - February	+0.7% m-o-m	Industrial production increased a higher-than-expected 0.7% in February after rising 0.8% in January.
Housing starts - February	-4.0% m-o-m	Housing starts decreased by 4.0% to a seasonally-adjusted annual rate of 1.86 million units in February, the slowest pace since last August, after declining a revised 6.3% in January.
Consumer price index - February	+0.3% m-o-m	CPI rose 0.3% in February after increasing 0.5% in January. Excluding the volatile food and energy prices, the "core" CPI was up 0.2% in February after increasing 0.2% in January.
Leading indicators - February	Unchanged m-o-m	The Conference Board's index of leading economic indicators was unchanged at 115.1 in February after a revised 0.4% increase in January.
Producer price index - January	+0.6% m-o-m	PPI rose 0.6% in January after increasing a revised 0.2% in December. Excluding the volatile food and energy prices, the "core" PPI rose 0.3% in January after dipping 0.1% in December.

Forthcoming Important Announcements / Events

22 nd March, 2004 (Monday)	HK	: Consumer price index – February BOC Hong Kong (2388) – final results China Pharmaceutical (1093) – final results ICBC (Asia) (0349) – final results Linmark Group (0915) – Q3 results MediaNation (8160) – final results Quality HealthCare Asia (0593) – final results Sinotronics (1195) – interim results
	US	: Walgreen Co – Q2 results
23 rd March, 2004 (Tuesday)	HK	: Asia Financial (0662) – final results Champion Technology (0092) – interim results Chi Cheung Investment (0112) – final results China Oilfield Services (2883) – final results Paladin (0495) – interim results RoadShow (0888) – final results Shanghai Land (0067) – interim results Singamas Container (0716) – final results Sino Biopharmaceutical (1177) – final results Wong's International (0099) – final results Yuxing InfoTech (8005) – final results
	US	: Goldman Sachs Group Inc – Q1 results McCormick & Co Inc – Q1 results Red Hat Inc – Q4 results
24 th March, 2004 (Wednesday)	HK	: Beijing Beida Jade Bird (8095) – final results China Insurance International (0966) – final results Li & Fung (0494) – final results Nanjing Panda Electronic (0553) – final results PetroChina (0857) – final results Proview International (0334) – interim results
	US	: Durable-goods orders – February New-home sales – February
25 th March, 2004 (Thursday)	HK	: Asia Alliance (0616) – interim results China Unicom (0762) – final results COSCO Pacific (1199) – final results Greencool Technology (8056) – final results Kowloon Motor Bus (0062) – final results Shanghai Allied Cement (1060) – final results S E A Holdings (0251) – final results Tanrich Financial (0812) – interim results Universe International (1046) – interim results
	US	: GDP (final) – Q4 2003 Existing-home sales – February ConAgra Foods Inc – Q3 results
26 th March, 2004 (Friday)	HK	: External trade figures – February Vision Grande Group (2300) – trading debut China Overseas (0688) – final results CNAC (1110) – final results Far East Pharmaceutical Technology (0399) – interim results Great Wall Automobile (2333) – final results Guangzhou Pharmaceutical (0874) – final results Shenzhen International (0152) – final results Sinopec (0386) – final results Sinopec Kantons (0934) – final results Sinopec Shanghai Petrochemical (0338) – final results Sinopec Yizheng Chemical Fibre (1033) – final results
	US	: Stockmartnet (8123) – final results Personal income – February Personal spending – February
28 th March, 2004 (Sunday)	HK	: Huadian Power International (1071) – final results