

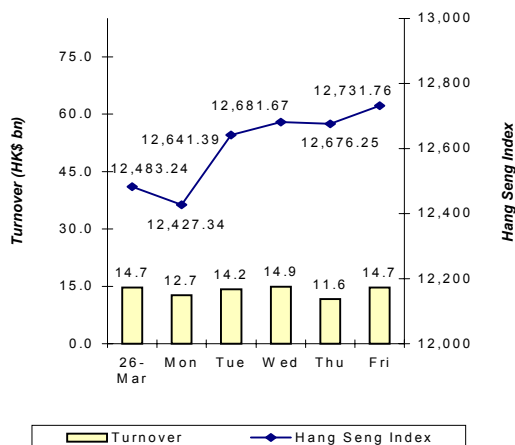
**Restricted circulation**

Analyst: Sam Ho

**Weekly Report**

3<sup>rd</sup> April, 2004

## A mild technical rebound after falling for 4 weeks

**HSI Weekly Movement**

**Weekly Market Statistics**

Week ended	02/04/04	26/3/2004	Change	%
Hang Seng Index	12,731.76	12,483.24	+248.52	+2.0%
HS Red Chip Index	1,411.49	1,388.39	+23.10	+1.7%
HS China Enterprises Index	4,858.70	4,658.22	+200.48	+4.3%
HS Composite Index	1,661.33	1,625.01	+36.32	+2.2%
HS HK Composite Index	1,745.90	1,707.85	+38.05	+2.2%
HS Mainland Composite Index	1,505.81	1,472.62	+33.19	+2.3%
S&P/HKEX GEM	1,225.19	1,241.06	-15.87	-1.3%
Avg Daily Turnover (HK\$ bn)	13.62	14.75	-1.13	-7.7%
Sectoral Indices				
Finance	25,422.86	24,987.38	+435.48	+1.7%
Utilities	28,366.50	28,103.73	+262.77	+0.9%
Properties	16,562.32	15,815.30	+747.02	+4.7%
Comm & Ind	5,342.23	5,258.82	+83.41	+1.6%

## Review & Outlook of Market Performance

After falling over 10% for the last 4 weeks, Hong Kong stocks finally staged a mild rebound this week. The local bourse was boosted partly by strengths in the Wall Street as well as covering of position on expiry of March HSI futures contracts. However, investors were seen sidelined ahead of the upcoming long holidays next week as average daily turnover was only HK\$13.62 billion. The HSI finished the week at 12,731.76, up 2% or 248.52 points w-o-w.

Taking the limelight this week was Hutchison Whampoa, which said it would spin off its emerging-market telecoms business for listing in Hong Kong. It folded its fixed-line and mobile units in Hong Kong, as well as its mobile holdings in India, Thailand, Israel, Macau, Sri Lanka, Ghana and Paraguay into a new firm and filed an application for an IPO. After the news, shares of Hutchison Whampoa (HK\$56.50, +0.9% w-o-w) had little movement, but its subsidiary Hutchison Global Communications was the main victim, with its shares plunging 10.2% w-o-w to close at HK\$0.53, although Li Ka-shing had purchased 60.52 million shares in the company during the week. Also having a show later in the week was New World Development, which said it would spin off its mobile-phone unit through a back door listing in a HK\$2.5-billion deal that would make the unit part of Asia Logistics. Spurred by the news, shares of New World Development (HK\$7.45, +4.9%) were firmer, while Asia Logistics edged up 2.27% w-o-w to HK\$0.045.

H shares were buoyant this week, led by oil majors Sinopec (HK\$3.05, +8.9% w-o-w) and PetroChina (HK\$3.95, +2.6% w-o-w) amid the surging international oil prices. Accordingly, the H-share index increased 4.3% w-o-w. On the other hand, shares of China Life Insurance (HK\$4.80, -1.5% w-o-w) were under selling pressure as newspapers were reporting that US regulators had started a probe into the accounting irregularities at its state-owned parent before the listing. Nevertheless, the mainland life insurer said it had not been notified of any US investigation related to its listing.

Next week will be a 3-trading-day week only, shortened by the Ching Ming Festival and Good Friday holidays. With little impetus from fresh funds and news, the local bourse should continue to trade within a narrow range in the short term. We see the HSI to range-trade between 12,600 and 13,000, with a good support at 12,400.

*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							
2nd April	10,470.59	2,057.17	11,815.95	1,880.45	887.34	693.12	6,545.54
26th March	10,212.97	1,960.02	11,770.65	1,827.11	895.12	665.25	6,132.62
Change	+257.62	+97.15	+45.30	+53.34	-7.78	+27.87	+412.92
%	+2.52%	+4.96%	+0.38%	+2.92%	-0.87%	+4.19%	+6.73%

**Index Weighting Changes (week ended 2<sup>nd</sup> April 2004)**
**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @02/04/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Cheung Kong	0001	HK\$67.00	+HK\$3.25	+5.1%	Shares of the leading property developers were beefed up amid continuing news that more and more luxury properties were sold at higher prices.
SHK Properties	0016	HK\$74.00	+HK\$4.25	+6.1%	
PCCW	0008	HK\$5.40	+HK\$0.35	+6.9%	The firm expects to make a HK\$53-million profit from the listing of its property assets through a reverse takeover of Dong Fang Gas.

**Hang Seng China-affiliated Corp Index (HSCCI)**

Stock	Stock Code	Closing Price @02/04/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Denway Motors	0203	HK\$9.15	+HK\$0.75	+8.9%	Shares of the mainland automobile maker roes after the company reported a 78% y-o-y jump in 2 <sup>nd</sup> half profits as the surging unit sales countered off price cuts.

**Hang Seng China Enterprises Index (HSCEI)**

Stock	Stock Code	Closing Price @02/04/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Chalco	2600	HK\$6.70	+HK\$0.60	+9.8%	The alumina maker had a good run this week after reporting some nice numbers for its 2003 results.

**Summary of US Economic News**

Indicator	Change/Index	Comments
Consumer confidence - March	88.3	Consumer confidence slipped to 88.3 in March from an upwardly-revised 88.5 in February.
Factory orders - February	+0.3% m-o-m	The Commerce Department reported that factory orders increased by a modest 0.3% in February, compared with a drop of 0.9% in January.
ISM manufacturing index - March	62.5	The Institute for Supply Management said its index of manufacturing activity rose to 62.5 in March from 61.4 in February.
Unemployment rate - March	5.7%	Unemployment rate bumped up to 5.7% in March from February's 5.6%, while companies added 308,000 new jobs, the most in 4 years.

**Forthcoming Important Announcements / Events**

5 <sup>th</sup> April 2004 (Monday)	<b>HK</b>	:	Ching Ming Festival holiday AviChina Industry & Technology (2357)- final results <b>China Eastern Airlines (0670)- final results</b>
	<b>US</b>	:	ISM services index- March
6 <sup>th</sup> April 2004 (Tuesday)	<b>HK</b>	:	<b>Retail sales- February</b> Chitaly (1198)- final results Glorious Sun Enterprises (0393)- final results Symphony (1223)- final results TPV Technology (0903)- final results
	<b>US</b>	:	Alcoa- Q1 results
7 <sup>th</sup> April 2004 (Wednesday)	<b>HK</b>	:	<b>China Resources Enterprise (0291)- final results</b> Dream International (1126)- final results Techtronic Industries (0669)- final results Wong's Hong Kong (0532)- final results
	<b>US</b>	:	Consumer credit- February Goodyear Tyre- Q4 results Ruby Tuesday- Q3 results Yahoo!- Q1 results
8 <sup>th</sup> April 2004 (Thursday)	<b>HK</b>	:	China Resources Land (1109)- final results Guangnan (1203)- final results
	<b>US</b>	:	<b>Producer price index- March</b> Wholesale inventories- February Abbott Laboratories- Q1 results General Electric- Q1 results
9 <sup>th</sup> April 2004 (Friday)	<b>HK</b>	:	Good Friday holiday