

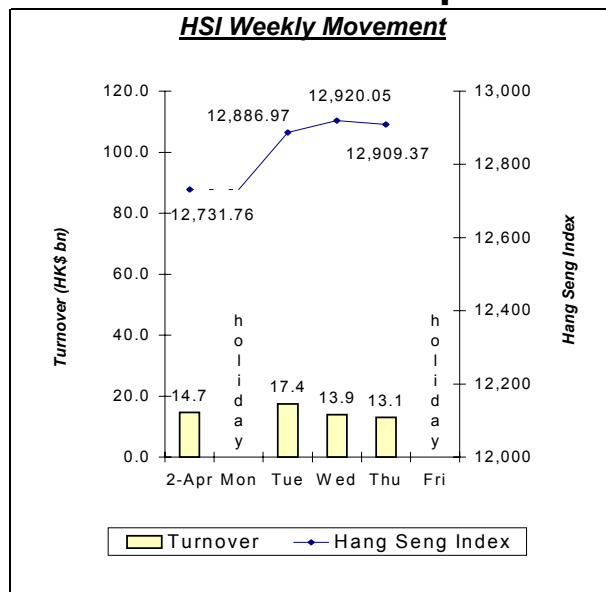
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**HONG KONG RESEARCH****Restricted circulation**

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**Weekly Report**8<sup>th</sup> April 2004**H shares upbeat on results announcements**

<b><u>Weekly Market Statistics</u></b>				
Week ended	08/04/2004	02/04/2004	Change	%
Hang Seng Index	12,909.37	12,731.76	+177.61	+1.4%
HS Red Chip Index	1,447.34	1,411.49	+35.85	+2.5%
HS China Enterprises Index	5,037.26	4,858.70	+178.56	+3.7%
HS Composite Index	1,689.82	1,661.33	+28.49	+1.7%
HS HK Composite Index	1,769.78	1,745.90	+23.88	+1.4%
HS Mainland Composite Index	1,545.75	1,505.81	+39.94	+2.7%
S&P/HKEx GEM Index	1,256.48	1,225.19	+31.29	+2.6%
Avg Daily Turnover (HK\$ bn)	14.80	13.62	+1.18	+8.7%
Sectoral Indices				
Finance	25,629.32	25,422.86	+206.46	+0.8%
Utilities	28,014.86	28,366.50	-351.64	-1.2%
Properties	16,798.55	16,562.32	+236.23	+1.4%
Comm & Ind	5,474.72	5,342.23	+132.49	+2.5%

**Review & Outlook of Market Performance**

Hong Kong stocks managed to firm up slightly this week although the market seemed lacking a clear direction ahead of the long Easter Holidays. In fact, investors were mostly sidelined in the week that had been shortened by the Ching Ming Festival and Easter holidays. The benchmark HSI closed Thursday at 12,909.37, up 177.61 points or 1.4% w-o-w. Average daily turnover was HK\$14.80 billion, compared with HK\$13.62 billion a week earlier.

During the week, there was renewed support for the exports-related counters on optimism over a better global economic outlook. Compared with the previous Friday, Li & Fung (HK\$13.05) jumped 5.2% this week while Johnson Electric (HK\$8.90) reaped in 4.1%. Fashion retailer Esprit (HK\$34.50) also put in a good run, gathering 7.5% in the 3-day show whereas Yue Yuen Industrial (HK\$22.05) backed up with another 5.3% gain.

Some H-share companies announced their results during last week's long weekend. Fujian Zijin Mining Industry (HK\$6.30, +11.5% vs 2<sup>nd</sup> April) was enjoying with a more-than-2-fold increase in 2003 net profit to 314 million yuan, due mainly to increased production and a solid gold price. Meanwhile, despite slipping into red with a 950-million-yuan net loss for 2003, China Eastern Airlines (HK\$1.59, +13.6% vs 2<sup>nd</sup> April) attracted keen buying interests on the back of its strong 302-million-yuan net profit in 2H2003 as well as hopes of continued strength in its domestic business. Elsewhere, China Life Insurance (HK\$5.25, +9.4% vs 2<sup>nd</sup> April), Sinopec Beijing Yanhua Petrochemical (HK\$3.35, +9.8% vs 2<sup>nd</sup> April) and Maanshan Iron & Steel (HK\$3.95, +14.5% vs 2<sup>nd</sup> April) also handed in good support, pushing the HSCEI up 3.7%.

Looking into next week, investors should look at the pending quarterly results from some US large caps (GE, Intel, AMD, Sun Micro, IBM, Johnson & Johnson plus a few big banks) to give more hints on the pace of global economic recovery. With the help of some possibly-good figures from the US peers, HSBC (HK\$118.50, +0.9% vs 2<sup>nd</sup> April) may lead the market higher and we expect the HSI to re-test the 13,000 level next week.

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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 8th April	10,480.15 (7/4)	2,050.24 (7/4)	12,092.59	1,901.92	884.48	691.69	6,672.86
2nd April	10,470.59	2,057.17	11,815.95	1,880.45	887.34	693.12	6,545.54
Change	+9.56	-6.93	+276.64	+21.47	-2.86	-1.43	+127.32
%	+0.1%	-0.3%	+2.3%	+1.1%	-0.3%	-0.2%	+1.9%

**Index Weighting Changes (Week ended 8<sup>th</sup> April 2004)**
**Hang Seng China Enterprises Index (HSCEI)**

Stock	Stock Code	Closing Price @08/04/04	Change Vs 02/04/04		Remarks / Comments
			Absolute	%	
Sinopec Beijing Yanhua Petrochemical	0325	HK\$3.35	+HK\$0.30	+9.8%	Shares in China's largest resin and plastics maker shot up this week after the company reported forecast-beating 2003 results on robust chemical-product prices
China Eastern Airlines	0670	HK\$1.59	+HK\$0.19	+13.6%	Despite slipping into red in 2003, shares of China Eastern Airlines were stacked up by investors mainly due to its strong 2H2003 comeback and hopes of continued strength in its domestic business. Meanwhile, China Southern Airlines also rose in tandem.
China Southern Airlines	1055	HK\$3.850	+HK\$0.425	+12.4%	

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

Stock	Stock Code	Closing Price @08/04/04	Change Vs 02/04/04		Remarks / Comments
			Absolute	%	
Denway Motors	0203	HK\$9.65	+HK\$0.50	+5.5%	The counters have risen 8.9% and 5.1% respectively during the week ended 2 <sup>nd</sup> April, on the back of some earnings surprises by Denway, which raised hopes for a prosperous year for the automakers. Denway, which has proposed a special dividend payout, did continue firming up this week but Brilliance China has seen decent profit-takings. The fact that Denway is less exposed to downward pricing pressure seems to explain the difference in the pair's performances.
Brilliance China	1114	HK\$3.525	-HK\$0.075	-2.1%	

**Summary of US Economic News**

Indicator	Change/Index	Comments
ISM services index - March	65.8	ISM services index rose to 65.8 in March from 60.8 in February. Market has expected earlier a reading of 61.5 for March.
Consumer credit - February	US\$2.019 trillion	Outstanding consumer credit rose by US\$4.1 billion to a seasonally-adjusted US\$2.019 trillion in February. Meanwhile, January credit growth was revised up to a US\$15.8-billion gain from a US\$14.3-billion surge.



**Forthcoming Important Announcements / Events**

8 <sup>th</sup> April 2004 (Thursday)	US	: Producer price index – March Wholesale inventories – February Abbott Laboratories – Q1 results <b>General Electric – Q1 results</b>
9 <sup>th</sup> April 2004 (Friday)	HK US	: Holiday – Good Friday : Holiday – Good Friday
12 <sup>th</sup> April 2004 (Monday)	HK	: Holiday – the 1 <sup>st</sup> weekday following Good Friday Shanghai Forte Land (2337) – final results
13 <sup>th</sup> April 2004 (Tuesday)	HK  US	: APT Satellite (1045) – final results First Shanghai Investments (0227) – final results <b>Maanshan Iron &amp; Steel (0323) – final results</b> South China Brokerage (0619) – final results Sun Hung Kai & Co (0086) – final results : Business inventories – February Retail sales – March Intel – Q1 results <b>Johnson &amp; Johnson – Q1 results</b> <b>Merrill Lynch – Q1 results</b>
14 <sup>th</sup> April 2004 (Wednesday)	HK  US	: AEON Credit Service (Asia) (0900) – final results China Everbright International (0257) – final results CNPC (Hong Kong) (0135) – final results GZL Transport (1052) – final results : Consumer price index – March Trade balance – February Advanced Micro Devices – Q1 results <b>Apple Computer – Q2 results</b> <b>Bank of America – Q1 results</b> <b>Texas Instruments – Q1 results</b>
15 <sup>th</sup> April 2004 (Thursday)	HK  US	: Allied Group (0373) – final results Allied Properties (Hong Kong) (0056) – final results AMS Public Transport (0077) – trading debut <b>Beijing Enterprises (0392) – final results</b> Century City International (0355) – final results China Rare Earth (0769) – final results Guangdong Brewery (0124) – final results <b>Guangzhou Investment (0123) – final results</b> K. Wah Construction Materials (0027) – final results K. Wah International (0173) – final results Lifestyle International (1212) – trading debut Paliburg (0617) – final results Regal Hotels International (0078) – final results Shandong Molong Petroleum Machinery (8261) – trading debut Silver Grant International Industries (0171) – final results Tai Fook Securities (0665) – final results : <b>Citigroup – Q1 results</b> <b>IBM – Q1 results</b> <b>PepsiCo – Q1 results</b> <b>Sun Microsystems – Q3 results</b>
16 <sup>th</sup> April 2004 (Friday)	HK  US	: Angang New Steel (0347) – final results COSCO International (0517) – final results Crocodile Garments (0122) – final results <b>Guangdong Investment (0270) – final results</b> Lai Sun Development (0488) – H1 results Lai Sun Garment (International) (0191) – H1 results <b>Shanghai Industrial (0363) – final results</b> Shenyin Wanguo (Hong Kong) (0218) – final results Shenzhen Investment (0604) – final results <b>Sinopec Zhenhai Refining &amp; Chemical (1128) – final results</b> Yanzhou Coal Mining (1171) – final results : Housing starts – March Industrial production – March E*Trade Financial Corp – Q1 results