



# BEA securities

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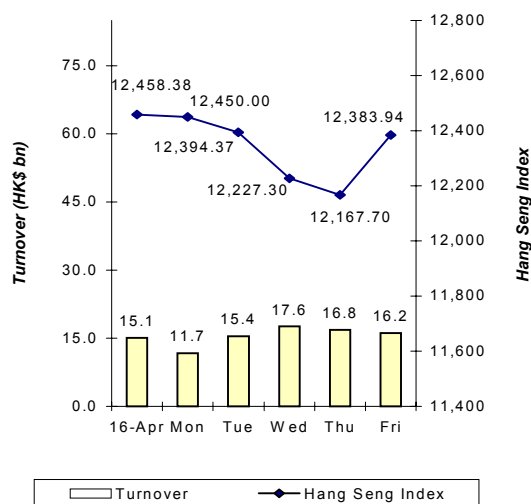
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Weekly Report

24<sup>th</sup> April, 2004

## Beijing's tightening measures kept weighing on H shares

**HSI Weekly Movement**



**Weekly Market Statistics**

Week ended	23/4/2004	16/4/2004	Change	%
Hang Seng Index	12,383.94	12,458.38	-74.44	-0.6%
HS Red Chip Index	1,336.50	1,380.54	-44.04	-3.2%
HS China Enterprises Index	4,503.94	4,693.76	-189.82	-4.0%
HS Composite Index	1,605.94	1,624.40	-18.46	-1.1%
HS HK Composite Index	1,704.13	1,709.22	-5.09	-0.3%
HS Mainland Composite Index	1,417.28	1,467.40	-50.12	-3.4%
S&P/HKEX GEM	1,179.86	1,229.18	-49.32	-4.0%
Avg Daily Turnover (HK\$ bn)	15.55	18.44	-2.89	-15.7%
Sectoral Indices				
Finance	25,043.01	24,896.64	+146.37	+0.6%
Utilities	27,912.88	27,534.08	+378.80	+1.4%
Properties	15,696.48	15,953.55	-257.07	-1.6%
Comm & Ind	5,155.59	5,256.57	-100.98	-1.9%

## Review & Outlook of Market Performance

Following last week's heavy losses, Hong Kong stocks extended its weak run with 4-consecutive-day declines, before eventually staging a rebound of 216.24 points on Friday. Funds were seen being switched into neighbouring regions and investors remained skittish on interest-rate-hike fears. Moreover, the tumbles in H shares did have a minor spillover effect to the broader market. Accordingly, the HSI closed Friday at 12,383.94, down 0.6% or 74.44 points w-o-w, with an average daily turnover of HK\$15.55 billion, down from last week's HK\$18.44 billion.

Blue chips were mostly meagre this week and property counters led the fall, as Fed chairman Alan Greenspan's comment ignited threats of earlier than expected rate hikes, possibly thumping the local flat-buying sentiment. The HS Properties Sub-index dropped 1.6% w-o-w, with major developers Cheung Kong (HK\$62.25, -2.4% w-o-w), SHKP (HK\$70.25, -2.1% w-o-w) and Wheelock (HK\$9.70, -3% w-o-w) all pressured. Later in the week, PCCW (HK\$5.60, -0.9% w-o-w) proposed to effect a capital reduction by eliminating the entire sum standing to the credit of its share premium account (HK\$173,460 million). Such credit will be applied in writing off the accumulated losses of approximately HK\$151,966 million. The proposed accounting treatment will give way for PCCW to declare dividend in the future.

H shares continued to be dented by talks of further economic measures to cool the country's rampant economic growth, with the HSCEI down 4% w-o-w. During the week, basic metal prices (including copper and aluminium) plunged at the London Metal Exchange amid the strengths in US dollar, and shares of Chalco (HK\$5.50, -11.3% w-o-w) and Jiangxi Copper (HK\$3.425, -16.5% w-o-w) were battered.

SARS fears were rekindled later the week after China reported new cases. However, the impact on the market would be fleeting given that the cases were not widespread. Next week, trading in the local bourse would be volatile amid the expiry of April HSI futures contracts. Without any external stimuli, the HSI is expected to range-trade between 12,100 and 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 23rd April	10,472.84	2,049.77	12,120.66	1,867.64	875.50	681.88	6,748.10
16th April	10,451.97	1,995.74	11,824.56	1,853.99	861.81	712.20	6,818.20
Change	+20.87	+54.03	+296.10	+13.65	+13.69	-30.32	-70.10
%	+0.20%	+2.71%	+2.50%	+0.74%	+1.59%	-4.26%	-1.03%

### Major Changes in Index Constituent Stocks (week ended 23<sup>rd</sup> April 2004)

#### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @23/04/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Cathay Pacific	0293	HK\$14.90	-HK\$0.75	-4.8%	The airliner was weaker this week amid the renewed SARS fears after China reported a suspected case.

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

Stock	Stock Code	Closing Price @23/04/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Silver Grant	0171	HK\$1.84	-HK\$0.21	-10.2%	The counter succumbed to profit taking this week following last week's rally of over 13%.

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

Stock	Stock Code	Closing Price @23/04/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Angang New Steel	0347	HK\$3.55	-HK\$0.65	-15.5%	The dual plummeted as investors were concerned about the possible oversupply of steel in the mainland amid the credit tightening on property and infrastructure sectors.
Maanshan Iron & Steel	0323	HK\$2.925	-HK\$0.750	-20.4%	
Beijing Capital Int'l Airport	0694	HK\$2.800	+HK\$0.075	+2.8%	The airport operator and railway operator outperformed other H shares on hopes that their profits would be boosted as a huge number of mainland tourists are set to travel during the weeklong Labour holidays in May.
Guangshen Railway	0525	HK\$2.30	+HK\$0.05	+2.2%	

### Summary of US Economic News

Indicator	Change/Index	Comments
Leading indicators - March	115.3	The index of leading economic indicators swung higher in March with a 0.3% rise to 115.3 after a flat growth in February's reading.
Producer price index - March	+0.5% m-o-m	The producer-price index increased 0.5% in March after rising by 0.1% in February. The "core" index rose 0.2% in March after a 0.1% gain in February.
Durable-goods orders - March	+3.4% m-o-m	Durable-goods orders rose 3.4% in March, marking the 3 <sup>rd</sup> gain in 4 months. In addition, February's increase was revised higher to a gain of 3.8%.

**Forthcoming Important Announcements / Events**

26 <sup>th</sup> April 2004 (Monday)	<b>HK</b>	:	<b>Manulife (0945)- Q1 results</b> Shanghai Real Estates (1207)- final results Stone Group (0409)- final results Tianjin Development (0882)- final results Tong Reng Tang (8069)- Q1 results Wah Yuen (2349)- final results Zhejiang Glass (0739)- final results
	<b>US</b>	:	<b>New-home sales- March</b> Chubb Corp- Q1 results
27 <sup>th</sup> April 2004 (Tuesday)	<b>HK</b>	:	Moulin International (0389)- final results <b>Qingling Motors (1122)- final results</b>
	<b>US</b>	:	Existing-home sales- March <b>Consumer confidence- April</b> <b>McDonald's- Q1 results</b> Omnicom Group- Q1 results Sina Corp- Q1 results US Airways- Q1 results UTStarcom Inc- Q1 results
28 <sup>th</sup> April 2004 (Wednesday)	<b>HK</b>	:	TCL International (1070)- Q1 results
	<b>US</b>	:	Alcan Inc- Q1 results Anheuser-Busch Cos- Q1 results <b>Boeing Co- Q1 results</b> <b>Coca-Cola Enterprises- 1 results</b> Estee Lauder- Q3 results Goodyear Tyre- Q1 results Janus Capital- Q1 results K-Swiss- Q1 results Macromedia Inc- Q4 results Moody's- Q1 results Sohu.com- Q1 results Symantec- Q4 results <b>Time Warner Inc- Q1 results</b>
29 <sup>th</sup> April 2004 (Thursday)	<b>HK</b>	:	Tom Online (8282)- Q1 results
	<b>US</b>	:	<b>GDP (advance)- Q1</b> Dow Chemical- Q1 results <b>Exxon Mobil- Q1 results</b> Gateway- Q1 results Gillette- Q1 results Kenneth Cole- Q1 results Nasdaq Stock Market- Q1 results <b>Nortel Network- Q1 results</b>
30 <sup>th</sup> April 2004 (Friday)	<b>HK</b>	:	Launch Tech (8196)- final results
	<b>US</b>	:	Personal income- March Personal spending- March Cigna- Q1 results