



# BEA securities

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HONG KONG RESEARCH

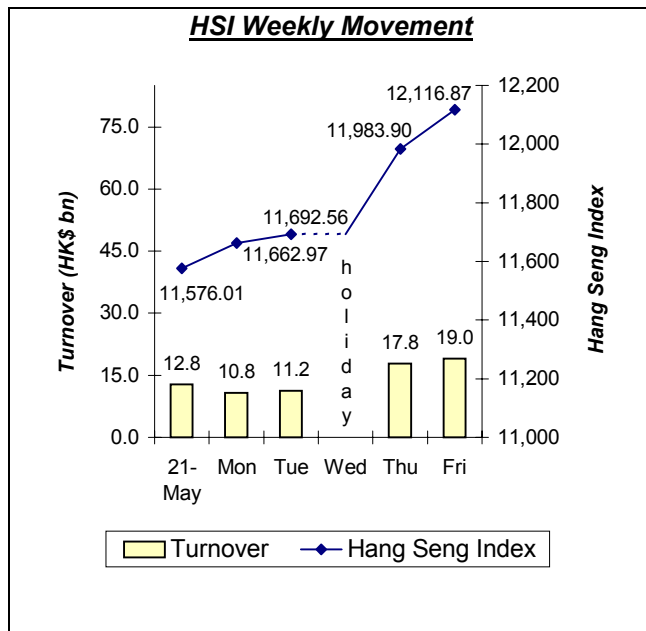
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Weekly Report

29<sup>th</sup> May, 2004

## Stellar land-auction results propelled the HSI



Weekly Market Statistics				
Week ended	28/05/2004	21/05/2004	Change	%
Hang Seng Index	12,116.87	11,576.01	+540.86	+4.7%
HS Red Chip Index	1,334.48	1,256.39	+78.09	+6.2%
HS China Enterprises Index	4,290.26	3,990.95	+299.31	+7.5%
HS Composite Index	1,557.08	1,483.91	+73.17	+4.9%
HS HK Composite Index	1,645.84	1,577.03	+68.81	+4.4%
HS Mainland Composite Index	1,389.19	1,304.01	+85.18	+6.5%
S&P/HKEx GEM Index	1,129.61	1,089.06	+40.55	+3.7%
Avg Daily Turnover (HK\$ bn)	14.71	14.45	+0.26	+1.8%
Sectoral Indices				
Finance	24,787.89	23,790.84	+997.05	+4.2%
Utilities	26,782.56	26,047.44	+735.12	+2.8%
Properties	14,687.22	14,045.61	+641.61	+4.6%
Comm & Ind	5,064.65	4,796.81	+267.84	+5.6%

### Review & Outlook of Market Performance

The local bourse extended the prior week's gains and returned to the 12,000 level in this shortened trading week with the Buddha Birthday holiday on Wednesday. The strong performance of the local market was due mainly to better-than-expected results of the 1<sup>st</sup> public-land auction since September 2002 as well as stabilising international oil prices. Also buoyed by gains in HSBC (HK\$115.50, +4.1% w-o-w), the HSI surged 540.86 points or 4.7% w-o-w to close the 4-day trading week at 12,116.87. Average daily turnover was HK\$14.71 billion.

Catching the market spotlight was inevitably the government land sales on Tuesday. Eventually, both sites were snapped up at prices more than 70% above market expectations, with the Ma On Shan site being sold to Cheung Kong (HK\$58.50, +4.0% w-o-w) for HK\$2.09 billion and the Sha Tin site bought by K. Wah International (HK\$1.24, +6.9% w-o-w) for HK\$865 million. Cheered by the well-received land-auction results, property counters were beefed up, with the HS Properties Sub-index up 4.6% over the week.

China-related shares, especially the H shares, also bounced this week on optimism that the central government's measure to cool off its booming economy had been taking effect, temporarily shaking off concerns over a possible interest-rate hike in the near future. With all but 1 H-share-index constituents being gainers, the HSCEI soared 7.5% on week. Meanwhile, the red-chip index was up 6.2% on a weekly basis, with China Mobile (HK\$22.30) and China Unicom (HK\$6.00) jumping 5.9% and 9.1% w-o-w respectively.

During the week, the SAR Government released the 1<sup>st</sup>-quarter GDP figure, showing a 6.8% y-o-y growth, which beat market expectations. The April trade figures were also announced, with a robust 19.3% y-o-y increase in total exports. Looking forward into next week, profit taking seems inevitable after the HSI rebounded a notable 10.5%, or 1,149.22 points, over an 8-day span from this year's low of 10,967.65 last Monday. In addition, the market would keep an eye on the OPEC meeting next Wednesday, which would decide on whether to raise the oil-supplying countries' crude-oil output. We see the HSI should likely be range-traded between 11,800 and 12,250.

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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 28th May	10,188.45	1,986.74	11,309.57	1,787.18	808.44	638.59	6,137.26
21st May	9,966.74	1,912.09	11,070.25	1,767.23	791.53	615.41	5,964.94
Change %	+221.71 +2.22%	+74.65 +3.90%	+239.32 +2.16%	+19.95 +1.13%	+16.91 +2.14%	+23.18 +3.77%	+172.32 +2.89%

**Major Changes in Index Constituent Stocks (Week ended 28<sup>th</sup> May 2004)**
**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @28/05/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Cheung Kong	0001	HK\$58.50	+HK\$2.25	+4.0%	Property developers fared well following the well-received results of the public land auction.
SHK Properties	0016	HK\$33.60	+HK\$1.10	+3.4%	
Henderson Land	0012	HK\$66.25	+HK\$3.50	+5.6%	

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

Stock	Stock Code	Closing Price @28/05/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Jiangxi Copper	0358	HK\$3.350	+HK\$0.525	+18.6%	Commodity stocks continued to bounce back after being battered earlier this month.
Anhui Conch Cement	0914	HK\$10.00	+HK\$1.20	+13.6%	
China Eastern Airlines	0670	HK\$1.53	+HK\$0.17	+12.5%	Chinese air carriers surged on the back of falling global oil prices.
China Southern Airlines	1055	HK\$3.25	+HK\$0.55	+20.4%	
Weiqiao Textile	2698	HK\$12.40	+HK\$2.05	+19.8%	The mainland's largest cotton-textile maker was bid up ahead of a share placement on Friday and the inclusion in the MSCI China index.

**Summary of US Economic News**

Indicator	Change/Index	Comments
Consumer confidence - May	93.2	The Conference Board said its index of consumer confidence nudged higher to 93.2 in May from a revised 93.0 in April.
Existing-home sales - April	+2.5% m-o-m	Existing-home sales rose 2.5% in April to a higher-than-expected seasonally-adjusted annual rate of 6.64 million units.
New-home sales - April	-11.8% m-o-m	New-home sales tumbled 11.8% in April, the biggest monthly drop in 10 years, to an annual rate of 1.09 million from the revised record-high rate of 1.24 million units in March.
Durable-goods orders - April	-2.9% m-o-m	Durable-goods orders declined 2.9%, the largest drop in 20 months, to US\$191.3 billion in April after jumping a revised 5.7% in March.
GDP (preliminary) - Q1	+4.4% q-o-q	US economy grew at a 4.4% annual pace in Q1, compared with a previously-reported 4.2% rate and a 4.1% growth in Q4.
Personal income - April	+0.6% m-o-m	Personal income increased 0.6% in April, following a 0.4% rise in March. Meanwhile, personal spending rose 0.3% in April after increasing an upwardly-revised 0.5% in March.
Personal spending - April	+0.3% m-o-m	

**Forthcoming Important Announcements / Events**

31 <sup>st</sup> May, 2004 (Monday)	<b>HK</b>	:	China Pharmaceutical (1093) – Q1 results Sun Man Tai (0433) – final results
	<b>US</b>	:	<b>Memorial Day holiday</b>
1 <sup>st</sup> June, 2004 (Tuesday)	<b>HK</b>	:	Van Shung Chong (1001) – final results
	<b>US</b>	:	ISM manufacturing index – May Construction spending – April
2 <sup>nd</sup> June, 2004 (Wednesday)	<b>HK</b>	:	Lenovo Group (0992) – final results
3 <sup>rd</sup> June, 2004 (Thursday)	<b>US</b>	:	<b>Factory orders – April</b> ISM services index – May Mandalay Resort Group – Q1 results
4 <sup>th</sup> June, 2004 (Friday)	<b>HK</b>	:	Wing Lee Holdings (0876) – interim results
	<b>US</b>	:	<b>Unemployment rate – May</b>