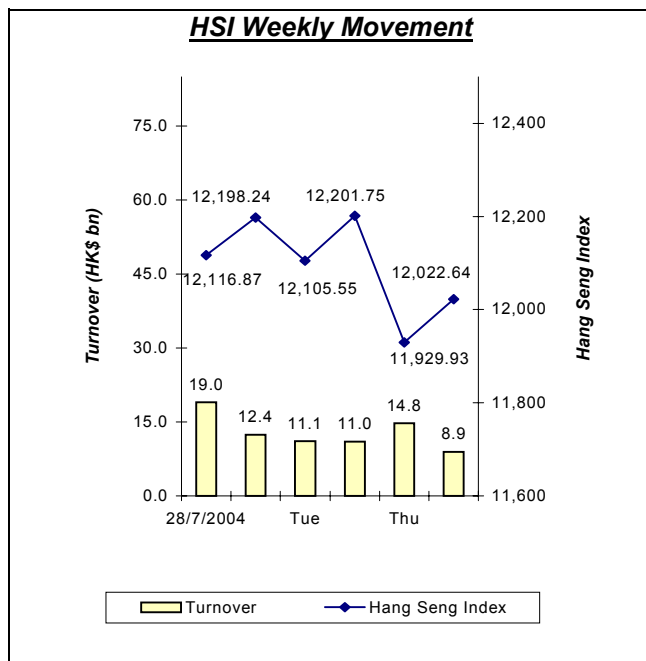


A mild correction after a 2-week rally



Weekly Market Statistics				
Week ended	04/06/04	28/5/2004	Change	%
Hang Seng Index	12,022.64	12,116.87	-94.23	-0.8%
HS Red Chip Index	1,300.46	1,334.48	-34.02	-2.5%
HS China Enterprises Index	4,087.86	4,290.26	-202.40	-4.7%
HS Composite Index	1,537.38	1,557.08	-19.70	-1.3%
HS HK Composite Index	1,635.34	1,645.84	-10.50	-0.6%
HS Mainland Composite Index	1,347.55	1,389.19	-41.64	-3.0%
S&P/HKEX GEM	1,112.82	1,129.61	-16.79	-1.5%
Avg Daily Turnover (HK\$ bn)	11.64	14.71	-3.07	-20.9%
Sectoral Indices				
Finance	25,026.46	24,787.89	+238.57	+1.0%
Utilities	27,314.42	26,782.56	+531.86	+2.0%
Properties	14,237.22	14,687.22	-450.00	-3.1%
Comm & Ind	4,935.79	5,064.65	-128.86	-2.5%

Review & Outlook of Market Performance

Following a strong run last week, Hong Kong stocks succumbed to profit taking this week. Market sentiment was dampened by growing unrest in the Middle East and the renewed fears over higher oil price, despite the fact that the OPEC agreed to raise output to allay concerns over world supply. In addition, the meagre display in regional markets also added to the woes. Meanwhile, China-related plays took a beating after a newspaper report said that an interest-rate hike could be imminent. The HSI closed at 12,022.64, down 0.8% or 94.23 points w-o-w. Average daily turnover was down from last week's HK\$14.71 billion to HK\$11.64 billion.

Taking the limelight this week was Harbin Brewery, which was the target of a takeover battle between SABMiller and Anheuser-Busch. During the week, Anheuser-Busch offered HK\$5.58 apiece for the mainland brewer's shares, and would have won the battle since arch-rival SABMiller withdrew from the bidding and accepted the latest offer. Harbin Brewery rose 11% on week to close at HK\$5.55. Elsewhere, property counters were on the downtrend this week after last week's rally spurred by the upbeat public-land auction results. In fact, select property developers started to offer new incentives for new project launches amid the slower property market. Major developers SHKP (HK\$63.75, -3.8% w-o-w), Cheung Kong (HK\$57.25, -2.1% w-o-w) and Henderson Land (HK\$31.80, -5.4% w-o-w) were all lower.

China-related shares, especially H shares, were weaker this week as it was said that Beijing would raise interest rates and lift electricity prices to cool its overheating economy. Dragged by the news, the H-share index declined 4.7% on a weekly basis, with index-heavyweights PetroChina (HK\$3.60, -2.7% w-o-w), Sinopec (HK\$2.80, -4.3% w-o-w) and China Life Insurance (HK\$4.425, -4.3% w-o-w) all lower.

Looking forward, investors are likely turning their attention to the upcoming IPOs of China Mengniu Dairy, China Shipping Container Lines and Ping An Insurance. The responses to these new-share offers should be a good check of the sentiment on Chinese stocks. However, in a lack of new impetus, the local bourse is expected to narrowly traded between 12,000 to 12,200 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 4th June 28th May	10,242.82	1,978.62	11,128.05	1,791.70	802.82	626.47	5,724.89
	10,188.45	1,986.74	11,309.57	1,787.18	808.44	638.59	6,137.26
Change	+54.37	-8.12	-181.52	+4.52	-5.62	-12.12	-412.37
%	+0.53%	-0.41%	-1.61%	+0.25%	-0.70%	-1.90%	-6.72%

Major Changes in Index Constituent Stocks (week ended 4th June 2004)
Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @04/06/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Lenovo	0992	HK\$2.15	-HK\$0.30	-12.2%	The top mainland PC maker faced heavy selling pressure after announcing a set of lower-than-expected final results.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @04/06/04	W-O-W Changes		Remarks / Comments
			Absolute	%	
Jiangsu Expressway	0177	HK\$3.400	-HK\$0.225	-6.2%	The toll-road operator was hard hit after it warned of a 30% decrease in traffic on its flagship toll road due to road widening works.

Summary of US Economic News

Indicator	Change/Index	Comments
Construction spending - April	+1.3% m-o-m	The Commerce Department said construction spending rose a higher-than-expected 1.3% to a seasonally-adjusted annual rate of US\$970.4 billion in April, which was the 3 rd -consecutive record high, from a revised US\$957.6-billion pace in March.
ISM manufacturing index - May	62.8	The Institute for Supply Management said its index of manufacturing activity rose to a better-than-expected 62.8 in May from a revised 62.4 in April.
Factory orders - April	-1.7% m-o-m	Factory orders fell 1.7% in April after a 5% gain a month earlier, the Commerce Department said. It was the biggest monthly decline since April 2003.
ISM services index - May	65.2	The Institute for Supply Management said its non-manufacturing index fell to 65.2 in May from April's 68.4.
Unemployment rate - May	5.6%	Employers added almost a quarter million workers in May, extending a 9-month hiring spree and accommodating enough new jobseekers to hold the unemployment rate steady at 5.6%.

Forthcoming Important Announcements / Events

7 th June 2004 (Monday)	HK	:	Retail sales- April Gold Peak (0040)- final results Johnson Electric (0179)- final results New Asia Realty (0049)- final results Seapower (0269)- final results
	US	:	Consumer credit- April
9 th June 2004 (Wednesday)	HK	:	Sample Technology (8287)- trading debut
	US	:	Wholesales inventories- April Omnivision Technologies- Q4 results Tommy Hilfiger- Q4 results
10 th June 2004 (Thursday)	HK	:	China Mengniu Dairy (2319)- trading debut Datasys (8057)- final results
11 th June 2004 (Friday)	HK	:	Trade balance- April Next Media (0282)- final results ITE Holdings (8092)- final results Tern Properties (0277)- final results