

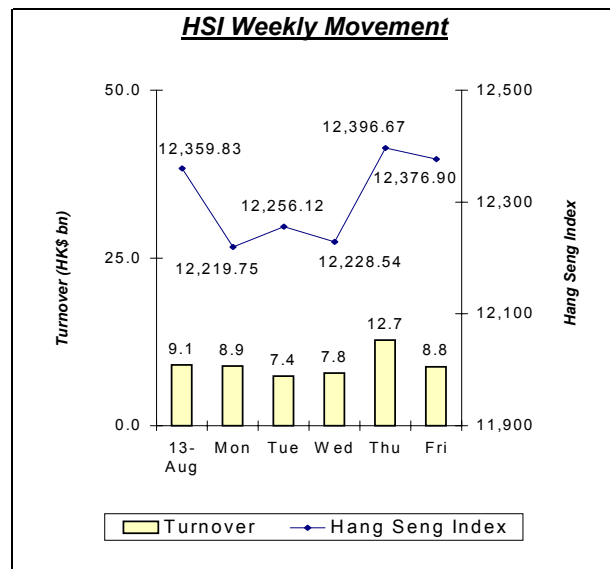
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Weekly Report21st August 2004**Decent 1H2004 results of Constituent Stocks supports HSI ...**

Weekly Market Statistics

Week ended	20/08/2004	13/08/2004	Change	%
Hang Seng Index	12,376.90	12,359.83	+17.07	+0.1%
HS Red Chip Index	1,297.53	1,309.36	-11.83	-0.9%
HS China Enterprises Index	4,131.62	4,011.11	+120.51	+3.0%
HS Composite Index	1,576.14	1,567.57	+8.57	+0.5%
HS HK Composite Index	1,692.75	1,682.42	+10.33	+0.6%
HS Mainland Composite Index	1,344.02	1,339.33	+4.69	+0.4%
S&P/HKEx GEM Index	1,018.24	1,027.44	-9.20	-0.9%
Avg Daily Turnover (HK\$ bn)	9.12	10.18	-1.06	-10.4%
Sectoral Indices				
Finance	25,225.27	25,158.04	+67.23	+0.3%
Utilities	28,702.79	28,630.86	+71.93	+0.3%
Properties	15,560.25	15,401.23	+159.02	+1.0%
Comm & Ind	5,094.30	5,110.49	-16.19	-0.3%

Review & Outlook of Market Performance

HSI was mainly range-traded last week with the week's high and low at 12,418.31 and 12,320.42, respectively. The benchmark index closed at 12,376.90, up 17.07 points or 0.1% w-o-w, mainly helped by favourable corporate results. Average daily turnover was HK\$9.12 billion for the week.

Cheung Kong Holdings along with its subsidiary Hutchison Whampao reported decent half-yearly results after the close on Thursday. Cheung Kong Holding rose 1.22% w-o-w to close at HK\$62.00 while Hutchison Whampao was up 1.75% w-o-w to HK\$58.00. Bank of China (HK) reported a 85% y-o-y jump in 1H2004 net profits to HK\$5.581 billion, helped by the sharp write-back of non-performing loan provisions of some HK\$1.2 billion. Shares of BOCHK closed at HK\$13.35, up 3.89% w-o-w. China Mobile reported an in-line 1H2004 result. However, as the proposed dividend payout ratio of the telecom giant remained low at only 22%, disappointed investors turned to unload the stock. China Mobile ended at HK\$21.15, down 4.51% w-o-w, the worst performing HSI constituent stock during the week. Cosco Pacific revealed that it would pay 1.06 billion yuan to China Ocean Shipping to acquire a 16% stake in the world largest freight container maker, China International Marine Containers. Cosco Pacific jumped 7.21% over the week to close at HK\$11.15.

NYMEX spot-month light crude oil price shot up to as high as US\$49.40 per barrel last week amid concerns over the continuity of crude oil supply in Iraq. However, aviation stocks in Hong Kong seemed to weather well the negative news last week: Cathay Pacific up 1.54% w-o-w at HK\$13.15, China Eastern Airlines down 2.48% w-o-w at HK\$1.61 & China Southern Airlines up 2.91% w-o-w at HK\$2.65.

China-related stocks ceased a streak of losing sessions last week, as investors turned to hunt for bargains. HSCEI advanced 2.79% w-o-w while HSCCI inched up 0.23% during the past week.

Major blue chips had already announced their interim results, mostly in-line or better than market expectations. In following weeks, leading H-share companies would release their results for the first half of the year. And they are expected to draw most market attentions, because investors are eager to look for the impact of stricter monetary tightening imposed during 1H2004 on the bottom lines of PRC corporates, especially those commodity-related companies. HSI is expected to remain range-traded between 12,300-12,500.

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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							
20th August	10,110.14	1,838.02	10,889.14	1,894.93	808.47	598.55	5,622.86
13th August	9,825.35	1,757.22	10,757.20	1,876.61	814.51	589.33	5,389.93
Change	+284.79	+80.80	+131.94	+18.32	-6.04	+9.22	+232.93
%	+2.9%	+4.6%	+1.2%	+1.0%	-0.7%	+1.6%	+4.3%

Major Changes in Index Constituent Stocks (Week ended 20th August 2004)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @20/08/04	W-O-W Change		Remarks / Comments
			Absolute	%	
Cosco Pacific	1199	HK\$11.15	+HK\$0.75	+7.2%	The port operator said it would pay 1.06 billion yuan to China Ocean Shipping to acquire a 16% stake in the world largest freight container maker to boost its container manufacturing business.
China Mobile	0941	HK\$21.15	-HK\$1.00	-4.5%	China Mobile released its in line 1H2004 result but the dividend payout remained low and triggered sell-off of the stock.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @20/08/04	W-O-W Change		Remarks / Comments
			Absolute	%	
Chalco	2600	HK\$3.75	+HK\$0.425	+12.8%	After a long sell-off the week before, bargain hunting activities helped the stock to rebound.

Summary of US Economic News

Indicator	Change/Index	Comments
Housing Starts – July	1.978 million	Housing Starts rose a healthy 8.3% to a seasonally adjusted annual rate of 1.978 million units in July, above the forecast of 1.9 million.
Building Permits – July	2.055 million	Building permits, an indicator of future building activity, advanced 5.7% to a 2.055 million annual rate. This is the 3 rd time this year permits have been above the 2 million annual level.
Core CPI – July	0.1%	The core CPI, which excludes often-volatile food and energy costs, showed a 0.1% increase after a 0.1% rise in June.
Industrial Production – July	0.4%	The industrial production rose 0.4%, below a projection of 0.5%.
Capacity utilisation – July	77.1%	The industrial capacity utilisation edged up to 77.1%, below a projection of a larger rise to 77.5%.
Initial Claims – 14 th August 2004	331,000	The number filing for initial benefits fell to 331,000, down from the revised 334,000 a week before and lower than the estimate of 335,000, as the employment market was stronger than expectations.



Leading Indicators – July	-0.3%	The index of leading indicators fell 0.3% in July to 116.0, after an upwardly revised 0.1% decline in June. US economic activity slowed after a heady pace from earlier in the year.
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Forthcoming Important Announcements / Events

23 rd August 2004 (Monday)	HK	:	Tian China Investment (0028) – H1 results Elec & Eltek International (0033) – Final results Datang International Power (0991) – H1 results Aluminum Corporation of China (2600) – H1 results China Oilfield Services (2883) – H1 results Fujian Zijin Mining Industry (2899) – H1 results
	US	:	Toys R Us Inc – Q2 results
24 th August 2004 (Tuesday)	HK	:	QPL International (0243) – Final results China Resources People Telephone (0331) – H1 results Sinotrans (0598) – H1 results Singamas Container Holdings (0716) – H1 results Digital China Holdings (0861) – H1 results China Resources Logic (1193) – H1 results Weichai Power (2338) – H1 results China Shipping Container Lines (2866) – H1 results
	US	:	Existing Home Sales – July HJ Heinz – Q1 results H&R Block – Q1 results
25 th August 2004 (Wednesday)	HK	:	Natural Beauty Bio-Tech (0157) – H1 results Tingyi Holdings Corp. (0322) – H1 results China Eastern Airlines (0670) – H1 results Beijing Capital International Airport (0694) – H1 results Ports Design (0589) – H1 results TPV Technology (0903) – H1 results Qingling Motors (1122) – H1 results Ping An Insurance (2318) – H1 results
	US	:	Durable Orders – June New Home Sales – July ADC Telecom – Q3 results
26 th August 2004 (Thursday)	HK	:	PCCW (0008) – H1 results First Tractor (0038) – H1 results China Everbright (0165) – H1 results
	US	:	San Miguel Brewery HK (0236) – H1 results CITIC Pacific (0267) – H1 results TravelSky Technology (0696) – H1 results China Unicom (0762) – H1 results China Southern Airlines (1055) – H1 results TCL International (1070) – H1 results BYD Co. (1211) – H1 results Initial Claims – 21 st August 2004 Help Wanted Index – July Brown-Forman – Q1 results Dollar General – Q2 results
27 th August 2004 (Friday)	HK	:	Sinopec Shanghai Petrochemical (0338) – H1 results China Petroleum & Chemical (0386) – H1 results Sinopec Yizheng Chemical (1033) – H1 results Harbin Power Equipment (1133) – H1 results China Life Insurance (2628) – H1 results
	US	:	GDP Preliminary – 2Q Chain Deflator Preliminary – Q2 Consumer Sentiment - August