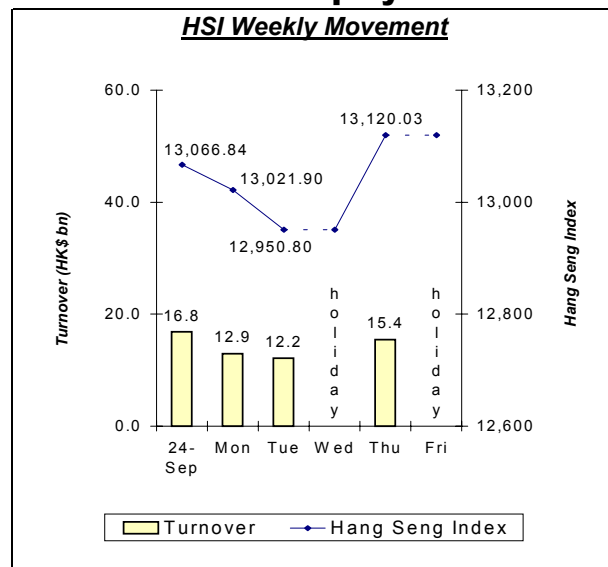


China plays rallied ahead of the national holiday



Weekly Market Statistics				
Week ended	30/09/2004	24/09/2004	Change	%
Hang Seng Index	13,120.03	13,066.84	+53.19	+0.4%
HS Red Chip Index	1,429.67	1,426.57	+3.10	+0.2%
HS China Enterprises Index	4,649.66	4,538.68	+110.98	+2.4%
HS Composite Index	1,683.31	1,672.46	+10.85	+0.6%
HS HK Composite Index	1,786.94	1,776.83	+10.11	+0.6%
HS Mainland Composite Index	1,481.62	1,469.01	+12.61	+0.9%
S&P/HKEx GEM Index	982.31	981.27	+1.04	+0.1%
Avg Daily Turnover (HK\$ bn)	13.50	16.85	-3.35	-19.9%
Sectoral Indices				
Finance	26,472.68	26,337.19	+135.49	+0.5%
Utilities	29,580.68	29,264.59	+316.09	+1.1%
Properties	16,524.36	16,445.74	+78.62	+0.5%
Comm & Ind	5,486.62	5,478.28	+8.34	+0.2%

Review & Outlook of Market Performance

Hong Kong stocks fell earlier the week before bouncing back on easing oil prices and a rally in China plays. The expiry of Sept futures contracts on Tuesday added volatility. Investors were also concerned about escalating oil prices after crude oil climbed above US\$50 a barrel. The HSI ended up 0.41% w-o-w, or 53.19 points, at 13,120.03. Average daily turnover was HK\$13.5 billion, lower than previous week's HK\$16.85 billion.

Shipping and container stocks outperformed following reports of strong export growth (+3.9% q-o-q), improving confidence that an expected slowdown in shipments later this year might be less severe. COSCO Pacific rose 4% w-o-w to HK\$13, while China Merchants gained 3.07% w-o-w to HK\$11.75. Major exporter Li & Fung, in contrast, slipped 3.86% w-o-w to HK\$11.2 on worries of higher shipping costs. The surge in crude oil prices helped lift shares of oil producers. CNOOC rose 3.16% w-o-w to HK\$4.075, while PetroChina climbed 3.73% w-o-w to HK\$4.175.

Property shares made a recovery after earlier losses amid worries over rising interest rates. Investors are focusing on next month's government land auction. SHK Properties (HK\$73.5, +0.34% w-o-w) and Henderson Land (HK\$37.3, unchanged) closed flat after a series of investment downgrades last week. Hang Lung Properties, which rose 1.78% w-o-w to HK\$11.5, was the top performer among property shares.

China plays rallied ahead of the Golden Week holiday on growing comfort that China's austerity measures were effective at reining in strong economic growth. The HSCEI ended up 2.4% w-o-w to close 4,649.66. Jiangxi Copper rose 6.4% w-o-w to HK\$4.575 despite the news that the company would issue convertible bonds worth up to 2 billion yuan to expand its mining business. Other commodity stocks also rose along with the broader market. Chalco rose 6.32% w-o-w to HK\$5.05. Angang Newsteel gained 4.26% w-o-w to HK\$3.675, while Maanshan Iron & Steel gained 3.76% w-o-w to HK\$3.45. Meanwhile, the HSCCI advanced 0.2% w-o-w to 1,429.67.

Looking forward into next week, market attention would shift to the general response to the two large-scale share offerings from Hutchison Telecom and China Power. Both the companies have trimmed its offer size on weak pre-marketing demand from institutional investors. The HSI is expected to hover between 12,950 and 13,200, as some liquidity would be pulled to the two offerings.

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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							
1st October	10,192.65	1,942.20	10,985.17	1,981.14	853.93	661.23	5,945.35
24th September	10,047.24	1,879.48	10,895.16	1,976.71	855.32	654.60	5,892.21
Change	+145.41	+62.72	+90.01	+4.43	-1.39	+6.63	+53.14
%	+1.4%	+3.3%	+0.8%	+0.2%	-0.2%	+1.0%	+0.9%

Major Changes in Index Constituent Stocks (Week ended 30th September 2004)

Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @30/09/04	W-O-W Change		Remarks / Comments
			Absolute	%	
COSCO Pacific	1199	HK\$13	+HK\$0.5	+4.00%	The shares rose on positive outlook for the shipping industry following strong export figures.
Li & Fung	0494	HK\$11.2	-HK\$0.5	-3.86%	The shares fell on fears that rising shipping costs would hurt the company's earnings.

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @30/09/04	W-O-W Change		Remarks / Comments
			Absolute	%	
China Shipping Development	1138	HK\$6.65	+HK\$0.45	+7.26%	Higher shipping rates and strong intra-regional China trade kept sentiment positive for the company.
Jiangxi Copper	0358	HK\$4.575	+HK\$0.275	+6.40%	Commodity stocks rose on expectations that China's austerity measures were achieving their goal of reining in strong economic growth.
Chalco	2600	HK\$5.05	+HK\$0.3	+6.32%	

Hang Seng China-Affiliated Corporation Index (HSCCI)

Stock	Stock Code	Closing Price @30/09/04	W-O-W Change		Remarks / Comments
			Absolute	%	
CNPC Hong Kong	0135	HK\$1.2	HK\$0.06	+5.26%	Record high oil prices helped lift shares of the company.



Summary of US Economic News

Indicator	Change/Index	Comments
New Home Sales – August	1.18 million units (+9.4% y-o-y)	New home sales rose 9.4% in August, the fastest acceleration of sales in almost 4 years, as a fresh dip in mortgage interest rate attracted buyers.
Consumer Confidence – September	96.8	Concerns about jobs drove consumer confidence lower to 96.8 in September from 98.7 in August.
GDP – Q2 Final	+3.3%	The US economy grew at 3.3% for the 2 nd quarter, faster than the preliminary estimate of 2.8% in August and ahead of forecasts of 3% on Wall Street.
Consumer Spending – August	0.0%	Consumer spending was flat in August, showing signs of losing steam.
Initial Jobless Claims – 25 th September	369,000 (+18,000)	Initial jobless claims rose by 18,000 last week to 369,000, coming in above estimates of 340,000.
Chicago PMI – September	61.3	Business activity in the Midwest expanded in September for a 17 th straight month and at a faster rate than expected.
Auto sales – September	17.5 million units	Auto sales rose 10% to an annual rate of 17.5 million from a rate of 16.6 million in August.
ISM Manufacturing Index – September	58.5	The ISM manufacturing index showed that factory employment and production continued to accelerate in September.
Construction Spending – August	+0.8%	US construction spending jumped twice as much as expected in August, as low mortgage rates fueled both residential and non-residential building.

Forthcoming Important Announcements / Events

4 th October 2004 (Monday)	US	:	Factory Orders – August Mercantile Bank Corp. – Q3 results Ruby Tuesday – Q1 results
5 th October 2004 (Tuesday)	HK US	:	Vertex Communication (8228) – Interim results ISM Non-Manufacturing – September Yum! Brands Inc. – Q3 results Apollo Group – Q4 results
6 th October 2004 (Wednesday)	HK US	:	Greater China Technology (8032) – Final results Monsanto – Q4 results
7 th October 2004 (Thursday)	HK US	:	Foreign Currency Reserves – September Initial Jobless Claims – 2 nd October Consumer Credit – August Alcoa – Q3 results Marriott International – Q3 results Costco Wholesale Corp. – Q4 results
8 th October 2004 (Friday)	HK US	:	Retail Sales – August China Motor Bus (0026) – Final results Nonfarm Payrolls – September Unemployment Rate – September Wholesales Inventories – August General Electric – Q3 results