

Weak Dollar Supported the Local Bourse

<u>HSI Weekly Movement</u>					<u>Weekly Market Statistics</u>				
Week ended	26/11/2004	19/11/2004	Change	%	Week ended	26/11/2004	19/11/2004	Change	%
Hang Seng Index	13,895.03	13,787.68	+107.35	+0.8%	Hang Seng Index	13,895.03	13,787.68	+107.35	+0.8%
HS Red Chip Index	1,500.14	1,470.96	+29.18	+2.0%	HS Red Chip Index	1,500.14	1,470.96	+29.18	+2.0%
HS China Enterprises Index	4,934.39	4,843.72	+90.67	+1.9%	HS China Enterprises Index	4,934.39	4,843.72	+90.67	+1.9%
HS Composite Index	1,797.76	1,780.86	+16.90	+0.9%	HS Composite Index	1,797.76	1,780.86	+16.90	+0.9%
HS HK Composite Index	1,834.04	1,898.58	-64.54	-3.4%	HS HK Composite Index	1,834.04	1,898.58	-64.54	-3.4%
HS Mainland Composite Index	1,578.42	1,549.81	+28.61	+1.8%	HS Mainland Composite Index	1,578.42	1,549.81	+28.61	+1.8%
S&P/HKEx GEM Index	1,026.28	1,011.60	+14.68	+1.5%	S&P/HKEx GEM Index	1,026.28	1,011.60	+14.68	+1.5%
Avg Daily Turnover (HK\$ bn)	21.99	20.63	+1.36	+6.6%	Avg Daily Turnover (HK\$ bn)	21.99	20.63	+1.36	+6.6%
Sectoral Indices					Sectoral Indices				
Finance	27,893.13	28,088.99	-195.86	-0.7%	Finance	27,893.13	28,088.99	-195.86	-0.7%
Utilities	30,663.99	30,412.84	+251.15	+0.8%	Utilities	30,663.99	30,412.84	+251.15	+0.8%
Properties	18,027.90	17,537.10	+490.80	+2.8%	Properties	18,027.90	17,537.10	+490.80	+2.8%
Comm & Ind	5,810.66	5,706.37	+104.29	+1.8%	Comm & Ind	5,810.66	5,706.37	+104.29	+1.8%

Review & Outlook of Market Performance

The Hong Kong stock market was volatile during the week, as the Hang Seng Index swung in a range of nearly 500 points. HSI opened the week low after a weak US market on the last Friday (19th Nov). However, a strong rally in Hutchison Whampoa (0013), Cheung Kong Holdings (0001) as well as other property counters helped boost the HSI to test a high since March 2001. Nonetheless, profit taking emerged when the HSI moved close to 14,100, but sharply weaker USD relieved some of the selling pressure. Over the week, HSI gained 107.35 points or 0.78% to close 13,895.03, with an average daily turnover at HK\$21.99 billion.

Hutchison and Cheung Kong had a decent rally over the week, after chairman Li Ka-shing revealed that their 3G-business is on track to reach EBITDA break-even in 2005. Later in the week, the group's 3G arm 3 also revealed that it has more than 2 million 3G subscribers in Italy, doubling its client base in the country in the last four months, which made investors become more bullish about the 3G business. Over the week, Hutchison gained 3.53% to close at HK\$66.00 while Cheung Kong rallied 5.42% to close HK\$73.00. Meanwhile, a sharply weaker dollar also lent support to the local equities market. Over the week, USD fell 0.5% against Japanese yen and 2.1% against both euro and sterling pound.

China shares ended the week firmer after PBoC deputy governor claimed it is too early to say an interest rate hike is needed to cool down the economy, despite growth in fixed asset investment remained high. HSCEI closed 90.67 points or 1.87% higher w-o-w at 4,934.39. Steel plays shined last week after Nissan Motor Co. was said to temporarily shut down some of its production plants in China due to a steel supply shortage. Maanshan Iron (0323) jumped 9.57% w-o-w to HK\$3.175 while Angang Newsteel (0347) reaped 7.48% w-o-w at HK\$3.95.

For the coming week, profit taking near 14,000 should continue to put a cap on HSI, because investors' attentions may be distracted by several gigantic IPOs in the next couple of weeks, like Link REIT (2382), Air China (0753), etc. We see the HSI to be range-traded next week with good support at 13,800.

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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							
26th November	10,522.23	2,101.97	10,833.75	2,028.43	908.78	648.75	5,778.65
19th November	10,456.91	2,070.63	11,082.84	2,038.21	897.03	650.70	6,026.55
Change	+65.32	+31.34	-249.09	-9.78	+11.75	-1.95	-247.90
%	+0.6%	+1.5%	-2.2%	-0.5%	+1.3%	-0.3%	-4.1%

Major Changes in Index Constituent Stocks (Week ended 26th November 2004)**Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @26/11/04	W-O-W Change		Remarks / Comments
			Absolute	%	
Swire Pacific	0019	HK\$63.50	+HK\$3.00	+4.96%	Pacific Century Premium Development (0432) said it agreed to sell its PCCW Tower building in Quarry Bay for US\$360 million to a close-ended property fund. The news was regarded as positive to Swire since it has a large landbank and office premises in the same location, and Swire should benefit from property revaluations.
Cheung Kong Holdings	0001	HK\$73.00	+HK\$3.75	+5.42%	Italian 3G operator 3, a unit of Hutchison, said its had more than 2 million subscribers, doubling its client base in Italy in the last four months.
Hutchison Whampoa	0013	HK\$66.00	+HK\$2.25	+3.53%	

Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @26/11/04	W-O-W Change		Remarks / Comments
			Absolute	%	
Maanshan Iron	0323	HK\$3.175	HK\$0.275	+9.57%	It was reported that Nissan Motor was forced to temporarily shut down some of its production facilities in China due to a steel supply shortage.

Hang Seng China-Affiliated Corporation Index (HSCCI)

Stock	Stock Code	Closing Price @26/11/04	W-O-W Change		Remarks / Comments
			Absolute	%	
CNOOC	0883	HK\$4.30	+HK\$0.025	-0.058%	The counter fell from a high at HK\$4.575 during the week, after the offshore oil producer issued a US\$850 million convertible bond, the biggest-ever by a Chinese listed firm.



Summary of US Economic News

Indicator	Change/Index	Comments
Existing home sales – October	-0.1%	Existing home sales fell 0.1% m-o-m in October at an annual rate of 6.75 million, matching market expectations.
Durable goods – October	-1.5%	Durable goods orders fell 1.5% in October, the sixth decline in the last seven months.
New home sales – October	+0.2%	New home sales rose 0.2% m-o-m in October to an annual rate of 1.23 million units, slightly better than a forecast of 1.2 million units.
University of Michigan consumer sentiment index – November	92.8	The consumer sentiment index rose to 92.8 in November from 91.7 in October but much worse than an expected reading of 96.0.
Initial jobless claims – week ended 20 th November 2004	-12,000	Initial jobless claims fell 12,000 to 335,000 while the four-week moving average also dropped 6,750 to 332,000.

Forthcoming Important Announcements / Events

29 th November 2004 (Monday)	HK	:	Asia Alliance Holdings (0616) – H1 results China Pharmaceutical Group (1093) – Q3 results China Rich Holdings (1191) – Final results GOME Electrical Appliances Holdings (0493) – H1 results Sa Sa International Holdings (0178) – H1 results
30 th November 2004 (Tuesday)	HK	:	AV Concept Holdings (0595) – H1 results Bossini International Holdings (0592) – H1 results Chen Hsong Holdings (0057) – H1 results China Motion Telecom International (0989) – H1 results Fujikon Industrial Holdings (0927) – H1 results Group Sense (International) (0601) – H1 results Huabao International Holdings (0336) – H1 results Miramar Hotel & Investment Co (0071) – H1 results Skyworth Digital Holdings (0751) – H1 results TPV Technology (0903) – Q3 results Wheelock and Co (0020) – H1 results
	US	:	GDP – Q3 2004 Consumer confidence – November 2004
1 st December 2004 (Wednesday)	HK	:	Hanison (0896) – H1 results Shaw Brothers (0080) – H1 results
	US	:	Personal income – October 2004 Construction spending – October 2004 ISM manufacturing index – November 2004
2 nd December 2004 (Thursday)	HK	:	HKR International (0480) – H1 results Synergis Holdings (2340) – H1 results
	US	:	Initial jobless claims – the week ended 27 th November 2004
3 rd December 2004 (Friday)	HK	:	Johnson Electric (0179) – H1 results Climax International (0439) – H1 results Gay Giano International (0686) – H1 results Peace Mark (0304) – H1 results
	US	:	Payrolls report – October 2004