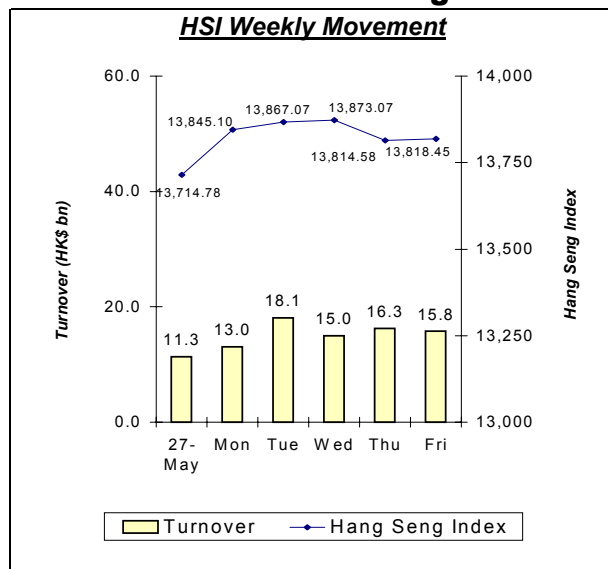


### Market range traded on the eve of mega IPOs



<b>Weekly Market Statistics</b>				
Week ended	03/06/2005	27/05/2005	Change	%
Hang Seng Index	13,818.45	13,714.78	+103.67	+0.8%
HS Red Chip Index	1,587.08	1,554.01	+33.07	+2.1%
HS China Enterprises Index	4,550.63	4,574.64	-24.01	-0.5%
HS Composite Index	1,781.26	1,768.12	+13.14	+0.7%
HS HK Composite Index	1,875.23	1,868.37	+6.86	+0.4%
HS Mainland Composite Index	1,601.57	1,575.28	+26.29	+1.7%
S&P/HKEx GEM Index	895.26	888.20	+7.06	+0.8%
Avg Daily Turnover (HK\$ bn)	15.63	11.45	+4.18	+36.5%
<b>Sectoral Indices</b>				
Finance	26,520.93	26,445.15	+75.78	+0.3%
Utilities	30,208.66	30,305.57	-96.91	-0.3%
Properties	16,794.82	16,605.63	+189.19	+1.1%
Comm & Ind	6,190.35	6,111.76	+78.59	+1.3%

### Review & Outlook of Market Performance

Hong Kong market hovered around 13,800-level throughout the week with little fresh news to push it further up ahead of several mega China IPOs. HSI closed up 103.67 points, or 0.8% w-o-w at 13,818.45. Average daily turnover increased to HK\$15.63 billion from last week's HK\$11.45 billion.

Property stocks supported the market during the week. Sentiment towards the property sector was boosted by the strong sales of Royal Green, the first major property project put on sale after the mortgage rate hike and the public's call for tightening internal sales procedure. The HS Property sub-index closed the week up 1.1% at 16,794.82. New World Development (0017) and Sino Land (0083) gained 2.5% and 5.2% w-o-w to close at HK\$8.20 and HK\$8.05 respectively before their inclusion as HSI constituent stocks next Monday.

China mobile (0941) was the main contributor to the index gain during the week as major brokerages raised the counter's price target, citing a more stable pricing environment and a possible payout increase given its cash rich status. The counter rose 3.9% w-o-w to close at HK\$28.35 after reaching a three year high of HK\$29.10. On the other hand, Esprit Holdings (0330) lagged behind the market and dropped 8.2% w-o-w to close HK\$ 53.00. The counter was impacted by the aftermath of French and Dutch voters rejecting a European Union constitution that caused the Euro to weaken against the US dollar.

HSCEI fell 0.5%, or 0.5% w-o-w to close at 4,550.63 as the Shanghai A-share market fell to an eight year low after the Central Government clarified the procedure concerning the disposal of state-owned shares. There were selling on shipping related counters as investors cashed out to prepare for the IPO of China COSCO. China Shipping Development (1138) slipped 0.8% w-o-w to HK\$6.00, while CSCL (2866) shed 4.55% w-o-w to HK\$3.15. HSCCI gained 2.1% w-o-w at 1,587.08 as buoyed by China Mobile.

Looking ahead, we see the market should continue to range traded at current level as HK\$55.6 billion would be tied up by the upcoming IPOs of Shenhua Energy, Bank of Communications and China COSCO.

**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							
3rd June	10,460.97	2,071.43	11,300.05	2,192.67	865.88	676.47	6,107.95
27th May	10,542.55	2,075.73	11,192.33	2,154.70	869.11	663.48	5,991.55
Change	-81.58	-4.30	+107.72	+37.97	-3.23	+12.99	+116.40
%	-0.8%	-0.2%	+1.0%	+1.8%	-0.4%	+2.0%	+1.9%

**Major Changes in Index Constituent Stocks (Week ended 3<sup>rd</sup> June 2005)****Hang Seng Index (HSI)**

Stock	Stock Code	Closing Price @03/06/05	W-O-W Change		Remarks / Comments
			Absolute	%	
China Mobile	0941	HK\$28.35	+HK\$1.05	+3.9%	Major brokerages raised their target prices of the counter, citing a more stable pricing environment and a possible payout increase given its cash rich status.
COSCO Pacific	1199	HK\$14.35	-HK\$1.00	-6.5%	Major brokerages predicted a downturn of the company's earning prospect and lowered its target price.
Esprit	0330	HK\$53.00	-HK\$4.75	-8.2%	The weakening of Euro against the US dollar might adversely affect the group's bottom line.

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

Stock	Stock Code	Closing Price @03/06/05	W-O-W Change		Remarks / Comments
			Absolute	%	
CSCCL	2866	HK\$3.15	-HK\$0.15	-4.55%	There were selling on shipping related counters as investors cashed out preparing for the IPO of China COSCO.

**Hang Seng China-Affiliated Corporation Index (HSCCI)**

Stock	Stock Code	Closing Price @03/06/05	W-O-W Change		Remarks / Comments
			Absolute	%	
Guangdong Investment	0270	HK\$2.25	+HK\$0.125	+5.88%	Parent company of Guangdong Investment had purchased 3.2 million shares at HK\$2.075, raising its stakes from 66.97% to 67.01%.

**Summary of US Economic News**

Indicator	Change/Index	Comments
May Chicago Purchasing Manager Index	54.1	The figure was lower than consensus forecast (61) and fell sharply from 65.6 of the previous month.
May Conference Board Consumer Confidence	102.2	The figure was higher than consensus (95.8) and was also higher than 97.5 of the previous month.
May ISM Prices Index	58	The figure was sharply lower than previous month's 71, suggesting a cooling of inflation in the manufacturing sector.
Initial Jobless Claims – Week ended 28 <sup>th</sup> May	+25k	The increase was more than consensus forecast (+2k). The four-week average climbed by 3,500 to 334,500 but remained well within the range economists associate with job growth.
First Quarter Revised Unit Labour Cost	+3.3%	The increase was higher than the market consensus (+2.1%). Hourly compensation in businesses outside farming rose 6.3% in the first quarter, substantially higher than previously reported 4.8%.
May Non-farm Payrolls	+78k	The increase was far less than the market expected (+185k) and the increase of the previous month (+274k). Healthcare and construction industries recorded employment growth while other industries had little change.

**Forthcoming Important Announcements / Events**

6 <sup>th</sup> May 2005 (Monday)	HK	:	No Important Announcements / Events
	US	:	No Important Announcements / Events
7 <sup>th</sup> May 2005 (Tuesday)	HK	:	<b>Retail Sales – April</b>
			Foreign Currency Reserves – May
			<b>Wheelock Property (0049) – Final results</b>
	US	:	April Consumer Credit
8 <sup>th</sup> June 2005 (Wednesday)	HK	:	<b>Lenovo Group Limited (0992) – Final results</b>
	US	:	April Wholesale Inventories
			H&R Block, Inc. (HRB) – Q4 results
9 <sup>th</sup> June 2005 (Thursday)	HK	:	No Important Announcements / Events
	US	:	Initial Jobless Claims – Week ended 4 <sup>th</sup> June
			ASAT Holdings Limited (ASTT) – Q4 results
10 <sup>th</sup> June 2005 (Friday)	HK	:	No Important Announcements / Events
	US	:	April Trade Deficit
			May Import Prices
			Polo Ralph Lauren Corporation (RL) – Q4 results