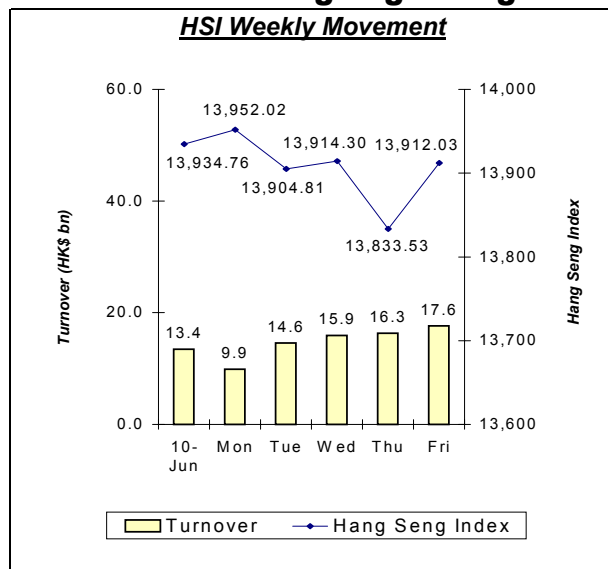


## On-going listing activities stole the limelight



<b><u>Weekly Market Statistics</u></b>				
Week ended	17/06/2005	10/06/2005	Change	%
Hang Seng Index	13,912.03	13,934.76	-22.73	-0.2%
HS Red Chip Index	1,594.28	1,597.63	-3.35	-0.2%
HS China Enterprises Index	4,707.70	4,732.84	-25.14	-0.5%
HS Composite Index	1,799.20	1,799.58	-0.38	-0.0%
HS HK Composite Index	1,892.11	1,890.79	+1.32	+0.1%
HS Mainland Composite Index	1,621.87	1,625.77	-3.90	-0.2%
S&P/HKEx GEM Index	892.83	893.85	-1.02	-0.1%
Avg Daily Turnover (HK\$ bn)	14.86	14.59	+0.27	+1.8%
<b>Sectoral Indices</b>				
Finance	26,625.69	26,740.59	-114.90	-0.4%
Utilities	30,575.75	30,476.41	+99.34	+0.3%
Properties	16,901.24	16,850.17	+51.07	+0.3%
Comm & Ind	6,245.24	6,251.34	-6.10	-0.1%

## Review & Outlook of Market Performance

The HSI hovered the week in a 200-point trading range before closing at 13,912.03, down 22.73 points, or 0.16% w-o-w. Average daily turnover was HK\$14.86 billion. The trading debut of China Shenhua Energy on Wednesday failed to excite the market as investors had focused on other forthcoming listing activities. Bank of Communications was reported to have attracted more than 150 times oversubscription in its retail orders, while China COSCO Holdings has just opened the institutional book for its HK\$12.9 billion offer.

The two blue chips that reported results this week showed mixed performance. Johnson Electric lost 3.4% w-o-w to HK\$7.1 after reporting a worse-than-expected full-year net profit of US\$141.6 million. The dim outlook of its core automotive division sent its share price downwards. On the other hand, Yue Yuen Industrial rose 4.94% w-o-w to HK\$23.35 and was the biggest blue-chip gainer despite reporting a 3.76% fall in interim net profit to US\$152.3 million. Strong athletic shoe sales in the second quarter spurred investors' confidence on the company's full-year results.

PCCW has announced its plan to re-enter the mobile market by acquiring 60% of the city's smallest mobile network operator Sunday Communications for HK\$1.16 billion. However, the proposed move was not well supported by the market and PCCW's shares closed the week unchanged at HK\$4.8. The news boosted Sunday Communications, which ended up 18.87% w-o-w at HK\$0.63, slightly lower than PCCW's offer price of HK\$0.65.

The H-share index fell 0.53% w-o-w to 4,707.7. PetroChina paced the decline amid profit taking after last week's gains and record closing highs. It dropped 1.83% w-o-w to HK\$5.35. Yanzhou Coal Mining slipped 4.03% w-o-w to HK\$5.95 following a disappointing trading debut of China Shenhua Energy. Other raw material stocks gained grounds on the back of higher gold and copper prices. Zijin Mining rose 7.19% w-o-w to HK\$1.79, while Jiangxi Copper added 0.66% w-o-w to HK\$4.075.

Looking ahead, the market focus will stay on new listings. Without any fresh catalysts, the 14,000-point mark should remain a critical barrier for the HSI in the near term.

*This report has been prepared solely for information purposes and we are not soliciting any action based upon it. Neither this document nor its contents shall be construed as an offer, invitation, advertisement, inducement or representation of any kind or form whatsoever. The information is based upon information which we consider reliable, but accuracy or completeness is not guaranteed. Opinions expressed herein are subject to change without notice. At time of this report, East Asia Securities Company Limited has no position in securities of the company or companies mentioned herein.*



## 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							
17th June	10,623.07	2,090.11	11,514.03	2,209.15	897.06	686.52	6,293.56
10th June	10,512.63	2,063.00	11,304.23	2,220.43	890.02	679.98	6,192.35
Change	+110.44	+27.11	+209.80	-11.28	+7.04	+6.54	+101.21
%	+1.1%	+1.3%	+1.9%	-0.5%	+0.8%	+1.0%	+1.6%

## Major Changes in Index Constituent Stocks (Week ended 17<sup>th</sup> June 2005)

### Hang Seng Index (HSI)

Stock	Stock Code	Closing Price @17/06/05	W-O-W Change		Remarks / Comments
			Absolute	%	
Esprit Holdings	0330	HK\$52.75	-HK\$1.75	-3.21%	The euro weakened to a 9-month low against the US dollar, dampening profit outlook for the apparel retailer.
Cosco Pacific	1199	HK\$14.35	-HK\$0.70	-4.65%	Investors worried that the upcoming listing of China COSCO Holdings would drag down the valuation of Cosco Pacific.

### Hang Seng China Enterprises Index (HSCEI)

Stock	Stock Code	Closing Price @17/06/05	W-O-W Change		Remarks / Comments
			Absolute	%	
China Life Insurance	2628	HK\$5.30	+HK\$0.15	+2.91%	Rumour has it that US investor Warren Buffett was raising his stake in the life insurer to about 10% from less than 5%.
China Shipping Development	1138	HK\$5.70	-HK\$0.75	-11.63%	China Shipping Development said its parent was considering a restructuring plan that might involve a spin-off of its dry bulk shipping business.

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

Stock	Stock Code	Closing Price @17/06/05	W-O-W Change		Remarks / Comments
			Absolute	%	
CITIC Resources Holdings	1205	HK\$1.04	-HK\$0.08	-7.14%	CITIC Resources is sounding out the market for a debt financing to buy a stake in Thai Petrochemical Industry Plc.



## Summary of US Economic News

Indicator	Change/Index	Comments
Producer Price Index (PPI) – May	-0.6% m-o-m	PPI sank 0.6% in May, against forecasts of a 0.2% fall, due to lower energy costs. The core PPI, which excludes volatile food and energy costs, rose 0.1% after a 0.3% gain in April.
Retail Sales – May	-0.5% m-o-m	Retail sales showed a larger-than-expected drop in May, primarily on the back of weakness in auto sales. Excluding auto sales, retail sales fell 0.2% versus expectations of a 0.2% increase.
Business Inventories – April	+0.3% m-o-m	Business inventories grew 0.3% in April after a 0.5% increase in March.
Consumer Price Index (CPI) – May	-0.1% m-o-m	Lower energy prices took the overall CPI lower than forecasts of a 0.2% rise. The core CPI advanced 0.1% in May, after being unchanged in April.
NY Empire State Index – June	+11.7	The index turned positive in June from previous month of -11.1, showing increasing manufacturing activities.
Industrial Production – May	+0.4% m-o-m	Industrial production rebounded 0.4% last month after a 0.3% drop in April and well ahead of forecasts of a 0.2% rise.
Housing Starts – May	2.01 million units	Housing starts hit an annual pace of 2.01 million units in May, up 0.2% from the rate in April but below forecasts of a 2.05 million pace.
Initial Jobless Claims – week ended 11 <sup>th</sup> June 2005	333,000	Initial jobless claims edged up 1,000 last week from the prior week's 332,000.
Current Account – Q1 2005	US\$195.1 billion deficit	Current account deficit hit a record high in the first quarter, driven by a growing merchandise trade gap and an increase in unilateral transfers such as government grants.
Consumer Sentiment (preliminary) – June	94.8	Consumer sentiment index surged to 94.8 this month from 86.9 in May, helped by a retreat in gasoline prices.

## Forthcoming Important Announcements / Events

20 <sup>th</sup> June 2005 (Monday)	HK US	: : : : :	<b>China Cosco Holdings (1919) – Retail books open</b> Leading Indicators – May Darden Restaurant – Q4 results Kroger Co – Q1 results
21 <sup>st</sup> June 2005 (Tuesday)	HK US	: :	No Important Announcements / Events Jabil Circuit Inc – Q3 results
22 <sup>nd</sup> June 2005 (Wednesday)	HK US	: : :	<b>Vtech Holdings (0303) – Final results</b> Bed Bath & Beyond Inc – Q1 results Morgan Stanley – Q2 results
23 <sup>rd</sup> June 2005 (Thursday)	HK  US	: : : : :	<b>Consumer Price Index – May</b> <b>Bank of Communications (3328) – Trading debut</b> China Glass Holdings (3300) – Trading debut <b>HKR International (0480) – Final results</b> Initial Jobless Claims – week ended 18 <sup>th</sup> June 2005 Existing Home Sales – May Fedex Corp – Q4 results
24 <sup>th</sup> June 2005 (Friday)	HK US	: : :	No Important Announcements / Events Durable Goods Orders – May New Home Sales – May