

**TUNG CHEE HWA GETS AN INTERNATIONAL SLAP IN THE FACE**

No further bombs exploded either in the Philippines or Indonesia, over the weekend of October 19-20 – unlike the previous week's carnage, which left more than 200 people, dead and another 200-odd people injured in the 2 territories – and so the stock markets of Asia had to try to outguess the likely scenario for Wall Street for the new week.

Of course, in the Middle East, the killings of Palestinians and Israelis were continuing, but that was old hat; and, the world has, sadly, become accustomed to the nonsense in the West Bank and in parts of Israel.

On Friday, October 18, share prices had tended to drift on The New York Stock Exchange for most of the day, but the Big Board managed to eke out a gain of about 47.36 points, equivalent to about 0.57 percent, ending the week at 8,322.40 points.

On the NASDAQ, its Composite Index continued to run for higher levels, gaining 15.57 points, or about 1.22 percent, finishing off a booming week at 1,287.86 points.

For the week, ended October 18, The Dow had recaptured about 5.70 percent of its lost glitter.

But there were grave questions as to whether or not US investors would continue to buy into stocks and shares, listed on the world's largest bourse.

The big question was, clearly: Is the bear dead; or, is it just hibernating?

Asia, which takes its cues from New York, in any event, appeared to be a little hesitant as to which way the markets of the US were likely to go for the new week and, in such an atmosphere, caution was considered the way the best path to follow.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were noticeably absent on The Stock Exchange of Hongkong Ltd, on both the Main Board and The Growth Enterprise Market (The GEM), last Monday.

The Main Board's Hang Seng Index moved only 0.46 points in the morning session, to 12:30 pm, but bears started a mild selling spree in the afternoon session, and this brought down the Hang Seng Index by 42.71 points by the close of the session.

The closing level of the Hang Seng Index, at 9,570.36 points, a drop of about 0.44 percent, compared with the previous close of Friday, October 18, marked the first drop in value of this key index in 6 sessions.

The Total Turnover was about \$HK4.33 billion, with losers, outrunning gainers by the ratio of about 2.34:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.29 percent to \$HK86.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.44 percent to \$HK51.25 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.83 percent to \$HK48.20 per share

Hutchison Whampoa Ltd (Code: 13)	Down 1.25 percent to \$HK47.30 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.73 percent to \$HK20.40 per share
CNOOC Ltd (Code: 883)	Down 0.98 percent to \$HK10.10 per share
PetroChina Company Ltd (Code: 857)	Down 1.31 percent to \$HK1.51 per share
Hang Seng Bank Ltd (Code: 11)	Up 1.18 percent to \$HK85.50 per share
CLP Holdings Ltd (Code: 2)	Up 0.97 percent to \$HK31.30 per share
Hongkong Electric Holdings Ltd (Code: 6)	Up 2.93 percent to \$HK31.60 per share

There were 34, double-digit movers of the day, with the share price of Digital World Holdings Ltd (Code: 109), being the biggest gainer, rising 20 percent to 18 cents, while, sharing the honours for the biggest losers were Chevalier iTech Holdings Ltd (Code: 508) and G-Prop (Holdings) Ltd (Code: 286), both of whose share prices lost 16.67 percent, to 19 cents and one cent, respectively.

The ratio of double-digit losers to double-digit gainers was, exactly, One:One.

On The GEM, the scenario mirrored that of the Main Board, with the exception that, in the 90-minute afternoon session, bears took the bulls to task, dragging down The Growth Enterprise Index by about 1.62 percent to 113.88 points.

The Total Turnover on this speculative marketplace was about \$HK96.77 million, with declining issues, outnumbering advancing ones by the ratio of 1.75:One.

Mr Li Ka Shing's 2 listings, Life Sciences International (Holdings) Incorporated (Code: 8222) and tom.com Ltd (Code: 8001), both gave up considerable ground, with CK Life Sciences, shedding about 3.55 percent of its market capitalisation, falling back to \$HK1.36 per share, while tom.com gave up 2.16 percent of its value, ending the day at \$HK1.81 per share.

The value of the trades in these 2 counters represented nearly 60 percent of the entire volume of activity for the day.

The biggest movers of the day, however, were reserved for the following 3 counters:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061	10.00		0.033
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd	8095	10.26		0.86
Tradecasy Holdings Ltd	8163		13.46	0.045

In Japan, uncertainty caused many investors to bank their profits from the previous week's gains, resulting in the 'barometer' of The Tokyo Stock Exchange to lose 1.19 percent, as investors pushed the Nikkei-225 Stock Average to below the 9,000-yen level.

At, 8,978.41 yen, some analysts suggested that the run for the 10,000-yen mark was not, now, possible in the immediate future.

The ratio of gainers to losers was 1.62:One, in spite of the falling Nikkei-225 Stock Average.

The Government of Prime Minister Junichiro Koizumi had, still, not suggested what definitive action could be taken to right the decade-long faltering economy.

On the news front, departmental store operator, Matsuya Company, announced that its Group Net Profits for the first 6 months of its Financial Year had risen by about 31.80 percent, compared with the like period in 2001.

Nippon Yusen KK, Japan's largest shipping company, said that it would liquidate its Luxembourg subsidiary.

Optical products manufacturer, Hoya Corporation, announced that it had posted a Group Net Profit of 14.80 billion yen for its first half Year, ended September 30, 2002.

The result was an 8.70-percent increase, compared with the like period in 2001.

The mixed bag of corporate results were not, altogether, bullish, to be sure.

And, in other Asian markets, this was how they fared, last Monday:

Indonesia	Plus 0.27 percent to 361.86
Japan	Minus 1.19 percent to 8,978.41
Malaysia	Plus 0.02 percent to 652.41
The Philippines	Minus 1.24 percent to 1,014.90
Singapore	Minus 0.25 percent to 1,457.71
South Korea	Minus 2.70 percent to 652.67
Taiwan	Plus 0.12 percent to 4,463.52
Thailand	Plus 0.53 percent to 344.28

## **Tuesday**

While Wall Street was bullish on the first day of trading, last week, the optimism of the American investing public did not permeate other major bourses, noticeably those of Asia where losses were widespread.

The hype of US stockbrokers may have been influencing Wall Street, but it was having little to no effect in the most populous part of the world.

Japan fell, completely, out of bed, giving the lead to other major bourses to follow suit.

On The New York Stock Exchange, last Monday, the Big Board's blue-chip index, the Dow Jones Industrial Average, gained 215.84 points, equivalent to about 2.59 percent, running up to 8,538.24 points by the close of trading.

As for the NASDAQ, its Composite Index followed The New York Stock Exchange with a gain of about 1.69 percent, rising to 1,309.67 points.

While gains were being recorded on indices of the largest bourses in the world, United Airlines was announcing that it is being forced to sack another 1,200 of its workers in order to save about \$US100 million, annually.

There were some companies, listed on the Big Board of The New York Stock Exchange, that announced that things looked a bit better for this quarter or that quarter, but, by and large, things were not looking all that bright in The Land of The Free and The Home of The Brave.

Further, the ratios of gainers to losers on The New York Stock Exchange and the NASDAQ were narrow, at about 1.57:One and 1.49:One, respectively.

Stand by for a major correction!

Certainly, Asia did not cotton on to the gains on US equity markets.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there were declared major problems.

The Government of Chief Executive Tung Chee Hwa announced that consumer prices had fallen by about 3.70 percent in the month of September, Year-on-Year, representing the largest single decline since December 2001.

The September Consumer Price Index (CPI) results marked the forty seventh consecutive month of declines.

Some economists would call that a definite sign of deflation.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index lost about 0.22 percent of its value, falling back to 9,548.94 points on a Total Turnover of about \$HK4.80 billion.

Losers outpaced gainers by the ratio of 1.26:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.58 percent to \$HK86.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.83 percent to \$HK48.60 per share
PetroChina Company Ltd (Code: 857)	Down 2.65 percent to \$HK1.47 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.47 percent to \$HK20.10 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.42 percent to \$HK47.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.98 percent to \$HK51.75 per share
CNOOC Ltd (Code: 883)	Down 4.46 percent to \$HK9.65 per share
China Unicom Ltd (Code: 762)	Up 2.00 percent to \$HK5.10 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.58 percent to \$HK85.00 per share
CLP Holdings Ltd (Code: 2)	Down 0.32 percent to \$HK31.20 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959	23.08		0.064
China Agrotech Holdings Ltd	1073		11.76	0.60
China Bio-Medical Group Ltd	2983		40.00	0.09
Climax International Company Ltd	439	26.32		0.024

Cosmos Machinery Enterprises Ltd	118	12.20		0.184
Dan Form Holdings Company Ltd	271	10.47		0.19
Far East Consortium International Ltd	35	12.31		0.365
Fushan Holdings	639		11.11	0.28
Hanny Holdings Ltd	275		11.43	0.031
Harmony Asset Ltd	428	12.50		0.045
iRegent Group Ltd	575	13.04		0.26
Joyce Boutique Holdings Ltd	647	36.11		0.098
Luen Tai Group Ltd	346		16.67	0.50
Mansion Holdings Ltd	547	20.00		0.024
Medtech Group Company Ltd	1031	10.00		0.011
New World Infrastructure Ltd	301	40.29		1.95
Pacific Ports Company Ltd	659	12.94		0.48
Pricerite Group Ltd	996		12.63	0.083
South China Brokerage Company Ltd	619		11.11	0.04
Swank International Manufacturing Company Ltd	663		14.29	0.06
Tai Ping Carpets International Ltd	146		15.09	0.90
Theme International Holdings Ltd	990		12.50	0.021
UBA Investment Ltd	768		17.81	0.12
Universal Appliances Ltd	419	40.00		0.035
Van Shung Chong Holdings Ltd	1001	18.28		0.55
Victory Group Ltd	1139	14.00		0.057

As for The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index lost about 0.71 percent, falling to 113.07 points.

The Total Turnover on this market was about \$HK87.46 million, with losers, outrunning gainers by the ratio of about 1.63:One.

Mr Li Ka Shing's listing, tom.com Ltd (Code: 8001), was the most-active counter of the day as investors traded some 19.87 million, tom.com shares, representing a dollar value of about \$HK36.02 million, or about 41 percent of the entire volume of activity of the day.

The share price of tom.com lost about 2.21 percent of its value, falling to \$HK1.77.

The biggest losers and gainers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061		15.15	0.028
Changmao Biochemical Engineering Company Ltd	8208		10.00	0.45
Chengdu Top Sci-Tech Company Ltd	8135		12.96	0.47
Golden Meditech Company Ltd	8180	10.45		1.48
Medical China Ltd	8186		13.75	0.207
TeleEye Holdings Ltd	8051	13.89		0.205
Trasy Gold EX Ltd	8063	20.00		0.024
Vital BioTech Holdings Ltd	8193		10.71	0.25

Japan was another matter, altogether, however.

The second-largest economy of the world was reeling from (a) its faltering economy and (b) the lack of any definitive determination by the Government of Prime Minister Junichiro Koizumi to tackle the country's heavy burden of bad and doubtful debts, held by the country's banks.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost 289.02 yen, equivalent to about 3.22 percent, falling to 8,689.39 yen.

It was in the banking and financial section of the market that some of the biggest stings were felt, last Tuesday, but losses, nevertheless, were felt right across the board, with electronics, getting it in the neck, too.

Losing counters outnumbered gaining ones by the ratio of about 14.33:One.

Some of the biggest losers of the day included:

Banks/Finance Houses/Brokerages and Securities Companies

Daiwa Bank Holding	Down 3.75 percent to 77 yen per share
Daiwa House	Down 3.20 percent to 635 yen per share
Daiwa Securities	Down 4.44 percent to 559 yen per share
Kokusai Securities	Down 2.95 percent to 659 yen per share
Mizuho Holdings	Down 5.40 percent to 175,000 yen per share
New Japan Securities	Down 2.50 percent to 156 yen per share
Nikko Cordial*	Down 2.99 percent to 520 yen per share
Nomura Holdings	Down 3.40 percent to 1,451 yen per share
Sumitomo Mitsui Banking*	Down 5.34 percent to 479 yen per share
Sumitomo Trust	Down 3.34 percent to 550 yen per share
UFJ Holdings	Down 6.50 percent to 173,000 yen per share

\* Among the most active counters of the day

Electronics

Advantest	Down 5.94 percent to 3,960 yen per share
Fuji Electric	Down 5.86 percent to 225 yen per share
Fujitsu*	Down 7.97 percent to 439 yen per share
Hitachi*	Down 6.79 percent to 508 yen per share
Kyocera	Down 2.33 percent to 7,550 yen per share
Mitsubishi Electric	Down 8.33 percent to 330 yen per share
NEC*	Down 8.00 percent to 460 yen per share
Nikon	Down 6.39 percent to 820 yen per share
Oki Electrical Industrial	Down 5.29 percent to 179 yen per share
Pioneer	Down 2.56 percent to 1,978 yen per share

Ricoh	Down 2.51 percent to 2,135 yen per share
Sharp	Down 3.22 percent to 1,053 yen per share
Sony	Down 3.46 percent to 5,300 yen per share
TDK	Down 8.02 percent to 4,470 yen per share
Tokyo Electron	Down 4.53 percent to 4,430 yen per share
Toshiba Corporation*	Down 6.13 percent to 306 yen per share

\* Among the most active counters of the day

#### Motors

Daihatsu Motor	Down 2.24 percent to 393 yen per share
Isuzu Motors	Down 4.76 percent to 40 yen per share
Mitsubishi Motors	Down 2.82 percent to 241 yen per share
Toyota Motor	Down 2.89 percent to 3,020 yen per share

\* Among the most active counters of the day

In respect of the largest bank in the world, in terms of assets under its command, Mizuho Holdings Incorporated, it was announced that this bank had decided to liquidate DKB Investment Management International Ltd.

DKB Investment Management International Ltd, which was founded in 1986, is the bank's advisory unit in England: It will be shut down by the end of March 2003.

In other areas on Asia, this was how those stock markets saw the situation, last Tuesday:

Indonesia	Minus 2.23 percent to 353.81
Japan	Minus 3.22 percent to 8,689.39
Malaysia	Plus 0.29 percent to 654.33
The Philippines	Plus 0.43 percent to 1,019.30
Singapore	Minus 0.07 percent to 1,456.70
South Korea	Minus 2.05 percent to 639.27
Taiwan	Minus 1.73 percent to 4,386.46
Thailand	Plus 0.56 percent to 346.21

Wednesday

As more and more reports circulated halls of power in the US, it was becoming more and more apparent that things were not well in the largest economy of the world.

And all the nonsensical statements, dressed up to resemble logical premises, all emanating from vested interests and US stockbrokers, could not pull the proverbial fat out of the fires, smoldering on stock markets, throughout the country.

On The New York Stock Exchange, last Tuesday, the blue-chip, Dow Jones Industrial Average surrendered 88.08 points, equivalent to about 1.03 percent, ending the day at 8,450.16 points.

The Composite Index of the NASDAQ was forced to follow suit, losing about 1.29 percent of its value as investors marked down the tech-laden index to 1,292.80 points.

One by one, the former stalwarts of this market were reporting dismal financial results and suggesting even further bad news in the next quarter – and some companies were reporting, or suggesting, more bad news for most of the next year, too.

The hamburger chain of McDonalds announced that its Net Profits had fallen by about 11 percent in the third quarter.

Sagging US business was blamed for the setback, in spite of continued obesity in The Land of The Free and The Home of The Brave.

The telecommunications giant, Lucent Technologies Incorporated, announced its tenth consecutive quarter of losses.

Two weeks prior, Lucent had announced that it would be slashing another 10,000 people from its payroll.

And, from the US Federal Reserve, it was announced, officially, that that US economy is battling from a ‘*sluggish*’ economy with the job market, being ‘*lacklustre*’ and with retail sales, having slowed.

About manufacturing, the Fed said that it continued to be ‘*tough*’ and ‘*stagnant*’.

Europe did a turn as some of the largest equity markets went into immediate reverse on the pronouncements of the Fed:

Great Britain’s FTSE 100	Down 2.72 percent
Germany’s DAX	Down 4.45 percent
Paris CAC40	Down 4.13 percent
Amsterdam’s AEX	Down 3.88 percent
Italy’s MIBTel	Down 1.59 percent

But, in Asia, parochial considerations took the fore, for the most part.

In the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC), there was a great deal of excitement in the property sector of the economy as it became known that the Government of the Chief Executive determined to bend to the will of big business.

An announcement, to the effect that the Government of Mr Tung Chee Hwa would not, now, reserve some 25 percent of a waterfront, 6-hectare site (about 14.826 acres or about 645,821 square feet) for subsidised housing, but, instead, turn over the entire site to private developers of the HKSAR, was welcomed by developers, who saw it as a complete victory for capitalism over Communism.

Might over right?



Mr Li Ka Shing, the richest man who ever lived, has gone on record as saying that the HKSAR Government should stop building subsidised housing for the poorer sector of the population – because it is not good for private enterprise in view of the terrible state of the economy.

The silence from the Government in respect of its clear decision was deafening.

Who said the HKSAR was not a plutocracy?

On The Stock Exchange of Hongkong Ltd, as though somebody had waved a magic wand, up went share prices, with emphasis on the Properties Sector of the market.

The Properties Sectorial Index shot up by about 2.87 percent, dragging along with it, the Utilities Sectorial Index and the Finance Sectorial Index.

The Main Board's Hang Seng Index, the key index of the blue chips, gained 2.68 percent, ending the session at 9,804.65 points.

However, the Total Turnover was low, at about \$HK7.36 billion – which is hardly the stuff of which bullish equity markets are made.

Advancing counters were ahead of declining ones by the ratio of about 3.03:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.16 percent to \$HK87.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 4.98 percent to \$HK21.10 per share
Hutchison Whampoa Ltd (Code: 13)	Up 3.58 percent to \$HK49.20 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.90 percent to \$HK53.25 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 2.67 percent to \$HK49.90 per share
China Unicom Ltd (Code: 762)	Up 6.86 percent to \$HK5.45 per share
PCCW Ltd (Code: 8)	Up 9.17 percent to \$HK1.19 per share
CNOOC Ltd (Code: 883)	Up 3.11 percent to \$HK9.95 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.88 percent to \$HK85.75 per share
Henderson Land Development Company Ltd (Code: 12)	Up 4.39 percent to \$HK24.95 per share

The biggest movers of the day were, however:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959		10.94	0.057
Alpha General (Holdings) Ltd	73	11.11		0.02
Coastal Realty Group Ltd	1124	16.67		0.126
Computer & Technologies Holdings Ltd	46	11.93		1.22
Continental Mariner Investment Company Ltd	119	10.23		0.485
Cosmos Machinery Enterprises Ltd	118	25.00		0.23
Dickson Group Holdings Ltd	313	15.94		0.08

Credit Card DNA Security System (Holdings) Ltd	1051	11.90		0.047
Fulbond Holdings Ltd	1041	14.29		0.032
Harmony Asset Ltd	428		11.11	0.04
Haywood Investments Ltd	905		36.05	0.11
Le Saunda Holdings Ltd	738		10.53	0.34
MUI Hongkong Ltd	542		12.50	0.07
Nam Fong International Holdings Ltd	1176	20.00		0.036
New World CyberBase Ltd	276	11.11		0.02
New World Infrastructure Ltd	301	12.82		2.20
Omnitech Group Ltd	94	13.33		0.017
Oriental Explorer Holdings Ltd	430	10.53		0.042
Pacific Ports Company Ltd	659	18.75		0.57
Pricerite Group Ltd	996	22.89		0.102
Shang Hua Holdings Ltd	371	13.92		0.09
Star East Holdings Ltd	198	15.00		0.023
SUNDAY Communications Ltd	866	10.64		0.104
Swank International Manufacturing Company Ltd	663		13.33	0.052
Teem Foundation Group Ltd	628	11.11		0.40
Universal Holdings Ltd	419		11.43	0.031

The strength of the Main Board pulled up The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd although, once again, the volume of activity remained on the lowish side.

The Growth Enterprise Index gained a whopping 3.68 percent, rising to 117.23 points on a Total Turnover of about \$HK128.86 million.

Mr Li Ka Shing's counters continued to dominate this market, with trading in the shares of CK Life Sciences International (Holdings) Incorporated (Code: 8222) and tom.com Ltd (Code: 8001), representing about 73.43 percent of the entire volume of activity for the day.

CK Life Sciences's share price rose 8.21 percent to \$HK1.45, while the share price of tom.com gained 14.41 percent, ending the day at \$HK2.025.

And neither company has ever earned a cracker in their respective histories.

And neither one is in the business of property development.

The biggest movers on The GEM, last Wednesday, included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
MediaNation Incorporated	8160	10.22		0.205
Medical China Ltd	8186	11.11		0.23
Neolink Cyber Technology (Holdings) Ltd	8116	10.26		0.172
Stockmartnet Holdings Ltd	8123		10.79	0.124
tom.com Ltd	8001	14.41		2.025
Trasy Gold EX Ltd	8063		16.67	0.02
Wafer Systems Ltd	8198		26.19	0.155

In Japan, things were, relatively, quiet, as investors stood back, awaiting the Government's pleasure.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average gained 25.13 yen, equivalent to about 0.29 percent, rising to 8,714.52 yen.

The closing level, however, was achieved only after a morning sell-off, which resulted in many investors, scurrying for cover.

Gainers squeezed out losers by the ratio of 1.24:One.

Financial Services Minister, Mr Heizo Takenaka, had been expected to release his Ministry's plan to eliminate, in part if not in whole, some of the bad and doubtful debts, held by the country's banks.

However, his announcement was delayed, following a rejection by anti-reform lawmakers of the ruling Liberal Democratic Party (the LDP).

The new release date for this report is scheduled for some time, this week.

However, the shelving of the report put the skids under the share price of some of the largest banks of the country as the share price of Mizuho Holdings Incorporated lost another 6.90 percent of its value, falling to 163,000 yen, UFJ Holdings Incorporated surrendered another 5.80 percent of its market capitalisation, dropping back to 163,000 yen per share, also, and Tokyo Mitsubishi Group's share price sank about 2.60 percent to 780,000 yen.

On a brighter side, Nissan Motor Company announced a record Group Operating Profit of about 348 billion yen for the first half of its Financial Year, ended September 30, 2002.

That result was an improvement of about 84 percent, compared with the like period in 2001.

*Yahoo!* Japan Corporation announced that its Group Net Profit, for the same period, more than doubled to 4.97 billion yen, compared with the first half in 2001.

In other parts of Asia, this was how those equity markets saw the situation, last Wednesday:

Indonesia	Plus 0.29 percent to 354.85
Japan	Plus 0.29 percent to 8,714.52
Malaysia	Minus 0.24 percent to 652.77
The Philippines	Plus 0.63 percent to 1,012.86
Singapore	Plus 0.46 percent to 1,463.33
South Korea	Plus 2.84 percent to 657.43
Taiwan	Plus 4.64 percent to 4,589.88
Thailand	Closed

### **Thursday**

For the first time in history, the Hongkong dollar was given the '*cold shoulder*' by the international rating agency, Standard and Poor's (S & P).

Long term, S & P said that it had downgraded the Hongkong dollar from stable to negative.

So much for the international opinion of the Government of Chief Executive Tung Chee Hwa, which is continuing to face, year after year, budgetary deficits; and, it is continuing to forecast even more budgetary deficits in the next few years.

Never in the past 43 years has the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) been hit with such a determination from a respected international rating agency.

And it has all transpired during the reign of Mr Tung Chee Hwa, the known '*puppet*' of the masters of Beijing, the Capital City of the PRC.

Investors on the Main Board of The Stock Exchange of Hongkong Ltd were somewhat taken aback by the determination of S & P, resulting in a quick sell-off of stocks and shares, soon after the morning session had begun.

By the close of last Thursday's morning session, at 12:30 pm, the Hang Seng Index, the key index of blue chips, was off by about 0.87 percent to 9,718.96 points.

The 90-minute afternoon session saw investors back in the market, but not in any great numbers.

By the close of the day, the Hang Seng Index stood at 9,787.49 points, a loss of about 0.18 percent, compared with Wednesday's closing level.

The Total Turnover was about \$HK5.26 billion, with gainers, slightly ahead of losers by the ratio of about 1.09:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.57 percent to \$HK87.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.02 percent to \$HK49.70 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.24 percent to \$HK21.15 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.47 percent to \$HK53.50 per share
China Unicom Ltd (Code: 762)	Up 1.83 percent to \$HK5.55 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.20 percent to \$HK49.80 per share
PCCW Ltd (Code: 8)	Up 1.68 percent to \$HK1.21 per share
Hang Seng Bank Ltd (Code: 11)	Down 1.17 percent to \$HK84.75 per share
CLP Holdings Ltd (Code: 2)	Down 0.95 percent to \$HK31.30 per share
China Everbright Ltd (Code: 165)	Up 9.14 percent to \$HK2.15 per share

As for the double-digit movers of the day, there were, in all, 34 of those '*animals*', with 27 of their number, managing double-digit gains, while just 7 of their number fell 10 percent or more.

Hanny Holdings Ltd (Code: 275) was the biggest gainer of the day as its share price scooted up 50 percent to 4.80 cents per share.

Kong Sun Holdings Ltd (Code: 295) was the biggest loser, shedding 23.87 percent of its market capitalisation as its share price was reduced to 18.50 cents per share.

As for The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – after an early morning sell-off, which saw The Growth Enterprise Index run down by about 1.30 percent, compared with Wednesday's close, investors pulled back The Growth Enterprise Index so that, at the close, it stood at 117.23 points, up about 0.26 percent on the day.

The Total Turnover was about \$HK144.88 million, with Mr Li Ka Shing's 2 listings, CK Life Sciences International (Holdings) Incorporated (Code: 8222) and tom.com Ltd (Code: 8001), being responsible for about \$HK112.96 million of the entire volume of activity, equivalent to about 78 percent.

The share price of CK Life Sciences ended the session, up 2.07 percent to \$HK1.48, while the share price of tom.com stayed firm at Wednesday's closing level of \$HK2.025.

In spite of The Growth Enterprise Index, being in positive territory, losers were ahead of gainers by the ratio of about 1.12:One.

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022		12.50	0.21
Chengdu Top Sci-Tech Company Ltd	8135	11.11		0.50
Sing Lee Software (Group) Ltd	8076	12.07		0.65
Trasy Gold EX Ltd	8063		10.00	0.018

On Wall Street, last Wednesday, the Big Board of The New York Stock Exchange saw the Dow Jones Industrial Average gyrate from a negative 150 points to a positive 44.11 points. It ended the day at 8,494.27 points.

The market was looking very tired because corporate profits and US economic data did not appear to be supporting any sustained thrust.

The tech-laden NASDAQ, however, saw its Composite Index rise by about 27.43 points, equivalent to about 2.12 percent, running up to 1,320.23 points.

There again, it would appear that such an upward movement was not supported by any reliable and supportive economic/financial data.

In Japan, selling was the order of the day on The Tokyo Stock Exchange.

Worries, in respect of the Government's seeming lack of definition and resolve with regard to the massive pile-up of bad and doubtful debts, held by the banking sector of the economy, were said to be the main reason for the sell-off.

By the end of the trading day, The Tokyo Stock Exchange's Nikkei-225 Stock Average stood at 8,614.30, a one-day loss of about 100.22 yen, or 1.15 percent, exactly.

Losers outran gainers by the ratio of about 8.71:One.

Prime Minister Junichiro Koizumi did his best to allay the fears of the country's moguls by stating, publicly, that he expected The Bank of Japan to implement monetary policies that would be 'effective' in respect of both quality and quantity.

He made these statements at the House of Councillors Plenary Session.

While all this was taking place, it was reported that exports of personal computers (PCs) from Japan had fallen in the first half of the year, to September 30, 2002, to 5.04 million units, down about 9.90 percent, Year-on-Year.

A breakdown of the biggest exporters of PCs was given as being:

NEC Corporation	25.00 percent
Fujitsu Ltd	20.60 percent

Sony Corporation	11.90 percent
Toshiba Corporation	8.00 percent
Dell Computer Corporation	7.70 percent

From the retail sector of the economy, Mitsukoshi Ltd, the country's second-largest departmental store operator, announced that sales for the first half of its Financial Year, to August 31, 2002, were down by about 3.60 percent, Year-on-Year, to about 454.40 billion yen.

The company said that its Consolidated Operating Profits, of about 4.62 billion yen, were off by about 28 percent, compared with the like period in 2001.

The Net Profits Attributable to Shareholders came in at 2.56 billion yen, down 15.90 percent, Year-on-Year.

Matsuzakaya Company, Japan's Number 5 departmental store operator, painted a similar picture to that of Mitsukoshi.

Matsuzakaya said that its Consolidated Sales for the same period had dropped by about 4.80 percent, Year-on-Year, to about 190.20 billion yen.

The Group Operating Profit was about 1.33 billion yen, 8.90 percent less than the like 2001 first half.

The situation in The Land of The Rising Sun did not appear to be very satisfying for big business, to be sure.

And, in other parts of Asia, this was how the situation looked, last Thursday night:

Indonesia	Minus 0.47 percent to 353.18
Japan	Minus 1.15 percent to 8,614.30
Malaysia	Plus 0.46 percent to 655.80
The Philippines	Plus 1.45 percent to 1,027.59
Singapore	Minus 0.44 percent to 1,456.90
South Korea	Minus 0.37 percent to 654.98
Taiwan	Minus 0.33 percent to 4,574.80
Thailand	Plus 0.11 percent to 346.59

## **Friday**

Hopes for a sustained stock-market rally in The Land of The Free and The Home of The Brave were dashed, last Thursday, as share prices fell in quick succession on The New York Stock Exchange.

The reasons: More and more financial/economic data indicated, conclusively, that all was not well in the world's largest single economy.

Further, US President George W. Bush was rattling the cage on the dogs of war over Iraq, continuing to suggest, definitively, that unless the rogue, Middle-Eastern State complied with determinations of the United Nations's resolutions, the US military might would take immediate and decisive action against the forces of President Saddam Hussein.

JDS Uniphase of Canada, one of the largest producers of fibre-optic equipment in the world, reported that it enjoyed a Net Loss of about \$US521 million in the first quarter of this Financial Year, to September 30, 2002.

That result stacked up against a Net Loss of about \$US1.20 billion for the like quarter in 2001.

It was the seventh consecutive quarter of losses for the company.

It will be sacking more of its staff, this year.

On The New York Stock Exchange, last Thursday, the Dow Jones Industrial Average shed 176.93 points, equivalent to about 2.08 percent, ending the day at 8,317.34 points.

The Composite Index of the NASDAQ lost 21.52 points, or 1.63 percent, running back to 1,298.71 points.

In Asia, there was mixed reaction to the events, unfolding in the US, and, aside from Japan, where parochial considerations were dominant on the country's 3 bourses, most equity markets in the most populous part of the world traded in very narrow ranges.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the territory was still smarting from the international '*slap-in-the-face*', delivered by S & P (Please see Thursday's report), with the Financial Secretary, Mr Antony Leung, trying desperately to squirm out of his Administration's responsibilities for the HKSAR's economic cock-up.

The '*barometer*' of trading on the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index, groaned under pressure of selling and ended the week at 9,722.54 points, for a one-day loss of about 0.66 percent.

The Total Turnover of the day was about \$HK4.64 billion, with losers, ahead of gainers by the ratio of about 1.41:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.86 percent to \$HK86.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.84 percent to \$HK20.55 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.61 percent to \$HK50.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.20 percent to \$HK49.90 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.47 percent to \$HK53.75 per share
CNOOC Ltd (Code: 883)	Up 1.55 percent to \$HK9.80 per share
QPL International Holdings Ltd (Code: 243)	Down 7.82 percent to \$HK1.65 per share
China Unicom Ltd (Code: 762)	Down 4.50 percent to \$HK5.30 per share
CLP Holdings Ltd (Code: 2)	Down 0.32 percent to \$HK31.20 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.30 percent to \$HK85.00 per share

Totally, there were 36, double-digit movers of the day, with 29 of their number, rising, while 7 of them fell 10 percent or more.

Starbow Holdings Ltd (Code: 397) was the star performer of the day as its share price rose 69.23 percent to 2.20 cents, while Far East Hotels and Entertainment Ltd (Code: 37) went in the opposite direction as investors marked down its share price by 19.30 percent to 2.30 cents.

For the week, ended October 25, therefore, the Hang Seng Index had lost about 109.47 points, equivalent to about 1.14 percent.

As for The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – The Growth Enterprise Index ended the week with another loss, equivalent to about 0.58 percent, to 116.85 points.

That meant that, for the 5-day trading week, The Growth Enterprise Index had actually regained about 0.94 percent of its former glory (?) – much to the surprise of most financial analysts, looking at the results of most of the companies, listed on this speculative bourse, which has the worst international reputation of any equity market.

The Total Turnover of The GEM was about \$HK113.78 million, with losers, firmly in control of proceedings, outnumbering gainers by the ratio of about 1.81:One.

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Golden Meditech Company Ltd	8180		10.22	1.23
Grandmass Enterprise Solution Ltd	8108	10.34		0.032
Kinetana International Biotech Pharma Ltd	8031		16.18	0.114
M Channel Corporation Ltd	8036		12.77	0.041
Panorama International Holdings Ltd	8173	11.43		0.078
PINE Technology Holdings Ltd	8013	54.76		0.195
Sing Lee Software (Group) Ltd	8076		15.38	0.55
Techwayson Holdings Ltd	8098	13.64		0.75
Wafer Systems Ltd	8198	28.57		0.18

In Japan, it was a day of surprises as the country's premier stock market, The Tokyo Stock Exchange, saw its Nikkei-225 Stock Average gain 111.99 yen, or 1.30 percent, ending the week at 8,726.29 yen.

The ratio of gainers to losers was about 4.18:One.

For the week, ended October 25, the Nikkei-225 Stock Average had recorded a negative value of about 358.96 yen, equivalent to about 3.95 percent.

Not a good week for Japanese investors, to be sure, but it appeared that the worst has yet to come.

From motor-vehicle manufacturer, Isuzu Motor Ltd, it was reported that the company would be pulling the plug on its unprofitable SUV – Sports Utility Vehicle – Indiana plant in the US, which is a joint venture project with Fuji Heavy Industries Ltd.

Daihatsu Motor Company said that its first half saw its Net Profit Attributable to Shareholders fall by about 75.70 percent to 1.29 billion yen, Year-on-Year.

Daihatsu's share price eked out a gain of about 0.75 percent to 402 yen, while Isuzu's share price rose a massive 27.03 percent to 47 yen.

From the giant electronics company of Toshiba Corporation, it was announced that it had posted Net Loss Attributable to Shareholders of about 26.41 billion yen for the first half of its Financial Year, to September 30, 2002.



Toshiba's share price ended the week at 306 yen, up 2.34 percent on the day.

On a more positive note, Fanuc Ltd, the world largest producer of numerical control equipment, reported that its Net Profit Attributable to Shareholders for the first half, to September 30, 2002, rose by about 4.10 percent, Year-on-Year, to 19.61 billion yen.

Fanuc's share price rose 6.28 percent on the news to 4,910 yen.

And that was, just about, the way things came to a close, last Friday.

In other parts of Asia, this was the situation on those equity markets:

Indonesia	Plus 0.13 percent to 353.65
Japan	Plus 1.30 percent to 8,726.29
Malaysia	Minus 0.02 percent to 655.68
The Philippines	Plus 0.44 percent to 1,032.09
Singapore	Plus 1.05 percent to 1,472.13
South Korea	Plus 0.14 percent to 655.88
Taiwan	Minus 0.23 percent to 4,564.06
Thailand	Plus 0.54 percent to 348.46

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