

### THE COLOUR IS RED FOR ASIAN AND EUROPEAN EQUITY MARKETS

Brushing aside the losses on Wall Street on Friday, October 17, indices on major Asian equity markets rose, last Monday, in view of the fact that the admonitions of US President George W. Bush to leaders of the People's Republic of China (PRC) and Japan in respect of interference on foreign-exchange markets fell on deaf ears.

While President George W. Bush said, on Friday, October 17, that he enjoyed the food in the second largest economy of the world and that he considered Japan to be a friend of the US, Prime Minister Junichiro Koizumi was reported to have stated that he did not object to the actions of The Bank of Japan in keeping the lid on rising value of the yen, vis-à-vis the US dollar.

As for the PRC, it was a similar story: President George W. Bush had not accomplished one of his major tasks, to be sure – to persuade the leader of the PRC to permit the renminbi to be revalued, de facto or de jure, against the almighty dollar.

President Hu Jin Tao of the PRC told the delegates, attending the Asia-Pacific Economic Cooperation Forum (APEC) that the PRC would maintain basic stability of the renminbi at a reasonable and balanced level.

He said:

*'China follows a market-based, single and managed floating exchange rate system, which is consistent with the current status of China's economy, its level of financial regulation, and the sustainability of its enterprises ...'.*

While President George W. Bush was on his way to Tokyo, on Friday, October 17, on The New York Stock Exchange, there was widespread selling.

By the close of the day, the Dow Jones Industrial Average, the key index of the world's largest equity market, stood at 9,721.79 points, a one-day loss of about 0.71 percent.

On the NASDAQ, its Composite Index shed about 1.94 percent of its value, falling back to 1,912.36 points.

The losses on The New York Stock Exchange and the NASDAQ had been caused by certain stock-market favourites not performing as had been expected, in addition to President George W. Bush's abject failure to assist US industry by twisting the arms of the economic tigers of Asia.

In Europe, last Monday, most major stock markets enjoyed bullish sessions, but they were tempered, to a great extent, by parochial considerations, nevertheless.

This was how indices on major eurozone bourses closed, last Monday:

Amsterdam's AEX Index	Minus 0.77 percent
Great Britain's FTSE 100 Index	Plus 0.08 percent
Germany's Frankfurt XETRA DAX Index	Plus 1.21 percent*
France's CAC40 Index	Plus 0.15 percent
Switzerland's Swiss Market Index	Plus 0.37 percent
Italy's MIBTEL Index	Plus 0.02 percent

\* This was the biggest gainer in Europe, last Monday

In Asia, investors appeared to be somewhat cautious although the 2 major equity markets in the most-populous part of the world – Japan and the Hongkong Special Administrative Region (HKSAR) of the PRC, in that order – were solid, in very positive territory when their respective closing bells rang.

While all of the indices of major equity markets in Asia were on the rise, last Monday, only 2 indices, those of Japan and South Korea, could boast of gains of one percent or more: All the rest only managed fractional improvements.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 0.86 percent, rising to 12,147.89 points after more than \$HK16.22-billion worth of scrip had changed hands.

The ratio of advancing counters to declining counters was 1.80:One, exactly.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.45 percent to \$HK111.50 per share
Johnson Electric Holdings Ltd (Code: 179)	Down 7.14 percent to \$HK10.40 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 4.10 percent to \$HK13.95 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.41 percent to \$HK61.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.65 percent to \$HK23.15 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.50 percent to \$HK67.75 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.50 percent to \$HK100.00 per share
PCCW Ltd (Code: 8)	Up 1.74 percent to \$HK5.85 per share
China Telecom Corporation Ltd (Code: 728)	Down 1.00 percent to \$HK2.475 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.54 percent to \$HK66.00 per share

As for the biggest movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Applied (China) Ltd	472	18.75		0.076
Capital Prosper Ltd	1003		27.06	0.062
China Fair Land Holdings Ltd	169	10.81		0.41
China Treasure (Greater China) Investments Ltd	810		10.00	0.27
Dongfang Electrical Machinery Company Ltd	1072	10.10		2.725
Fortuna International Holdings Ltd	530	26.67		0.019
FT Holdings International Ltd	559		13.51	0.064
Grandtop International Holdings Ltd	2309	11.70		2.10
Harmony Asset Ltd	428	12.50		0.45
Haywood Investments Ltd	905		17.78	0.074
Hua Lien International (Holding) Company Ltd	969	12.24		1.10
Hudson Holdings Ltd	758	14.41		0.135
Jinhui Holdings Company Ltd	137	26.00		3.15
Karl Thomson Holdings Ltd	7	10.42		0.265
KEL Holdings Ltd	681		11.76	0.06
Kenfair International (Holdings) Ltd	223		12.90	1.35
Kong Sun Holdings Ltd	295	12.00		0.028
Neo-Tech Global Ltd	563	18.50		0.237
Oriental Metals (Holdings) Company Ltd	1208		11.94	0.295
Regal Hotels International Holdings Ltd	78		10.84	0.148
SEEC Media Group Ltd	205	14.52		0.355
Shui On Construction and Materials Ltd	983	15.57		12.25
Sino Technology Investments Company Ltd	1217		20.73	0.65
South East Group Ltd	726		12.90	0.081
Star East Holdings Ltd	198	10.91		0.061
Sun Innovation Holdings Ltd	547		11.11	0.016
Swank International Manufacturing Company Ltd	663		18.03	0.10
TechCap Holdings Ltd	673	13.19		2.575
Vantage International (Holdings) Ltd	15	13.21		0.30
Victory Group Ltd	1139	25.00		0.05
VTech Holdings Ltd	303	15.84		11.70

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover remained on the low side, at about \$HK158.05 million, in spite of The Growth Enterprise Index, hitting 1,241.90 points by the close of the day, that value, representing a one-day gain of about 1.07 percent.

The ratio of gainers to losers on this speculative market was 1.33:One.

The 5, most-active counters, in terms of their respective turnovers, only, were:

tom.com Ltd (Code: 8001)  
 CK Life Sciences International (Holdings) Incorporated (Code: 8222)  
 Tungda Innovative Lighting Holdings Ltd (Code: 8229)  
 Tong Ren Tang Technologies Company Ltd (Code: 8069)  
 Wah Sang Gas Holding Ltd (Code: 8035)

Unchanged at \$2.60 per share  
 Up 1 percent to \$HK1.86 per share  
 Up 6.52 percent to 49 cents per share  
 Up 5.46 percent to \$HK12.55 per share  
 Down 1 percent to 96 cents per share

The biggest movers on this market were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Information Resources (Holdings) Ltd	8025	27.78		0.046
B M Intelligence International Ltd	8158	16.00		0.058
Cardlink Technology Group Ltd	8066	13.56		0.067
iMerchants Ltd	8009	10.06		0.175
Infoserve Technology Corporation	8077		11.54	0.023
M Channel Corporation Ltd	8036		28.57	0.02
Q9 Technology Holdings Ltd	8129	21.95		0.05
Sino Stride Technology (Holdings) Ltd	8177	21.46		0.30
Systek Information Technology (Holdings) Ltd	8103	38.89		0.025
Thiz Technology Group Ltd	8119	16.67		0.028

On Asia's largest stock market, the bulls took complete control of the proceedings.

The key index of The Tokyo Stock Exchange, the Nikkei-225 Stock Average, roared ahead by 1.12 percent, hitting 11,161.71 yen when the day drew to a close.

The ratio of gaining counters to losing ones was 1.74:One.

Early in the game, there was some concern that the yen was strengthening, once again, against the US dollar, but, when the greenback started to rise against the yen, later in the day, those fears were brushed aside and Japanese investors took a fling on blue chips and hi-tech counters.

News wise:

- **Sony Corporation** announced that it would sack between 15,000 workers and 20,000 workers within the next 3 years. Sony's global workforce numbers about 160,000 employees.

And this was how other Asian bourses ended their respective trading days, last Monday:

HKSAR	Plus 0.86 percent to 12,147.89
Indonesia	Plus 0.48 percent to 652.76
Japan	Plus 1.12 percent to 11,161.71
Malaysia	Plus 0.05 percent to 781.45
The Philippines	Plus 0.11 percent to 1,368.86
Singapore	Plus 0.45 percent to 1,780.24
South Korea	Plus 1.13 percent to 776.44
Taiwan	Plus 0.58 percent to 6,077.89
Thailand	Plus 0.71 percent to 592.78

**Tuesday**

The US Treasury Department hit the equity markets with a doozie, last Monday, Washington time, when it announced that total spending by the US Government exceeded total revenues by about \$US374.20 billion in this Fiscal Year, to September 30, 2003.

That figure was about double the previous Year's Budget Deficit and was far ahead of the previous record level of about \$US290 billion, which was set in 1992.

That the US will enjoy a record-setting Budget Deficit for the 2003 Fiscal Year is well expected, but, nevertheless, the actual announcement of the figures, to date, was still considered a bit of a shock.

On The New York Stock Exchange, last Monday, the Dow Jones Industrial Average rose by about 0.58 percent, running up to 9,777.94 points by the close of the day.

On the NASDAQ, its Composite Index followed suit, with a gain of about 0.67 percent, rising to 1,925.14 points.

In Stockholm, Sweden, Electrolux, the world's largest producer of household appliances, said that it might well consider the closure of its Greenville refrigerator plant in the US for a loss of about 2,700 jobs.

It is considering the relocation of the plant to Mexico due to '*weak financial performance*', Management said.

Manufacturing in the US is too expensive, as is well accepted, internationally, while the quality of products, made by US workers, does not warrant the retention of the Greenville plant, it appears.

In other European financial centres, last Tuesday, with little indication from US equity markets and with no US Government data to sully the mood, eurozone investors were left to their own devices.

The best that major European equity markets could squeeze out of the day were fractional adjustments, as the following **TARGET** list indicates:

Amsterdam's AEX Index	Plus 0.40 percent
Great Britain's FTSE 100 Index	Plus 0.11 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.58 percent
France's CAC40 Index	Plus 0.13 percent
Switzerland's Swiss Market Index	Minus 0.17 percent
Italy's MIBTEL Index	Plus 0.22 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were treated to a statement by the President of the PRC, Mr Hu Jin Tao.

President Hu Jin Tao said that he was greatly pleased by the recovery of the economy of the HKSAR and the improvements in the people's livelihoods.

Which is news to **TARGET**.

He, also, praised the work of the Great Leader of the HKSAR: Mr Tung Chee Hwa.

Yawn, yawn.

On The Stock Exchange of Hongkong Ltd, the Main Board continued to enjoy a bit of a run, as its Hang Seng Index gained another 0.85 percent, ending the day at 12,250.69 points.

The Total Turnover was about \$HK18.07 billion.

However, it was noted that losing counters outnumbered gaining ones by the ratio of 1.02:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 1.35 percent to \$HK113.00 per share
The Hongkong and Shanghai Hotels Ltd (Code: 45)	Down 11.01 percent to \$HK4.85 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.65 percent to \$HK23.30 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.81 percent to \$HK62.00 per share
Henderson Land Development Company Ltd (Code: 12)	Up 3.74 percent to \$HK33.30 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.85 percent to \$HK69.00 per share
Johnson Electric Holdings Ltd (Code: 179)	Down 2.40 percent to \$HK10.15 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 2.15 percent to \$HK14.25 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.50 percent to \$HK99.50 per share
China Telecom Corporation Ltd (Code: 728)	Down 2.02 percent to \$HK2.425 per share

As for the biggest movers of the day, there were a total of 39 such counters, with 23 of their number, seeing their share prices rise by 10 percent or more, while the rest saw their share prices fall by 10 percent or more.

The biggest gainers of the day were Kin Don Holdings Ltd (Code: 208) and Wai Yuen Tong Medicine Holdings Ltd (Code: 2971), both of which counters saw their scrip levels rise by 26.09 percent, to 2.90 cents per share and \$HK1.45 per share, respectively.

Orient Resources Group Company Ltd (Code: 467) had the distinction of being the biggest loser of the day, as its share price was shot down by 47.50 percent to 4.20 cents.

Over on The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, the market's lone index hardly moved for the entire trading day.

By the close at 4 pm, The Growth Enterprise Index stood at 1,239.73 points, for a one-day loss of about 0.18 percent.

The Total Turnover was about \$HK218.21 million.

The ratio of losing counters to gaining ones was 1.38:One.

The 5, most-active counters, in terms of their respective turnovers, only, were:

tom.com Ltd (Code: 8001)	Down 1 percent to \$2.575 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 4 percent to \$HK13.10 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Down 1 percent to \$HK1.84 per share
Launch Tech Company Ltd (Code: 8196)	Up 7 percent to \$HK2.00 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 6 percent to \$HK2.35 per share

As for the biggest movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131		15.00	0.017
Asian Information Resources (Holdings) Ltd	8025	17.39		0.054
Global Digital Creations Holdings Ltd	8271		10.96	0.65
Global Link Communications Holdings Ltd	8060		17.08	0.199
Neolink Cyber Technology (Holding) Ltd	8116	12.38		0.236
Prosperity International Holdings (Hongkong) Ltd	8139		10.34	0.052
Q9 Technology Holdings Ltd	8129		10.00	0.045
Sing Lee Software (Group) Ltd	8076	10.34		0.32
Soluteck Holdings Ltd	8111		12.50	0.105
Universal Technologies Holdings Ltd	8091		15.79	0.08
Zheda Lande Scitech Ltd	8106	11.54		0.435

News wise:

- **Ruili Holdings Ltd**, formerly known as Terabit Access Technology International Ltd, Stock Code Number 491, announced that it was expecting 'a substantial loss for the (Financial) year, ended 30<sup>th</sup> June, 2003, mainly attributable to operational losses and provisions made by subsidiaries of the Company, mainly against trading stocks and accounts receivable.' (Please see [TARGET Intelligence Report, Volume V, Number 194, published on October 10, 2003](#))

In Japan, profit-taking appeared to be the order of the day, as investors knocked down the key indices on The Tokyo Stock Exchange, quite substantially.

As the sun set and it was home to a sushi dinner, the Nikkei-225 Stock Average, the 'barometer' of trading on Asia's largest stock market, was standing at 11,031.52 yen, representing a one-day fall of about 1.17 percent.

The ratio of losing counters to gaining counters was 1.92:One.

News wise:

- **Sony Corporation** will sack 20,000 of its workers, worldwide, and cease production of cathode-ray tubes for television sets, it was reported;
- **Hoya Corporation** said that its Group Net Profits for the first half of this Financial Year, to September 30, was about 18.92 billion yen, up by about 27.50 percent, Year-on-Year;
- **Mitsui Trust Financial Group** said that it expected a Group Net Profit of about 20 billion yen for the first half of its Financial Year, to September 30, 2003. That amount of money is about 10 billion yen less than had been previously forecast;

- **kabu.com Securities Company**, an online stockbrokerage house in Japan, announced that it had racked up record profits in the first half of its Financial Year to September 30, 2003. The company said that it booked a Pretax Profit of about 1.10 billion yen, representing an increase of about 21 times that of the like period in 2002; and,
- **Shipments of personal computers** in Japan were about 5.15 million units for the period April-September. This was an increase of about 13 percent, compared with the like period in 2002.

And this was how other Asian bourses ended their respective trading days, last Tuesday:

HKSAR	Plus 0.85 percent to 12,250.69
Indonesia	Minus 0.89 percent to 646.97
Japan	Minus 1.17 percent to 11,031.52
Malaysia	Plus 1.13 percent to 790.31
The Philippines	Plus 1.26 percent to 1,386.09
Singapore	Plus 0.71 percent to 1,792.86
South Korea	Plus 0.44 percent to 779.89
Taiwan	Minus 0.27 percent to 6,061.46
Thailand	Plus 0.04 percent to 593.02

### Wednesday

Concern that the downturn in the US economy was not yet fully over caused many investors, worldwide, to get cold feet, last Wednesday.

It was well anticipated that equity markets in the US would fall, and fall heavily, before the week was out, and that such a sell-off would reverberate round the world.

US industrialists continued to blame the People's Republic of China (PRC) for some of their problems, especially in respect of not being able to compete, effectively, due in part to the unwillingness of the PRC Government to devalue, de facto or de jure, its currency, the renminbi.

On Wall Street, last Tuesday, indices on both equity markets limped along, but the signs were ominous: Wednesday's market would tell the tale in full.

On The New York Stock Exchange, the Dow Jones Industrial Average shed about 0.31 percent, falling back to 9,747.64 points.

On the NASDAQ, its Composite Index squeezed out a gain of about 0.82 percent, running back to 1,940.90 points, but the ratio of gainers to losers on both markets was narrow.

In Europe, every equity market was in full retreat.

Investors in this part of the world were not waiting for the penny to drop: Selling was the order of the day.

On The London Stock Exchange, investors were treated to some of the biggest losses in the previous 4 months, following suggestions that interest rates were set to rise.

Further, just before European markets closed, last Wednesday, it was noted that the start of Wednesday's trading on Wall Street saw indices crumble, substantially.

The following **TARGET** list of eurozone bourses indicates the extent of the bloodbath, last Wednesday in Europe:

Amsterdam's AEX Index	Minus 2.07 percent
Great Britain's FTSE 100 Index	Minus 1.53 percent
Germany's Frankfurt XETRA DAX Index	Minus 2.50 percent
France's CAC40 Index	Minus 1.80 percent
Switzerland's Swiss Market Index	Minus 1.55 percent
Italy's MIBTEL Index	Minus 1.27 percent

In the Hongkong Special Administrative Region (HKSAR) of the PRC, there was a tug of war between buyers and sellers on the 2 equity markets, with the sellers, winning the day.

On a Total Turnover of about \$HK16.14 billion, the Hang Seng Index, the key index of the Main Board of The Stock Exchange of Hongkong Ltd, gave up about one tenth of a percentage point, falling back to 12,238.63 points.

Losing counters outnumbered gaining ones by the ratio of 1.23:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.89 percent to \$HK114.00 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 3.51 percent to \$HK13.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.21 percent to \$HK23.35 per share
PCCW Ltd (Code: 8)	Up 2.59 percent to \$HK5.95 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.40 percent to \$HK61.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 2.65 percent to \$HK64.25 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.36 percent to \$HK69.25 per share
Henderson Land Development Company Ltd (Code: 12)	Up 1.50 percent to \$HK33.80 per share
Johnson Electric Holdings Ltd (Code: 179)	Up 1.48 percent to \$HK10.30 per share
Maanshan Iron and Steel Company Ltd (Code: 323)	Up 7.32 percent to \$HK2.20 per share

But the biggest movers of the day were reserved for the following counters:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Anhui Conch Cement Company Ltd	914	12.42		9.05
Asia Tele-Net and Technology Corporation Ltd	679	15.38		0.015
Capital Estate Ltd	193	32.00		0.033
Credit Card DNA Security System (Holdings) Ltd	1051	11.76		0.019
Dong Fang Gas Holdings Ltd	432	11.11		0.40
E2-Capital (Holdings) Ltd	378	12.00		0.28
First Shanghai Investments Ltd	227	10.84		0.92
Fortuna International Holdings Ltd	530		26.32	0.014
Great China Holdings Ltd	141		39.78	0.28
ING Beijing Investment Company Ltd	1062	21.21		0.20
Jinhui Holdings Company Ltd	137	12.50		3.60
Karl Thomson Holdings Ltd	7	24.59		0.38
Kin Don Holdings Ltd	208	37.93		0.04
Le Saunda Holdings Ltd	738	12.00		0.28
Leaptek Ltd	336	11.11		0.05
Nam Fong International Holdings Ltd	1176	25.00		0.04
Neo-Tech Global Ltd	563	23.73		0.365
Omnicon Ltd	94	11.81		1.42
Shang Hua Holdings Ltd	371	11.11		0.10
Sun East Technology (Holdings) Ltd	365	13.64		1.25
Sun Innovation Holdings Ltd	547		11.11	0.016
Swank International Manufacturing Company Ltd	663		23.75	0.061
Victory Group Ltd	1139		11.63	0.038
Xin Corporation Ltd	1141		14.29	0.06

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the situation mirrored that of the Main Board, with The Growth Enterprise Index, losing about 0.49 percent of its value, as investors marked down the lone index to 1,233.69 points.

The Total Turnover was about \$HK186.30 million, with the ratio of losing counters to gaining ones, being 1.33:One.

The 5, most-active counters, in terms of their respective turnovers, only, were:

tom.com Ltd (Code: 8001)	Down 1 percent to \$2.55 per share
Launch Tech Company Ltd (Code: 8196)	Up 9 percent to \$HK2.175 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Unchanged at \$HK1.84 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 5 percent to \$HK13.80 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061		20.00	0.084
Cardlink Technology Group Ltd	8066		10.45	0.06
CASH Financial Services Group Ltd	8122	22.22		0.88
Essex Bio-Technology Ltd	8151	17.89		0.145
Global Link Communications Holdings Ltd	8060		10.05	0.179
Thiz Technology Group Ltd	8119	14.29		0.032
Town Health International Holdings Company Ltd	8138	14.74		0.109
Universal Technologies Holdings Ltd	8091	17.50		0.094

In Japan, after a slightly stronger opening on The Tokyo Stock Exchange, investors determined to sell banking counters, resulting in a rather quick drop in the major index of this market.

By the close of the day, the Nikkei-225 Stock Average was standing at 10,889.62 yen, for a loss of about 1.29 percent, compared with Tuesday's closing level.

The ratio of losing counters to gaining ones was wide, at 3.94:One.

This market, as with the equity markets of the HKSAR, looked primed for a bloodbath in coming sessions.

#### News wise:

- **NEC Electronics Corporation** announced a Net Profit Attributable to Shareholders for the first half of its Financial Year, to September 30, 2003, of about 12.12 billion yen. Japan's third-largest, semi-conductor producer had, earlier, forecast a Net Profit of about 10 billion yen for the first half;
- **Nintendo Company**, a video game manufacturer, announced that it had bought about 2.60 percent of **Bandai Company**, a major player in the toy-manufacturing industry of Japan; and,
- **Matsui Securities Company** said that it had chalked up a Consolidated Net Profit of about 2.51 billion yen for the first half of its Financial Year to September 30, 2003. That result was an increase of about 327 percent, compared with the like period in 2002.

In other Asian equity markets, this was how they closed, last Wednesday night:

HKSAR	Minus 0.10 percent to 12,238.63
Indonesia	Minus 0.12 percent to 646.17
Japan	Minus 1.29 percent to 10,889.62
Malaysia	Plus 1.87 percent to 805.11
The Philippines	Minus 0.24 percent to 1,382.74
Singapore	Minus 1.20 percent to 1,771.26
South Korea	Minus 0.08 percent to 779.28
Taiwan	Minus 0.32 percent to 6,041.86
Thailand	Plus 1.98 percent to 604.77

#### Thursday

The signs were ominous, from New York to Los Angeles, from Texas to Alaska: Things were not all that healthy in corporate America, after all.

*'You can fool too many of the people, too much of the time,'* according to James Thurber, an American humourist.

Investors on equity markets in The Land of The Free and The Home of The Brave went into the sell mode, posthaste.



On The New York Stock Exchange, the Dow Jones Industrial Average lost about 1.53 percent of its value, closing out the day at 9,598.24 points, with losing counters, outpacing advancing ones by the ratio of about 2.20:One.

On the NASDAQ, the Composite Index outdid The Dow with a one-day loss of about 2.21 percent, dropping back to 1,898.07 points.

The ratio of losers to gainers on this market was about 3:One.

Disappointing earnings from Merck and Company, an important manufacturer of drugs in the US, started the sell-off – because the company said that it has plans to sack some 4,400 of its workers.

For the third quarter of its Financial Year, Merck said that Net Operating Income was about \$US1.86 billion, an increase of about 6 percent, Year-on-Year.

Not good enough, the market said.

Other stock-market '*darlings*', listed on The New York Stock Exchange and the NASDAQ, also, announced improved earnings, but the improvements were marginal, only, and it was clear that such gains could not sustain the upward trend of US equity markets.

In fact, the run-up on US equity markets, over the previous few weeks, had not been warranted, it became only too apparent.

And so major indices across the US fell out of bed.

In Europe, concerns over the prospects of higher interest rates, plus disappointing company earnings reports, sent major indices on the slippery path, downwards.

Taking careful note of the situation on Wall Street, Europe was not waiting to be instructed as to the best course of action to take: Investors saw the signs – and sold scrip as though it were carrying a deadly disease.

This was how major bourses in Europe fared, last Thursday:

Amsterdam's AEX Index	Minus 1.45 percent
Great Britain's FTSE 100 Index	Minus 1.06 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.19 percent
France's CAC40 Index	Minus 1.16 percent
Switzerland's Swiss Market Index	Minus 1.04 percent
Italy's MIBTEL Index	Minus 0.81 percent

In Asia, stock-market trading floors ran red with the blood of investors, led by losses on The Tokyo Stock Exchange and, following close on its heels, the 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the PRC.

But every equity market in the most-populous part of the world lost substantial ground, with the lone exception, being Thailand's stock market, which was closed for a public holiday.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 4.10 percent of its value, falling to 11,737.18 points.

The Total Turnover rose to about \$HK20.19 billion, a sure-shot indicator of investor fears of (a) the prospects of more losses and (b) the prospects of margin calls, looming in the near future.

The ratio of losing counters to gaining ones was about 7.21:One.

Investors in the HKSAR, as with investors in other parts of the world, were getting especially concerned over the near-term future of the economy of the US – and rightly so, too.

The Ten Most Active counters on the Main Board, last Thursday, were:

HSBC Holdings plc (Code: 5)	Down 3.51 percent to \$HK110.00 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 7.27 percent to \$HK12.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 6.64 percent to \$HK21.80 per share
Hutchison Whampoa Ltd (Code: 13)	Down 3.64 percent to \$HK59.50 per share
PCCW Ltd (Code: 8)	Down 7.56 percent to \$HK5.50 per share
Hang Seng Bank Ltd (Code: 11)	Down 3.54 percent to \$HK95.25 per share

Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.95 percent to \$HK63.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 5.05 percent to \$HK65.75 per share
PetroChina Company Ltd (Code: 857)	Down 4.42 percent to \$HK2.70 per share
China Telecom Corporation Ltd (Code: 728)	Down 5.21 percent to \$HK2.275 per share

As for the double-digit movers of the day, there were a total of 41 counters in that category.

Of that number, only 7, double-digit movers gained ground: All the rest shed at least 10 percent of their respective market capitalisations.

Xin Corporation Ltd (Code: 1141) was the biggest gainer of the day, as investors pushed up its share price by 31.67 percent to 7.90 cents.

Sharing the honours for the biggest losers of the day was the triumvirate of China Nan Feng Group Ltd (Code: 979), Lai Sun Development Company Ltd (Code: 488) and Pyxis Group Ltd (Code: 516), all of which counters lost 20 percent, each, their share prices, falling to 1.20 cents, 10 cents and 4.80 cents, respectively.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gave up about 3.29 percent of its value, falling to 1,193.15 points.

The Total Turnover on this speculative market was about \$HK244.39 million.

Losing counters swamped gaining ones by the ratio of 4.37:One.

The 5, most-active counters, in terms of their respective turnovers, only, were:

tom.com Ltd (Code: 8001)	Down 4 percent to \$2.45 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 2 percent to \$HK14.10 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Down 3 percent to \$HK1.78 per share
Launch Tech Company Ltd (Code: 8196)	Up 2 percent to \$HK2.225 per share
Panva Gas Holdings Ltd (Code: 8132)	Down 6 percent to \$HK3.30 per share

As for the biggest movers on this market, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CASH Financial Services Group Ltd	8122		20.45	0.70
First Mobile Group Holdings Ltd	8110		10.17	0.212
Glory Future Group Ltd	8071		11.76	0.075
Infoserve Technology Corporation	8077		12.50	0.021
M Channel Corporation Ltd	8036		14.29	0.018
New Chinese Medicine Holdings Ltd	8085		13.33	0.039
Qianlong Technology International Holdings Ltd	8015	11.11		0.20
Soluteck Holdings Ltd	8111	16.00		0.116
Techpacific Capital Ltd	8088		25.00	0.03
TeleEye Holdings Ltd	8051		10.00	0.198
WorldMetal Holdings Ltd	8161		16.82	0.089

In Japan, investors were treated to the largest losses on The Tokyo Stock Exchange of the past 25 months.

The Nikkei-225 Stock Average, the gauge of blue-chip movements on Asia's largest bourse, lost about 554 yen, equivalent to about 5.09 percent, as this key index fell back to 10,335.16 yen.

Shaky earnings from US companies, listed on major equity markets, a weak yen, vis-à-vis the US dollar, and the falls of Wall Street on Wednesday, all contributed to the rapid falls on Japan's 3 stock markets of last Thursday.

All of the biggest banks in The Land of The Rising Sun surrendered 10 percent or more of their respective market capitalisations.

Mizuho Financial Group's share price fell by about 14.39 percent to 238,000 yen, UFJ saw its share price shaved down by about 10.20 percent to 439,000 yen, with Sumitomo Mitsui Financial Group, surrendering about 10.26 percent of its market value, ending the day at 525,000 yen per share.

The ratio of losing counters to gaining ones was 65.04:One.

### News wise:

- **Fujitsu and Sun Microsystems** are in merger discussions with regard to their high-end UNIX server businesses. The 2 companies have been cooperating since 1998, when Fujitsu began marketing Sun Microsystems's Solaris Operating software in Japan;
- **Mitsukoshi Ltd** announced that its Group Net Profit had fallen by about 19.50 percent, Year-on-Year, to 2.06 billion yen, during the first half of its Financial Year, to August 31, 2003;
- **Sony Corporation** announced that its Group Net Profit had fallen by about 25.30 percent in the second quarter of its Financial Year, to about 32.92 billion yen, Year-on-Year; and,
- **Japan's trade surplus** for the first half of Fiscal 2003 slipped by about 0.80 percent, compared with the like first half of Fiscal 2002, The Finance Ministry reported. It was the first time in 2 years that there had been a fall in the country's trade surplus.

And this was the colour red, which besmeared all of the other Asian bourses, last Thursday:

HKSAR	Minus 4.10 percent to 12,238.63
Indonesia	Minus 2.35 percent to 630.99
Japan	Minus 5.09 percent to 10,335.16
Malaysia	Minus 0.08 percent to 804.43
The Philippines	Minus 1.32 percent to 1,364.44
Singapore	Minus. 2.16 percent to 1,732.96
South Korea	Minus 3.23 percent to 754.14
Taiwan	Minus 1.48 percent to 5,952.23
Thailand	Closed

### Friday

Trading on Wall Street, last Thursday, was choppy, to say the least, with investors, clearly, not too enamoured with their lot.

More companies were reported not too pleasant news to the world's largest equity markets and this was having a telling effect on investors.

By the close of the day, on The New York Stock Exchange, the Dow Jones Industrial Average had squeezed out a gain of about 0.16 percent, ending the day at 9,613.13 points, but, on the NASDAQ, its Composite Index was off by about 0.66 percent to 1,885.51 points.

The volume of activity on both markets was relatively heavy.

Europe sat back and watched the antics of *'big brother'*.

US equity markets were pulling the strings on most equity markets, the world over.

This was how indices of major equity markets ended the week of October 24:

Amsterdam's AEX Index	Minus 0.29 percent
Great Britain's FTSE 100 Index	Minus 0.03 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.27 percent
France's CAC40 Index	Plus 0.06 percent
Switzerland's Swiss Market Index	Plus 0.01 percent
Italy's MIBTEL Index	Plus 0.03 percent

After an early sell-off on the 2 stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors started to take stock of the situation, once again, resulting in many of the early losses, being recouped.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index traded in a very narrow range.

By the time that the close bell rang, signifying the end of trading for the week, the Hang Seng Index was standing at 11,736.37 points, which was 0.81 points lower than Thursday's close.

The Total Turnover was about \$HK15.92 billion, with gaining counters, outrunning losing ones by the ratio of 1.06:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.45 percent to \$HK110.50 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.39 percent to \$HK12.80 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.69 percent to \$HK21.65 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.26 percent to \$HK58.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.14 percent to \$HK65.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.79 percent to \$HK62.50 per share
PCCW Ltd (Code: 8)	Down 0.91 percent to \$HK5.45 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK2.70 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.26 percent to \$HK95.50 per share
China Telecom Corporation Ltd (Code: 728)	Up 3.30 percent to \$HK2.35 per share

As for the biggest movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Automated Systems Holdings Ltd	771	11.24		1.88
Capital Estate Ltd	193		11.43	0.031
Central China Enterprises Ltd	351	13.64		0.025
China Nan Feng Group Ltd	979	16.67		0.014
China Strategic Holdings Ltd	235	13.92		0.18
Chinney Alliance Group Ltd	385	12.50		0.018
Dah Hwa International (Holdings) Ltd	600	10.98		0.182
Everbest Century Holdings Ltd	578		20.83	0.019
FT Holdings International Ltd	559	15.63		0.074
Goldbond Group Holdings Ltd	172	35.94		0.435
Haywood Investments Ltd	905		16.33	0.082
Heritage International Holdings Ltd	412		11.32	0.141
Hon Po Group (Lobster King) Ltd	228		13.33	0.078
Karl Thomson Holdings Ltd	7	27.03		0.47
Lai Sun Development Company Ltd	488	13.00		0.113
Le Saunda Holdings Ltd	738		10.71	0.25
Mansion House Group Ltd	376	15.38		0.375
Mei Ah Entertainment Group Ltd	391	16.67		0.28
Nam Fong International Holdings Ltd	1176		10.00	0.036
Victory Group Ltd	1139		12.12	0.029
Wah Nam International Holdings Ltd	159		10.71	0.25

Over on The (speculative) Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover dropped right back to about \$HK140.25 million, as The Growth Enterprise Index recovered about 0.72 percent of Thursday's losses, ending the day at 1,201.74 points.

The ratio of gaining counters to losing ones was 1.34:One.

The 5, most-active counters, in terms of their respective turnovers, only, were:

tom.com Ltd (Code: 8001)	Up 1 percent to \$2.475 per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Up 2 percent to \$HK14.40 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 1 percent to \$HK1.79 per share
Launch Tech Company Ltd (Code: 8196)	Down 2 percent to \$HK2.175 per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK3.275 per share

The double-digit movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CASH Financial Services Group Ltd	8122	37.50		0.55

FX Creations International Holdings Ltd	8136	10.06		0.197
M Channel Corporation Ltd	8036	11.11		0.02
Town Health International Holdings Company Ltd	8138	17.86		0.132
WorldMetal Holdings Ltd	8161		15.73	0.075

The tally for the week, therefore, was:

Hang Seng Index	Minus 2.56 percent
The Growth Enterprise Index	Minus 2.20 percent

In Japan, as with many equity markets, trading was quiet, but many of the big banks, whose counters took a thrashing on Thursday, managed to make reasonable gains.

On The Tokyo Stock Exchange, the premier bourse of Japan, the Nikkei-225 Stock Average ended the week at 10,335.70 yen, up from Thursday's close of 10,335.16 yen.

The ratio of gainers to losers was 1.40:One.

Japan was awaiting the pleasure of the US equity markets.

News wise:

- **Toshiba Corporation** announced a Net Loss Attributable to Shareholders of 32.18 billion yen for the first half of its Financial Year, ended September 30, 2003; and,
- **Leopalace21 Corporation**, an apartment rental service company, said that it would buy up about 37.25 percent of Dia Kensetsu Company, a builder of condominiums. Leopalace21 Corporation will spend 3 billion yen on the equity stake. Dia Kensetsu Company has been teetering on insolvency for some time.

The tally for the week for The Tokyo Stock Exchange, therefore, was:

The Nikkei-225 Stock Average	Minus 8.42 percent
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And this was the way that other equity markets ended their respective weeks in the most-populous part of the world:

HKSAR	Minus 4.10 percent to 12,238.63
Indonesia	Plus 0.57 percent to 634.57
Japan	Plus 0.01 percent to 10,335.70
Malaysia	Closed
The Philippines	Minus 0.08 percent to 1,363.40
Singapore	Closed
South Korea	Minus 0.79 percent to 748.17
Taiwan	Minus 0.57 percent to 5,918.14
Thailand	Plus 0.74 percent to 609.25

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