

### DEMOCRATS ROCK THE HONGKONG BOAT

The European Union (EU) fired the first shot in what could well be a trade war with the United States (US) unless US President George W. Bush gets Congress to come to heel and repeals the 1916 Anti-Dumping Act, which was ruled illegal by the World Trade Organisation (WTO), as far back as 2000.

For the first time, the EU imposed sanctions on US exporters to the EU in a move that will cost US companies hundreds of millions of US dollars within this year.

The new tariffs were effective from last Monday.

The EU imposed a 5-percent increase in duty on a range of goods, from jewellery, to toys, to refrigerators, to nuclear reactors.

There will, also, be an increase in the tariffs of one percent per month on dutiable imports into the EU, country of origin, being the US, those imports, that is, which fall under the EU's new import tax determinations.

Treasury Secretary John Snow, just the previous week, suggested that if the EU imposed new tariffs on US imports to the eurozone, it could well retard the growth of jobs in The Land of The Free and The Home of The Brave.

During the week of February 27, the US Government had banned the importation of French sausages, hams and foie gras, claiming that French firms, licensed, formerly, to export their products to the US, had failed to comply with US health regulations.

The EU denied the allegation.

Last Monday, the trade situation looked rather grave, with neither side, willing to give way.

Investors on European bourses, however, appeared to be undeterred by the beginning of what could, easily, be an international trade war, with all of the major stock markets, making respectable gains.

This was how Europe saw the situation, last Monday night:

Amsterdam's AEX Index	Plus	0.57 percent
Great Britain's FTSE 100 Index	Plus	1.00 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.90 percent
France's CAC40 Index	Plus	0.63 percent
Switzerland's Swiss Market Index	Plus	0.56 percent
Italy's MIBTEL Index	Plus	0.75 percent

One of the reasons that Europe, last Monday, did not seem to be much concerned about the EU's decision with regard to a new tariff structure, imposed on US imports, was the information that had been received over the weekend of February 28-29.

The US Commerce Department, on Friday, February 27, announced that the US economy had grown by a revised annual rate of 4.10 percent, during the last quarter of 2003.

That was 0.10 percent more than had, formerly, been estimated when the Commerce Department released its first estimate, about one month prior.

That information reached Europe on Saturday morning, February 28, after stock markets in the eurozone had closed for the week.

The Commerce Department's information, coupled with statistics, and speeches by some pretty high-powered, US individuals, during the week, ended February 27, gave a decided fillip to trading on European bourses, last Monday.

Also, on Wednesday, February 25, Dr Alan Greenspan, the Chairman of the US Federal Reserve Board, had given a rather glowing to the US House Budget Committee of Congress, stating that the US economy was strong and that things looked to be good for the remainder of the year.

Wall Street, the previous Friday, February 27, was relatively quiet on the final day of trading for the week, with the Dow Jones Industrial Average, the key index of The New York Stock Exchange, up just 0.04 percent, ending the week at 10,583.92 points.

On the NASDAQ, its Composite Index was up just 0.14 percent to 2,029.82 points.

Most Asian equity markets were in the black, last Monday, with the gains for the Japanese markets, running neck and neck with the gains on the Taiwan markets.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were awaiting the final results of HSBC Holdings plc (Code: 5, Main Board, The Stock Exchange of Hongkong Ltd).

As such, the volume of activity on both the Main Board and The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd was markedly restrained.

The final results of HSBC Holdings plc, as always, came in after the markets closed for the day. (Please see 'News wise' below)

The Hang Seng Index, the blue-chip index of the Main Board, recorded a gain of about 0.08 percent, ending the day at 13,918.65 points.

The Total Turnover was about \$HK17.43 billion.

Losing counters beat out gaining ones by the ratio of about 1.58:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.39 percent to \$HK127.50 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.89 percent to \$HK15.60 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.09 percent to \$HK27.85 per share
PetroChina Company Ltd (Code: 857)	Down 1.20 percent to \$HK4.125 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.65 percent to \$HK 77.00 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK65.50 per share
Hang Seng Bank Ltd (Code: 11)	Down 1.36 percent to \$HK109.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK74.25 per share
CNOOC Ltd (Code: 883)	Up 0.63 percent to \$HK15.85 per share
China Life Insurance Company Ltd (Code: 2628)	Down 0.90 percent to \$HK5.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Central China Enterprises Ltd	351	13.04		2.60
Cheung Tai Hong Holdings Ltd	199		10.00	0.45
China Nan Feng Group Ltd	979	25.00		0.30
Chinese Estates Holdings Ltd	127	12.17		5.30
CIL Holdings Ltd	479	12.50		0.018

Credit Card DNA Security System (Holdings) Ltd	1051	34.43		0.082
Dickson Group Holdings Ltd	313		21.11	0.071
Gay Giano International Group Ltd	686	34.62		0.28
Graneagle Holdings Ltd	147	19.18		0.435
Heritage International Holdings Ltd	412		13.48	0.077
Lai Sun Development Company Ltd	488	12.81		0.229
Millennium Group Ltd	260	49.53		0.16
New Times Group Holdings Ltd	166	14.29		0.40
Orient Resources Group Company Ltd	467	12.00		0.056
Paliburg Holdings Ltd	617	17.78		0.265
Pioneer Global Group Ltd	224		11.11	0.24
Plus Holdings Ltd	1013		13.33	0.065
renren Holdings Ltd	59		10.00	0.018
Softbank Investment International (Strategic) Ltd	648		16.13	0.13
Sun Innovation Holdings Ltd	547		12.50	0.021
Tai Ping Carpets International Ltd	146		12.50	1.61
Techwayson Holdings Ltd	2330		12.00	0.66
Zhong Hua International Holdings Ltd	1064	10.00		0.077

On The GEM, The Growth Enterprise Index put on about 0.11 percent, coming to rest at 1,344.18 points by the close of the day.

The Total Turnover was about \$HK216.34 million.

As with the Main Board, losing counters outran gaining ones by the ratio of about 1.04:One.

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

tom.com Ltd (Code: 8001)	Up 3 percent to \$HK2.45 per share
Launch Tech Company Ltd (Code: 8196)	Up 5 percent to \$HK2.25 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Down 7 percent to \$HK1.07 per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK4.075 per share
Tungda Innovative Lighting Holdings Ltd (Code: 8229)	Unchanged at 72 cents 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	12.50		0.54
ePRO Ltd	8086		18.18	0.018
FX Creations International Holdings Ltd	8136	14.00		0.171
iSteelAsia Holdings Ltd	8080	18.06		0.085
M Channel Corporation Ltd	8036	12.00		0.028
M21 Technology Ltd	8153	34.52		2.825
T S Telecom Technologies Ltd	8003	22.67		0.092
Tradeeasy Holdings Ltd	8163		19.05	0.034

## News wise

**HSBC Holdings plc (Code: 5)** announced its financial results for its Financial Year, ended December 31, 2003. They were:

	Financial Year ended December 31, 2003	Financial Year ended December 31, 2002
	<b>All Figures are Denominated in \$US million (except where otherwise specified)</b>	
Net Interest Income	25,598	15,460
Profit from Operations	12,297	9,035
Net Profit Attributable to Shareholders after Taxation and Minority Interests	8,774	6,239
Third Interim Dividend Per Share	24 cents (US)	32.50 cents (US)

**Hang Seng Bank Ltd (Code: 11)** announced its Financial Results for its Financial Year, ended December 31, 2003. They were:

	Financial Year ended December 31, 2003	Financial Year ended December 31, 2002
	<b>All Figures are Denominated in \$HK million (except where otherwise specified)</b>	
Net Interest Income	12,846	14,960
Profit from Operations	10,683	10,684
Net Profit Attributable to Shareholders after Taxation and Minority Interests	9,539	9,920
Third Interim Dividend	\$HK1.80 per share	Not Applicable

In Japan, investors were treated to the fact that their equity markets were the strongest in Asia.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average, the key index of blue chips, listed on Asia's largest bourse, rose 229.20 yen, or about 2.08 percent, hitting 11,271.12 yen by the close of trading.

It was a 20-month high for the Nikkei-225 Stock Average.

The ratio of gaining counters to losing ones was about 7.83:One.

There was a decided growing optimism about the economy of Japan, last Monday.

#### News wise

- **Tax revenues** for the month of January dropped about 11.10 percent, Year-on-Year, to about 2.89 trillion yen, The Finance Ministry announced; and,
- **February's sales** of new motor cars, lorries and buses were off by about 1.60 percent, compared with January 2003, The Japan Automobile Dealers Association said.

This was how other Asian equity markets closed their respective days, last Monday:

The HKSAR	Plus 0.08 percent to 13,918.65
Indonesia	Minus 0.27 percent to 759.01
Japan	Plus 2.08 percent to 11,271.12
Malaysia	Plus 0.32 percent to 882.07
The Philippines	Plus 0.09 percent to 1,484.46
Singapore	Plus 0.16 percent to 1,891.73

South Korea	Closed
Taiwan	Plus 2.04 percent to 6,888.43
Thailand	Minus 1.54 percent to 705.25

## **Tuesday**

Oil prices hit a one-year high, last Tuesday, due in large part to a published lack of oil reserves in the US and political instability in Venezuela. Venezuela is an important member of the **Organisation of Petroleum Exporting Countries** (OPEC).

OPEC accounts for 40-plus percent of the world's total oil output and it is the cartel which cracks the whip across the back of the Western World, when it determines so to do.

And this is something that the Bush Administration would, dearly, like to end.

In New York, last Monday, the price of Brent Crude gained about 3.44 percent to rise to about \$US33.34 per barrel.

In Asia, last Tuesday, however, US Light Crude touched \$US36.98 per barrel and, then, retreated to \$US36.75 per barrel.

OPEC members were licking their lips at what was taking place.

In Venezuela, President Hugo Chavez was in political trouble, again, with street protests, being staged by opponents of the President.

On Wall Street, last Monday, investors warmed to a report about the latest batch of statistics with regard to manufacturing in the United States (US).

The Dow Jones Industrial Average, the blue-chip gauge of The New York Stock Exchange, closed at 10,678.14 points, a gain of about 94.22 points, or about 0.89 percent.

The Composite Index of the NASDAQ went along for the ride, with an improvement of about 1.38 percent, ending the day at 2,057.80 points.

The **Institute of Supply Management** (ISM) reported that US manufacturing had stayed very close to a 20-year high for the month of February.

The ISM's Manufacturing Index was 61.40 percent in February, compared with 63.60 percent in January. In Europe, with the first shots ... [CLICK TO ORDER FULL ARTICLE](#)

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