

**U.S. INTEREST RATES RISE ANOTHER 25 BASIS POINTS  
OPEC LEAVES WELL-ENOUGH ALONE  
EQUITY PRICES RALLY MILDLY**

Despite the fact that the Open Market Committee Meeting of the US Federal Reserve Board was only 24 hours away, indices on US equity markets rose, quickly, last Monday.

Key indices of US equity markets rose, it was said, due in large part to the fact that the Iraqi elections appeared to be proceeding without any major disruption, contrary to widespread fears that insurgents would step up their campaign with a view to undermine the integrity of the historic elections.

On The New York Stock Exchange, the Dow Jones Industrial Average put on 62.74 points, equivalent to about 0.60 percent, rising to 10,489.94 points.

Over on The NASDAQ, its Composite Index rose 26.58 points, or about 1.31 percent, ending the session at 2,062.41 points.

It was highly unusual for the world's largest equity markets to see their key indices rise just one day prior to The Fed, making a determination as to interest rates for the next month or so.

But there was a number of other factors, also, that, probably, prompted US investors to get back into equities.

One of these factors was the determination, made on Sunday, January 30, 2005, by The Organisation of Petroleum Exporting Countries (OPEC).

In a rather quick session, held in Vienna, Austria, the previous Sunday, the OPEC members decided to keep crude-oil output limits unchanged at 27 million barrels per day.

OPEC members stated that they were happy with the present price of crude oil, hovering at the \$US50 per-barrel level, and that the relatively high price of oil would not, in OPEC's opinion, adversely affect the economies of industrialised countries of the world.

OPEC controls about 40 percent of the world's oil production.

In electronic trading in Asia, last Monday, the price of light sweet crude oil dropped below the \$US47 per-barrel level. At one point, it touched \$US46.56 per barrel.

However, during the trading session on The New York Mercantile Exchange (NYMEX), last Monday, the price of crude oil galloped up again toward the close of the day.

The price of light sweet crude oil for delivery in March rose to \$US48.20 per barrel, up 2.16 percent, compared with the last settlement price on Friday, January 28.

As for April delivery, the price of light sweet crude oil was settled at \$US48.45 per barrel, representing an increase of about 2.13 percent on the last trading day of the previous week.

Relief that the Iraqi elections were not pock-marked with the widespread killing of innocents, as well as US Army personnel, caused Europe to take heart, last Monday.

As a result, every index of every major bourse recorded gains:

Amsterdam's AEX Index

Plus 0.95 percent

Great Britain's FTSE 100 Index	Plus 0.40 percent
German's Frankfurt XETRA DAX Index	Plus 1.26 percent
France's CAC 40 Index	Plus 1.11 percent
Switzerland's Swiss Market Index	Plus 0.27 percent
Italy's MIBTEL Index	Plus 1.10 percent

In Asia, the mistaken perception that oil prices, internationally, were easing, prior to the opening of The NYMEX, caused investors to jump back into equities, too.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), indices of the territory's 2 equity markets rose, fractionally, on relatively light trading activity.

Many investors were a little apprehensive, considering that The Fed's Open Market Committee Meeting was due to meet the following day.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 0.53 percent, ending the session at 13,721.69 points.

The Total Turnover was about \$HK16.53 billion.

Trading in the shares of HSBC Holdings plc (Code: 5) was, clearly, responsible for a large part of the gains of the Hang Seng Index, last Monday, as investors traded about 17.77 million HSBC shares, representing, in dollar terms, nearly 14 percent of the entire volume of activity for the day.

Advancing counters outnumbered declining ones by the ratio of 1.52:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK129.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.35 percent to \$HK71.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.70 percent to \$HK72.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.24 percent to \$HK24.45 per share
China Life Insurance Company Ltd (Code: 2628)	Down 2.80 percent to \$HK5.20 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK71.50 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.48 percent to \$HK105.50 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK4.325 per share
CNOOC Ltd (Code: 883)	Unchanged at \$HK4.125 per share
China Telecom Corporation Ltd (Code: 728)	Unchanged at \$HK2.90 per share

As for the Main Board's double-digit movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139	20.69		0.07
A-Max Holdings Ltd	959		19.66	0.94
C.P. Pokphand Company Ltd	43	31.25		0.42
Century Legend (Holdings) Ltd	79		14.14	0.249
Cheung Tai Hong Holdings Ltd	199		10.48	0.94
China Nan Feng Group Ltd	979	12.79		0.097
CITIC 21CN Company Ltd	241		11.54	2.30
Coastal Greenland Ltd	1124	10.87		0.204
Compass Pacific Holdings Ltd	1188	11.76		0.285
Dawnrays Pharmaceutical (Holdings) Ltd	2348	10.91		0.61
eForce Holdings Ltd	943		10.45	0.06
Get Nice Holdings Ltd	64		12.56	1.74
Great China Holdings Ltd	141	14.29		0.48
Greater China Holdings Ltd	431		14.63	0.35
Macau Success Ltd	487		10.53	1.02
Nam Hing Holdings Ltd	986	16.11		0.173
New Spring Holdings Ltd	690		16.67	0.50
Northern International Holdings Ltd	736		23.33	0.023

Pacific Plywood Holdings Ltd	767		11.11	0.04
Paladin Ltd	495		13.79	0.50
Poly (Hongkong) Investments Ltd	119	10.39		1.70
REXCAPITAL Financial Holdings Ltd	555		14.58	0.041
Shandong Xinhua Pharmaceutical Company Ltd	719		10.20	1.32
Sinochem Hongkong Holdings Ltd	297		40.00	0.285
Tonic Industries Holdings Ltd	978		15.19	0.229

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover fell to about \$HK29.21 million.

It was one of the lowest levels of activity since January 3, 2005.

The Growth Enterprise Index rose about 0.39 percent to 971.92 points.

Gaining counters outpaced losing ones by the ratio of 1.42:One.

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

Cyber On-Air Group Company Ltd (Code: 8118)	Down 6 percent to \$HK8.30 per share
Golden Meditech Company Ltd (Code: 8180)	Unchanged at \$HK1.79 per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Unchanged at \$HK1.45 per share
Wumart Stores Incorporated (Code: 8277)	Up 1 percent to \$HK12.40 per share
Panva Gas Holdings Ltd (Code: 8132)	Unchanged at \$HK3.475 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061	16.36		0.32
Nanjing Dahe Outdoor Media Company Ltd	8243	11.76		0.38
Fast Systems Technology (Holdings) Ltd	8150		20.00	0.016
Global Digital Creations Holdings Ltd	8271	21.55		0.141
Glory Future Group Ltd	8071		16.67	0.02
Jinheng Automotive Safety Technology Holdings Ltd	8293	10.42		1.06
Kinetana International Biotech Pharma Ltd	8031		10.00	0.045
Longlife Group Holdings Ltd	8037	16.67		0.28
M21 Technology Ltd	8153	20.00		0.90
Prosten Technology Holdings Ltd	8026	12.31		0.073
Q9 Technology Holdings Ltd	8129		10.00	0.036
Techpacific Capital Ltd	8088	10.00		0.055
Tradecasy Holdings Ltd	8163	14.29		0.048
WLS Holdings Ltd	8021		11.76	0.03

In The Land of The Rising Sun, investors, for the first time in 3 trading sessions, saw the premier equity market of the country put on some fat.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average, a key index of this market, which is the largest in Asia , rose 67.01 yen, equivalent to about 0.59 percent, ending the session at 11,387.59 yen.

Gaining counters outpaced losing counters by the ratio of 2.80:One.

#### News wise

- **Canon Incorporated** announced that its 2004 Net Profit Attributable to Shareholders rose by about 25 percent, Year-on-Year, to the record level of 343.34 billion yen;
- The Internal Affairs and Communications Ministry of the Government of Japan said, in a preliminary report, that the country is still beset by **deflation**. Consumer prices, throughout 2004, fell by about 0.10 percent, The Ministry said. The Consumer Price Index, excluding volatile prices of perishable foodstuffs, came in at 97.90 points, against a 2000 base of 100 points; and,

- The **Ministry of Economy, Trade and Industry (METI)** announced that Japan's **industrial production** expanded by 5.50 percent in 2004, unadjusted. It was the second consecutive year of advances.

In other Asian equity markets, this was how the indices of those markets fared, last Monday:

The HKSAR	Plus 0.53 percent to 13,721.69
Indonesia	Minus 0.10 percent to 1,045.44
Japan	Plus 0.59 percent to 11,387.59
Malaysia	Minus 0.10 percent to 916.27
The Philippines	Plus 0.25 percent to 2,019.56
Singapore	Plus 0.33 percent to 2,096.32
South Korea	Plus 1.21 percent to 932.70
Taiwan	Plus 1.94 percent to 5,994.23
Thailand	Plus 0.04 percent to 701.91

## **Tuesday**

Interest-rate concerns dogged trading on the 2 largest equity markets of the world, last Tuesday.

Oil prices came off, once again, shedding a great deal of Monday's gains, but, even so, interest rates was the main consideration with the gurus of Wall Street.

The US Federal Reserve Board's Open Market Committee Meeting got underway at 1 pm, last Tuesday.

Investors were waiting to learn whether or not The Fed would raise interest rates by another 25 basis points before it broke up on Wednesday.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 0.59 percent to 10,551.94 points.

The Composite Index of The NASDAQ gained 0.30 percent, hitting 2,068.70 points by the close of the session.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in March lost about 2.24 percent of Monday's final settlement price, ending the Tuesday trading session at \$US47.12 per barrel.

The April settlement price for a barrel of light sweet crude oil fell 1.82 percent, dropping back to \$US47.57.

The last settlement price on The NYMEX was slightly lower than the price, quoted in electronic trading in Europe, last Tuesday, however, because March's price in eurozone for a barrel of light sweet crude oil was being traded at \$US47.85.

On European bourses, it was accepted that The Fed would raise interest rates by 25 basis points, but that did not stop certain indices of major bourses from reaching for new, 30-month highs.

This was the extent of the gains of indices of eurozone's major equity markets:

Amsterdam's AEX Index	Plus 1.10 percent
Great Britain's FTSE 100 Index	Plus 1.11 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.59 percent
France's CAC 40 Index	Plus 0.65 percent
Switzerland's Swiss Market Index	Plus 0.52 percent
Italy's MIBTEL Index	Plus 0.60 percent

In Asia, the largest equity markets lost material ground.

Interest-rates and their possible increases before the week was out was the topic of conversation in many a boardroom, last Tuesday, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

Oil prices was another hotly discussed matter and these 2 topics set the course for trading on the 2 equity markets of the territory.

On The Stock Exchange of Hongkong Ltd, the Hang Seng Index was shaved down to 13,578.26 points, a fall of about 1.05 percent, compared with Monday's closing level.

The Total Turnover rose to about \$HK18.31 billion, while the ratio of losing counters to gaining ones was about 3.69:One.

The Ten Most Active counters, all losers, by the way, were:

HSBC Holdings plc (Code: 5)	Down 0.39 percent to \$HK128.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.76 percent to \$HK69.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.05 percent to \$HK23.95 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.70 percent to \$HK71.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.04 percent to \$HK71.50 per share
PetroChina Company Ltd (Code: 857)	Down 0.58 percent to \$HK4.30 per share
CNOOC Ltd (Code: 883)	Down 1.21 percent to \$HK4.075 per share
ITC Corporation Ltd (Code: 372)	Down 11.21 percent to \$HK1.03 per share
Dynasty Fine Wines Group Ltd (Code: 828)	Down 7.44 percent to \$HK3.25 per share
Cathay Pacific Airways Ltd (Code: 293)	Down 1.07 percent to \$HK13.85 per share

As for the Main Board's double-digit movers of the day, there was a total of 34 counters that qualified for this distinction.

A total of 5 counters lost 10 percent or more of their market capitalisations, while the remaining 29 Main Board, double-digit movers saw their respective share prices rise by 10 percent or more.

Paladin Ltd (Code: 495) was the biggest gainer of the day, its share price, rising 16 percent to 58 cents per share.

Karl Thomson Holdings Ltd (Code: 7) was the biggest loser of the day, as investors marked down its share price to 38 cents, a one-day fall of about 28.30 percent.

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover rose to about \$HK48.72 million, but nearly 22 percent of that volume of activity was due to trading in the shares of just one counter, that of Phoenix Satellite Television Holdings Ltd (Code: 8002). (Please see the 5, most active counters below)

The Growth Enterprise Index lost about 0.29 percent of its value, ending the day at 969.08 points.

The ratio of losing counters to gaining ones was about 2.31:One.

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

Phoenix Satellite Television Holdings Ltd (Code: 8002)	Up 4 percent to \$HK1.51 per share
Cyber On-Air Group Company Ltd (Code: 8118)	Down 11 percent to \$HK7.40 per share
Golden Meditech Company Ltd (Code: 8180)	Down 1 percent to \$HK1.78 per share
Convenience Retail Asia Ltd (Code: 8052)	Up 3 percent to \$HK2.875 per share
Sau San Tong Holdings Ltd (Code: 8200)	Down 4 percent 70 cents per share

As for The GEM's double-digit movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A and K Educational Software Holdings Ltd	8053		11.67	0.53
AcrossAsia Ltd	8061		22.19	0.249
Computech Holdings Ltd	8081	10.00		0.033
Cyber On-Air Group Company Ltd	8118		10.84	7.40
Info Communication Holdings Ltd	8082	30.00		0.078
iSteelAsia Holdings Ltd	8080		17.65	0.028
M21 Technology Ltd	8153	12.22		1.01
Techpacific Capital Ltd	8088	16.36		0.064
Tradecasy Holdings Ltd	8163		14.58	0.041

In Japan, there was very little movement on the country's 3 equity markets.

By the close of the day on The Tokyo Stock Exchange, a key index of this market, The Nikkei-225 Stock Average, was registering a loss of 3.19 yen, or about 0.03 percent, coming to rest at 11,384.40 yen.

Losing counters outnumbered gaining ones by the ratio of 1.15:One.

#### News wise

- **All Nippon Airway Company (ANA)** announced that its Net Profit Attributable to Shareholders had fallen about 25 percent, during the quarter, ended December 31, 2004, compared with the like quarter in 2003. The Bottom Line was about 5.10 billion yen, the company said. ANA is Japan's second-largest carrier.

This was how the indices of other Asian equity markets ended their respective trading days, last Tuesday:

The HKSAR	Minus 1.05 percent to 13,578.26
Indonesia	Plus 0.20 percent to 1,047.53
Japan	Minus 0.03 percent to 11,384.40
Malaysia	Closed
The Philippines	Minus 1.34 percent to 1,992.46
Singapore	Minus 0.08 percent to 2,094.65
South Korea	Minus 0.97 percent to 923.69
Taiwan	Minus 0.21 percent to 5,981.54
Thailand	Plus 0.97 percent to 708.73

#### Wednesday

The US Federal Reserve Board, at its Open Market Committee Meeting, held last Tuesday and Wednesday, determined to raise the US Federal Funds' Rate by one quarter of a percentage point to 2.50 percent.

It was the 6<sup>th</sup> interest-rate increase since June 2004.

In its official statement, outlining the reasons for its determinations, the innuendo as to the immediate future was made very clear: The Fed maintains that, all things being equal, more interest-rate increases were entirely possible in the months ahead.

This was that which The Fed said:

*'The Federal Open Market Committee decided today to raise its target for the federal funds rate by 25 basis points to 2-1/2 percent.'*

*'The Committee believes that, even after this action, the stance of monetary policy remains accommodative and, coupled with robust underlying growth in productivity, is providing ongoing support to economic activity. Output appears to be growing at a moderate pace despite the rise in energy prices, and labor market conditions continue to improve gradually. Inflation and longer-term inflation expectations remain well contained.'*

*'The Committee perceives the upside and downside risks to the attainment of both sustainable growth and price stability for the next few quarters to be roughly equal. With underlying inflation expected to be relatively low, the Committee believes that policy accommodation can be removed at a pace that is likely to be measured. Nonetheless, the Committee will respond to changes in economic prospects as needed to fulfill its obligation to maintain price stability...'*

*'In a related action, the Board of Governors unanimously approved a 25-basis-point increase in the discount rate to 3-1/2 percent. In taking this action, the Board approved the requests submitted by the Boards of Directors of the Federal Reserve Banks of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco.'*

On Wall Street, the news from The Fed was, exactly, that which nearly everybody had expected.

The Dow Jones Industrial Average, the blue-chip index of The New York Stock Exchange's Big Board, as it is known, responded in like fashion, rising about 0.43 percent to end the session at 10,596.79 points.

Over on The NASDAQ, its Composite Index put on about 0.31 percent, as investors pushed the tech-laden market's index to 2,075.06 points.

Aside from the statement, issued from The Fed, investors on Wall Street noted that the price of crude oil was continuing to fall to lower levels.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for March delivery was settled at \$US46.69 per barrel, off about 0.91 percent, compared with Tuesday's last quote.

As for April's price for a barrel of light sweet crude oil, the last settlement price was \$US47.15, down 0.81 percent on Tuesday's closing level.

The drop in the price of crude oil was positive for equities, not just in the US, but internationally.

A number of European bourses saw their key indices rise to fresh, 30-month highs on the back of The Fed's statement and the continued drop in the price of crude oil on international markets.

This was how the indices of the most-important bourses in eurozone fared, last Wednesday:

Amsterdam's AEX Index	Plus 0.28 percent
Great Britain's FTSE 100 Index	Plus 0.20 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.38 percent
France's CAC 40 Index	Plus 0.31 percent
Switzerland's Swiss Market Index	Minus 0.08 percent
Italy's MIBTEL Index	Plus 0.23 percent

#### News wise

- The **unemployment rate** in Germany has topped 5 million workers, according to The German Federal Labour Agency. The figure, now, stands at 5,037,000 workers, pounding the streets of the country, looking for jobs. The unadjusted unemployment rate in the country stands at about 12.10 percent, today.

In Asia, of the 9 major equity markets, the indices of 3 markets fell and the indices of 6 markets rose.

The Hang Seng Index, the key index of the Main Board of The Stock Exchange of Hongkong Ltd, lost ground, last Wednesday.

Investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) appeared to be apprehensive about a number of things, but the underlying reason for last Wednesday's losses included the fact that many investors were packing their bags in preparation for the following week's festivities: The Chinese New Year break begins on Wednesday, February 9, and lasts until Monday, February 14.

In the PRC, proper, many factories close for an entire month in order to allow workers to return to their homes, which are, often, hundreds of miles from the factories.

Chinese New Year is the most-important festival in the country.

The Hang Seng Index finished last Wednesday's trading session at 13,555.80 points, down about 0.17 percent on Tuesday's close.

The Total Turnover was about \$HK17.68 billion, with the ratio of losing counters to gaining ones, being about 1.22:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK128.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.36 percent to \$HK69.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.35 percent to \$HK71.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.70 percent to \$HK70.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.63 percent to \$HK23.80 per share
PetroChina Company Ltd (Code: 857)	Down 0.58 percent to \$HK4.325 per share

BOC Hongkong (Holdings) Ltd (Code: 2388)  
China Petroleum and Chemical Corporation (Code: 386)  
Hang Seng Bank Ltd (Code: 11)  
Henderson Land Development Company Ltd (Code: 12)

Down 0.70 percent to \$HK14.20 per share  
Up 0.81 percent to \$HK3.10 per share  
Unchanged at \$HK105.00 per share  
Down 1.66 percent to \$HK35.50 per share

The Main Board's double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Tele-Net and Technology Corporation Ltd	679	16.67		0.42
CCT Tech International Ltd	261	10.00		0.022
Century Legend (Holdings) Ltd	79	10.91		0.244
Ezcom Holdings Ltd	312		25.11	0.17
FUJI Food and Catering Services Holdings Ltd	1175	14.47		6.80
Get Nice Holdings Ltd	64	13.53		1.51
Henderson China Holdings Ltd	246	16.00		5.80
Huabao International Holdings Ltd	336	16.07		1.30
Magnum International Holdings Ltd	305	22.73		0.081
Nam Fong International Holdings Ltd	1176	11.70		0.105
Pearl Oriental Enterprises Ltd	600	10.34		0.64
Sino Prosper Holdings Ltd	766		15.16	0.207
Sino Technology Investments Company Ltd	1217		17.27	0.091
Sinochem Hongkong Holdings Ltd	297	25.00		0.325
Sunlink International Holdings Ltd	2336		19.05	0.068
Universe International Holdings Ltd	1046		10.71	0.05
Upbest Group Ltd	335		14.68	0.93
Yardway Group Ltd	646		10.34	0.182

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the situation was very different from that of the Main Board.

The Growth Enterprise Index rose about 1.08 percent to hit 979.57 points by the close of the day on a Total Turnover of about \$HK64.43 million.

Declining counters just eased out advancing ones by the ratio of about 1.03:One.

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

Launch Tech Company Ltd (Code: 8196)	Up 1 percent to \$HK2.05 per share
A and K Educational Software Holdings Ltd (Code: 8053)	Down 2 percent to 52 cents per share
Golden Meditech Company Ltd (Code: 8180)	Up 1 percent to \$HK1.80 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 3 percent to \$HK.22 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Down 3 percent to \$HK1.98 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AGL MediaTech Holdings Ltd	8192	25.00		0.05
B.A.L. Holdings Ltd	8079	16.67		0.021
Excel Technology International Holdings Ltd	8048		11.43	0.062
Fast Systems Technology (Holdings) Ltd	8150		20.00	0.012
Innovis Holdings Ltd	8065		17.65	0.042
Techpacific Capital Ltd	8088		20.31	0.051
Vertex Communications and Technology Group Ltd	8228		21.54	0.102

It was another quiet trading day on The Tokyo Stock Exchange with The Nikkei-225 Stock Average, gaining just 22.74 yen, equivalent to about 0.20 percent, limping up to 11,407.14 yen.

Gaining counters outnumbered losing ones by the ratio of about 3.60:One.



There was little to promote equity trading in The Land of The Rising Sun: Investors in this part of the world were, still, awaiting news as to how much, if any, The Fed would push up interest rates.

#### News wise

- **Sharp Corporation** announced an 18-percent improvement in its Bottom Line for the 3<sup>rd</sup> quarter of the company's Fiscal Year, compared with the like quarter, one year earlier. The figure came in at 20.90 billion yen for the 3 months, ended December 31, 2004.

This was how the indices of other Asian markets ended their respective trading sessions, last Wednesday:

The HKSAR	Minus 0.17 percent to 13,555.80
Indonesia	Plus 0.51 percent to 1,052.83
Japan	Plus 0.20 percent to 11,407.14
Malaysia	Plus 0.24 percent to 918.51
The Philippines	Minus 0.14 percent to 1,989.65
Singapore	Plus 0.67 percent to 2,108.69
South Korea	Minus 0.24 percent to 921.44
Taiwan	Plus 0.62 percent to 6,018.69
Thailand	Plus 0.23 percent to 710.33

#### Thursday

Breaking a 3-day rally, share prices fell on The New York Stock Exchange, last Thursday, but the losses were only of a fractional nature, by and large.

The Big Board's Dow Jones Industrial Average lost 0.03 percent of its value, dropping back to 10,593.10 points.

The NASDAQ's Composite Index gave back 0.84 percent of its previous gains, ending the day at 2,057.64 points.

Suggestions circulated, once again, that the economy of the US was in a shallow decline: It was the main reason for the falling values of many stocks and shares, listed on the world's largest equity markets.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in March dropped another 0.51 percent, as the last settlement price came in at \$US46.45 per barrel.

For delivery in April, the price of a barrel of light sweet crude oil was last quoted at \$US46.88 per barrel, off about 0.57 percent, compared with Wednesday's last settlement price.

On European bourses, losing indices outnumbered gaining ones by a very wide margin:

Amsterdam's AEX Index	Minus 0.17 percent
Great Britain's FTSE 100 Index	Minus 0.16 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.34 percent
France's CAC 40 Index	Minus 0.57 percent
Switzerland's Swiss Market Index	Plus 0.19 percent
Italy's MIBTEL Index	Minus 0.05 percent

European investors were awaiting the determination of European Central Bank (ECB) in respect of the direction of key interest rates, following on from the US Federal Reserve Board, raising the Federal Funds' Rate by 25 basis points, the previous day. (Please see Wednesday's report)

By the close of the day, however, the decision of the ECB was to leave the benchmark interest rate unchanged at 2 percent.

It was the 20<sup>th</sup> consecutive month for eurozone rates to stay at this low level.

#### News wise

- **Deutsche Bank AG** is to sack 3,280 of its workers, all of the sackings will take place in Europe.

As the Chinese New Year festivities loomed larger and larger, so trading on the 2 equity markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) became of less and less importance to many a mogul.

Some of the heads of largest conglomerates in the territory had, already, taken off for a fortnight's holiday, away from the hustle and bustle of life in the 416 square miles that constitute the HKSAR.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.30 percent of its value, falling back to 13,515.33 points.

The Total Turnover was about \$HK15.91 billion, while the ratio of losing counters to gaining ones was about 1.32:One.

The Ten Most Actives were:

Foxconn International Holdings Ltd (Code: 2038)	Unchanged at \$HK3.775 per share
HSBC Holdings plc (Code: 5)	Down 0.39 percent to \$HK128.00 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.36 percent to \$HK69.25 per share
CNOOC Ltd (Code: 883)	Down 4.85 percent to \$HK3.925 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.21 percent to \$HK23.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.35 percent to \$HK70.25 per share
Huaneng Power International Incorporated (Code: 902)	Down 1.82 percent to \$HK5.60 per share
K. Wah Construction Materials Ltd (Code: 27)	Down 15.53 percent to \$HK6.80 per share
Hang Seng Bank Ltd (Code: 11)	Unchanged at \$HK105.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK71.25 per share

The biggest Main Board movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capital Strategic Investment Ltd	497	13.76		1.24
Central China Enterprises Ltd	351	10.71		0.62
Climax International Company Ltd	439		15.79	0.032
Guo Xin Group Ltd	1215		12.33	0.064
Hongkong Building and Loan Agency Ltd, The	145		11.86	0.52
HyComm Wireless Ltd	499		11.49	0.077
Jinhui Holdings Company Ltd	137	19.67		21.90
K. Wah Construction Materials Ltd	27		15.53	6.80
K. Wah International Holdings Ltd	173		17.27	2.275
Magnum International Holdings Ltd	305	11.11		0.09
PME Group Ltd	379		11.18	0.151
Riche Multi-Media Holdings Ltd	764		17.19	0.265
Shun Ho Technology Holdings Ltd	219	11.32		0.59
Sino Prosper Holdings Ltd	766	13.04		0.234
South China Brokerage Company Ltd	619	11.21		0.129
Starbow Holdings Ltd	397	10.91		0.061
Universal Holdings Ltd	419	112.77		0.10
Yardway Group Ltd	646		12.09	0.16

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index rose about 1.04 percent to 989.78 points.

The Total Turnover was about \$HK45.63 million.

Gaining counters, however, only just managed to squeeze out losing ones by the ratio of 1.06:One.

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

Golden Meditech Company Ltd (Code: 8180)	Unchanged at \$HK1.80 per share
China Fire Safety Enterprise Group Holdings Ltd (Code: 8201)	Up 13 percent to 70 cents per share

Tong Ren Tang Technologies Company Ltd (Code: 8069)

Phoenix Satellite Television Holdings Ltd (Code: 8002)

Sau San Tong Holdings Ltd (Code: 8200)

Unchanged at \$HK18.10 per share

Unchanged at \$HK1.51 per share

Down 1 percent to 69 cents per share

As for The GEM's double-digit movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061		12.28	0.20
Shanxi Changcheng Microlight Equipment Company Ltd	8286		14.81	0.23
China Fire Safety Enterprise Group Holdings Ltd	8201	12.90		0.70
Fast Systems Technology (Holdings) Ltd	8150	50.00		0.018
Innovis Holdings Ltd	8065		23.81	0.032
M Channel Corporation Ltd	8036		22.22	0.021
New Chinese Medicine Holdings Ltd	8085		26.67	0.022
T S Telecom Technologies Ltd	8003	16.67		0.07

For the 4<sup>th</sup> consecutive day, trading was very quiet on The Tokyo Stock Exchange, with The Nikkei-225 Stock Average, losing 17.79 yen, or about 0.16 percent, coming to rest at 11,389.35 yen.

And, once again, the ratio of gaining counters to losing counters was tight, at about 1.03:One.

In other Asian stock markets, their indices were:

The HKSAR	Minus 0.30 percent to 13,515.33
Indonesia	Minus 0.33 percent to 1,049.33
Japan	Minus 0.16 percent to 11,389.35
Malaysia	Minus 0.07 percent to 917.85
The Philippines	Plus 0.53 percent to 2,002.22
Singapore	Minus 0.03 percent to 2,108.16
South Korea	Plus 0.80 percent to 928.79
Taiwan	Plus 0.26 percent to 6,034.60
Thailand	Plus 0.93 percent to 716.92

## **Friday**

The unemployment situation in the US is ameliorating, according to the Government of President George W. Bush, but employment in the manufacturing sector of the economy is declining.

The figures, relating to employment for the month of January, were released by the US Government's Labour Department at 8:30 am, last Friday:

### **'THE EMPLOYMENT SITUATION: JANUARY 2005**

*'Nonfarm payroll employment increased by 146,000 in January and the unemployment rate decreased to 5.2 percent, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Job growth continued in several service-providing industries, while manufacturing employment declined over the month.*

#### **'Unemployment (Household Survey Data)**

*'Both the number of unemployed persons, 7.7 million, and the unemployment rate, 5.2 percent, declined in January. The jobless rate was down from 5.7 percent a year earlier. Over the month, the unemployment rates for adult men (4.7 percent), whites (4.4 percent), and Hispanics or Latinos (6.1 percent) edged down, while the rates for adult women (4.6 percent), teenagers (16.3 percent), and blacks or African Americans (10.6 percent) showed little change. The unemployment rate for Asians was 4.2 percent, not seasonally adjusted.*

*'The number of long-term unemployed – those unemployed 27 weeks and over — was about unchanged over the month. This group accounted for 20.9 percent of the unemployed.'*

*'Total Employment and the Labor Force (Household Survey Data).'*

*'Total employment, as measured by the household survey, was little changed at 140.2 million, seasonally adjusted, in January. The employment-population ratio — the proportion of the population age 16 and older with jobs — remained at 62.4 percent. The civilian labor force was 148.0 million, after seasonal adjustment. The labor force participation rate edged down over the month to 65.8 percent.'*

*'The number of persons who work part time for economic reasons was 4.4 million in January, seasonally adjusted. The January level was about unchanged from December, but was down by 308,000 over the year. This category is comprised primarily of persons who indicated that they would like to work full time but were working part time because their hours had been cut back or because they were unable to find full-time jobs.'*

*'At 7.2 million, not seasonally adjusted, the number of persons who held more than one job was about unchanged in January from a year earlier. These multiple jobholders represented 5.2 percent of total employment, the same proportion as in January 2004.'*

What this report did not state was that, in the previous 20 months, a total of some 2.70 million new jobs had been created in the US.

On Wall Street, there was a last-minute push to higher levels, with many investors, taking The Labour Department's statistics as being positive.

In truth, however, the statistics were only partially positive because industry is, still, the *'bread and butter'* of the US economy.

On The New York Stock Exchange, the Dow Jones Industrial Average ended the week with a gain of about 1.16 percent, rising to 10,716.13 points.

As for The NASDAQ, its Composite Index ran to 2,086.66 points, a one-day gain of about 1.41 percent.

The tally for the biggest equity markets in the world was:

The Dow Jones Industrial Average	Plus	2.77 percent
The NASDAQ's Composite Index	Plus	2.50 percent

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for delivery in March closed up 0.06 percent to \$US46.48 per barrel.

The price of light sweet crude oil for delivery in April ended trading for the week at \$US46.95 per barrel, a gain of about 0.15 percent, compared with Thursday's closing level.

In Europe, every index of every major bourse made material gains.

Encouraging economic news, coupled with an oil price that appeared to have stabilised were said to have been factors for last Friday's gains in Europe.

This was how the indices of the most-important stock markets in eurozone finished off the week of February 4:

Amsterdam's AEX Index	Plus	0.68 percent
Great Britain's FTSE 100 Index	Plus	0.67 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.34 percent
France's CAC 40 Index	Plus	0.73 percent
Switzerland's Swiss Market Index	Plus	0.66 percent
Italy's MIBTEL Index	Plus	0.96 percent

- **British Airways** reported that its Pre-Tax Profit for the quarter, ended December 31, 2004, was about £75 million (about \$US141 million), which compared poorly with the like quarter in 2003 when the airline reported a Pre-Tax Profit of £125 million. The company blamed the drop in the Pre-Tax Profit on the higher prices that the company had to pay for jet fuel.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), with Chinese New Year just 2 trading days away, investors prepared for the coming festivities, forsaking, to a great extent, the equity markets of the territory.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 0.52 percent, rising to 13,585.17 points.

The Total Turnover was about \$HK15.37 billion.

Gaining counters outnumbered losing ones by the ratio of about 1.91:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.39 percent to \$HK128.50 per share
CNOOC Ltd (Code: 883)	Down 1.91 percent to \$HK3.85 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK69.25 per share
Beijing Capital International Airport Company Ltd (Code: 694)	Down 1.54 percent to \$HK3.20 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.35 percent to \$HK71.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.68 percent to \$HK24.15 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.36 percent to \$HK70.50 per share
China Telecom Corporation Ltd (Code: 728)	Up 0.85 percent to \$HK2.975 per share
China Unicom Ltd (Code: 762)	Up 3.97 percent to \$HK6.55 per share
PetroChina Company Ltd (Code: 857) U	p 1.16 percent to \$HK4.35 per share

As for the Main Board's double-digit movers, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Sci-Tech Holdings Ltd	985		10.34	0.026
Hongkong Building and Loan Agency Ltd, The	145	19.23		0.62
Mei Ah Entertainment Group Ltd	391	10.00		0.33
Shougang Concord Grand (Group) Ltd	730	10.71		0.62
SiS International Holdings Ltd	529	10.00		0.66
Solartech International Holdings Ltd	1166	10.00		0.44
South China Industries Ltd	413		15.25	0.50
Sunlink International Holdings Ltd	2336	10.29		0.075
Wing Shing International Holdings Ltd	850	10.17		0.325

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, trading was dominated by 2-way traffic in the counter of China Fire Safety Enterprise Group Holdings Ltd (Code: 8201).

The share price of this counter continued to make gains for the second consecutive day (Please see list below), with the volume of activity in this company's shares, being responsible for about 41 percent of The GEM's Total Turnover, which was just a hair shy of \$HK100 million.

The Growth Enterprise Index gained about 0.89 percent, as investors pushed the final figure of the week to 998.54 points.

Gaining counters outnumbered losing ones by the ratio of about 1.16:One.

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

China Fire Safety Enterprise Group Holdings Ltd (Code: 8201)	Up 9 percent to 76 cents per share
TOM Online Incorporated (Code: 8282)	Up 10 percent to \$HK1.32 per share
SUNeVision Holdings Ltd (Code: 8008)	Up 8 percent to \$HK1.60 per share
Golden Meditech Company Ltd (Code: 8180)	Down 1 percent to \$HK1.79 per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Up 1 percent to \$HK1.53 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061	15.00		0.23
AGL MediaTech Holdings Ltd	8192		12.00	0.044
Armitage Technologies Holding Ltd	8213	10.71		0.031
Everpride Biopharmaceutical Company Ltd	8019	11.54		0.145
G.A. Holdings Ltd	8126		32.50	0.054
Glory Future Group Ltd	8071	30.00		0.026
Grandmass Enterprise Solution Ltd	8108		12.86	0.122
Grandy Corporation	8143	14.29		0.032
iMerchants Ltd	8009		15.45	0.093
M Dream Inworld Ltd	8100		11.11	0.016
Soluteck Holdings Ltd	8111		10.26	0.07
T S Telecom Technologies Ltd	8003	28.57		0.09
TOM Online Incorporated	8282	10.00		1.32
Town Health International Holdings Company Ltd	8138	20.59		0.041

The tally for the 2 equity markets of the HKSAR was:

The Hang Seng Index	Minus 0.48 percent
The Growth Enterprise Index	Plus 3.14 percent

In Japan, it was another nothing day for trading in stocks and shares: The entire week had followed a very similar pattern of trading, with miniscule gains or losses, being recorded on a daily basis.

Last Friday, on The Tokyo Stock Exchange, The Nikkei-225 Stock Average lost 28.95 yen, equivalent to about one quarter of a percentage point, as this key index ended the week at 11,360.40 yen.

Losing counters outnumbered gaining ones by the ratio of about 1.93:One.

#### News wise

- **Toyota Motor Corporation** announced that its Group Net Profit for the quarter, ended December 31, 2004, was about 296.50 billion yen, up about 3.50 percent on the like quarter in 2003. Toyota is Japan's largest producer of motor vehicles.

The tally for Asia's largest equity market was:

The Nikkei-225 Stock Average	Plus 0.35 percent
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Other major Asian stock markets closed their doors, last Friday, with their indices mixed:

The HKSAR	Plus 0.52 percent to 13,585.17
Indonesia	Minus 0.09 percent to 1,048.39
Japan	Minus 0.25 percent to 11,360.40
Malaysia	Minus 1.13 percent to 907.52
The Philippines	Minus 0.23 percent to 1,995.57
Singapore	Plus 0.26 percent to 2,113.58
South Korea	Plus 0.51 percent to 933.55
Taiwan	Closed
Thailand	Plus 0.30 percent to 719.10

Because quite a number of Asian equity markets will be closed for much of this week due to the Chinese New Year holidays,  
this will be the last stock-market review to be published until February 21, 2005 .

TARGET takes this opportunity to wish all Subscribers and TARGET friends:

**KUNG HEI FAT CHOI !**

-- *END* --

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