

**NORTH KOREA DETONATES A 'NUCLEAR' DEVICE –
THE UNITED NATIONS GOES INTO A HUDDLE: WHAT TO DO ?**

But US And European Equity Markets Power Ahead

North Korea, in defiance of nearly every country of the world, carried out its threat: It tested a nuclear weapon, last Monday.

The exact wording of the official announcement from the Government of North Korea was:

'The field of scientific research in the DPRK (Democratic People's Republic of Korea) successfully conducted an underground nuclear test under secure conditions on October 9, Juche 95 (2006) at a stirring time when all the people of the country are making a great leap forward in the building of a great, prosperous, powerful socialist nation.

'It has been confirmed that there was no such danger as radioactive emission in the course of the nuclear test as it was carried out under a scientific consideration and careful calculation.

'The nuclear test was conducted with indigenous wisdom and technology 100%. It marks a historic event as it greatly encouraged and pleased the KPA (Korean People's Army) and people that have wished to have powerful self-reliant defence capability.

'It will contribute to defending the peace and stability on the Korean peninsula and in the area around it.'

The underground nuclear test came hours after both the Governments of Japan and the People's Republic of China (PRC) had agreed on a joint statement to the effect that a nuclear test by North Korea would be 'unacceptable'.

The joint statement came after Japan's new Prime Minister, Mr Shinzo Abe, met the PRC's top leaders, the first such meeting in 5 years.

Speaking after this historic meeting, Prime Minister Shinzo Abe said:

'Japan and China shared the view that a North Korean nuclear test is unacceptable ... We can never tolerate a nuclear weapon's test by North Korea ... This is a strong message to North Korea'.

A few hours later: **Kaboom!**

Over the week of October 7-8, tensions at the border of North and South Korea heightened and South Korean soldiers fired at least 40 warning shots at North Korean soldiers, guarding the border.

The world condemned the North Korean nuclear test and reaction, internationally, was almost immediate.

The United Nations convened an emergency session.

The North Korean nuclear test took place at about 10:36 am, Tokyo time, last Monday, while most of the world, excluding Asia, was asleep.

The news of the nuclear test woke many a country's leader from his bed, however.

When trading started on Wall Street, last Monday, there was consternation from all quarters, especially since Asian equity markets had reacted violently to the North Korean nuclear test, with all key indices, suffering losses.

On international commodity exchanges, the initial reaction to the North Korean nuclear test was to see oil prices rise, but, by the close of day, the price had settled back to the previous Friday's closing level.

US commodity and bond markets were closed for a public holiday, last Monday.

On The New York Stock Exchange, investor reaction was muted, but the volume of activity was relatively low: Investors wanted to learn what action their Government would take in respect of North Korea.

The Dow Jones Industrial Average rose 7.60 points, or about 0.06 percent, ending the historic day at 11,857.81 points.

Over on The NASDAQ, its Composite Index gained 11.78 points, equivalent to about 0.51 percent, as investors pushed this key index to 2,311.77 points.

In Europe, the movements of key indices on major equity markets were limited to very small fractions by the close of the day:

Amsterdam's AEX Index	Plus	0.20 percent
France's CAC 40 Index	Plus	0.05 percent
Germany's Frankfurt XETRA DAX Index	Minus	0.02 percent
Great Britain's FTSE 100 Index	Plus	0.49 percent
Italy's MIBTEL Index	Plus	0.41 percent
Switzerland's Swiss Market Index	Plus	0.23 percent

European investors were waiting to learn what the rest of the world would do about North Korea's determination to be the newest member of the world's nuclear weapons '*club*'.

In Asia, all of the key indices of every equity market fell, with South Korea's markets, falling out of bed.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, the 2 equity markets of the territory were taken somewhat by surprise because it had generally been expected that if North Korea was, indeed, going to explode a nuclear weapon, it would have been during the weekend, not at 10:36 am, Monday morning.

Within one hour of the opening of The Stock Exchange of Hongkong Ltd, the official announcement of the North Korean nuclear explosion caused the equity markets of the territory to come unstuck.

By the close of trading, last Monday, the Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, was off by about 1.27 percent as investors pushed it down to 17,675.24 points.

The Total Turnover was about \$HK30.45 billion.

The ratio of losing counters to gaining ones was about 3.37:One.

The Ten Most Active counters – note that they were all major losers – were:

HSBC Holdings plc (Code: 5)	Down 1.44 percent to \$HK144.00 per share
China Mobile Ltd (Code: 941)	Down 2.17 percent to \$HK56.25 per share
China Construction Bank Corporation (Code: 939)	Down 1.15 percent to \$HK3.44 per share
China Merchants Bank Company Ltd (Code: 3968)	Down 2.92 percent to \$HK11.30 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.29 percent to \$HK69.25 per share
China Life Insurance Company Ltd (Code: 2628)	Down 0.64 percent to \$HK15.56 per share
Bank of China Ltd (Code: 3988)	Down 0.59 percent to \$HK3.37 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.03 percent to \$HK86.10 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.79 percent to \$HK17.54 per share
CNOOC Ltd (Code: 883)	Down 0.64 percent to \$HK6.25 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Buildmore International Ltd	108	34.85		0.445
CEC International Holdings Ltd	759	17.72		0.186
China Agrotech Holdings Ltd	1073	10.34		0.64
China Motion Telecom International Ltd	989	21.28		0.57
COFCO International Ltd	506	13.39		6.18
Cosmopolitan International Holdings Ltd	120		10.16	0.115
DVN (Holdings) Ltd	500	10.22		2.48

Earnest Investments Holdings Ltd	339		20.39	0.082
Everest International Investments Ltd	204		20.00	0.048
Lo's Enviro-Pro Holdings Ltd	309	10.71		0.62
Oriental Investment Corporation Ltd	735	10.14		0.228
Poly Investments Holdings Ltd	263	21.54		0.079
Shang Hua Holdings Ltd	371		16.00	0.21
SIM Technology Group Ltd	2000		11.85	2.53
Sino Union Petroleum and Chemical International Ltd	346		11.91	0.207
Sky Hawk Computer Group Holdings Ltd	1129	10.53		0.315
SW Kingsway Capital Holdings Ltd	188		12.28	0.20

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, while the lone index of this speculative market ended the day in positive territory, losing counters outnumbered gaining ones by the ratio of about 1.28:One.

The Growth Enterprise Index stood at 1,118.46 points by the close of the trading day (4 pm), representing an increase of about 0.26 percent on the previous Friday's closing level.

The Total Turnover was about \$HK163.68 million.

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

Beijing Jingkelong Company Ltd (Code: 8245)	Up 4.00 percent to \$HK5.98 per share
Town Health International Holdings Company Ltd (Code: 8138)	Down 6.50 percent to \$HK0.23 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 3.85 percent to \$HK0.81 per share
Chinainfo Holdings Ltd (Code: 8206)	Up 12.54 percent to \$HK3.32 per share
Golden Meditech Company Ltd (Code: 8180)	Up 2.73 percent to \$HK2.26 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158	26.58		0.10
China Leason Investment Group Company Ltd	8270	11.22		0.119
Chinainfo Holdings Ltd	8206	12.54		3.32
Inspur International Ltd	8141	11.32		0.59
Launch Tech Company Ltd	8196		11.17	1.75
Medical China Ltd	8186		11.36	0.039
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301		15.71	0.236
New Chinese Medicine Holdings Ltd	8085		19.12	0.275
New Universe International Group Ltd	8068		18.75	0.026
Soluteck Holdings Ltd	8111		18.60	0.035
SYSCAN Technology Holdings Ltd	8083	17.95		0.092
T S Telecom Technologies Ltd	8003	15.38		0.18
Tianjin Tianlian Public Utilities Company Ltd	8290		10.08	1.07
Tradeeasy Holdings Ltd	8163	16.28		0.05

Japan's stock markets were closed for a national holiday, last Monday.

On other Asian equity markets, this was how their respective key indices ended, last Monday night:

The HKSAR	Hang Seng Index Minus 1.27 percent to 17,675.24 The Growth Enterprise Index Plus 0.26 percent to 1,118.46
Indonesia	Minus 0.40 percent to 1,543.42
Japan	TOPIX Index Closed Nikkei-255 Stock Average Closed

Malaysia	Minus 0.16 percent to 969.38
The Philippines	Minus 0.32 percent to 2,551.92
Singapore	Minus 1.05 percent to 2,621.51
South Korea	Minus 2.41 percent to 1,319.40
Taiwan	Closed
Thailand	Minus 0.34 percent to 692.26

Tuesday

Unconfirmed reports, emanating from Tokyo, Japan, said that it appeared that North Korea had exploded a second nuclear device.

While the United Nations (UN) dickered as to the best action that should be taken against North Korea for its defiance of the determination of this world body, it appeared that the Government of Kim Jong Il had thumbed his nose at the West, saying that the US *'threat of nuclear war and sanctions'* had forced Pyongyang's hand.

Sanctions looked almost certain to be imposed on North Korea, but UN delegates appeared to be unable to arrive at a consensus.

One thing appeared obvious: There was no hint of any military action against the reclusive Communist country.

At least, that was the situation, last Tuesday.

On Wall Street, last Tuesday, investors were, clearly, hesitant, but it did not stop key indices from hitting new highs, albeit only fractionally so.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 9.36 points, equivalent to about 0.08 percent, edging up to a new record high of 11,867.17 points.

On The NASDAQ, its Composite Index rose 3.66 points, or about 0.16 percent, coming to rest at the close of the day at 2,315.43 points.

While trading was active, it was not particularly high, being somewhat below the normal daily averages for this time of the year.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in November was \$US58.52, down about \$US1.44 per barrel, equivalent to a fall of about 2.40 percent on the last settlement of Friday, October 6, 2006.

As for delivery in December, the last settlement for a barrel of light sweet crude oil was \$US60.26, down \$US1.23 per barrel, or 2 percent, exactly, compared with the final quote of the previous Friday.

The fall in the price of crude oil came in spite of the fact that The Organisation of Petroleum Exporting Countries (OPEC) was known to be planning to cut oil production by about one million barrels per day.

Major European bourses managed to record fractional gains, for the most part, last Tuesday, as the fears of a military conflict of sorts with North Korea abated.

With oil prices continuing to fall, investors in this part of the world came back into equity markets:

Amsterdam's AEX Index	Plus 0.52 percent
France's CAC 40 Index	Plus 0.47 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.54 percent
Great Britain's FTSE 100 Index	Plus 0.69 percent
Italy's MIBTEL Index	Plus 0.61 percent
Switzerland's Swiss Market Index	Plus 0.79 percent

In Asia, only the key index of the stock market of The Philippines did not rise as investors put to one side the matter of the North Korean nuclear test(s).

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets made gains.

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, rose 0.84 percent, exactly, ending the trading day at 17,823.70 points.

The Total Turnover was about \$HK29.84 billion, while the ratio of advancing counters to declining ones was about 2.36:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 1.18 percent to \$HK145.70 per share
China Life Insurance Company Ltd (Code: 2628)	Up 2.57 percent to \$HK15.96 per share
China Merchants Bank Company Ltd (Code: 3968)	Up 1.77 percent to \$HK11.50 per share
China Mobile Ltd (Code: 941)	Up 1.24 percent to \$HK56.95 per share
China Construction Bank Corporation (Code: 939)	Up 1.16 percent to \$HK3.48 per share
Bank of China Ltd (Code: 3988)	Up 0.30 percent to \$HK3.38 per share
PetroChina Company Ltd (Code: 857)	Up 0.49 percent to \$HK8.24 per share
Bank of Communications Company Ltd (Code: 3328)	Up 3.57 percent to \$HK5.80 per share

Hutchison Whampoa Ltd (Code: 13)

Up 0.72 percent to \$HK69.75
per share

*SPG Land (Holdings) Ltd (Code: 337)

\$HK5.07 per share

* First Day of Trading

As for the Main Board's biggest movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959	17.58		0.107
Asia Commercial Holdings Ltd	104	11.43		0.78
Buildmore International Ltd	108		14.61	0.38
Capital Estate Ltd	193	17.24		0.136
Carico Holdings Ltd	729	17.79		0.245
China Elegance (Holdings) Ltd	476	15.79		0.066
China Force Oil and Grains Industrial Holdings Company Ltd	1194	17.39		0.27
China Velocity Group Ltd	149		10.87	0.41
Earnest Investments Holdings Ltd	339	23.17		0.101
Garron International Ltd	1226		11.76	0.30
Grand Field Group Holdings Ltd	115	12.50		0.09
Kenfair International (Holdings) Ltd	223	15.38		0.90
Mascotte Holdings Ltd	136	10.87		0.51
Morning Star Resources Ltd	542	14.29		0.08
Nippon Asia Investments Holdings Ltd	603	13.25		0.171
New World Mobile Holdings Ltd	862	10.30		1.82

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth

Enterprise Index put on about 0.39 percent, rising to 1,122.85 points on a Total Turnover of about \$HK171.31 million.

Gaining counters outnumbered losing ones by the ratio of about 1.49:One.

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

Beijing Jingkelong Company Ltd (Code: 8245)	Up 3.01 percent to \$HK6.16 per share
Town Health International Holdings Company Ltd (Code: 8138)	Up 0.87 percent to \$HK0.232 per share
China LotSynergy Holdings Ltd (Code: 8161)	Down 1.11 percent to \$HK0.89 per share
Golden Meditech Company Ltd (Code: 8180)	Up 1.33 percent to \$HK2.29 per share
Chinainfo Holdings Ltd (Code: 8206)	Up 1.51 percent to \$HK3.37 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158	48.00		0.148
China Leason Investment Group Company Ltd	8270		15.79	0.10
Everpride Biopharmaceutical Company Ltd	8019		20.00	0.04
Galileo Capital Group Ltd	8029	13.98		0.53
Global Digital Creations Holdings Ltd	8271		10.71	0.25
Jiangsu Nandasoft Company Ltd	8045	22.13		0.149
Medical China Ltd	8186	15.38		0.045
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301	18.64		0.28
Neolink Cyber Technology (Holding) Ltd	8116	10.48		0.137
New Universe International Group Ltd	8068	19.23		0.031
Northeast Tiger Pharmaceutical Company Ltd	8197	20.00		0.06
Recruit Holdings Ltd	8073	14.29		1.52

T S Telecom Technologies Ltd	8003		15.00	0.153
TeleEye Holdings Ltd	8051	30.11		0.121

In Japan – the equity markets of which had been closed on Monday – trading was muted, generally.

The TOPIX Index, the key index of The Tokyo Stock Exchange, ended the day at 1,634.83 points, representing a gain of just 0.62 of a percentage point, or about 0.04 percent, compared with the closing level of The TOPIX on Friday, October 6, 2006.

The ratio of declining counters to advancing ones was about 3.30:One in spite of the key index, being in positive territory by the close of the day.

The Nikkei-225 Stock Average was 16,477.25 yen at the end of last Tuesday's trading day, equivalent to an improvement of about 41.19 yen, or one quarter of a percentage point, exactly.

This was how other Asian equity markets' key indices ended, last Tuesday:

The HKSAR	Hang Seng Index Plus 0.84 percent to 17,823.70 The Growth Enterprise Index Plus 0.39 percent to 1,122.85
Indonesia	Plus 0.74 percent to 1,554.92
Japan	TOPIX Index Plus 0.04 percent to 1,634.83 Nikkei-255 Stock Average Plus 0.25 percent to 16,477.25
Malaysia	Plus 0.03 percent to 969.71
The Philippines	Minus 0.90 percent to 2,528.98
Singapore	Plus 1.00 percent to 2,647.66
South Korea	Plus 0.68 percent to 1,328.37
Taiwan	Closed
Thailand	Plus 1.00 percent to 699.16

Wednesday

As the United Nations (UN) continued to discuss what to do about North Korea's determination to become

the newest international nuclear power, resplendent with nuclear weaponry of mass destruction, North Korea's second, most-powerful leader, Mr Kim Yong Nam, said that more nuclear tests would be scheduled if the US Government maintained a hostile policy toward the reclusive Communist State.

He said, inter alia:

'If the United States continues to take a hostile attitude and apply pressure on us in various forms, we will have no choice but to take physical steps to deal with that.'

Meanwhile, Japan was not waiting for the UN to stop its dickerings and was pushing ahead with the imposition of harsher economic sanctions on Pyongyang, including a total ban on North Korean ships, entering Japanese ports, a ban on the North Korea's imports, and proscribing all of North Korea's citizens from setting foot on Japanese soil.

In Seoul, South Korea, that Government went on a war footing, following North Korea, making the announcement that if there was a determination by the West to impose further sanctions on Pyongyang over its nuclear weapons' tests, it would be considered an act of war.

From Washington, D.C., US President George W. Bush continued to repeat that North Korea would face 'serious repercussions' over its nuclear tests.

President George W. Bush said, among other things, that the US had no intention of attacking North Korea, but, at the same time, the strongest nation in the world, militarily, if not diplomatically, 'reserves all options to defend our friends in the region.'

He went on to state:

'In response to North Korea's actions, we're working with our partners in the region and the United Nations Security Council to ensure there are serious repercussions for the regime in Pyongyang ...'.

President George W. Bush said that, as far as the US was concerned, the action of North Korea 'constitutes a threat to international peace and stability.'

Wall Street, once again, appeared to be completely unfazed by the threats and counter-threats by the US and North Korea and went its merry way.

On The New York Stock Exchange, the Dow Jones Industrial Average gave up 15.04 points, or about 0.13 percent, falling back to 11,852.13 points.

The NASDAQ's Composite Index following suit with a loss of 7.16 points, equivalent to about 0.31 percent, as investors pushed this key index back to 2,308.27 points.

During the trading day, there had been a report of a single-engined, private light aeroplane, crashing into a New York building – shades of September 11, 2001! – but it turned out to be an accident: Earlier losses on Wall Street were soon recovered when the details of the accident were announced.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in November was \$US57.59, down about 1.59 percent on the last settlement of Tuesday.

It was the lowest price for 2006.

As for delivery in December, the last settlement for a barrel of light sweet crude oil came in at \$US59.45, representing a fall of about 1.34 percent, compared with Tuesday's final quote.

In Europe, trading was relatively quiet, with key indices of major bourses, making only very small fractional movements:

Amsterdam's AEX Index

Plus 0.04 percent

France's CAC 40 Index	Plus	0.06 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.02 percent
Great Britain's FTSE 100 Index	Plus	0.01 percent
Italy's MIBTEL Index	Plus	0.37 percent
Switzerland's Swiss Market Index	Plus	0.18 percent

European investors appeared to be concerned about the North Korea situation and the fact that the US economy was, clearly, slowing, appreciably.

In Asia, investors were, clearly, rattled by the international news and the uncertainty of it, all.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the 2 equity markets of the territory were, for the most part, directionless.

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index rose about 0.22 percent to 17,862.79 points on a Total Turnover of about \$HK33.88 billion.

Advancing counters outbid declining ones by the ratio of 1.25:One, exactly.

The Ten Most Actives were:

China Construction Bank Corporation (Code: 939)	Up 0.86 percent to \$HK3.51 per share
HSBC Holdings plc (Code: 5)	Down 0.07 percent to \$HK145.60 per share
China Mobile Ltd (Code: 941)	Up 0.61 percent to \$HK57.30 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.88 percent to \$HK16.10 per share
China Merchants Bank Company Ltd (Code: 3968)	Up 2.09 percent to \$HK11.74 per share
China Shenhua Energy Company Ltd (Code: 1088)	Up 4.98 percent to \$HK12.64 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.05 percent to \$HK4.81 per share
Bank of China Ltd (Code: 3988)	Down 0.59 percent to \$HK3.36 per share
Bank of Communications Company Ltd (Code: 3328)	Up 1.21 percent to \$HK5.87 per share
PetroChina Company Ltd (Code: 857)	Down 0.12 percent to \$HK8.23 per share

The Main Board's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Commercial Holdings Ltd	104	10.26		0.86
Buildmore International Ltd	108	18.42		0.45
China Force Oil and Grains Industrial Holdings Company Ltd	1194	11.11		0.30
Everest International Investments Ltd	204	26.67		0.057
Global Bio-chem Technology Group Company Ltd	809	14.29		2.40
Goldbond Group Holdings Ltd	172	11.73		0.20
Golik Holdings Ltd	1118	11.11		0.30
Grandtop International Holdings Ltd	2309		16.28	0.072
The Hongkong Parkview Group Ltd	207		25.00	0.15
Hon Po Group (Lobster King) Ltd	228	10.49		1.79
Mei Ah Entertainment Group Ltd	391		13.41	0.355
New Island Printing Holdings Ltd	377		10.26	0.35
Proview International Holdings Ltd	334	10.68		1.14
See Corporation Ltd	491	10.00		0.011
Sino Katalytics Investment Corporation	2324	10.94		0.355
Solomon Systech (International) Ltd	2878	10.07		1.53
Swank International Manufacturing Company Ltd	663		19.00	0.081
Unity Investments Holdings Ltd	913		13.33	0.052
Wah Nam International Holdings Ltd	159		16.67	0.10
Zhong Hua International Holdings Ltd	1064		18.40	0.102

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the situation was

almost the reverse of that which had taken place on the Main Board.

The Growth Enterprise Index lost about 0.31 percent of its value, falling back to 1,119.36 points on a Total Turnover of about \$HK225.08 million.

Declining counters outran advancing ones by the ratio of about 1.63:One.

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

Beijing Jingkelong Company Ltd (Code: 8245)	Up 5.52 percent to \$HK6.50 per share
Town Health International Holdings Company Ltd (Code: 8138)	Up 0.43 percent to \$HK0.233 per share
Chinainfo Holdings Ltd (Code: 8206)	Down 0.89 percent to \$HK3.34 per share
Golden Meditech Company Ltd (Code: 8180)	Up 3.49 percent to \$HK2.37 per share
Wumart Stores Incorporated (Code: 8277)	Down 3.39 percent to \$HK27.05 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131		31.51	0.05
Argos Enterprise (Holdings) Ltd	8022		13.39	0.097
Armitage Technologies Holding Ltd	8213		22.58	0.024
Essex Bio-Technology Ltd	8151	13.74		0.149
Glory Mark Hi-Tech (Holdings) Ltd	8159		10.71	0.25
Shandong Luoxin Pharmacy Stock Company Ltd	8058	11.76		0.57
Medical China Ltd	8186	24.44		0.056
New Chinese Medicine Holdings Ltd	8085		10.00	0.27
Northeast Tiger Pharmaceutical Company Ltd	8197		15.00	0.051
Sau San Tong Holdings Ltd	8200	10.53		0.126
Soluteck Holdings Ltd	8111	36.36		0.045

TeleEye Holdings Ltd	8051	19.83		0.145
Zheda Lande Scitech Ltd	8106		11.76	0.15
Zhejiang Prospect Company Ltd	8273		11.11	0.80

In Japan, North Korea took the limelight; investors started to sell select stocks and shares ... just in case.

On The Tokyo Stock Exchange, its TOPIX Index gave up 0.78 percent of its value to fall back to 1,622.07 points.

The ratio of losing counters to gaining ones was about 7.64:One.

The Nikkei-225 Stock Average lost about 0.47 percent of its value, dropping to 16,400.57 yen.

News Wise

- **Lawson Incorporated**, a convenience-store chain in Japan, announced that its Net Profit Attributable to Shareholders for the first half of Fiscal 2006, ended August 31, 2006, was about 706.29 billion yen, down about 7.50 percent, Year-On-Year;
- **FamilyMart Company**, a competitor of Lawson Incorporated, on the other hand, announced that, in the 6-month period, also ended August 31, 2006, it logged in a Net Profit Attributable to Shareholders of about 9.42 billion yen, representing an increase of about 0.30 percent, Year-On-Year;
- **Hitachi Ltd** announced that it would be making a bid to take control of **Clarion Company**, a producer of motor-car audio and navigational equipment. Hitachi's tender offer will be made on October 25, 2006; and,
- The Central Council for **Financial Services Information** announced that one in 4 Japanese households have no savings, at all.

In other Asian equity markets, this was how their respective key indices fared, last Wednesday:

The HKSAR	Hang Seng Index Plus 0.22 percent to 17,862.79 The Growth Enterprise Index Minus 0.31 percent to 1,119.36
Indonesia	Minus 0.12 percent to 1,553.12
Japan	TOPIX Index Minus 0.78 percent to 1,622.07 Nikkei-255 Stock Average Minus 0.47 percent to 16,400.57
Malaysia	Plus 0.07 percent to 970.37
The Philippines	Minus 0.07 percent to 2,527.27
Singapore	Minus 0.23 percent to 2,641.61

South Korea	Minus 0.22 percent to 1,325.49
Taiwan	Plus 0.13 percent to 7,006.67
Thailand	Minus 0.19 percent to 697.82

Thursday

As many people had forecast, members of the United Nations (UN) could not get their acts together and, as a result, matters were left in limbo in respect of the North Korean conundrum, last Thursday.

The People's Republic of China (PRC) and Russia, both having voiced agreement, publicly, that North Korea should be punished for its alleged test (or tests) of its nuclear weapons, delayed a vote on a new UN Resolution which called for sanctions to be imposed on the reclusive Communist State on the Korean Peninsula.

The US Government had wanted there to be a vote by Friday on the matter, but it was not to be.

Meanwhile, Japan imposed its own sanctions on North Korea, including banning all imports from the country. (Please see Thursday's report)

Pyongyang said that it would retaliate against Japan.

If anything, the UN was shown to be that which it is: Incapable of functioning, effectively and expeditiously, in the face of an imminent danger to world peace.

On Wall Street, investors appeared to be ignoring the situation at the UN (it was considered par for the course) and even the fact that the US Government had announced a record-breaking trade deficit for the month of August.

The US Census Bureau announced, last Thursday, that the country's imbalance of trade with the rest of the world, during the month of August, had resulted in a deficit of nearly \$US70 billion.

The following is a précis of that which this important US Government department announced:

'The U.S. monthly goods and services deficit widened in August 2006, according to the U.S. Bureau of Economic Analysis and the U.S. Census Bureau. The deficit increased from \$68.0 billion (revised) in July to \$69.9 billion in August, as imports increased more than exports.'

'Exports

'Exports of goods and services increased \$2.7 billion in August to \$122.4 billion, mostly reflecting an increase in goods exports. Services exports also increased.'

- *The increase in goods exports mostly reflected increases in capital goods, industrial supplies and materials, and other goods. Automotive vehicles, parts, and engines decreased.*
- *The increase in services exports mostly reflected increases in other transportation and other private services that were partly offset by a decrease in travel.*

'Imports

'Imports of goods and services increased \$4.6 billion in August to \$192.3 billion, reflecting an increase in goods imports. Services imports decreased a small amount.'

- *The increase in goods imports reflected increases in all categories. The largest increases were in industrial supplies and materials and capital goods.*
- *The change in services imports mostly reflected decreases in travel and royalties and license fees that were partly offset by an increase in other private services.*

'Goods by geographic area (not seasonally adjusted)

- *The goods deficit with China increased from \$19.6 billion in July to \$22.0 billion in August. Exports decreased \$0.3 billion to \$4.8 billion, while imports increased \$2.1 billion to \$26.7 billion.*
- *The goods deficit with the European Union decreased from \$13.4 billion in July to \$11.0 billion in August. Exports increased \$1.6 billion to \$17.6 billion, while imports decreased \$0.7 billion to \$28.6 billion.*
- *The goods deficit with Mexico increased from \$5.1 billion in July to \$6.2 billion in August. Exports increased \$1.3 billion to \$11.7 billion, while imports increased \$2.5 billion to \$18.0 billion.'*

On The New York Stock Exchange, the Dow Jones Industrial Average hit another record high of 11,947.70 points, an increase of about 0.81 percent, compared with Wednesday's closing level.

On The NASDAQ, its Composite Index rose about 1.64 percent to 2,346.18 points.

Post hoc, ergo proctor hoc.

On The New York Mercantile Exchange (NYMEX), the last contract settlement of light sweet crude oil for delivery in November was \$US57.86 per barrel, representing an increase of about one half of a percentage point, compared with Wednesday's last settlement.

As for December delivery, the last settlement for a barrel of light sweet crude oil was \$US59.68, equivalent to a 0.39-percent boost on the final quote of Wednesday.

European traders went along for the ride, last Thursday, following in the footsteps of Wall Street:

Amsterdam's AEX Index	Plus	0.57 percent
France's CAC 40 Index	Plus	0.90 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.66 percent
Great Britain's FTSE 100 Index	Plus	0.78 percent
Italy's MIBTEL Index	Plus	0.30 percent
Switzerland's Swiss Market Index	Plus	0.37 percent

Share prices were boosted on major European bourses due, to some extent, by merger and acquisition talks between some of the *'darlings'* of the equity markets.

As with Wall Street, however, Europe seemed to be myopic as to the potential problems, looming on the horizon, due to the North Korea situation.

In Asia, investors were not as enthusiastic about trading in stocks and shares as were their counterparts in the US and Europe.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, its Main Board's Hang Seng Index rose about 0.06 percent to 17,873.09 points on a Total Turnover of about \$HK34.44 billion.

The ratio of advancing counters to declining ones was about 1.18:One.

The Ten Most Active counters were:

China Construction Bank Corporation (Code: 939)	Up 2.28 percent to \$HK3.59 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK145.60 per share
Bank of China Ltd (Code: 3988)	Up 1.49 percent to \$HK3.41 per share
China Mobile Ltd (Code: 941)	Up 0.09 percent to \$HK57.35 per share
PetroChina Company Ltd (Code: 857)	Up 0.61 percent to \$HK8.28 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.12 percent to \$HK16.12 per share
CNOOC Ltd (Code: 883)	Down 0.47 percent to \$HK6.29 per share
China Shenhua Energy Company Ltd (Code: 1088)	Up 3.48 percent to \$HK13.08 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.87 percent to \$HK4.90 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.53 percent to \$HK85.15 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)
A-Max Holdings Ltd	959		12.15	0.094
Capital Estate Ltd	193		10.00	0.126
China Rich Holdings Ltd	1191	15.09		0.122
China Special Steel Holdings Company Ltd	2889	12.00		1.40
Compass Pacific Holdings Ltd	1188		19.00	0.081
Global Flex Holdings Ltd	471	21.28		0.57
Golik Holdings Ltd	1118		10.00	0.27

Hua Han Bio-Pharmaceutical Holdings Ltd	587	10.34		1.28
Le Saunda Holdings Ltd	738	15.23		1.74
Mei Ah Entertainment Group Ltd	391	12.68		0.40
Nippon Asia Investments Holdings Ltd	603	10.86		0.194
Proview International Holdings Ltd	334	13.16		1.29
Sewco International Holdings Ltd	209	20.00		0.18
Sinotronics Holdings Ltd	1195	10.53		1.26
Swank International Manufacturing Company Ltd	663	22.22		0.099
Tonic Industries Holdings Ltd	978	10.00		0.165
Vantage International (Holdings) Ltd	15	11.11		0.16
Warderly International Holdings Ltd	607		10.53	0.255
Wheelock Properties Ltd	49	10.45		6.66
Zhong Hua International Holdings Ltd	1064	12.75		0.115

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index lost about 0.26 percent of its value, ending the trading day at 1,116.47 points.

The Total Turnover on this speculative market was about \$HK185.59 million, with losing counters outnumbering gaining ones by the ratio of about 1.14:One.

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

Beijing Jingkelong Company Ltd (Code: 8245) Up 2.77 percent to \$HK6.68 per share

Town Health International Holdings Company Ltd (Code: 8138) Down 0.43 percent to \$HK0.232 per share

Wumart Stores Incorporated (Code: 8277) Down 3.51 percent to \$HK26.10 per share

Chinainfo Holdings Ltd (Code: 8206) Up 0.30 percent to \$HK3.35 per share

Galileo Capital Group Ltd (Code: 8029) Down 5.56 percent to \$HK0.51 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131	22.00		0.061
AcrossAsia Ltd	8061		15.00	0.17
Argos Enterprise (Holdings) Ltd	8022	22.68		0.119
Shanxi Changcheng Microlight Equipment Company Ltd	8286		23.23	0.238
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		19.41	0.137
Launch Tech Company Ltd	8196	24.57		2.18
Q9 Technology Holdings Ltd	8129	26.00		0.063
T S Telecom Technologies Ltd	8003	14.86		0.17
Ningbo Yidong Electronic Company Ltd	8249	10.00		0.22

In Japan, the country's 3 equity markets experienced relatively quiet trading conditions.

The TOPIX Index, the official index of Asia's largest and most-important equity market, lost about 0.52 percent of its value, ending the trading day at 1,613.64 points.

Losing counters outnumbered gaining ones by the ratio of about 1.44:One.

The Nikkei-225 Stock Average ended the day at 16,368.81 yen, down about 0.19 percent on Wednesday's closing level.

And, on other Asian stock markets, this was how their respective key indices ended, last Thursday night:

The HKSAR	Hang Seng Index Plus 0.06 percent to 17,873.09 The Growth Enterprise Index Minus 0.26 percent to 1,116.47
Indonesia	Minus 0.23 percent to 1,549.54
Japan	TOPIX Index Minus 0.52 percent to 1,613.64 Nikkei-255 Stock Average Minus 0.19 percent to 16,368.81
Malaysia	Plus 0.54 percent to 975.62

The Philippines	Plus 0.28 percent to 2,534.40
Singapore	Minus 0.04 percent to 2,640.64
South Korea	Plus 0.47 percent to 1,331.78
Taiwan	Minus 0.32 percent to 6,984.58
Thailand	Plus 1.70 percent to 709.67

Friday

By last Friday, the US Government had been forced to revise its Draft Resolution, calling on the United Nations (UN) to impose sanctions on North Korea.

This was due, in large part, to pressure from Russia and the People's Republic of China (PRC), both of which countries were concerned to push the envelope too far and too sternly.

Both Russia and the PRC want to go to the water's edge, so to speak, without getting their little toes wet.

The latest Draft Resolution, sponsored by the US, calls for:

1. A ban on the sale of tanks, helicopters, missiles, and nuclear and missile technology to North Korea;
2. A ban on the sale of luxury goods to North Korea;
3. A ban on travel to North Korea by those, working on weapons and missile programmes;
4. Inspection of all ships, going to or coming from North Korea; and,
5. Any further action requires a new UN Resolution.

However, in Japan, its new sanctions on North Korea had come into force by last Friday.

Those sanctions include:

1. A complete trade and travel ban on North Korea;
2. North Korean ships are barred from entering Japanese ports;
3. A ban on imports from North Korea; and,
4. Proscribing visits by North Korean officials to Japan of any kind.

North Korea has promised to retaliate against Japan.

For the US Government, the procrastination of influential members of the UN must have been more than a slight disappointment, but it confirmed that which many people had stated on numerous occasions: The UN cannot get its act together in an expeditious manner.

If North Korea had, indeed, been intent on declaring war on the West, assisting North Korea, it would appear, would have been the UN ... as its delegates went into a huddle in order to discuss what to do – as

North Korean bombers took off en route to New York/Washington or where-ever.

While the UN continued to dicker, last Friday, on Wall Street, stock and share prices hit new highs.

On The New York Stock Exchange, the Dow Jones Industrial Average hit a new record high of 11,960.51 points, a one-day gain of about 0.11 percent.

As for The NASDAQ, its Composite Index rose another 0.47 percent to end the week at 2,357.29 points.

For the week, the tally for the world's largest and most-influential equity markets was:

The Dow Jones Industrial Average	Plus	0.93 percent
The NASDAQ's Composite Index	Plus	2.49 percent

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for November delivery was \$US58.57, an increase of about 1.23 percent on Thursday's last settlement.

As for December delivery, the last settlement for a barrel of light sweet crude oil was \$US60.30, up about 1.04 percent on the Thursday's final quote.

In Europe, it was something of a mixed bag, with many investors in this part of the world, being somewhat undecided as to what action to take in the light of the unrelenting march of Wall Street as its key indices appeared to be moving from one record high to another.

For 8 consecutive trading days, key indices of some of the major European bourses had made gains, some to 5-year highs.

But it was not all beer and skittles as the following TARGET list of key indices of European bourses illustrates:

Amsterdam's AEX Index	Minus	0.03 percent
France's CAC 40 Index	Minus	0.15 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.21 percent
Great Britain's FTSE 100 Index	Plus	0.58 percent
Italy's MIBTEL Index	Minus	0.03 percent
Switzerland's Swiss Market Index	Plus	0.09 percent

In Asia, the mood of investors was definitely positive, last Friday.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the key index of the Main Board of The Stock Exchange of Hongkong Ltd rose, but on the speculative Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index fell, fractionally.

The Hang Seng Index, which is the key index of the Main Board, improved by about 0.65 percent, ending the trading day at 17,988.86 points.

The Total Turnover was about \$HK40.19 billion, with gaining counters, outnumbering losing ones by the ratio of about 1.42:One.

The Ten Most Actives were:

China Construction Bank Corporation (Code: 939)	Up 2.23 percent to \$HK3.67 per share
Bank of China Ltd (Code: 3988)	Up 0.29 percent to \$HK3.42 per share
HSBC Holdings plc (Code: 5)	Up 0.69 percent to \$HK146.60 per share
China Mobile Ltd (Code: 941)	Up 1.57 percent to \$HK58.25 per share
China Life Insurance Company Ltd (Code: 2628)	Unchanged at \$HK16.12 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.72 percent to \$HK69.90 per share
PetroChina Company Ltd (Code: 857)	Up 1.09 percent to \$HK8.37 per share
CNOOC Ltd (Code: 883)	Up 1.75 percent to \$HK6.40 per share
China Merchants Bank Company Ltd (Code: 3968)	Up 0.85 percent to \$HK11.80 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.35 percent to \$HK99.55 per share

The Main Board's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Commercial Holdings Ltd	104		18.60	0.70
Benefun International Holdings Ltd	1130		17.44	0.071
China Agrotech Holdings Ltd	1073	30.16		0.82
China Treasure (Greater China) Investments Ltd	810	10.81		0.41
Climax International Company Ltd	439	15.10		0.221
Compass Pacific Holdings Ltd	1188	23.46		0.10
Decca Holdings Ltd	997	15.38		1.50
Everbest Century Holdings Ltd	578		12.07	0.255

Garron International Ltd	1226		20.00	0.24
Great Wall Cybertech Ltd	689	11.11		0.26
Heng Tai Consumables Group Ltd	197	12.50		0.72
Mei Ah Entertainment Group Ltd	391		13.75	0.345
Nan Hai Corporation Ltd	680	10.42		0.053
Smart Rich Energy Finance (Holdings) Ltd	1051	36.36		0.27
Vitop Bioenergy Holdings Ltd	1178	30.43		0.12
Wah Nam International Holdings Ltd	159	10.00		0.11
Warderly International Holdings Ltd	607	21.57		0.31

On The GEM, its Growth Enterprise Index lost about 0.43 percent of its value, falling back to 1,111.69 points.

The Total Turnover on this market was about \$HK183.50 million.

Declining counters edged out advancing ones by the ratio of about 1.07:One.

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

Beijing Jingkelong Company Ltd (Code: 8245)

Down 2.40 percent to
\$HK6.52 per share

Wumart Stores Incorporated (Code: 8277)

Down 4.79 percent to
\$HK24.85 per share

Town Health International Holdings Company Ltd (Code: 8138)

Down 3.88 percent to
\$HK0.223 per share

Chinainfo Holdings Ltd (Code: 8206)

Up 10.15 percent to
\$HK3.69 per share

Dahe Media Company Ltd (Code: 8243)

Up 8.16 percent to
\$HK0.53 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AKM Industrial Company Ltd	8298	23.33		0.37
Chinainfo Holdings Ltd	8206	10.15		3.69

Global Link Communications Holdings Ltd	8060		37.33	0.047
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	18.25		0.162
Q9 Technology Holdings Ltd	8129	12.70		0.071
Qianlong Technology International Holdings Ltd	8015		14.00	0.215
Zhejiang Prospect Company Ltd	8273	12.50		0.90

The tally for the week for the second, most-important equity market of Asia was:

The Hang Seng Index	Plus 0.48 percent
The Growth Enterprise Index	Minus 0.35 percent

In Japan, its equity markets were sharply higher as it appeared evident that the North Korea situation was being resolved without any shocks or bruises – at least, up to last Friday.

On The Tokyo Stock Exchange, which is the premier equity market of the country, its TOPIX Index gained 0.89 percent to rise to 1,628.00 points, exactly.

The ratio of gainers to losers was about 6.24:One.

The Nikkei-225 Stock Average rose about 1.02 percent to end the week at 16,536.54 yen.

For Asia's most-important equity market, the tally was:

The TOPIX Index	Minus 0.38 percent
The Nikkei-225 Stock Average	Plus 0.61 percent

On other Asian stock markets, this was how their respective key indices fared, last Friday:

The HKSAR	Hang Seng Index Plus 0.65 percent to 17,988.86 The Growth Enterprise Index Minus 0.43 percent to 1,111.69
Indonesia	Plus 1.46 percent to 1,572.20
Japan	TOPIX Index Plus 0.89 percent to 1,628.00 Nikkei-255 Stock Average Plus 1.02 percent to 16,536.54
Malaysia	Plus 0.81 percent to 983.54
The Philippines	Plus 0.90 percent to 2,557.25

Singapore	Plus 0.99 percent to 2,666.68
South Korea	Plus 1.27 percent to 1,348.60
Taiwan	Plus 1.21 percent to 7,068.80
Thailand	Plus 0.34 percent to 712.05

-- E N D --

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