

WAR NEWS DOMINATES TRADING ON INTERNATIONAL MARKETS

Asia's major stock markets shed a great deal of *'fat'*, last Monday, as the world waited to see what would happen in respect of Iraq: Would there be a shooting war; or, would the Regime of President Saddam Hussein capitulate and cooperate with the United Nations Inspection Team with regard to its alleged stockpile of weapons of mass destruction?

The Leader of the UN's Inspection Team, Mr Hans Blix, reported that more empty warheads, those designed to carry chemical weapons, had been discovered in Iraq, that is in addition to the 11 warheads, discovered at the Ukhaider Military Storage facility, just outside Baghdad, the Capital City of Iraq.

Mr Blix went on record, the previous Friday (January 17), saying that President Saddam Hussein needed to be *'more sincere and pro-active'* and that the situation was *'very tense and very dangerous.'*

On Friday, January 17, there had been a large-scale sell-off of stocks and shares on the NASDAQ, with the Composite Index, losing about 3.34 percent of its value, ending the week at 1,376.19 points.

It was the biggest, single-day's loss in about one month.

Over on the Big Board of The New York Stock Exchange, sellers dominated trading, but the losses were contained to about 1.28 percent, which brought down the Dow Jones Industrial Average to 8,586.74 points.

There were a number of factors that contrived to bring down the value of US stocks and shares, quoted on North American bourses.

Some of those factors included: The international situation with Iraq; the disappointing corporate results of quite a number of US corporations; the statistics with regard to industrial production in the US; and, lastly, there was a long weekend, looming, with all equity markets, being closed last Monday for Martin Luther King Day.

Europe had reacted, violently, to the previous Friday's sell-off on US bourses, with the result that major European markets came under a great deal of pressure, touched off by losses on the Frankfurt Stock Exchange, whose DAX Index shed about 3.46 percent of its value.

In Asia, last Monday, losses were widespread as investors feared for the worst when US markets opened on Tuesday, New York time.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was, in addition to international concerns, the added problem of the local economy – which is suffering, very badly.

After The Stock Exchange of Hongkong Ltd closed for the day, it was announced that the unemployment rate for the HKSAR had risen to 7.20 percent in the final quarter of 2002, ended December 31.

The Main Board of The Stock Exchange of Hongkong saw every sector of the market fall, with the Properties Sectorial Index, shedding the biggest amount with a loss of about 1.21 percent, compared with the previous Friday's closing level.

The Hang Seng Index, the *'barometer'* of trading on the Main Board, was off by about 0.65 percent, falling to 9,552.02 points.

The Total Turnover was about \$HK5.01 billion, with losing counters, outrunning gaining ones by the ratio of 1.84:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK87.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.56 percent to \$HK18.95 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.90 percent to \$HK49.80 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.53 percent to \$HK45.20 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.46 percent to \$HK50.50 per share
PCCW Ltd (Code: 8)	Up 4.48 percent to \$HK7.00 per share
China Unicom Ltd (Code: 762)	Down 2.56 percent to \$HK5.70 per share
Hang Seng Bank Ltd (Code: 11)	Unchanged at \$HK84.25 per share
Wharf (Holdings) Ltd (Code: 4)	Down 0.95 percent to \$HK15.60 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 0.70 percent to \$HK1.41 per share

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
401 Holdings Ltd	401		15.38	0.055
Anex International Holdings Ltd	723		14.89	0.04
Cedar Base Electronic (Group) Ltd	855	35.29		0.023
Central China Enterprises Ltd	351	21.43		0.034
Chevalier iTech Holdings Ltd	508		11.76	0.15
China Development Corporation Ltd	487		23.08	0.01
CIL Holdings Ltd	479		19.23	0.021
Dah Hwa International (Holdings) Ltd	600		27.59	0.042
Daiwa Associate Holdings Ltd	1037	10.53		0.42
Credit Card DNA Security System (Holdings) Ltd	1051		17.39	0.019
eCyberChina Holdings Ltd	254		16.67	0.01
Fulbond Holdings Ltd	1041		13.04	0.02
Hansom Eastern (Holdings) Ltd	279		12.73	0.048
Haywood Investments Ltd	905	10.29		0.075
Innovative International (Holdings) Ltd	729		66.67	0.10
Lai Fung Holdings Ltd	1125	15.67		0.155
Magician Industries (Holdings) Ltd	526		18.18	0.072
MUI Hongkong Ltd	542		14.29	0.06
Paladin Ltd	495	39.66		0.081
Prime Success International Group Ltd	210	13.86		0.115
Sino-i.com Ltd	250	11.49		0.165
Starbow Holdings Ltd	397	16.67		0.028
Surge Recreation Holdings Ltd	703	40.00		0.14
Swank International Manufacturing Company Ltd	663		18.92	0.03

News wise, Cedar Base Electronic (Group) Ltd (Code: 855) announced that its Chairman, Mr Tong Yiu Lun, had agreed to sell his remaining interest in this manufacturer of electronic calculators to a Mr Duan Chuan Liang.

The consideration was about \$HK19.12 million for 20.81 percent of the Issued and Fully Paid-Up Share Capital of the company.

That stake represented control because the remaining 76.50 percent of the Issued Share Capital is widely dispersed among the investing public.

(For a closer look at this company, please see [TARGET Intelligence Report, Volume V, Number 12, published on January 17, 2003](#))

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, investors were noted for their lack of interest and enthusiasm in trading on GEM-listed stocks.

The Total Turnover dropped back to about \$HK59.98 million, with losers, outpacing gainers by the ratio of about 2.08:One.

The Growth Enterprise Index lost about 0.31 percent of its value, falling back to 116.91 points.

The largest movers on this speculative marketplace were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Cyber On-Air Group Company Ltd	8118	16.67		0.035
Emperor Entertainment Group Ltd	8078		12.50	0.70
FX Creations International Holdings Ltd	8136		11.76	0.06
iSteelAsia.com Ltd	8080	12.50		0.045
ITE (Holdings) Ltd	8092		21.15	0.041
Satellite Devices Corporation	8172		11.89	0.126
Vertex Communications and Technology Group Ltd	8228	13.73		0.58

Japanese stock markets were the biggest losers, throughout Asia, last Monday.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average gave up about 1.51 percent of its value, falling to 8,558.82 yen.

Japan was very concerned about the Iraqi situation and, of course, the big sell-off on New York's NASDAQ, the previous Friday.

Some of the big losers on Asia's largest stock market included:

Electronics/Industrials/Telecommunications

Advantest	Down 4.06 percent to 5,670 yen per share
Canon Incorporated	Down 2.65 percent to 4,410 yen per share
Fanuc	Down 3.62 percent to 5,320 yen per share
Fuji Electric	Down 5.06 percent to 225 yen per share
Fujikura	Down 5.93 percent to 333 yen per share
Fujitsu	Down 5.13 percent to 333 yen per share
Furukawa Electric	Down 4.95 percent to 288 yen per share
Hitachi	Down 3.55 percent to 462 yen per share
Konica Corporation	Down 3.50 percent to 828 yen per share
Kyocera	Down 3.43 percent to 6,670 yen per share
NEC Corporation	Down 5.38 percent to 440 yen per share
Nikon Corporation	Down 4.87 percent to 898 yen per share
NTT Data	Down 4.18 percent to 321,000 yen per share
NTT DoCoMo	Down 2.76 percent to 247,000 yen per share
Oki Electric Industries	Down 2.79 percent to 209 yen per share
Olympus Optical	Down 3.18 percent to 1,795 yen per share
Pioneer	Down 2.91 percent to 2,165 yen per share
Sharp Corporation	Down 3.19 percent to 1,215 yen per share
TDK Corporation	Down 4.18 percent to 4,810 yen per share
Tokyo Electron	Down 3.40 percent to 5,690 yen per share

Banks/Finance Houses/Brokerages

Bank of Yokohama	Down 2.54 percent to 461 yen per share
Credit Saison	Down 1.65 percent to 2,085 yen per share
Mitsubishi Financial Group	Down 1.09 percent to 723,000 yen per share
Nikko Cordial	Down 1.98 percent to 445 yen per share
Nomura Holdings	Down 1.48 percent to 1,460 yen per share

Motors

Hino Motors	Down 5.31 percent to 392 yen per share
Honda Motor	Down 3.28 percent to 4,130 yen per share
Mitsubishi Motor	Down 3.19 percent to 273 yen per share

In the news was a report from a survey company, based in Tokyo, whose findings were that the number of bankruptcies in Japan in 2002 numbered not less than 20,000 firms and companies.

That number of corporate failures was said to be the second highest figure since the end of World War II.

And, for the current year, ending December 31, 2003, it is estimated that the number of corporate failures will eclipse those of 2002.

In other Asian stock markets, last Monday, this was how they fared:

Indonesia	Plus 0.69 percent to 404.42
Japan	Minus 1.51 percent to 8,558.82
Malaysia	Minus 0.62 percent to 666.36
The Philippines	Minus 1.38 percent to 1,066.70
Singapore	Minus 0.27 percent to 1,363.19
South Korea	Minus 0.31 percent to 634.50
Taiwan	Plus 0.88 percent to 4,951.03
Thailand	Plus 1.17 percent to 371.45

Tuesday

With US investors still on holiday, the only important news that could have affected trading on international bourses was the continued build-up of troops in the Persian Gulf – and the amount of alcohol, consumed in The Land of The Free and The Home of The Brave by the many tens of millions of revellers.

England's Defence Secretary, Mr Geoff Hoon, announced that an additional force of 26,000 British troops would be added to the growing numbers of United States/United Nations soldiers, already in place in the region.

The new batch of UK troops will, in the course of time, bring up the British presence in the area to about 31,000 British soldiers, sailors and airmen.

The British aircraft carrier, HMS Ark Royal, and the British helicopter carrier, HMS Ocean, were steaming to The Gulf, also, it was announced.

Meanwhile, tens of thousands of people, from most areas of the world, hit the streets, begging that there be no invasion of Iraq.

In Asia, things were very quiet as investors and political scientists waited and watched to see what the next move would bring.

The situation was tense.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors on The Stock Exchange of Hongkong Ltd were very wary since Wall Street remained closed, last Monday, New York time.

On the Main Board, the Hang Seng Index moved only fractionally for the entire trading session.

By the close of the day, the Hang Seng Index stood at 9,568.47 points, up 0.17 percent on Monday's closing level.

The Total Turnover was about \$HK5.31 billion, with gainers, outnumbering losers by the ratio of 1.61:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.29 percent to \$HK87.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.40 percent to \$HK50.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.53 percent to \$HK19.05 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.44 percent to \$HK45.00 per share
Brilliance China Automotive Holdings Ltd (Code: 1114)	Up 7.91 percent to \$HK1.91 per share
Denway Motors Ltd (Code: 203)	Up 1.75 percent to \$HK2.90 per share
CNOOC Ltd (Code: 883)	Unchanged at \$HK10.35 per share
Legend Group Ltd (Code: 992)	Up 6.84 percent to \$HK3.125 per share
China Telecom Corporation Ltd (Code: 728)	Up 0.68 percent to \$HK1.49 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.50 percent to \$HK50.75 per share

The biggest movers on this very quiet market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Bestway International Holdings Ltd	718		10.53	0.017
Central China Enterprises Ltd	351		11.76	0.03
Continental Mariner Investment Company Ltd	119	10.91		0.61
Dickson Group Holdings Ltd	313	18.60		0.051
Credit Card DNA Security System (Holdings) Ltd	1051	10.53		0.021
E-LIFE International Ltd	370	10.17		0.13
eCyberChina Holdings Ltd	254	10.00		0.011
Hang Ten Group Holdings Ltd	448		15.79	0.016
Hansom Eastern (Holdings) Ltd	279	12.50		0.054
Hudson Holdings Ltd	758		10.71	0.25
ING Beijing Investment Company Ltd	1062	24.62		0.081
Man Yue International Holdings Ltd	894		22.22	0.112
Mansion Holdings Ltd	547		21.74	0.018
Paladin Ltd	495	25.93		0.102
Poly Investments Holdings Ltd	263	16.67		0.126
renren Holdings Ltd	59	10.00		0.033
Shun Ho Technology Holdings Ltd	219		10.68	0.092
Sino-i.com Ltd	250	13.33		0.187
South China Holdings Ltd	265		13.79	0.25
Star East Holdings Ltd	198		10.00	0.018
Starbow Holdings Ltd	397		10.71	0.025
SunCorp Technologies Ltd	1063	12.86		0.395
Wang On Group Ltd	1222	11.11		0.55
Yu Ming Investments Ltd	666		10.42	0.215
Yue Da Holdings Ltd	629	10.00		0.495

Zhong Hua International Holdings Ltd	1064		11.30	0.102
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On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, there was a little bit more activity than had been the case in recent weeks.

The Growth Enterprise Index gained about 1.21 percent, rising to 118.32 points.

The Total Turnover was about \$HK85.91 million, with advancing counters, edging out declining ones by the ratio of 1.18:One.

Trading in the shares of tom.com Ltd (Code: 8001) and Phoenix Satellite Television Holdings Ltd (Code: 8002) caught the attention of many investors since the aggregate trading in these 2 counters, at about \$HK218.49 million, represented about one third of the entire volume of activity for the day.

The share price of tom.com gained 2 percent, rising to \$HK2.15, while the share price of Phoenix Satellite Television Holdings gained about 8 percent, ending the day at 97 cents per share.

The double-digit movers on this market were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Information Resources (Holdings) Ltd	8025	14.00		0.057
Era Information and Entertainment Ltd	8043	12.00		0.14
PINE Technology Holdings Ltd	8013		14.95	0.091
ProSticks International Holdings Ltd	8055		18.18	0.045
Systek Information Technology (Holdings) Ltd	8103		13.04	0.06

In The Land of The Rising Sun, things were popping – for no particular reason.

On The Tokyo Stock Exchange, the key index, the Nikkei-225 Stock Average, rose 149.76 yen, equivalent to about 1.75 percent, ending the session at 8,708.58 yen.

Mizuho Holdings, the world's largest bank in terms of assets, under its control, said that it expected a Net Loss of about \$US16.50 billion for its Financial Year, ending March 31, 2003.

That figure represents the largest loss of any corporation in Japan in its history.

In spite of this announcement, however, the share price of Mizuho rose another 4.17 percent, reaching 125,000 by the close of the day.

On Monday, the share price of this banking counter had risen by about 6.19 percent.

Mizuho, also, said that it would raise not less than one trillion yen in order to strengthen its capital base and to accelerate the disposal of its bad loans.

The ratio of gainers to losers on The Tokyo Stock Exchange was about 2.37:One.

In other Asian bourses, this was how things came to rest, last Tuesday night:

Indonesia	Plus 0.18 percent to 405.16
Japan	Plus 1.75 percent to 8,708.58
Malaysia	Plus 1.43 percent to 675.87
The Philippines	Minus 0.62 percent to 1,060.07
Singapore	Plus 0.16 percent to 1,365.32
South Korea	Minus 0.26 percent to 632.86

Taiwan	Minus 0.10 percent to 4,945.87
Thailand	Plus 1.20 percent to 375.91

Wednesday

The drums of wars were beating, very loudly, when Wall Street re-opened for business, representing the first trading day of the week, last Tuesday, New York time.

And indices reacted to the beating of the drums, with most of them, getting a rather large *'haircut'*.

On The New York Stock Exchange, the Dow Jones Industrial Average lost about 1.68 percent of its value, falling to 8,442.90 points, while, on the NASDAQ, its Composite Index surrendered about 0.87 percent of its value, ending the day at 1,364.25 points.

US President George W. Bush continued to keep up the pressure on the Regime of President Saddam Hussein of Iraq, ordering another battle group of some 37,000 troops and 2 more aircraft carriers to the Persian Gulf.

At the same time, the President of the world's biggest superpower continued his rhetoric, saying that time was running out for Iraq.

The situation appeared ominous and very worrisome for many countries of the world.

On the US home front, Citigroup Incorporated, the largest financial services group in the world, said that its fourth quarter profits fell by about 37 percent, Year-on-Year.

Citigroup, which is a constituent counter of The Dow, was not the only company to disappoint the market, however.

One by one, companies are reporting disappointing earnings, far outweighing those companies with positive results.

And even those companies that are reporting positive results are lacing their results statements with very clear messages to the world that 2003 is going to be a very tough year, with the likelihood of lower sales and earnings.

Oil prices, internationally, were continuing to hit 2-year highs – due in large part to the prospects of a war between the US/UN and Iraq – and the ever-rising cost of fuel oil will hit companies, from the US to Japan and back to the Antipodes.

In Europe, equity markets buckled at the very real prospects of another shooting war, which would, without question, have implications, internationally, on such things as the supply of oil.

The European bourses to feel the brunt of the war fears included:

Amsterdam's AEX Index	Down 1.51 percent
Great Britain's FTSE 100 Index	Down 1.04 percent
Germany's Frankfurt XETRA DAX Index	Down 2.46 percent
France's CAC40 Index	Down 1.96 percent
Switzerland's Swiss Market Index	Down 1.83 percent
Italy's MIBTEL Index	Down 0.98 percent

In Asia, the major stock markets fell, but the losses, with the exception of the 3 Japanese stock markets, were of a fractional nature.

Asia is not immune to international threats of belligerence since, what affects the world's largest consumer markets, impacts on companies, operating in the world's most populous area, which is the *'bread basket'* of the world with regard to supplies of any number of consumer items, from food to condoms.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index moved down by about 0.09 percent, ending the day at 9,560.29 points.

The Total Turnover was about \$HK6.20 billion, with losing counters, outnumbering gaining ones by the ratio of 1.33:One.

The biggest group of losers on this market, the only really viable one in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), was the finance sector, whose Sectorial Index gave up about 0.64 percent of its value.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.86 percent to \$HK86.25 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.50 percent to \$HK50.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.52 percent to \$HK19.15 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.48 percent to \$HK51.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.22 percent to \$HK44.90 per share
China Telecom Corporation Ltd (Code: 728)	Up 0.67 percent to \$HK1.50 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.59 percent to \$HK84.00 per share
China Unicom Ltd (Code: 762)	Down 0.86 percent to \$HK5.75 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK1.59 per share
Denway Motors Ltd (Code: 203)	Up 3.45 percent to \$HK3.00 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Central China Enterprises Ltd	351	20.00		0.036
Cheung Tai Hong Holdings Ltd	199		11.11	0.04
China Development Corporation Ltd	487	10.00		0.011
Cosmos Machinery Enterprises Ltd	118	11.11		0.30
Dah Hwa International (Holdings) Ltd	600	13.64		0.05
Dickson Group Holdings Ltd	313	13.73		0.058
Credit Card DNA Security System (Holdings) Ltd	1051	23.81		0.026
Dong Fang Gas Holdings Ltd	432	27.27		0.014
Goldwiz Holdings Ltd	586		10.71	0.50
Guangdong Kelon Electrical Holdings Company Ltd	921	10.68		1.14
Guangdong Tannery Ltd	1058		11.41	0.163
Hanny Holdings Ltd	275	15.15		0.038
Hua Lien International (Holdings) Company Ltd	969	14.06		0.73
i100 Ltd	616	30.95		0.055
ING Beijing Investment Company Ltd	1062		13.58	0.07
Magician Industries (Holdings) Ltd	526		18.42	0.062
Man Yue International Holdings Ltd	894	14.29		0.128
Mansion Holdings Ltd	547	11.11		0.02
Mascotte Holdings Ltd	136		19.23	0.21
MAXX Bioscience Holdings Ltd	512	14.29		0.20
MUI Hongkong Ltd	542	33.33		0.08
Star East Holdings Ltd	198	11.11		0.02
Starbow Holdings Ltd	397	20.00		0.03
SUNDAY Communications Ltd	866	12.42		0.181
Surge Recreation Holdings Ltd	703		29.13	0.09
Swank International Manufacturing Company Ltd	663	12.50		0.036
TechCap Holdings Ltd	673	14.95		1.23
Teem Foundation Group Ltd	628	10.87		0.51
Sun's Group Ltd, The	988	10.00		0.011
Theme International Holdings Ltd	990	20.00		0.024

Tian An China Investments Company Ltd	28	12.73		0.124
United Power Investment Ltd	674		40.00	0.06

In the news was Hudson Holdings Ltd (Code: 758), which announced that it was raising about \$HK10.50 million in order to pay off some debts and get together some working capital.

The fund-raising exercise was by the issuance of 49 million New Shares at a price of 22.50 cents per Share.

That tranche of shares represents about 15.85 percent of the Issued and Fully Paid-Up Share Capital of the construction and decoration company.

(The official announcement came one day after TARGET's analysis of the current situation at this company. Please see TARGET Intelligence Report, Volume V, Number 15, headlined: [**HUDSON HOLDINGS LTD: HOW BAD IS THE SITUATION, CHAIRMAN CHOI WAI HIM ?**](#))

On The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, trading continued to be light, with the Total Turnover, hitting just \$HK80.80 million.

The Growth Enterprise Index gained about 0.36 percent, running back to 118.75 points, after an early morning sell-off.

The ratio of losers to gainers was about 1.23:One.

The biggest movers on this speculative market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Argos Enterprise (Holdings) Ltd	8022	18.18		0.26
Emperor Entertainment Group Ltd	8078		14.29	0.60
Global Link Communications Holdings Ltd	8060	11.67		0.67
Grandmass Enterprise Solution Ltd	8108		10.71	0.025
L.P. Lammas International Ltd	8029		13.79	0.025
M Channel Corporation Ltd	8036	28.21		0.05
Prosperity International Holdings (Hongkong) Ltd	8139		15.56	0.038

In Japan, the gains of Tuesday were pared back as the Nikkei-225 Stock Average, the key index of The Tokyo Stock Exchange, lost 1.12 percent of its value, falling to 8,611.04 yen.

Losing counters outnumbered gaining ones by the ratio of 3.20:One.

The news about the continuing build-up of troops and materiel in The Gulf unsettled the largest bourse in Asia.

Company announcements had little to no impact on the marketplace where all eyes were turned to the Middle East.

In other Asian markets, this was how investors saw the situation, last Wednesday night:

Indonesia	Plus 0.13 percent to 405.70
Japan	Minus 1.12 percent to 8,611.04
Malaysia	Minus 0.51 percent to 672.41
The Philippines	Minus 0.72 percent to 1,052.44
Singapore	Plus 0.26 percent to 1,369.13
South Korea	Minus 1.64 percent to 622.49
Taiwan	Plus 0.96 percent to 4,993.27
Thailand	Minus 0.73 percent to 373.17

Thursday

'Will you, won't you, will you, won't you, will you join the dance?'

This was the Lewis Carroll question, being asked by the President of the United States, of Germany and France, both countries, having refused to attack Iraq without the express sanctions of the United Nations.

So, in the inimitable style of the Texan President of the US, Mr George W. Bush, the next question to be asked of Germany and France was whether or not these countries were committed to the fight against terrorism.

The US has adopted a stance: *'Ya is either fer us, or agin us'*. (Translation of the Texanism: *'You are either for us or you are against us'* – TARGET's Editor)

Meanwhile, the US continued its buildup of troops and materiel in The Gulf, with the suggestion that this week could see an invasion of Iraq.

Both the People's Republic of China (PRC) and Russia have tried to persuade the US to try to seek a political solution to the Iraqi problem; and, to resolve the obvious, ever-widening rift between the US and certain other members of the Security Council of the United Nations.

Russia's President Vladimir Putin has told President George W. Bush that the *'key'* to deciding any future actions on Iraq should be the UN Weapons Inspectors report, due to be handed in today.

Only Great Britain had, as at last Wednesday, New York time, confirmed that it would back US President George W. Bush *'the whole hog'* with regard to an attack of Iraq.

Stock markets, round the world, braced themselves for the uncertain onslaught.

European markets lost material amounts of their respective values as the following **TARGET** table illustrates:

Amsterdam's AEX Index	Down 2.24 percent
Great Britain's FTSE 100 Index	Down 1.57 percent
Germany's Frankfurt XETRA DAX Index	Down 2.35 percent
France's CAC40 Index	Down 2.04 percent
Switzerland's Swiss Market Index	Down 2.80 percent
Italy's MIBTEL Index	Down 1.22 percent

Europe was keeping a close watch on Wall Street, and of its losses: Five days of falling prices in a row did not go unnoticed.

On The New York Stock Exchange, last Wednesday, the Dow Jones Industrial Average lost another 124.17 points, equivalent to about 1.47 percent, coming to rest at 8,318.73 points by the time the hammer came down, signifying the end of trading for the day.

Over on the NASDAQ, the Composite Index eased just 4.67 points, or about 0.34 percent, ending up at 1,359.58 points by the close of the day.

Companies, listed on The New York Stock Exchange, continued to tell their sad tales of woe, suggesting that the worst may still be coming, later in the year.

With the exception of the Japanese and Taiwan bourses, all other Asian markets were very quiet, with indices, moving only fractionally, one way or another.

On the Main Board of The Stock Exchange of Hongkong Ltd, it was another deadly quiet session as the Hang Seng Index rose by about 0.26 percent to 9,584.70 points on a Total Turnover of about \$HK6.46 billion.

In spite of the Hang Seng Index, being in positive territory, the losing counters outnumbered the winning ones by the ratio of 1.10:One.

There was little to stimulate the market, which was waiting for what some people thought was the inevitable conclusion to the build-up of US and British troops in The Gulf.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.58 percent to \$HK85.75 per share
BYD Company Ltd (Code: 1211)	Down 19.72 percent to \$HK14.45 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.78 percent to \$HK19.30 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.50 percent to \$HK50.50 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Up 3.17 percent to \$HK32.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.97 percent to \$HK52.00 per share
China Telecom Corporation Ltd (Code: 728)	Up 1.33 percent to \$HK1.52 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.30 percent to \$HK84.25 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK1.59 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.89 percent to \$HK45.30 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
401 Holdings Ltd	401		12.00	0.044
Anex International Holdings Ltd	723	10.00		0.044
Bestway International Holdings Ltd	718	11.76		0.019
BYD Company Ltd	1211		19.72	14.45
Cedar Base Electronic (Group) Ltd	855	14.29		0.024
Central China Enterprises Ltd	351	25.00		0.045
China Sci-Tech Holdings Ltd	985	10.71		0.031
Dickson Group Holdings Ltd	313	22.41		0.071
Credit Card DNA Security System (Holdings) Ltd	1051		11.54	0.023
Hanny Holdings Ltd	275		13.16	0.033
Haywood Investments Ltd	905		11.11	0.08
HyComm Wireless Ltd	499		10.31	0.087
Kwong Hing International Holdings (Bermuda) Ltd	1131		10.34	0.052
MAXX Bioscience Holdings Ltd	512	16.50		0.233
Mei Ah Entertainment Group Ltd	391	11.11		0.18
Orient Resources Group Company Ltd	467		31.00	0.069
Orient Explorer Holdings Ltd	430		10.64	0.042
Paladin Ltd	495	11.00		0.111
Prime Investments Holdings Ltd	721		11.39	0.14
RNA Holdings Ltd	2909		69.00	0.031
South East Group Ltd	726		10.00	0.054
Surge Recreation Holdings Ltd	703		11.11	0.08
Tai Fook Securities Group Ltd	665		13.04	0.80
United Power Investment Ltd	674	66.67		0.10

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the situation on this speculative market was little changed from that which was taking place on the Main Board.

The Growth Enterprise Index gained about 0.35 percent, rising to 119.16 points.

The Total Turnover, however, rose to about \$HK299.88 million.

The increased volume of activity was brought about by the trading in one counter: Convenience Retail Asia Ltd (Code: 8052).

Totally, about 97.03 million shares in this convenience-store operator changed hands, with the value of those trades, being about \$HK194.13 million.

Trading in the shares of Convenience Retail represented nearly 65 percent of the Total Turnover.

The share price of this company ended the day, down 4.76 percent to \$HK2.00.

But, other than this *'flash in the pan'*, The GEM was another deadly quiet bourse.

The reason for the sudden interest in Convenience Retail was an official announcement that the majority shareholder of the company, Li and Fung Ltd (Code: 484, Main Board, The Stock Exchange of Hongkong Ltd), was going to Place 93,422,000 Shares of Convenience Retail at a Placing Price of \$HK2.00 per Share.

The Share Placements will reduce Li and Fung's holdings in the company from 69.99 percent to 55.99 percent while, at the same time, increase the investing public's involvement in the company from 26.18 percent to 40.18 percent.

This will gross Li and Fung about \$HK187 million, but the rationale behind the move, Management of Li and Fung/Convenience Retail maintains, is that the move *'will broaden the shareholder base of the Company and enhance the liquidity of the Shares.'*

Great stuff! Great rhetoric!

Perhaps Chief Executive Richard Yeung Lap Bun should seek a position in the inner circle of US President George W. Bush, where diatribes and obfuscations of facts are very welcome when trying to score brownie points, internationally.

The ratio of gainers to losers on The GEM was about 1.36:One.

The double-digit movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Emperor Entertainment Group Ltd	8078	13.33		0.68
Fortune Telecom Holdings Ltd	8040		12.50	0.70
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231		11.29	0.55
Inworld Group Ltd	8100		13.75	0.069
M Channel Corporation Ltd	8036		10.00	0.045
Panorama International Holdings Ltd	8173	17.39		0.108
Prosperity International Holdings (Hongkong) Ltd	8139	18.42		0.045
ProSticks International Holdings Ltd	8055		21.74	0.036
Q9 Technology Holdings Ltd	8129	10.20		0.054
Tungda Innovative Lighting Holdings Ltd	8229	12.50		0.18
Universal Technologies Holdings Ltd	8091	10.97		0.172

Japan's 3 stock markets were the stars of Asia, last Thursday.

On The Tokyo Stock Exchange, the key index, the Nikkei-225 Stock Average, gained 179.88 yen, equivalent to about 2.09 percent, ending the day at 8,790.92 yen.

Electronics pulled up the Nikkei-225 due to suggestions that things, in 2003, would not be as bad as some people had predicted.

Blessed be the innocent; the pure of heart!

Taking their respective cues from Wall Street, Japanese investors, most likely tired of hearing tales of woe, took the opportunity to try to ride the ripples in the sea of losers.

Selective banks and finance houses, also, staged a bit of a recovery, last Thursday.

Some of the big gainers included:

Electronics/Industrials/Telecommunications

Advantest	Up 4.58 percent to 6,160 yen per share
Alps Electric	Up 3.50 percent to 1,479 yen per share
Casio Computer	Up 3.33 percent to 682 yen per share
Fanuc	Up 4.36 percent to 5,500 yen per share
Fujikura	Up 1.69 percent to 361 yen per share
Fujitsu	Up 5.52 percent to 382 yen per share
Furukawa Electric	Up 8.61 percent to 328 yen per share
Hitachi	Up 7.94 percent to 530 yen per share
Kyocera	Up 4.17 percent to 7,000 yen per share
Mitsubishi Corporation	Up 5.03 percent to 794 yen per share
Mitsubishi Electric	Up 5.45 percent to 329 yen per share
Mitsumi Electric	Up 5.39 percent to 1,115 yen per share
NEC Corporation	Up 5.30 percent 497 yen per share
Nikon Corporation	Up 4.81 percent to 981 yen per share
NTT Data	Up 3.68 percent to 338,000 yen per share
Oki Electric Industrial	Up 5.09 percent to 227 yen per share
Olympus Optical	Up 3.87 percent to 1,825 yen per share
Sumitomo Corporation	Up 5.25 percent to 601 yen per share
TDK Corporation	Up 4.51 percent to 5,100 yen per share
Tokyo Electron	Up 5.57 percent to 6,070 yen per share
Toshiba Corporation	Up 5.33 percent to 415 yen per share
Trend Micro	Up 4.73 percent to 2,150 yen per share

Banks/Finance Houses/Brokerages

Bank of Yokohama	Up 2.03 percent to 453 yen per share
Chiba Bank	Up 1.60 percent to 380 yen per share
Mitsubishi Financial Group	Up 1.41 percent to 720,000 yen per share
Mitsui Trust Holding	Up 2.24 percent to 228 yen per share
Mizuho Asset	Up 6.98 percent to 46 yen per share
Mizuho Holdings	Up 1.56 percent to 130,000 yen per share
Shinko Securities	Up 1.46 percent to 139 yen per share
Shizuoka Bank	Up 1.45 percent to 768 yen per share
Sumitomo Trust and Bank	Up 2.33 percent to 526 yen per share
UFJ Holdings	Up 2.76 percent to 149,000 yen per share

The ratio of gainers to losers on Asia's largest stock market was, exactly, 2:One.

And, in other Asian markets, this was the situation, last Thursday night:

Indonesia	Plus 0.26 percent to 406.77
Japan	Plus 2.09 percent to 8,790.92
Malaysia	Minus 0.24 percent to 670.78
The Philippines	Minus 0.37 percent to 1,048.53

Singapore	Minus 0.34 percent to 1,364.41
South Korea	Plus 0.43 percent to 625.18
Taiwan	Plus 1.71 percent to 5,078.80
Thailand	Plus 0.91 percent to 376.56

Friday

Wall Street staged a bit of a rally, last Thursday, but it was generally thought, by more-thinking individuals, that the rally would not be sustainable for very long.

On The New York Stock Exchange, the Big Board's Dow Jones Industrial Average gained 50.74 points, or about 0.61 percent, rising to 8,369.47 points, while, on the NASDAQ, the Composite Index rose by about 2.12 percent to 1,388.27 points.

There was a handful of positive results from some hi-tech companies, and that seemed to be sufficient incentive for some investors to join the throng, regardless as to the validity of the arguments.

But the important thing was that last Thursday's rally halted a 5-session losing streak for the world's largest bourse.

However, London, England, was in no such joyous mood.

For the ninth consecutive session, last Thursday, London time, the index of leading UK shares, the FTSE 100 Index, closed lower: It was the FTSE's worst losing streak since 1984 when it was first introduced to be an indicator of the direction of trading on one of Europe's most important bourses.

The very real prospect of a war with Iraq was the main reason for the falling prices in London.

And, in Washington, the debates continued as to whether or not the US should go to war with the Regime of President Saddam Hussein of Iraq, with the US Government, launching a pre-emptive attack, even without the endorsement of the United Nations.

The latest piece of news to suggest that the US was correct in its assessment of the situation in respect of Iraq, having banned weapons in its possession, was confirmation that Baghdad was equipping key army units with uniforms to protect soldiers from the use of chemical weapons.

Iraqi documents, hand-written and smuggled out of Iraq by opposition to the Regime of Saddam Hussein, refer to new chemical warfare suits, designed to protect soldiers, and the distribution of the drug, atropine, a drug that is used to counter the effects of nerve gas.

The documents were, also, said to include details of attacks on ships in The Gulf.

From Tokyo, Japan, the US Undersecretary of State, Mr John Bolton, said that Washington had '*very convincing evidence*' that Iraq possesses banned weapons.

The evidence was mounting: War appeared to be inevitable.

In Asia, there was widespread selling of stocks and shares, with only the stock markets of the Philippines, not losing ground – and even the gains on The Manila Stock Exchange were only of a fractional nature.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), sellers could not wait to unload stocks and shares.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index shed about 1.30 percent of its value, ending the week at 9,460.60 points.

The Total Turnover rose to about \$HK7.79 billion.

A rising volume of activity on a falling market is, never, a good sign.

The ratio of losers to gainers was 3.12:One.

Every section of the market was off.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 1.17 percent to \$HK84.75 per share
China Mobile (Hongkong) Ltd (Code: 13)	Down 1.81 percent to \$HK18.95 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.19 percent to \$HK49.90 per share
BYD Company Ltd (Code: 1211)	Down 10.03 percent to \$HK13.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.66 percent to \$HK45.00 per share
Swire Pacific Ltd “A” Shares (Code: 19)	Unchanged at \$HK32.50 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.30 percent to \$HK84.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.96 percent to \$HK51.50 per share
China Telecom Corporation Ltd (Code: 728)	Unchanged at \$HK1.52 per share
PetroChina Company Ltd (Code: 857)	Up 1.26 percent to \$HK1.61 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
BYD Company Ltd	1211		10.03	13.00
CCT Technology Holdings Ltd	261		14.29	0.012
CEC International Holdings Ltd	759	13.21		0.12
Central China Enterprises Ltd	351		11.11	0.04
Chuang's China Investments Ltd	298	16.33		0.171
CIL Holdings Ltd	479		10.00	0.018
Coastal Realty Group Ltd	1124	10.00		0.11
Credit Card DNA Security System (Holdings) Ltd	1051		17.39	0.019
Dong Fang Gas Holdings Ltd	432		15.38	0.011
e-Kong Group Ltd	524	16.67		0.133
Harmony Asset Ltd	2910		36.05	0.243
Innovative International (Holdings) Ltd	2903		42.00	0.029
J.I.C Technology Company Ltd	987	20.83		0.29
MAXX Bioscience Holdings Ltd	512		15.45	0.197
Minglun Group (Hongkong) Ltd	346	14.94		1.00
Orient Resources Group Company Ltd	467		14.49	0.059
Prime Investments Holdings Ltd	721		10.71	0.125
QUAM Ltd	952		17.14	0.29
Starbow Holdings Ltd	397		16.67	0.025
Surge Recreation Holdings Ltd	703	25.00		0.10
Theme International Holdings Ltd	990		20.00	0.02
U-Cyber Technology Holdings Ltd	91		12.12	0.29
Universal Holdings Ltd	419	14.29		0.032
Wo Kee Hong (Holdings) Ltd	720		10.00	0.045
Yau Lee Holdings Ltd	406	13.10		0.19
Zhong Hua International Holdings Ltd	1064	23.71		0.12

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – the week ended on very shaky ground.

The Growth Enterprise Index lost about 1.70 percent, falling to 117.13 points on a Total Turnover of about \$HK92.22 million.

Losers were ahead of gainers by the ratio of 1.76:One.

The double-digit movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	23.64		0.68
Inworld Group Ltd	8100		11.59	0.061
Jessica Publications Ltd	8137		10.00	0.27
Panda-Recruit Ltd	8073	17.65		0.02
Prosperity International Holdings (Hongkong) Ltd	8139		15.56	0.038
ProSticks International Holdings Ltd	8055	11.11		0.04
Xteam Software International Ltd	8178		10.31	0.20

For the week, therefore, the tally was:

The Hang Seng Index	Down 1.60 percent
The Growth Enterprise Market	Down 0.12 percent

In Japan, investors seemed to have forgotten about the euphoria of Thursday's trading session – with sellers, looking anxiously, for buyers to unload stocks and shares.

As a result, on The Tokyo Stock Exchange, the Nikkei-225 Stock Average shed about 0.67 percent of its value, falling back to 8,731.65 yen.

Thursday's bounce-back on Wall Street seemed to go unnoticed in Japan since the war news was, just, overpowering.

It was only too apparent that war with Iraq would affect economies, round the world.

For the week, therefore, the Nikkei-225 Stock Average had surrendered about one half of one percentage point.

News wise:

- **Resona Holdings Incorporated**, the holding company of **Daiwa Bank** and **Asahi Bank**, announced that it had approached The Bank of East Asia Ltd (Code: 23, Main Board, The Stock Exchange of Hongkong Ltd) for a cash injection. Resona is looking for about 100 billion yen; and,
- **Kentucky Fried Chicken Japan Ltd** announced that its Net Profits had dropped, Year-on-Year, by about 15.20 percent to 1.38 billion yen for its Financial Year, ended November 30, 2002.

And this was how other Asian bourses ended the week of January 24, 2003:

Indonesia	Minus 0.35 percent to 405.34
Japan	Minus 0.67 percent to 8,731.65
Malaysia	Minus 0.29 percent to 668.81
The Philippines	Plus 0.18 percent to 1,050.42
Singapore	Minus 0.47 percent to 1,358.04
South Korea	Minus 2.52 percent to 609.43
Taiwan	Minus 0.42 percent to 5,057.32
Thailand	Minus 0.07 percent to 376.30

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