

**THE PACE QUICKENS : PRESIDENT GEORGE W. BUSH  
THROWS DOWN THE GAUNTLET AT THE U.N.'S FEET**

Over the weekend of March 1-2, outward appearances suggested the Iraq had capitulated, at least in part: It was reported that 10 of Iraq's Al-Samoud II missiles had been destroyed in accordance with a demand by the United Nations (UN).

The destruction of the missiles was under the supervision of UN weapons inspectors.

In addition, a number of Arab states were pressing President Saddam Hussein of Iraq to go into voluntary exile in order to avert a war.

If he agreed to the compromise solution to the nagging problem, which is fast enveloping the world, then, he would not be tried for any alleged crimes against humanity, the proposal went.

Oil prices started to fall; the prospects of peace warmed many a heart.

In Asia, every stock market registered positive figures, led by South Korea, whose stock market index, the KOSPI, rose by 2.54 percent.

However, appearances can, often, be misleading.

On The New York Stock Market, the previous Friday, February 28, the Dow Jones Industrial Average had risen by about 6.09 points, or about 0.08 percent, ending the week at 7,891.08 points.

As for the NASDAQ's Composite Index, it was up by about 1.03 percent, rising to 1,337.52 points.

Markets, around the world, were being labelled as being Iraq-driven bourses.

But, just as one swallow does not make a spring, so it would be fair to say that the destruction of one tenth of the number of Al-Samoud II missiles does not for a lasting peace make.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were in a buying mood, sending share prices to moderately higher levels.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 1.60 percent to 9,268.77 points.

The Total Turnover was up to \$HK7.32 billion, with gainers, outnumbering losers by the ratio of 1.99:One.

The Finance Sector and the Utility Sector of the market were the main spurs of the drive for higher prices, with the Finance Sectorial Index, gaining about 1.58 percent, while the Utilities Sectorial Index put on about 1.04 percent.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)

Up 1.80 percent to \$HK85.00 per share

China Mobile (Hongkong) Ltd (Code: 941)	Up 1.49 percent to \$HK17.05 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.71 percent to \$HK47.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.91 percent to \$HK44.30 per share
China Telecom Corporation Ltd (Code: 728)	Up 0.70 percent to \$HK1.44 per share
Swire Pacific Ltd “A” Shares (Code: 19)	Up 4.24 percent to \$HK34.40 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.22 percent to \$HK49.60 per share
CNOOC Ltd (Code: 883)	Down 0.46 percent to \$HK10.90 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.88 percent to \$HK86.00 per share
Cathay Pacific Airways Ltd (Code: 293)	Up 5.05 percent to \$HK11.45 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Bestway International Holdings Ltd	718	16.67		0.021
Can Do Holdings Ltd	172	12.50		0.027
Cedar Base Electronic (Group) Ltd	855		15.79	0.016
China City Natural Gas Holdings Ltd	603	11.94		0.075
CNT Group Ltd	701		10.26	0.105
Dong Fang Gas Holdings Ltd	432	10.00		0.011
Fortuna International Holdings Ltd	530	10.00		0.011
Hang Ten Group Holdings Ltd	448	13.33		0.017
Hongkong Construction (Holdings) Ltd	190		10.71	0.375
i100 Ltd	616		11.76	0.03
ITC Corporation Ltd	372	12.00		0.196
Lai Sun Development Company Ltd	488	15.38		0.03
Lung Cheong International Holdings Ltd	348		11.76	0.60
Mansion Holdings Ltd	547		10.53	0.017
Millennium Group Ltd	260	10.67		0.249
Pacific Plywood Holdings Ltd	767	10.00		0.011
Qualipak International Holdings Ltd	1224	11.11		0.20
QUAM Ltd	952	13.04		0.26
Softbank Investment International (Strategic) Ltd	648	21.18		0.103
Star East Holdings Ltd	198	17.50		0.047
Universal Holdings Ltd	419	13.64		0.05
Universe International Holdings Ltd	1046		21.88	0.25
Victory Group Ltd	1139		13.33	0.052
Vision Century Corporation Ltd	535	13.28		0.145
Wah Tak Fung Holdings Ltd	297	16.44		0.085
Yau Lee Holdings Ltd	406	13.33		0.17

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover rose to \$HK114.85 million, with gainers, outnumbering losers by the ratio of 1.52:One.

The Growth Enterprise Index gained about 0.68 percent, running back to 115.06 points.

The biggest movers on this bourse were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Blu Spa Holdings Ltd	8176		15.38	0.011
Essex Bio-Technology Ltd	8151	23.42		0.195
iSteelAsia.com Ltd	8080		18.18	0.045
Sys Solutions Holdings Ltd	8182	10.00		0.44

## News wise:

- After the markets of the HKSAR closed for the day, **HSBC Holdings plc** and **Hang Seng Bank Ltd**, both reported their financial results for the 2002 Financial Year, ended December 31, 2002. HSBC Holdings reported Net Interest Income of about \$HK120.57 billion, up by nearly 5 percent, Year-on-Year. The Bottom Line came in at \$HK48.66 billion, up just a tad short of 25 percent, compared with the 2001 results. Hang Seng Bank reported Net Interest Income of about \$HK14.96 billion, down about \$HK9.55 billion, or nearly 39 percent on the like 2001 Year. The Net Profit Attributable to Shareholders was about \$HK9.96 billion, down 1.50 percent on the Bottom Line of 2001.

In Japan, on Asia's largest stock market, The Tokyo Stock Exchange, its key index, the Nikkei-225 Stock Average, rose 127.36 yen, equivalent to about 1.52 percent, ending the day at 8,490.40 yen.

War psychology ruled this market, which has been drifting for most of the year.

Even though the market, technically, was in positive territory, with gainers, outpacing losers by the ratio of 3.05:One, many of the largest banks of the country continued to take a hiding, as the following table illustrates:

### Electronics/Telecommunications and Industrials

Advantest	Up 3.90 percent to 5,330 yen per share
Alps Electric	Up 2.63 percent to 1,482 yen per share
Casio Computer	Up 6.26 percent to 730 yen per share
Citizen Watch	Up 5.10 percent to 639 yen per share
Clarion	Up 4.95 percent to 191 yen per share
Fanuc	Up 2.14 percent to 5,260 yen per share
Fujitsu	Up 7.00 percent to 382 yen per share
Furukawa	Up 4.62 percent to 68 yen per share
Hitachi	Up 2.45 percent to 502 yen per share
KDDI	Up 2.16 percent to 379,000 yen per share
Konica	Up 3.48 percent to 982 yen per share
Kyocera	Up 2.09 percent to 6,340 yen per share
Mitsubishi Electric	Up 6.01 percent to 335 yen per share
Mitsumi Electric	Up 3.27 percent to 1,075 yen per share
NEC	Up 4.32 percent to 459 yen per share
Nikon	Up 3.28 percent to 945 yen per share
NTT Data	Up 2.40 percent to 341,000 yen per share

NTT DoCoMo	Up 2.24 percent to 228,000 yen per share
Oki Electric Industrial	Up 7.38 percent to 262 yen per share
Sanyo Electric	Up 2.16 percent to 331 yen per share
Sharp	Up 2.02 percent to 1,310 yen per share
Tokyo Electron	Up 3.53 percent to 5,580 yen per share
Yamaha Corporation	Up 5.11 percent to 1,399 yen per share

#### Banks/ Finance Houses/Brokerages

Daiwa Securities Group	Up 2.63 percent to 586 yen per share
Mitsubishi Financial Group	Down 7.44 percent to 485,000 yen per share
Mitsui Trust Holding	Down 2.86 percent to 204 yen per share
Mizuho Asset	Up 1.96 percent to 52 yen per share
Mizuho Holdings	Down 5.14 percent to 99,600 yen per share
Nomura Holdings	Up 2.16 percent to 1,420 yen per share
Resona Holdings	Down 1.75 percent to 56 yen per share
Shinko Securities	Down 2.82 percent to 138 yen per share
Shizuoka Bank	Up 2.57 percent to 758 yen per share
Sumitomo Trust and Bank	Down 1.69 percent to 406 yen per share
UFJ Holdings	Down 0.72 percent to 138,000 yen per share

#### Motors

Hino Motors	Up 2.78 percent to 480 yen per share
Honda Motor	Up 2.55 percent to 4,430 yen per share
Isuzu Motors	Up 1.79 percent to 57 yen per share
Mitsubishi Motor	Up 2.79 percent to 295 yen per share
Nissan Motor	Up 1.69 percent to 902 yen per share
Suzuki Motor	Up 2.22 percent to 1,380 yen per share
Toyota Motor	Up 2.79 percent to 2,850 yen per share

## News wise:

- **Crude oil imports** rose by about 13.80 percent in January, Year-on-Year, to 145.49 million barrels, The Ministry of Economy, Trade and Industry announced. It was the third consecutive month of rising imports of oil;
- **Household spending** decreased by about 2 percent in January, compared with January 2002, The Public Management, Home Affairs, Posts and Telecommunications Ministry announced. That means that Japanese households have been decreasing their spending on what must be staples for the home, over the past 4 months, at least. The average monthly expenses of a household, now, are about 319,809 yen;
- **The Tokyo Consumer Price Index** fell 0.70 percent in February, Year-on-Year, representing the 41<sup>st</sup> consecutive month of falls in this Index;
- **Industrial production** rose 1.50 percent in January, compared with December 2002, The Ministry of Economy, Trade and Industry said. The Ministry added that industrial production is '*moving on a weak note*'; and,
- **The unemployment rate** in Japan is, now, 5.50 percent, the same level as the unemployment rate of last October and up from the December figure of 5.30 percent, according to The Public Management, Home Affairs, Posts and Telecommunications Ministry.

And, in other Asian stock markets, this is how they fared, last Monday:

Indonesia	Closed
Japan	Plus 1.52 percent to 8,490.40
Malaysia	Plus 0.37 percent to 649.22
The Philippines	Plus 0.51 percent to 1,024.55
Singapore	Plus 0.42 percent to 1,279.20
South Korea	Plus 2.54 percent to 590.04
Taiwan	Plus 2.13 percent to 4,526.69
Thailand	Plus 1.76 percent to 367.67

## Tuesday

The US, it was only too apparent, last Monday, Washington time, continued its preparations for a war with Iraq.

Washington announced that it was taking a more defensive posture with the rogue Middle-Eastern State – by striking out at military installations in the no-fly zones over the country.

The strikes were centred on rocket launchers and other weapons that could be used against US and UK forces in the event that – which could be translated into '*when*' – such forces came up against the Iraqi military might of some 400,000 soldiers.

The no-fly zones have never been sanctioned by the UN, but were imposed by the US, the UK and France, following the cessation of the 1991 war between Iraq and a coalition of UN forces.

Other Gulf States were watching the activities in Iraq and the US and, in particular, the build-up of US and UK troops in The Persian Gulf.

They appeared to be keen to join an Arab band, led by Kuwait and Bahrain, to try to persuade President Saddam Hussein to step down as the leader of Iraq and go into voluntary exile in return for guarantees that he would never be prosecuted for crimes against humanity.

Actually, President Saddam Hussein has never denied the essence of his rule over the country for the past quarter of a century.

And, also, from Washington, it was announced that the US had ordered another batch of 60,000 troops to be sent to The Persian Gulf in preparation for a war against Iraq.

In other news from the Middle East, Coca-Cola announced that it was withdrawing its regional base from Bahrain to Greece.

Coca-Cola cited growing anti-US sentiment in Bahrain and throughout the Arab world.

Lastly, Washington said that it would formerly protest a weekend incident in which North Korean jet fighters intercepted a US reconnaissance aeroplane, which was flying in international airspace.

The plethora of war news took its toll of investors from Wall Street to the Ginza in Japan.

On The New York Stock Exchange, last Monday, the Dow Jones Industrial Average lost 53.22 points, equivalent to about 0.67 percent, falling back to 7,837.86 points.

On the NASDAQ, the Composite Index shed about 1.29 percent of its value, dropping to 1,320.29 points.

The situation on the world's largest bourse was becoming more and more hairy, to be sure.

In addition to the war news, it was announced from New York that US manufacturers were not doing too well, at all.

The **Institute of Supply Management (ISM)**, in a survey of purchasing managers, put its main index down to 50.50 points in February, a drop from the January figure of 53.90 points.

The ISM Employment Index was, also, down to 42.80 points, which compared poorly with the January figure of 47.60 points.

Europe did not appreciate what was taking place in the world, with the result that major bourses started to fall:

Amsterdam's AEX Index	Down 2.02 percent
Great Britain's FTSE 100 Index	Down 0.77 percent
Germany's Frankfurt XETRA DAX Index	Down 1.16 percent
France's CAC40 Index	Down 1.76 percent
Switzerland's Swiss Market Index	Down 1.30 percent
Italy's MIBTEL Index	Down 0.25 percent

All of the above – and more – dented sentiment in Asia, the most populous part of the world, where all of the 8 stock markets (one was closed for a holiday), with the lone exception of The Manila Stock Exchange, went into reverse gear.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors reversed Monday's trend, with both stock markets, falling moderate amounts.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index shed about 0.94 percent, falling back to 9,181.89 points on a Total Turnover of about \$HK4.94 million.

The ratio of losers to gainers was 2.47:One.

Once again, it was the Financial Sector of the market that pulled down prices, as its Sectorial Index gave up about 0.98 percent of its value.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 1.18 percent to \$HK84.00 per share
Hang Seng Bank Ltd (Code: 11)	Down 1.45 percent to \$HK84.75 per share
Hutchison Whampoa Ltd (Code: 13)	Down 2.32 percent to \$HK46.40 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.17 percent to \$HK16.85 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.13 percent to \$HK43.80 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.61 percent to \$HK48.80 per share
China Oilfield Services Ltd (Code: 2883)	Down 2.14 percent to \$HK1.83 per share
Hongkong Electric Holdings Ltd (Code: 6)	Up 1.33 percent to \$HK30.50 per share
CNOOC Ltd (Code: 883)	Unchanged at \$HK10.90 per share
Swire Pacific Ltd “A” Shares (Code: 19)	Down 0.87 percent to \$HK34.10 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Can Do Holdings Ltd	172		14.81	0.023
Cedar Base Electronic (Group) Ltd	855		12.50	0.014
Century Legend (Holdings) Ltd	79		11.11	0.016
China Motion Telecom International Ltd	989	10.00		0.44
Enerchina Holdings Ltd	622		11.11	0.024
Ezcom Holdings Ltd	312		13.33	0.026
FT Holdings International Ltd	559		21.05	0.09
GR Investment International Ltd	310	16.00		0.029
Hanny Holdings Ltd	275		11.76	0.015
ING Beijing Investment Company Ltd	1062		10.89	0.09
JD Dynasty Food Culture Group Ltd	970		10.14	0.31
Lung Cheong International Holdings Ltd	348	10.00		0.66
Mansion Holdings Ltd	547	29.41		0.022
Mansion House Group Ltd	376	11.21		0.248
Peking Apparel International Group Ltd	761		17.70	0.093
Playmates Holdings Ltd	635	10.00		0.495
renren Holdings Ltd	59		34.38	0.021
Sino Golf Holdings Ltd	361		10.28	0.96
South China Brokerage Company Ltd	619		10.00	0.027
Sunlink International Holdings Ltd	2336		16.00	0.42
Tai Fook Securities Group Ltd	665		10.26	0.70
Techwayson Holdings Ltd	2330		13.33	0.65
Universal Holdings Ltd	419		18.00	0.041
Victory Group Ltd	1139		11.54	0.046
VST Holdings Ltd	856		15.97	0.10
Wealthmark International (Holdings) Ltd	39	12.07		0.65
Yugang International Ltd	613		11.43	0.031

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

By the close of the day, The Growth Enterprise Index stood at 114.95 points, down about 0.10 percent on Monday's close.

The ratio of losers to gainers was 1.65:One.

The biggest movers on this speculative market were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Data Broadcasting Holdings Ltd	8016	24.77		3.40
Essex Bio-Technology Ltd	8151		15.90	0.164
iSteelAsia.com Ltd	8080		22.22	0.035
Prosten Technology Holdings Ltd	8026	25.26		0.119
ProSticks International Holdings Ltd	8055		17.24	0.024
Stockmartnet Holdings Ltd	8123		10.26	0.07
SYSCAN Technology Holdings Ltd	8083		11.90	0.074
Timeless Software Ltd	8028	14.18		0.161

About the biggest piece of positive news came from Hongkong Aircraft Engineering Company Ltd (Code: 44), which announced its results for the Financial Year, ended December 31, 2002.

HAECO, as it is known, popularly, told shareholders that it had logged in a Net Profit Attributable to Shareholders of about \$HK465 million, up by about 49 percent on the 2001 Year.

HAECO is the largest aircraft maintenance and repair company in the HKSAR.

In Japan, trading was very sluggish on the country's 3 stock markets, in stark contrast to Monday's trend.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average gave up about 0.12 percent of its value, falling to 8,480.22 yen.

There was little to stimulate trading in stocks and shares in The Land of The Rising Sun so they tended, generally, to drift slowly down.

#### News wise:

- **Asahi Breweries Ltd** said that it would sell its wholly owned glass-bottling plant to Ishizuka Glass Company for 100 million yen on April 1, 2003;
- **Hikari Tsushin Incorporated** said it expected a Consolidated Net Loss of about 4.40 billion yen for its Financial Year, ended March 1, 2003. The company had, earlier, suggested a Consolidated Net Loss of about 400 million yen; and,
- **Softbank Corporation** announced that it would sell its 17-percent interest in Yahoo! Japan Corporation. The sale should gross Softbank about 81.60 billion yen. This money, Softbank said, would be used to fund its broadband business.

In other parts of Asia, this was the way that investors saw the situation, last Tuesday night:

Indonesia	Minus 0.97 percent to 395.37
Japan	Minus 0.12 percent to 8,480.22
Malaysia	Closed
The Philippines	Plus 0.14 percent to 1,025.99
Singapore	Minus 0.80 percent to 1,268.96
South Korea	Minus 2.28 percent to 576.58



Taiwan	Minus 0.60 percent to 4,499.69
Thailand	Minus 0.85 percent to 364.55

### **Wednesday**

Consternation in most parts of the world knocked trading in equities, last Tuesday and Wednesday.

Asia's 8 markets for stocks and shares all sank under the weight of international events.

Adding to the war news was a report from the Chairman of the US Federal Reserve Board, Dr Alan Greenspan, who said that he expected the current housing boom in the US to wane before the year is out.

However, Dr Greenspan pooh-poohed the possibility of a *'hard'* landing for the real-estate market, contrary to TARGET's prognostications and contrary to many international economists' opinions.

(Please see the [TARGET Intelligence Report of last Wednesday, Volume V, Number 43](#), published on March 5, 2003 for TARGET's view of this potentially explosive situation)

Europe, however, did not like what it saw on the horizon, both in terms of the Iraqi-US situation and the drain that it has, and will continue to have, on the economy of the strongest country of the world.

European bourses continued to see their respective indices fall to lower levels:

Amsterdam's AEX Index	Down 3.92 percent
Great Britain's FTSE 100 Index	Down 1.61 percent
Germany's Frankfurt XETRA DAX Index	Down 1.91 percent
France's CAC40 Index	Down 3.11 percent
Switzerland's Swiss Market Index	Down 3.37 percent
Italy's MIBTEL Index	Down 1.35 percent

Then, in addition to the Iraqi situation, the US ordered 24, B-1 and B-52 bombers to the American protectorate of Guam in the Western Pacific.

The move was, clearly, to send a warning to North Korea that the US Government would not be blackmailed and that it does not take kindly to having 4, North Korean jet fighters, trailing one of its reconnaissance (spy) aeroplanes, flying in international airspace. (Please see Tuesday's report)

In other international news, France Telecom reported a record loss for 2002, coming in at about \$US22.50 billion.

In 2001, this Government-owned company lost about 8.30 billion euros (about \$US9.05 billion).

Europe's largest computer services company, LogicaCMG, announced that it would be sacking 800 of its workers.

Last November, LogicaCMG sacked 1,400 of its workers.

On The New York Stock Exchange, last Tuesday, the Dow Jones Industrial Average surrendered 132.99 points, equivalent to 1.70 percent, ending the day at 7,704.87 points.

Last Tuesday's close represented the lowest level since October 10, 2002.

The NASDAQ's Composite Index fell 12.52 points, about 0.95 percent, dropping back to 1,307.77 points.

Who was it who said that the worst was over in The Land of The Free and The Home of The Brave?

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it was Budget Day.

As such, as is usual, HKSAR equity markets mark time, awaiting the '*word*' from the Government.

The '*word*' came in the afternoon:

Corporate Profits Taxation	Up 1.50 percent to 17.50 percent
Salaries Taxation	Up 1.00 percent to 16 percent
Budget Deficit for the 2003-2004 Year	\$HK70 billion

The increase in Corporate Profits Tax was the first increase in the past 2 decades.

The HKSAR Government is estimating a Budget Deficit of about \$HK70 billion for the Current Fiscal Year and about \$HK68.90 billion for the 2003/2004 Year.

The 2 major strengths of the HKSAR, over most other Asian business/industrial bases, have always been its low, and relatively simple, taxation system – which is now under pressure, it would appear.

On The Stock Exchange of Hongkong Ltd, both the Main Board and The Growth Enterprise Market lost steam.

On the Main Board, the Hang Seng Index shed about 0.79 percent, ending the day at 9,109.18 points.

The Total Turnover was about \$HK6.12 billion, with losers, outnumbering gainers by the ratio of 2.52:One.

The Ten Most Actives were:

China Mobile (Hongkong) Ltd (Code: 941)	Down 4.15 percent to \$HK16.15 per share
HSBC Holdings plc (Code: 5)	Down 0.30 percent to \$HK83.75 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.29 percent to \$HK85.00 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.43 percent to \$HK46.20 per share
Cathay Pacific Airways Ltd (Code: 293)	Up 0.86 percent to \$HK11.70 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.61 percent to \$HK48.50 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Up 1.17 percent to \$HK34.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK43.80 per share
Wing Hang Bank Ltd (Code: 302)	Up 0.19 percent to \$HK26.25 per share
Denway Motors Ltd (Code: 203)	Down 4.31 percent to \$HK2.775 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
C.P. Pokphand Company Ltd	43		10.29	0.305
Cedar Base Electronic (Group) Ltd	855		28.57	0.01
CIL Holdings Ltd	479	21.05		0.023
Dong Fang Gas Holdings Ltd	432	10.00		0.011
eCyberChina Holdings Ltd	254	60.00		0.016
Enerchina Holdings Ltd	622		12.50	0.021
Guangdong Tannery Ltd	1058		21.81	0.19
Hongkong Aircraft Engineering Company Ltd	44	10.76		26.25

Hang Ten Group Holdings Ltd	448		11.76	0.015
Hanny Holdings Ltd	275		13.33	0.013
Hon Po Group (Lobster King) Ltd	228		17.70	0.093
Kiu Hung International Holdings Ltd	381	16.18		0.395
Pacific Plywood Holdings Ltd	767	16.67		0.014
renren Holdings Ltd	59	14.29		0.024
Rockapetta Holdings Ltd	1003		18.40	0.102
Sunlink International Holdings Ltd	2336		22.62	0.325
Techwayson Holdings Ltd	2330	20.00		0.78
VST Holdings Ltd	856	10.00		0.11
Wonson International Holdings Ltd	651		34.78	0.03
Yoshiya International Corporation Ltd	193		10.42	0.043

On The GEM, The Growth Enterprise Index lost about 0.66 percent as investors pulled it down to 114.19 points.

The Total Turnover of the day was about \$HK66.72 million.

The ratio of losers to gainers was 2.79:One.

The double-digit movers were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
New Chinese Medicine Holdings Ltd	8085	33.33		0.068
Rojam Entertainment Holdings Ltd	8075	15.38		0.075

News wise:

- **Cathay Pacific Airways Ltd** (Code: 293, Main Board) announced that its Net Profit Attributable to Shareholders for the 2002 Financial Year, ended December 31, was about \$HK3.98 billion. The Turnover had risen, Year-on-Year, by about 10 percent to \$HK33.09 billion. Financial analysts noted that the Gross Profit from Operations was about \$HK4.75 billion. However, considering that many other international airlines are losing money, Cathay Pacific's results were considered a pat on the back for Management of the HKSAR's '*national*' airline;
- **Dah Sing Financial Holdings Ltd** (Code: 440) announced that its 2002 Financial Year's Bottom Line had sunk by about 4.50 percent, Year-on-Year, to about \$HK828.99 million. The Turnover of this banking and financial services company fell from the 2001 figure of about \$HK3.18 billion to the 2002 figure of about \$HK2.57 billion, a drop of about 19.18 percent. (For TARGET's analysis of this company, please see [TARGET Intelligence Report, Volume V, Number 38, published on February 26, 2003](#)); and,
- **The Government of the Philippines** said that it would disallow its maids to work in the HSKAR by not processing HKSAR employment contracts. The move is due to the fact that the HKSAR Government has imposed a monthly cut of about \$HK400 per head for all overseas maids, working in the territory. Philippine nationals, employed by HKSAR families and numbering about 153,000, do not have to pay tax even though, when all their perquisites are considered, they are earning, all in, about the same, or, in many cases, even more than other low-level workers. The move by the Government of the Philippines would appear to be playing into the hands of the HKSAR Government, which wants its better-off population to hire local workers instead of the imported variety.

In The Land of The Rising Sun, investors, worried that the US would attack Iraq, regardless of any determination of the UN, sold those stocks and shares of companies that could be hurt by the outbreak of hostilities.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost 0.09 percent, falling to 8,472.62 points.

The ratio of losers to gainers was 2.31:One.

The only outstanding piece of news to come from Japan, last Wednesday, was an announcement from Fast Retailing Company, a casual-clothing retailer, which said that sales of its Uniqlo brand had dropped in the first half of the year, ended February 28.

The company, which has 447 outlets, throughout Japan, said sales of Uniqlo clothes had slipped by about 26.80 percent, Year-on-Year.

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

Indonesia	Minus 1.06 percent to 391.18
Japan	Minus 0.09 percent to 8,472.62
Malaysia	Minus 0.95 percent to 643.07
The Philippines	Minus 1.59 percent to 1,009.68
Singapore	Minus 0.27 percent to 1,265.50
South Korea	Minus 2.83 percent to 560.26
Taiwan	Minus 1.81 percent to 4,418.11
Thailand	Minus 1.28 percent to 359.90

### **Thursday**

Investors on The New York Stock Exchange had a difficult time, last Wednesday, because events were hotting up, internationally and domestically.

As a result, the gauge of trading in blue chips on the world's largest stock market, the Dow Jones Industrial Average, hardly moved, during the entire day.

The tally, when the hammer came down, signifying the end of trading, was down 16 points, equivalent to about 0.20 percent, to 7,689 points.

As for the technology laden NASDAQ, its Composite Index was down by about 3 points, or about 0.26 percent, ending the session at 1,305.

When investors are undecided, they, usually, do nothing – and that was the situation, last Wednesday on Wall Street.

The indecision was a result of what was happening in the United Nations – or the lack of definitive action in that world body.

The United Nations Chief Weapons Inspector, Mr Hans Blix, said at a news conference that Iraq appeared to be stepping up disarmament, recently.

He was speaking, 2 days prior to him, issuing his next and (perhaps) final report to the UN's Security Council.

Mr Blix said that, if a war should break out, it would tend to discredit the concept that weapons inspections could lead to disarmament rather than opening up the killing fields to soldiers, again.

He said: *'If war breaks out, I think that it is a serious failure for the approach through inspections to disarmament.'*

His utterances appeared to fly in the face of US President George W. Bush's determination to destroy the Saddam Hussein Regime by force of arms if all else failed.

France, Germany and Russia had made it very clear that they would, jointly, block another UN resolution, tabled by the US and the UK, leading to a mandate from the world's policeman that war was officially sanctioned.

Europe looks to Wall Street, as do most other bourses, around the world, and, seeing the situation, continued its retreat:

Amsterdam's AEX Index	Down 1.37 percent
Great Britain's FTSE 100 Index	Down 1.70 percent
Germany's Frankfurt XETRA DAX Index	Down 0.12 percent
France's CAC40 Index	Down 0.79 percent
Switzerland's Swiss Market Index	Down 1.97 percent*
Italy's MIBTEL Index	Down 0.85 percent

\* The largest loser in Europe

In Asia, it was a similar story as was being told on Wall Street.

On the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets lost ground.

The Main Board of The Stock Exchange of Hongkong Ltd shed about 1.61 percent of its value, falling to 8,962.26 points, as losers, outpaced gainers by the ratio of 3.78:One.

Budget Blues was but one of the problems, facing investors of those 416 square miles. (Please see Wednesday's report).

The Total Turnover was about \$HK6.43 billion.

The Finance Sector and the Utilities Sector were the largest losers of the day, both of whose Sectorial Indices shed more than one percent, each.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.90 percent to \$HK83.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 3.41 percent to \$HK15.60 per share
Hutchison Whampoa Ltd (Code: 13)	Down 2.16 percent to \$HK45.20 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.88 percent to \$HK84.25 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.83 percent to \$HK43.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.86 percent to \$HK47.60 per share
CNOOC Ltd (Code: 883)	Up 0.93 percent to \$HK10.90 per share
Cathay Pacific Airways Ltd (Code: 293)	Down 3.85 percent to \$HK11.25 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Down 2.90 percent to \$HK33.50 per share
China Unicom Ltd (Code: 762)	Down 5.91 percent to \$HK4,375 per share

The biggest movers of the day, however, were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Benefun International Holdings Ltd	1130		17.95	0.032
Century Legend (Holdings) Ltd	79	12.50		0.018
China Overseas Land and Investment Ltd	688		15.07	0.62
China Star Entertainment Ltd	326		15.63	0.54

Climax International Company Ltd	439		13.04	0.02
Credit Card DNA Security System (Holdings) Ltd	1051		14.29	0.024
i100 Ltd	616		16.67	0.025
Jiangxi Copper Company Ltd	358		10.00	1.08
Jinhui Holdings Company Ltd	137		12.50	0.105
Kantone Holdings Ltd	1059		18.37	0.04
Moiselle International Holdings Ltd	130		11.11	0.56
New World CyberBase Ltd	276		12.00	0.022
New World Infrastructure Ltd	301		10.34	0.52
NWS Holdings Ltd	2911		10.26	1.75
Playmates Holdings Ltd	635	13.73		0.58
QUAM Ltd	952		15.38	0.22
Sino Technology Investments Company Ltd	1217	11.90		0.94
Starlight International Holdings Ltd	485		10.00	0.099
Swank International Manufacturing Company Ltd	663		38.71	0.019
Takson Holdings Ltd	918		11.23	0.166
Tem Fat Hing Fung (Holdings) Ltd	661		11.67	0.265
Tomorrow International Holdings Ltd	760		20.97	0.049
Wah Tak Fung Holdings Ltd	297		13.70	0.063
Wang On Group Ltd	1222	12.24		0.55
Wonson International Holdings Ltd	651	13.33		0.034
Yoshiya International Corporation Ltd	193	18.60		0.051
Yunnan Enterprises Holdings Ltd	455		14.00	0.43
Zhejiang Glass Company Ltd	739		11.35	1.25
Zhong Hua International Holdings Ltd	1064		11.29	0.11

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gave up about 1.10 percent of its value, falling to 112.94 points.

The Total Turnover on this speculative marketplace was about \$HK82.86 million, with losers, outrunning gainers by the ratio of 3.88:One.

The largest movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Blu Spa Holdings Ltd	8176	27.27		0.014
China Data Broadcasting Holdings Ltd	8016	17.04		3.95
Creative Energy Solutions Holdings Ltd	8109		10.77	0.29
ePro Ltd	8086		20.00	0.04
Essex Bio-Technology Ltd	8151	20.39		0.183
L.P. Lammas International Ltd	8029		33.33	0.012
Town Health International Holdings Company Ltd	8138		20.00	0.06

#### News wise:

- **Swire Pacific Ltd** “A” Shares (Code: 19) and its “B” Shares (Code: 87) announced that its Net Profits Attributable to Shareholders for the 2002 Financial Year, ended December 31, were about \$HK5.40 billion. That result represented an increase of about 31 percent, Year-on-Year. Swire Pacific is one the largest, publicly listed companies in the HKSAR;
- **Hongkong Electric Holdings Ltd** (Code: 6) said that its Net Profits Attributable to Shareholders for the 2002 Financial Year, ended December 31, was up by about 4.90 percent, Year-on-Year, to about \$HK6.83

billion. Hongkong Electric is the supplier of electricity to Hongkong Island and certain of the outlying islands;

- **MTR Corporation Ltd** (Code: 66) announced that its Net Profits Attributable to Shareholders had fallen in the past Financial Year, ended December 31, to about \$HK4.21 billion, a reduction of about 1.50 percent, compared with the 2001 Year. MTR Corporation, which operates HKSAR's underground railway and is Government-owned and controlled, said that the volume of activity in the company had risen from the 2001 figure of about \$HK7.59 billion to the 2002 Turnover of about \$HK7.69 billion;
- **CK Life Sciences International (Holdings) Ltd** (Code: 8222) announced that this Li Ka Shing company had enjoyed another Financial Year of losses. The company said that its Bottom Line was a negative of about \$HK88.90 million – which was an increase over the 2001 Year when the company logged in a Loss Attributable to Shareholders of about \$HK57.93 million; and,
- The **PRC Government** is forecasting a Budget Deficit of about \$US38 billion for the Current Fiscal Year, Finance Minister Xiang Hua Cheng said.

In Japan, it was more of the same.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost 103.47 yen, equivalent to about 1.22 percent, ending the day at a 20-year low of 8,369.15 yen.

Japan was feeling a little jittery over the North Korean situation in addition to the Iraq situation.

There were suggestions that there could be more test firing of North Korea's inter-continental ballistic missiles.

The ratio of losers to gainers was 1.12:One.

In other parts of Asia, last Thursday, this was how those investors saw the situation:

Indonesia	Plus 0.72 percent to 393.99
Japan	Minus 1.22 percent to 8,369.15
Malaysia	Minus 0.10 percent to 642.43
The Philippines	Plus 0.60 percent to 1,015.72
Singapore	Minus 1.71 percent to 1,243.82
South Korea	Minus 0.88 percent to 555.33
Taiwan	Minus 0.47 percent to 4,397.44
Thailand	Minus 0.26 percent to 358.96

## **Friday**

The situation, in respect of US President George W. Bush's determination to wage war on Iraq, hotted up, considerably, last Thursday, with the US Government, pressing the UN to vote on the issue of whether or not to unsheathe the scimitars, sanctioning war on the rogue Middle-Eastern country.

Whatever level of support the US can muster in the UN's Security Council, President George W. Bush said that he was adamant: There must be a vote to settle the impasse, once and for all.

In a news conference at the White House, the President said that it was time for members of the Security Council to '*show their cards.*'

The President accused Saddam Hussein of playing a 'willful charade'.

He said:

*'These (the lack of action by Iraq in cooperating with UN weapons inspectors) are not the actions of a regime that is disarming; these are the actions of a regime, engaged in a willful charade; these are the actions of a regime that systematically and deliberately is defying the world.'*

Meanwhile, over Iraq, US and UK fighter aircraft were flying more than 600 sorties per day in an effort to destroy Iraq's ability to thwart an attack by the US and its friends on the country.

In Europe, there was widespread consternation because it was clear that the US Government was serious in its determination.

European investors were hit, also, by a decision of The European Central Bank to lower interest rates by 25 basis points, to 2.50 percent.

The lowering of interest rates means that something is amiss in Euroland.

Major bourses in Europe shuddered, with the result that indices shed material amounts:

Amsterdam's AEX Index	Down 2.62 percent*
Great Britain's FTSE 100 Index	Down 0.23 percent
Germany's Frankfurt XETRA DAX Index	Down 2.42 percent
France's CAC40 Index	Down 0.77 percent
Switzerland's Swiss Market Index	Down 0.09 percent
Italy's MIBTEL Index	Down 2.31 percent

\* The largest loser in Europe

On Wall Street, it was another day of falling prices, on both The New York Stock Exchange and the NASDAQ.

On the Big Board of The New York Stock Exchange, the Dow Jones Industrial Average lost about 1.31 percent of its value, falling to 7,673.99 points.

The Composite Index of the NASDAQ was forced to surrender about 0.87 percent of its value, ending the trading session at 1,302.92 points.

Wall Street was completely pre-occupied by the prospects of the US, waging war against Iraq.

In Asia, there were no exceptions: Every major stock market lost ground.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors waited for the axe to fall.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index give up about 0.62 percent, ending the week at 8,907.10 points.

The Total Turnover was about \$HK6.03 billion, with retreating counters, outnumbering advancing ones by the ratio of 1.75:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)

Down 0.30 percent to \$HK82.75 per share



China Mobile (Hongkong) Ltd (Code: 941)	Unchanged at \$HK15.60 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.33 percent to \$HK44.60 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.59 percent to \$HK83.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.89 percent to \$HK46.70 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.86 percent to \$HK42.20 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Down 3.28 percent to \$HK32.40 per share
Hongkong Electric Holdings Ltd (Code: 6)	Up 1.67 percent to \$HK30.40 per share
Denway Motors Ltd (Code: 203)	Up 0.93 percent to \$HK2.725 per share
China Telecom Corporation Ltd (Code: 728)	Down 2.14 percent to \$HK1.37 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
401 Holdings Ltd	401		11.63	0.038
AV Concept Holdings Ltd	595	10.53		0.315
Capital Strategic Investment Ltd	497	15.04		0.13
Chevalier iTech Holdings Ltd	508	10.29		0.15
Dah Hwa International (Holdings) Ltd	600	22.00		0.061
Credit Card DNA Security System (Holdings) Ltd	1051	12.50		0.027
eCyberChina Holdings Ltd	254		26.67	0.011
FT Holdings International Ltd	559		21.51	0.073
Global Tech (Holdings) Ltd	143		12.68	0.062
GR Investment International Ltd	310	33.33		0.04
Haywood Investments Ltd	905	10.61		0.073
i100 Ltd	616	12.00		0.028
Innovative International (Holdings) Ltd	729		11.76	0.015
KEL Holdings Ltd	681	11.43		0.078
Man Sang International Ltd	938		13.67	0.12
Pacific Plywood Holdings Ltd	767		14.29	0.012
Pico Far East Holdings Ltd	752	10.00		0.33
Pricerite Group Ltd	996		12.00	0.088
QUAM Ltd	952	18.18		0.26
Singapore Hongkong Properties Investment Ltd	245		15.52	0.049
Softbank Investment International (Strategic) Ltd	648		13.59	0.089
Start Technology Company Ltd	706	13.04		0.39
Sunlink International Holdings Ltd	2336		10.61	0.295
Theme International Holdings Ltd	990	10.00		0.022
Tomorrow International Holdings Ltd	760	28.57		0.063
Tomson Group Ltd	258		10.67	0.67
Top Glory International Holdings Ltd	268	11.49		0.485
United Power Investment Ltd	674		23.47	0.075
Wing Shing Chemical Holdings Ltd	850		12.40	0.219
Yau Lee Holdings Ltd	406		17.06	0.141

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index shed another 1.59 percent of its value, ending the week at 111.14 points.

The Total Turnover on this market was about \$HK68.96 million.

Losing counters outnumbered gaining ones by the ratio of 1.79:One.

Investors took note of the fact that the share price of Mr Li Ka Shing's CK Life Sciences International (Holdings) Incorporated (Code: 8222) had fallen by about 5 percent to a new low of \$HK1.24 per share.

The price drop was in spite of the turnover of this counter, being only about 4.24 million shares.

But the largest losers for this speculative market were reserved for the following counters:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
ePro Ltd	8086		12.50	0.035
Grandmass Enterprise Solution Ltd	8108		15.79	0.016
Inworld Group Ltd	8100	12.50		0.045

Both equity markets of the HKSAR had lost ground from Tuesday to Friday.

The tally for the week, therefore, was:

Hang Seng Index	Down 2.42 percent
The Growth Enterprise Index	Down 2.75 percent

In Japan, the rout was total: The Tokyo Stock Exchange's Nikkei-225 Stock Average was the largest loser in Asia.

By the close of the week, the Nikkei-225 Stock Average stood at 8,144.12 yen, representing a one-day loss of about 2.69 percent.

It was the third week of losses for the Nikkei-225 Stock Average, with last Friday's closing level, setting another 20-year low for the index.

The ratio of losers to gainers was 13.64:One.

Banks and financial institutions became targets for large-scale selling, but electronics, were among the hardest hit, as the following TARGET list indicates:

#### Electronics/Telecommunications and Industrials

Advantest	Down 6.61 percent to 4,800 yen per share
Casio	Down 2.51 percent to 699 yen per share
Clarion	Down 3.38 percent to 200 yen per share
Fanuc	Down 2.86 percent to 5,100 yen per share
Fuji Electric	Down 3.24 percent to 209 yen per share
Fujikura	Down 7.30 percent to 292 yen per share
Fuji Photo Film	Down 2.70 percent to 3,600 yen per share
Fujitsu	Down 1.99 percent to 345 yen per share

Furukawa	Down 6.06 percent to 62 yen per share
Furukawa Electric	Down 5.34 percent to 266 yen per share
Hitachi	Down 4.75 percent to 461 yen per share
KDDI	Down 3.31 percent to 350,000 yen per share
Kubota Corporation	Down 5.71 percent to 297 yen per share
Kyocera	Down 4.21 percent to 5,910 yen per share
Mitsumi Electric	Down 3.66 percent to 1,001 yen per share
NEC	Down 3.65 percent to 422 yen per share
Nikon	Down 3.47 percent to 862 yen per share
Nippon Telegraph and Telephone (NTT)	Down 4.83 percent to 414,000 yen per share
NTT Data	Down 2.37 percent to 329,000 yen per share
NTT DoCoMo	Down 3.59 percent to 215,000 yen per share
Oki Electrical Industrial	Down 4.38 percent to 240 yen per share
Okuma Corporation	Down 9.24 percent to 167 yen per share
Olympus Optical	Down 3.46 percent to 1,841 yen per share
Sanyo Electrical	Down 3.82 percent to 327 yen per share
Shimizu Corporation	Down 4.88 percent to 273 yen per share
Tokyo Electron	Down 4.72 percent to 5,050 yen per share
Toshiba	Down 2.37 percent to 330 yen per share
Trend Micro	Down 5.32 percent to 1,780 yen per share

Banks/ Finance Houses/Brokerages

AEON	Down 5.83 percent to 2,260 yen per share
Bank of Yokohama	Down 1.96 percent to 401 yen per share
Credit Saison	Down 2.13 percent to 2,065 yen per share
Daiwa Securities Group	Down 4.11 percent to 560 yen per share

Mitsubishi Financial Group	Down 4.40 percent to 478,000 yen per share
Nikko Cordial	Down 12.03 percent to 373 yen per share
Nomura Holdings	Down 3.55 percent to 1,305 yen per share
Resona Holdings	Down 1.75 percent to 56 yen per share
Shizuoka Bank	Down 2.34 percent to 752 yen per share
Sumitomo Bank and Trust	Down 2.93 percent to 398 yen per share
UFJ Holdings	Down 5.67 percent to 133,000 yen per share

#### Motors

Honda Motor	Down 3.64 percent to 3,970 yen per share
Isuzu Motors	Down 3.45 percent to 56 yen per share
Kawasaki Heavy Industrial	Down 4.76 percent to 100 yen per share
Mazda Motor	Down 4.33 percent to 221 yen per share
Mitsubishi Motor	Down 2.87 percent to 271 yen per share
Nissan Motor	Down 1.57 percent to 816 yen per share

For the week, therefore, the tally of Asia's biggest market for stocks and shares was:

The Nikkei-225 Stock Average had lost 2.98 percent

In other Asian bourses, on what appeared to be outset of a war between the US (plus friends) and Iraq, this was how they ended the week of March 7, 2003:

Indonesia	Minus 1.06 percent to 389.79
Japan	Minus 2.69 percent to 8,114.12
Malaysia	Minus 1.05 percent to 635.66
The Philippines	Minus 0.09 percent to 1,014.79
Singapore	Minus 1.42 percent to 1,226.15
South Korea	Minus 1.68 percent to 546.02
Taiwan	Minus 1.07 percent to 4,350.59
Thailand	Minus 0.13 percent to 358.48

***While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.***

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