

**WILL YOU, WON'T YOU, WILL YOU, WON'T YOU,  
WILL YOU JOIN THE (WAR) DANCE ?**

It was the countdown to war, as far as international investors and observers, alike, were concerned, last Monday, following the historical events that unfolded, first at the United Nations's Security Council, the previous Friday (March 7), and then the events that unfolded over the weekend of March 8-9.

Europe braced itself for the worst, with every major bourse, losing considerable amounts on the last day of trading, the previous week:

Amsterdam's AEX Index	Minus 4.33 percent*
Great Britain's FTSE 100 Index	Minus 1.79 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.24 percent
France's CAC40 Index	Minus 2.26 percent
Switzerland's Swiss Market Index	Minus 2.08 percent
Italy's MIBTEL Index	Minus 1.46 percent

\* The largest loser in Europe

In Asia, last Monday, it was losers, all round:

Hongkong	Minus 0.51 percent to 8,861.87
Indonesia	Minus 1.83 percent to 382.66
Japan	Minus 1.25 percent to 8,042.26
Malaysia	Minus 1.71 percent to 624.78
The Philippines	Minus 0.40 percent to 1,010.70
Singapore	Minus 1.01 percent to 1,213.82
South Korea	Minus 0.33 percent to 544.24
Taiwan	Minus 0.70 percent to 4,319.99
Thailand	Minus 1.45 percent to 353.29

The world braced itself for the inevitable because, for sure, more worldwide consternation would follow in the wake of what could be – and, most likely, would be – a killing time.

In the UN, on Friday, March 7, a heated debate ensued as to whether or not the world's '*policeman*' should sanction an armed incursion into Iraq.

Mr Hans Blix, the UN's Chief Weapons Inspector, made, what many people saw as, platitudinous statements, indicating that the Regime of President Saddam Hussein of Iraq was showing signs that it wanted to cooperate

with the demands of the UN.

Mr Blix's statements were dismissed by US President George W. Bush, who gave Iraq a final deadline of March 17 ... or feel the might of a US-United Kingdom armed assault on the Middle-Eastern country.

President George W. Bush said:

*'Inspection teams do not need more time or more personnel. All they need is what they have never received: The full cooperation of the Iraqi Regime.*

*'The only acceptable outcome is the outcome already demanded by a unanimous vote of the Security Council: Total disarmament ...*

*'Allowing a dangerous dictator to defy the world and (to) build an arsenal for conquest and mass murder is not peace at all.*

*'The cause of peace will be advanced only when the terrorists lose a wealthy patron and protector, and when the dictator is fully and finally disarmed.'*

On Wall Street, on Friday, March 7, investors thought that, perhaps, there could be a resolution to the Iraqi problem, but, by Monday, March 10, it was clear that it was not to be.

On The New York Stock Exchange, the previous Friday, the Dow Jones Industrial Average had regained about 0.86 percent of its value, ending the week at 7,740.03 points, while the NASDAQ's Composite Index had put on about 0.18 percent, running back to 1,305.29 points.

The gains of the last day of trading of the week, ended March 7, were fully expected to be erased, during the week of March 10-14.

But, in addition to the war news, North Korea fired a cruise missile into The Sea of Japan, last Monday, in what was seen, internationally, as an attempt to coerce the US to come to the Pyongyang bargaining table, along the lines:

*'Look, we have nuclear capability and we have delivery systems, too. Now, will you talk about what we need – you give us food, pro bona, and we shall consider what to offer to you (the US).'*

Pyongyang has been insisting that there must be bilateral talks with the US on its terms ... or else.

From Europe came another shock: Deutsche Telecom, the largest telecommunications company in Germany, announced a 2002 Loss Attributable to Shareholders of about \$US27.10 billion.

Deutsche Telecom has debts of about 61.10 billion euros. The company said that it would cut that debt to about 50 billion euros, this year, by selling off assets.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets came under heavy fire, with the result that share prices fell quickly to a 5-month low.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index surrendered about 0.51 percent of its value, falling to 8,861.87 points.

The Total Turnover was about \$HK6.37 billion, with losing counters, outnumbering gaining ones by the ratio of 3.11:One.

It was the Properties Sectorial Index, which saw the biggest losses of the day, as it fell by about 2.24 percent.

The Ten Most Actives were:

Hutchison Whampoa Ltd (Code: 13)	Down 3.81 percent to \$HK42.90 per share
HSBC Holdings plc (Code: 5)	Up 0.30 percent to \$HK83.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 3.85 percent to \$HK44.90 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.64 percent to \$HK15.70 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 2.84 percent to \$HK41.00 per share
CLP Holdings Ltd (Code: 2)	Up 1.23 percent to \$HK32.80 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.30 percent to \$HK83.50 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Unchanged at \$HK9.60 per share
Hongkong Electric Holdings Ltd (Code: 6)	Down 0.99 percent to \$HK30.10 per share
CNOOC Ltd (Code: 883)	Down 1.38 percent to \$HK10.75 per share

The biggest losers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AV Concept Holdings Ltd	595		11.11	0.28
Carry Wealth Holdings Ltd	643		12.99	0.67
China Online (Bermuda) Ltd	383		28.00	0.018
Climax International Company Ltd	439	10.00		0.022
Earnest Investments Holdings Ltd	339		20.00	0.016
Haier-CCT Holdings Ltd	1169	13.13		0.181
Hansom Eastern (Holdings) Ltd	279		10.94	0.057
Hongkong Fortune Ltd	121		11.76	0.09
i100 Ltd	616	14.29		0.032
Jade Dynasty Food Culture Group Ltd	970		16.13	0.26
Kantone Holdings Ltd	1059		10.00	0.036
Karl Thomson Holdings Ltd	7		13.04	0.12
Kong Sun Holdings Ltd	295		13.24	0.118
Mansion Holdings Ltd	547		20.00	0.016
New World Infrastructure Ltd	301		13.00	0.435
Oriental Union Holdings Ltd	1182		11.39	0.07
Pacific Challenge Holdings Ltd	166		10.64	0.42
Singapore Hongkong Properties Investment Ltd	245		10.20	0.044
Simsen International Corporation Ltd	993		13.25	0.072
Softbank Investment International (Strategic) Ltd	648		12.36	0.078
South China Brokerage Company Ltd	619	11.11		0.03
Starlight International Holdings Ltd	485		10.42	0.086
Sunlink International Holdings Ltd	2336		25.76	0.219
Swank International Manufacturing Company Ltd	663		27.78	0.013
Tai Fook Securities Group Ltd	665		14.29	0.60
Techwayson Holdings Ltd	2330	11.11		0.80
UDL Holdings Ltd	620		11.11	0.024
Wing Shing Chemical Holdings Ltd	850		16.90	0.182
Wonson International Holdings Ltd	651		14.71	0.029

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the losses were much greater than those of the Main Board, with a whopping drop of about 2.68 percent, recorded on The Growth Enterprise Index, which ended the day at 108.62 points.

The Total Turnover on this speculative market dropped back to about \$HK56.07 million, with losing counters, racing ahead of advancing ones by the ratio of 3.50:One.

Of interest to many observers was the fact that the losses all took place in the first hour of trading. After that, the market was very quiet for the remainder of the day.

Mr Li Ka Shing's 2 GEM listings, tom.com Ltd (Code: 8001) and CK Life Sciences International (Holdings) Ltd (Code: 8222), both lost ground, with the share price of tom.com, falling by about 2 percent to \$HK1.86, while CK Life Sciences gave up about 5 percent of its market capitalisation, falling back to \$HK1.18 per share (a record low for the stock).

But the biggest losses of the day were reserved for the following counters:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Cardlink Technology Group Ltd	8066		12.00	0.11
Changmao Biochemical Engineering Company Ltd	8208		24.32	0.28
China Data Broadcasting Holdings Ltd	8016		18.75	3.25
ProSticks International Holdings Ltd	8055	12.50		0.027

In Japan, it was a veritable disaster scene.

The Japanese Government announced that it was ready to support the country's 3 equity markets with cash, as investors were near to panic: Share prices collapsed, one after another.

On The Tokyo Stock Exchange, during last Monday's trading session, the key index, The Nikkei-225 Stock Average, fell below the 8,000-yen level to 7,975.40 yen – for the first time in the previous 2 decades.

The Chief Cabinet Secretary, Mr Yasuo Fukuda, said, at a hurriedly organised Press Conference:

*'We believe (that) the situation in Iraq has affected the Japanese stock market(s) and we need to closely watch the market movement and take action if necessary.'*

The Nikkei-225 Stock Average recovered from the initial onslaught to end the day at 8,042.26 yen, but that was, still, about 20 percent off its closing value at its peak in 1989.

Last Monday's close was a loss of about 1.25 percent, compared with the previous Friday's close. It was the fifth consecutive trading day of losses.

While there might have been a slight reprieve, during intra-day trading, it was highly unlikely that it could hold – because war with Iraq appeared to be a dead cinch by the looks of things, last Monday.

No section of the Japanese market was spared, with banks, coming under very heavy fire.

The signs were ominous.

## **Tuesday**

With the prospects of war, continuing to loom larger than life, equity markets, around the world, buckled under the weight of it all.

In Europe, investors were near to panic, as the following **TARGET** table of losses indicates:

Amsterdam's AEX Index	Minus 3.36 percent
Great Britain's FTSE 100 Index	Minus 1.59 percent
Germany's Frankfurt XETRA DAX Index	Minus 4.22 percent*
France's CAC40 Index	Minus 2.38 percent

Switzerland's Swiss Market Index	Minus 3.82 percent
Italy's MIBTEL Index	Minus 1.85 percent

\* The largest loser in Europe

In London, England, on The London Stock Exchange, the FTSE 100 was at a 90-month low of 3,436 points.

An example of the rot on Europe's most prestigious stock market was easily realised when, looking at the records of **TOLFIN** (**TARGET**'s Computerised Online Financial Intelligence Service and Credit-Checking Provider), it was noted that the FTSE 100 stood at 6,930 points, as at December 1999.

On Wall Street, on the first day of trading, last Monday, New York time, investors bailed out of stocks and shares on what they thought could well be the eve of war.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 171.85 points, equivalent to 2.22 percent, ending the day at 7,568.18 points.

Over on the NASDAQ, its Composite Index shed 26.92 points, or about 2.06 percent, falling back to 1,278.37 points.

Monday's close on Wall Street represented yet another nail in the coffin in the prices of US stocks and shares as they slid closer to their lowest levels of the previous 3 years of the current bear market.

In the United Nations, countries were jockeying for one position or another in order to try to persuade fence-sitters to vote one way or another on the question as to whether or not the Security Council should endorse the US Government's stance that an armed, UN coalition force should invade Baghdad.

The US Government only had 4 sure votes in support of its determination, Spain and the UK, being among the staunchest advocates of US President George W. Bush's stand on Iraq, while France, Germany, the People's Republic of China (PRC) and Syria were dead set against an invasion and threatened to veto any such vote in the Security Council.

The fence-sitters included Pakistan, Chile, Mexico, Angola, Cameroon and Guinea.

The longer that the world dickered, the longer time Iraq had to position itself to try to repel an invasion force, it was being argued, logically, and, obviously, correctly.

But, in addition to the war news, investors realised that the talk of war, as opposed to an actual shooting war, breaking out, was playing havoc with the economy of the world's most powerful country.

And it was filtering down to other bourses.

On Friday, March 7, it has been announced that the number of jobs that had been lost in The Land of The Free and The Home of The Brave, during the month of February, was at the highest level since the September 11, 2001 attack on New York's World Trade Center and The Pentagon in Washington D.C.

Payrolls plunged by about 308,000 jobs in February, the US Labour Department announced.

The unemployment rate stood at 5.80 percent in February, up from the January figure of 5.70 percent.

Employers were not hiring, to be sure.

From the US Congressional Budget Office came news that President George W. Bush's new tax cuts and the huge amounts of money, being spent on defence, meant that the US Budget was quite likely to be in the red to the extent of about \$US2.70 trillion, during the coming decade.

The price of oil continued to rise on international exchanges, hitting \$US37.78 per barrel.

Again, according to **TOLFIN**, the price of oil on The NYMEX has risen from the February 2002 figure of about \$US20 per barrel to the March 6, 2003 figure of \$US37.78 per barrel, an increase of about 89 percent in a period of about one year.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors adopted a wait-and-see attitude.

Investors on The Stock Exchange of Hongkong Ltd had seen it all before, unlike many of their US counterparts.

The Main Board of The Stock Exchange of Hongkong Ltd lost about 0.02 percent of its value, ending the day at 8,859.93 points.

The Total Turnover was about \$HK6.80 billion, with declining issues, outperforming advancing ones by the ratio of 1.11:One.

The Ten Most Active counters were:

HSBC Holding plc (Code: 5)	Down 0.90 percent to \$HK82.25 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.70 percent to \$HK42.60 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.64 percent to \$HK15.80 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.56 percent to \$HK44.20 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.49 percent to \$HK40.80 per share
CLP Holdings Ltd (Code: 2)	Up 0.30 percent to \$HK32.90 per share
CITIC Pacific Ltd (Code: 267)	Up 3.95 percent to \$HK15.80 per share
Henderson Land Development Company Ltd (Code: 12)	Down 2.73 percent to \$HK21.40 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Up 0.61 percent to \$HK33.00 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.90 percent to \$HK84.25 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AV Concept Holdings Ltd	595	10.71		0.31
Century Legend (Holdings) Ltd	79	11.11		0.02
Cheung Tai Hong Holdings Ltd	199		36.00	0.016
China Motion Telecom International Ltd	989		10.00	0.36
China Online (Bermuda) Ltd	383	22.22		0.022
i100 Ltd	616		15.63	0.027
Jackley Holdings Ltd	353	15.27		0.151
Lai Fung Holdings Ltd	1125		19.23	0.105
Lai Sun Development Company Ltd	488	33.33		0.032
MUI Hongkong Ltd	542		13.33	0.065
Pacific Challenge Holdings Ltd	166		11.90	0.37
Playmates Holdings Ltd	635	14.55		0.63
South East Group Ltd	726		10.71	0.05
Star East Holdings Ltd	198	20.00		0.042
Start Technology Company Ltd	706		12.82	0.34
Swank International Manufacturing Company Ltd	663		23.08	0.01
Terabit Access Technology International Ltd	491	12.50		0.018
Tomorrow International Holdings Ltd	760		15.87	0.053
Wah Nam International Holdings Ltd	159		14.00	0.172
Wang Sing International Holdings Group Ltd	2389	16.28		0.50

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, this speculative marketplace's Growth Enterprise Index headed closer to the 100-level.

After about \$HK54.48-million worth of shares had changed hands, The Growth Enterprise Index stood at 107.65 points, a one-day loss of about 0.89 percent.

Losing counters were ahead of gaining ones by the ratio of 2.50:One.

The double-digit movers of this market were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061	14.55		0.063
Blu Spa Holdings Ltd	8176		16.67	0.01
B M Intelligence International Ltd	8158		11.11	0.12
Cardlink Technology Group Ltd	8066		18.18	0.09
China Data Broadcasting Holdings Ltd	8016		24.62	2.45
Grandmass Enterprise Solution Ltd	8108	18.75		0.019
Recruit Holdings Ltd	8073	18.75		0.019
Rojam Entertainment Holdings Ltd	8075	10.67		0.083
Stockmartnet Holdings Ltd	8123		30.43	0.048
SYSCAN Technology Holdings Ltd	8083		12.31	0.057
Trasy Gold Ex Ltd	8063		20.00	0.012
Wanasports Holdings Ltd	8020		13.46	0.045

In The Land of The Rising Sun, as had been expected by astute observers of trading conditions on Monday, down came share prices.

The statements, made by The Chief Cabinet Secretary, Mr Yasuo Fukuda, on Monday, Tokyo time, had little to no effect, at all. (Please see Monday's report)

On The Tokyo Stock Exchange, the '*barometer*' of trading in blue chips, the Nikkei-225 Stock Average, shed 179.83 yen, or about 2.24 percent, ending the session at 7,862.43 yen.

It was the first time in the previous 2 decades that the Nikkei-225 Stock Average had closed the day below the 8,000-yen level.

The Japanese Government was nowhere in sight, it was observed, contrary to Monday's statements that the Government would come to the rescue of the country's equity markets.

The premier stock market of Japan had, by last Tuesday, seen declining prices for 6 consecutive sessions.

The underlying Iraq war risk, plus North Korea's firing of a missile into The Sea of Japan, tended to destabilise the 3 stock markets of Japan.

Many banks and finance houses were hit, extremely hard, but the bulk of last Tuesday's losses were centred on electronics and exporters:

Banks/ Finance Houses/Brokerages

Bank of Yokohama	Down 6.47 percent to 376 yen per share
Chiba Bank	Down 1.41 percent to 349 yen per share
Daiwa Securities Group	Down 1.55 percent to 509 yen per share

Nikko Cordial	Down 2.49 percent to 353 yen per share
Nomura Holdings	Down 2.16 percent to 1,224 yen per share
Sumitomo Mitsui Financial Group	Down 11.59 percent to 206,000 yen per share

Electronics/Telecommunications and Industrials

Advantest	Down 3.87 percent to 4,470 yen per share
Alps Electric	Down 4.55 percent to 1,365 yen per share
Canon	Down 3.19 percent to 3,940 yen per share
Clarion	Down 2.62 percent to 186 yen per share
Fanuc	Down 3.54 percent to 4,910 yen per share
Fuji Photo Film	Down 3.40 percent to 3,410 yen per share
Furukawa	Down 3.28 percent to 59 yen per share
Hitachi	Down 3.33 percent to 435 yen per share
Konica	Down 3.64 percent to 900 yen per share
Kyocera	Down 2.43 percent to 5,630 yen per share
Mitsumi Electric	Down 3.50 percent to 965 yen per share
NEC	Down 2.69 percent to 398 yen per share
NTT Data	Down 3.07 percent to 316,000 yen per share
NTT DoCoMo	Down 3.37 percent to 201,000 yen per share
Pioneer	Down 3.03 percent to 2,400 yen per share
Ricoh	Down 2.82 percent to 1,691 yen per share
Sanyo	Down 3.49 percent to 313 yen per share
Sharp	Down 4.00 percent to 1,200 yen per share
Sony	Down 2.86 percent to 4,080 yen per share
TDK	Down 6.67 percent to 4,480 yen per share
Tokyo Electron	Down 2.72 percent to 4,650 yen per share



Toshiba Corporation	Down 4.22 percent to 318 yen per share
Trend Micro	Down 2.80 percent to 1,700 yen per share

#### News wise:

- **Ando Corporation**, a general contractor in Japan, agreed to inject about one billion yen into troubled builder, Hazama Corporation. The agreement between the 2 companies gives Ando an option to purchase up to 51 percent of the Issued and Fully Paid-Up Share Capital of Hazama;
- **Softbank Corporation** said its wholly owned subsidiary, Softbank America Incorporated, will sell part of its holdings in UTStarcom Incorporated for about \$US139 million. The sale of 8 million shares of UTStarcom will reduce Softbank's interest in that American company to about 15 percent; and,
- **Mizuho Corporate Bank** will lower its long-term, prime-lending rate by 0.05 percent to a record low of 1.50 percent.

And, in other parts of Asia, here is how those stock markets fared, last Tuesday:

Indonesia	Minus 0.87 percent to 379.35
Japan	Minus 2.24 percent to 7,862.43
Malaysia	Minus 0.87 percent to 619.22
The Philippines	Minus 0.36 percent to 1,007.11
Singapore	Plus 0.19 percent to 1,216.11
South Korea	Minus 2.15 percent to 532.53
Taiwan	Minus 1.38 percent to 4,260.45
Thailand	Minus 0.65 percent to 350.98

#### Wednesday

Unable to score a quick victory in the UN, senior officials of the US Government were making noises that it was time to go it, alone.

Meanwhile, the Government of Prime Minister Tony Blair (of England) was facing a political crisis as a group of backbenchers threatened, in very vociferous tones, that they would resign en masse if the UK were to attack Iraq in conjunction with the US without express approval of the Security Council of the UN.

While the world waited for the dust to settle, in the UN, there continued to be a great deal of lobbying, with those in favour of a war, seeking out the fence-sitters in an effort to persuade them to their way of thinking, while the contrary minded were doing, exactly the same type of thing.

And, meanwhile, in Iraq, President Saddam Hussein was telling his troops to minimise their losses and to maximise the losses of the evil infidel when the invasion of Iraq starts.

On The New York Stock Exchange, last Tuesday, New York time, the Dow Jones Industrial Average fell to their lowest level in the previous 5 months.

The Dow ended the day at 7,524.06 points, a loss of about 0.58 percent, compared with Monday's close.

On the NASDAQ, its Composite Index shed another 0.54 percent of its value, falling back to 1,271.47 points.

Airline stocks were extremely hard-pressed because, when the US does attack Iraq, US-based airlines will be among the hardest hit of any industry, with air travel, internationally, falling to a trickle, no doubt, while domestic travel by air is likely to drop to zilch, at least, for a time.

In Europe, bankruptcy fears with regard to some US airlines took its toll of aerospace company, Rolls Royce plc, because this prestigious company is one of the 3 largest producers in the world of jet engines.

The share price of Rolls Royce fell 5.40 percent on The London Stock Exchange.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), things were especially quiet: Investors on Asia's second-largest bourse waited for what appeared to be the inevitable.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gained 0.17 percent, rising to 8,874.99 points.

The Total Turnover slipped, slightly, to \$HK5.74 billion, with gainers, ahead of losers by the ratio of 1.75:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK82.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.90 percent to \$HK16.10 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.23 percent to \$HK42.70 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.25 percent to \$HK40.90 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.45 percent to \$HK44.40 per share
China Telecom Corporation Ltd (Code: 728)	Up 2.99 percent to \$HK1.38 per share
Hang Seng Bank Ltd (Code: 11)	Unchanged at \$HK84.25 per share
CLP Holdings Ltd (Code: 2)	Down 0.30 percent to \$HK32.80 per share
Wharf (Holdings) Ltd (Code: 4)	Up 2.47 percent to \$HK16.60 per share
Henderson Land Development Company Ltd (Code: 12)	Down 1.17 percent to \$HK21.15 per share

As for the double-digit movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Bestway International Holdings Ltd	718		10.53	0.017
Cheung Tai Hong Holdings Ltd	199		18.75	0.013
China Motion Telecom International Ltd	989	11.11		0.40
Far East Technology International Ltd	36	74.55		0.192
Fortuna International Holdings Ltd	530	81.82		0.02
Heng Fung Holdings Ltd	185	16.67		0.07
i100 Ltd	616	18.52		0.032
Jackin International Holdings Ltd	630	10.53		0.21
K. Wah International Holdings Ltd	173	12.50		0.81
KEL Holdings Ltd	681		18.18	0.063
MUI Hongkong Ltd	542		23.08	0.05
New World Infrastructure Ltd	301	14.61		0.51
Oriental Metals (Holdings) Company Ltd	1208	14.17		0.145
Singapore Hongkong Properties Investment Ltd	245	15.22		0.053
Top Form International Ltd	333	12.64		0.98

On The Growth Enterprise Market (The GEM), the Total Turnover was about \$HK61.30 million, with losing counters, outrunning gaining counters by the ratio of 1.08:One.

The Growth Enterprise Index put on 1.25 percent, ending the day at 109 points, even.

The biggest movers on this market were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capital Publications Ltd	8155		38.89	0.11
Cyber On-Air Group Company Ltd	8118		12.50	0.07
Golding Soft Ltd	8190		15.73	0.15
Grandmass Enterprise Solution Ltd	8108		21.05	0.015
Info Communication Holdings Ltd	8082		18.92	0.03
KanHan Technologies Group Ltd	8175	13.73		0.29
Media Partners International Holdings Incorporated	8072		11.48	0.185
New Chinese Medicine Holdings Ltd	8085		11.67	0.053
Panorama International Holdings Ltd	8173		13.00	0.087
Q9 Technology Holdings Ltd	8129		12.77	0.041

In Japan, the 6-day losing streak on The Tokyo Stock Exchange was snapped.

The Nikkei-225 Stock Average gained 80.61 yen, or 1.03 percent, recovering some of its lost ground to end the day at 7,943.04 yen.

Even so, The Nikkei-225 Stock Average was, still, below the 8,000-yen level.

Although the market, technically, was rebounding, it was noted that the share price of many banks continued to fall to persistent selling pressure.

To many observers, last Wednesday's gains were, merely, a knee-jerk reaction.

#### News wise:

- Domestic shipments of mobile telephones rose by about 22.40 percent in January, Year-on-Year, to about 3.77 million units, **The Japan Electronics and Information Technology Industries Association** announced. It represented the fourth consecutive month of gains in this area of Japan's industrial infrastructure.

In other Asian equity markets, this was the way that investors played their cards, last Wednesday:

Indonesia	Plus 2.08 percent to 387.25
Japan	Plus 1.03 percent to 7,943.04
Malaysia	Plus 1.60 percent to 629.10
The Philippines	Minus 0.66 percent to 1,000.44
Singapore	Plus 1.44 percent to 1,233.68
South Korea	Minus 0.14 percent to 531.81
Taiwan	Plus 1.59 percent to 4,328.15
Thailand	Plus 0.42 percent to 352.44

#### Thursday

Crash!

That was the only way to describe what took place on European bourses, last Thursday.

Investors were, without question, panicked by international events.

Trillions of euros were wiped off the market capitalisations of many multinationals as one thing, then, another, took its toll of investor confidence.

The following are just some of the large losses on European stock markets, last Thursday:

Amsterdam's AEX Index	Minus 4.05 percent
Great Britain's FTSE 100 Index	Minus 4.80 percent*
Germany's Frankfurt XETRA DAX Index	Minus 4.44 percent
France's CAC40 Index	Minus 3.62 percent
Switzerland's Swiss Market Index	Minus 1.17 percent
Italy's MIBTEL Index	Minus 3.52 percent

\* The largest loser in Europe

By the close of England's premier stock market, The London Stock Exchange, key indices were locked at another new record: A 92-month low.

In Germany, The Frankfurt Stock Exchange was described as being the worst bear market since the 1930s.

The Frankfurt XETRA DAX Index was, as at last Thursday's close, down by about 70 percent, compared with 3 years ago.

Aside from the news of the prospects of a war with Iraq, there were other factors, too, that were plaguing the equity markets of Europe.

Sluggish economies throughout Euroland, a cascading effect of what was taking place in the US, were hurting the European Union (EU), considerably.

From Amsterdam, Holland, came news that Phillips Electronics NV, Europe's largest consumer electronics company, was to sack about 1,600 workers at its key semiconductors unit; and, it is to close down a factory in the US.

France's major banking group, Credit Agricole, announced a 28-percent fall in its Net Profits for the 2002 Financial Year, due to tumbling equity markets and losses in Argentina.

The carnage on European bourses did not spill over into the US, however, although there was bound to be a knock-on effect, somewhere down the line.

On The New York Stock Exchange, the Dow Jones Industrial Average gained 29 points, or about 0.37 percent, running back to 7,552.07 points.

The Composite Index of the NASDAQ followed suit with a gain of about 0.61 percent, recovering to 1,279.24 points.

Whether or not the markets would be able to hang onto the gains of last Wednesday, New York time, was a question that many investors were pondering since the gains appeared to be, by and large, more slight of hand than anything else.

From Australia, Prime Minister John Howard outlined his case for Australia, assisting the US and the UK in waging war on Iraq.

He said that unless the UN supported the US case for war with Iraq, that country's biological, chemical and nuclear weapons (when it has them in sufficient quantities) could fall into the hands of terrorists.

Australia, the Prime Minister indicated, is ready, willing and able to stand, shoulder to shoulder with US and UK troops in attacking Iraq – even without the express approval and support of the UN.

As at last Wednesday night, New York time, it was reported that the US was within one vote of getting the UN to agree on a new resolution, leading to an armed invasion of Iraq.

Closer at hand in the US, McDonald's Corporation, the world's largest restaurant chain, announced its 12<sup>th</sup> consecutive month of declining international sales – down 4.70 percent.

In Asia, major stock markets were off, fractionally, as investors determined to wait in order to see which way the winds were blowing.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index lost about 0.99 percent of its value, as investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) pushed down the key index to 8,787.45 points.

The ratio of losers to gainers was 1.91:One.

The Total Turnover was about \$HK6.05 billion, with losses in the Finance Sectorial Index, weighing heavily on the market.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 1.22 percent to \$HK81.25 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 2.44 percent to \$HK39.90 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.59 percent to \$HK83.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 1.24 percent to \$HK15.90 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.94 percent to \$HK42.30 per share
CITIC Pacific Ltd (Code: 267)	Up 4.14 percent to \$HK16.35 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.80 percent to \$HK43.60 per share
Johnson Electric Holdings Ltd (Code: 179)	Down 4.57 percent to \$HK8.35 per share
CNOOC Ltd (Code: 883)	Down 0.95 percent to \$HK10.45 per share
The Bank of East Asia Ltd (Code: 23)	Down 2.09 percent to \$HK14.05 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Resources Holdings Ltd	899	10.00		0.011
Century Legend (Holdings) Ltd	79	10.00		0.022
China Development Corporation Ltd	487		16.67	0.01
Cosmopolitan International Holdings Ltd	120		19.64	0.45
Dah Hwa International (Holdings) Ltd	600		13.33	0.052
Daido Group Ltd	544		13.16	0.033
Credit Card DNA Security System (Holdings) Ltd	1051		12.00	0.022
Enerchina Holdings Ltd	622	35.29		0.023
Hanny Holdings Ltd	275	16.67		0.014
Heng Fung Holdings Ltd	185		12.86	0.061
KEL Holdings Ltd	681	11.11		0.07
Lai Sun Development Company Ltd	488		19.35	0.025

LeRoi Holdings Ltd	221		12.44	0.176
Neo-Tech Global Ltd	563	10.53		0.042
Oriental Metals (Holdings) Company Ltd	1208	16.55		0.169
Pricerite Group Ltd	996	11.36		0.098
RNA Holdings Ltd	501		38.46	0.016
Sheung Hua Holdings Ltd	371		44.00	0.028
Softbank Investment International (Strategic) Ltd	648		10.39	0.069
Star East Holdings Ltd	198		12.50	0.035
Tomorrow International Holdings Ltd	760	13.21		0.06
Tse Sui Luen Jewellery (International) Ltd	417	12.70		0.071
U-Cyber Technology Holdings Ltd	91	10.87		0.255
VST Holdings Ltd	856		15.97	0.10
Wang Sing International Holdings Group Ltd	2389		11.54	0.46
Zhongda International Holdings Ltd	909		10.34	0.26

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, some of Wednesday's gains were peeled away.

The Growth Enterprise Index ended the session at 108.53 points, down about 0.43 percent.

The Total Turnover was about \$HK69.67 million.

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Data Broadcasting Holdings Ltd	8016	60.00		3.80
Creative Energy Solutions Holdings Ltd	8109		11.48	0.27
Grandmass Enterprise Solution Ltd	8108	33.33		0.02
Prosperity International Holdings (Hongkong) Ltd	8139		13.64	0.038
Prosten Technology Holdings Ltd	8026	26.67		0.114
Rojam Entertainment Holdings Ltd	8075	13.10		0.095

In Japan, investors reversed Wednesday's trend as share prices slipped, again.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost about 0.94 percent of its value, falling to 7,868.56 yen.

Even so, the number of gaining counters, outperformed the number of losing ones by the ratio of 1.47:One.

The volume of activity, however, was down by nearly 10 percent, Day-on-Day, in terms of the number of shares to change hands.

#### News wise:

- **The Bank of Japan** was said to be about to stand in the market in order to increase its purchases of bank-held stocks so as to combat falling share prices. The Bank of Japan is the Central Bank; its senior officers take instructions from Prime Minister Junichiro Koizumi;
- Private-sector machinery orders rose a seasonally adjusted 7 percent in January, compared with December 2002, the Government announced through its Cabinet Office's **Economic and Social Research Institute**; and,
- **Marubeni Corporation** announced that it had successfully persuaded 9 banks to lend it, in aggregate, 400 billion yen. The lead bank is to be **Mizuho Corporation Bank**.

In other Asian bourses, this is the way that investors determined to move, last Thursday:

Indonesia	Minus 0.88 percent to 383.86
Japan	Minus 0.94 percent to 7,868.56
Malaysia	Minus 0.26 percent to 627.46
The Philippines	Closed
Singapore	Minus 0.15 percent to 1,231.77
South Korea	Minus 0.01 percent to 531.78
Taiwan	Plus 1.17 percent to 4,378.99
Thailand	Plus 0.30 percent to 353.48

### **Friday**

The Americans call it turning on a dime.

Because that is what happened on most of the world's equity markets, last Thursday and Friday, following statements, made inside and outside of the United Nations, statements to the effect that, perhaps, the war against Iraq would be put on hold – at least, for a while.

In Europe, the news was welcomed with cheers as the peace advocates, who are opposed to an armed invasion of the fiefdom of President Saddam Hussein of Iraq, literally danced with joy.

Their glee, however, may have been misplaced because, in Iraq, there were very definite signs of a country, continuing to prepare for war and continuing to manufacture more weapons of destruction.

Europe saw key indices of its major bourses jump, quite spectacularly, as the following **TARGET** table indicates:

Amsterdam's AEX Index	Plus percent*	9.98
Great Britain's FTSE 100 Index	Plus percent	6.08
Germany's Frankfurt XETRA DAX Index	Plus percent	6.87
France's CAC40 Index	Plus percent	6.31
Switzerland's Swiss Market Index	Plus percent	3.21
Italy's MIBTEL Index	Plus percent	3.50

\* The largest gainer in Europe

On The New York Stock Exchange, the Dow Jones Industrial Average gained 269.68 points, equivalent to about 3.57 percent, ending the hectic session at 7,821.75 points.

The Total Turnover on this equity market, the largest in the world, was the year's heaviest, with the ratio of gainers to losers, being 2.67:One.

On the NASDAQ, its Composite Index rose 61.54 points, or about 4.81 percent, running back to 1,340.78 points.

The reason for the international euphoria was a report that the US Government was in negotiations with certain Iraqi military commanders over surrender terms.

The report was denied, officially, by The State Department.

In the UN, there was an impasse as the US found it more and more difficult to obtain that one final vote that could swing things its way, sanctioning the most powerful nation in the world to attack Baghdad.

However, in the Persian Gulf, war plans were continuing apace, with the US, deploying more warships and inter-ballistic missiles, all aimed at military targets in Iraq.

Secretary of State Colin Luther Powell told the Security Council that the US was willing to wait another week before letting loose the dogs of war.

France was intransigent, with Mr Jean-Marc de La Sabliere, Ambassador of France to the UN, making the statement that France would say 'No' to any resolution, authorising the use of force in Iraq in the current circumstances.

The toing-and-froing in the UN's Security Council Chamber and outside of the Chamber was unnerving many countries' representatives to the international organisation; and, the economic might of the US was not proving too successful in bending the weaker countries to the US Government's way of thinking on the matter of war with Iraq.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors went along with the flow.

The result was that the Main Board of The Stock Exchange of Hongkong Ltd registered a gain of 1.92 percent on its key gauge: The Hang Seng Index.

The close of the week saw the Hang Seng Index at 8,956.17 points.

The Total Turnover, however, was only about \$HK5.75 billion – which is hardly the volume that is required for a market, said to be turning round.

The ratio of gainers to losers was 2.57:One.

Every sector of the market made handsome improvements.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 2.15 percent to \$HK83.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 3.55 percent to \$HK43.80 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.89 percent to \$HK16.20 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.52 percent to \$HK44.70 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.75 percent to \$HK40.60 per share
Hang Seng Bank Ltd (Code: 11)	Up 1.79 percent to \$HK85.25 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Up 4.42 percent to \$HK9.45 per share
China Telecom Corporation Ltd (Code: 728)	Up 1.46 percent to \$HK1.39 per share
Cathay Pacific Airways Ltd (Code: 293)	Up 2.71 percent to \$HK11.35 per share
CITIC Pacific Ltd (Code: 267)	Up 0.31 percent to \$HK16.40 per share

The double-digit movers of the day included:



Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
401 Holdings Ltd	401	26.47		0.043
Asia Standard Hotel Group Ltd	292		16.00	0.21
CIL Holdings Ltd	479		10.00	0.018
Cosmopolitan International Holdings Ltd	120		15.56	0.38
Daido Group Ltd	544	15.15		0.038
E-LIFE International Ltd	370		16.33	0.082
eCyberChina Holdings Ltd	254	10.00		0.011
eForce Holdings Ltd	943	13.17		0.275
Fortuna International Holdings Ltd	530		10.00	0.018
Herald Holdings Ltd	114	10.00		0.275
Innovative International (Holdings) Ltd	729		13.33	0.013
Kantone Holding Ltd	1059	11.11		0.04
KEL Holdings Ltd	681		14.29	0.06
Kong Sun Holdings Ltd	295		53.00	0.047
Magician Industries (Holdings) Ltd	526	18.75		0.095
Mansion House Group Ltd	376	17.02		0.275
MUI Hongkong Ltd	542	60.00		0.08
Oriental Overseas (International) Ltd	316	14.37		4.975
Rosedale Hotel Group Ltd	149		21.54	0.102
Sen Hong Resources Holdings Ltd	76	12.90		0.35
Shang Hua Holdings Ltd	371	78.57		0.05
Simsen International Corporation Ltd	993	13.33		0.085
Xin Corporation Ltd	1141		17.55	0.155
Yau Lee Holdings Ltd	406	13.33		0.153

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – The Growth Enterprise Index ran back to 110.06 points, a one-day gain of 1.41 percent.

The Total Turnover on this speculative marketplace was about \$HK93.53 million.

The ratio of gainers to losers was 1.41:One.

Nearly all of the gains on this market came in the morning session, which closed at 12:30 pm.

Trading in the shares of tom.com Ltd (Code: 8001) represented a little more than 19 percent of the Total Turnover, at about \$HK18.06 million.

The biggest movers on The GEM were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AKuP International Holdings Ltd	8179		20.00	0.072
CCID Consulting Company Ltd	8235	14.36		0.215
Changmao Biochemical Engineering Company Ltd	8208	20.37		0.325
Fast System Technology (Holdings) Ltd	8150	16.67		0.07
First Mobile Group Holdings Ltd	8110	18.65		0.229
Fortune Telecom Holdings Ltd	8040	12.90		0.70
Golding Soft Ltd	8190		10.00	0.135
Grandmass Enterprise Solution Ltd	8108		10.00	0.018
Info Communication Holdings Ltd	8082	10.00		0.033
MediaNation Incorporated	8160		10.45	0.06
PINE Technology Holdings Ltd	8013	15.66		0.096

Prosperity International Holdings (Hongkong) Ltd	8139		21.05	0.03
Wanasports Holdings Ltd	8020	11.11		0.05

In respect of tom.com Ltd, a Li Ka Shing company, it announced that the company had continued to make losses, dropping another \$HK409.58 million for the 2002 Financial Year, ended December 31, 2002.

The company, also, stated that it enjoyed Negative Net Tangible Assets of about \$HK766.41 million.

Wonderful!

For the week, therefore, the tally was:

The Hang Seng Index	Up 0.55 percent
The Growth Enterprise Index	Down 0.97 percent

In Japan, it was pretty much the same story, as was being told elsewhere in the world.

Japan supports the US in its determination to attack Iraq and to disarm the Regime of President Saddam Hussein, as well as install a democratic government, there.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average gained about 1.70 percent, last Friday, ending the week at 8,002.69 yen.

Even so, banks continued to come under pressure, with the world's largest bank, Mizuho Holdings Incorporated, down 4.46 percent to 107,000 yen per share.

In spite of the Nikkei-225 Stock Average, being in positive territory, the number of losing counters, outperformed the number of gaining ones by the ratio of 1.10:One.

For the week, ended March 14, 2003, the Nikkei-225 Stock Average had lost 1.74 percent of its value in a period of 5 trading days.

In other Asian bourses, this was how they finished the week of March 14:

Indonesia	Plus 1.05 percent to 387.88
Japan	Plus 1.70 percent to 8,002.69
Malaysia	Plus 0.17 percent to 628.55
The Philippines	Plus 0.35 percent to 1,003.99
Singapore	Plus 1.55 percent to 1,250.88
South Korea	Plus 1.10 percent to 537.65
Taiwan	Plus 2.22 percent to 4,476.17
Thailand	Plus 1.35 percent to 358.24

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