

AIRLINES COLLAPSE BUT EQUITY MARKETS RISE ON WAR NEWS

At the opening of stock markets in Asia, last Monday, it was clear that there was widespread and very grave concern over the situation in Iraq.

The fighting in that Middle Eastern country was intensifying as the war, by then, having entered a new, terrorist phase, complete with Iraqi suicide bombers, sapped investors' investment strength, resulting in some of the biggest losses seen for years.

Singapore led the losers in Asia, followed by Japan and, then, the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

A long war could, and, probably, would, cause chaos to the economies of many parts of the world, but nobody was definitive, or sufficiently brave enough, to state as to where investors' haven might be found in order to ride out the economic storms, which were sure to come in the fullness of time.

The most learned economists in the world were divided about the future course of the US economy in view of the huge numbers of employees, having been made redundant over the previous few months.

And the war was exacerbating the situation.

Oil prices were on the rise, once again, following continued reports about the situation in Nigeria where exports were being interrupted due to violence in the country.

Meanwhile, the US continued to rain down missiles and bombs on Baghdad, the Capital City of Iraq, but it appeared that it was not sufficiently '*softening up*' the Iraqi war machine.

There were unconfirmed reports that US commanders, in the field, had ordered a 4-day pause/slowdown/what-have-you in the push to Baghdad due to insufficient logistical support of troops.

Some of the US fighting units were down to one meal per day, it was widely reported.

Senior US Army officials were labelling the situation as being, simply, one that required preparation for the next phase of the war.

As one British Army officer put it:

'I would not call it a pause ... It is simply a matter of shaping the battle space, shaping the battlefield, getting up troops, equipped with all the assets they will need for the next part of the campaign.'

As investors in the most populous part of the world woke up, last Monday, it was to the sounds of perceived, eminent disaster.

American Airlines was reported to be engaged in last-minute negotiations with unions in an effort to stave off bankruptcy.

American Airlines is the world's largest airline.

If it could not persuade 3 labour unions to accept a 21-percent cut in its annual payroll of about \$US8.40 billion, it would have no option but to file Chapter 11 of the bankruptcy laws of the US.

The previous Friday, on Wall Street, trading was light on major equity markets, but, generally, share prices continued to fall, some more than others.

On The New York Stock Exchange, the Dow Jones Industrial Average finished the week of March 28 at 8,145.77 points, representing a fall of about 0.68 percent, compared with Thursday's closing level, while the NASDAQ's Composite Index shed about 1.06 percent of its value, ending the week at 1,369.62 points.

By last Monday, however, in addition to the Iraqi problem, there was another troll, awakening: North Korea.

Over the previous 3 months or so, North Korea had been making rather unfriendly remarks about the US due to the fact that North Korea was determined to re-activate its nuclear reactor while the US was dead set against such a move.

The Government of North Korea threatened pre-emptive military strikes on US personnel in Tokyo, Japan, using nuclear bombs if it thought that the US was about to declare war on the country.

On Saturday, March 29, Pyongyang announced that it would not make the same mistake as did Iraq: It would not permit United Nations inspectors into the country; and, it would not disarm, or scale down its nuclear programme.

North Korea is much tougher than Iraq, and it has an army, which, probably, is second to none in Asia.

In Europe, major bourses took a pounding, adding more losses to the previous Friday's 'haircut':

	<u>Friday, March 28</u>	<u>Monday, March 31</u>
Amsterdam's AEX Index	Minus 1.95 percent	Minus 5.18 percent*
Great Britain's FTSE 100 Index	Minus 1.69 percent	Minus 2.57 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.18 percent	Minus 3.85 percent
France's CAC40 Index	Minus 2.32 percent*	Minus 4.10 percent
Switzerland's Swiss Market Index	Minus 1.24 percent	Minus 2.90 percent
Italy's MIBTEL Index	Minus 1.44 percent	Minus 2.63 percent

* The largest loser in Europe

In Frankfurt, Germany, the 3 top German financial groups were hit very hard due to their exposures, internationally, to loss-makers in nearly every part of the world.

The 3 financial groups were: Munich Re, the world's largest reinsurance company; HVB Group, Germany's second-largest publicly quoted bank; and Allianz.

The banking community of Germany is an incestuous one, with one bank, owning equity in another, so that, when one of the Big 3 is in trouble, it cascades down the line.

Investors of the HKSAR were caught up in the international whirlwind, last Monday, as selling pressure hotted up on the 2 equity markets, resulting in the Main Board of The Stock Exchange of Hongkong, seeing its Hang Seng Index drop by about 2.58 percent by the close of trading, at 4 pm, while The Growth Enterprise Index surrendered 2.59 percent of its value, falling to 108.30 points.

The Hang Seng Index, at last Monday's closing level of 8,634.45 points, was the lowest point of the previous 54 months.

In addition to the Iraqi situation, the potential for more international trouble, brought about by North Korea's bellicose posturing and the worldwide oil situation, there was, of course, the matter of Severe Acute Respiratory

Syndrome (SARS), which had, by last Monday, infected 1,600 people in many parts of the world, having killed some 59 people, of which number, 13 people had died in the HKSAR, alone.

Travel companies and airlines were feeling the brunt of SARS, which had its roots in the PRC, proper, and was about to be considered an international epidemic.

Cathay Pacific Airways Ltd (Code: 293, Main Board, The Stock Exchange of Hongkong Ltd) announced that it would be cutting back its flights due to the effects of the Iraqi war and SARS.

Cathay Pacific Airways lost 6.86 percent of its market capitalisation, falling to a 15-month low of \$HK9.50 per share.

Another very large airline, China Southern Airlines Company Ltd (Code: 1055, Main Board, The Stock Exchange of Hongkong Ltd), saw investors dump its scrip: Its share price collapsed to \$HK1.73, down nearly 12 percent, compared with the previous Friday's close.

China Southern Airlines is the biggest carrier in the PRC, proper.

And so it went on: One dog barks; 100 dogs bark.

The ratio of losers to gainers on the Main Board was 4.26:One, while the Total Turnover shot up to about \$HK8.54 billion.

A rising volume of activity on a rapidly falling market normally is a precursor for more losses to follow.

There was a real threat that many HKSAR investors would be caught in margin squeezes, the way that things were looking, last Monday.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 1.83 percent to \$HK80.25 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 4.04 percent to \$HK15.45 per share
Hutchison Whampoa Ltd (Code: 13)	Down 3.41 percent to \$HK42.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 5.79 percent to \$HK37.40 per share
Cathay Pacific Airways Ltd (Code: 293)	Down 6.86 percent to \$HK9.50 per share
Hang Seng Bank Ltd (Code: 11)	Down 1.55 percent to \$HK79.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 3.14 percent to \$HK43.20 per share
CNOOC Ltd (Code: 883)	Down 0.48 percent to \$HK10.40 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Down 5.79 percent to \$HK30.90 per share
PetroChina Company Ltd (Code: 857)	Down 2.38 percent to \$HK1.64 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Standard Hotel Group Ltd	292	15.38		0.24
Can Do Holdings Ltd	172		12.00	0.022
China Southern Airlines Company Ltd	1055		11.73	1.73
Ching Hing (Holdings) Ltd	692		11.63	0.038
Compass Pacific Holdings Ltd	1188	183.33		0.34
Cosmopolitan International Holdings Ltd	120		23.33	0.23
Dan Form Holdings Company Ltd	271	10.00		0.165
Deson Development International Holdings Ltd	262		10.00	0.018
Credit Card DNA Security System (Holdings) Ltd	1051		10.00	0.018
Fairwood Holdings Ltd	52		10.00	0.81

Hang Fung Gold Technology Ltd	870		14.29	0.072
Kong Sun Holdings Ltd	295		13.51	0.032
KTP Holdings Ltd	645		16.25	0.67
Lai Sun Development Company Ltd	488		11.54	0.023
Mansion House Group Ltd	376		13.79	0.25
National Electronics Holdings Ltd	213		11.11	0.08
QUAM Ltd	952		16.67	0.20
Shanxi Central Pharmaceutical International Ltd	327		11.76	0.03
Softbank Investment International (Strategic) Ltd	648		10.11	0.08
Sun East Technology (Holdings) Ltd	365		31.82	0.30
U-Cyber Technology Holdings Ltd	91	11.54		0.232
United Power Investment Ltd	674	15.38		0.06
V.S. International Group Ltd	1002		36.17	0.30
VST Holdings Ltd	856	10.00		0.11
Wong's Kong King International (Holdings) Ltd	532		15.83	0.202
Wonson International Holdings Ltd	651	46.15		0.038
Yanion International Holdings Ltd	82		12.28	0.50
Zhong Hua International Holdings Ltd	1064		16.67	0.10

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the close of trading saw The Growth Enterprise Index at 108.30 points, a record low.

The Total Turnover was about \$HK74.31 million, with losing counters, outpacing advancing ones by the ratio of 2.89:One.

There were major losses on this market, including Mr Li Ka Shing's 2 listings: tom.com Ltd (Code: 8001) and CK Life Sciences International (Holdings) Incorporated (Code: 8222).

tom.com lost about 6 percent of its market capitalisation, falling to \$HK1.74 per share, while CK Life Sciences shed 7 percent of its value, dropping back to \$HK1.22 per share.

Neither company has ever made a cracker in their entire history so that they both had a long way to fall if they were to catch up with the penny stocks of The GEM.

But the Li Ka Shing mob were by no means the largest losers, as the following **TARGET** table illustrates:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Blu Spa Holdings Ltd	8176		16.67	0.01
Changmao Biochemical Engineering Company Ltd	8208		11.11	0.28
Cyber On-Air Group Company Ltd	8118		25.00	0.06
Essex Bio-Technology Ltd	8151		24.87	0.142
Fast Systems Technology (Holdings) Ltd	8150	11.11		0.08
Golding Soft Ltd	8190		16.67	0.10
Grandmass Enterprise Solution Ltd	8108		30.00	0.014
iSteelAsia.com Ltd	8080	12.50		0.045
New Chinese Medicine Holdings Ltd	8085		15.56	0.038
Satellite Devices Corporation	8172		25.00	0.039
Systek Information Technology (Holdings) Ltd	8103		13.33	0.052

In Singapore, whose lone stock market was the biggest loser in Asia, last Monday, Singapore Airlines, one of the best, if not the best, Asian airline, saw its share price surrender about 3.30 percent, falling to \$S8.75.

Singapore Airlines, owned and controlled by the Government of Singapore, is suffering from the increased price of fuel, the Iraqi situation, SARS, and ever-increasing international competition for the few remaining passengers, still

brave enough to visit foreign lands.

For investors on this equity market, the closing level of The Straits Times Index, at 1,267.82 points, was the lowest point since September 2001.

The ratio of losers to gainers on this market was about 7.50:One.

In The Land of The Rising Sun, it was apparent that the sun had set on many Japanese investors, as share prices collapsed, one after another.

On the premier bourse of Japan, The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost 307.45 yen, equivalent to about 3.71 percent, dropping to 7,972.71 yen.

The ratio of losers to gainers on this market was a whopping 10.88:One.

News wise:

- Tokyo's consumer prices had fallen by about 0.90 percent in the 2002 year, the fourth consecutive year of falling prices, **The Ministry of Public Management, Home Affairs, Posts and Telecommunications** announced. Consumer prices in Tokyo are considered a gauge of prices, within the country;
- Over the weekend of March 29-30, **The National Space Development Agency of Japan** launched a rocket, carrying 2 spy satellites. The mission of these rockets is to enable the Japanese Government to monitor the activities of North Korea's missile and nuclear programmes; and,
- The unemployment rate in Japan eased to 5.20 percent in February, **The Labour Force Statistics Office** announced.

And this was how other Asian bourses closed, last Monday night:

Indonesia	Minus 1.59 percent to 398.00
Japan	Minus 3.71 percent to 7,972.71
Malaysia	Plus 0.12 percent to 635.72
The Philippines	Plus 0.14 percent to 1,039.67
Singapore	Minus 3.84 percent to 1,267.82
South Korea	Minus 3.71 percent to 535.70
Taiwan	Minus 3.48 percent to 4,321.22
Thailand	Minus 1.35 percent to 364.55

Tuesday

As luck would have it, the situation in Nigeria cooled down, unexpectedly, last Tuesday, as unions called off their threatened 3-day strike.

The price of oil steadied as a direct result.

However, it was but one straw in the world's troubled haystack, which was smoldering from the heat of the weight of it, all.

As with any compost heap, the world's problems could catch fire at any moment – and economists and investors, the world over, knew this.

North Korea continued its bellicose posturing, firing off a short-range missile into the Yellow Sea, it was reported by the Japanese Defense Ministry. (Please see Monday's report)

SARS continued to take its toll of confidence, internationally, as more people delayed travel plans, causing many an airline to lose millions of dollars/euros in lost revenues.

France issued a travel warning, advising its citizens not to visit the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The **World Health Organisation** (WHO) tallied up the effects of SARS and the number of reported cases:

The PRC, proper	806 cases with 34 deaths
The HKSAR	530 cases with 13 deaths
Singapore	91 cases with 2 deaths
Vietnam	58 cases with 4 deaths
Canada	44 cases with 4 deaths
USA	58 cases with no deaths
Great Britain	3 cases with no deaths
Germany	5 cases with no deaths

Laboratories, around the world, were looking for the causative agent of the SARS Virus, which is known to be a previously unknown strain of the Corona Virus, the same family as the common cold.

On the first day of trading on The New York Stock Exchange, the key index, the Dow Jones Industrial Average, shed 153.64 points, equivalent to about 1.64 percent, coming to rest at the close of trading at 7,992.13 points.

Over on the NASDAQ, the Composite Index fell 28.43 points, or about 2.08 percent, dropping back to 1,341.17 points.

It was the fourth consecutive day of losses for the world's biggest equity market.

In the news, again, was American Airlines, the world's largest carrier, which announced that an eleventh-hour agreement had been reached with 3 unions over a pay cut. (Please see Monday's report)

The airline will not, now, have to seek the protection of the Court from its many creditors.

In Europe, early losses on major bourses were reversed as the day wore on, resulting in all but 2 bourses, making gains, although not one of the gains was more than 1.98 percent:

Amsterdam's AEX Index	Plus 1.62 percent
Great Britain's FTSE 100 Index	Plus 1.98 percent*
Germany's Frankfurt XETRA DAX Index	Plus 1.09 percent
France's CAC40 Index	Plus 0.63 percent
Switzerland's Swiss Market Index	Plus 1.22 percent
Italy's MIBTEL Index	Plus 0.88 percent

* The largest gainer in Europe

In the HKSAR, losses predominated from the start of trading on both the Main Board and The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

The '*barometer*' of trading on the Main Board, The Hang Seng Index, lost about 0.44 percent of its value, ending the day at 8,596.89 points.

The Total Turnover was about \$HK8.49 billion, with losers, outperforming gainers by the ratio of 1.87:One.

An interesting aspect of trading on Asia's second-largest stock market was that trading in the scrip of HSBC Holdings plc (Code: 5) represented about 16.37 percent of the Total Turnover: Investors traded about 17.37 million shares in the banking giant.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK80.25 per share
Wharf (Holdings) Ltd (Code: 4)	Down 12.90 percent to \$HK13.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.41 percent to \$HK43.10 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.79 percent to \$HK15.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK43.20 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK37.40 per share
Cathay Pacific Airways Ltd (Code: 293)	Up 1.58 percent to \$HK9.65 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.63 percent to \$HK79.00 per share
PetroChina Company Ltd (Code: 857)	Up 0.61 percent to \$HK1.65 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 0.64 percent to \$HK1.57 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Applied (China) Ltd	472		11.11	0.032
Chevalier iTech Holdings Ltd	508	16.67		0.175
City e-Solution Ltd	557	11.11		0.70
Compass Pacific Holdings Ltd	1188	16.18		0.395
Dickson Group Holdings Ltd	313		20.00	0.04
Emperor (China Concept) Investment Ltd	2921		37.50	0.50
Fulbond Holdings Ltd	1041	11.11		0.02
Hongkong Catering Management Ltd	668	12.00		0.56
Kamboat Group Company Ltd	318		10.00	0.45
Mansion Holdings Ltd	547		12.00	0.022
New World CyberBase Ltd	276		13.64	0.019
PacMOS Technologies Holdings Ltd	1010		80.00	0.10
Rockapetta Holdings Ltd	1003	13.33		0.119
Simsen International Corporation Ltd	993	12.50		0.081
Sun East Technology (Holdings) Ltd	365	20.00		0.36
Tack Hsin Holdings Ltd	611		15.00	0.17
Techwayson Holdings Ltd	2330		11.63	0.76
Wharf (Holdings) Ltd	4		12.90	13.50
Wo Kee Hong (Holdings) Ltd	720		17.78	0.037

On The GEM, The Growth Enterprise Index lost about 0.18 percent of its value, falling to a new low of 108.11 points.

The ratio of losers to gainers on this market was 1.81:One.

The Total Turnover was about \$HK53.53 million.

To state that trading was dull on this speculative market would have been to state the obvious.

As proof of this assertion, one noted that there were only 3 double-digit movers:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Blu Spa Holdings Ltd	8176	10.00		0.011
Essex Bio-Technology Ltd	8151	11.97		0.159
Inworld Group Ltd	8100		10.71	0.05

In Japan, after a see-saw activity for most of the day, the key index of The Tokyo Stock Exchange, The Nikkei-225 Stock Average, registered a fractional gain of about 0.18 percent, rising to 7,986.72 yen.

Japanese investors were looking, mainly, at 3, current international events: The probability of a prolonged war in Iraq; the volatile North Korean situation; and, the struggling US economy.

And investors in the second-largest economy of the world were concerned.

SARS had not become an issue in Japan, last Tuesday, at least, not officially.

News wise:

- **Industrial production** in Japan fell 1.70 percent in February, seasonally adjusted, Month-on-Month, The Ministry of Economy, Trade and Industry (METI) said. In January, industrial production posted a 1.50-percent rise, compared with December 2002; and,
- **Domestic housing starts** totalled 83,399 units in February, marking a drop of about 2.80 percent, Year-on-Year, and the fourth consecutive month of declines, the Japanese Government's Land, Infrastructure and Transport Ministry announced.

Other Asian stock markets, with the lone exception of The Kuala Lumpur Stock Exchange, saw only fractional movements, last Tuesday:

Indonesia	Plus 0.01 percent to 398.06
Japan	Plus 0.18 percent to 7,986.72
Malaysia	Minus 1.35 percent to 627.11
The Philippines	Minus 0.15 percent to 1,038.07
Singapore	Plus 1.16 percent to 1,282.58
South Korea	Plus 0.53 percent to 538.56
Taiwan	Plus 0.38 percent to 4,337.61
Thailand	Minus 0.64 percent to 362.22

Wednesday

The crisis, facing the world's major airlines, collected another victim, last Tuesday: Air Canada, the eleventh largest carrier, worldwide, filed for bankruptcy under Canadian bankruptcy laws.

(Please see [TARGET Intelligence Report, Volume V, Number 63, published on April 2, 2003](#))

Air Canada is not, exactly, the best airline in the world, but, for Canada, it was a big shock to many members of the travelling public.

The reason that was given by Management for the airline's failure was the Iraqi war.

This is a bit of a nonsense because this airline has been having trouble for years, in any event.

The Government of Canada has, flatly, refused to bail out its '*national*' carrier.

Quite right, too!

In the Middle East, the war in Iraq was said to be going well – if any war could be described as going well – as the coalition forces edged closer to the Capital City, Baghdad.

On Wall Street, news of the advances of the US-led invasion caused stock and share prices to rise, fractionally, only.

The Big Board of The New York Stock Exchange registered a gain of about 0.67 percent, running back to 8,045.96 points, while the Composite Index of NASDAQ put on about one half of a percentage point, ending the day at 1,347.83 points.

The war news caused oil prices to retreat, with US light crude, falling about \$US1.33 per barrel to \$US28.45 per barrel on the New York Mercantile Exchange (NYMEX).

London (England) brent lost about \$US1.26 per barrel to \$US25.10 per barrel.

From Detroit, Michigan, it was reported that sales of motor cars in the US in March had fallen for the third consecutive month.

The fall was about 0.40 percent, Year-on-Year seasonally adjusted, to 16.20 million vehicles.

In Europe, following Wall Street's lead, major bourses saw the return of the investor, who came in droves, causing indices to make substantial gains:

Amsterdam's AEX Index	Plus 4.99 percent
Great Britain's FTSE 100 Index	Plus 1.86 percent
Germany's Frankfurt XETRA DAX Index	Plus 5.68 percent*
France's CAC40 Index	Plus 4.13 percent
Switzerland's Swiss Market Index	Plus 3.30 percent
Italy's MIBTEL Index	Plus 2.82 percent

* The largest gainer in Europe

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), SARS was the big news in those 416 square miles.

The **World Health Organisation** (WHO), a body of the United Nations, issued a travel advisory notice, warning travellers to postpone visits to the HKSAR and the PRC, proper, if at all possible.

Residents of the HKSAR were worried: Who would be next to catch the very contagious disease?

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index rose about 1.27 percent, running back to 8,706.19 points.

The Total Turnover was about \$HK7.30 billion, while the ratio of gainers to losers was 1.85:One.

Once again, it was trading in the scrip of HSBC Holdings plc (Code: 5), which was responsible for a goodly part of the gains, since trading in about 16.81 million shares of this banking group, at a dollar value of about \$HK1.36 billion, represented 18.36 percent of the Total Turnover.

The Ten Most Active counters of the day were:

HSBC Holdings plc (Code: 5)	Up 1.56 percent to \$HK81.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.95 percent to \$HK15.70 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.39 percent to \$HK43.70 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.93 percent to \$HK43.60 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.32 percent to \$HK79.25 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.34 percent to \$HK37.90 per share
Cathay Pacific Airways Ltd (Code: 293)	Up 2.59 percent to \$HK9.90 per share
Wharf (Holdings) Ltd (Code: 4)	Unchanged at \$HK13.50 per share
CLP Holdings Ltd (Code: 2)	Up 0.92 percent to \$HK32.80 per share

The largest gainers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Alpha General (Holdings) Ltd	73		11.43	0.186
Bestway International Holdings Ltd	718	11.76		0.019
Cheung Tai Hong Holdings Ltd	199	15.38		0.015
City e-Solution Ltd	557		10.00	0.63
Dickson Group Holdings Ltd	313	245.00		0.138
Hongkong Catering Management Ltd	668		10.71	0.50
Hongkong Pharmaceutical Holdings Ltd	182	14.77		0.171
INNOMAXX Biotechnology Group Ltd	340	10.61		0.146
Mei Ah Entertainment Group Ltd	391		16.67	0.115
Oriental Union Holdings Ltd	1182		12.68	0.062
PacMOS Technologies Holdings Ltd	1010	10.00		0.11
Renren Holdings Ltd	59	14.29		0.024
Rising Development Holdings Ltd	1004	10.00		0.33
Simsen International Corporation Ltd	993	14.81		0.093
Sky Hawk Computer Group Holdings Ltd	1129	12.90		0.175
Sunny Global Holdings Ltd	1094		12.09	0.40
Theme International Holdings Ltd	990		13.04	0.02
Wang Sing International Holdings Group Ltd	2389	15.09		0.61
Wo Kee Hong (Holdings) Ltd	720	18.92		0.044
Wong's International (Holdings) Ltd	99	18.90		1.51
Yoshiya International Corporation Ltd	193		11.63	0.038

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover dipped to about \$HK44.47 million, which was the lowest level of activity of the past 24 months, at least.

The Growth Enterprise Index gained about 0.30 percent, running to 108.43 points, with losers and gainers, being almost equal, but with losing counters, having just a slight edge at 1.03:One.

The biggest movers on this market were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Essex Bio-Technology Ltd	8151	11.32		0.177
IIN International Ltd	8128		12.28	0.05
Info Communication Holdings Ltd	8082		27.78	0.026
Prosten Technology Holdings Ltd	8026		11.11	0.08
Recruit Holdings Ltd	8073		16.67	0.015
Wanyou Fire Safety Technology Holdings Ltd	8201		26.27	0.247

In The Land of The Rising Sun, investors seemed to pluck up a little courage in view of the (positive?) Iraqi war news, resulting in shares, listed on the country's 3 equity markets, rising.

On the premier Japanese stock market, The Tokyo Stock Exchange, The Nikkei-225 Stock Average gained 83.13 yen, equivalent to about 1.04 percent, ending the day at 8,069.85 yen.

However, even though the key index was in positive territory, banks continued to take a pounding.

Mizuho Holdings Incorporated lost about 8.43 percent of its market capitalisation, falling to 81,500 yen per share.

Sumitomo Mitsui Financial Group saw its share price lose 6.97 percent of its value, falling back to 187,000 yen.

Mizuho and Sumitomo Mitsui are Japan's Number One and Number Two banks, respectively.

The ratio of gainers to losers was about 4.43:One.

News wise:

- **Mitsubishi Electric Corporation** announced that its Group Net Profit for its 2002 Financial Year, ended March 31, 2003, had been completely wiped out due to the falling prices of Japanese bank shares. The company posted a Net Loss of about 14 billion yen for 2002. This company had, only in February, forecast a Group Net Profit of about 25 billion yen;
- **Bank of Kansai** and **Kansai Sawayaka Bank** were said to be engaged in merger talks. Bank of Kansai is an affiliate of **Sumitomo Mitsui Financial Group**; and,
- **Mitsui and Company** announced that it is to buy 15 percent of the Issued and Fully Paid-Up Share Capital of the Brazilian company, Valepar S.A. Valepar is the largest single shareholder of Companhia Vale do Rio Doce of Brazil, which, in turn, is the world's largest producer of iron ore. Mitsui and Company's investment will set it back about \$US830 million.

And, in other Asian stock markets, this was how they looked, last Wednesday night:

Indonesia	Closed
Japan	Plus 1.04 percent to 8,069.85
Malaysia	Plus 0.30 percent to 628.97
The Philippines	Plus 1.34 percent to 1,051.96
Singapore	Plus 1.34 percent to 1,299.77
South Korea	Plus 0.81 percent to 542.92
Taiwan	Minus 0.60 percent to 4,311.56
Thailand	Plus 0.22 percent to 363.02

Thursday

The Iraqi war was progressing apace, according to reports from officials of the coalition forces, with the US Army, within spitting distance of the Capital City, Baghdad.

Wall Street loved it.

On The New York Stock Exchange, the Big Board's Dow Jones Industrial Average picked up about 215 points, equivalent to 2.66 percent, ending the day on the very positive note of 8,285.06 points.

On the NASDAQ, its Composite Index added about 48 points, or about 3.56 percent, rising to 1,396.70 points.

Solid reductions in the price of crude oil over the week had been fanning the flames of stock-market fires.

In Europe, gains predominated in early trading as investors hoped for an early resolution to the fighting in Iraq.

However, by the close of the day, only fractional gains were recorded on most European bourses.

US Army units were advancing on the Capital City and the headquarters of President Saddam Hussein, to be sure, but the Battle for Baghdad had yet to start; and, one was reminded of the 1941 Siege of Leningrad by the Wehrmacht and the horrors of that siege.

US Army units were said to be within 6 miles of Baghdad when **TARGET** went to bed, last Thursday.

On the negative side of the ledger, however, it was reported that the United Nations was to discuss the situation in North Korea, for the first time, this week.

North Korea continues to put on a very brave face, claiming that its nuclear programme is for peaceful purposes, but, at the same time, this Asian country, considered by most to be a pariah and a threat to world peace, has warned that it would not hesitate to drop a nuclear bomb/missile on Tokyo, Japan, if it suspected that US or any other countries' troops were considering an attack on Pyongyang.

The UN's Security Council will start its deliberations on Wednesday.

In Asia, the main foci were the coming of the Ching Ming Festival on Saturday – the time to honour one's ancestors by visiting their graves – and the ever-growing numbers of SARS patients.

Although the mortality rate of SARS is not, particularly, alarming, the debilitating affect of the virus is playing havoc with the economies of the world's most populous area.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the number of cases of SARS was steadily rising, with the fashion conscious, donning white and bluish surgical masks, as one layer of protection, and covering the surgical mask with another mask, bearing a strong resemblance to a Burberry product.

On The Stock Exchange of Hongkong Ltd, the Main Board registered a loss of about 0.67 percent, falling to 8,648.16 points.

The Iraqi war was superseded by events, closer to home.

The ratio of losers to gainers was 1.20:One on a Total Turnover of about \$HK6.60 billion.

And, again, it was trading in the shares of HSBC Holdings plc (Code: 5), which was responsible for about 18 percent of the entire volume of activity as investors pumped up the share price of this banking group after about 14.35 million shares had changed hands.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.61 percent to \$HK82.00 per share
Hutchison Whampoa Ltd (Code: 13)	Down 2.06 percent to \$HK42.80 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.83 percent to \$HK42.80 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.55 percent to \$HK15.30 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 2.37 percent to \$HK37.00 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.63 percent to \$HK78.75 per share
CLP Holdings Ltd (Code: 2)	Unchanged at \$HK32.80 per share
Cathay Pacific Airways Ltd (Code: 293)	Down 1.01 percent to \$HK9.80 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Up 0.95 percent to \$HK32.00 per share
Wharf (Holdings) Ltd (Code: 4)	Up 0.37 percent to \$HK13.55 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Alpha General (Holdings) Ltd	73	22.58		0.228
Bestway International Holdings Ltd	718		10.53	0.017
Ching Hing (Holdings) Ltd	692	12.50		0.045
Dickson Group Holdings Ltd	313		63.77	0.05
Dong Fang Gas Holdings Ltd	432		16.67	0.25
e-Kong Group Ltd	524	16.36		0.128
Emperor (China Concept) Investment Ltd	2921	40.00		0.70
Enerchina Holdings Ltd	622		14.29	0.012
Fortuna International Holdings Ltd	530	13.33		0.017

GZITIC Hualing Holdings Ltd	382		14.29	0.18
Heng Fung Holdings Ltd	185	12.73		0.062
Hongkong Pharmaceutical Holdings Ltd	182	29.24		0.221
Hudson Holdings Ltd	758		16.67	0.10
Lai Sun Development Company Ltd	488	34.78		0.031
Mei Ah Entertainment Group Ltd	391	11.30		0.128
New World CyberBase Ltd	276	10.53		0.021
Sen Hong Resources Holdings Ltd	76	11.43		0.39
South China Brokerage Company Ltd	619	40.00		0.035
TechCap Holdings Ltd	673	11.54		1.16
Wang Sing International Holdings Group Ltd	2389		13.11	0.53

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the ratio of losers to gainers was 1.32:One as The Growth Enterprise Index lost about 0.07 percent, ending the day at 108.50 points.

The Total Turnover was about \$HK61.13 million.

The biggest movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AKuP International Holdings Ltd	8179		11.76	0.06
Essex Bio-Technology Ltd	8151		21.47	0.139
First Mobile Group Holdings Ltd	8110		11.76	0.15
GP Nano Technology Group Ltd	8152	18.07		0.098
Hongkong.com Corporation	8006	10.71		0.248
IIN International Ltd	8128	10.00		0.055
Satellite Devices Corporation	8172		11.11	0.032
Sino Stride Technology (Holdings) Ltd	8177	12.00		0.28
Wanyou Fire Safety Technology Holdings Ltd	8201	13.36		0.28

With Ching Ming as well as SARS, dominating the activities of the tail end of the week, the HKSAR was half closed last Friday.

The tally for the 4-day week, ended Thursday, April 3, was:

Hang Seng Index	Down 2.43 percent
The Growth Enterprise Index	Down 2.47 percent

Over in Japan, investors completely disregarded the Iraqi war situation, focusing more on domestic concerns.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average lost about 0.65 percent, ending the day at 8,017.75 yen.

Losses in banking counters dragged down the key index of Asia's largest bourse.

Mizuho Holdings Incorporated shed another 10.80 percent of its market capitalisation, falling to 72,700 yen.

In just 3 trading sessions, about 25 percent of the value of this banking company's shares has been eroded.

The ratio of losers to gainers was 1.80:One in heavier-than-usual trading.

The only piece of news of any note was the Singapore Airlines announcement that it would suspend flights to Hiroshima for the next few months due to what Management of this government airline said was *'softening demand due to the war in Iraq and the spread of Severe Acute Respiratory Syndrome ...'*.

In respect of the demise of Air Canada, All Nippon Airways Company made the announcement that it did not see the collapse of this Canadian airline as having any effect on its business.

For the 4-day week, therefore, the tally for The Tokyo Stock Exchange was:

The Nikkei-225 Stock Average

Down 3.17 percent

And this was how other Asian stock markets ended, last Thursday:

Indonesia	Plus 0.68 percent to 400.76
Japan	Minus 0.65 percent to 8,017.75
Malaysia	Minus 0.07 percent to 628.54
The Philippines	Plus 1.00 percent to 1,062.49
Singapore	Plus 0.21 percent to 1,302.54
South Korea	Plus 0.43 percent to 545.24
Taiwan	Plus 1.09 percent to 4,358.39
Thailand	Plus 0.58 percent to 365.12

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