

**THE U.S.-IRAQ WAR ENDS ...
BUT NOT THE ECONOMIC WOES OF THE WORLD**

The end of the war between Iraq and the coalition forces, led by the US, was nearing.

US troops and armour – 100 armoured vehicles and 70 heavy tanks – had entered Baghdad, the Capital City of Iraq, having captured Saddam International Airport over the weekend of April 5-6, and this 40-square-miles airport was being using as one of their refueling and victualling bases of operation in the country.

While there were still some pockets of light Iraqi army resistance, it appeared that the action by the US troops at Baghdad was approaching that of a mopping-up operation.

Equity markets, around the world, sensed that the end was near: Up went share prices in anticipation of a resolution to the conflict.

However, there was, still, the North Korean matter, hanging over the world like the proverbial Sword of Damocles.

In a statement, released by Korean Central News Agency (KCNA)– the official North Korean Government’s news agency – a North Korean Foreign Ministry spokesman said that the United Nations Security Council Meeting, then scheduled for last Wednesday, was a ‘*provocative act*’ and would be considered a prelude to war.

North Korea said that it would not recognise the authority of the Security Council.

President George W. Bush has described North Korea, along with Iraq and Iran, as being part of the ‘*axis of evil*’.

That North Korea could be considered another ‘*Iraq*’, as far as the US Administration is concerned, need not be repeated, underscoring the requirement for dialogue between the US and the military Regime of Kim Jong Il, the son of the legendary leader of that reclusive country from 1948 to 1994.

While the US economy is, clearly, struggling, all attention, last Monday, was on the Iraqi war and the end to killing, of Iraqis as well as US and British troops. (Please see last Wednesday’s lead report, contained in [Volume V, Number 68](#))

In Europe, there were only gains on the major stock markets, adding to the gains of the previous Friday.

The end of the war, it appeared, was seen by many investors as being akin to the restoration of the equity markets’ ‘*cornucopia*’ to its rightful owners.

The following TARGET table illustrates just how strong were Europe’s gains of last Monday:

	<u>Friday, April 4</u>	<u>Monday, March 31</u>
Amsterdam’s AEX Index	Plus 0.61 percent	Plus 5.68 percent*
Great Britain’s FTSE 100 Index	Plus 1.15 percent	Plus 3.18 percent

Germany's Frankfurt XETRA DAX Index	Plus 3.28 percent*	Plus 4.35 percent
France's CAC40 Index	Plus 1.77 percent	Plus 3.44 percent
Switzerland's Swiss Market Index	Plus 1.36 percent	Plus 2.38 percent
Italy's MIBTEL Index	Plus 0.23 percent	Plus 2.29 percent

* The largest gainer in Europe

In Asia, every stock market shared in the joy, led by The Djakarta Stock Exchange, as Indonesians went all out to pick up, what they saw as, cheapies.

The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was, still, under the gun, however, due to the spread of Severe Acute Respiratory Syndrome (SARS), which had claimed another victim over the weekend.

But SARS did not appear to deter investors from buying stocks and shares on the 2 markets of The Stock Exchange of Hongkong Ltd.

On the Main Board, the Hang Seng Index put on about 1.58 percent, rising to 8,962.21 points on a Total Turnover of about \$HK6.46 billion.

The continued low volume of activity made one wonder as to whether or not the market would be able to hold onto its gains as the week wore on.

The ratio of gainers to losers was about 1.47:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.51 percent to \$HK84.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 4.14 percent to \$HK16.35 per share
Hutchison Whampoa Ltd (Code: 13)	Up 2.49 percent to \$HK45.20 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.49 percent to \$HK45.20 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.78 percent to \$HK38.60 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.94 percent to \$HK80.50 per share
Cathay Pacific Airways Ltd (Code: 293)	Down 0.50 percent to \$HK9.90 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 1.33 percent to \$HK1.48 per share
Hongkong Electric Holdings Ltd (Code: 6)	Unchanged at \$HK31.40 per share
China Unicom Ltd (Code: 762)	Up 3.43 percent to \$HK4.525 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
APT Satellite Holdings Ltd	1045		15.44	1.15
Chevalier Construction Holdings Ltd	579		12.50	0.07
China Online (Bermuda) Ltd	383	15.00		0.023
Dickson Group Holdings Ltd	313		10.34	0.052
Emperor (China Concept) Investment Ltd	2921		33.75	0.53
First Sign International Holdings Ltd	933		11.59	0.145
Haier-CCT Holdings Ltd	1169	13.21		0.30
Hanny Holding Ltd	2918		12.50	0.28

Hansom Eastern (Holdings) Ltd	279	13.73		0.058
Heng Fung Holdings Ltd	185		12.28	0.05
I-Wood International Holdings Ltd	162		16.67	0.25
Mansion Holdings Ltd	547	10.00		0.022
Orient Overseas (International) Ltd	316	16.39		7.10
Peking Apparel International Group Ltd	761		14.12	0.073
Prosper eVision Ltd	979	21.59		0.107
QUAM Ltd	952	25.00		0.25
Shun Ho Resources Holdings Ltd	253		13.64	0.095
Winfoong International Ltd	63	14.55		0.126
Wonson International Holdings Ltd	651	33.33		0.028

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, on a relatively low volume of activity, relative to days of old when The Growth Enterprise Index was running hot, The Growth Enterprise Index put on about 2.63 percent, running back to 112.16 points.

The Total Turnover was only about \$HK83.27 million – which is hardly indicative of a bullish market.

The ratio of gainers to losers was tight at 1.03:One.

Aside from the double-digit movers, there were some useful gains, made in solid GEM companies (of which there are precious few), which included Phoenix Satellite Television Holdings Ltd (Code: 8002), whose share price scooted up about 6 percent to 83 cents, and Wah Sang Gas Holding Ltd (Code: 8035), whose scrip price put on 4 percent to 86 cents per share.

The biggest GEM movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Goldigit Atom-Tech Holdings Ltd	8059		16.67	0.075
Hongkong.com Corporation	8006	46.15		0.38
PINE Technology Holdings Ltd	8013		16.87	0.069
Xteam Software International Ltd	8178	20.00		0.132

News wise:

- **PCCW Ltd (Code: 8)** and the Australian giant, Telstra Corporation, confirmed that the duo would be sacking many of the staff of Reach Ltd, round the globe. This joint-venture company, engaged in undersea cable transmission of data/voice etc, is strapped for cash. PCCW had to make an \$HK8-billion Provision for its investment in this loser in the 2002 Financial Year; and,
- **Cathay Pacific Airways Ltd (Code: 293)** is suffering, dramatically, on its routes from North America and Europe to Asia as fewer and fewer people want to visit the most populous part of the world in view of the outbreak and expanding incidents of SARS. The 10:45 pm flight from Toronto to Hongkong of Saturday, April 5, saw its first-class cabin, completely empty, with about 90 percent of the aeroplane, being empty.

In Tokyo, Japan, on the premier stock market of the country, The Tokyo Stock Exchange, the key Nikkei-225 Stock Average gained 175.86 yen, equivalent to about 2.18 percent, ending the rather exciting session, exciting, that is, relative to the previous week, at 8,249.98 yen.

The ratio of gainers to losers was 2.31:One.

News wise:

- **Sumitomo Mitsui Financial Group Incorporated** cut its Group forecast for Fiscal 2002 to a Net Loss of about 470 billion yen. In November 2002, this giant banking group had forecast a Net Profit of about 30

billion yen. Loan-loss charges will be about 1.07 trillion yen while Provisions for losses in the bank's holdings of securities will be about 700 billion yen;

- **Tokyo Electron Ltd**, the country's largest manufacturer of chip-making equipment, said that it would be sacking about 10 percent of its workforce, about 1,000 workers, all of whom would be given pink slips;
- **Asahi Mutual Life Insurance Company** will suspend dividend payments on group insurance policies for corporate clients. It will, also, suspend dividend payments to policyholders;
- **Domestic shipments of printers** fell about 9.40 percent, Year-on-Year, to about 6.99 million units. The value of these units was about 347.57 billion yen. The year 2002 was the second consecutive year of declines in sales of printers, the Japanese research company of Gartner Japan Ltd reported; and,
- **Kumagai Gumi Company**, a debt-ridden construction company, which has been in financial trouble for some time, now, announced that it was seeking, urgently, about 300 billion yen in a bailout package. It needs the money for about 3 years in order to survive. At the same time, it is negotiating a merger with Tobishima Corporation, its archrival.

In other parts of Asia, this was how those markets fared, last Monday:

Indonesia	Plus 4.47 percent to 423.81
Japan	Plus 2.18 percent to 8,249.98
Malaysia	Plus 1.48 percent to 640.35
The Philippines	Closed
Singapore	Plus 1.91 percent to 1,338.83
South Korea	Plus 5.00 percent to 585.90
Taiwan	Plus 1.70 percent to 4,575.83
Thailand	Closed

Tuesday

The Iraqi war was going well for the US-led coalition forces as more gains were made in the country, with Baghdad, almost completely under the control of the US Army.

In the south, Basra, the second-largest city in the country, fell into the hands of about 700 British paratroopers, following a drawn-out battle, which had lasted the best part of 2 weeks.

Not a single shot was fired when the British troops marched in.

The price of oil continued to slide in sympathy with the probability of an early resolution to the war in the Middle East.

From the price of about \$US40 per barrel, quoted at the end of February, last Tuesday's price for US Light Crude was about \$US27.56 per barrel, representing a drop of about 1.40 percent, compared with Monday's quotation.

On Wall Street, last Monday, New York time, after an early rally, investors started to take intra-day profits, resulting in indices, falling again.

On The New York Stock Exchange, the Dow Jones Industrial Average ended the first day of trading, last week, at 8,300.41 points, an increase of about 0.28 percent, compared with the previous Friday's close.

During the height of trading, The Dow had been as high as 8,520.21 points, which represented about 219.80 points higher than the closing level.

It was a very similar picture on the NASDAQ, where the tech-laden market's main index, The Composite Index, after making large gains, early in the session, ended up with a gain of about 6 points, coming to rest at 1,389.51 points.

In the first few hours of the session, The Composite Index had been registering a gain of more than 3 percent over the close of Friday, April 4.

In Europe, while the news of the war was roundly greeted, there were other considerations that tended to cloud the conditions of trading on major equity markets.

Earnings' growth of blue chips (or the lack of them), trouble in banking entities and insurance firms, and a seemingly bleak, near-term picture for most of the economies of the countries of the European Union (EU) all conspired to knock equity markets of the EU.

The following is TARGET's table of the losses (and the lone gainer) on major equity markets of Europe, last Tuesday:

Amsterdam's AEX Index	Minus 1.22 percent
Great Britain's FTSE 100 Index	Minus 1.08 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.00 percent
France's CAC40 Index	Minus 0.60 percent
Switzerland's Swiss Market Index	Minus 0.47 percent
Italy's MIBTEL Index	Plus 0.11 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the 7 million-odd human population continued to walk around the territory as though they were zombies.

Resplendent in white surgical face masks, with many people, wearing plastic gloves, the 416 square miles was trying to ride out the SARS epidemic, which had been imported from the PRC, proper.

Entire commercial buildings were labelled as being '*infected*'.

A Cathay Pacific Airways flight from Vancouver, Canada, to the HKSAR ejected one Chinese passenger – because he coughed.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gave back a great deal of Monday's profits, ending the day at 8,806.66 points, a loss of about 1.74 percent on Monday's close.

The Total Turnover was about \$HK6.18 billion, with losing counters, outracing gaining ones by the ratio of 1.98:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.60 percent to \$HK83.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 3.98 percent to \$HK15.70 per share
Hutchison Whampoa Ltd (Code: 13)	Down 2.43 percent to \$HK44.10 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.99 percent to \$HK44.30 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 3.63 percent to \$HK37.20 per share
Cathay Pacific Airways Ltd (Code: 293)	Down 3.03 percent to \$HK9.60 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.62 percent to \$HK80.00 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Down 4.26 percent to \$HK31.50 per share

Hongkong Electric Holdings Ltd (Code: 6)
Henderson Land Development Company Ltd (Code: 12)

Down 1.91 percent to \$HK30.80 per share
Down 4.99 percent to \$HK20.00 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Central China Enterprises Ltd	351	20.83		0.029
China Motion Telecom International Ltd	989		12.00	0.33
Chuang's China Investments Ltd	298		20.90	0.14
Dickson Group Holdings Ltd	313		19.23	0.042
Enerchina Holdings Ltd	622	38.46		0.018
Fortuna International Holdings Ltd	530		11.76	0.015
Heng Fung Holdings Ltd	185	12.00		0.056
Hongkong Pharmaceutical Holdings Ltd	182		15.25	0.25
I-Wood International Holdings Ltd	162	12.00		0.28
i100 Ltd	616		12.50	0.021
PacMOS Technologies Holdings Ltd	1010	81.82		0.20
QUAM Ltd	952		16.00	0.21
Shougang Concord Century Holdings Ltd	103	10.77		0.36
South China Brokerage Company Ltd	619		17.65	0.028
Sun East Technology (Holdings) Ltd	365		28.57	0.25
Victory Group Ltd	1139		13.04	0.04
Wah Nam International Holdings Ltd	159		10.00	0.135
Wonson International Holdings Ltd	651	10.71		0.031

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index surrendered about 0.73 percent of its gains of Monday, falling back to 111.34 points.

The Total Turnover on this speculative marketplace was about \$HK74.24 million, with the number of losing counters, outperforming the advancing ones by the ratio of 1.60:One.

The double-digit movers on this market were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Cardlink Technology Group Ltd	8066	10.59		0.094
FX Creations International Holdings Ltd	8136	18.82		0.202
New Chinese Medicine Holdings Ltd	8085		11.11	0.048
Prosten Technology Holdings Ltd	8026	12.00		0.084
Satellite Devices Corporation	8172	22.22		0.033

News wise:

- **Cathay Pacific Airways Ltd (Code: 293)** confirmed its problems, with Chief Executive David Turnbull, stating: *'Sadly, Cathay Pacific has entered its most dangerous time in terms of its commercial future in the 26 years I have been involved with the company.'* The Iraqi conflict and SARS were given as main reasons for the shrinking passenger revenue; and,
- **The Census and Statistics Department** of the Government of the HKSAR announced that February's retail sales had fallen the steepest amount in the previous 4 years. Sales in February fell by about 12.40 percent by value, Year-on-Year, to about \$HK12.70 billion.

In The Land of The Rising Sun, investors took a very bearish approach to the near-term future of the country's 3 equity markets.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost about 118.57 yen, equivalent to about 1.44 percent, ending the session at 8,131.41 yen.

Banking counters continued to take a pounding, led by Mizuho Financial Group, whose share price was peeled back by about 7.46 percent to 72,000 yen.

The ratio of losers to gainers was 1.72:One.

News wise:

- **Nintendo Company**, a manufacturer of electronic games, said that it had revised down its estimate for its Group Net Profit for Fiscal 2002 from 80 billion yen to 66 billion yen;
- **Matsushita Electric Industrial Company** announced that it expected a Group Net Loss of about 23.50 billion yen for Fiscal 2002, ended March 31, 2003. In February, the company said that it expected to be able to post a Net Profit of about 25 billion yen. Management said that it had had to make Provisions of about 37 billion yen, reflecting the deterioration in the market value of its holdings in certain Japanese banks;
- **Hitachi Ltd** said that it would be booking an Extraordinary Profit of about 87.90 billion yen from the sale of its head office. The Extraordinary Profit would be booked in the accounts for the Financial Year, ended March 31, 2003; and,
- **Aeon Company** announced that, for its Financial Year, ended February 20, 2003, it had logged in a Net Profit Attributable to Shareholders of about 51.26 billion yen. That result compared with a Net Loss of about 16.14 billion yen for the Financial Year, ended February 20, 2002. Aeon is the operator of Jusco and Maxvalu retail chains.

In other Asian bourses, this was how they ended the day of April 8:

Indonesia	Minus 0.40 percent to 422.11
Japan	Minus 1.44 percent to 8,131.41
Malaysia	Minus 0.04 percent to 640.08
The Philippines	Plus 1.57 percent to 1,107.75
Singapore	Minus 1.55 percent to 1,318.12
South Korea	Plus 0.24 percent to 587.32
Taiwan	Minus 0.51 percent to 4,552.45
Thailand	Plus 1.05 percent to 375.82

Wednesday

It was over: The Saddam Hussein Regime of Iraq was, effectively, over.

Tens of thousands of the indigenous population danced in the streets of Baghdad and Basra, waving flags at the conquering heroes: The British and American troops.

The battles for Iraq, up to last Wednesday, had been very lopsided, in any event, with the superior firepower, more advanced electronic weaponry and better training of the US and UK troops, proving to be too much for the Iraqi forces of Saddam Hussein.

With the fall of Basra and Baghdad came the inevitable riots and chaos, however, as looting and pillaging and who-knows-what-else became the games of the day for certain members of the Iraqi citizenry.

Entire 5-star hotels and official Iraqi Government buildings were looted of everything that could be moved, from air-conditioners to plastic flowers.

The Iraqi army units in the south appeared to have melted away, for the most part.

In the north of the country, however, fighting was continuing, but the south was, generally, completely under the control of the coalition forces.

Of relief to the US armed forces was that fierce, street-by-street and house-to-house fighting in Baghdad had not, after all, been the order of the day, as had been promised by Saddam Hussein in his speeches of bravado.

To the ever-lasting credit of the US and British forces, they were very well disciplined and helpful to the innocent Iraqi civilians, helping them, whenever possible, to restore water to many areas and trying to bring back those amenities of life that had been destroyed or damaged.

Emergency food and water, along with a host of other necessities of life, were flooding into the country and being distributed to those who were in desperate need of them.

North Korea, with more jingoistic and bellicose rhetoric, put the damper on things, however, issuing a statement to Japan to the effect that it had weapons that could easily reach Tokyo.

The official **Korean Central News Agency (KCNA)** said that Japan should be *'mindful that it is, also, within the striking range'* of North Korea's missiles.

In late March, Japan launched 2 satellites, the idea of which is to keep tabs of what is taking place in Pyongyang.

The United Nations Security Council started its first meeting on what to do about North Korea's avowed intent to move ahead with its nuclear programmes.

On Wall Street, last Tuesday, New York time, investors turned their attentions away from the Iraqi war and started to look more deeply at what was happening at home.

And indicators were not bullish of the US economy, at all.

European markets tumbled at the opening, but recovered most of their early losses so that, by the close of trading, only fractional gains or losses were recorded, in the main:

Amsterdam's AEX Index	Minus 0.28 percent
Great Britain's FTSE 100 Index	Minus 0.36 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.20 percent
France's CAC40 Index	Minus 0.02 percent
Switzerland's Swiss Market Index	Plus 0.34 percent
Italy's MIBTEL Index	Minus 0.41 percent

On The New York Stock Exchange, the Dow Jones Industrial Average lost 1.49 points, ending the session at 8,298.92 points, equivalent to a fractional loss of about 0.02 percent.

Over on the NASDAQ, The Composite Index slipped 6.57 points, equivalent to 0.47 percent, ending the choppy session at 1,382.94 points.

Companies, listed on the Big Board of The New York Stock Exchange and on the NASDAQ, continued to pour cold water on investors' aspirations of better things to come.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were more worried about SARS than anything else.

Many companies, temporarily, stopped operations for the lack of employees to man desks and machinery, as the case may be.

The extent of the SARS epidemic had not been seen in the HKSAR in living memory – and the HKSAR Government was doing little to ameliorate the situation and the growing anxiety of the populace.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost another 1.93 percent of its value, falling to 8,836.85 points.

The Total Turnover was about \$HK8.37 billion, a decidedly higher level of activity, compared with previous sessions on Monday and Tuesday – which was not good news because an increased level of trading activity on a rapidly falling market is indicative of more falls to come.

The ratio of losers to gainers expanded to 3.24:One – another worrying sign.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.90 percent to \$HK82.75 per share
Hutchison Whampoa Ltd (Code: 13)	Down 2.72 percent to \$HK42.90 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 5.11 percent to \$HK35.30 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 3.61 percent to \$HK42.70 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.96 percent to \$HK15.55 per share
Hang Seng Bank Ltd (Code: 11)	Down 1.25 percent to \$HK79.00 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Down 5.24 percent to \$HK29.85 per share
Cathay Pacific Airways Ltd (Code: 293)	Down 4.17 percent to \$HK9.20 per share
CLP Holdings Ltd (Code: 2)	Down 0.91 percent to \$HK32.60 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK1.66 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Chuang's China Investments Ltd	298	42.86		0.20
EC-Founder (Holdings) Company Ltd	618	25.00		0.25
Emperor (China Concept) Investment Ltd	2921	13.21		0.60
Giordano International Ltd	709		13.98	2.00
Greenfield Chemical Holdings Ltd	582	15.25		0.68
Hansom Eastern (Holdings) Ltd	279		10.34	0.052
i100 Ltd	616	23.81		0.026
ING Beijing Investment Company Ltd	1062	23.23		0.122
Kerry Properties Ltd	683		10.08	5.80
Mansion Holdings Ltd	547		22.73	0.017
Mei Ah Entertainment Group Ltd	391	15.38		0.15
Moiselle International Holdings Ltd	130		10.00	0.45
Nam Fong International Holdings Ltd	1176	20.00		0.048
PacMOS Technologies Holdings Ltd	1010	25.00		0.25
Shanxi Central Pharmaceutical International Ltd	327		10.34	0.026
South East Group Ltd	726	18.42		0.045

Sun East Technology (Holdings) Ltd	365	12.00		0.28
Yau Lee Holdings Ltd	406	15.70		0.14

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover, in contrast to the volume of the Main Board, dropped back to about \$HK56.17 million, decidedly lower than Monday or Tuesday's volume.

The Growth Enterprise Index lost another 0.79 percent of its value, falling to 110.46 points, while the ratio of losers to gainers expanded to 2.05:One.

The biggest movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Changmao Biochemical Engineering Company Ltd	8208	35.80		0.33
Goldigit Atom-Tech Holdings Ltd	8059	28.38		0.095
Grandy Applied Environmental Technology Corporation	8143		28.57	0.05
IIN International Ltd	8128		28.00	0.036
Jilin Province Huinan Changlong Bio-Pharmacy Company Ltd	8049		10.87	0.205
Q9 Technology Holdings Ltd	8129		10.00	0.027
Sing Lee Software (Group) Ltd	8076		12.28	0.50
Xteam Software International Ltd	8178		10.95	0.122

News wise:

- SARS continued to exhibit its power over the world's airlines, with Australia's national airline, **Qantas**, sacking another 1,400 of its workers, while global airlines, including **Cathay Pacific Airways Ltd (Code: 293, Main Board)**, continued to warn that this worldwide pandemic was more painful, financially, than the Iraqi war. Asia's biggest airlines, **Japan Airlines System Corporation, All Nippon Airways, Cathay Pacific, Korean Air** and **Indonesia's Garuda**, all have reduced flights, due to SARS.

In Japan, the indices of the 3 equity markets continued to fall.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average dropped another 0.91 percent, ending the session at 8,057.61 yen.

In spite of the market's key index, falling for the second day in a row, the number of gaining counters outweighed the number of losing counters by the ratio of 1.55:One.

The Iraqi war had been factored into most of the equity markets of Asia, by and large, so that all that was left were the prospects for the remainder of the year, in terms of trade.

And the prospects did not appear to be too inspiring.

News wise:

- **DaimlerChrysler Japan Company** said that it would be recalling 3,268 Jeep Wrangler and Jeep Cherokee in order to replace defective parts. The situation has been reported to The Ministry of Land, Infrastructure and Transport. The problem appears to centre on parking brakes; and,
- **NEC Corporation** has lowered its forecast for its 2002 Financial Year, ended March 31, 2003. It, now, expects a Group Net Loss of about 25 billion yen. This is the second consecutive year of losses for this

electronics giant. It had publicly stated that it was expecting a Net Profit of about 10 billion yen for the 2002 Year.

In other Asian bourses, this is the way that things came to rest, last Wednesday night:

Indonesia	Plus 1.93 percent to 430.28
Japan	Minus 0.91 percent to 8,057.61
Malaysia	Minus 0.89 percent to 634.41
The Philippines	Minus 1.09 percent to 1,095.64
Singapore	Minus 1.92 percent to 1,292.85
South Korea	Minus 3.04 percent to 569.47
Taiwan	Minus 0.33 percent to 4,537.39
Thailand	Plus 0.10 percent to 376.20

Thursday

Some people may have been dancing in the streets of Baghdad and Basra, last Thursday, but, on the streets where US stock markets were located, last Wednesday, there was no time for such frivolities – because indices of main US equity markets were headed down the plughole.

On Wall Street, both The New York Stock Exchange's Big Board and the NASDAQ's Composite Index gave up substantial ground.

The Big Board of The New York Stock Exchange saw its Dow Jones Industrial Average surrender 100.98 points, or about 1.22 percent, ending the day at 8,197.94 points.

As for the Composite Index of the NASDAQ, it was forced to give up 26.20 points, equivalent to 1.89 percent, falling back to 1,356.74 points.

While the end to the Iraqi conflict was, definitely, good news, the war had not altered the economic picture of the world's largest single economy.

Oil prices had, by last Wednesday, New York time, started to slip, with US light crude, being traded on The New York Mercantile Exchange (NYMEX) at \$US28.26 per barrel, down about 59 cents per barrel, compared with Tuesday's closing level.

The situation in Iraq was little changed from the previous day, except, perhaps, that the coalition forces continued to win more ground in Iraq – as the soldiers of Saddam Hussein, quickly stripped off their uniforms and tried to mix in with the civilian population in the hope of not being discovered.

There were suggestions that Saddam Hussein and his henchmen had slipped into Syria.

(Talk about playing with fire, somebody ought to warn Syria of the consequences of playing both ends against the middle.)

The United Nations Security Council met in order to discuss what to do about North Korea: But, no consensus was reached.

In the news was tycoon Rupert Murdoch, whose worldwide media juggernaut stretches from Australia to the Far East to North America.

Last Wednesday, New York time, it was announced that News Corporation, Mr Murdoch's Australian media giant, had struck a deal to take control of DirecTV.

The cost: \$US6.60 billion.

News Corporation is listed on The New York Stock Exchange as well as The Sydney Stock Exchange.

Mr Murdoch, beneficially, owns, among other things, Phoenix Satellite Television Holdings Ltd (Code: 8002, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd), which broadcasts to some 42 million households in the People's Republic of China (PRC), proper, being the largest television broadcaster in Asia, taking its account Mr Murdoch's holdings in Star TV of the Hongkong Special Administrative Region (HKSAR) of the PRC.

In Europe, as most analysts had expected, indices on major bourses came under fire ... and crumbled as a direct result of the selling pressure.

Taking their cue from Wall Street, investors sold out, where at all possible:

Amsterdam's AEX Index	Minus 2.21 percent
Great Britain's FTSE 100 Index	Minus 1.50 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.35 percent
France's CAC40 Index	Minus 2.75 percent*
Switzerland's Swiss Market Index	Minus 2.20 percent
Italy's MIBTEL Index	Minus 0.59 percent

* The biggest loser in Europe

Turning to Asia, the Government of Malaysia banned all visitors from the HKSAR, effective last Thursday.

The move was said to be an attempt to prevent the spread of Severe Acute Respiratory Syndrome (SARS), the Malaysian Government said.

At the same time, the Government imposed visa requirements on visitors from Canada and Vietnam.

The move will hurt travel companies, the world over, and will, definitely, dent the hospitality industry in both Malaysia and the HKSAR.

As it is, some 5-star hotels in the HKSAR were reporting occupancy levels of 10 percent ... and less.

As at last Wednesday's count, the number of reported cases of SARS in the territory stood at 928, with deaths at 25 people, equivalent to a mortality rate of about 2.69 percent.

Hongkong Dragon Airlines (known as Dragonair) announced that it would be cutting down its services by 23 percent due to SARS.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index lost about 0.13 percent of its value, falling to 8,625.72 points.

The Total Turnover was about \$HK6.83 billion, while the ratio of losers to gainers was 1.60:One.

Investors of the HKSAR were putting money into defensive stocks, mainly utilities, whose Sectorial Index gained about 1.57 percent, last Thursday.

The Utilities Sectorial Index was the lone gainer of the 7 sectorial indices.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK82.75 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.95 percent to \$HK78.25 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.23 percent to \$HK42.80 per share
Cathay Pacific Airways Ltd (Code: 293)	Down 2.72 percent to \$HK8.95 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.94 percent to \$HK42.30 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.64 percent to \$HK15.45 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK35.30 per share
PetroChina Company Ltd (Code: 857)	Down 0.60 percent to \$HK1.65 per share
Hongkong Electric Holdings Ltd (Code: 6)	Up 1.97 percent to \$HK31.10 per share
CLP Holdings Ltd (Code: 2)	Up 1.23 percent to \$HK33.00 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Cheuk Nang (Holdings) Ltd	131	10.00		0.011
China Investments Holdings Ltd	132		16.13	0.26
China Motion Telecom International Ltd	989	10.29		0.375
China Online (Bermuda) Ltd	383		13.64	0.019
China Rich Holdings Ltd	1191		12.70	0.055
Dickson Group Holdings Ltd	313	28.57		0.054
Emperor (China Concept) Investment Ltd	2921	33.33		0.80
Enerchina Holdings Ltd	622		11.11	0.016
Harmony Asset Ltd	428		10.34	0.26
Le Saunda Holdings Ltd	738		18.95	0.201
Magnificent Estates Ltd	201	10.00		0.022
Man Sang International Ltd	938		20.71	0.111
Mansion House Group Ltd	376	12.00		0.28
Mei Ah Entertainment Group Ltd	391	10.00		0.165
MUI Hongkong Ltd	542		10.11	0.08
Singapore Hongkong Properties Investment Ltd	245		10.00	0.045
Surge Recreation Holdings Ltd	703	11.34		0.108
Wang Sing International Holdings Group Ltd	2389		33.02	0.355
Winfoong International Ltd	63		14.18	0.115

On The GEM, The Growth Enterprise Index lost 1.34 percent, falling to 108.98 points.

The Total Turnover on this speculative market was about \$HK47.45 million, with losing counters, outnumbering gaining ones by the ratio of 2.20:One.

The biggest movers on The GEM included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Hongkong.com Corporation	8006		16.25	0.335
IIN International Ltd	8128	22.22		0.044
ITE (Holdings) Ltd	8092		16.67	0.05
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	19.51		0.245
PINE Technology Holdings Ltd	8013	10.29		0.075

In Japan, it was a similar story as was being told in the HKSAR, with the added glamour of an Asian economy that had been, for the past decade or so, unable to shake off inherent and deep-rooted financial and economic problems.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average finished the day, off about 0.96 percent – about 77.49 yen – to run back to 7,980.12 yen.

It was the third consecutive day of losses for the largest stock market in Asia.

Sluggish demand, globally, for goods and services, produced in Japan, was having a dramatic effect on the country's economy, which is the world's second largest.

The ratio of losers to gainers was 2.47:One.

News wise:

- **The International Monetary Fund (IMF)** announced that it had revised the growth of the Japanese economy for calendar 2003, from 1.10 percent to 0.80 percent, Year-on-Year; and,
- **Core private-sector machinery orders** fell 9.60 percent in February, seasonally adjusted, from January's figures.

In other parts of Asia, this was how those bourses ended their respective sessions, last Thursday night:

Indonesia	Plus 0.04 percent to 430.45
Japan	Minus 0.96 percent to 7,980.12
Malaysia	Minus 0.71 percent to 629.92
The Philippines	Plus 1.54 percent to 1,112.53
Singapore	Plus 0.24 percent to 1,295.91
South Korea	Plus 1.45 percent to 577.73
Taiwan	Plus 0.09 percent to 4,541.36
Thailand	Minus 0.31 percent to 375.02

Friday

Looters rampaged through cities of Iraq, last Thursday and Friday, with the coalition forces, appearing to be unable to bring order to the crazed citizenry of the country.

One city after another was falling to US forces, without a shot, having to be fired.

The Regime of Saddam Hussein was over, of that there could be no question.

But no victory celebrations were heard on Wall Street, last Thursday, with both equity markets, seeing their respective indices rise only fractionally.

On The New York Stock Exchange, the Dow Jones Industrial Average gained just 23.39 points, equivalent to about 0.29 percent, ending the day at 8,221.33 points.

The NASDAQ's Composite Index followed a similar path to that of the Big Board of The New York Stock Exchange, as investors pushed up the key index to 1,365.61 points, a one-day gain of 8.87 points.

There were all kinds of reasons, given by the experts for the lacklustre session, but, in truth, it was clear that the end of the Iraqi-US war had been discounted into the level of the indices of the world's largest equity markets.

There, also, was the matter of one major retail company after another, announcing its woes, followed by major manufacturing conglomerates, telling the world that things look pretty poor for the rest of the year.

Some of those public announcements included:

- **General Electric Company** announced its first-quarter results: Down 9 percent, Year-on-Year;
- **Wal-Mart Stores Incorporated** announced that its March sales, up 0.70 percent, Year-on-Year, represented its worst monthly performance in more than 2 years;
- **Target Corporation** announced that its March sales had fallen 2.30 percent, Year-on-Year;
- **J.C. Penny** announced that its March sales had dipped 5.50 percent, Year-on-Year; and,
- **Sears, Roebuck and Company** said that its March results represented the nineteenth consecutive month of falling sales volume.

On The NYMEX – The New York Mercantile Exchange – the price of Light Sweet crude oil fell \$US1.39 per barrel to \$US27.46 per barrel.

In London, England, the price of Brent North Sea crude, for May delivery, dropped 78 cents (US) per barrel to \$US24.47 per barrel.

By last Thursday, it had been announced that the coalition forces, under the leadership of General Tommy Franks, had taken control of all of Iraq's oil wells, without any more losses due to sabotage.

In Europe, equity markets recovered some lost ground, with Switzerland, leading the pack:

Amsterdam's AEX Index	Plus 1.56 percent
Great Britain's FTSE 100 Index	Plus 0.29 percent
Germany's Frankfurt XETRA DAX Index	Plus 1.44 percent
France's CAC40 Index	Plus 1.05 percent
Switzerland's Swiss Market Index	Plus 1.69 percent*
Italy's MIBTEL Index	Plus 0.72 percent

* The biggest gainer in Europe

In the United Nations, pressure was stepped up on North Korea, with the UN's Commission on Human Rights, preparing to damn the reclusive country for its serious human rights violations.

North Korea's leader – by right of succession – fired back an oblique salvo at the UN, with Mr Kim Jong Il, telling his pilots, in a much-publicised visit to one of the country's military aerodromes, that he was happy to see that all was well and that the Communistic country was ready *'to beat back (its) enemies whenever they challenged'* his Regime.

In Asia, stock markets were mixed.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors managed to push up the key indices on the region's 2 equity markets, but, in both cases, the gains were only of a fractional nature.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index finished the week at 8,645.66 points, representing a one-day gain of about 0.23 percent.

The Total Turnover was about \$HK6.97 billion, with advancing counters, outnumbering declining ones by the slim ratio of 1.01:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.30 percent to \$HK83.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.95 percent to \$HK41.90 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.32 percent to \$HK78.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.47 percent to \$HK43.00 per share
Cathay Pacific Airways Ltd (Code: 293)	Unchanged at \$HK8.95 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.32 percent to \$HK15.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.70 percent to \$HK35.90 per share
Johnson Electric Holdings Ltd (Code: 179)	Down 2.92 percent to \$HK8.30 per share
PetroChina Company Ltd (Code: 857)	Up 0.61 percent to \$HK1.66 per share
CNOOC Ltd (Code: 883)	Down 0.50 percent to \$HK9.95 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Berjaya Holdings (Hongkong) Ltd	288		35.71	0.09
Central China Enterprises Ltd	351		16.00	0.021
Chaoda Modern Agriculture (Holdings) Ltd	682		19.10	0.72
Emperor (China Concept) Investment Ltd	2921		16.25	0.67
Hanny Holdings Ltd	275	20.63		0.38
Hansom Eastern (Holdings) Ltd	279	10.00		0.055
High Fashion International Ltd	608		13.75	0.69
HKC International Holdings Ltd	248		17.72	0.13
Hongkong Pharmaceutical Holdings Ltd	182		13.04	0.20
Jade Dynasty Food Culture Group Ltd	970		13.79	0.25
Lai Sun Development Company Ltd	488		25.00	0.021
Man Sang International Ltd	938	17.12		0.13
Mansion Holdings Ltd	547	11.11		0.02
Mansion House Group Ltd	376		10.71	0.25
Matsunichi Communication Holdings Ltd	283	11.96		0.234
PacMOS Technologies Holdings Ltd	1010	12.00		0.28
Sen Hong Resources Holdings Ltd	76		10.87	0.41
Shanxi Central Pharmaceutical International Ltd	327		15.38	0.022
Takson Holdings Ltd	918		10.59	0.152
Wang Sing International Holdings Group Ltd	2389	11.27		0.395

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover dipped again, ending the last trading day with a volume of activity of about \$HK45.05 million.

The Growth Enterprise Index rose 0.88 percent, ending the session at 109.94 points.

Despite the lone index, registering a gain, losing counters outnumbered gaining ones by the ratio of 1.29:One.

The double-digit movers on this market were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Cyber On-Air Group Company Ltd	8118		16.67	0.05
Goldigit Atom-Tech Holdings Ltd	8059		11.34	0.086
IIN International Ltd	8128		20.45	0.035
Kinetana International Biotech Pharma Ltd	8031	12.33		0.082
New Chinese Medicine Holdings Ltd	8085		10.20	0.044
Satellite Devices Corporation	8172	44.44		0.052
Town Health International Holdings Company Ltd	8138		11.32	0.047
Wanasports Holdings Ltd	8020	15.79		0.088

News wise:

- **Cathay Pacific Airways Ltd (Code: 293)** announced a Profit Warning for the first half of the 2003 year, due to *'the recent sharp fall in passenger demand for air travel caused by the Iraq war and widespread public concerns over the outbreak of atypical pneumonia (SARS) in Hong Kong and other parts of the world...'*; and,
- **A-Max Holdings Ltd (formerly known as Kessel International Holdings Ltd) (Code: 959)** announced to The Stock Exchange of Hongkong Ltd: *'At the request of A-Max Holdings Limited (the "Company"), trading in its shares will be suspended with effect from 9:30 a.m. today (11/04/2003) pending the issue of an announcement regarding the change in control of the controlling shareholder of the Company.'* (Please see [TARGET Intelligence Report, Volume V, Number 70](#), published on Friday, April 11, 2003 for more about this company)

For the week, ended April 11, therefore, the tally was:

The Hang Seng Index	Down	2.00 percent
The Growth Enterprise Index	Up	0.59 percent

On The Tokyo Stock Exchange, investors were somewhat nonplussed to see the key index hit a 2-decade low.

Last Friday saw the Nikkei-225 Stock Average end the week at 7,816.49 yen, a loss of 2.05 percent on Thursday's close.

Every sector of the market was hit, with some hit much harder than others.

The Iraqi situation may have been resolved, oil prices had fallen and were continuing to fall, but there were still the home-grown problems for Japanese investors.

And the Government of Prime Minister Junichiro Koizumi had yet to find the correct medicine to soothe the discomfiture of the economy.

News wise:

- Convenience-store chain, **Seven-Eleven Japan Company**, announced that it had recorded its twenty-third consecutive month of record earnings. For the Financial Year, ended February 28, 2003, the company had logged up a Group Net Profit of about 82.83 billion, up about 1.40 percent, Year-on-Year;
- **Takashimaya Company**, the country's leading departmental store operator, said that its Group Net Profit for the Financial Year, ended February 28, 2003, was 3.94 billion yen, which was in contrast to a Group Net Loss of about 57.51 billion yen for the 2002 Year; and,

- **Ito-Yokado Company**, Japan's largest retailer, announced that it had managed to post a Group Net Profit of about 21.02 billion yen for its Financial Year, which, also, ended February 28, 2003. That result represented a fall of nearly 60 percent, compared with the 2002 Year.

For Asia's largest bourse, therefore, the tally was:

Nikkei-225 Stock Average

Down 3.19 percent

And, in other Asian markets, this was how the week of April 11, 2003 finished:

Indonesia	Plus 1.88 percent to 438.55
Japan	Minus 2.05 percent to 7,816.49
Malaysia	Minus 0.04 percent to 629.69
The Philippines	Plus 0.88 percent to 1,122.27
Singapore	Plus 0.39 percent to 1,301.02
South Korea	Plus 0.91 percent to 582.97
Taiwan	Minus 0.24 percent to 4,530.40
Thailand	Plus 2.22 percent to 383.36

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