

**WARNINGS OF IMMINENT TERRORIST ATTACKS
FAILS TO DETER EQUITY TRADING**

More Muslim terrorist attacks over the weekend of May 17-18 frightened investors, around the world, last Monday, as, one by one, indices of major equity markets fell to sellers.

In Morocco's largest city, Casablanca, at least 41 people died and about 100 more civilians were seriously injured in a series of bomb blasts, which occurred late into the night of Friday, May 16.

The terrorists had targeted the Belgian Consulate, the Safir Hotel, a Jewish community centre, a Jewish cemetery, a Spanish Cultural Centre and a restaurant, Casa de España (House of Spain).

The horror of the attacks was exemplified by an eye-witness, who described how the doorman of Casa de España was decapitated by one of the dozen suicide bombers.

In Jerusalem, another suicide bomber detonated his load of explosives in a bus, killing at least 7 people and injuring 20 other commuters.

On Wall Street, the previous Friday (May 16), news of the Casablanca killings, of course, was not known, but US investors, instead, were treated to some pretty horrible offerings, in any case.

It was announced by the US Labour Department that inflation in The Land of The Free and The Home of The Brave had dropped to a 37-year low – suggesting that deflation was about to be the Number One target for the US Federal Reserve Board to consider tackling.

Deflation can be just as killing as rampant inflation, in certain respects, because consumers, seeing a rapid and consistent decline in prices of consumables, home-entertainment units, etc will, in most cases, wait in the expectation that prices will fall even further *'tomorrow'*.

Thus, the economy stalls – as is, clearly, the case in respect of the US and the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), to name but 2 economies of the world, today.

On The New York Stock Exchange, on Friday, May 16, the Dow Jones Industrial Average fell 34.17 points, or about 0.39 percent, ending the week at 8,678.97 points.

On the NASDAQ, its Composite Index shed 12.85 points, equivalent to about 0.83 percent, falling back to 1,538.53 points.

As for Severe Acute Respiratory Syndrome (SARS), the pandemic continued to hug the headlines, with Taiwan, recording a record, one-day gain in the SARS infections in its population.

Up to last Monday, the island *'republic'* had acknowledged, officially, that it had had 36 deaths from SARS and SARS-related complications, and that 2 hospitals had had to be closed down after becoming infected with the disease.

Europe, noting that the situation in respect of the US economy was continuing to weaken, with the US dollar, losing more ground, last Monday in early trading, determined that it was high time to sell scrip on Europe's major bourses.

SARS is not playing a large part in determining the direction of indices of major bourses of Europe, yet, but, with the economies of France and Germany, both in serious trouble, European investors had quite a lot of their plates, in any case.

And so the *'word'* went out: Sell!

This was how the major European bourses closed, last Monday night:

Amsterdam's AEX Index	Minus	4.87 percent
Great Britain's FTSE 100 Index	Minus	2.66 percent
Germany's Frankfurt XETRA DAX Index	Minus	4.63 percent
France's CAC40 Index	Minus	4.26 percent
Switzerland's Swiss Market Index	Minus	2.29 percent
Italy's MIBTEL Index	Minus	2.85 percent

In Asia, the indices of 2 major bourses of the 9 major bourses of the region managed to stay in the black – although only just.

Investors in the world's most populous area were concerned, mainly, about terrorist attacks (Please see last Wednesday's [TARGET Intelligence Report, Volume V, Number 94](#)), more SARS-related infections, and the gyrations of the world's largest single economy: The US.

In the HKSAR, the main equity market fell to sellers, albeit only fractionally.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index – which tracks the movements of blue chips – lost about 0.06 percent of its value, falling to 9,087.37 points.

The Total Turnover of the Main Board was about \$HK5.89 billion.

The ratio of gainers to losers was 1.39:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.84 percent to \$HK90.00 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.66 percent to \$HK45.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 3.15 percent to \$HK36.90 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.11 percent to \$HK16.20 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.10 percent to \$HK44.80 per share
CNOOC Ltd (Code: 883)	Down 0.94 percent to \$HK10.50 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.62 percent to \$HK81.00 per share
Henderson Land Development Company Ltd (Code: 12)	Down 2.98 percent to \$HK19.55 per share
Cathay Pacific Airways Ltd (Code: 293)	Up 1.67 percent to \$HK9.15 per share
Varitronix International Ltd (Code: 710)	Up 8.33 percent to \$HK5.20 per share

As for the double-digit movers of the day, they numbered 40 in all, with 28, double-digit movers, gaining 10 percent or more, while 12 of their number lost 10 percent or more.

Oriental Explorer Holdings Ltd (Code: 430) was the biggest gainer of the day, as investors pushed up its share price by 30.30 percent to 4.30 cents per share.

Guangdong Tannery Ltd (Code: 1058) was the biggest loser, shedding 25 percent of its market capitalisation, falling to 15 cents per share.

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index gained about 0.43 percent, rising to 1,068.81 points.

The Total Turnover on this market was about \$HK221.26 million, with gainers, ahead of losers by the ratio of 1.35:One.

As was the case in the previous week, trades in the shares of Mr Li Ka Shing's 2 listings, tom.com Ltd (Code: 8001) and CK Life Sciences International (Holdings) Incorporated (Code: 8222), were the dominant and determinant factors in pushing The Growth Enterprise Index up by the factional amount.

According to **TOLFIN**'s* calculations, trading in the scrip of tom.com Ltd and CK Life Sciences International (Holdings) Incorporated accounted for about 51.22 percent of the entire volume of activity, last Monday.

The share price of CK Life Sciences International lost about 2 percent of its value, falling to \$HK1.71 per share, while the share price of tom.com gained 3 percent, rising to \$HK2.35.

The biggest movers of the day, however, were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
EVI Education Asia Ltd	8090	36.36		0.03
Grandy Applied Environmental Technology Corporation	8143	25.00		0.05
Hongkong.com Corporation	8006	16.92		0.76
iSteelAsia.com Ltd	8080	26.09		0.029
Prosten Technology Holdings Ltd	8026	146.67		0.148
Recruit Holdings Ltd	8073	16.67		0.014
SYSCAN Technology Holdings Ltd	8083		18.84	0.056
Systek Information Technology (Holdings) Ltd	8103		20.00	0.04
Trasy Gold Ex Ltd	8063	76.92		0.023

In Japan, the big news was that the Government of Prime Minister Junichiro Koizumi had been forced to plug up the leaking financial dyke of the country's fifth largest banking group.

The 3 stock markets of the country reacted violently to the news, with trading on the premier bourse, The Tokyo Stock Exchange, pushing down its key index, the Nikkei-225 Stock Average, by 0.96 percent, falling back to 8,039.13 yen.

At one point, during last Monday's trading session, however, the Nikkei-225 Stock Average dipped below the 8,000-yen level.

The share price of Resona Holdings Incorporated was shot down to the extent of about 17.20 percent, hitting 48 yen by the close of the day.

It was announced that the Japanese Government had agreed to bail out this bank to the extent of about 2 trillion yen (about \$US17 billion; \$HK132.60 billion).

That bailout package was about 3 times original estimates.

The reason that the Government had been forced to agree to bail out this bank was because, if Resona had been allowed to go under, the cascading effects could endanger confidence in the entire banking industry of the country – which is, already, on shaky ground, in any event.

Resona lost about 838 billion yen in its 2002 Financial Year, equivalent to about \$US7.30 billion, or about \$HK57 billion.

News wise:

- **Kenwood Corporation**, an audio-equipment manufacturer, recorded its first Group Net Profit in 4 Financial Years: 4.22 billion yen. It lost about 26.66 billion yen in 2001;
- **Fuji Heavy Industries Ltd**, the producer of Subaru vehicles, reported Consolidated Net Profits of about 33.48 billion yen for its Financial Year, ended March 31, 2003. That result was an increase of about 10.60 percent, Year-on-Year;
- **Takeda Chemical Industries Ltd**, the country's largest manufacturer of drugs, reported a 15.30-percent rise in its 2002 Net Profits, Year-on-Year, to a record level of 271.76 billion yen. It was the ninth consecutive Year of record profits for this company;
- **Yamanouchi Pharmaceutical Company**, Japan's third-largest drug maker, announced that its Group Net Profit for Fiscal 2002 rose to 59.86 billion yen, up 8.50 percent, Year-on-Year;
- **Kajima Corporation**, Japan's largest construction company, announced that its Bottom Line for Financial 2002 was plus about 10.11 billion yen. In its 2001 Year, the company had lost 41.15 billion yen;
- **Japan Airlines System Corporation** said that it expected to lose about 162 billion yen for the Current Financial Year; and,
- **Nissan Food Products Company** said that it would forge a bond between it and the Taiwanese company, Uni-President Enterprises Corporation. The idea is to boost its sales of its instant noodles in the PRC, proper.

In other Asia markets, this was how they ended last Monday's trading session:

Indonesia	Minus 1.86 percent to 459.22
Japan	Minus 0.96 percent to 8,039.13
Malaysia	Plus 0.07 percent to 636.68
The Philippines	Plus 0.32 percent to 1,062.94
Singapore	Minus 0.92 percent to 1,293.89
South Korea	Minus 2.37 percent to 596.36
Taiwan	Minus 0.65 percent to 4,255.80
Thailand	Minus 1.04 percent to 379.03

* (TOLFIN = TARGET's Computerised Online Financial Intelligence Service and Credit-Checking Provider)

Tuesday

There was a bit of a bloodbath on Wall Street on the first day of trading, last week, as investors saw tens of billions of dollars wiped off the value of their investments in stocks and shares.

On the Big Board of The New York Stock Exchange, the Dow Jones Industrial Average lost 185.58 points, equivalent to about 2.14 percent, as investors pushed down this key index to 8,493.39 points.

On the hi-tech, encrusted market, the NASDAQ, its Composite Index surrendered 45.76 points, or about 2.97 percent, ending the day at 1,492.77 points.

A sluggish US economy and the spate of terrorist attacks, in many parts of the world, were the main reasons for the losses.

In Europe, the French had a bit of a respite when the Government of the Republic of France announced that, in the first quarter of 2003, there had been a growth in the economy of about 0.30 percent, according to initial estimates.

In the last quarter of 2002, the economy had contracted by about 0.10 percent.

No recession, yet, folks.

In Europe, there was a bit of a bounce, following Monday's large losses, but the major bourses only managed to log in fractional gains, in any case:

Amsterdam's AEX Index	Plus 0.39 percent
Great Britain's FTSE 100 Index	Plus 0.77 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.41 percent
France's CAC40 Index	Plus 0.35 percent
Switzerland's Swiss Market Index	Plus 0.56 percent
Italy's MIBTEL Index	Plus 0.21 percent

In Asia, trading was quiet on most major equity markets.

The Government of Taiwan announced that it had had another 12 deaths from Severe Acute Respiratory Syndrome (SARS), bringing up the total of reported deaths from SARS and SARS-related diseases in that territory to 52.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), trading was quiet on the 2 stock markets, the general populace, being somewhat punch-drunk due to the pounding, which they have had to endure over the past few years.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost about 0.41 percent of its value, falling to 9,050.40 points on a Total Turnover of about \$HK6.23 billion.

The ratio of gainers to losers was 1.07:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 1.11 percent to \$HK89.00 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.88 percent to \$HK45.10 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.54 percent to \$HK36.70 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.89 percent to \$HK44.40 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.62 percent to \$HK16.30 per share
Hongkong Electric Holdings Ltd (Code: 6)	Up 1.32 percent to \$HK30.80 per share
PetroChina Company Ltd (Code: 857)	Up 0.56 percent to \$HK1.80 per share
Global Green Tech Group Ltd (Code: 274)	Up 3.48 percent to \$HK1.19 per share
CLP Holdings Ltd (Code: 2)	Up 0.60 percent to \$HK33.60 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.62 percent to \$HK80.50 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959		20.00	0.012
Arnhold Holdings Ltd	102	14.06		0.365
Bestway International Holdings Ltd	718		11.11	0.016
Celestial Asia Securities Holdings Ltd	1049	14.46		0.285
Central China Enterprises Ltd	351	11.11		0.02
China Merchants DiChain (Asia) Ltd	632	10.00		0.132
China Rare Earth Holdings Ltd	769	11.67		0.67
CIL Holdings Ltd	479		10.00	0.018
Climax International Company Ltd	439	10.00		0.022
Compass Pacific Holdings Ltd	1188	16.07		0.325
eCyberChina Holdings Ltd	254		16.67	0.01
Everest International Investments Ltd	204		17.43	0.09
Haywood Investments Ltd	905	26.67		0.076
i100 Ltd	616	21.43		0.034
KEL Holdings Ltd	681		32.93	0.055
Mansion House Group Ltd	376		13.64	0.19
MAXX Bioscience Holdings Ltd	512	13.21		0.12
Pacific Plywood Holdings Ltd	767	30.00		0.013
Paliburg Holdings Ltd	617	10.96		0.081
RNA Holdings Ltd	501		13.04	0.02
Same Time Holdings Ltd	451		12.86	0.061
Star East Holdings Ltd	198	25.00		0.03
Terabit Access Technology International Ltd	491	13.33		0.017
Theme International Holdings Ltd	990	18.75		0.019
Tse Sui Luen Jewellery (International) Ltd	417	42.86		0.06
Yoshiya International Corporation Ltd	193		14.29	0.018
Yue Da Holdings Ltd	629		11.96	0.405

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it appeared that that market was running out of steam.

The Growth Enterprise Index gave up 0.77 percent of its value, falling back to 1,060.58 points on a Total Turnover of about \$HK124.43 million.

The ratio of losers to gainers was 1.53:One.

Mr Li Ka Shing's counters – tom.com Ltd (Code: 8001) and CK Life Sciences International (Holdings) Incorporated (Code: 8222) – saw their respective market capitalisations peeled back, somewhat.

The 5 biggest movers of the day, in terms of their turnovers, only, were:

CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Down 1 percent to \$HK1.69 per share
tom.com Ltd (Code: 8001)	Down 3 percent to \$HK2.275 per share
hongkong.com Corporation (Code: 8006)	Down 11 percent to 68 cents per share

SUNeVision Holdings Ltd (Code: 8008)
Wah Sang Gas Holding Ltd (Code: 8035)

Down 5 percent to \$HK1.43 per share
Up 2 percent to 85 cents per share

As for the exclusive, double-digit movers of the day, this bunch included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061	10.29		0.075
AKuP International Holdings Ltd	8179		30.95	0.029
Creative Energy Solutions Holdings Ltd	8109		10.71	0.25
Essex Bio-Technology Ltd	8151		15.66	0.07
EVI Education Asia Ltd	8090	26.67		0.038
Grandy Applied Environmental Technology Corporation	8143	16.00		0.058
GreaterChina Technology Group Ltd	8032	15.74		0.125
hongkong.com Corporation	8006		10.53	0.68
iSteelAsia.com Ltd	8080	20.69		0.035
M21 Technology Ltd	8153		12.50	0.35
PINE Technology Holdings Ltd	8013	14.29		0.08
Recruit Holdings Ltd	8073		21.43	0.011
Sino Stride Technology (Holdings) Ltd	8177	12.00		0.28
Systek Information Technology (Holdings) Ltd	8103		12.50	0.035
Trasy Gold Ex Ltd	8063		13.04	0.02

In Japan, The Bank of Japan, which is the Central Bank of the country, announced that it would be proactive, from hereon in, in order to lend more support to the economy and to the equity markets.

Via purchases of discount bills, The Bank of Japan said that it would provide one trillion yen to financial institutions.

The announcement, coupled with a promise by The Bank of Japan to support struggling Resona Holdings Incorporated (Please see Monday's report), caused some investors to feel a little better about the near-term prospects of stocks and shares, listed on the country's 3 equity markets.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average gained about one quarter of a percentage point, struggling back to 8,059.48 yen.

Even though there appeared to be glimmer of better times ahead, many investors continued to be pessimistic about their own economy; and, they determined to stand on the sidelines.

As a result, the ratio of gainers to losers was 1.27:One.

Banks, especially, continued to be hit by wave after wave of selling pressure.

Other than the paring back of holdings in banking counters, however, things were relatively quiet in Japan, last Tuesday.

And here is how other Asian markets fared, last Tuesday night:

Indonesia	Plus 1.51 percent to 466.14
Japan	Plus 0.25 percent to 8,059.48
Malaysia	Plus 0.04 percent to 636.96
The Philippines	Minus 0.92 percent to 1,053.12
Singapore	Plus 0.49 percent to 1,299.23
South Korea	Plus 0.96 percent to 602.08
Taiwan	Minus 0.10 percent to 4,251.59
Thailand	Plus 1.04 percent to 382.97

Wednesday

The Government of President George W. Bush issued a new warning: Terrorist attacks are imminent for Saudi Arabia.

The US Government closed down its embassy and consulates in that Middle-Eastern country.

In addition, intelligence sources in the US Government suggested that an attack could, also, be launched on US soil.

Weapons to the ready positions, from the Middle East to North America.

Then, as if that were not enough, the Government of Canada announced that it had discovered a single case of Mad Cow Disease (**Bovine Spongiform Encephalopathy – BSE**) in the Western Province of Alberta.

Slam! The US Government shut tight its doors to Canadian beef.

Down came the share prices of companies, selling hamburgers, beef sandwiches, hot dogs, made of beef, etc, on The New York Stock Exchange.

And down came the price of Canadian beef by 50 percent and more in Canada, as soon as the news of the confirmed BSE case was widely known.

This is the first time in a decade that Canada has reported a case of BSE.

On Wall Street, investors seemed to be unable to decide what action to take: So, by and large, they took no action.

The New York Stock Exchange's Dow Jones Industrial Average gave up 2.03 points, or about 0.02 percent, falling to 8,491.36 points.

The NASDAQ's Composite Index surrendered about 0.11 percent of its value, ending the day at 1,491.09 points.

In Europe, selling was, once again, the order to the day for investors, locked into major bourses.

European investors, noting what was taking place on the world's largest equity markets, and learning of the high-alert status in respect of the probability of more terrorist attacks, took defensive action, for the most part.

Of the 6, major equity markets of Europe, only one was in the black by the close of the day:

Amsterdam's AEX Index	Minus 2.30 percent
Great Britain's FTSE 100 Index	Minus 0.89 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.41 percent
France's CAC40 Index	Plus 0.14 percent
Switzerland's Swiss Market Index	Minus 1.41 percent
Italy's MIBTEL Index	Minus 0.66 percent

It was a similar story in Asia where most of the equity markets either gained or lost fractions.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gained about one tenth of a percentage point, crawling back to 9,059.80 points.

The Total Turnover on this market was about \$HK7 billion, with advancing counters, outpacing declining counters by the ratio of 1.32:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.56 percent to \$HK89.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Unchanged at \$HK16.30 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.44 percent to \$HK45.30 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.54 percent to \$HK36.50 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 2.00 percent to \$HK1.53 per share
Shandong International Power Development Company Ltd (Code: 1071)	Up 5.38 percent to \$HK1.96 per share
Legend Group Ltd (Code: 992)	Down 1.14 percent to \$HK2.175 per share
PetroChina Company Ltd (Code: 857)	Up 1.67 percent to \$HK1.83 per share

Cheung Kong (Holdings) Ltd (Code: 1)
Aluminum Corporation of China Ltd (Code: 2600)

Up 0.45 percent to \$HK44.60 per share
Up 8.33 percent to \$HK1.56 per share

The biggest movers of the day, however, were reserved for this bunch:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959	33.33		0.016
Applied (China) Ltd	472		10.71	0.025
Artel Solutions Group Holdings Ltd	931	11.11		0.35
CCT Technology Holdings Ltd	261	66.67		0.03
China Agrotech Holdings Ltd	1073	15.00		0.46
China Development Corporation Ltd	487	81.82		0.02
Dan Form Holdings Company Ltd	271	16.81		0.139
Dong Fang Gas Holdings Ltd	432		32.50	0.162
e2-Capital (Holdings) Ltd	378	14.55		0.126
eCyberChina Holdings Ltd	254	50.00		0.015
First Tractor Company Ltd	38	10.45		0.74
Guangdong Tannery Ltd	1058	19.35		0.185
Hansom Eastern (Holdings) Ltd	279	27.45		0.065
KEL Holdings Ltd	681	14.55		0.063
Lam Soon (Hongkong) Ltd	411	11.11		2.75
Leaptek Ltd	336		14.81	0.023
Mansion Holdings Ltd	547	16.67		0.021
Nam Fong International Holdings Ltd	1176		25.00	0.015
NWS Holdings Ltd	659	11.54		2.90
Rosedale Hotel Group Ltd	149	13.70		0.083
Sky Hawk Computer Group Holdings Ltd	1129		16.67	0.10
Star East Holdings Ltd	198	26.67		0.038
Tse Sui Luen Jewellery (International) Ltd	417	16.67		0.07
Yue Da Holdings Ltd	629	11.11		0.45

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index put on about 0.78 percent, rising to 1,068.88 points.

The Total Turnover was about \$HK113.87 million, with gaining counters, outnumbering losing counters by the ratio of 1.18:One.

With the exception of those counters, which experienced double-digit movements, the rest of the sorry bunch only moved fractions, if at all.

Here is a list of the biggest movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AKuP International Holdings Ltd	8179		24.14	0.022
Changchun Da Xing Pharmaceutical Company Ltd	8067	15.38		0.30
Changmao Biochemical Engineering Company Ltd	8208	13.36		0.28
Essex Bio-Technology Ltd	8151	10.00		0.077
GreaterChina Technology Group Ltd	8032	10.40		0.138
Infoserve Technology Corporation	8077		20.00	0.104
Inworld Group Ltd	8100	10.00		0.033
iSteelAsia.com Ltd	8080	71.43		0.06
New Chinese Medicine Holdings Ltd	8085		11.63	0.038
Recruit Holdings Ltd	8073	18.18		0.013
Satellite Devices Corporation	8172	24.14		0.036
Systek Information Technology (Holdings) Ltd	8103		25.71	0.026
T S Telecom Technologies Ltd	8003	12.05		0.093
Thiz Technology Group Ltd	8119		10.00	0.045

The only interesting new piece of news to come from the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was that the number of people, out of work, rose to 7.80 percent of the total workforce in the month of April.

In the first quarter of 2003, about 14,200 people had lost their jobs, according to the HKSAR Government's Census and Statistics Department.

In Japan, investors were, clearly, not enamoured with their Government, and with the actions of The Bank of Japan. (Please see Monday and Tuesday's reports)

Last Wednesday, The Bank of Japan's Governors, via its May Report, made an announcement to the effect that the future of the world's second largest economy was clouded with uncertainty.

Japanese investors are well aware of that fact, in any case, so that the Central Bank was reporting history, not news. On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost a little more than one half of a percentage point, falling to 8,015.51 yen.

News wise:

- **Tokyo Electric Power Company's** Group Net Profit fell by about 18.10 percent to 165.27 billion yen in Fiscal 2002, compared with Fiscal 2001;
- **Suzuki Motor Corporation**, Japan's largest producer of mini-vehicles, reported record Group sales of about 2.02 trillion yen for Fiscal 2002. These sales represented an increase, Year-on-year, of about 20.80 percent. The Consolidated Net Profit came in at 31.02 billion yen, up 38.50 percent, compared with the results of the 2001 Financial Year; and,
- **Nissan Motor Company** announced that it would establish a joint-venture company in Taiwan. Its Taiwan partner was named as being Yukon Motor Company. The object of this exercise is to promote sales of motor vehicles in Taiwan and the PRC, proper. Nissan will take a 40-percent stake in the joint venture.

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

Indonesia	Plus 0.03 percent to 466.29
Japan	Minus 0.51 percent to 8,018.51
Malaysia	Plus 0.54 percent to 640.37
The Philippines	Minus 0.66 percent to 1,046.16
Singapore	Minus 0.65 percent to 1,290.73
South Korea	Minus 0.25 percent to 600.57
Taiwan	Minus 0.82 percent to 4,216.64
Thailand	Plus 1.15 percent to 387.37

Thursday

The second-in-command at al-Qaeda, Mr Ayman al-Zawahri, was said to have been the author of an audio tape, the gist of his message, being to urge Muslims, where-ever they may be, to carry out suicide attacks on embassies and interests of the US, Great Britain, Australia and Norway.

The tape was broadcast on the Arabic television channel, al-Jazeera.

The blood-thirsty call for indiscriminate killing of innocence served to harden the resolve of governments, around the world, with the US President, promising that no stone would be left unturned in order to root out the rot from the world.

The US was put on high alert and measures were stepped up to protect the populace of Continental United States.

In Washington, the Chairman of the Federal Reserve Board, Dr Alan Greenspan, reminded Congressmen that deflation in the US required close attention.

Addressing the Joint Economic Committee of Congress, Dr Greenspan said that the data in respect of US employment and factory production was *'disappointing'*.

On the brighter side, the Chairman of the Fed said:

'Recent readings on production and employment have been on the weak side, but the economic fundamentals – including the improved conditions in financial markets and the continued growth in production – augur well for the future.'

There are those who do not agree with the good Doctor, of course, and his former statements, to the effect that the Fed does not have sufficient data, at this juncture, tend to make one ponder as to the reasoning for some of his mildly bullish sentiments.

Investors on The New York Stock Exchange, last Wednesday, appeared to be uncertain as to what the Fed was trying to state – so, once again, they did next to nothing.

The Dow Jones Industrial Average, the *'barometer'* of trading in blue chips on the world's largest stock market, rose about 0.30 percent to 8,516.43 points, while, on the NASDAQ, the Composite Index was even flatter than The Dow: Down 0.08 percent to 1,489.87 points.

One other piece of international news did little to allay the fears of investors, from Alaska to the South Pole: Pyongyang suspended talk with Seoul.

North Korea warned South Korea that, if it supported Washington, South Korea could face *'unspeakable disaster'*.

The US, backed up by South Korea, among others, wants to put an end to North Korea's ambitions to become a full nuclear state and, to that end, there have been negotiations in order to try *'to buy off'* Pyongyang.

Some people, however, do not want to pay the price; while others are too greedy.

In Europe, investors were, once again, trying to grab hold of any leaf in a windstorm, it appeared.

While the 2 largest economies of the European Union (EU) are on the ropes, fighting to stay out of recession (TARGET is referring to Germany and France), some investors, especially those in Great Britain, were banking on a rising marketplace for stocks and shares – because a couple of English companies had, surprisingly, been able to turn a profit in their last financial year.

One swallow, still, does not make a spring.

The major indices of Europe closed last Thursday on the upbeat:

Amsterdam's AEX Index	Plus	2.37 percent
Great Britain's FTSE 100 Index	Plus	1.37 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.74 percent
France's CAC40 Index	Plus	0.77 percent
Switzerland's Swiss Market Index	Plus	2.70 percent*
Italy's MIBTEL Index	Plus	1.50 percent

* This was the largest gainer in Europe for the day

In Asia, last Thursday, one was looking at a mixed bag, but, in the main, the indices of major equity markets were fractionally lower.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the economy continued to fall.

Hotels were crying ... without the proverbial loaves of bread, under each arm.

The Peninsula Hotel, which has to be considered the Number One, 5-star hotel of the territory, told the world that, on one day, last week, it had, exactly, zero guests at the inn.

Many of the best – and most expensive – restaurants in the HKSAR, those in the 5-star hotels, mainly, have been closed for weeks, with signs, stating: *‘Closed for Renovation’*.

Visitors to Asia have slowed to a trickle due to continued outbreaks of Severe Acute Respiratory Syndrome (SARS).

It will take years for a recovery to be felt to any great extent.

Losses to the tourist industry run into the tens of billions of Hongkong dollars – thus far.

On The Stock Exchange of Hongkong Ltd, the Main Board gained about 0.79 percent, rising to 9,131.49 points.

The Total Turnover was about \$HK7.90 billion, with advancing counters, outpacing declining ones by the ratio of 2.05:One.

All but 2.35 points of the 71.69-point gain of the day came in the 90-minute afternoon session, according to **TOLFIN***.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.28 percent to \$HK89.25 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.88 percent to \$HK45.70 per share
PetroChina Company Ltd (Code: 857)	Up 4.92 percent to \$HK1.92 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 3.92 percent to \$HK1.59 per share
Cheung Kong (Holdings) Ltd (Code 1)	Up 2.02 percent to \$HK45.50 per share
CNOOC Ltd (Code: 883)	Up 4.31 percent to \$HK10.90 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.27 percent to \$HK36.60 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.45 percent to \$HK16.70 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.93 percent to \$HK81.50 per share
Huaneng Power International Incorporated (Code: 902)	Up 4.49 percent to \$HK8.15 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
A-Max Holdings Ltd	959		18.75	0.013
AV Concept Holdings Ltd	595		10.34	0.26
Benefun International Holdings Ltd	1130		13.89	0.031
CATIC International Holdings Ltd	232	10.77		0.144
CCT Technology Holdings Ltd	261		10.00	0.027
CEC International Holdings Ltd	759		10.16	0.115
China Star Entertainment Ltd	326	11.76		0.57
First Dragoncom Agro-Strategy Holdings Ltd	875	18.52		0.064
Fortuna International Holdings Ltd	530		17.65	0.014
Global China Group Holdings Ltd	1105	10.00		0.385
GR Investment International Ltd	310	25.00		0.015
GZI Transport Ltd	1052	10.85		1.43
Hanny Holdings Ltd	275	11.59		0.77
Hansom Eastern (Holdings) Ltd	279	33.85		0.087
Hongkong Catering Management Ltd	668		12.00	0.44
Hon Po Group (Lobster King) Ltd	228	12.50		0.045
Jinhui Holdings Company Ltd	137	31.65		0.183
Kantone Holdings Ltd	1059	12.50		0.063
KEL Holdings Ltd	681	19.05		0.075
Lai Sun Development Company Ltd	488	20.00		0.03
Mansion House Group Ltd	376	13.40		0.22
Moiselle International Holdings Ltd	130	13.04		0.52
Nam Fong International Holdings Ltd	1176	46.67		0.022
Oriental Metals (Holdings) Company Ltd	1208		10.06	0.143
Prosper eVision Ltd	979		14.29	0.036
Singapore Hongkong Properties Investment Ltd	245	47.06		0.05
Sky Hawk Computer Group Holdings Ltd	1129	10.00		0.11
South East Group Ltd	726		10.00	0.045

Starbow Holdings Ltd	397	13.33		0.017
Tai Ping Carpets International Ltd	146	76.14		1.55
Tomorrow International Holdings Ltd	760	13.95		0.049

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the lone index bounced up about 2.90 percent, with The Growth Enterprise Index, ending the day at 1,099.86 points.

The Total Turnover, also, rose to about \$HK295.95 million, up by about 160 percent, compared with the volume of activity on Wednesday.

About 61 percent of the Total Turnover of the day could be accounted for by trading in Mr Li Ka Shing's 2 counters: tom.com Ltd (Code: 8001) and CK Life Sciences International (Holdings) Incorporated (Code: 8222).

These days, this seems to be the trend: Somebody/some entity(ies) goes after Mr Li Ka Shing's counters – and, so, up goes the Total Turnover.

One cannot help but wonder as to the party/parties, who/which are punting on these 2 counters, if, indeed, it is a punt, as opposed to artificially jacking up the prices of these 2 counters.

This is especially interesting in view of the fact that both counters have been, and continue to be, substantive drains on the coffers of the Li Ka Shing Empire: Neither tom.com nor CK Life Sciences International have ever made a cracker in their respective corporate lives.

Be that as it may, the ratio of gainers to losers on The GEM was about 1.58:One, in what one could say was a classic example of post hoc, ergo proctor hoc (after this, therefore, because of this).

The 5, most-active counters of the day on The GEM (by turnovers only) included:

CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 6 percent to \$HK1.80 per share
tom.com Ltd (Code: 8001)	Up 5 percent to \$HK2.40 per share
SIIC Medical Science and Technology (Group) Ltd (Code: 8108)	Up 11 percent to \$HK2.075 per share
Wah Sang Gas Holding Ltd (Code: 8035)	Down 3 percent to 85 cents per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Unchanged at \$HK12.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Arcontech Corporation	8097	14.91		0.185
Chengdu Top Sci-Tech Company Ltd	8135	18.75		0.475
ePro Ltd	8086	14.29		0.04
EVI Education Asia Ltd	8090		13.16	0.033
Fortune Telecom Holdings Ltd	8040	11.11		0.60
Infoserve Technology Corporation	8077		10.58	0.093
Inno-Tech Holdings Ltd	8202		28.57	0.30
Inworld Group Ltd	8100	24.24		0.041
iSteelAsia.com Ltd	8080		10.00	0.054
M Channel Corporation Ltd	8036		13.16	0.033
Media Partners International Holdings Incorporated	8072		11.11	0.16
New Chinese Medicine Holdings Ltd	8085	10.53		0.042
Q9 Technology Holdings Ltd	8129	40.00		0.035
SIIC Medical Science and Technology (Group) Ltd	8018	10.96		2.075
Trasy Gold Ex Ltd	8063		10.53	0.017
Value Convergence Holdings Ltd	8101		10.20	0.044

In Japan, the premier stock market of the country managed to eke out a gain of about 0.41 percent, running back to 8,051.66 yen.

Logic dictates that the 3 equity markets of The Land of The Rising Sun should have seen their respective indices fall to much lower levels due to the poor state of the country's economy – and which continues to deteriorate.

News wise:

- **Fuji Television Network Incorporated** announced that its Group Net Profits for Fiscal 2002 fell by about 14.40 percent, Year-on-Year, to 14.82 billion yen;
- **Wowow Incorporated**, a satellite broadcaster, announced that it is back in the black, having posted a Group Net Profit of about 538 million yen for its 2002 Financial Year. In the 2001 Year, the company reported a Net Loss of about 2.14 billion yen;
- **Sky Perfect Communication Incorporated** said that it had logged in a Group Net Loss of 18.89 billion yen for Fiscal 2002, compared with a Loss Attributable to Shareholders of about 12.25 billion for Fiscal 2001;
- **Namco Ltd**, a producer of games, said that its Group Net Profits for Fiscal 2002 more than doubled, compared with 2001, coming in at 4.12 billion yen. In 2001, this company reported a Net Profit of about 2.03 billion yen; and,
- **The Development Bank of Japan** will advance emergency loans to **Japan Airlines System Corporation** and **All Nippon Airways Company** in order to help these ailing airlines overcome the adverse effects of the Iraqi war and the outbreaks of Severe Acute Respiratory Syndrome (SARS). This bank has, already, extended loans of 154 billion yen to Japan Airlines System and 85 billion yen to All Nippon Airways.

And, for the rest of Asia, this was how those markets ended the trading day of last Thursday:

Indonesia	Minus 0.25 percent to 465.13
Japan	Plus 0.41 percent to 8,051.66
Malaysia	Plus 0.29 percent to 642.25
The Philippines	Plus 0.50 percent to 1,051.44
Singapore	Plus 1.16 percent to 1,305.70
South Korea	Minus 0.86 percent to 595.38
Taiwan	Plus 1.30 percent to 4,271.30
Thailand	Plus 0.32 percent to 388.62

* (TOLFIN = TARGET's Computerised Online Financial Intelligence Service and Credit-Checking Provider)

Friday

It was said by some Wall Street gurus that the strength of Wall Street and the beginnings of an economic recovery in the US had lighted fires under bourses, around the world.

It was an interesting comment by these salesmen of '*paper*', considering that indices on The New York Stock Exchange and the NASDAQ moved only moderately, last Thursday, while there is, at this time, at least, little to suggest that the US economy is out of the woods.

On The New York Stock Exchange, last Thursday, the Dow Jones Industrial Average gained just 77.59 points, equivalent to about 0.91 percent, rising to 8,594.02 points, while, the NASDAQ's Composite Index experienced a small rally, running back to 1,507.55 points, up by about 1.19 percent on the day.

Hardly an indication of a bullish stock market, is it?

There has been, of late, a great deal of talk about the possibility of a recovery of the US economy in the second half of this year: The talk appears to be giving heart to US investors.

At this time, however, TARGET notes that it is only talk, with little substance to back up the talk.

In Europe, investors did not appear to be listening very carefully to the Wall Street gurus and, in fact, major indices on European bourses fell, some quite substantially.

The following is how the 6 major equity markets of Europe ended the week of May 23, 2003:

Amsterdam's AEX Index	Minus 1.65 percent*
Great Britain's FTSE 100 Index	Minus 0.27 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.48 percent
France's CAC40 Index	Minus 0.21 percent
Switzerland's Swiss Market Index	Plus 0.07 percent
Italy's MIBTEL Index	Plus 0.38 percent

* This was the largest loser in Europe for the day

In Asia, there was some positive news, for a change.

The **World Health Organisation** (WHO) announced that the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was '*clean*', in respect of **Severe Acute Respiratory Syndrome** (SARS), that is.

The WHO said that it had withdrawn its warning to travellers, visiting the HKSAR and the southern PRC Province of Guangdong.

While there are still patients with SARS in both areas, the WHO said that the situation was under control.

Taiwan, however, was another matter, the WHO injected (sorry about the pun).

In the HKSAR, both the Main Board and The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd rose on the WHO news.

On the Main Board, the Hang Seng Index put on about 1.89 percent, rising to 9,303.73 points on a Total Turnover of about \$HK10.43 billion.

As far as the volume of activity was concerned, it was at the highest level for some moons.

The ratio of gainers to losers was 1.94:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.40 percent to \$HK90.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 3.28 percent to \$HK47.20 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.69 percent to \$HK17.15 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 3.08 percent to \$HK46.90 per share
Ngai Lik Industrial Holdings Ltd (Code: 332)	Unchanged at \$HK2.15 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 3.55 percent to \$HK37.90 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.61 percent to \$HK82.00 per share
China Telecom Corporation Ltd (Code: 728)	Up 3.14 percent to \$HK1.64 per share
Esprit Holdings Ltd (Code: 330)	Up 6.23 percent to \$HK16.20 per share
Swire Pacific Ltd "A" Shares (Code: 19)	Up 3.42 percent to \$HK33.30 per share

As for the double-digit movers of the day, they numbered 52 in all, with 35, double-digit movers, gaining 10 percent or more, while 17 of their number lost 10 percent or more.

Chevalier Construction Holdings Ltd (Code: 579) was the biggest gainer of the day, as investors pushed up its share price by 36.67 percent to 12.30 cents per share.

Xin Corporation Ltd (Code: 1141) was the biggest loser, shedding 37.11 percent of its market capitalisation, falling to 10 cents per share.

As for The GEM, its Growth Enterprise Index put on another 0.95 percent, ending the week at 1,110.29 points.

The Total Turnover was about \$HK228.16 million, with the ratio of gainers to losers, being 1.14:One.

And, once again, it was Mr Li Ka Shing's 2 popular counters that carried the day.

Trading in the shares of tom.com Ltd (Code: 8001) and CK Life Sciences International (Holdings) Incorporated (Code: 8222) represented about 44.98 percent of the entire volume of activity of the day.

The 5, most-active counters of the day, in terms of turnovers, only, were:

CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Down 1 percent to \$HK1.79 per share
tom.com Ltd (Code: 8001)	Up 3 percent to \$HK2.475 per share
SIIC Medical Science and Technology (Group) Ltd (Code: 8018)	Unchanged at \$HK2.075 per share
hongkong.com Corporation (Code: 8006)	Up 7 percent to 78 cents per share
Wah Sang Gas Holding Ltd (Code: 8035)	Down 2 percent to 83 cents per share

As for The GEM's double-digit movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022	24.68		0.192
Grandmass Enterprise Solution Ltd	8108		28.57	0.01
Henderson Cyber Ltd	8023		17.14	0.232
Info Communication Holdings Ltd	8082		20.00	0.024
Inno-Tech Holdings Ltd	8202	11.67		0.335
Inworld Group Ltd	8100	12.20		0.046
ISteelAsia.com Ltd	8080		35.19	0.035
Mobile Telecom Network (Holdings) Ltd	8266	14.29		0.32
ProSticks International Holdings Ltd	8055		27.59	0.021
Q9 Technology Holdings Ltd	8129		31.43	0.024
Systek Information Technology (Holdings) Ltd	8103		30.77	0.018
T S Telecom Technologies Ltd	8003		10.75	0.083
Timeless Software Ltd	8028	12.32		0.155
Tradeeasy Holdings Ltd	8163	13.33		0.034
Trasy Gold Ex Ltd	8063	11.76		0.019
Xteam Software International Ltd	8178	12.39		0.127

News wise:

- The Australian joint venture of **PCCW Ltd (Code: 8)** and **Telstra Corporation**, of Australia, is going to sack another 250 of its workers. That number of layoffs is equivalent to about 25 percent of the total workforce of this financially troubled undersea cable company, known as Reach.

The tally for the week insofar as trading on The Stock Exchange of Hongkong Ltd was:

Hang Seng Index	Plus 2.32 percent
The Growth Enterprise Index	Plus 4.33 percent

In Japan, investors seemed to brave it all and jump into stocks and shares, listed on the country's 3 stock markets.

On the premier bourse of Japan, The Tokyo Stock Exchange, the Nikkei-225 Stock Average regained about 1.65 percent of its value, ending the week at 8,184.76 yen.

The ratio of gainers to losers on The Tokyo Stock Exchange was wide, at about 2.68:One.

A meeting had been scheduled in Texas between Prime Minister Junichiro Koizumi and US President George W. Bush for late last Friday, and investors were anxious to see what would come out of this meeting.

North Korea was thought to be high on the agenda for this meeting because the US, Japan and South Korea are all, deathly, afraid that Pyongyang will do something silly since it is known that it has the 'bomb' and the means to deliver it.

News wise:

- **JFE Holdings Incorporated** reported a Group Net Profit of 15.95 billion yen for its 2002 Financial Year, ended March 31, 2003. This company was created by the amalgamation of NKK Corporation and Kawasaki Steel Corporation,

making it Japan's second-largest steel maker;

- **Nippon Television Network Corporation** announced a 2002 Group Net Profit of 20.30 billion yen, down by about 41.40 percent, Year-on-Year, Financial Year, ended March 31, 2003;
- **Matsumotokiyoshi Company**, the largest chain of drugstores in Japan, announced a Net Profit Attributable to Shareholders of 7.05 billion yen for its 2002 Financial Year;
- **Credit Saison Company** said that it posted a Group Net Loss of about 6.03 billion yen for its Financial Year, ended March 31, 2003. In the previous Financial Year, this company earned a Net Profit of about 18.23 billion yen;
- **Nintendo Company**, an electronic game maker in Japan, announced a Consolidated Net Profit of about 67.27 billion yen for Fiscal 2002. That result was a 36.80-percent fall, Year-on-Year;
- **Konami Corporation**, another game maker in the Japanese market, announced a Group Net Loss of about 28.52 billion yen for its Financial Year, ended March 31, 2003. It was the first loss for this company in the previous 8 Years. In the 2002 Year, it earned a Net Profit of about 11.40 billion yen; and,
- And, yet another game maker, **Square Enix Company** – which is an amalgamation of **Square Company** and **Enix Corporation** – said that it had suffered a Loss Attributable to Shareholders of about 16.55 billion yen for its 2002 Fiscal Year.

So, for this market, the largest in Asia, the tally was:

Nikkei-225 Stock Average Plus 2.80 percent

In other Asia markets, this was how the week of May 23, 2003 ended:

Indonesia	Plus 1.50 percent to 472.10
Japan	Plus 1.65 percent to 8,184.76
Malaysia	Plus 1.34 percent to 650.88
The Philippines	Minus 0.39 percent to 1,047.34
Singapore	Plus 0.95 percent to 1,318.14
South Korea	Plus 2.71 percent to 611.51
Taiwan	Plus 1.83 percent to 4,349.52
Thailand	Plus 1.78 percent to 395.52

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