

**PROTESTS IN HONGKONG OVER PERCEIVED EROSION OF FREEDOMS;
U.S. JOBLESS HITS A 9-YEAR HIGH; AND,
AMERICANS CELEBRATE INDEPENDENCE FROM GREAT BRITAIN**

(Down with George III !)

Contrary to the prognostications of Wall Street gurus and their like, the economy of the US is far from being out of the woods, according to the prestigious University of Michigan Consumer Confidence Survey.

That was enough for many investors: Down came indices of main equity markets in Asia and Europe, last Monday.

The release of the University of Michigan's Consumer Confidence Survey followed on from one after another of Wall Street 'darling', announcing dour earnings – and suggesting more bad news to come.

In the past 2 years, more than 2 million, able-bodied people in the US, alone, have found themselves without work: It is hardly any wonder, therefore, that there is a dire lack of consumer confidence in the US.

The University of Michigan's findings were made known, late on Friday afternoon, June 27, so that it had some impact on trading on US equity markets on that day, but not in Asia, which was long in bed by that time.

Wall Street reacted to the report as one would have expected, with many investors, selling stocks and shares for fear that there could be an even bigger sell-off in the coming week or so.

On The New York Stock Exchange, on Friday, June 27, the Dow Jones Industrial Average shed 89.99 points, equivalent to nearly one percent, ending the week at 8,989.05 points.

On the NASDAQ, investors pulled down the Composite Index by about 0.53 percent, which ended the day at 1,625.28 points.

On the political front, Iran confirmed that it had, in fact, arrested some 4,000 students, all of whom had, allegedly, voiced dissatisfaction at the rule of the fundamentalistic Muslim rule of the ayatollahs.

Such an admission by this type of government would appear to suggest that the social unrest of the previous month or so had been much greater than the righteous ayatollahs had, previously, been willing to state.

Blessed be the world and word of Allah!

In Europe, last Monday, it was reported that the economy of the United Kingdom (UK), during the first quarter of this year, to March 31, 2003, had enjoyed the slowest growth rate of the previous 11 years.

The rate of growth for the first quarter was about 0.10 percent, the UK's Department of Trade and Industry said.

Original estimates for the growth in the first quarter were put at double that amount, at about 0.20 percent.

Other economic indicators, released on Sunday, June 30, indicated that the overall UK economy was continuing to weaken, with the Gross Domestic Product (GDP), being revised downwards, from 2.20 percent to 2.10 percent.

When European equity markets opened for business, last Monday, sellers lined up to unload scrip.

France and Germany, 2 European Union (EU) powerhouses, had both said, months earlier, that their respective economies were in serious trouble – and, now, the UK was joining the club.

This is the way that major eurozone equity markets closed, last Monday:

Amsterdam's AEX Index	Minus 2.17 percent*
Great Britain's FTSE 100 Index	Minus 0.90 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.13 percent
France's CAC40 Index	Minus 0.80 percent
Switzerland's Swiss Market Index	Minus 0.71 percent
Italy's MIBTEL Index	Minus 1.37 percent

* This was the largest loser of the day in Europe

Asia was treated to a surge of selling pressure from the time that the opening bells rang on equity markets, with Singapore's stock market, giving up more than 2 percent of its value.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index shed about 0.83 percent, falling back to 9,577.12 points on a Total Turnover of about \$HK6.91 billion.

The ratio of losers to gainers was about 2.11:One.

Once again, trading was dominated by swaps in the shares of HSBC Holdings plc (Code: 5), whose volume of activity represented about 11.28 percent of the Total Turnover: Investors traded some 8.43 million shares in this giant banking conglomerate.

The Ten Most Actives of the day were:

HSBC Holdings plc (Code: 5)	Down 0.80 percent to \$HK92.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.21 percent to \$HK47.50 per share
PetroChina Company Ltd (Code: 857)	Down 1.05 percent to \$HK2.35 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.47 percent to \$HK46.90 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.81 percent to \$HK18.40 per share
PCCW Ltd (Code: 8)	Down 2.53 percent to \$HK4.825 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.30 percent to \$HK82.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.25 percent to \$HK39.40 per share
Denway Motors Ltd (Code: 203)	Down 4.73 percent to \$HK3.525 per share
Baoye Group Company Ltd (2355)*	\$HK1.45 per share

* This is a new listing, its shares, being traded for the first time

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Century Legend (Holdings) Ltd	79	25.00		0.015
Chevalier Construction Holdings Ltd	579	34.09		0.118
Chevalier iTech Holdings Ltd	508	12.90		0.70
CIL Holdings Ltd	479	35.29		0.023
e-New Media Company Ltd	128		11.28	0.173
Fortuna International Holdings Ltd	530		23.08	0.01
Fulbond Holdings Ltd	1041	11.11		0.02
Hang Ten Group Holdings Ltd	448		10.00	0.018
Heritage International Holdings Ltd	412	62.31		0.211
Hua Lien International (Holdings) Company Ltd	969	14.29		0.72
INNOMAXX Biotechnology Group Ltd	340		15.00	0.102
Leaptek Ltd	336		23.08	0.01
Magnum International Holdings Ltd	305		24.66	0.055
Mansion House Group Ltd	376	10.00		0.22
Medtech Group Company Ltd	1031	18.18		0.013
Oriental Union Holdings Ltd	1182		10.26	0.035
Pacific Plywood Holdings Ltd	767	15.38		0.015
Plus Holdings Ltd	1013	15.73		0.103
Premium Land Ltd	164		10.45	0.06
Rivera (Holdings) Ltd	281		15.10	0.208
Same Time Holdings Ltd	451	11.29		0.069
Shang Hua Holdings Ltd	371		20.00	0.036
Shun Ho Technology Holdings Ltd	219	15.56		0.156
South China Brokerage Company Ltd	619	27.27		0.028
Styland Holdings Ltd	211	12.50		0.018
Tysan Holdings Ltd	687	12.50		0.18
Universe International Holdings Ltd	1046		15.71	0.118
Vantage International (Holdings) Ltd	15		10.14	0.31
Victory Group Ltd	1139	23.53		0.042
Vitop Bioenergy Holdings Ltd	1178	10.00		0.22
VST Holdings Ltd	856	18.81		0.12
Wonson International Holdings Ltd	651		17.86	0.023

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the volume of activity fell, quite considerably, with the Total Turnover, dropping back to about \$HK85.56 million.

The ratio of losers to gainers was about 2.22:One.

The Growth Enterprise Index lost about 1.23 percent of its value, falling to 1,095.94 points, with about 79 percent of the losses, being incurred in the final 90 minutes of trading.

The 5, most-active counters, in terms of their respective turnovers, only, were:

Innovis Holdings Ltd (Code: 8065)	Unchanged at 39 cents per share
Global Link Communications Holdings Ltd (Code: 8060)	Minus 1 percent to \$HK1.47 per share
Wah Sang Gas Holding Ltd (Code: 8035)	Unchanged at 92 cents per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Minus 2 percent to \$HK1.61 per share
tom.com Ltd (Code: 8001)	Minus 2 percent to \$HK2.35 per share

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022		11.93	0.096
Inno-Tech Holdings Ltd	8202		16.84	0.395
Jilin Province Huinan Changlong Bio-Pharmacy Company Ltd	8049		10.71	0.25
Neolink Cyber Technology (Holdings) Ltd	8116		20.18	0.087
PINE Technology Holdings Ltd	8013		14.29	0.06
Rojam Entertainment Holdings Ltd	8075	21.74		0.084

News wise:

- Members of the **Democratic Party** continued to stage a hunger strike at the Star Ferry Concourse in order to protest at the proposed imposition of modifications and additions to Article 23 of The Basic Law of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC). Article 23 and its proposed modifications are the legislative powers that the Government of the PRC is demanding to be promulgated in order to control certain activities of the population of the HSKAR, such as curbs on the Press, curbs on speech, criticism of the authority of Beijing and/or of its officials, the publication of that which are deemed to be State secrets, and in the forming of groups, not appreciated, or proscribed, from time to time, by the PRC Government, such as the Falun Gong, deemed to be an evil cult by Beijing. The hunger strike was scheduled for a period of 100 hours; it was timed to coincide with the arrival in the HKSAR, for the first time, of the new PRC Prime Minister/Premier, Mr Wen Jia Bao. The Prime Minister attended ceremonies to mark the handover of the former British colony of Hongkong to the PRC Government, an event that took place on July 1, 1997; and,
- Prime Minister/Premier Wen Jia Bao** signed a trade pact with the HKSAR, designed to boost the faltering HKSAR economy.

In Japan, trading on the largest equity market in Asia was flat.

By the end of the trading day, The Tokyo Stock Exchange's Nikkei-225 Stock Average was down by about 0.23 percent to 9,083.11 yen.

There was little to stimulate trading on the premier bourse of The Land of The Rising Sun as apprehensive investors waited to learn what would happen when Wall Street opened for the week and for The Bank of Japan's Tankan Report, a quarterly survey of business confidence in the country.

Last Monday, there was talk that on Friday, July 4, Independence Day, July 4, being the 227th Anniversary of the drafting of The American Declaration of Independence by Mr Thomas Jefferson, who became the third President of the United States and sat in the White House between 1801 and 1809, another terrorist attack may be launched.

The suggestion was worrying some people.

News wise:

- Unemployment in Japan was at a near record level of about 5.40 percent in May. That statistic represented the third consecutive month for the number of unemployed in the country, according to the Japanese Government's **Labour Force Statistics Office**. That means that some 3.75 million Japanese workers have no jobs. Year-on-Year, it is an unchanged figure. Of those 3.75 million people, about one third are the bread-winners for the family; and,
- Household spending fell by about 1.80 percent in May, Year-on-Year, for the 8th consecutive month, **The Public Management, Home Affairs, Posts and Telecommunications Ministry** reported. It was the first time since 1993 that spending had fallen for such an extended period of time.

In other Asian equity markets, this was how they fared, last Monday:

HKSAR	Minus 0.83 percent to 9,577.12
Indonesia	Minus 0.25 percent to 505.50
Japan	Minus 0.23 percent to 9,083.11
Malaysia	Plus 0.07 percent to 691.96
The Philippines	Minus 1.12 percent to 1,222.80
Singapore	Minus 2.02 percent to 1,447.89
South Korea	Minus 1.09 percent to 669.93
Taiwan	Minus 0.12 percent to 4,872.15
Thailand	Plus 0.94 percent to 461.82

Tuesday.

Protestors took to the streets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Tuesday, on the 6th Anniversary of the assumption of sovereignty of the former British enclave by the Government of the PRC.

The protestors were voicing their concern at the modifications and additions to Article 23 of The Basic Law. (Please see Monday's report)

The leaders of the rally were hoping for more than 100,000 people to join in, in an effort to apply pressure on the new PRC Prime Minister/Premier, Mr Wen Jia Bao.

Some of the protestors burned the flag of the PRC, an act, which is proscribed by law in both the HKSAR and the PRC.

In the morning, the Prime Minister attended celebrations at the Hongkong Convention and Exhibition Centre in an area of the HKSAR, known as Wanchai.

Accompanied by the Chief Executive of the HKSAR, the Beijing-appointed, Mr Tung Chee Hwa, the Prime Minister delivered a speech, expressing, on behalf of his Government, his warm congratulations and good wishes to '*compatriots*' of the HKSAR.

He said that the people of the HKSAR should enjoy all of their rights, in accordance with laws of the territory.

He said:

'Hongkong people administering Hongkong ... This is a conclusion proven by history and witnessed by the entire world ...'

The Stock Exchange of Hongkong Ltd was closed to mark the landmark event.

In Europe, it was something of a bloodbath for investors on major bourses, as the following **TARGET** list indicates:

Amsterdam's AEX Index	Minus 2.21 percent
Great Britain's FTSE 100 Index	Minus 1.67 percent
Germany's Frankfurt XETRA DAX Index	Minus 2.30 percent
France's CAC40 Index	Minus 2.31 percent
Switzerland's Swiss Market Index	Minus 2.35 percent*
Italy's MIBTEL Index	Minus 1.58 percent

* This was the largest loser of the day in Europe

The reason for the sell-off was a report from New York that indicated that manufacturing in the US had been stalled, during the month of June.

Other US economic data boded not well for the US economy, generally.

What is bad for the US is bad for eurozone, too.

On Wall Street, the first day of trading for the week was marked by boring trading conditions.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 3.61 points, equivalent to about 0.04 percent, ending the day at 8,985.44.

Over on the NASDAQ, the Composite Index shed 2.45 points, or about 0.15 percent, falling back to 1,622.81 points.

On Monday, New York time, many people were looking forward to the July 4 celebrations, Independence Day, which would mark the beginning of a long weekend when, traditionally, Americans eat too much food and drink too much beer and Wild Turkey.

In Japan, The Bank of Japan's Tankan Report, a quarterly survey of business confidence, was unleashed.

It appeared to indicate that things were picking up in the second largest economy of the world.

The key index in respect of business sentiment among major manufacturers was said to be a Negative 5 for the month of June while, for non-manufacturers, the index was said to have improved from Negative 14 to Negative 13.

However, it was noted that negative is still negative, in every language, no matter how one cuts it, even when translated into katakana.

The Tankan Report was enough of a fillip for investors on The Tokyo Stock Exchange, however: And share prices rose in quick succession.

The Nikkei-225 Stock Average rose 195 yen, equivalent to about 2.15 percent, ending the booming trading day at 9,278.49 yen.

Some of the big gainers included Japanese banks, such as UFJ Holdings, whose share price rose by 11.36 percent to 196,000 yen, while the largest bank in the world, in terms of assets under its control, Mizuho Financial, saw its share price rise by 8.50 percent to 103,000 yen.

In electronics, investors pushed up Advantest's share price by 4.90 percent to 5,580 yen while NEC's share price gained 10.20 percent to 661 yen. Fujitsu's scrip price rose 7.70 percent to 530 yen.

The ratio of gainers to losers was about 1.89:One.

News wise:

- **Softbank Corporation** will sell its 49-percent stake in Aozora Bank to a US investment fund for 101 billion yen. Aozora Bank was, formerly, known as Nippon Credit Bank. The acquisition by Cerberus, the US fund, will require the approval of the Government of Japan.

And, in other Asian equity markets, this was how they ended trading, last Tuesday night:

HKSAR	Closed
Indonesia	Plus 0.03 percent to 505.66
Japan	Plus 2.15 percent to 9,278.49
Malaysia	Plus 0.23 percent to 693.58
The Philippines	Minus 0.14 percent to 1,221.11
Singapore	Plus 0.64 percent to 1,457.18
South Korea	Plus 0.72 percent to 674.75
Taiwan	Plus 2.99 percent to 5,017.78
Thailand	Closed

Wednesday

The world's television cameras were all aimed at the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), all day last Tuesday, as an estimated throng of more than half a million Chinese residents walked peacefully through the streets of the Hongkong Island in protest at the Government of Chief Executive Tung Chee Hwa.

Chanting slogans and damning the Government for its proposals to constrain, what they perceived to be, the inalienable rights of the residents, the protestors brought traffic to a standstill for most of the day.

Even the Mass Transit Railway, the main, mass-transit system, was overloaded and was unable to cope for hours.

The organisers were hoping to see between 100,000 supporters and 200,000 supporters, but the turnout was much greater than had been expected.

Mr Tung Chee Hwa, who had said, more than one year ago, that he would not budge, was forced to make a statement on the matter.

He said:

‘The Government will listen more extensively and strive to strengthen communication with the public.’

His statement came after it was reported that he had held an emergency Cabinet Meeting of his sycophants, late Tuesday night.

Article 23, plus its modifications and additions, is expected to be passed in its entirety, nevertheless. (Please see Monday’s report)

The world watched and, no doubt, political scientists were somewhat flabbergasted that there were very few incidents of violence.

On The Stock Exchange of Hongkong Ltd, last Wednesday, the Main Board’s Hang Seng Index gained about 0.27 percent, running to 9,602.62 points on a Total Turnover of about \$HK9.17 billion.

Gaining counters outnumbered losing ones by the ratio of about 1.07:One.

Trading continued to be strongly influenced by trading in the scrip of HSBC Holdings plc (Code: 5), the volume of activity in this single counter, accounting for nearly 14 percent of the Total Turnover.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.81 percent to \$HK91.75 per share
PetroChina Company Ltd (Code: 857)	Down 6.38 percent to \$HK2.20 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.90 percent to \$HK18.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.64 percent to \$HK46.60 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK47.50 per share
PCCW Ltd (Code: 8)	Down 3.11 percent to \$HK4.675 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.02 percent to \$HK39.00 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.30 percent to \$HK82.75 per share
CLP Holdings Ltd (Code: 2)	Up 0.88 percent to \$HK34.40 per share
Swire Pacific Ltd “A” Shares (Code: 19)	Up 0.88 percent to \$HK34.40 per share

The double-digit movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AV Concept Holdings Ltd	595	14.71		0.39
Celestial Asia Securities Holdings Ltd	1049	11.54		1.16
Chaoda Modern Agriculture (Holdings) Ltd	682	14.07		1.54
China Eagle Group Company Ltd	493	12.12		0.148
FT Holdings International Ltd	559		18.18	0.036
Heritage International Holdings Ltd	412	23.22		0.26
Hon Po Group (Lobster King) Ltd	228		16.67	0.04
Hudson Holdings Ltd	758	10.00		0.11
MAE Holdings Ltd	851		10.00	0.018
Magnificent Estates Ltd	201	21.43		0.034
Paladin Ltd	495		11.67	0.053
Singapore Hongkong Properties Investment Ltd	245	12.68		0.08
Shang Hua Holdings Ltd	371	33.33		0.048
Solartech International Holdings Ltd	1166	13.12		0.25
Star East Holdings Ltd	198		12.50	0.035
Stelux Holdings International Ltd	84		12.50	0.175
Tomorrow International Holdings Ltd	2951		12.70	0.55
Universe International Holdings Ltd	1046		13.56	0.102
Vantage International (Holdings) Ltd	15	11.29		0.345
Winfoong International Ltd	63	26.36		0.139
Wonson International Holdings Ltd	651		13.04	0.02
Yoshiya International Corporation Ltd	193	16.67		0.014
Zhongda International Holdings Ltd	909	11.32		0.295

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, speculators seemed to be returning, but not in any great numbers.

The Growth Enterprise Index rose by about 1.05 percent, ending the day at 1,107.47 points.

The Total Turnover was about \$HK143.89 million, with the ratio of gainers to losers, being tight, at 1.03:One.

The 5, most-active counters, in terms of their respective turnovers, only, were:

tom.com Ltd (Code: 8001)	Plus 4 percent to \$HK2.45 per share
hongkong.com Corporation (Code: 8006)	Plus 12 percent to 73 cents per share
Innovis Holdings Ltd (Code: 8065)	Plus 1 percent to 39.50 cents per share
Global Link Communications Holdings Ltd (Code: 8060)	Unchanged at \$HK1.47 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Plus 1 percent to \$HK1.62 per share

As for the biggest movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Golding Soft Ltd	8190		10.00	0.063
Hongkong.com Corporation	8006	12.31		0.73
Neolink Cyber Technology (Holdings) Ltd	8116	10.34		0.096
Q9 Technology Holdings Ltd	8129	15.38		0.03
T S Telecom Technologies Ltd	8003		10.00	0.09
Tradeeasy Holdings Ltd	8163	11.11		0.03
Yuxing InfoTech Holdings Ltd	8005		12.17	0.202

News wise:

- **PCCW Ltd (Code: 8)**, controlled by the Li Ka Shing mob, has been forced to declare that, had it applied the financial and accounting yardstick, required in the US, it would have reported a Loss Attributable to Shareholders of about \$HK7.76 billion for the 2002 Financial Year. In the previous Financial Year, it reported a Net Profit Attributable to Shareholders of about \$HK1.34 billion. Shareholders' Equity was a negative \$HK5.92 billion, as at December 31, 2002.

In the US, last Tuesday, trading in stocks and shares picked up, with Wall Street's equity markets, both recording positive scores.

On The New York Stock Exchange, the Dow Jones Industrial Average gained 55.51 points, or about 0.62 percent, running to 9,040.95 points.

Over on the NASDAQ, the Composite Index rose 1.07 percent, ending the day at 1,640.13 points.

The markets had been down, earlier in the day, but short-covering pulled up the prices of most counters, it was suggested.

From Dallas, Texas, came news that about 3,100 American Airlines's flight attendants are to be sacked (in the airline parlance, this is termed, *'furloughed'*).

From Europe, a German think-tank has suggested that the largest single economy in eurozone is headed for recession.

'Germany is in an economic crisis,' the research firm's spokesman was reported to have stated.

On European bourses, investors followed Wall Street's lead and much of the losses of the previous trading session were pushed into history: It was convenient so to do.

There was a little *'exchange of views'*, politically, when the Prime Minister of Italy, Mr Silvio Berlusconi, referred to a minor German politician, who had been heckling him, as being a fit and proper person to be cast as a Nazi concentration camp guard.

Mr Gerhard Schröder, Chancellor of Germany, was not appreciative of the banter and asked Mr Berlusconi *'to cool it'*, as the Americans would have put it.

But, in the world of high finance, nothing of any real importance came to light in Europe, last Wednesday.

This is the way that major bourses ended trading, last Wednesday:

Amsterdam's AEX Index	Plus 3.18 percent
Great Britain's FTSE 100 Index	Plus 1.08 percent
Germany's Frankfurt XETRA DAX Index	Plus 3.00 percent
France's CAC40 Index	Plus 2.19 percent
Switzerland's Swiss Market Index	Plus 1.89 percent
Italy's MIBTEL Index	Plus 0.81 percent

In Japan, investors were pleasantly surprised to see the key index of the premier bourse of the country shoot up by more than 3 percent.

The Tokyo Stock Exchange's Nikkei-225 Stock Average tacked up a gain of about 3.38 percent, or about 313 yen, ending the booming day at 9,592.24 yen.

It was the biggest, one-day gain in the previous 7 months.

As for the Turnover on The Tokyo Stock Exchange, it was the largest, at about 1.37 trillion yen (about \$US11.48 billion; \$HK89 billion), since April 21, 2000.

It was the volume of activity and the extent of the gains of major indices that make for a roaring bull market.

Once again, banks were hotly sought after, with UFJ's share price, rising 15.30 percent to end the day at 226,000 yen, and Mizuho Financial, up 18.50 percent to 122,000 yen per share.

The Tankan Report was said to have been the impetus for the gains. (Please see Tuesday's report).

The ratio of gainers to losers was about 3.07:One.

News wise:

- Sales of motor vehicles in Japan rose by about 3.70 percent in the first half of this year, to June 30, compared with the like period in 2002, **The Japan Automobile Dealers Association** reported. The Association went on to state that it expected more of the same in the second half of the year; and,
- **Aeon Company**, a retailer in Japan, said that it had dissolved its association with **Drug Eleven**. Accounting practices' controversies were said to have been the reason for the breakup. Thus ended a tie-up, going back to 1999. Evidently, the 'divorce' could well be a somewhat flagellatory one, if matters continue apace.

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

HKSAR	Plus 0.27 percent to 9,602.62
Indonesia	Plus 0.08 percent to 506.07
Japan	Plus 3.38 percent to 9,592.24
Malaysia	Plus 1.40 percent to 703.26
The Philippines	Plus 0.56 percent to 1,227.96
Singapore	Plus 1.37 percent to 1,477.17
South Korea	Plus 1.64 percent to 685.80
Taiwan	Plus 1.54 percent to 5,095.24
Thailand	Plus 3.45 percent to 477.73

Thursday

AOL Time Warner Incorporated, the world's largest entertainment and Internet conglomerate, unloaded its 64-percent stake in China Entertainment Television Broadcast Ltd (CETV) to Mr Li Ka Shing's tom.com Ltd (Code: 8001, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd).

The consideration was \$HK53.87 million, satisfied by the allotment of 21.25 million tom shares, representing about 0.63 percent of the Issued and Fully Paid-Up Share Capital of tom.com.

Having secured the controlling interest in the television broadcaster, tom.com, immediately, came into an agreement with a merchant banker to Place 450 million tom.com Shares at \$HK2.30 per Share.

The new Share Placement will net tom.com about \$HK995 million, that wad of cash *'to be used as to approximately 15% for working capital and the balance for general corporate purposes including further investments not yet identified.'*

The effect of the new Share Placement will be to water down the existing shares in issue from 13.45 percent to 11.85 percent, or by about 12 percentile points.

The takeover talks between AOL and tom.com had been dragging on for weeks, but last Wednesday, the ink dried on the contract.

Thus, AOL withdraws from the television market of the People's Republic of China (PRC), proper.

Internationally, nobody cared much about the deal because, in reality, it was a very small matter – even for the likes of Mr Li Ka Shing.

And, in any event, it brought no cash into the coffers of AOL Time Warner, which must have been happy to be shot of the loss-maker.

Now, it will be the turn of tom.com Ltd to see whether or not it can turn the television broadcaster from a loss-maker to a profit-maker.

In the past, Management of tom.com has been, singularly, ineffective in turning a dime.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index was unaffected by the news: tom.com Ltd has never earned a cracker in its entire history.

The Hang Seng Index ended the day at 9,646.10 points, up about 0.45 percent.

The Total Turnover was about \$HK8.91 billion, with the ratio of gainers to losers, being about 1.66:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.82 percent to \$HK92.50 per share
PetroChina Company Ltd (Code: 857)	Down 1.14 percent to \$HK2.175 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.84 percent to \$HK47.90 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.27 percent to \$HK18.80 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK39.00 per share
CNOOC Ltd (Code: 883)	Up 2.63 percent to \$HK11.70 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.21 percent to \$HK46.70 per share
Maanshan Iron and Steel Company Ltd (Code: 323)	Up 10.00 percent to \$HK1.43 per share
Legend Group Ltd (Code: 992)	Up 6.48 percent to \$HK2.875 per share
CLP Holdings Ltd (Code: 2)	Down 2.03 percent to \$HK33.70 per share

The double-digit movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Century Legend (Holdings) Ltd	79	20.00		0.018
China Star Entertainment Ltd	326		12.96	0.47
Chuang's China Investments Ltd	298		15.79	0.16
Dickson Group Holdings Ltd	313	11.11		0.05
Earnest Investments Holdings Ltd	339	17.65		0.02
Easyknit International Holdings Ltd	1218	15.87		0.146
Friedmann Pacific Greater China Investments Ltd	1226		21.28	0.185
FT Holdings International Ltd	559	11.11		0.04
Grandtop International Holdings Ltd	2309		12.77	2.05
INNOMAXX Biotechnology Group Ltd	340	14.55		0.126
KEL Holdings Ltd	681	10.00		0.066
Kin Don Holdings Ltd	208		11.76	0.015
Leaptek Ltd	336	20.00		0.012
Mannshan Iron and Steel Company Ltd	323	10.00		1.43
MAE Holdings Ltd	851	11.11		0.02
Orient Power Holdings Ltd	615	12.07		0.65
Plus Holdings Ltd	1013		30.39	0.071
renren Holdings Ltd	59		26.32	0.014
Rontex International Holdings Ltd	1142		12.70	1.10
Shun Ho Resources Holdings Ltd	253		10.00	0.126
Star East Holdings Ltd	198	11.43		0.039
Starlight International Holdings Ltd	485	13.89		0.205
Stelux Holdings International Ltd	84	14.29		0.20
Techwayson Holdings Ltd	2330	15.22		0.53
Theme International Holdings Ltd	990		11.11	0.024
Vedan International (Holdings) Ltd	2317	10.42		1.06
VST Holdings Ltd	856		10.00	0.108
Winfoong International Ltd	63		24.46	0.105
Yanion International Holdings Ltd	82		10.00	0.405
Yau Lee Holdings Ltd	406		11.88	0.141

On The GEM, The Growth Enterprise Index gained about 0.87 percent, rising to 1,117.05 points.

The Total Turnover on this speculative marketplace was about \$HK135.85 million, with the ratio of gainers and losers, being exactly equal, at One:One.

The 5, most-active counters, in terms of their respective turnovers, only, were:

Innovis Holdings Ltd (Code: 8065)	Plus 1 percent to 40 cents per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Plus 1 percent to \$HK1.64 per share
hongkong.com Corporation (Code: 8006)	Plus 3 percent to 75 cents per share
Global Link Communications Holdings Ltd (Code: 8060)	Minus 1 percent to \$HK1.45 per share
SUNeVision Holdings Ltd (Code: 8008)	Plus 7 percent to \$HK1.44 per share

The biggest movers of the day, however, were the following bunch:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061	28.57		0.108
G.A. Holdings Ltd	8126		10.00	0.18
Infoserve Technology Corporation	8077	15.38		0.06
Jessica Publications Ltd	8137		12.00	0.22
Q9 Technology Holdings Ltd	8129	26.67		0.038
Riverhill Holdings Ltd	8127		27.01	0.10
WLS Holdings Ltd	8021		12.50	0.105

While, the 2 equity markets of the HKSAR were dull, in other regions of the world, things were a little different.

In Europe, the German Chancellor informed the world that the Italian Prime Minister had apologised for his little faux pas in suggesting that a German national could be likened to a Nazi concentration camp guard.

The matter is closed, said Mr Gerhard Schröder. (Please see Wednesday's report)

On Europe's main bourses, there was some consternation after it was revealed that the US unemployment rate had risen, once again, to a 9-year high of 6.40 percent.

Major equity markets of the US were heading south, last Thursday in early trading.

This was the way that Europe's largest bourses ended the trading day of last Thursday:

Amsterdam's AEX Index	Plus 0.45 percent
Great Britain's FTSE 100 Index	Plus 0.45 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.03 percent
France's CAC40 Index	Plus 0.42 percent
Switzerland's Swiss Market Index	Plus 0.76 percent
Italy's MIBTEL Index	Minus 0.37 percent

On Wall Street, in the lead-up to the Independence Day celebrations, which started last Friday, investors took to speculating on some of the old-time '*darlings*', resulting in the world's 2 largest equity markets, both making useful gains.

On The New York Stock Exchange, last Wednesday, the Dow Jones Industrial Average gained 101.89 points, equivalent to about 1.13 percent, ending the day at 9,142.84 points.

On the NASDAQ, its Composite Index shot up 38.64 points, or about 2.36 percent, running back to 1,678.77 points.

Actually, there was a great deal of negative news, flowing from various orifices of the US Government, but investors were not too concerned about the facts: This was a patriotic equity market.

So Buy! Buy! Buy!

In the news was Baxter International Incorporated, which derives a great deal of its income from blood therapy.

It announced that it would be sacking 2,500 of its workers, representing about 5 percent of its workforce.

In The Land of The Rising Sun, foreigner traders were said to have been responsible for the roller-coaster ride of the previous day's trading, but who were not much in evidence, on Thursday.

By the close of the day, the Nikkei-225 Stock Average, the key index of The Tokyo Stock Exchange, was up by just 0.34 percent, coming to rest at 9,624.80 yen by the time that the sushi had been prepared for the evening meal.

It appeared that the market was being dominated by speculators, who were in and out of long/short positions on intra-day gains.

Many of the gains of the previous few trading sessions, especially in the banking section of the market, were pared, considerably.

In other Asian equity markets, this was how they ended, last Thursday night:

HKSAR	Plus 0.45 percent to 9,646.10
Indonesia	Plus 0.33 percent to 507.76
Japan	Plus 0.34 percent to 9,624.80
Malaysia	Plus 2.65 percent to 721.93
The Philippines	Plus 3.11 percent to 1,266.12
Singapore	Plus 0.39 percent to 1,482.93
South Korea	Plus 0.15 percent to 686.83
Taiwan	Unchanged at 5,095.31
Thailand	Plus 2.53 percent to 489.80

Friday

Unemployment in The Land of The Free and The Home of The Brave leapt to a 9-year high, The Labour Department of the US Government announced, last Thursday in Washington.

The announcement was made during the shortened trading session in the US, just about at the time that investors were preparing to start the long weekend break in order to commemorate the Americas' acrimonious '*divorce*' from the Motherland (Great Britain) in 1776 when an upstart former colonel of the British Army of King George III, named Mr George Washington, led a band of poorly dressed, unwashed insurrectionists and defeated the glorious army of the British Empire.

Thus were the seeds of the greatest superpower the world has ever known sown in the fertile sod of the New World, which was led, originally, by the rebel George Washington, the first President of the United States of America.

According to The Labour Department of the US, last Thursday, some 30,000 workers were displaced in the month of June, alone.

Since March 2001, some 2.50 million workers in the US have received their pink slips.

Frightening statistics!

The half-day session of The New York Stock Exchange saw the Dow Jones Industrial Average drop 72.63 points, or about 0.79 percent, falling back to 9,070.21 points.

On the NASDAQ, the Composite Index shed 15.28 points, or about 0.91 percent, ending the week at 1,663.45 points.

Europe had, already, been apprised of the US unemployment rate on Thursday, late in the day, and so it was hardly news to eurozone.

On European bourses, investors determined to sit on their hands since there was no Wall Street to guide the direction of equity markets.

And, in any event, over the weekend of July 4-6, in the US, anything could transpire.

When in doubt, do nothing.

This was how European markets ended the week of July 4:

Amsterdam's AEX Index	Minus 0.97 percent
Great Britain's FTSE 100 Index	Minus 0.08 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.07 percent
France's CAC40 Index	Minus 0.64 percent
Switzerland's Swiss Market Index	Plus 0.05 percent
Italy's MIBTEL Index	Minus 0.33 percent

In Asia, things were relatively quiet on equity markets, for the most part.

With the exception of the Taiwanese stock market and the Thai stock market, fractional changes in key indices were the mark of the day.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors had, just about, forgotten the historic events, earlier in the week, when about half a million people protested through the streets of the territory.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost about 0.10 percent, ending the week at 9,636.81 points on a Total Turnover of about \$HK5.80 billion (the lowest level of activity of the week).

The ratio of losers to gainers was about 1.24:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK92.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.53 percent to \$HK18.70 per share
PetroChina Company Ltd (Code: 857)	Down 1.15 percent to \$HK2.15 per share
Maanshan Iron and Steel Company Ltd (Code: 323)	Up 0.70 percent to \$HK1.44 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK47.90 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.43 percent to \$HK46.90 per share
PCCW Ltd (Code: 8)	Up 0.53 percent to \$HK4.70 per share
CNOOC Ltd (Code: 883)	Down 1.28 percent to \$HK11.55 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.26 percent to \$HK38.90 per share
Legend Group Ltd (Code: 992)	Up 0.87 percent to \$HK2.90 per share

There were a total of 34, double-digit movers of the day, with 22 of their number, rising 10 percent or more, while the rest fell 10 percent or more.

The biggest gainer of the day was Century Legend (Holdings) Ltd (Code: 79), whose share price rose 50 percent to close at 2.70 cents. The biggest loser of the day was Shun Cheong Holdings Ltd (Code: 650) as investors pushed down its share price to 5 cents, a fall of 26.47 percent over Thursday's close.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, this speculative marketplace ended the week on a downward spiral, as investors pulled down the key index, The Growth Enterprise Index, by 1.64 percent.

The final figure for this Index was 1,098.73 points.

The Index was dragged down by trading in the scrip of tom.com Ltd (Code: 8001). (Please see Thursday's report)

Trading in the shares of this Li Ka Shing company, with a cash value of about \$HK1.25 billion, represented about 93.28 percent of the Total Turnover of about \$HK1.34 billion.

Investors did not like what they heard in respect of the 450-million Share Placement and the deal for tom.com to buy the loss-maker, cast-off of AOL Time Warner, the latter-mentioned, being an excuse for the former.

As it is, all that this Li Ka Shing entity seems to be able to accomplish is a whole string of losses, year after year after year. (Please see Thursday's report)

So investors punished the stock, which lost substantial ground.

The GEM's ratio of losers to gainers was about 2.04:One.

The 5, most-active counters, in terms of their respective turnovers, only, were:

tom.com Ltd (Code: 8001)	Minus 9 percent to \$HK2.225 per share
Global Link Communications Holdings Ltd (Code: 8060)	Minus 1 percent to \$HK1.43 per share
Innovis Holdings Ltd (Code: 8065)	Minus 4 percent to 38.50 cents per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Minus 1 percent to \$HK1.62 per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Plus 8 percent to 97 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Angels Technology Company Ltd	8112	14.04		0.325
Byford International Ltd	8272		11.86	0.52
ePro Ltd	8086		22.22	0.035
G.A. Holdings Ltd	8126		11.11	0.16
iSteelAsia.com Ltd	8080	10.67		0.083
Neolink Cyber Technology (Holdings) Ltd	8116		20.65	0.073
Shaanxi Northwest New Technology Industry Company Ltd	8258		21.43	0.187
PINE Technology Holdings Ltd	8013	16.67		0.07
Soluteck Holdings Ltd	8111		11.50	0.10
Timeless Software Ltd	8028		11.32	0.141
Vodatel Networks Holdings Ltd	8033		12.50	0.35

WLS Holdings Ltd	8021	17.14		0.123
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The tally for the week, therefore, was:

The Hang Seng Index	Down 0.21 percent
The Growth Enterprise Index	Down 0.97 percent

In Japan, the premier equity market of the country, The Tokyo Stock Exchange, lost about 0.80 percent of its value, falling back on the last day of trading to 9,547.73 yen.

The jobless statistics of the US and Wall Street's shortened trading week, both took their respective toll of equity markets, throughout Asia.

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

The Nikkei-225 Stock Average	Up 4.87 percent
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And this was the way that other equity markets finished up, last Friday night:

HKSAR	Minus 0.10 percent to 9,636.81
Indonesia	Minus 0.72 percent to 504.10
Japan	Minus 0.80 percent to 9,547.73
Malaysia	Plus 0.44 percent to 725.11
The Philippines	Minus 0.15 percent to 1,264.27
Singapore	Plus 0.22 percent to 1,486.24
South Korea	Minus 0.14 percent to 685.90
Taiwan	Plus 1.11 percent to 5,151.85
Thailand	Plus 2.21 percent to 495.72

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