

INTERNATIONAL INVESTORS LOOK FOR THE SILVER LINING ... IN THE U.S.

Asian stock markets took off, last Monday, on the back of seemingly bullish economic reports from the US, reports that were made known on Friday of the previous week.

While gains, throughout the most-populous area of the world, were widespread, the volume of activity on Asian bourses did not indicate a bullish trend, but more likened to a situation whereby investors were trading on a wing and prayer in the hope of better times to come – yesterday!

Which is the wont of most Asian investors on equity markets.

Internationally, there appeared to be no negative news, which should have affected trading on major equity markets, with the exception of what appeared to be an attempted coup d'état in the Philippines, one which was, relatively, quickly put down.

The previous Friday, July 25, Wall Street was bubbling over with bullish sentiment, following a report from the US Government's Commerce Department in respect of June's factory orders.

On The New York Stock Exchange, the Dow Jones Industrial Average, which tracks the movements of blue chips, gained about 172 points, equivalent to about 1.90 percent, ending the week at 9,285 points.

On the NASDAQ, the Composite Index gained about 1.70 percent, rising to 1,731 points.

The world's largest equity markets saw winning counters, outnumber losing ones by the ratio of about 2:One on the Big Board of The New York Stock Exchange and by about 1.50:One on the NASDAQ.

Getting back to that Commerce Department report, it was reported that new orders for durable goods – items with a life expectancy of at least 3 years – rose by about 2.10 percent in June, following a flat May.

The Commerce Department, also, stated that new, single-family home sales rose by about 4.70 percent in June, Year-on-Year.

Those 2 reports were, basically, the reason for the effervescence on Wall Street at the tail-end of the week, ended July 25, because corporate reports from Wall Street '*darlings*' could hardly have been considered a fillip for investors.

In Europe, last Monday, all major bourses enjoyed a run-up to useful higher levels.

As with Asia, investors in the eurozone were betting on better things to come for the remainder of the year.

This was how the major stock markets fared, last Monday in Europe:

Amsterdam's AEX Index	Plus	1.28 percent
Great Britain's FTSE 100 Index	Plus	0.43 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.81 percent
France's CAC40 Index	Plus	1.79 percent
Switzerland's Swiss Market Index	Plus	1.21 percent
Italy's MIBTEL Index	Plus	0.81 percent

On The Stock Exchange of Hongkong Ltd, as with most other major Asian bourses, investors ploughed into stocks and shares in the hope that the worst was, now, over, following a very long economic winter of discontent.

Investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) tend to forget politics and the lack of Universal Suffrage when it comes to making a buck.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index, the key index of this market, rose by about 1.97 percent to end the day at 10,134.88 points.

The Total Turnover was about \$HK9.78 billion, with the ratio of gaining counters to losing ones, being about 3.45:One.

Trading in the shares of HSBC Holdings plc (Code: 5) represented about 13 percent of the entire volume of activity on the Main Board: Investors traded about 13.31 million shares in this giant banking conglomerate.

The Ten Most Active counters of the day were:

HSBC Holdings plc (Code: 5)	Up 1.59 percent to \$HK95.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 3.03 percent to \$HK20.40 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 3.41 percent to \$HK45.50 per share
PetroChina Company Ltd (Code: 857)	Up 1.15 percent to \$HK2.20 per share
CNOOC Ltd (Code: 883)	Up 4.10 percent to \$HK12.70 per share
Hutchison Whampoa Ltd (Code: 13)	Up 2.50 percent to \$HK51.25 per share
Skyworth Digital Holdings Ltd (Code: 751)	Up 9.47 percent to \$HK1.04 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.30 percent to \$HK84.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.50 percent to \$HK50.75 per share
China Telecom Corporation Ltd (Code: 728)	Up 6.25 percent to \$HK2.125 per share

There were a total of 37, double-digit movers of the day, with just 8 of their number, each losing 10 percent or more of their market capitalisations.

LeRoi Holdings Ltd (Code: 221) was the biggest gainer of the day as investors pushed up its share price by 29.03 percent to 28 cents.

Leaptek Ltd (Code: 336) and Stelux Holdings International Ltd (Code: 84) shared the honours for the counters with the biggest losses of the day as their share prices were reduced to 2.40 cents and 18 cents, respectively, both having lost 14.29 percent of their market valuations.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the songs, being sung, seemed to have similar melodies to those, heard on the Main Board.

The Growth Enterprise Index gained about 1.81 percent, running back to 1,156.88 points on a Total Turnover of about \$HK162.93 million.

The ratio of gainers to losers was about 1.90:One.

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

tom.com Ltd (Code: 8001)	Up 2 percent to \$HK2.10 per share
Panva Gas Holdings Ltd (Code: 8132)	Up 3 percent to \$HK3.875 per share
Global Link Communications Holdings Ltd (Code: 8060)	Up 1 percent to \$HK1.38 per share
hongkong.com Corporation (Code: 8006)	Up 5 percent to 89 cents per share
Tungda Innovative Lighting Holdings Ltd (Code: 8229)	Up 15 percent to 38 cents per share

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Henderson Cyber Ltd	8023	16.02		0.21
IIN International Ltd	8128	12.50		0.045
M Channel Corporation Ltd	8036		11.11	0.016
MediaNation Incorporated	8160	18.18		0.13
Sino Biopharmaceutical Ltd	8027	12.35		2.275
Tungda Innovative Lighting Holdings Ltd	8229	15.15		0.38
Vertex Communications and Technology Group Ltd	8228		47.37	0.20

News wise:

- The Chief Executive of the HKSAR, **Mr Tung Chee Hwa**, last Monday afternoon, said that he had met a group of leaders from various HKSAR communities/associations in *'a beginning of my effort to increase my personal contact with the community as a whole ...'*. It was a clear admission of that which he had failed to do, during the past 6 years in office.

Japanese investors caught the excitement bug that was sweeping most equity markets of the world, last Monday, with the result that trading on the 3 stock markets of the country was spirited.

On The Tokyo Stock Exchange, the premier bourse of the country, the key, Nikkei-225 Stock Average gained nearly 2 percent, rising to 9,839.91 yen.

The ratio of gainers to losers was a resounding 6.19:One.

But the sake did not flow, freely, on bourses of The Land of The Rising Sun because selective banking counters were punished by investors, who drove down their share prices in spite of a generally rising market.

News wise:

- The Tokyo Stock Exchange imposed a suspension of commissioned sales and purchases of stocks of its Tokyo Branch from August 4 to August 6, pursuant to the Trading Participant Rule, on **HSBC Securities (Japan) Ltd.** In January 1997 and January 1998, HSBC Securities solicited securities transactions from a certain customer (a securities investment advisor, which provides discretionary investment service) with a promise to make a payment to the customer under the pretext of advisory fee in return for orders from the customer. This is acknowledged to fall under the *'act of soliciting business from any customer with a promise to provide any special benefit to the customer in connection with the sale or purchase of, or any other form of transaction in, a security'* provided for in Item (2), Article 2 of the Ministerial Ordinance Concerning Prudential Standards, etc. of Securities Company (before the Ordinance Number.33 of Prime Minister's Office and Ministry of Finance of 1998 became effective on December 1, 1998).
- Sales of electrically operated appliances at major retailers fell by about 3.50 percent in June, Year-on-Year, to about 187.68 billion yen, **The Nippon Electric Big-Stores Association** reported. It was the 10th consecutive month of falling sales in this important segment of the Japanese economy;
- Consumer prices fell by about 0.40 percent in July, compared with the statistics for July 2002, **The Public Management, Home Affairs, Posts and Telecommunications Ministry** announced; and,
- **Furukawa Company Ltd**, a Japanese copper smelter and manufacturer of machinery, said that it would suspend operations at its loss-making, Australian copper-smelting facility in August. The smelter is known in Australia as Port Kembla Pty Ltd and is 71.44 percent owned by Furukawa, 20 percent owned by **Japan Nittetsu Mining Company Ltd**, 5.45 percent owned by **Nissho Iwai Corporation**, and 3.11 percent by **Itochu Corporation**. Most of the 300 Australian workers at this plant will be receiving their pink slips, if they have not, already, received them, the company said.

This was the way that other Asian markets ended their respective sessions, last Monday night:

HKSAR	Plus 1.97 percent to 10,134.88
Indonesia	Plus 0.53 percent to 512.79
Japan	Plus 1.99 percent to 9,839.91
Malaysia	Minus 0.32 percent to 708.24
The Philippines	Minus 2.11 percent to 1,256.76
Singapore	Plus 1.29 percent to 1,587.16
South Korea	Plus 1.80 percent to 717.80
Taiwan	Plus 1.06 percent to 5,451.80
Thailand	Minus 0.90 percent to 480.48

Tuesday

More 'worms' were proved to have been crawling around in the woodwork of investment bankers of Wall Street, last Monday, New York time, as JP Morgan Chase and Company and Citigroup Incorporated determined not to defend themselves against heinous allegations of yesteryear.

Instead, the duo agreed to pay a king's ransom in order to extricate themselves from the potentially explosive, scandalous situation.

The duo agreed to pay punitive damages of \$US135 million and \$US120 million, respectively.

The US Securities and Exchange Commission (SEC), in explaining, what was tantamount to a plea bargain, said:

'Each institution helped Enron (to) mislead its investors by characterizing what were essentially loan proceeds as cash from operating activities.'

Just about the entire proceeds from these 2, merchant banking giants' fines will go to the victims of the Enron fraud: In 2001, Enron filed protection from creditors after admitting gross frauds with regard to accounting irregularities, designed to obfuscate the true situation, within the wilting company.

Neither bank has admitted any wrongdoing; their respective acceptance of the SEC's settlement terms did not involve any admission of guilt.

On Wall Street, on the first day of trading, last week, trading was not nearly as buoyant as it was the previous Friday. (Please see Monday's report)

On The New York Stock Exchange, the Dow Jones Industrial Average fell 18.06 points to 9,266.51 points, a one-day loss of just about 0.19 percent.

Over on the NASDAQ, its Composite Index rose by about 4.64 points, equivalent to about 0.27 percent, ending the day at 1,735.34 points.

Trading was somewhat subdued on both of the world's largest equity markets.

In Europe, mixed signals resulted in potpourri of investor decisions, from taking up fresh long positions, to sitting tight, to shorting the market.

This was how major eurozone bourses ended, last Tuesday:

Amsterdam's AEX Index	Minus 0.64 percent
Great Britain's FTSE 100 Index	Minus 0.28 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.30 percent
France's CAC40 Index	Minus 0.71 percent
Switzerland's Swiss Market Index	Minus 0.27 percent
Italy's MIBTEL Index	Minus 0.94 percent

While most of Asia's major equity markets went into reverse gear, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was renewed – albeit low-key – interest in trading in some of the most popular counters, listed on the 2 stock markets of the territory.

On the Main Board of The Stock Exchange of Hongkong Ltd, the key gauge of trading in blue chips, the Hang Seng Index, rose by about 0.63 percent, running up to 10,198.60 points.

The Total Turnover was about \$HK9.22 billion, with gainers, outpacing losers by the ratio of 1.29:One.

The Ten Most Actives were:

CNOOC Ltd (Code: 883)	Up 9.06 percent to \$HK13.85 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 4.40 percent to \$HK8.30 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK95.75 per share
PetroChina Company Ltd (Code: 857)	Up 5.68 percent to \$HK2.325 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 2.42 percent to \$HK46.60 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.23 percent to \$HK20.65 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.49 percent to \$HK51.50 per share

China Petroleum and Chemical Corporation (Code: 386)
Hongkong Electric Holdings Ltd (Code: 6)
PCCW Ltd (Code: 8)

Up 6.06 percent to \$HK2.10 per share
Down 0.33 percent to \$HK30.60 per share
Down 0.57 percent to \$HK4.35 per share

As for the biggest gainers of the day, there were 35 counters in all, with 9 of their number, losing 10 percent or more of their respective market capitalisations.

The biggest gainer of the day was Magician Industries (Holdings) Ltd (Code: 526), whose scrip price gained 46.23 percent, ending the session at 15.50 cents per share.

Decca Holdings Ltd (Code: 997) was the biggest, recorded loser of the trading day, as investors pushed down its share price to 41 cents, a one-day fall of 41.43 percent.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gained about 0.28 percent, ending the day on a very quiet note of 1,160.11 points.

In spite of The Growth Enterprise Index, being in positive territory, losing counters outnumbered gaining ones by the ratio of about 1.43:One.

The Total Turnover was on the low side, at \$HK162.73 million.

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

tom.com Ltd (Code: 8001)	Up 5 percent to \$HK2.20 per share
Panva Gas Holdings Ltd (Code: 8132)	Up 1 percent to \$HK3.925 per share
Global Link Communications Holdings Ltd (Code: 8060)	Up 1 percent to \$HK1.39 per share
Chinasoft International Ltd (Code: 8216)	Up 4 percent to 58 cents per share
Wah Sang Gas Holding Ltd (Code: 8035)	Up 2 percent to 93 cents per share

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158		27.54	0.05
CCID Consulting Company Ltd	8235	54.51		0.36
Golding Soft Ltd	8190		13.04	0.06
IIN International Ltd	8128		15.56	0.038
Infoserve Technology Corporation	8077		18.18	0.045
iSteelAsia Holdings Ltd	8080		12.64	0.159
Linefan Technology Holdings Ltd	8166	10.00		0.033
Milkyway Image Holdings Ltd	8130	18.18		0.065
Prosperity International Holdings (Hongkong) Ltd	8139		11.43	0.062
Tradecasy Holdings Ltd	8163		16.00	0.021
Vertex Communications and Technology Group Ltd	8228		26.00	0.148
Zhejiang Yonglong Enterprises Company Ltd	8211	11.32		0.295

News wise:

- The Chief Executive of the HKSAR, Mr Tung Chee Hwa, gave another Press Conference to select members of the HKSAR Fifth Estate, following his meeting with Legislative Council members, all of whom are members of The Liberal Party. Mr Tung Chee Hwa said that he talked to 4 members of The Liberal Party and had, what was described as, *'a good discussion'*. He said, inter alia:

'For me, the purpose of the meeting is, really, to listen to their views. We (the Royal "we", of course) will consider their views with great care and in great detail, Of course, on some of the points, I have made some initial responses.'

Editor's Note: Mr James Tien, the Chairman of The Liberal Party, formerly an Executive Council member, who was, previously, one of the members of the Inner Cabinet of Mr Tung Chee Hwa, resigned, pre-

emptively, on Sunday, July 6, 2003, following some 500,000 people, meandering through the streets of the HKSAR on July 1 in a passive protest over the modifications and additions to Article 23 of The Basic Law of the Hongkong Special Administrative Region of the People's Republic of China.

In Japan, last Tuesday, investors determined to go on a different tack, forcing down the Nikkei-225 Stock Average – the ‘barometer’ of trading in blue chips on The Tokyo Stock Exchange – by about 0.06 percent. It ended the day at 9,834.31 yen.

The ratio of losers to gainers was about 1.21:One.

What was clear about trading on the premier stock market of Japan was that it was dominated by day traders, who were ‘playing’ the market and, then, cashing in as soon as they saw, what they considered to be, a reasonable profit for the day.

Absent from the market, in any great numbers, were institutional investors, of the domestic brand or of the international genre.

Shaking up the market, somewhat, was a report from Honda Motor Company, Japan’s second-largest producer of motor vehicles, which posted a 12-percent fall in its first quarter for this Financial Year, to June 30. (Please see ‘News wise’)

News wise:

- **Honda Motor Company** announced that its Operating Profits for the first quarter of this Financial Year, to June 30, 2003, were about 150.18 billion yen, down about 12.08 percent, compared with the like quarter in 2002. The Consolidated Net Profits were 101.82 billion yen, down 5.40 percent, Year-on-Year. The US market accounts for between 80 percent and 90 percent of the company’s total Operating Profits;
- **Canon Sales Company** announced that its Group Net Profits for the first half of its Financial Year, to June 30, 2003, fell about 33 percent, Year-on-Year, to 1.11 billion yen;
- **Marubeni Corporation** has taken up a 10-percent stake in **Biovision Capital Corporation**. Biovision is a subsidiary of **Softbank Investment Corporation**;
- **Daihatsu Motor Company**, an affiliate of **Toyota Motor Corporation**, has posted a Group Net Profit of 1.52 billion yen for the quarter, ended June 30, 2003;
- **Hino Motors Ltd**, a 50.10-percent-owned subsidiary of **Toyota Motor Corporation**, reported a Group Net Profit of 3.69 billion yen for its quarter, ended June 30, 2003; and,
- The **unemployment rate** in Japan in June fell to 5.30 percent, The Ministry of Public Management, Home Affairs, Posts and Telecommunications announced. In May, the unemployment rate was 5.40 percent. The record level for unemployment in Japan was achieved in January this year when it hit 5.50 percent.

On other Asian bourses, this was how they ended, last Tuesday:

HKSAR	Plus 0.63 percent to 10,198.60
Indonesia	Minus 0.26 percent to 511.47
Japan	Minus 0.06 percent to 9,834.31
Malaysia	Plus 0.49 percent to 711.68
The Philippines	Minus 2.51 percent to 1,225.23
Singapore	Minus 0.40 percent to 1,580.88
South Korea	Plus 0.63 percent to 722.33
Taiwan	Minus 2.01 percent to 5,342.46
Thailand	Minus 0.39 percent to 478.29

Wednesday

The world shuddered at the news: The Government of the United States (US) warned of an impending suicide attack from the air, similar to the one that took place in New York and Washington D.C. on September 11, 2001.

The US Department of Homeland Security warned the US airline industry – and, by extension, the world’s airline industry – that the possibility existed for suicide hijackings of domestic aircraft and bombings, orchestrated by al Qaeda, the international terrorist network, controlled by Osama bin Laden, the most-wanted man on the face of the globe.

An official of Homeland Security said:

‘At least, one of these attacks could be executed by the end of the summer 2003 ... Al Qaeda planners have primarily considered suicide hijackings and bombings as the most promising method to destroy aircraft in flight as well as to strike ground targets.’

Homeland Security said that its intelligence had been gathered from al Qaeda operatives, who had been captured, as well as other sources, not specified.

But that was not everything because Wall Street was treated to another little tidbit: US consumer confidence had plummeted in July.

It was a shock to many people’s systems, no doubt, including that of the President of the US, Mr George W. Bush.

According to the Consumer Confidence Index of the Conference Board, for the month of July, the figures came in at 76.60 points, down from the June figures of 83.50 points.

The Consumer Confidence Index of the Conference Board is a privately funded research group, which tracks consumer confidence, monthly. It is well respected.

At 76.60 points, it is the lowest reading since March, following the invasion of Iraq by US and United Kingdom armed forces.

The stuffing was knocked out of Wall Street, following the release of this report.

After a day of seesaw action, the Dow Jones Industrial Average, the key index of The New York Stock Exchange, was fixed at 9,204.46 points, a fall of about 0.67 percent, compared with the previous closing level.

On the tech-laden NASDAQ, its Composite Index was off only by about 3.99 points, or about 0.23 percent, to 1,731.37 points.

In Europe, investors were somewhat non-plussed as to what action to take.

As a result, many of them did little, but sit on their hands.

On the one hand, there were the home-grown problems of eurozone and, on the other hand, one would be foolish to disregard the largest single economy of the world.

This was the way that the 6 major bourses of Europe ended, last Wednesday night:

Amsterdam’s AEX Index	Plus	0.58 percent
Great Britain’s FTSE 100 Index	Plus	0.10 percent
Germany’s Frankfurt XETRA DAX Index	Plus	0.03 percent
France’s CAC40 Index	Plus	0.96 percent
Switzerland’s Swiss Market Index	Plus	1.02 percent
Italy’s MIBTEL Index	Plus	0.08 percent

It was hardly a shock to anybody when major Asian bourses fell out of bed on the back of the US Government’s report in respect of the warning to US airlines, via a memorandum from Homeland Security, and the Conference Board’s report.

In the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC), while the volume of trading remained at about the same level on the territory’s 2 stock markets as the first 2 days of the week, it was on a falling market – which was an ominous sign, according to chartists.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index shed about 0.76 percent of its value, falling to 10,185.32 points.

The Total Turnover was about \$HK9.41 billion, with losing counters, outracing gaining counters by the ratio of about 1.72:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK95.75 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.60 percent to \$HK8.35 per share
CNOOC Ltd (Code: 883)	Down 6.14 percent to \$HK13.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.18 percent to \$HK20.20 per share
Ngai Lik Industrial Holdings Ltd (Code: 332)	Up 8.33 percent to \$HK2.925 per share
PCCW Ltd (Code: 8)	Down 2.87 percent to \$HK4.225 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.98 percent to \$HK50.50 per share
PetroChina Company Ltd (Code: 857)	Down 1.08 percent to \$HK2.30 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.97 percent to \$HK51.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.72 percent to \$HK45.80 per share

There were a total of 35, double-digit movers of the day, of which number, 21, double-digit movers moved up by 10 percent or more, while 14, double-digit movers moved down by 10 percent or more.

G-Vision International (Holdings) Ltd (Code: 657) was the biggest gainer of the day, as investors pushed up its share price by 87.50 percent to 6 cents.

i100 Ltd (Code: 616) was the biggest loser of the day, as its share price fell to 2.20 cents, a one-day loss of 24.14 percent.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover was about \$HK134.11 million.

Losing counters swamped gaining ones by the ratio of about 1.76:One.

The Growth Enterprise Index gave up about 1.20 percent of its value, ending the day at 1,146.18 points.

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

tom.com Ltd (Code: 8001) Down 2 percent to \$HK2.15 per share

Global Link Communications Holdings Ltd (Code: 8060) Down 1 percent to \$HK1.38 per share

Panva Gas Holdings Ltd (Code: 8132) Down 1 percent to \$HK3.875 per share

Innovis Holdings Ltd (Code: 8065) Up 1 percent to 42 cents per share

Shenzhen Dongjiang Environmental Company Ltd (Code: 8230) Up 19 percent to 51 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AKuP International Holding Ltd	8179	13.64		0.025
B M Intelligence International Ltd	8158	40.00		0.07
Capital Publications Ltd	8155		10.00	0.09
CCID Consulting Company Ltd	8235		22.22	0.28
Changmao Biochemical Engineering Company Ltd	8208		12.16	0.325
CyberM International (Holdings) Ltd	8017		18.75	0.13
Shenzhen Dongjiang Environmental Company Ltd	8230	18.60		0.51
ePRO Ltd	8086	14.29		0.04
Medical China Ltd	8186		13.89	0.093
Milkyway Image Holdings Ltd	8130	18.46		0.077
PINE Technology Holdings Ltd	8013	18.46		0.077
Prosperity International Holdings (Hongkong) Ltd	8139	12.90		0.07

Sonavox International Holdings Ltd	8226		28.57	0.25
Thiz Technology Group Ltd	8119		14.29	0.03

News wise:

- **Tse Sui Luen Jewellery (International) Ltd (Code: 471)**, formerly one of the largest jewellery manufacturers and retailers of the HKSAR, reported a Loss Attributable to Shareholders of about \$HK49.78 million for its Financial Year, ended February 28, 2003. Provisions, during the Year, cost the company about \$HK5.38 million; and,
- The **unemployment level in the PRC**, proper, is, now, officially, put down at about 4.20 percent, as at June 30, 2003. That statistic, however, is only in respect of the country's major cities, The Ministry of Labour and Social Security announced. And that statistic only refers to those unemployed, standing at about 7.95 million people, who have registered as being unemployed.

In The Land of The Rising Sun, a number of independent factors conspired to bring down key indices on the country's 3 equity markets.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost 201.65 yen, or about 2.05 percent of its value, ending the day at 9,632.66 yen.

The fall in the Conference Board's Consumer Confidence Index, losses of major blue chips, listed on the premier stock market of the country, and the threat of more airline hijackings all took their respective toll of Japanese investors.

News wise:

- Japan's biggest manufacturer of computer chips, as well as being one of the country's largest producers of computers, **Toshiba Corporation**, announced net losses for the quarter, ended June 30: 36.80 billion yen. In the like 2002 quarter, the company reported Net Losses Attributable to Shareholders of about 18.80 billion yen. Poor sales of television sets and notebook computers were blamed on the slump, the company's management said;
- **Sharp Corporation**, a consumer electronics producer, announced a Consolidated Net Profit of 14.05 billion yen for its first quarter, ended June 30, 2003. That result was an improvement of about 12.89 percent, compared with the like quarter in 2002. Management put down the gains to strong sales of television sets with liquid crystal displays, camera-equipped mobile telephones and air conditioners and purifiers, featuring germ-killing ions;
- **Victor Company**, a video recorder manufacturer of Japan, said that its Group Net Profit for the quarter, to June 30, 2003, was about 74 million yen, compared with a Loss Attributable to Shareholders of about 1.80 billion for the like 2002 quarter;
- **Snow Brand Milk Products Company** announced that its Group Sales had been 80.82 billion yen for the quarter, ended June 30, 2003, an 8-percent improvement, Year-on-Year. No figures were given for its Bottom Line;
- **Sovereign Asset Management** has purchased more than 5 percent of the Issued and Fully Paid-Up Share Capital of **UFJ Holdings Incorporated**, making it the largest single shareholder in Japan's 4th largest banking group. Sovereign Asset Management is owned by the Government of Monaco;
- **Wholesale and retail sales** fell by about 0.30 percent in June, Year-on-Year, to 47.41 trillion yen, The **Ministry of Economy, Trade and Industry (METI)** said; and,
- **Japanese industrial output** fell in June by about 1.20 percent, compared with May on a seasonally adjusted basis, METI announced, also.

In other areas of the most-populous part of the world, this was the situation, last Wednesday night:

HKSAR	Minus 0.76 percent to 10,121.22
Indonesia	Minus 0.64 percent to 508.22
Japan	Minus 2.05 percent to 9,632.66
Malaysia	Plus 1.27 percent to 720.71
The Philippines	Plus 0.24 percent to 1,228.19

Singapore	Minus 0.17 percent to 1,578.19
South Korea	Minus 1.13 percent to 714.15
Taiwan	Minus 0.66 percent to 5,307.18
Thailand	Minus 0.71 percent to 474.90

Thursday

If there were, ever, any suggestion that the US had been afraid of North Korea and its threats of unleashing a nuclear holocaust on American military installations in South-East Asia, they were put to bed, once and for all, last Thursday, following tough rhetoric from the US Government's Undersecretary of State, Mr John Bolton.

In a speech, clearly calculated to ruffle North Korea's *'feathers'*, Mr Bolton said, at the East Asia Institute:

'The days of (North Korea) blackmail are over. Kim Jong Il (North Korea's leader) is dead wrong to think that developing nuclear weapons will improve his security ... While he lives like royalty in Pyongyang, he keeps hundreds of thousands of his people, locked in prison camps, with millions more, mired in abject poverty, scrounging the ground for food ... For many in North Korea, life is a hellish nightmare ... '.

Earlier this year, it had been suggested that the US could well go to war against North Korea before Christmas 2003.

Mr Bolton's words, certainly, smacked of that possibility – unless he had been just posturing for show, of course – which is often the case in international politics.

Aside from politics, on the business front, Lord and Taylor, a department store chain, aimed at, what the company calls, the Junior League, announced that it would be closing down 32 stores and sacking some 3,700 staff members.

Lord and Taylor is owned by the May Department Stores chain.

Then, from one of the world's 4 largest producers of mobile telecommunication devices, came news that it would be sacking another tranche of 2,300 of its workers.

The German engineering and electronics giant, Siemens, said that only 500 German employees would be receiving compensation packages, indicating that 1,800 workers would be let go in other countries.

On a slightly positive note, the US Federal Reserve Board's so-called Beige Book – named after the colour of its cover – indicated that, in the month of June and for the first half of July, US economic growth had managed a small increase.

The Beige Book, also, noted that (a) prices of manufactured goods were *'soft'* and (b) consumer spending had been *'lacklustre'*.

Wall Street was unimpressed with the Beige Book's findings and its suggested prognostications.

On The New York Stock Exchange, the Dow Jones Industrial Average lost about 0.05 percent of its value, falling back to 9,200.05 points.

As for the NASDAQ, its Composite Index shed a little more than one half of a percentage point, dropping down to 1,721.95 points.

In Europe, investors in eurozone took the prognostications of the Beige Book, very seriously, and, as a result, up went indices on major bourses:

Amsterdam's AEX Index	Plus 1.83 percent*
Great Britain's FTSE 100 Index	Plus 0.38 percent
Germany's Frankfurt XETRA DAX Index	Plus 1.72 percent
France's CAC40 Index	Plus 1.19 percent
Switzerland's Swiss Market Index	Plus 0.70 percent
Italy's MIBTEL Index	Plus 0.86 percent

* This was the biggest gainer in Europe, last Thursday

There was precious little happening of any note in Europe, last Thursday, but investors looked for any seemingly logical reason to make plays on stocks and shares.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors did not appear to be very interested in trading in stocks and shares on the territory's 2 equity markets.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gained about 0.13 percent, ending the session at 10,134.83 points.

The Total Turnover fell slightly, to about \$HK8.90 billion.

The ratio of gainers to losers was about 1.94:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK95.75 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 1.80 percent to \$HK8.50 per share
PCCW Ltd (Code: 8)	Down 1.78 percent to \$HK4.15 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK51.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.74 percent to \$HK20.05 per share
Hongkong Electric Holdings Ltd (Code: 6)	Unchanged at \$HK30.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.49 percent to \$HK51.25 per share
PetroChina Company Ltd (Code: 857)	Up 1.09 percent to \$HK2.325 per share
China Telecom Corporation Ltd (Code: 728)	Unchanged at \$HK2.10 per share
CNOOC Ltd (Code: 883)	Up 3.46 percent to \$HK13.45 per share

Of the 49 biggest movers (a movement of 10 percent or more) of the day, there was not one that lost ground, relative to Wednesday's closing levels.

Lai Sun Development Company Ltd (Code: 488) was the biggest gainer of the day, as investors pushed up its share price to 5.80 cents, a one-day gain of about 48.72 percent.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover was about \$HK159.91 million, with advancing counters, outnumbering declining counters by the ratio of 2.36:One.

The Growth Enterprise Index was fractionally higher, at 1,149.46 points, a one-day improvement of about 0.29 percent.

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

tom.com Ltd (Code: 8001)	Down 2 percent to \$HK2.10 per share
hongkong.com Corporation (Code: 8006)	Up 7 percent to 92 cents per share
Global Link Communications Holdings Ltd (Code: 8060)	Down 1 percent to \$HK1.37 per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK3.825 per share
Xteam Software International Ltd (Code: 8178)	Up 29 percent to 21 cents per share

The double-digit movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CCID Consulting Company Ltd	8235		10.71	0.25
G.A. Holdings Ltd	8126	19.57		0.165
Glory Mark Hi-Tech (Holdings) Ltd	8159	12.03		0.27
GP NanoTechnology Group Ltd	8152	15.38		0.045
Grandy Applied Environmental Technology Corporation	8143	10.34		0.032
IIN International Ltd	8128	18.42		0.045
iSteelAsia Holdings Ltd	8080	10.59		0.188
Sonavox International Holdings Ltd	8226	20.00		0.30
SYSCAN Technology Holdings Ltd	8083	18.18		0.065
Systek Information Technology (Holdings) Ltd	8103		13.04	0.02
Thiz Technology Group Ltd	8119	10.00		0.033

Xteam Software International Ltd	8178	28.83		0.21
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In Japan, it was another poor day for investors on Asia's largest stock markets.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost another 69.45 yen, equivalent to about 0.72 percent, ending the day at 9,563.21 yen.

It was the third consecutive day of losses for this market, which is the largest in Asia.

The seemingly never-ending spate of poor results from Japanese blue chips was taking its toll of investor confidence. (Please see 'News wise' for the week, including today's)

News wise:

- **Toshiba Corporation** announced that its Group Net Loss was 36.85 billion yen for the quarter, ended June 30, 2003. That result represented a 96 percent increased Loss Attributable to Shareholders, compared with the like quarter of 2002 when the company reported a Loss Attributable to Shareholders of about 18.80 billion yen; and,
- **Industrial production** in Japan dropped 1.20 percent in June, seasonally adjusted, Month-on-Month, The Ministry of Economy, Trade and Industry (METI) added to its list of sad economic statistics.

And this was how other Asian bourses saw the situation, last Thursday:

HKSAR	Plus 0.13 percent to 10,134.83
Indonesia	Minus 0.05 percent to 507.99
Japan	Minus 0.72 percent to 9,563.21
Malaysia	Minus 0.02 percent to 720.56
The Philippines	Plus 1.00 percent to 1,240.42
Singapore	Minus 1.22 percent to 1,558.87
South Korea	Minus 0.09 percent to 713.52
Taiwan	Plus 0.21 percent to 5,318.34
Thailand	Plus 1.94 percent to 484.11

Friday

More suggested positive news lifted the hopes of investors on Wall Street, last Thursday, causing other equity markets, around the world, to take heart, also.

On The New York Stock Exchange, last Thursday's close saw the Dow Jones Industrial Average up by 33.75 points, equivalent to about 0.37 percent, as investors pushed it to 9,233.80 points, following a hectic trading day.

As for the NASDAQ's Composite Index, it ended the day at 1,735.02 points, a one-day gain of about 0.82 percent.

Whether or not there had been grounds for the more positive sentiment is questionable because there was as much negative US news as there was positive US news.

One of the factors that US investors were using as being a reason for a more positive aspect to trading in stocks and shares was the US unemployment statistics, which showed that initial claims for unemployment insurance dipped, last week, to below the 400,000-claim level.

The figures came in at 388,000 claims.

Against this, it was announced that the Chicago, Illinois, motor-vehicle parts retailer, Pep Boys, announced the closure of 33 stores and the sacking of another 700 workers.

According to **TARGET's** reckoning, not less than 5,000 jobs had been lost, during the week, ended August 1, in mass layoffs in the US, alone.

So, one may expect to see initial claims for unemployment insurance rise, once more, in the next fortnight or so.

In Europe, there was more negative news than positive news – and European investors were not as inspired as was their US counterparts.

This was the way that major European bourses closed, last Friday:

Amsterdam's AEX Index	Minus 0.87 percent
Great Britain's FTSE 100 Index	Minus 1.41 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.40 percent
France's CAC40 Index	Minus 1.27 percent
Switzerland's Swiss Market Index	Minus 0.68 percent
Italy's MIBTEL Index	Minus 0.66 percent

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors appeared to catch the confidence 'bug' that was making the rounds on Wall Street.

The logic: If the US economy improves, so is the lot of the HKSAR.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index rose by about 1.12 percent, ending the week at 10,248.60 points.

The Total Turnover rose to about \$HK11.76 billion, while the ratio of gainers to losers was about 1.82:One.

The Hang Seng Index was pushed along a great deal by trades in the shares of HSBC Holdings plc (Code: 5), whose counter's volume of activity accounted for a little more than 10 percent of the Total Turnover.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.04 percent to \$HK96.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 4.54 percent to \$HK48.40 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.00 percent to \$HK20.45 per share
PetroChina Company Ltd (Code: 857)	Up 3.23 percent to \$HK2.40 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.98 percent to \$HK51.50 per share
PCCW Ltd (Code: 8)	Up 4.22 percent to \$HK4.325 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 0.59 percent to \$HK8.45 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.95 percent to \$HK52.25 per share
Hongkong Electric Holdings Ltd (Code: 6)	Unchanged at \$HK30.50 per share
New World Development Company Ltd (Code: 17)	Up 13.97 percent to \$HJK3.875 per share

There were a total of 34, double-digit movers of the day, of which number, 25, double-digit movers rose 10 percent or more, while the remaining 9, double-digit movers fell by 10 percent or more.

Styland Holdings Ltd (Code: 211) had the distinction of being the counter with the biggest upward movement of the day, as its share price rose by 37.50 percent to 3.30 cents per share.

A-Max Holdings Ltd (Code: 2958) was the biggest loser of the day, as investors pushed down its share price by 40 percent to \$HK2.40.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover rose to about \$HK160.48 million – which is no great shakes – with the ratio of gainers to losers, being 1.35:One.

The Growth Enterprise Index finished off the week with a gain of 0.80 percent, rising to 1,158.66 points.

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

tom.com Ltd (Code: 8001)	Up 2 percent to \$HK2.15 per share
Golden Meditech Company Ltd (Code: 8180)	Unchanged at \$HK1.45 per share
Global Link Communications Holdings Ltd (Code: 8060)	Up 1 percent to \$HK1.38 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 6 percent to \$HK2.10 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158		17.14	0.058
FX Creations International Holdings Ltd	8136		10.18	0.15
GreaterChina Technology Group Ltd	8032		12.50	0.14
iMerchants Ltd	8009	20.00		0.12
M Channel Corporation Ltd	8036		11.11	0.016
ProSticks International Holdings Ltd	8055		10.53	0.017
Xteam Software International Ltd	8178		11.43	0.186

News wise:

- **International Bank of Asia Ltd (Code: 636)** announced its half-yearly results to June 30, 2003. The Net Profit Attributable to Shareholders came in at about \$HK52.39 million, down about 46 percent, Year-on-Year; interest income sank by about 15 percent to about \$HK484.28 million; but, the bank, which is controlled by **Arab Banking Corporation (ABC)** of Saudi Arabia, will maintain a 4-cent Interim Dividend; and,
- **The Bank of East Asia Ltd (Code: 23)**, the largest local bank, announced its Interim Results, to June 30, 2003. The Net Profits Attributable to Shareholders were a 5-percent improvement, Year-on-Year. Profits Attributable to Shareholders were about \$HK792.50 million against \$HK753.93 million for the like 2002 period. The Interim Dividend was increased by 2 cents per share to 23 cents.

For the week, therefore, the tally was:

The Hang Sang Index	Up 3.11 percent
The Growth Enterprise Index	Up 1.97 percent

On Asia's largest equity markets, investors seemed to be upbeat about the statistics, being produced by the US Government's various departments.

The Tokyo Stock Exchange, the premier bourse of The Land of The Rising Sun, gained about 0.51 percent over Thursday's close, ending the week at 9,611.67 yen.

The ratio of gainers to losers was about 1.56:One.

It was the first trading day in 3 trading days that the market had been able to make gains.

News wise:

- **NEC Corporation** announced that its Net Profits Attributable to Shareholders for the quarter, ended June 30, 2003, were about 700 million yen. Compared with the like quarter in 2002, the Bottom Line had shrunk, considerably, because, in 2002, the Net Profits Attributable to Shareholders were about 7.20 billion yen;
- **Hitachi Ltd**, Japan's largest producer of electronics, posted a quarterly Operating Loss of about 33.73 billion yen to June 30, 2003. In the like 2002 period, the company posted an Operating Profit of about 13.69 billion yen;
- **Mizuho Financial Group** has agreed to sell its holdings in the HKSAR bank, **Chekiang First Bank Ltd**, to **Wing Hang Bank Ltd (Code: 302, Main Board, The Stock Exchange of Hongkong Ltd)** for about \$HK4.80 billion (about \$US615.38 million). Mizuho is the world's largest bank in terms of assets under its control.

The tally for Asia's largest bourse, therefore, was:

The Nikkei-225 Stock Average	Down 0.32 percent
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And this was the way that other Asian equity markets ended the week of August 1, 2003:

HKSAR	Plus 1.12 percent to 10,248.60
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Indonesia	Plus 0.14 percent to 508.70
Japan	Plus 0.51 percent to 9,611.67
Malaysia	Plus 0.34 percent to 723.03
The Philippines	Minus 0.41 percent to 1,235.30
Singapore	Minus 0.11 percent to 1,557.08
South Korea	Plus 1.93 percent to 727.26
Taiwan	Plus 1.36 percent to 5,390.51
Thailand	Plus 1.53 percent to 491.54

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