

### THE U.S. FEDERAL RESERVE BOARD LEAVES WELL ENOUGH ALONE

Fears of more terrorist attacks dogged equity markets around the world, last Monday, with European stock markets, falling completely out of bed.

The losses in Europe, last Monday, were despite, what could be considered, an investor display of defiance at the terrorists, who had been responsible for the planting of 10 bombs at railway stations at Madrid, Spain, bombs that killed some 200 innocent civilians and wounded between 1,400 and 1,500 others.

The terrorist cell, responsible for the murders and mayhem, had not been positively identified, last Monday night, although agents of al-Qaeda were the principal suspects, as far as many international, security companies were concerned.

On The New York Stock Exchange, on Friday, March 12, the Dow Jones Industrial Average had put on 111.70 points, equivalent to about 1.10 percent, ending that week at 10,240.08 points.

The NASDAQ's Composition Index gained 40.84 points, or about 2.10 percent, rising to 1,984.73 points.

It was as though investors in the US were telling the terrorists: *'We shall not be intimidated!'*

But that was on Friday, March 12, because, by Monday, March 15, there was widespread investor concern, not just in the US, but in many other parts of the world, also.

This concern was most poignantly felt in Europe, following the General Election in Spain, which saw a Conservative Government swept into power, with the new, incoming Prime Minister, Mr Jose Luis Rodriguez Zapatero, a member of The Socialist Workers' Party, threatening to pull out all of Spain's troops from Iraq by June, this year, unless the United Nations took control of the situation in that Middle Eastern country and endorsed the positioning of an international force, under the blue banner of that international body.

Although Madrid's equity market is not considered a major player in Europe, a fall of 4.04 percent in the Madrid General Index put the fear of God into the hearts of many an investor in eurozone.

International investors were uncertain as to the policies of the new Socialist Government of Spain, and institutions and investors alike were not willing to take any unnecessary chances.

This was the way that major European equity markets closed, last Monday:

Amsterdam's AEX Index	Minus 2.53 percent
Great Britain's FTSE 100 Index	Minus 1.22 percent
Germany's Frankfurt XETRA DAX Index	Minus 2.67 percent
France's CAC40 Index	Minus 2.40 percent
Switzerland's Swiss Market Index	Minus 1.41 percent
Italy's MIBTEL Index	Minus 2.27 percent

When Asia opened for business, last Monday, investor sentiment was mixed, but it was clear that there was a great deal of uncertainty as to the correct course of action to take with regard to new commitments in equities.

While some of the largest equity markets of Asia followed Wall Street's lead of the previous Friday, consternation caused many investors to sell some of their holdings ... just in case.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), after an initial flurry on the Main Board of The Stock Exchange of Hongkong, the Hang Seng Index closed, down about one tenth of a percentage point to 12,919.41 points.

At the halfway mark, at 12:30 p.m., however, the Hang Seng Index was standing at 13,068.57 points, better than 1.05 percent, compared with the previous Friday's closing level of 12,932.23 points.

The Total Turnover was about \$HK16.64 billion, with the ratio of gainers to losers, being about 1.71:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.42 percent to \$HK119.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.60 percent to \$HK24.65 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK58.25 per share
PetroChina Company Ltd (Code: 857)	Up 1.23 percent to \$HK4.10 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 3.17 percent to \$HK6.50 per share
China Telecom Corporation Ltd (Code: 728)	Up 0.93 percent to \$HK 2.70 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.35 percent to \$HK70.50 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.34 percent to \$HK14.85 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.95 percent to \$HK5.30 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.48 percent to \$HK66.50 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139	12.00		0.028
Applied International Holdings Ltd	519	12.38		0.118
Asia Alliance Holdings Ltd	2997		33.33	0.02
Berjaya Holdings (Hongkong) Ltd	288	35.56		0.122
Buildmore International Ltd	108		12.24	0.43
Cheung Tai Hong Holdings Ltd	199	18.92		0.44
China Bio-medical Group Ltd	140		20.00	0.188
China United International Holdings Ltd	273	10.84		1.84
CIG-WH International (Holdings) Ltd	621	10.42		0.265
Cosmopolitan International Holdings Ltd	120	12.00		0.28
Credit Card DNA Security System (Holdings) Ltd	1051		11.36	0.078
Eagle Nice (International) Holdings Ltd	2368	10.34		2.40
Earnest Investments Holdings Ltd	339	19.51		0.049
First Dragoncom Agro-Strategy Holdings Ltd	875	12.09		0.102
Fortuna International Holdings Ltd	530	10.00		0.022
Hong Tong Holdings Ltd	290	17.74		0.73
Interchina Holdings Company Ltd	202	13.83		0.214
LifeTec Group Ltd	1180	13.41		0.203
Man Sang International Ltd	938	10.64		0.26
Massive Resources International Corporation Ltd	70	150.00		0.045
Morning Star Resources Ltd	542		17.44	0.071
Paladin Ltd	495		11.50	0.20
REXCAPITAL Financial Holdings Ltd	555		10.58	0.093
South China Industries Ltd	413		40.43	0.28
Victory Group Ltd	1139		14.58	0.041
Wah Nam International Holdings Ltd	159		44.44	0.10
Zhong Hua International Holdings Ltd	1064	11.00		0.111

Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the pattern of trading mirrored that of the Main Board: First, The Growth Enterprise Index ran up a gain of about 1.53 percent in the morning session, only to be shot down in the afternoon session, ending the day at 1,268.04 points, a one-day improvement of about one fifth of a percentage point.

The Total Turnover was about \$HK215.90 million, with the ratio of gaining counters to losing ones, being about 1.47:One.

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

TOM Online Incorporated (Code: 8282)	Up 1 percent to \$HK1.37 per share
TOM Group Ltd (Code: 8001)	Down 2 percent to \$HK2.025 per share
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095)	Down 11 percent to \$HK1.28 per share
Panva Gas Holdings Ltd (Code: 8132)	Up 1 percent to \$HK4.10 per share
Golden Meditech Company Ltd (Code: 8180)	Up 1 percent to \$HK3.55 per share

The biggest GEM movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Advanced Card Systems Holdings Ltd	8210	24.10		0.242
Aptus Holdings Ltd	8212		10.00	0.135
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd	8095		11.11	1.28
China Data Broadcasting Holdings Ltd	8016	43.82		3.20
Global Digital Creations Holdings Ltd	8271	14.29		0.48
New Chinese Medicine Holdings Ltd	8085		10.00	0.045
PINE Technology Holdings Ltd	8013		14.18	0.236
Sino Stride Technology (Holdings) Ltd	8177	10.61		0.365
Soluteck Holdings Ltd	8111	17.69		0.153
Yuxing InfoTech Holdings Ltd	8005		10.13	0.355

#### News wise

- **Legislative Councillor Martin Lee Chu Ming** was requested in the Legislative Council to apologise to the people of the HKSAR for his remarks to the US Senate, made earlier this month. Mr Martin Lee Chu Ming refused the request.
- **Panva Gas Holdings Ltd (Code: 8132)** announced its results for the Financial Year, ended December 31, 2003. This is what the company reported:

	Financial Year ended December 31	
	2003	2002
	All Figures are Denominated in \$HK'000	
Turnover	1,457,632	1,150,322
Gross Profit from Operations	284,632	181,519
Net Profit Attributable to Shareholders	209,074	132,538
Percentage Change, Year-on-Year	+ 57.75	

In Japan, the indices of the 3 equity markets of the country crept to higher ground, as investors, locked into the largest bourses in Asia, took a somewhat positive attitude as to the international situation.

On The Tokyo Stock Exchange, the premier stock market of the country, the Nikkei-225 Stock Average gained 155.15 yen, or about 1.39 percent, ending the session at 11,317.90 yen.

The ratio of gaining counters to losing ones was about 6.07:One.

#### News wise

- **Ishikawajima-Harima Heavy Industries Company (IHI)** announced that Management had revised Group Earnings for Fiscal 2003 to a Loss Attributable to Shareholders of about 39 billion yen. There will be no dividend recommendation; and,
- **The Japan Department Stores Association** said that department stores in Tokyo saw sales rise by about 0.30 percent in February, compared with the corresponding month in 2002. It was the first time in 27 months that sales did not decline, Month-on-Month.

In other Asian equity markets, this was how they closed their respective doors, last Monday:

The HKSAR	Minus 0.10 percent to 12,919.41
Indonesia	Minus 1.90 percent to 724.15
Japan	Plus 1.39 percent to 11,317.90
Malaysia	Plus 0.65 percent to 890.29
The Philippines	Minus 0.31 percent to 1,419.34
Singapore	Plus 0.17 percent to 1,838.23
South Korea	Plus 0.41 percent to 852.26
Taiwan	Minus 2.42 percent to 6,635.98

Thailand	Minus 2.40 percent to 678.42
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## Tuesday

Investors on Wall Street dumped part of their holdings from the sounds of the opening bells on both The New York Stock Exchange and the NASDAQ.

It was fear that was the catalyst for the selling waves.

In Spain, it was announced that one Moroccan male, suspected of having been responsible, in part at least, for the previous Thursday's bomb attacks on railway stations in Madrid, had been arrested and taken into custody.

Spanish police said that they knew of the identity of another 5 suspects, all of whom had fled the country.

The death toll of the previous Thursday's bombing attacks on Madrid railway stations had risen to 201 by last Tuesday.

On The New York Stock Exchange, the Dow Jones Industrial Average gave up 137.19 points, equivalent to about 1.34 percent, falling back to 10,102.89 points.

NASDAQ's Composite Index, heavy as it is with hi-tech counters, shed 45.53 points, or about 2.29 percent, ending the day at 1,939.20 points.

Aside from the fears of more terrorist attacks, there was, also, the matter of the US Federal Reserve Board, which was scheduled to hold its Open Market Committee Meeting in the morning of the following day.

It was widely expected that The Fed would leave well enough alone: It would not raise interest rates off their 46-year lows.

## News wise

- **Bank of America Corporation** and **FleetBoston Financial Corporation** agreed to pay \$US675 million as a one-time, lump-sum settlement, as an agreed fine. The 2, giant US banks had been found to have acted contrary to accepted standards of honesty and decency in respect of not playing the game honestly with their respective clients with regard to mutual fund trades, it has been confirmed: Favoured bank clients were given preferential treatment over others, it was proved. The fine was the largest settlement of its kind in the history of the country.

In Europe, last Tuesday, short-covering appeared to be the order of the day, following on from Monday's crushing losses.

The situation in Madrid was returning to normal, with the Madrid General Index, regaining 1.39 percent of its value.

This was how major European bourses ended their respective days, last Tuesday:

Amsterdam's AEX Index	Plus	0.37 percent
Great Britain's FTSE 100 Index	Plus	0.36 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.30 percent
France's CAC40 Index	Plus	0.40 percent
Switzerland's Swiss Market Index	Plus	0.46 percent
Italy's MIBTEL Index	Plus	0.33 percent

The Main Board of The Stock Exchange of Hongkong Ltd was the only equity market throughout Asia that was in the black, last Tuesday.

But the gain was only one tenth of a percentage point, as the key index, the Hang Seng Index, just managed to recover from an early sell-off, ending the day at 12,932.62 points.

The Total Turnover fell to about \$HK12.41 billion, about 25 percent less than Monday's volume of activity.

Even though the Hang Seng Index was in the black, losing counters outran gaining ones by the ratio of about 1.66:One.

It appeared that investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) continued to be apprehensive over the situation in Europe and the US.

In Europe, the concern had been terrorism, and, in the US, the concern was the sharp nosedive of indices on major equity markets.

Also, prudence called for procrastination in order to see what The Fed would say after it met on Tuesday, March 16, Washington time.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK119.50 per share
PetroChina Company Ltd (Code: 857)	Up 0.61 percent to \$HK4.125 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.86 percent to \$HK58.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.20 percent to \$HK24.60 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.06 percent to \$HK71.25 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.01 percent to \$HK14.70 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK3.20 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.89 percent to \$HK5.20 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.13 percent to \$HK67.25 per share
CLP Holdings Ltd (Code: 2)	Up 1.50 percent to \$HK 40.60 per share

The biggest movers of last Tuesday included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Alliance Holdings Ltd	2997		35.00	0.013
Asia Commercial Holdings Ltd	104	13.33		0.425
Benefun International Holdings Ltd	1130		12.33	0.064
CCT Tech International Ltd	261	20.00		0.024
CCT Telecom Holdings Ltd	138	10.97		1.72
China Sci-Tech Holdings Ltd	985	17.86		0.033
Credit Card DNA Security System (Holdings) Ltd	1051	14.10		0.089
Haywood Investments Ltd	905		16.67	0.10
Hi Sun Group Ltd	818		10.26	0.35
Hua Lien International (Holding) Company Ltd	969		34.00	0.99
Kwang Sung Electronics Hongkong Company Ltd	2310	10.91		1.83
Millennium Sense Holdings Ltd	724	20.00		0.96
Ming Fung Jewellery Group Ltd	860	12.00		0.28
REXCAPITAL Financial Holdings Ltd	555	10.75		0.103
Rontex International Holdings Ltd	1142	14.06		0.365
Simsen International Corporation Ltd	993	11.11		0.10
South China Industries Ltd	413	25.00		0.35
Sun Innovation Holdings Ltd	547	15.00		0.023
Theme International Holdings Ltd	990	11.76		0.057
Wah Nam International Holdings Ltd	159	100.00		0.20
Yau Lee Holdings Ltd	406	18.18		0.52
Zhong Hua International Holdings Ltd	1064	14.41		0.127

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was a slightly different story to that, being told on the Main Board.

The Growth Enterprise Index never saw a positive figure throughout the entire day; it ended the session, down about 0.71 percent to 1,259.06 points.

The Total Turnover on this speculative market was about \$HK157.18 million, with the ratio of losing counters to gaining ones, being about 1.31:One.

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

TOM Group Ltd (Code: 8001)	Down 2 percent to \$HK1.99 per share
TOM Online Incorporated (Code: 8282)	Down 4 percent to \$HK1.32 per share
Panva Gas Holdings Ltd (Code: 8132)	Up 1 percent to \$HK4.125 per share
hongkong.com Corporation (Code: 8006)	Down 6 percent to 72 cents per share
Golden Meditech Company Ltd (Code: 8180)	Down 1 percent to \$HK3.525 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Advanced Card Systems Holdings Ltd	8210	19.83		0.29
Billybala Holdings Ltd	8117		41.67	0.07
Cyber On-Air Group Company Ltd	8118		16.05	0.136
HK6 Holdings Ltd	8206		20.75	0.042
iMerchants Ltd	8009	12.50		0.18
Media Partners International Holdings Incorporated	8072	13.64		0.50

News wise

- **The Wharf (Holdings) Ltd (Code: 4)** announced its results for its Financial Year, ended December 31, 2003. It stated:

	Financial Year ended December 31	
	2003	2002
	All Figures are Denominated in \$HK million	
Turnover	11,253	11,333
Gross Profit from Operations	5,050	5,341
Net Profit Attributable to Shareholders	3,043	2,259
Percentage Change, Year-on-Year	Plus 34.70	

On The Tokyo Stock Exchange, it was a down day for investors, as the key index, The Nikkei-225 Stock Average, lost 75.61 yen, a fall of about 0.67 percent, dropping back to 11,242.29 yen.

The ratio of declining counters to advancing ones was about 1.28:One.

Japanese investors, as with other investors in Asia, were in a waiting mood, waiting to see what would happen in Spain and in other parts of Europe where the authorities had stepped up security arrangements – and waiting to see what The Fed would say about the future of interest rates in the US.

And this was the way that other Asian equity markets closed their respective doors, last Tuesday night:

The HKSAR	Plus 0.10 percent to 12,932.62
Indonesia	Minus 1.10 percent to 716.18
Japan	Minus 0.67 percent to 11,242.29
Malaysia	Minus 0.52 percent to 885.70
The Philippines	Minus 0.05 percent to 1,418.67
Singapore	Minus 0.65 percent to 1,826.32
South Korea	Minus 0.25 percent to 850.13
Taiwan	Minus 0.70 percent to 6,589.72
Thailand	Minus 1.27 percent to 669.80

### Wednesday

The US Federal Reserve Board determined to leave interest rates at their current, 46-year low.

It was what the equity markets of the world had expected, but the official statement from The Fed, also, stated that which many had feared: The US is not creating many more new jobs.

Without jobs, the cupboards will be bare for many a household in The Home of The Free and The Land of The Brave.

This is part of that which The Fed released to the world, last Tuesday, Washington time:

*'The Committee continues to believe that an accommodative stance of monetary policy, coupled with robust underlying growth in productivity, is providing important ongoing support to economic activity. The evidence accumulated over the inter-meeting period indicates that output is continuing to expand at a solid pace. Although job losses have slowed, new hiring has lagged. Increases in core consumer prices are muted and expected to remain low.'*

*'The Committee perceives the upside and downside risks to the attainment of sustainable growth for the next few quarters are roughly equal. The probability of an unwelcome fall in inflation has diminished in recent months and now appears almost equal to that of a rise in inflation. With inflation quite low and resource use slack, the Committee believes that it can be patient in removing its policy accommodation.'*

While The Fed was doing its stuff, the US Commerce Department put in its oar, stating that housing starts had fallen by about one percent in February, to a seasonally adjusted figure of about 1.86 million starts.

Adding to the bearish tidings was the news of an increase in the price of US crude oil, which rose 70 cents (US) per barrel to \$US38.18 for a barrel for light sweet crude.

Wall Street was not particularly happy with all of this.

On The New York Stock Exchange, the Dow Jones Industrial Average gained about 0.81 percent, rising to 10,184.67 points, but, on the NASDAQ, its Composite Index only managed a rise of about one fifth of a percentage point, ending the day at 1,943.09 points.

In Europe, there was a different story, being told to that, heard on Wall Street.

Every major bourse roared ahead, wiping out the losses of the previous week.

The US Fed's statement was taken with a pinch of salt because it had been widely expected, in any case.

It was announced that the Canadian giant, Bombardier Incorporated, would be closing down 7 European plants. It will mean the laying off of tens of thousands of workers, throughout eurozone.

This was how indices on major European bourses, closed last Wednesday:

Amsterdam's AEX Index	Plus	1.96 percent
Great Britain's FTSE 100 Index	Plus	0.63 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.95 percent
France's CAC40 Index	Plus	1.90 percent
Switzerland's Swiss Market Index	Plus	0.81 percent
Italy's MIBTEL Index	Plus	0.80 percent

In Asia, things took a decided turn for the better.

With the exception of the Taiwan equity markets, indices in the most-populous part of the world rose, some very materially.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), while both equity markets made gains, those gains were only of a fractional nature – which is better than a kick in the head, one might be tempted to state.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose one third of a percentage point, ending the day at 12,975.72 points on a Total Turnover of about \$HK13.97 billion.

The ratio of gaining counters to losing counters was about 2.69:One.

The fact that the volume of activity was relatively low suggested that the market might not be able to hang onto its gains,

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.17 percent to \$HK119.00 per share
Huaneng Power International Incorporated (Code: 902)	Up 8.19 percent to \$HK15.20 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.61 percent to \$HK24.75 per share
China Telecom Corporation Ltd (Code: 728)	Up 1.79 percent to \$HK2.85 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.70 percent to \$HK71.75 per share
PetroChina Company Ltd (Code: 857)	Up 0.61 percent to \$HK4.15 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.85 percent to \$HK58.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.37 percent to \$HK67.50 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.56 percent to \$HK3.25 per share
Swire Pacific Ltd 'A' Shares (Code: 19)	Up 0.97 percent to \$HK52.00 per share

As for the double-digit movers of the day, there were a total of 34 counters in that category that qualified.

Of that number, 26 counters saw their share prices gain 10 percent or more, while the remaining 8, double-digit movers lost 10 percent or more of their respective market capitalisations.

The biggest gainer of the day was Northern International Holdings Ltd (Code: 736), whose share price doubled to 3.60 cents.

Earnest Investments Holdings Ltd (Code: 339) was the biggest loser of the day, as investors marked down its share price to 4 cents, a fall of 18.37 percent.

Over on The (speculative) **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the gains of The Growth Enterprise Index were about 0.70 percent, ending the choppy day at 1,267.86 points.

The Total Turnover on this market was about \$HK170.93 million, with the ratio of gainers to losers, being about 1.42:One.

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

TOM Online Incorporated (Code: 8282)	Down 5 percent to \$HK1.25 per share
TOM Group Ltd (Code: 8001)	Unchanged at \$HK2.00 per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK4.10 per share
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095)	Up 1 percent to \$HK1.31 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 2 percent to \$HK3.275 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061	14.09		0.17
Aptus Holdings Ltd	8212	10.71		0.155
Billybala Holdings Ltd	8117	34.29		0.094
PINE Technology Holdings Ltd	8013	12.03		0.27
ProSticks International Holdings Ltd	8055	15.00		0.069
TeleEye Holdings Ltd	8051		39.00	0.122
Timeless Software Ltd	8028	14.50		0.229

In Japan, investors were treated to a gain of about 1.73 percent on The Tokyo Stock Exchange, as the Nikkei-225 Stock Average rose to 11,436.86 yen.

The ratio of gaining counters to losing counters was about 3.73:One.

However, the US dollar was trading at about 108.25 yen, which was not a good sign for Japanese exporters, at all.

This was the way that other Asian bourses ended, last Wednesday:

The HKSAR	Plus 0.33 percent to 12,975.72
Indonesia	Plus 2.01 percent to 730.59
Japan	Plus 1.73 percent to 11,436.86
Malaysia	Plus 0.50 percent to 890.14
The Philippines	Plus 0.91 percent to 1,431.64
Singapore	Plus 0.40 percent to 1,833.57
South Korea	Plus 2.62 percent to 872.38
Taiwan	Minus 0.18 percent to 6,577.98
Thailand	Plus 0.69 percent to 674.41

## **Thursday**

Indices rose on US equity markets, last Wednesday, but the gains were a knee-jerk reaction, if anything, to the announcement by the US Federal Reserve Board. (Please see Wednesday's report)



On The New York Stock Exchange, the Dow Jones Industrial Average gained 1.14 percent, rising to 10,300.30 points, while, on the NASDAQ, its Composite Index put on about 1.73 percent, ending the day at 1,976.76 points.

There was a major military incursion in an outback of Pakistan, on its border with Afghanistan, an area, which is controlled by local tribesmen.

The armed forces of President Pervez Musharraf, helped by US troops, were encircling, what was thought to be, one of the headquarters of al-Qaeda operatives in the area.

High-value targets were said to be holed up in well-provided, al-Qaeda fortifications, which were being ringed by some 80,000 troops.

Repercussions from this invasion were sure to follow.

And, it was the question of security that concerned many European investors, last Thursday, causing major eurozone equity markets' indices to drop material amounts.

This was the way that things looked on major European equity markets, last Thursday night:

Amsterdam's AEX Index	Minus 2.37 percent*
Great Britain's FTSE 100 Index	Minus 1.32 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.78 percent
France's CAC40 Index	Minus 1.81 percent
Switzerland's Swiss Market Index	Minus 1.45 percent
Italy's MIBTEL Index	Minus 1.15 percent
* This was the biggest loser in Europe, last Thursday	

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the bears had their way, forcing down share prices from the first sounds of the opening bells on both stock markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost about 1.23 percent of its value, dropping back to 12,816.19 points.

The Total Turnover rose to about \$HK24.37 billion, with the ratio of losing counters to gaining ones, being about 3.44:One.

The Ten Most Actives were:

China Petroleum and Chemical Corporation (Code: 386)	Down 4.62 percent to \$HK3.10 per share
Semiconductor Manufacturing International Corporation (Code: 981)	Unchanged at \$HK2.475 per share
HSBC Holdings plc (Code: 5)	Down 0.42 percent to \$HK118.50 per share
China Life Insurance Company Ltd (Code: 2628)	Down 4.76 percent to \$HK5.00 per share
PetroChina Company Ltd (Code: 857)	Down 3.01 percent to \$HK4.025 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 3.43 percent to \$HK23.90 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.29 percent to \$HK57.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.74 percent to \$HK70.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.74 percent to \$HK67.00 per share
Huaneng Power International Incorporated (Code: 902)	Up 0.99 percent to \$HK15.35 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Benefun International Holdings Ltd	1130	12.31		0.073
Carry Wealth Holdings Ltd	643		14.10	0.67
CCT Telecom Holdings Ltd	138		10.29	1.57
Century Legend (Holdings) Ltd	79		13.68	0.082
Cheung Tai Hong Holdings Ltd	199	14.00		0.57
China Bio-medical Group Ltd	140	11.11		0.20
China Fair Land Holdings Ltd	169		11.59	0.61
Earnest Investments Holdings Ltd	339	27.50		0.051
Henderson China Holdings Ltd	246		10.15	4.425
Interchina Holdings Company Ltd	202		12.93	0.202
Jackley Holdings Ltd	353		12.66	0.069

Massive Resources International Corporation Ltd	70		21.43	0.033
Medtech Group Company Ltd	1031		13.33	0.013
Northern International Holdings Ltd	736		22.22	0.028
Pioneer Global Group Ltd	224	11.61		0.25
Shang Hua Holdings Ltd	371	12.50		0.09
Star East Holdings Ltd	198		10.67	0.067
Starlight International Holdings Ltd	485		10.24	1.14
Takson Holdings Ltd	918	11.11		0.20
Tysan Holdings Ltd	687		10.71	0.25
Wing On Travel (Holdings) Ltd	1189	55.56		0.028

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, during the 90-minute afternoon session, the market's lone index started to fall so that, by the close of the day, The Growth Enterprise Index stood at 1,255.67 points, a one-day fall of about 0.96 percent.

The Total Turnover on this market was about \$HK235.65 million.

The ratio of declining counters to advancing ones was about 2.33:One.

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

TOM Group Ltd (Code: 8001)	Unchanged at \$HK2.00 per share
TOM Online Incorporated (Code: 8282)	Down 4 percent to \$HK1.20 per share
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095)	Down 18 percent to \$HK1.07 per share
Phoenix Satellite Television Holdings Ltd (Code: 8002)	Unchanged at \$HK1.50 per share
Panva Gas Holdings Ltd (Code: 8132)	Unchanged at \$HK4.10 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022	22.07		0.177
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd	8095		18.32	1.07
B M Intelligence International Ltd	8158		22.22	0.035
HK6 Holdings Ltd	8206	22.22		0.055
IIN International Ltd	8128	11.76		0.095
Inworld Group Ltd	8100		11.39	0.07
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		11.76	0.30
New Chinese Medicine Holdings Ltd	8085		15.56	0.038
Q9 Technology Holdings Ltd	8129	21.95		0.10
SYSCAN Technology Holdings Ltd	8083	14.29		0.52
TeleEye Holdings Ltd	8051	16.39		0.142

#### News wise

- Some of the biggest, publicly listed, HKSAR companies, by market capitalisation, made known their results for the Financial Year, ended December 31, 2003, and for the second half of the 2003-Year, also ended December 31, 2003. They were Cheung Kong (Holdings) Ltd (Code: 1), Henderson Land Development Company Ltd (Code: 12) and Hutchison Whampoa Ltd (Code: 13).
- This is what these companies reported:

#### **Cheung Kong (Holdings) Ltd**

	Financial Year ended December 31	
	2003	2002
	All Figures are Denominated in \$HK million (unless otherwise stated)	
Turnover	14,336	9,122
Profit from Operations	2,561	1,873
Share of Profits from Associates	5,916	8,205

Share of Profit of Jointly Controlled Entities	1,020	606
Net Profit Attributable to Shareholders	9,815	8,782
Percentage Increase, Year-on-Year	Plus 12 percent	
Final Dividend Per Share	\$HK1.30	\$HK1.22

- **Henderson Land Development Company Ltd**

	Six-Month Period ended December 31	
	2003	2002
	All Figures are Denominated in Hongkong Dollars (unless otherwise stated)	
Turnover	3,499,562,000	4,706,521,000
Profit from Operations	864,703,000	735,758,000
Share of Profits from Associates	638,518,000	761,900,000
Share of Profit of Jointly Controlled Entities	52,302,000	54,315,000
Net Profit Attributable to Shareholders	1,052,202,000	935,551,000
Percentage Increase, Year-on-Year	Plus 12.47 percent	
Interim Dividend Per Share	35 cents	35 cents

- **Hutchison Whampoa Ltd**

	Financial Year ended December 31	
	2003	2002
	All Figures are Denominated in \$HK million (unless otherwise stated)	
Turnover	104,921	75,235
Profit from Operations	8,418	17,235
Share of Profits from Associates	8,914	6,337
Share of Profit of Jointly Controlled Entities	2,786	1,872
Net Profit Attributable to Shareholders	14,378	14,362
Percentage Increase, Year-on-Year	Plus 0.11 percent	
Final Dividend Per Share	\$HK1.22	\$HK1.22

In Japan, investors were treated to very indecisive marketplaces on the country's 3 stock markets.

First, indices rose, smartly, in the morning sessions, only to fall to profit-takers in late afternoon trading. This left the key indices, just a tad above Wednesday's closing levels.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average ended the day with a gain of just 47.42 points, equivalent to about 0.41 percent, as bulls pulled up the key index to 11,484.28 yen.

Advancing counters outraced declining ones by the ratio of about 1.23:One.

But the US dollar fell again, pushing up the value of the yen to about \$HK106.70 yen – which did not help matters, very much.

This was the way that other Asian equity markets ended their respective trading days, last Thursday:

The HKSAR	Minus 1.23 percent to 12,816.19
Indonesia	Plus 0.41 percent to 733.57
Japan	Plus 0.41 percent to 11,484.28
Malaysia	Plus 1.27 percent to 901.47
The Philippines	Plus 1.15 percent to 1,448.06
Singapore	Plus 0.09 percent to 1,835.18
South Korea	Plus 0.05 percent to 872.82
Taiwan	Plus 3.18 percent to 6,787.03
Thailand	Plus 1.89 percent to 687.19

## **Friday**

Security concerns continued to weigh heavily on equity markets in the US, last Thursday, causing key indices to fall.

The Pakistani Army kept the world informed as to its invasion of a corner of the country, near its border with Afghanistan.

Late reports stated that about 800 al-Qaeda and Taliban fighters were holed up in mud-and-brick fortifications and were being bombarded, day and night, by the armed forces of President Pervez Musharraf.

Speculation was rife that al-Qaeda's second, most-important man, Dr Ayman Al-Zawahri, may have been trapped in what was being termed, the hammer-and-anvil attack.

If Dr Ayman Al-Zawahri is captured or killed, it would mean more than one feather in the cap for the leaders of the free world.

Dr Ayman Al-Zawahri is the chief strategist of the al-Qaeda network and, if he is taken out, it was being perceived as meaning that the world might, once again, be a safer place in which to live.

On The New York Stock Exchange, last Thursday, the Dow Jones Industrial Average fell about 0.04 percent, ending the day at 10,295.78 points.

On the NASDAQ, its Composite Index gave up about 0.72 percent of its value, falling back to 1,962.44 points.

On the back of the news, concerning the successes of the Pakistani Army, Europe took heart, in sharp contrast to Thursday's pervading sentiment.

This was how indices of major European bourses ended their respective week's trading, last Friday:

Amsterdam's AEX Index	Minus 0.20 percent
Great Britain's FTSE 100 Index	Plus 0.45 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.22 percent
France's CAC40 Index	Plus 0.65 percent
Switzerland's Swiss Market Index	Plus 0.21 percent
Italy's MIBTEL Index	Plus 0.11 percent

Stock markets in Asia were, generally, mixed, last Friday.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index lost one fifth of a percent point, exactly, ending the session at 12,790.58 points.

The Total Turnover was about \$HK16.29 billion.

Losing counters outran gaining ones by the ratio of about 1.46:One.

The Ten Most Actives were:

China Mobile (Hongkong) Ltd (Code: 941)	Down 3.35 percent to \$HK23.10 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.43 percent to \$HK57.75 per share

HSBC Holdings plc (Code: 5)	Unchanged at \$HK118.50 per share
Semiconductor Manufacturing International Corporation (Code: 981)	Down 6.06 percent to \$HK2.325 per share
PetroChina Company Ltd (Code: 857)	Up 1.86 percent to \$HK4.10 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.75 percent to \$HK66.50 per share
China Life Insurance Company Ltd (Code: 2628)	Down 2.00 percent to \$HK4.90 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 0.81 percent to \$HK3.075 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.06 percent to \$HK71.25 per share
China Unicom Ltd (Code: 762)	Down 5.78 percent to \$HK8.15 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Applied (China) Ltd	472		11.43	0.31
Bestway International Holdings Ltd	718	10.00		0.033
China Rich Holdings Ltd	1191	14.00		0.057
China Sci-Tech Holdings Ltd	985		20.69	0.023
CIL Holdings Ltd	479		25.00	0.015
Compass Pacific Holdings Ltd	1188	13.89		0.41
Dah Sing Financial Holdings Ltd	440		12.12	58.00
G-Prop (Holdings) Ltd	286	25.00		0.35
Golden Harvest Entertainment (Holdings) Ltd	1132		13.57	0.242
HSBC China Fund Ltd, The	504	50.00		1.35
Jackley Holdings Ltd	353		13.04	0.06
Ming Pao Enterprise Corporation Ltd	685	10.53		2.10
NWS Holdings Ltd	659	10.94		10.65
Pyxis Group Ltd	516		10.71	0.05
Sino Biopharmaceutical Ltd	1177	18.32		3.875
Sun Media Group Holdings Ltd	307	13.79		0.033
Wah Nam International Holdings Ltd	159		20.00	0.16
Wing On Travel (Holdings) Ltd	1189		17.86	0.023

On the **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover slipped back to about \$HK150.40 million.

The Growth Enterprise Index gained about 0.30 percent, running back to 1,259.45 points.

Losing counters, however, outraced gaining ones by the ratio of about 1.37:One.

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

TOM Group Ltd (Code: 8001)	Up 1 percent to \$HK2.025 per share
TOM Online Incorporated (Code: 8282)	Up 2 percent to \$HK1.22 per share
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095)	Down 1 percent to \$HK1.06 per share
CK Life Sciences International (Holdings) Incorporated (Code: 8222)	Up 2 percent to \$HK1.64 per share
Panva Gas Holdings Ltd (Code: 8132)	Unchanged at \$HK4.10 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Multimedia Ltd	8061	34.12		0.228
Aptus Holdings Ltd	8212		19.46	0.12
CASH Financial Services Group Ltd	8122		20.00	0.40
Innovis Holdings Ltd	8065		13.85	0.28
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	13.33		0.34
New Chinese Medicine Holdings Ltd	8085	18.42		0.045
Qianlong Technology International Holdings Ltd	8015	18.18		0.39
T S Telecom Technologies Ltd	8003	17.33		0.088

News wise

- **International Bank of Asia Ltd (Code: 636)** announced its results for the Financial Year, ended December 31, 2003. This is what the bank told its shareholders:

	Financial Year ended December 31	
	2003	2002
	All Figures are Denominated in \$HK '000 (unless otherwise specified)	
Interest Income	947,786	1,107,708
Operating Profit	149,717	221,868
Net Profit Attributable to Shareholders	138,138	220,444
Percentage Increase, Year-on-Year	Minus 37.34 percent	
Final Dividend Per Share	Nil	8 cents

The tally for the 2 equity markets of the HKSAR was:

The Hang Seng Index	Down 1.10 percent
The Growth Enterprise Index	Down 0.68 percent

On Asia's largest equity markets, selling appeared to be the order of the day.

On the premier stock market of Japan, the Nikkei-225 Stock Average lost 65.77 yen, equivalent to about 0.57 percent, closing out the week at 11,418.51 yen.

The ratio of gaining counters to losing ones was about 1.53:One.

Japan, as with the rest of the world, was looking at Pakistan and hoping that the armed forces of the country would be successful in capturing or killing the leaders of al-Qaeda.

Adding to concerns was the ever-falling rate of the US dollar vis-à-vis the Japanese yen. As at the close of trading, last Friday, the exchange rate was 107.18 yen:\$US1.

#### News wise

- Nikko Beans Incorporated and Monex Incorporated jointly announced that a merger agreement had been reached. Monex is an affiliated company of **Sony Corporation** and Nikko Beans is a subsidiary of **Nikko Cordial Securities Incorporated**. A new holding company had been formed, named: Monex Beans Holdings Incorporated; and,
- Management of **Sanyo Electric Company** said that it had lowered its outlook for the Current Financial Year, ending March 31, 2004, to a Group Net Profit of about 3 billion yen. Last October, the company said that it expected the Bottom Line to be about 25.50 billion yen.

The tally for The Tokyo Stock Exchange, last week, was:

The Nikkei-225 Stock Average	Up 2.29 percent
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And this was how other Asian bourses ended the week of March 19, 2004:

The HKSAR	Minus 0.20 percent to 12,790.58
Indonesia	Plus 1.27 percent to 742.91
Japan	Minus 0.57 percent to 11,418.51
Malaysia	Plus 0.33 percent to 904.45
The Philippines	Plus 0.19 percent to 1,450.83
Singapore	Plus 0.21 percent to 1,839.12
South Korea	Plus 1.20 percent to 883.33
Taiwan	Plus 0.41 percent to 6,815.09
Thailand	Minus 0.86 percent to 681.27

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