

**MELTDOWN ON INTERNATIONAL EQUITY MARKETS,  
AS OIL PRICES HIT RECORD LEVELS**

It was a meltdown, throughout the world's equity markets, last Monday.

Hundreds of billions of dollars were wiped off the values of equities, from Japan to Wall Street to Moscow.

Some of the main reasons included:

1. The spectre of higher interest rates, internationally;
2. The continued 14-year, record-high price of oil;
3. Continuing and escalating tensions in the Middle East, in Iraq, in Afghanistan, in Israel and in the West Bank; and,
4. The probability that the Government of the People's Republic of China (PRC) was about to take drastic action to rein in its economy.

For more than one month, **TARGET** had been warning its subscribers of the potential of a major, stock-market correction.

Last Monday, it came.

In [TARGET Intelligence Report, Volume VI, Number 87](#), published on Monday, May 10, 2004, this medium said, inter alia:

*At Page 5, in respect of **TARGET**'s roundup of international equity markets for Tuesday, May 4:*

*'In other words, US interest rates are, definitely, on the way up, all things being equal.'*

*At Page 8, in respect of **TARGET**'s roundup of international equity markets for Wednesday, May 5:*

*'The relatively high price of oil is inflationary, to be sure'*

*At Page 13, in respect of **TARGET**'s roundup of international equity markets for Friday, May 7:*

*'For the first time in 14 years, the price of crude oil hit \$US40 per barrel.*

*'Equity markets, throughout the world, stood by for the fallout, which was sure to follow.*

*'If oil prices remain high, it will fan inflationary flames, to be sure, with airlines, among the first to feel the pinch.'*

And, last Monday, the penny dropped.

It started in Asia, long before US equity markets had opened for business, and, then, it spread to Europe, and, finally, when Wall Street opened its doors for business, American investors took up the cudgels and beat down share prices, substantially.

In Asia, where equity markets of the world open, first, internationally, due to the time differential, losses on indices of every equity market were substantial, as the **TARGET** table, located at the end of this report, indicates.

The equity markets of Indonesia and Thailand were the biggest losers of the day, both of which dropped 4.90 percent, each.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors scrambled in a mad attempt to contain losses on the region's 2 equity markets.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index, which charts the direction of blue chips, surrendered 3.57 percent of its value, falling back to 11,485.50 points.

It was a 7-month low for the second-largest equity market of Asia.

The Total Turnover jumped to about \$HK18.12 billion, with the ratio of losing counters to gaining ones, being about 6.58:One.

Trading in the shares of HSBC Holdings plc (Code: 5) accounted for nearly 13 percent of the entire volume of activity for the day on this market.

The Ten Most Actives, all major losers, also, were:

|  |   |
|--|---|
| HSBC Holdings plc (Code: 5)                          | Down 1.75 percent to \$HK112.00 per share |
| Sun Hung Kai Properties Ltd (Code: 16)               | Down 4.63 percent to \$HK61.75 per share  |
| China Mobile (Hongkong) Ltd (Code: 941)              | Down 4.29 percent to \$HK20.10 per share  |
| Hutchison Whampoa Ltd (Code: 13)                     | Down 2.87 percent to \$HK50.75 per share  |
| BOC Hongkong (Holdings) Ltd (Code: 2388)             | Down 3.61 percent to \$HK12.80 per share  |
| PetroChina Company Ltd (Code: 857)                   | Down 6.76 percent to \$HK3.45 per share   |
| Cheung Kong (Holdings) Ltd (Code: 1)                 | Down 3.45 percent to \$HK56.00 per share  |
| China Petroleum and Chemical Corporation (Code: 386) | Down 7.76 percent to \$HK2.675 per share  |
| Henderson Land Development Company Ltd (Code: 12)    | Down 8.79 percent to \$HK30.10 share      |
| China Telecom Corporation Ltd (Code: 728)            | Down 5.15 percent to \$HK2.30 per share   |

There were a total of 78, Main Board, double-digit movers of the day, with 8 of their number, seeing investors mark up their share prices by 10 percent or more.

The other 70 counters saw investors push down their share prices by 10 percent or more.

Zhongda International Holdings Ltd (Code: 909) was the biggest gainer in an otherwise falling market, with its share price, rising 15.52 percent to 33.50 cents.

GR Investment International Ltd (Code: 310) had the distinction of being the biggest loser, as investors drove down its share price by 31.62 percent to 9.30 cents.

On The (very speculative) **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gave up about 3.29 percent of its value, ending the day at 1,096.15 points.

Trading on this market, however, continued to be subdued, with only about \$HK65.41-million worth of trades, being recorded.

There were 3.80 losers for every gainer on this market.

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

|   |  |
|---|--|
| TOM Group Ltd (Code: 8001)  | Down 5 percent to \$HK1.66 per share   |
| CK Life Sciences International (Holdings) Incorporated (Code: 8222) | Down 5 percent to \$HK1.46 per share   |
| TOM Online Incorporated (Code: 8282)                                | Down 6 percent to \$HK1.08 per share   |
| Wumart Stores Incorporated (Code: 8277)                             | Down 2 percent to \$HK12.80 per share  |
| Tong Ren Tang Technologies Company Ltd (Code: 8069)                 | Down 10 percent to \$HK15.00 per share |

As for the biggest movers on this market, they included:

| Name of Company   | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|---|------|--------------|--------------|----------------------|
| Capinfo Company Ltd                                       | 8157 |              | 11.11        | 0.24                 |
| Cardlink Technology Group Ltd                             | 8066 | 10.00        |              | 0.11                 |
| iMerchants Ltd  | 8009 |              | 17.93        | 0.119                |
| Info Communication Holdings Ltd                           | 8082 |              | 11.59        | 0.061                |
| Shanghai Jiaoda Withub Information Industrial Company Ltd | 8205 | 13.79        |              | 0.33                 |
| Ko Yo Ecological Agrotech (Group) Ltd                     | 8042 |              | 13.33        | 0.39                 |
| Leadership Publishing Group Ltd                           | 8010 |              | 18.57        | 0.057                |
| Medical China Ltd   | 8186 |              | 14.53        | 0.10                 |
| Mudan Automobile Shares Company Ltd                       | 8188 |              | 13.33        | 0.65                 |
| Rojam Entertainment Holdings Ltd                          | 8075 | 12.50        |              | 0.09                 |
| Thiz Technology Group Ltd                                 | 8119 |              | 10.53        | 0.017                |
| Tong Ren Tang Technologies Company Ltd                    | 8069 |              | 10.18        | 15.00                |

On the largest equity market of Asia, that of The Tokyo Stock Exchange, the key index, the Nikkei-225 Stock Average, gave up 554.12 yen, equivalent to about 4.84 percent, running back to 10,884.70 yen by the close of the day.

The ratio of losing counters to gaining ones was about a whopping 56.26:One.

To state that winners were few and far between was to state the obvious.

Historically, last Monday's losses on the Tokyo equity market were the biggest, single day's fall since September 11, 2001, now known as infamous 9/11.

#### News wise

- **Softbank Corporation** announced a Loss Attributable to Shareholders of about 107.10 billion yen for Fiscal 2003. It was the third, consecutive Financial Year of losses. In the 2002-Year, the company reported losses of about 99.99 billion yen. Its share price fell 10.50 percent to 4,250 yen.

After Asia, it was Europe's turn to feel the pinch.

For most European investors, they took their cue from what had transpired in Asia.

There was no special news to cause the meltdown on European bourses, as indices moved in sympathy to other bourses in other parts of the world.

This was how the indices of major European bourses ended their respective trading days, last Monday:

|                                     |                    |
|-------------------------------------|--------------------|
| Amsterdam's AEX Index               | Minus 2.52 percent |
| Great Britain's FTSE 100 Index      | Minus 2.29 percent |
| Germany's Frankfurt XETRA DAX Index | Minus 2.85 percent |
| France's CAC40 Index                | Minus 1.70 percent |
| Switzerland's Swiss Market Index    | Minus 3.19 percent |
| Italy's MIBTEL Index                | Minus 2.07 percent |

When Wall Street opened, last Monday, investors were well prepared for what was to follow.

Down came indices on nearly every equity market, from New York to California.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 127.32 points, equivalent to about 1.26 percent, ending the hectic trading session at 9,990.02 points.

It was the first time since December 2003 that The Dow had cracked the 10,000-level.

Over on the NASDAQ, its Composite Index surrendered 21.89 points, or about 1.14 percent, falling back to 1,896.07 points.

For the NASDAQ's Composite Index, it was its lowest level since November 2003.

The relatively high price of crude oil is taking its toll of the US economy, and moves were afoot to get OPEC (the **Organisation of Petroleum Exporting Countries**) to add about 1.50 million barrels of oil to its export output, daily.

Stubbornly, the price of oil was staying pretty close to \$US40 per barrel, which was the level of the previous Friday.

#### News wise

- **Citigroup** must pay about \$US2.60 billion in order to settle claims, lodged against it by the **Securities Exchange Commission (SEC)**. It was found that had been a party to the scandal at Worldcom. Citigroup could, also, be facing legal action from Worldcom shareholders, who lost all of their money when Worldcom went belly up some 2 years ago. Citigroup had lent money to Worldcom; and, its stockbrokerage arm, Smith Barney, had tipped the shares of Worldcom, rather vigorously, at that time.

And this was how other Asian equity markets closed, last Monday:

|           |                                 |
|-----------|---------------------------------|
| The HKSAR | Minus 3.57 percent to 11,485.50 |
| Indonesia | Minus 4.90 percent to 707.22    |

|                 |                                 |
|-----------------|---------------------------------|
| Japan           | Minus 4.84 percent to 10,884.70 |
| Malaysia        | Minus 2.63 percent to 813.44    |
| The Philippines | Closed                          |
| Singapore       | Minus 2.82 percent to 1,791.78  |
| South Korea     | Minus 5.73 percent to 790.68    |
| Taiwan          | Minus 3.56 percent to 5,825.05  |
| Thailand        | Minus 4.90 percent to 605.62    |

## **Tuesday.**

The price of oil continued to hover above the \$US40 per barrel level, last Tuesday, causing all airlines, among others, to be forced to re-assess their respective situations – because the price of jet fuel, depending on the model of aeroplane, being utilised at any particular time, can represent as much as 60 percent of the total operating expenses of an airline company.

Whereas on Monday, there had been a small respite in the market price of oil, on Tuesday, up went the price of crude oil, once again.

US sweet light crude was up to \$US40.06 per barrel, after hitting a high of \$US40.15 per barrel, during last Tuesday's trading session on the **New York Mercantile Exchange (NYMEX)**.

And there appeared to be every indication that the price of oil would rise, once more, come Wednesday.

Pressure continued to mount on the **Organisation of Petroleum Exporting Countries (OPEC)**, but to no avail, at least, not as at last Tuesday.

If the price of oil cannot be brought down – and in a hurry, too – it will have a devastating and long-term effect on many economies of the world.

In London, England, **British Airways (BA)** said that it would be raising its fares in order to cope with the emergency.

From last Thursday, BA imposed an \$US8.80 surcharge on all return-trip tickets, and a \$US4.40 surcharge on all one-way tickets.

Australia's Qantas Airlines had, already, imposed similar surcharges on its customers, with Management, claiming that it is, today, paying 57 percent more than the same period last year for its jet fuel in order to keep its aeroplanes flying.

On Wall Street, last Tuesday, indices rebounded from Monday's losses, but only marginally.

On The New York Stock Exchange, the Dow Jones Industrial Average gained about 0.29 percent, ending the day at 10,019.47 points.

As for the Composite Index of the NASDAQ, it ended the session, up about 1.86 percent to 1,931.35 points.

While last Tuesday's market ended a losing streak that had lasted for 3 straight sessions, it appeared to be totally unconvincing, as far as many investors were concerned.

Trading was relatively heavy, suggesting that, perhaps, the markets were not yet out of the mire, into which they had fallen on Monday.

In Europe, it was a similar story, as was being told in the Americas, however, the recovery on major European equity markets was a little more substantial than those in the US markets.

This was how indices of major European bourses closed, last Tuesday:

|                                     |                   |
|-------------------------------------|-------------------|
| Amsterdam's AEX Index               | Plus 1.06 percent |
| Great Britain's FTSE 100 Index      | Plus 1.35 percent |
| Germany's Frankfurt XETRA DAX Index | Plus 1.72 percent |
| France's CAC40 Index                | Plus 1.49 percent |
| Switzerland's Swiss Market Index    | Plus 1.44 percent |

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the gains on the 2 equity markets of the territory were unimpressive.

Further, the low level of activity on the markets suggested that the markets were, still, undecided.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index closed the day at 11,508.09 points, for a gain of about one fifth of a percentage point.

The Total Turnover was about \$HK13.53 billion.

Advancing counters outran declining ones by the ratio of about 1.21:One.

And, once again, trading in the shares of HSBC Holdings plc (Code: 5) dominated the trading events on this market, with the value of trades in the shares of the world's second-largest bank (by market capitalisation), representing about 11 percent of the entire volume of activity for the day.

The Ten Most active counters were:

|  |  |
|--|--|
| HSBC Holdings plc (Code: 5)                          | Unchanged at \$HK112.00 per share        |
| China Petroleum and Chemical Corporation (Code: 386) | Down 1.87 percent to \$HK2.625 per share |
| Sun Hung Kai Properties Ltd (Code: 16)               | Up 1.62 percent to \$HK62.75 per share   |
| China Mobile (Hongkong) Ltd (Code: 941)              | Up 0.50 percent to \$HK20.20 per share   |
| PetroChina Company Ltd (Code: 857)                   | Unchanged at \$HK3.45 per share          |
| BOC Hongkong (Holdings) Ltd (Code: 2388)             | Down 0.78 percent to \$HK12.70 per share |
| Cheung Kong (Holdings) Ltd (Code: 1)                 | Up 0.55 percent to \$HK55.00 per share   |
| Aluminum Corporation of China Ltd (Code: 2600)       | Up 5.33 percent to \$HK3.95 per share    |
| Hutchison Whampoa Ltd (Code: 13)                     | Up 0.14 percent to \$HK49.60 per share   |
| Henderson Land Development Company Ltd (Code: 12)    | Up 2.66 percent to \$HK30.90 share       |

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

| Name of Company                       | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|---------------------------------------|------|--------------|--------------|----------------------|
| 139 Holdings Ltd                      | 139  | 14.81        |              | 0.031                |
| Buildmore International Ltd           | 108  | 12.50        |              | 0.36                 |
| Capital Prosper Ltd                   | 1003 |              | 14.89        | 0.04                 |
| Central China Enterprises Ltd         | 351  |              | 18.67        | 1.22                 |
| Chuang's Consortium International Ltd | 367  | 11.11        |              | 0.45                 |
| CIG-WH International (Holdings) Ltd   | 621  |              | 13.48        | 0.199                |
| Global Tech (Holdings) Ltd            | 143  |              | 14.63        | 0.07                 |
| Jackley Holdings Ltd                  | 353  | 12.86        |              | 0.079                |
| Kong Sun Holdings Ltd                 | 295  | 22.73        |              | 0.027                |
| MAXX Bioscience Holdings Ltd          | 2909 |              | 18.18        | 0.45                 |
| Morning Star Resources Ltd            | 542  |              | 19.44        | 0.058                |
| Nam Fong International Holdings Ltd   | 1176 |              | 34.29        | 0.023                |
| New Island Printing Holdings Ltd      | 377  | 13.33        |              | 0.68                 |
| New Spring Holdings Ltd               | 690  | 11.76        |              | 0.95                 |
| New World CyberBase Ltd               | 276  | 18.18        |              | 0.026                |
| Peaktop International Holdings Ltd    | 925  |              | 12.00        | 0.11                 |
| Rontex International Holdings Ltd     | 1142 |              | 11.11        | 0.16                 |
| SUNDAY Communications Ltd             | 866  | 11.84        |              | 0.425                |
| TPV Technology Ltd                    | 903  | 10.18        |              | 4.60                 |
| United Power Investment Ltd           | 674  |              | 13.46        | 0.135                |
| Universe International Holdings Ltd   | 1046 |              | 10.45        | 0.06                 |
| Wonson International Holdings Ltd     | 651  | 20.00        |              | 0.024                |

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover continued to be very low, at about \$HK45.96 million.

The Growth Enterprise Index managed, however, to recover about 0.99 percent of its value, ending the day at 1,107.04 points.

But, in spite of The Growth Enterprise Index, being up by nearly one percent over Monday's huge losses, still, losing counters swamped gaining ones by the ratio of about 1.72:One.

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

|  |                                      |
|--|--------------------------------------|
| TOM Group Ltd (Code: 8001)                                     | Up 1 percent to \$HK1.68 per share   |
| Kanstar Environmental Paper Products Holdings Ltd (Code: 8011) | Down 1 percent to 40 cents per share |
| Convenience Retail Asia Ltd (Code: 8052)                       | Up 1 percent to \$HK2.275 per share  |
| TOM Online Incorporated (Code: 8282)                           | Up 3 percent to \$HK1.11 per share   |
| MP Logistics International Holdings Ltd (Code: 8239)           | Down 2 percent to \$HK1.27 per share |

The double-digit movers on The GEM were:

| Name of Company  | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--|------|--------------|--------------|----------------------|
| AcrossAsia Multimedia Ltd                                | 8061 |              | 19.03        | 0.20                 |
| CASH Financial Services Group Ltd                        | 8122 | 12.66        |              | 0.445                |
| Nanjing Dahe Outdoor Media Company Ltd                   | 8243 |              | 12.82        | 0.34                 |
| Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd | 8231 |              | 12.73        | 0.48                 |
| Grandy Corporation                                       | 8143 |              | 10.11        | 0.08                 |
| iMerchants Ltd   | 8009 | 17.65        |              | 0.14                 |
| Inworld Group Ltd  | 8100 |              | 11.63        | 0.038                |
| M21 Technology Ltd                                       | 8153 | 11.84        |              | 0.85                 |
| Rojam Entertainment Holdings Ltd                         | 8075 |              | 20.00        | 0.072                |

The Tokyo Stock Exchange, also, produced a very unconvincing performance, last Tuesday.

Trading on Asia's largest equity market came a long way short of recovering the losses of Monday.

The Nikkei-225 Stock Average gained just 22.48 yen, equivalent to about 0.21 percent, limping back to 10,907.18 yen.

The ratio of gaining counters to losing counters was close, at about 1.10:One.

#### News wise

- **Bandai Company** announced a Net Profit Attributable to Shareholders of about 14.21 billion yen for its Financial Year, ended March 31, 2004. That result was a record for the toy maker and represented an increase of about 12 percent on the previous Year's level of profit;
- **Mitsubishi Corporation**, Japan's largest trading company, said that its Net Profits Attributable to Shareholders for Fiscal 2003 came in at a record of 115.37 billion yen, an improvement of about 85 percent on the results of Fiscal 2002;
- **Mitsui and Company**, the Number Two trader in The Land of The Rising Sun, reported its Net Profits Attributable to Shareholders of about 68.39 billion yen, up more than 100 percent on the previous Year's performance; and,
- **Itochu Corporation**, the Number Three trading company of Japan, reported a Net Loss Attributable to Shareholders of about 31.94 billion yen for its 2003-Year. In its 2002-Year, Itochu Corporation logged in a Net Profit Attributable to Shareholders of about 20.08 billion yen, following a write-off of about 123.30 billion yen in respect of the market value of its fixed assets.

In other parts of Asia, this was how those equity markets performed, last Tuesday:

|                 |                                |
|-----------------|--------------------------------|
| The HKSAR       | Plus 0.20 percent to 11,508.09 |
| Indonesia       | Plus 1.56 percent to 718.26    |
| Japan           | Plus 0.21 percent to 10,907.18 |
| Malaysia        | Minus 0.40 percent to 810.16   |
| The Philippines | Minus 2.99 percent to 1,508.26 |
| Singapore       | Plus 0.65 percent to 1,803.39  |
| South Korea     | Plus 0.04 percent to 791.02    |

|          |                               |
|----------|-------------------------------|
| Taiwan   | Plus 1.05 percent to 5,886.36 |
| Thailand | Plus 2.06 percent to 618.10   |

### Wednesday

Oil prices continued to climb on world markets, last Wednesday, sending fears through equity markets, from one end of the globe to another.

OPEC (the **O**rganisation of **P**etroleum **E**xporting **C**ountries) sang the melodies, such as, *'It's not our fault! ... The world demand is too great! ... Blame it on the Chinese!'*

The President of OPEC, Mr Purnomo Yusgiantoro, came out and claimed that OPEC was, already, pumping more than 2 million extra barrels of oil, daily.

He went on to claim that that surplus was in excess of official OPEC supply limits.

Mr Purnomo Yusgiantoro alleged that OPEC wanted to stabilise the price of oil, internationally.

Mr Purnomo Yusgiantoro was reported to have stated from OPEC's Headquarters:

*'We have not discouraged our (OPEC) members from producing more (oil) because we want to do everything we can to stabilise prices.'*

While OPEC may not have discouraged its members from producing more oil and putting it on the world's markets, at the same time, it has not encouraged OPEC members to produce more oil in order to help to bring down oil prices.

On The New York Mercantile Exchange (NYMEX), last Wednesday, the price of crude oil hit \$US40.35 per barrel.

June delivery, however, rose to \$US40.77 per barrel.

That price represented a 24-percent increase since the start of 2004.

OPEC members were cashing in on the rising price of the black gold – to the detriment of the industrialised countries of the world.

But, in due course, the worm will turn: Every dog has its day.

On The New York Stock Exchange, last Wednesday, there was a large sell-off, early in the trading day, but, by the close, there was a great deal of short-covering, which brought up indices which had been bludgeoned, earlier in the day.

The Dow Jones Industrial Average ended the session at 10,045.16 points, up about 0.26 percent on Tuesday's close.

On the NASDAQ, its Composite Index registered a loss of about 0.30 percent, settling the day at 1,925.59 points.

### News wise

- The US Government imposed **economic sanctions** on Syria. It is the contention of the Bush Administration that this Middle Eastern country has, covertly, been supporting terrorists. Constructively, Syria has not done sufficient to allay the fears of the US Government, by permitting militants to enter Iraq via the wide open door of Syria. In addition, the Bush Administration claims that Syria is pursuing the amassing weapons of mass destruction, while the armed forces of the country continue to occupy parts of Lebanon. The US ban means that there will be no more flights between the US and Syria. Israel has long held that the President of Syria, Bashar Al-Assad, is a threat to world peace. He is a known enemy of the Jewish State.

Concern that the high price of oil would adversely affect the economies of Europe, causing them to falter, brought down indices in that part of the world, right across the board.

Every index of every major bourse lost substantial ground, with some bourses, hitting 7-year lows.

This was how indices of major bourses in Europe ended their respective trading days, last Wednesday:

|                                |                    |
|--------------------------------|--------------------|
| Amsterdam's AEX Index          | Minus 2.09 percent |
| Great Britain's FTSE 100 Index | Minus 0.94 percent |

|                                     |                    |
|-------------------------------------|--------------------|
| Germany's Frankfurt XETRA DAX Index | Minus 1.91 percent |
| France's CAC40 Index                | Minus 1.17 percent |
| Switzerland's Swiss Market Index    | Minus 1.37 percent |
| Italy's MIBTEL Index                | Minus 0.94 percent |

### News wise

- **DaimlerChrysler AG** announced that it would be selling its stake in Hyundai Motor Company. This, effectively, cuts its ties with the Korean motor-vehicle producer. DaimlerChrysler owns about 10.50 percent of the Issued and Fully Paid-Up Share Capital of Hyundai Motor. It is worth close to \$US1 billion. All other prospective deals with Hyundai Motor have been shelved, DaimlerChrysler's Management said.

In Asia, indices of all but one equity market, that of Singapore, were in the black, last Wednesday, with many markets' indices, making substantial gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 0.18 percent, running back to 11,528.18 points.

The Total Turnover was about \$HK14.62 billion.

Advancing counters were ahead of declining ones by the ratio of about 1.28:One.

The Ten Most Actives were:

|  |   |
|--|---|
| HSBC Holdings plc (Code: 5)                          | Down 0.45 percent to \$HK111.50 per share |
| China Mobile (Hongkong) Ltd (Code: 941)              | Up 0.74 percent to \$HK20.35 per share    |
| BOC Hongkong (Holdings) Ltd (Code: 2388)             | Up 0.79 percent to \$HK12.80 per share    |
| Hutchison Whampoa Ltd (Code: 13)                     | Up 2.32 percent to \$HK50.75 per share    |
| Sun Hung Kai Properties Ltd (Code: 16)               | Down 0.80 percent to \$HK62.25 per share  |
| Cheung Kong (Holdings) Ltd (Code: 1)                 | Up 0.91 percent to \$HK55.50 per share    |
| PetroChina Company Ltd (Code: 857)                   | Up 1.45 percent to \$HK3.50 per share     |
| China Telecom Corporation Ltd (Code: 728)            | Unchanged at \$HK2.325 per share          |
| China Petroleum and Chemical Corporation (Code: 386) | Up 3.81 percent to \$HK2.725 per share    |
| Henderson Land Development Company Ltd (Code: 12)    | Up 2.27 percent to \$HK31.60 share        |

The biggest movers of the day were:

| Name of Company                              | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--|------|--------------|--------------|----------------------|
| Anex International Holdings Ltd              | 723  |              | 17.32        | 0.105                |
| Asia Tele-Net and Technology Corporation Ltd | 2912 | 10.53        |              | 0.21                 |
| Capital Prosper Ltd                          | 1003 | 12.50        |              | 0.045                |
| Century Legend (Holdings) Ltd                | 79   |              | 11.43        | 0.062                |
| China Bio-medical Group Ltd                  | 140  |              | 18.92        | 0.15                 |
| China Rich Holdings Ltd                      | 1191 | 20.59        |              | 0.041                |
| Dah Hwa International (Holdings) Ltd         | 600  | 19.42        |              | 0.166                |
| Easyknit International Holdings Ltd          | 1218 |              | 19.35        | 0.10                 |
| FT Holdings International Ltd                | 559  |              | 10.26        | 0.035                |
| Greater China Holdings Ltd                   | 431  |              | 14.89        | 0.40                 |
| Imagi International Holdings Ltd             | 585  | 11.90        |              | 1.41                 |
| Kong Sun Holdings Ltd                        | 295  |              | 11.11        | 0.024                |
| MAXX Bioscience Holdings Ltd                 | 2909 | 15.56        |              | 0.52                 |
| Nam Fong International Holdings Ltd          | 1176 | 52.17        |              | 0.035                |
| Paladin Ltd                                  | 495  |              | 15.79        | 0.16                 |
| Peaktop International Holdings Ltd           | 925  | 10.91        |              | 0.122                |
| Pioneer Global Group Ltd                     | 224  |              | 20.79        | 0.16                 |
| Sino Prosper Holdings Ltd                    | 766  |              | 11.27        | 0.63                 |
| Starbow Holdings Ltd                         | 2914 |              | 16.22        | 0.031                |
| SUNDAY Communications Ltd                    | 866  | 12.94        |              | 0.48                 |
| Winfoong International Ltd                   | 63   |              | 11.54        | 0.23                 |
| Wonson International Holdings Ltd            | 651  |              | 16.67        | 0.02                 |
| Yue Da Holdings Ltd                          | 629  | 13.04        |              | 0.52                 |



Over on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gained about 0.31 percent, rising to 1,110.44 points.

The Total Turnover was about \$HK64.23 million, with the ratio of gaining counters to losing ones, being about 1.22:One.

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

|   |                                      |
|---|--------------------------------------|
| TOM Online Incorporated (Code: 8282)                                | Up 3 percent to \$HK1.14 per share   |
| TOM Group Ltd (Code: 8001)  | Up 1 percent to \$HK1.70 per share   |
| CK Life Sciences International (Holdings) Incorporated (Code: 8222) | Up 1 percent to \$HK1.52 per share   |
| MP Logistics International Holdings Ltd (Code: 8239)                | Up 2 percent to \$HK1.29 per share   |
| Panva Gas Holdings Ltd (Code: 8132)                                 | Down 5 percent to \$HK3.00 per share |

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

| Name of Company                                | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--|------|--------------|--------------|----------------------|
| Nanjing Dahe Outdoor Media Company Ltd         | 8243 | 14.71        |              | 0.39                 |
| Datasys Technology Holdings Ltd                | 8057 |              | 10.00        | 0.18                 |
| Info Communication Holdings Ltd                | 8082 | 13.11        |              | 0.069                |
| M21 Technology Ltd                             | 8153 | 12.94        |              | 0.96                 |
| Qianlong Technology International Holdings Ltd | 8015 | 13.33        |              | 0.34                 |
| Sonavox International Holdings Ltd             | 8226 | 10.34        |              | 0.32                 |
| T S Telecom Technologies Ltd                   | 8003 |              | 13.33        | 0.052                |
| Thiz Technology Group Ltd                      | 8119 |              | 12.50        | 0.014                |
| Yuxing InfoTech Holdings Ltd                   | 8005 |              | 10.11        | 0.40                 |

Investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) appeared to be under the misapprehension that the chronic illnesses of the world would, like a little, low-lying puffy cloud on the horizon, just float away.

With most airlines of the world, contemplating raising airfares in order to make ends meet, the HKSAR and other parts of Asia cannot be immune to the world's malaise.

#### News wise

- **Phoenix Satellite Television Holdings Ltd (Code: 8002)** announced its first-ever, quarterly profit. For the 3 months, ended March 31, 2004, this is that which the Rupert Murdoch company announced:

|   | (Unaudited)<br>Current<br>Period<br>from 01/01/2004<br>to 31/03/2004<br>(\$HK'000) | (Unaudited)<br>Last<br>Corresponding<br>Period<br>from 01/01/2003<br>to 31/03/2003<br>(\$HK'000) |
|---|--|--|
| Turnover  | : 284,578  | 173,404  |
| Profit/(Loss) from Operations                     | : 43,248   | (20,616)   |
| Finance cost                                      | : (3)  | (3)  |
| Profit/(Loss) after Tax<br>and Minority Interests | : 40,475   | (20,809)   |

In Japan, things were popping on the country's premier stock market: The Tokyo Stock Exchange.

The Nikkei-225 Stock Average rose 246.40 yen, equivalent to about 2.26 percent, ending the trading day at 11,153.58 yen.

Gaining counters outran losing counters by the ratio of 3.77:One.

Japanese investors, as with many Asian investors, appeared to be somewhat blind to what was happening in the US, in the Middle East, and in Europe.

#### News wise

- **Konami Corporation** announced that, in Fiscal 2003, it had earned a Net Profit Attributable to Shareholders of about 20.10 billion yen. In the 2002-Year, the video game-maker suffered a Net Loss Attributable to Shareholders of about 28.52

billion yen; and,

- **Suzuki Motor Corporation** announced that its Group Net Profit had risen by about 2 percent in Fiscal 2003, to about 43.80 billion yen. This was a record profit for the company.

This was how other stock markets in Asia closed their respective doors, last Wednesday:

|                 |                                 |
|-----------------|---------------------------------|
| The HKSAR       | Plus 0.175 percent to 11,528.18 |
| Indonesia       | Plus 3.62 percent to 744.29     |
| Japan           | Plus 2.26 percent to 11,153.58  |
| Malaysia        | Plus 1.06 percent to 818.72     |
| The Philippines | Plus 2.17 percent to 1,540.96   |
| Singapore       | Minus 0.07 percent to 1,802.17  |
| South Korea     | Plus 3.30 percent to 817.09     |
| Taiwan          | Plus 1.23 percent to 5,958.79   |
| Thailand        | Plus 0.63 percent to 622.01     |

### Thursday

Certain members of the **Organisation of Petroleum Exporting Countries (OPEC)** are not pumping their full quotas of oil, according to the **International Energy Agency (IEA)**.

The IEA identified 10, OPEC members as being the culprits, with the under-production of oil, being about 2.50 million barrels, per day.

Thus did the IEA put paid to the statements of the President of OPEC, Mr Purnomo Yusgiantoro, who was reported, on Wednesday, as stating:

*'We have not discouraged our (OPEC) members from producing more (oil) because we want to do everything we can to stabilise prices,'* (Please see Wednesday's report for **TARGET's** comment on this statement)

And, on NYMEX (The New **York Mercantile Exchange**), the price for June delivery hit a high of \$US41.17 per barrel for light sweet crude oil.

This price was a record level.

It looked, very much, as though the price of oil would continue to rise, considering the vast amounts of money, being earned by OPEC members, who are, now, confirmed to be squeezing the world's economies dry by keeping prices at record-high levels.

While OPEC members are reaping fortunes by, artificially, keeping oil prices high, many economies of the world are suffering as a direct result.

OPEC, in an attempt to appear to be concerned, scheduled a meeting for June 3 in Beirut, Lebanon.

The high price of oil will fan inflationary fires, internationally, and, eventually, this situation will rebound on the Arab world, in any event, because, regardless of short-term profits for members of OPEC, their economies are, nevertheless, linked to the economies of the West, one way or another.

On The New York Stock Exchange, last Thursday, the Dow Jones Industrial Average fell about 34.42 points, or about 0.34 percent, coming to rest at 10,010.74 points.

In contrast, NASDAQ's Composite Index limped up about 0.44 percent, to 1,926.03 points, on the back of certain company announcements.

Higher energy costs in the US are causing wholesale prices to rise – which is not good for the economy.

In Europe, by and large, there was a bit of a recovery on equity markets, although there were some big losers, also.

However, all of **TARGET**'s list of major markets were in the black, as the following indicates:

|                                     |      |              |
|-------------------------------------|------|--------------|
| Amsterdam's AEX Index               | Plus | 1.44 percent |
| Great Britain's FTSE 100 Index      | Plus | 0.93 percent |
| Germany's Frankfurt XETRA DAX Index | Plus | 1.29 percent |
| France's CAC40 Index                | Plus | 1.40 percent |
| Switzerland's Swiss Market Index    | Plus | 1.23 percent |
| Italy's MIBTEL Index                | Plus | 1.06 percent |

The equity markets of Turkey and the Czech Republic, to name but 2 markets, suffered major setbacks, last Thursday.

It was unlikely that most of last Thursday's gains in Europe would spill over into Friday, however.

In Asia, red ink flowed on every equity market in the region.

Investors in this part of the world were concerned about high oil prices, the probability that the US Federal Reserve Board would boost interest rates in June, the spinning out of control of the economy of the People's Republic of China (PRC), proper, and the continued fighting and killing in the Middle East.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, both equity markets came under selling pressure.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index fall by about 1.14 percent, closing the day at 11,396.94 points.

The Total Turnover dipped to about \$HK11.35 billion.

Losing counters outnumbered gaining ones by the ratio of about 3.75:One.

The Ten Most Actives were:

|  |   |
|--|---|
| HSBC Holdings plc (Code: 5)                          | Down 0.45 percent to \$HK111.00 per share |
| China Mobile (Hongkong) Ltd (Code: 941)              | Down 1.47 percent to \$HK20.05 per share  |
| Sun Hung Kai Properties Ltd (Code: 16)               | Down 0.80 percent to \$HK61.75 per share  |
| China Petroleum and Chemical Corporation (Code: 386) | Up 1.83 percent to \$HK2.775 per share    |
| Hang Seng Bank Ltd (Code: 11)                        | Down 1.28 percent to \$HK96.50 per share  |
| Huaneng Power International Incorporated (Code: 902) | Down 4.26 percent to \$HK6.75 share       |
| PetroChina Company Ltd (Code: 857)                   | Up 0.71 percent to \$HK3.525 per share    |
| Hutchison Whampoa Ltd (Code: 13)                     | Down 0.99 percent to \$HK50.25 per share  |
| BOC Hongkong (Holdings) Ltd (Code: 2388)             | Down 1.56 percent to \$HK12.60 per share  |
| Cheung Kong (Holdings) Ltd (Code: 1)                 | Down 1.80 percent to \$HK54.50 per share  |

The double-digit movers of the day on the Main Board were:

| Name of Company                         | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|---|------|--------------|--------------|----------------------|
| Alpha General (Holdings) Ltd            | 73   |              | 11.59        | 0.305                |
| Bossini International Holdings Ltd      | 592  | 14.63        |              | 0.94                 |
| Central China Enterprises Ltd           | 351  | 65.98        |              | 2.025                |
| Century City International Holdings Ltd | 355  |              | 10.59        | 0.076                |
| China Agrotech Holdings Ltd             | 1073 |              | 14.00        | 0.43                 |
| China Eagle Group Company Ltd           | 493  |              | 10.61        | 0.16                 |
| China Star Entertainment Ltd            | 326  |              | 10.67        | 0.67                 |
| Dan Form Holdings Company Ltd           | 271  |              | 10.77        | 0.29                 |
| GeoMaxima Energy Holdings Ltd           | 702  |              | 10.31        | 0.087                |
| Hon Po Group (Lobster King) Ltd         | 228  |              | 10.00        | 0.054                |
| Hop Hing Holdings Ltd                   | 47   |              | 14.29        | 0.30                 |
| ITC Corporation Ltd                     | 372  |              | 11.43        | 0.31                 |
| Magnificent Estates Ltd                 | 201  |              | 10.71        | 0.05                 |
| New World TMT Ltd                       | 301  |              | 10.39        | 0.69                 |
| Paladin Ltd                             | 495  | 25.00        |              | 0.20                 |
| Paliburg Holdings Ltd                   | 617  |              | 10.29        | 0.157                |
| Peaktop International Holdings Ltd      | 925  |              | 19.67        | 0.098                |

|                                      |      |       |       |       |
|--------------------------------------|------|-------|-------|-------|
| Simsen International Corporation Ltd | 993  |       | 14.77 | 0.075 |
| Sky Hawk Computer Group Holdings Ltd | 1129 | 10.53 |       | 0.084 |
| Universe International Holdings Ltd  | 1046 |       | 20.00 | 0.048 |
| Wo Kee Hong (Holdings) Ltd           | 720  |       | 12.12 | 0.029 |

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, losing counters outnumbered gaining ones by the ratio of about 1.45:One, as The Growth Enterprise Index lost another 0.63 percent of its value, ending the session at 1,103.41 points.

The Total Turnover was about \$HK53.13 million.

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

|   |                                      |
|---|--------------------------------------|
| Golden Meditech Company Ltd (Code: 8180)                            | Unchanged at \$HK3.40 per share      |
| Superdata Software Holdings Ltd (Code: 8263)                        | Up 2 percent to 49 cents per share   |
| CK Life Sciences International (Holdings) Incorporated (Code: 8222) | Up 1 percent to \$HK1.53 per share   |
| MP Logistics International Holdings Ltd (Code: 8239)                | Up 1 percent to \$HK1.30 per share   |
| TOM Group Ltd (Code: 8001)  | Down 2 percent to \$HK1.66 per share |

The biggest GEM movers of the day were:

| Name of Company                        | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--|------|--------------|--------------|----------------------|
| Grandy Corporation                     | 8143 | 12.50        |              | 0.09                 |
| Leadership Publishing Group Ltd        | 8010 |              | 11.11        | 0.048                |
| M Channel Corporation Ltd              | 8036 | 19.05        |              | 0.025                |
| Neolink Cyber Technology (Holding) Ltd | 8116 |              | 24.68        | 0.116                |
| Stockmartnet Holdings Ltd              | 8123 | 24.24        |              | 0.041                |

In Japan, it was another horrific day for equities.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average lost 328.48 yen, equivalent to about a lost of 2.95 percent, coming to rest at 10,825.10 yen.

As with all industrialised country of the world, the inability (or unwillingness) of OPEC to contain the price of oil on world markets was taking its toll – and Japan, with its huge industrial base (it is, after all, the second-largest economy of the world, today), was not omitted from the list of countries, which was suffering from the high costs of energy.

The logic was simple, actually: If the US is going to suffer because of the Arabs and/or OPEC, then, Japan would suffer in spades.

The ratio of losing counters to gaining ones on The Tokyo Stock Exchange was about 4.79:One – which spoke volumes.

#### News wise

- **Mazda Motor Corporation** announced that its Consolidated Net Profit in Fiscal 2003 was about 33.90 billion yen, up about 40.50 percent, Year-on-Year. Mazda is owned as to 33.40 percent by **Ford Motor Company** of Detroit, Michigan, the US; and,
- **Private-sector machinery orders** dropped about 3.20 percent in March, seasonally adjusted, compared with February, the Japanese Government's Cabinet Office announced. The Cabinet Office, also, said that it expected further falls in the April to June period.

This was the way that other Asian equity markets closed, last Thursday:

|                 |                                  |
|-----------------|----------------------------------|
| The HKSAR       | Minus 1.138 percent to 11,396.94 |
| Indonesia       | Minus 0.69 percent to 739.14     |
| Japan           | Minus 2.95 percent to 10,825.10  |
| Malaysia        | Minus 1.91 percent to 803.11     |
| The Philippines | Minus 0.94 percent to 1,526.47   |

|             |                                |
|-------------|--------------------------------|
| Singapore   | Minus 1.31 percent to 1,778.59 |
| South Korea | Minus 3.30 percent to 790.13   |
| Taiwan      | Minus 0.68 percent to 5,918.09 |
| Thailand    | Minus 1.73 percent to 611.23   |

## **Friday**

Crude oil prices continued to rise, last Friday, hitting a 21-year high of \$US41.56 per barrel of light sweet crude on The New York Mercantile Exchange (NYMEX).

US President George W. Bush has urged members of OPEC (The Organisation of Petroleum Exporting Countries) to pump more oil onto the open market, but to no avail. (Please see Thursday's report)

OPEC has scheduled a meeting of its members, one month hence ... in a speedy reaction to the requests of the Bush Administration.

On Wall Street, hi-tech stocks and shares took another pounding, with NASDAQ's Composite Index, falling off by about 1.13 percent to end the week at 1,904.25 points.

On the Big Board of The New York Stock Exchange, however, there was a bit of a recovery, toward the end of the session, which boosted the Dow Jones Industrial Average to 10,012.87 points, a one-day gain of about 0.02 percent.

## **News wise**

- **Industrial production** in the US moved up by about 0.80 percent in April, after having ticked down 0.10 percent in March, the US Government announced. At 115.40 percent of its 1997 average, output in April was 4.80 percent higher than its level in April 2003. Manufacturing output increased 0.70 percent, its 8<sup>th</sup> consecutive monthly increase. Output at utilities rose 1.50 percent after having declined in the previous 2 months, and output at mines moved up 0.80 percent. Capacity utilisation for total industry increased to 76.90 percent, a rate, which was a 0.50-percentage point above that of its first-quarter average, but still more than 4 percentage points below its 1972-2003 average; and,
- Retailers in the US have suffered a **large setback** in respect of April sales. Sales fell by about one half of a percentage point to a seasonally adjusted \$US331.80 billion, according to US Government statistics.

As **TARGET** anticipated, equity markets in Europe drove to lower levels, generally.

The same old reasons caused the drop in the value of stocks and shares, listed on European bourses, but, last Friday, there was the added fear that the economy of the People's Republic of China (PRC), proper, was clearly not being held back by the Government of that country. (Please see below)

The major markets closed the week as follows:

|                                     |                    |
|-------------------------------------|--------------------|
| Amsterdam's AEX Index               | Minus 1.00 percent |
| Great Britain's FTSE 100 Index      | Minus 0.27 percent |
| Germany's Frankfurt XETRA DAX Index | Minus 0.57 percent |
| France's CAC40 Index                | Minus 0.23 percent |
| Switzerland's Swiss Market Index    | Minus 0.52 percent |
| Italy's MIBTEL Index                | Minus 0.26 percent |

In Asia, only one equity market just managed, by just a whisker, mind you, to be in the black, by the close of last Friday – with many of the losses on the other markets, being very substantial.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets lost material amounts, due largely, to an official PRC Government report. (Please see 'News wise', below)

But the losses on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd were very substantial.

The premier equity market of the HKSAR, the Main Board of The Stock Exchange of Hongkong Ltd, saw investors mark down its Hang Seng Index to 11,276.86 points, a one-day fall of about 1.05 percent.

The Total Turnover was about \$HK11.39 billion.

The ratio of losing counters to gaining ones was about 5.02:One.

The Ten Most Active counters were:

|  |   |
|--|---|
| HSBC Holdings plc (Code: 5)                          | Down 0.45 percent to \$HK110.50 per share |
| China Mobile (Hongkong) Ltd (Code: 941)              | Down 1.50 percent to \$HK19.75 per share  |
| Hutchison Whampoa Ltd (Code: 13)                     | Down 1.69 percent to \$HK49.40 per share  |
| Sun Hung Kai Properties Ltd (Code: 16)               | Down 1.21 percent to \$HK61.00 per share  |
| China Petroleum and Chemical Corporation (Code: 386) | Down 3.60 percent to \$HK2.675 per share  |
| BOC Hongkong (Holdings) Ltd (Code: 2388)             | Down 1.19 percent to \$HK12.45 per share  |
| PetroChina Company Ltd (Code: 857)                   | Down 4.26 percent to \$HK3.375 per share  |
| Huaneng Power International Incorporated (Code: 902) | Down 5.19 percent to \$HK6.40 share       |
| New World Development Company Ltd (Code: 17)         | Down 6.67 percent to \$HK4.90 per share   |
| CNOOC Ltd (Code: 883)                                | Down 2.63 percent to \$HK2.775 per share  |

As for the double-digit movers of the day, there were a total of 54 that fitted that bill, with 5 of their number, managing to make gains of 10 percent or more.

Zhong Hua International Holdings Ltd (Code: 1064) was the biggest gainer of the day, as investors pushed up its share price by about 28.87 percent to 12.50 cents.

Northeast Electric Development Company Ltd (Code: 42) had the distinction of being the biggest loser, as its share price fell to 67 cents, a one-day drop of about 41.74 percent.

On The GEM, The Growth Enterprise Index surrendered about 2.98 percent of its value, ending the week at 1,070.48 points.

The Total Turnover remained, very low, at about \$HK50.02 million.

Losing counters outran gaining ones by the ratio of about 5.46:One.

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

|   |                                      |
|---|--------------------------------------|
| TOM Group Ltd (Code: 8001)  | Down 3 percent to \$HK1.61 per share |
| TOM Online Incorporated (Code: 8282)                                | Up 2 percent to \$HK1.13 per share   |
| CK Life Sciences International (Holdings) Incorporated (Code: 8222) | Down 3 percent to \$HK1.48 per share |
| MP Logistics International Holdings Ltd (Code: 8239)                | Down 1 percent to \$HK1.29 per share |
| Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095) | Down 5 percent to 77 cents per share |

The biggest movers of the GEM included:

| Name of Company                                    | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--|------|--------------|--------------|----------------------|
| CASH Financial Services Group Ltd                  | 8122 |              | 20.73        | 0.325                |
| Changchun Da Xing Pharmaceutical Company Ltd       | 8067 |              | 11.86        | 0.26                 |
| China Fire Safety Enterprise Group Holdings Ltd    | 8201 |              | 13.98        | 0.40                 |
| Creative Energy Solutions Holdings Ltd             | 8109 |              | 13.04        | 0.20                 |
| Golding Soft Ltd                                   | 8190 |              | 10.81        | 0.033                |
| Linefan Technology Holdings Ltd                    | 8166 |              | 11.39        | 0.07                 |
| M Channel Corporation Ltd                          | 8036 |              | 20.00        | 0.02                 |
| Media Partners International Holdings Incorporated | 8072 | 10.71        |              | 0.31                 |

### News wise

- The State Statistical Bureau of the Government of the PRC reported that consumer prices in the country, during the month of April, had risen faster than had, hitherto fore, been anticipated. From January through to April, on a seasonally adjusted basis, the **Consumer Price Index (CPI)** rose by 3.80 percent. Retail sales were up, during the first 4 months of 2004, by about 13.20 percent.

The tally for the week, ended May 14, 2004, for the 2 stock markets of the HKSAR, was:

|                             |                    |
|-----------------------------|--------------------|
| Hang Seng Index             | Minus 5.32 percent |
| The Growth Enterprise Index | Minus 5.55 percent |

Japan's premier stock market was the only Asian equity market, which was not in the red, last Friday.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average gained about 24.53 yen, equivalent to about 0.23 percent, ending the week at 10,849.63 yen.

While the Nikkei-225 Stock Average recorded a fractional gain, losing counters outnumbered gaining ones by the ratio of about 1.76:One.

Japanese investors continued to shudder at the thought that the US Federal Reserve Board might, in the month of June – or even earlier – raise interest rates in the US by a minimum of 25 basis points.

#### News wise

- **Nippon Telegraph and Telephone (NTT) Corporation** announced a record Net Profit Attributable to Shareholders for its Financial Year, ended March 31, 2004, of about 643.86 billion yen. That was an increase, Year-on-Year, of about 280 percent;
- **Daiwa House Industry Company** announced a Consolidated Net Profit of 37.26 billion yen for Fiscal 2003. In Fiscal 2002, this seller of houses in Japan reported a Loss Attributable to Shareholders of about 91.39 billion yen; and,
- **Sony Bank Incorporated** posted a Net Loss of about 2.10 billion yen for Fiscal 2003. It was the third consecutive year of losses for this online bank.

And so, the tally for the largest equity market in Asia for the week was:

|                              |                    |
|------------------------------|--------------------|
| The Nikkei-225 Stock Average | Minus 5.17 percent |
|------------------------------|--------------------|

The following are the closings of other Asian equity markets, last Friday:

|                 |                                  |
|-----------------|----------------------------------|
| The HKSAR       | Minus 1.054 percent to 11,276.86 |
| Indonesia       | Minus 2.22 percent to 722.71     |
| Japan           | Plus 0.22 percent to 10,849.63   |
| Malaysia        | Minus 1.13 percent to 793.97     |
| The Philippines | Minus 0.31 percent to 1,521.61   |
| Singapore       | Minus 1.32 percent to 1,754.96   |
| South Korea     | Minus 2.74 percent to 768.46     |
| Taiwan          | Minus 2.37 percent to 5,777.32   |
| Thailand        | Minus 0.24 percent to 609.72     |

-- E N D --

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