

**DR ALAN GREENSPAN TRIES TO PLACATE EQUITY MARKETS,
BUT, STILL, INDICES COME OFF**

The price of light sweet crude oil on The New York Mercantile Exchange (NYMEX) rose another 50 cents (US) per barrel for August delivery, last Monday, the last trade, being somewhat of a surprise to many speculators, as the oil price shot to \$US41.75 per barrel.

And equity markets started to tumble, once again.

On Wall Street, blue chips came under fire while, in Europe, indices were stuck in reverse gear, following the direction of blue chips of Wall Street.

Asia was mixed, with the largest equity market of the region, that of The Tokyo Stock Exchange, being closed for a public holiday.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 0.45 percent of its value, ending the day at 10,094.06 points.

On The NASDAQ, its Composite Index gained 0.04 percent, closing the day at 1,883.83 points.

Disappointing profits' forecasts from Wall Street favourites only added to the seeming depression, which was fast enveloping investors on Wall Street.

As at last Monday's close, The Dow was standing at a 2-month low.

In Europe, trading on major equity markets was almost a mirror image of much of the trading on the US markets, with many counters' share prices, hitting 60-day lows.

Every index of every major European bourse was written in red ink.

In the Middle East, matters continued apace, with Iraqi killing Iraqi ... when nobody else was convenient to kill.

Oil pipelines continued to come under attack: The world was more than a little nervous.

In addition, there were concerns, being expressed by some market makers, that earnings of European blue chips may not be able to live up to investors' expectations.

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

| | |
|-------------------------------------|--------------------|
| Amsterdam's AEX Index | Minus 0.64 percent |
| Great Britain's FTSE 100 Index | Minus 0.42 percent |
| Germany's Frankfurt XETRA DAX Index | Minus 0.87 percent |
| France's CAC40 Index | Minus 0.50 percent |
| Switzerland's Swiss Market Index | Minus 0.58 percent |
| Italy's MIBTEL Index | Minus 0.33 percent |

Investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) appeared to be somewhat upbeat about the near-term prospects for business in the territory and, as a result, there was a mild buying spree.

Hope springs eternal!

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rang up a gain of about 0.89 percent, ending the session at 12,166.95 points.

However, the Total Turnover fell to about \$HK10.33 billion, which suggested a false market.

The ratio of gaining counters to losing ones was wide, at about 2.11:One.

The Ten Most Active counters were:

| | |
|--|---|
| PetroChina Company Ltd (Code: 857) | Up 2.67 percent to \$HK3.85 per share |
| HSBC Holdings plc (Code: 5) | Up 0.87 percent to \$HK116.00 per share |
| China Petroleum and Chemical Corporation (Code: 386) | Up 3.39 percent to \$HK3.05 per share |
| Huaneng Power International Incorporated (Code: 902) | Up 3.25 percent to \$HK6.35 per share |
| China Telecom Corporation Ltd (Code: 728) | Up 0.93 percent to \$HK2.70 per share |
| Aluminum Corporation of China Ltd (Code: 2600) | Up 3.68 percent to \$HK4.225 per share |
| China Mobile (Hongkong) Ltd (Code: 941) | Up 1.12 percent to \$HK22.55 per share |
| CNOOC Ltd (Code: 883) | Up 2.96 percent to \$HK3.475 per share |
| Yanzhou Coal Mining Company Ltd (Code: 1171) | Up 2.66 percent to \$HK9.65 per share |
| Sun Hung Kai Properties Ltd (Code: 16) | Unchanged at \$HK63.75 per share |

The Main Board's double-digit movers of the day included:

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|-------------------------------------|------|--------------|--------------|----------------------|
| Beijing Development (Hongkong) Ltd | 154 | 12.96 | | 1.22 |
| Buildmore International Ltd | 108 | 10.53 | | 0.42 |
| China Sci-Tech Holdings Ltd | 985 | | 17.65 | 0.014 |
| Gorient (Holdings) Ltd | 729 | 14.89 | | 0.054 |
| Great China Holdings Ltd | 141 | 11.11 | | 0.6 |
| Jackin International Holdings Ltd | 630 | | 10.34 | 0.26 |
| Qualipak International Holdings Ltd | 1224 | | 10.38 | 0.095 |
| Shun Cheong Holdings Ltd | 650 | | 10.94 | 0.057 |
| Sun Innovation Holdings Ltd | 547 | | 12.50 | 0.028 |
| SunCorp Technologies Ltd | 1063 | 10.38 | | 1.17 |
| Technology Venture Holdings Ltd | 61 | | 23.53 | 0.13 |
| Tonic Industries Holdings Ltd | 978 | | 26.19 | 0.31 |
| V.S. International Group Ltd | 1002 | | 12.50 | 0.21 |
| Water Oasis Group Ltd | 1161 | | 16.18 | 0.285 |

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the volume of activity was influenced, rather greatly, by trading in the shares of just one counter, which accounted for about 21 percent of the Total Turnover of about \$HK64.73 million.

That counter was Nanjing Sample Technology Company Ltd (Code: 8287). (Please see table below)

The Growth Enterprise Index gained 0.27 percent, running up to 1,053.33 points.

Gaining counters were, exactly, equal to losing counters: One:One.

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

| | |
|--|--------------------------------------|
| Nanjing Sample Technology Company Ltd (Code: 8287) | Unchanged at \$HK5.45 per share |
| Golden Meditech Company Ltd (Code: 8180) | Up 2 percent to \$HK2.85 per share |
| TOM Group Ltd (Code: 8001) | Up 4 percent to \$HK1.77 per share |
| Sanmenxia Tianyuan Aluminum Company Ltd (Code: 8253) | Down 2 percent to 28 cents per share |
| Yantai North Andre Juice Company Ltd (code: 8259) | Up 5 percent to 83 cents per share |

As for the biggest GEM movers, they were:

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|-------------------------------|------|--------------|--------------|----------------------|
| Computech Holdings Ltd | 8081 | | 22.66 | 0.099 |
| DIGITALHONGKONG.COM | 8007 | | 22.68 | 0.75 |
| KanHan Technologies Group Ltd | 8175 | | 33.78 | 0.049 |
| Medical China Ltd | 8186 | | 10.00 | 0.09 |

| | | | | |
|------------------|------|-------|--|-------|
| WLS Holdings Ltd | 8021 | 19.35 | | 0.037 |
|------------------|------|-------|--|-------|

This was how other indices of major Asian equity markets closed, last Monday night:

| | |
|-----------------|--------------------------------|
| The HKSAR | Plus 0.89 percent to 12,166.95 |
| Indonesia | Minus 0.24 percent to 754.27 |
| Japan | Closed |
| Malaysia | Plus 0.06 percent to 843.15 |
| The Philippines | Minus 0.45 percent to 1,544.26 |
| Singapore | Plus 0.55 percent to 1,881.77 |
| South Korea | Plus 1.49 percent to 750.40 |
| Taiwan | Minus 0.24 percent to 5,489.10 |
| Thailand | Minus 0.62 percent to 642.12 |

Tuesday

Last Tuesday, all eyes turned to Washington, D.C., where the Chairman of the US Federal Reserve Board, Dr Alan Greenspan, was giving testimony before the US Senate's Committee on Banking, Housing, and Urban Affairs.

These are some of the highlights of that testimony:

'Economic developments in the United States have generally been quite favorable in 2004, lending increasing support to the view that the expansion is self-sustaining. Not only has economic activity quickened, but the expansion has become more broad-based and has produced notable gains in employment...

'Orders and shipments of nondefense capital goods have been on the rise, and backlogs of unfilled orders for new equipment continue to build...

'The improvement in labor market conditions will doubtless have important follow-on effects for household spending. Expanding employment should provide a lift to personal disposable income, adding to the support stemming from cuts in personal income taxes over the past year. In addition, the low interest rates of recent years have allowed many households to lower the burdens of their financial obligations. Although mortgage rates are up from recent lows, they remain quite attractive from a longer-run perspective and are providing solid support to home sales...

'With the growth of aggregate demand looking more sustainable and with employment expanding broadly, the considerable monetary accommodation put in place starting in 2001 is becoming increasingly unnecessary...

'In short, financial markets along with households and businesses seem to be reasonably well prepared to cope with a transition to a more neutral stance of monetary policy. Some risks necessarily attend this transition, but they are outweighed in our judgment by those that would be associated with maintaining the existing degree of monetary policy accommodation in the current environment. Although many factors may affect inflation in the short-run, inflation in the long-run, it is important to remind ourselves, is a monetary phenomenon ...'

Wall Street appeared to like what it heard from the most-power, economic guru of our time.

The consensus was the inflation in The Land of The Free and The Home of The Brave posed no serious threat.

(Wall Street, only too often, gets it wrong)

On The New York Stock Exchange, the Dow Jones Industrial Average gained about 0.54 percent, running back to 10,149.07 points by the time that the hammer came down, signifying the end of trading for the day on the world's largest equity market.

Over on The NASDAQ, its Composite Index did much better than The Dow, putting on about 1.76 percent, ending the boisterous session at 1,917.07 points.

On The New York Mercantile Exchange (NYMEX), the price of a barrel of light sweet crude oil for August delivery shed 89 cents, settling at \$US40.86.

September contracts were being settled near the close of the day at \$US40.39 per barrel.

Europe closed before Dr Alan Greenspan had delivered his testimony to the US Senate so that the major equity markets of that part of the world were shooting from the hip, so to speak, trying to anticipate his likely remarks.

By and large, they got it right.

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

| | | |
|-------------------------------------|--------|--------------|
| Amsterdam's AEX Index | Plus | 0.42 percent |
| Great Britain's FTSE 100 Index | Plus | 0.42 percent |
| Germany's Frankfurt XETRA DAX Index | Plus | 0.65 percent |
| France's CAC40 Index | Closed | |
| Switzerland's Swiss Market Index | Plus | 1.26 percent |
| Italy's MIBTEL Index | Plus | 0.19 percent |

In Asia, only 2 equity markets out of the 9 equity markets of the region managed to record positive scores on their respective indices.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the premier stock market chalked up a fractional loss while, the secondary speculative equity market managed a fractional gain.

On The Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.36 percent of its value, falling to 12,123.63 points.

The Total Turnover, however, fell again, this time to about \$HK9.72 billion.

Losing counters were ahead of gaining ones by the ratio of about 1.66:One.

The Ten Most Actives were:

| | |
|--|---|
| HSBC Holdings plc (Code: 5) | Down 0.86 percent to \$HK115.00 per share |
| PetroChina Company Ltd (Code: 857) | Up 1.30 percent to \$HK3.90 per share |
| China Petroleum and Chemical Corporation (Code: 386) | Up 0.82 percent to \$HK3.075 per share |
| Aluminum Corporation of China Ltd (Code: 2600) | Up 1.18 percent to \$HK4.275 per share |
| Sun Hung Kai Properties Ltd (Code: 16) | Unchanged at \$HK63.75 per share |
| China Mobile (Hongkong) Ltd (Code: 941) | Unchanged at \$HK22.55 per share |
| CNOOC Ltd (Code: 883) | Up 1.44 percent to \$HK3.525 per share |
| China Telecom Corporation Ltd (Code: 728) | Down 0.93 percent to \$HK2.675 per share |
| Hutchison Whampoa Ltd (Code: 13) | Down 0.47 percent to \$HK52.50 per share |
| Huaneng Power International Incorporated (Code: 902) | Down 0.79 percent to \$HK6.30 per share |

The biggest movers on the Main Board were:

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|---|------|--------------|--------------|----------------------|
| Alpha General (Holdings) Ltd | 73 | | 10.00 | 0.315 |
| Asia Alliance Holdings Ltd | 616 | | 13.04 | 0.1 |
| Emperor (China Concept) Investments Ltd | 296 | 13.04 | | 7.8 |
| Emperor International Holdings Ltd | 163 | 16.28 | | 5 |
| Fushan Holdings Ltd | 639 | 11.11 | | 0.3 |
| ITC Corporation Ltd | 372 | 11.86 | | 0.33 |
| Moiselle International Holdings Ltd | 130 | 10.00 | | 0.99 |
| New Spring Holdings Ltd | 690 | | 17.72 | 0.65 |
| Paladin Ltd | 495 | 14.29 | | 0.32 |
| Sino Technology Investments Company Ltd | 1217 | | 18.03 | 0.15 |
| Starbow Holdings Ltd | 397 | 10.00 | | 0.044 |

| | | | | |
|--|------|-------|-------|-------|
| Sun Innovation Holdings Ltd | 547 | 10.71 | | 0.031 |
| Sunlink International Holdings Ltd | 2336 | | 31.03 | 0.06 |
| Takson Holdings Ltd | 918 | 14.79 | | 0.163 |
| Technology Venture Holdings Ltd | 61 | 19.23 | | 0.155 |
| Wai Yuen Tong Medicine Holdings Ltd | 897 | 14.29 | | 0.12 |
| Winsan (China) Investment Group Company Ltd | 85 | | 10.29 | 0.305 |
| YangtzeKiang Garment Manufacturing Company Ltd | 294 | 14.20 | | 1.85 |
| Zhong Hua International Holdings Ltd | 1064 | 13.33 | | 0.153 |

The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd managed to record a gain of about 0.31 percent, ending the day at 1,056.57 points.

The Total Turnover on this speculative marketplace was about \$HK61.90 million.

Trading in the scrip of Mr Li Ka Shing's TOM Group Ltd (Code: 8001) was responsible for about 29 percent of the entire volume of activity of the day. (Please see table below)

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

| | |
|--|---------------------------------------|
| TOM Group Ltd (Code: 8001) | Up 3 percent to \$HK1.83 per share |
| Nanjing Sample Technology Company Ltd (Code: 8287) | Unchanged at \$HK5.45 per share |
| TOM Online Incorporated (Code: 8282) | Up 6 percent to \$HK1.31 per share |
| Kanstar Environmental Paper Products Holdings Ltd (Code: 8011) | Up 4 percent to 40.50 cents per share |
| MP Logistics International Holdings Ltd (Code: 8239) | Unchanged at \$HK1.24 per share |

The GEM's double-digit movers of the day included:

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--|------|--------------|--------------|----------------------|
| AcrossAsia Multimedia Ltd | 8061 | 10.62 | | 0.25 |
| B.A.L. Holdings Ltd | 8079 | 16.00 | | 0.029 |
| DIGITALHONGKONG.COM | 8007 | | 38.67 | 0.46 |
| Shenzhen EVOC Intelligent Technology Company Ltd | 8285 | | 11.59 | 0.61 |
| FlexSystem Holdings Ltd | 8050 | | 10.16 | 0.115 |
| KanHan Technologies Group Ltd | 8175 | 14.29 | | 0.056 |
| M Channel Corporation Ltd | 8036 | | 11.54 | 0.023 |
| Mudan Automobile Shares Company Ltd | 8188 | | 12.50 | 0.56 |
| PINE Technology Holdings Ltd | 8013 | | 10.71 | 0.125 |
| Q9 Technology Holdings Ltd | 8129 | | 12.50 | 0.035 |

Japanese equities were hit by economic statistics, which appeared to indicate that there had been a rather pronounced slowdown in the production and sales of high-technology products in the US.

Demand in the month of June for Japanese-manufactured electronics was waning, Year-on-Year, taking some analysts by surprise.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average surrendered 177.63 yen, or about 1.55 percent, falling back to 11,258.37 yen.

The ratio of losing counters to gaining ones was about 2.89:One.

With Monday, having been a public holiday in the Japan, and with the analysts in the country, awaiting the pleasure of Dr Alan Greenspan, some stockbrokerage houses determined that the selling pressure was more than overdone.

This was how other Asian stock market indices closed, last Tuesday night:

| | |
|-----------|---------------------------------|
| The HKSAR | Minus 0.36 percent to 12,123.63 |
| Indonesia | Plus 0.32 percent to 756.67 |
| Japan | Minus 1.55 percent to 11,258.37 |
| Malaysia | Minus 0.53 percent to 838.64 |

| | |
|-----------------|--------------------------------|
| The Philippines | Minus 0.73 percent to 1,533.00 |
| Singapore | Minus 0.88 percent to 1,865.26 |
| South Korea | Minus 1.79 percent to 737.00 |
| Taiwan | Minus 2.98 percent to 5,325.68 |
| Thailand | Plus 0.54 percent to 645.58 |

Wednesday

Renewed concern, that corporate profits in America Incorporated would, most likely, fall to much lower levels before the year was out, caused many US investors to bail out of stocks and shares on the world's 2 largest equity markets, last Wednesday.

After Tuesday's unexpected rally, Wednesday was pock-marked with losses in the prices of many Wall Street *'darlings'*, with the Composite Index of The NASDAQ, falling to a 9-month low.

The Composite Index of The NASDAQ ended the choppy session at 1,874.37 points, off about 2.23 percent, compared with Tuesday's close.

On The New York Stock Exchange, the Dow Jones Industrial Average lost about 1.01 percent of its value, ending the day at 10,046.13 points.

Trading was very heavy on both markets, which is never a good sign on a falling market.

The price of crude oil on international markets was firm, last Wednesday, at about \$US40.86 per barrel for August delivery on The New York Mercantile Exchange (NYMEX).

That was unchanged from Tuesday's closing level.

Europe, on reading excerpts of the testimony of Dr Alan Greenspan, the Chairman of the US Federal Reserve Board (Please see Tuesday's report), responded positively, with every index of every major equity market in eurozone, rising, some quite substantially.

This was how Europe's largest equity markets reacted to the utterances of Dr Alan Greenspan:

| | |
|-------------------------------------|-------------------|
| Amsterdam's AEX Index | Plus 1.00 percent |
| Great Britain's FTSE 100 Index | Plus 0.92 percent |
| Germany's Frankfurt XETRA DAX Index | Plus 1.35 percent |
| France's CAC40 Index | Plus 1.12 percent |
| Switzerland's Swiss Market Index | Plus 1.24 percent |
| Italy's MIBTEL Index | Plus 0.53 percent |

In Asia, it was winners, all round: Thank you, Dr Alan Greenspan.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors thought that they were riding on the crest of a wave, as buyers lined up to pick up what they perceived to be share prices that had fallen too low, too quickly.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index regained about 2.24 percent of its value, ending the spirited trading day at 12,395.11 points.

The Total Turnover rose to about \$HK14.51 billion, with gaining counters, out-running losing counters by the ratio of about 2.63:One.

The Ten Most Actives were:

| | |
|--|---|
| HSBC Holdings plc (Code: 5) | Up 1.30 percent to \$HK116.50 per share |
| BOC Hongkong (Holdings) Ltd (Code: 2388) | Up 2.66 percent to \$HK13.50 per share |
| China Mobile (Hongkong) Ltd (Code: 941) | Up 3.10 percent to \$HK23.25 per share |
| Hutchison Whampoa Ltd (Code: 13) | Up 2.86 percent to \$HK54.00 per share |
| CNOOC Ltd (Code: 883) | Up 3.55 percent to \$HK3.65 per share |

| | |
|--|--|
| Sun Hung Kai Properties Ltd (Code: 16) | Up 3.14 percent to \$HK65.75 per share |
| China Petroleum and Chemical Corporation (Code: 386) | Up 2.44 percent to \$HK3.15 per share |
| PetroChina Company Ltd (Code: 857) | Up 0.64 percent to \$HK3.925 per share |
| Huaneng Power International Incorporated (Code: 902) | Up 0.79 percent to \$HK6.35 per share |
| Wharf (Holdings) Ltd, The (Code: 4) | Up 4.07 percent to \$HK24.30 per share |

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

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|------------------------------------|------|--------------|--------------|----------------------|
| Applied International Holdings Ltd | 519 | | 10.26 | 0.07 |
| China Sci-Tech Holdings Ltd | 985 | 15.38 | | 0.015 |
| Chinney Alliance Group Ltd | 385 | | 15.38 | 0.011 |
| Haywood Investments Ltd | 905 | | 14.12 | 0.073 |
| Hon Po Group (Lobster King) Ltd | 228 | 17.65 | | 0.06 |
| Jinhui Holdings Company Ltd | 137 | | 24.44 | 8.5 |
| Medtech Group Company Ltd | 1031 | | 14.56 | 0.088 |
| Nam Hing Holdings Ltd | 986 | | 11.43 | 0.155 |
| New Island Printing Holdings Ltd | 377 | 13.33 | | 0.68 |
| New Times Group Holdings Ltd | 166 | | 14.86 | 0.315 |
| Pioneer Global Group Ltd | 224 | 37.50 | | 0.22 |
| Plus Holdings Ltd | 1013 | 19.44 | | 0.043 |
| Shang Hua Holdings Ltd | 371 | 38.46 | | 0.036 |
| Shun Cheong Holdings Ltd | 650 | 14.04 | | 0.065 |
| Technology Venture Holdings Ltd | 61 | 14.84 | | 0.178 |
| Wo Kee Hong (Holdings) Ltd | 720 | 12.90 | | 0.035 |

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the situation reflected, absolutely nothing.

The Growth Enterprise Index gained exactly one third of a percentage point, running to 1,060.01 points on a Total Turnover of about \$HK80.56 million.

In spite of the lone index of this speculative market, being in positive territory, losing counters outnumbered gaining ones by the ratio of about 1.17:One.

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

| | |
|--|--------------------------------------|
| TOM Online Incorporated (Code: 8282) | Up 5 percent to \$HK1.38 per share |
| TOM Group Ltd (Code: 8001) | Down 1 percent to \$HK1.82 per share |
| Nanjing Sample Technology Company Ltd (Code: 8287) | Unchanged at \$HK5.45 per share |
| Yantai North Andre Juice Company Ltd (Code: 8259) | Up 4 percent to 81 cents per share |
| Universal Technologies Holdings Ltd (Code: 8091) | Up 2 percent to 12 cents per share |

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

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|---|------|--------------|--------------|----------------------|
| B.A.L. Holdings Ltd | 8079 | 17.24 | | 0.034 |
| IIN International Ltd | 8128 | | 20.00 | 0.04 |
| Shanghai Jiaoda Withub Information Industrial Company Ltd | 8205 | 24.14 | | 0.36 |
| Q9 Technology Holdings Ltd | 8129 | 17.14 | | 0.041 |
| Recruit Holdings Ltd | 8073 | | 12.50 | 0.014 |
| Rojam Entertainment Holdings Ltd | 8075 | | 12.14 | 0.123 |
| Ultra Group Holdings Ltd | 8203 | | 17.39 | 0.038 |

The statements by Dr Alan Greenspan to the US Senate on Tuesday were said to have been solely responsible for the gains, made on Asia's largest equity markets, last Wednesday: Those 3 markets of The Land of The Rising Sun.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average rose 175.49 yen, equivalent to about 1.56 percent, ending the day at 11,433.86 yen.

The ratio of winners to losers was pronounced, at about 4.82:One.

Whether or not Asia would, in the light of what transpired on Wednesday on Wall Street (one must remember the time differential between Asia and New York), be able to hand onto its gains was going to be quite a test of nerves for many, it would appear, but the bets were on that there would be a bit of a sell-off on Thursday.

Anyway, this was how indices of Asian equity markets closed, last Wednesday:

| | |
|-----------------|--------------------------------|
| The HKSAR | Plus 2.24 percent to 12,395.11 |
| Indonesia | Plus 0.60 percent to 761.24 |
| Japan | Plus 1.56 percent to 11,433.86 |
| Malaysia | Plus 0.27 percent to 840.88 |
| The Philippines | Plus 0.41 percent to 1,539.32 |
| Singapore | Plus 0.42 percent to 1,873.17 |
| South Korea | Plus 2.21 percent to 753.32 |
| Taiwan | Plus 1.57 percent to 5,409.13 |
| Thailand | Plus 1.59 percent to 655.82 |

Thursday

The US Department of Labour's Bureau of Labour Statistics dispelled some of the fears that the economy was having some hiccoughs, to some extent, at least, reporting the lowest levels of any June month mass layoff actions in the workplace since 1999.

This is part of that which this important department of the US Government reported:

'In June 2004, employers took 1,379 mass layoff actions, as measured by new filings for unemployment insurance benefits during the month ...

'Each action involved at least 50 persons from a single establishment, and the number of workers involved totalled 134,588.

'Both the number of events and initial claims were lower than a year ago. The number of mass layoff events and the number of associated initial claims were at their lowest levels for any June since 1999.

'From January through June 2004, the total number of events, at 8,114, and of initial claims, at 795,612, were lower than in January-June 2003 (9,860 and 56,589, respectively).

Industry Distribution

'Elementary and secondary schools, with 12,614 initial claims, and school and employee bus transportation, with 12,498 initial claims, together accounted for 19 percent of all initial claims in June. The 10 industries reporting the highest number of mass-layoff initial claims accounted for 62,767 initial claims in June, 47 percent of the total.

'The manufacturing sector had 16 percent of all mass layoff events and 20 percent of all initial claims filed in June – the lowest shares for any June since 1995, when the monthly series began. A year ago, manufacturing reported 23 percent of events and 26 percent of initial claims. Within manufacturing, the number of claimants was highest in transportation equipment (9,303, mainly automotive-related), followed by food processing (2,677) and textile mills (1,957).

'The transportation and warehousing sector accounted for 9 percent of events and 11 percent of initial claims filed in June, with layoffs mostly in school and employee bus transportation. Eleven percent of all layoff events and 10 percent of initial claims filed during the month were in administrative and waste services, mainly in temporary help services.

'Healthcare and social assistance accounted for 11 percent of events and 9 percent of initial claims, largely in child day care services. Accommodation and food services accounted for 6 percent of events and 8 percent of

initial claims during the month, primarily among food service contractors. An additional 6 percent of events and initial claims were in retail trade, mostly in general merchandise stores...

'Compared with June 2003, the largest decreases in initial claims were reported in educational services (-5,103), food processing (-3,152), and plastics and rubber products manufacturing (-2,873). The largest over-the-year increases in initial claims were reported in transportation equipment manufacturing (+2,936) and social assistance (+2,525).'

Statistics, of course, can prove anything, or nothing, and many investors looked at the Labour Department's report with jaundiced eyes.

Just after this report was released, Mitsubishi Motors Corporation (of Japan) announced that it would be cutting out about one third of its workers at its Normal, Illinois, plant.

That is equal to a loss of about 1,200 jobs at this motor-vehicle facility, which employs some 3,100 workers.

The first staff cuts will be executed in October, the company said.

On Wall Street, last Thursday, it was a mixed bag, but technology counters experienced a bit of a rebound, during the course of the day.

On the Big Board of The New York Stock Exchange, the Dow Jones Industrial Average rose 4.20 points, equivalent to about 0.04 percent, running up to 10,050.33 points.

The Composite Index of The NASDAQ was up about 0.78 percent to 1,889.06 points.

From Vienna, Austria, The Organisation of Petroleum Exporting Countries (OPEC) announced that it would be boosting oil output by least 10 percent by the end of next year.

That amounts to about 2.55 million barrels of oil, daily.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for August delivery was settled at \$US40.86 per barrel, which meant that the price had been unchanged since Tuesday.

In Europe, investors were taken aback by the paring of stocks and shares on Wall Street, the previous day, having not been apprised of the situation in the Big Apple and in Washington, on Thursday.

(European bourses always close before trading on the US equity markets is completed)

In addition to that which was transpiring in the US, concerns were being expressed in eurozone about home-grown problems, with corporate profits, being high up in the minds of many investment bankers and investors, alike.

The prospects of lower profits for many European-based companies were looming.

This was how the indices of major bourses ended, last Thursday:

| | |
|-------------------------------------|--------------------|
| Amsterdam's AEX Index | Minus 1.93 percent |
| Great Britain's FTSE 100 Index | Minus 1.66 percent |
| Germany's Frankfurt XETRA DAX Index | Minus 2.27 percent |
| France's CAC40 Index | Minus 2.06 percent |
| Switzerland's Swiss Market Index | Minus 1.21 percent |
| Italy's MIBTEL Index | Minus 1.37 percent |

Only 2 equity markets in Asia managed to score gains, last Thursday.

Those gainers were The Philippines and Indonesia, but the advances were only of a fractional nature, at that.

On the Main Board of The Stock Exchange of Hongkong Ltd, which is the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Hang Seng Index fell about 0.60 percent, ending the quiet trading day at 12,320.21 points.

The Total Turnover dropped to about \$HK9.60 billion, which was not very different from Wednesday's volume of activity.

The ratio of losing counters to gaining ones was about 2.85:One.

The Ten Most Active counters were:

| | |
|--|--|
| HSBC Holdings plc (Code: 5) | Down 0.43 percent to \$HK116 per share |
| Hutchison Whampoa Ltd (Code: 13) | Down 0.93 percent to \$HK53.50 per share |
| Sun Hung Kai Properties Ltd (Code: 16) | Unchanged at \$HK65.75 per share |
| Huaneng Power International Incorporated (Code: 902) | Down 2.36 percent to \$HK6.20 per share |
| PetroChina Company Ltd (Code: 857) | Down 0.64 percent to \$HK3.90 per share |
| China Petroleum and Chemical Corporation (Code: 386) | Down 2.38 percent to \$HK3.075 per share |
| CNOOC Ltd (Code: 883) | Down 2.74 percent to \$HK3.55 per share |
| China Mobile (Hongkong) Ltd (Code: 941) | Down 0.65 percent to \$HK23.10 per share |
| Cheung Kong (Holdings) Ltd (Code: 1) | Unchanged at \$HK59.50 per share |
| China Life Insurance Company Ltd (Code: 2628) | Down 1.14 percent to \$HK4.325 per share |

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

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|---|------|--------------|--------------|----------------------|
| Beijing Development (Hongkong) Ltd | 154 | | 10.43 | 1.03 |
| China United International Holdings Ltd | 273 | | 12.16 | 0.325 |
| Chinney Alliance Group Ltd | 385 | 18.18 | | 0.013 |
| Dickson Group Holdings Ltd | 313 | 11.63 | | 0.048 |
| eSun Holdings Ltd | 571 | | 10.94 | 0.285 |
| Far East Consortium International Ltd | 35 | 10.67 | | 1.66 |
| Hang Fung Gold Technology Ltd | 870 | | 11.33 | 1.33 |
| Jinhui Holdings Company Ltd | 137 | | 10.59 | 7.60 |
| Medtech Group Company Ltd | 1031 | | 14.77 | 0.075 |
| Paladin Ltd | 495 | | 12.90 | 0.27 |
| Starlite Holdings Ltd | 403 | 12.33 | | 0.82 |
| Start Technology Company Ltd | 706 | | 10.47 | 0.385 |
| UDL Holdings Ltd | 620 | | 13.04 | 0.02 |
| Vantage International (Holdings) Ltd | 15 | | 15.79 | 0.32 |
| Wo Kee Hong (Holdings) Ltd | 720 | | 14.29 | 0.03 |

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the volume of activity fell to about \$HK43.04 million.

The Growth Enterprise Index lost about 0.97 percent of its value, ending the day at 1,049.70 points.

Declining counters outpaced advancing ones by the ratio of 1.50:One, exactly.

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

| | |
|--|--------------------------------------|
| TOM Online Incorporated (Code: 8282) | Down 4 percent to \$HK1.33 per share |
| TOM Group Ltd (Code: 8001) | Down 2 percent to \$HK1.78 per share |
| Nanjing Sample Technology Company Ltd (Code: 8287) | Unchanged at \$HK5.45 per share |
| MP Logistics International Holdings Ltd (Code: 8239) | Up 2 percent to \$HK1.26 per share |
| Panva Gas Holdings Ltd (Code: 8132) | Unchanged at \$HK3.35 per share |

As for the biggest movers of The GEM, they included:

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|-------------------------------|------|--------------|--------------|----------------------|
| B.A.L. Holdings Ltd | 8079 | | 11.76 | 0.03 |
| DIGITALHONGKONG.COM | 8007 | 12.50 | | 0.54 |
| IIN International Ltd | 8128 | 12.50 | | 0.045 |
| KanHan Technologies Group Ltd | 8175 | 39.29 | | 0.078 |
| Stockmartnet Holdings Ltd | 8123 | | 22.22 | 0.021 |
| Yuxing InfoTech Holdings Ltd | 8005 | 11.43 | | 0.39 |

In Tokyo, Japan, investors sold part of their holdings, pulling down a key index of The Tokyo Stock Exchange, substantially.

The Nikkei-225 Stock Average shed 148.82 yen, equivalent to 1.30 percent, dropping back to 11,285.04 yen.

The ratio of losing counters to gaining ones was about 4.57:One.

Tokyo was following Wednesday's price direction of hi-tech counters, listed on US equity markets, by and large.

News wise

- The **trade surplus** of the world's second-largest economy rose in the month of June for the 12th consecutive month, The Finance Ministry reported. The June surplus was about 1.147 trillion yen (about \$US10.44 billion), up about 39 percent, Year-on-Year.

This was how other Asian equity markets' key indices closed, last Thursday night:

| | |
|-----------------|---------------------------------|
| The HKSAR | Minus 0.60 percent to 12,320.21 |
| Indonesia | Plus 0.04 percent to 761.52 |
| Japan | Minus 1.30 percent to 11,285.04 |
| Malaysia | Minus 0.18 percent to 839.37 |
| The Philippines | Plus 0.88 percent to 1,552.79 |
| Singapore | Minus 0.54 percent to 1,862.97 |
| South Korea | Minus 1.42 percent to 742.63 |
| Taiwan | Minus 0.39 percent to 5,387.96 |
| Thailand | Minus 0.87 percent to 650.12 |

Friday

Wall Street suffered as stock and share prices tumbled on the final day of the week.

On The New York Stock Exchange, the Dow Jones Industrial Average lost about 0.88 percent of its value, falling to 9,962.36 points, well below the psychological 10,000-level.

As for NASDAQ's Composite Index, it surrendered 2.12 percent of its value, dropping back to 1,849.28 points.

The largest equity markets in the world had suffered, dramatically, at the hands of the bears of Wall Street, last week.

The tally for the week was:

| | |
|-----------------------------------|--------------------|
| The Dow Jones Industrial Average | Minus 1.75 percent |
| The Composite Index of The NASDAQ | Minus 1.80 percent |

For the first 7 months of this year, to last Friday, the tally was:

| | |
|-----------------------------------|-----------------|
| The Dow Jones Industrial Average | Minus 4 percent |
| The Composite Index of The NASDAQ | Minus 7 percent |

The reasons for the falls on Wall Street were put down to investors' disappointment at the results of key companies, listed on US equity markets, such as Coca-Cola Company, Amazon.com Incorporated and Microsoft Corporation.

And, when AT&T reported an 80-percent drop in profits in the second quarter of 2004 on lower revenue, it was just too much for investors.

AT&T announced second quarter profits of about \$US108 million, compared with the like period of 2003 of about \$US536 million.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for August delivery rose 2.08 percent, being settled at \$US41.71 per barrel by the time that this exchange closed for the week.

It was the first gain since the previous Tuesday.

Insurgents in Iraq were stepping up their campaign to kidnap more foreign nationals in the country and this was taking its toll of investors' nerves.

In Europe, there was a little excitement when it was revealed that one of Spain's largest banks was considering, making a bid for one of England's banking giants.

But this news was insufficient to boost investor confidence for too long a period of time, as far as many Europeans were concerned.

Generally, key equity markets of eurozone saw their indices down, fractionally, on the final day of trading, last week.

This was how Europe's largest markets fared, last Friday:

| | |
|-------------------------------------|--------------------|
| Amsterdam's AEX Index | Minus 0.08 percent |
| Great Britain's FTSE 100 Index | Plus 0.46 percent |
| Germany's Frankfurt XETRA DAX Index | Minus 0.09 percent |
| France's CAC40 Index | Minus 0.15 percent |
| Switzerland's Swiss Market Index | Minus 0.14 percent |
| Italy's MIBTEL Index | Minus 0.02 percent |

In Asia, only fractional gains and losses were recorded on equity markets, throughout the region.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the indices of the 2 equity markets of the territory scored, fractionally.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index put on about 0.27 percent, ending the session at 12,352.99 points on a Total Turnover of about \$HK10.22 billion.

The ratio of losing counters to gaining ones was about 1.23:One.

The Ten Most Actives were:

| | |
|--|--|
| HSBC Holdings plc (Code: 5) | Unchanged at \$HK116.00 per share |
| Sun Hung Kai Properties Ltd (Code: 16) | Up 0.76 percent to \$HK66.25 per share |
| Huaneng Power International Incorporated (Code: 902) | Down 1.61 percent to \$HK6.10 per share |
| China Mobile (Hongkong) Ltd (Code: 941) | Up 0.65 percent to \$HK23.25 per share |
| PetroChina Company Ltd (Code: 857) | Down 0.64 percent to \$HK3.875 per share |
| Hutchison Whampoa Ltd (Code: 13) | Up 0.47 percent to \$HK53.75 per share |
| Cheung Kong (Holdings) Ltd (Code: 1) | Unchanged at \$HK59.50 per share |
| CLP Holdings Ltd (Code: 2) | Up 1.15 percent to \$HK43.80 per share |
| New World Development Company Ltd (Code: 17) | Up 1.56 percent to \$HK6.50 per share |
| Yanzhou Coal Mining Company Ltd (Code: 1171) | Unchanged at \$HK9.50 per share |

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

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|------------------------------------|------|--------------|--------------|----------------------|
| Alpha General (Holdings) Ltd | 73 | | 10.77 | 0.29 |
| Bossini International Holdings Ltd | 592 | 14.29 | | 2.40 |
| China Elegance (Holdings) Ltd | 476 | | 11.76 | 0.06 |
| Fushan Holdings Ltd | 639 | | 10.00 | 0.27 |

| | | | | |
|--------------------------------------|------|-------|-------|-------|
| Garron International Ltd | 1226 | | 13.67 | 0.12 |
| Haywood Investments Ltd | 905 | 10.96 | | 0.081 |
| Luoyang Glass Company Ltd | 1108 | 10.34 | | 0.96 |
| MAE Holdings Ltd | 851 | 16.67 | | 0.014 |
| Medtech Group Company Ltd | 1031 | 12.00 | | 0.084 |
| Moiselle International Holdings Ltd | 130 | 16.81 | | 1.32 |
| Nam Hing Holdings Ltd | 986 | 11.11 | | 0.18 |
| Oriental Explorer Holdings Ltd | 430 | 22.86 | | 0.043 |
| Pioneer Global Group Ltd | 224 | 13.64 | | 0.25 |
| Simsen International Corporation Ltd | 993 | 13.24 | | 0.077 |
| Stelux Holdings International Ltd | 84 | 14.29 | | 0.44 |
| Sun Innovation Holdings Ltd | 547 | 17.14 | | 0.041 |
| Sunlink International Holdings Ltd | 2336 | | 13.11 | 0.053 |
| Theme International Holdings Ltd | 990 | 11.11 | | 0.04 |
| Zhejiang Glass Company, Ltd | 739 | 10.97 | | 2.175 |

Over on The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, the Growth Enterprise Index gained about 0.60 percent, running up to 1,055.99 points.

The Total Turnover was about \$HK53.69 million.

Gaining counters only just managed to squeeze through the gate of losing ones, with the ratio, being about 1.06:One.

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

| | |
|--|---------------------------------------|
| TOM Group Ltd (Code: 8001) | Unchanged at \$HK1.78 per share |
| Launch Tech Company Ltd (Code: 8196) | Up 4 percent to \$HK1.92 per share |
| TOM Online Incorporated (Code: 8282) | Up 4 percent to \$HK1.36 per share |
| SUNeVision Holdings Ltd (Code: 8008) | Down 1 percent to \$HK1.32 per share |
| Sanmenxia Tianyuan Aluminum Company Ltd (Code: 8253) | Up 2 percent to 28.50 cents per share |

The GEM's double-digit movers of the day included:

| Name of Company | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--|------|--------------|--------------|----------------------|
| B and B Natural Products Ltd | 8156 | 16.67 | | 0.77 |
| Shenzhen EVOC Intelligent Technology Company Ltd | 8285 | 12.07 | | 0.65 |
| KanHan Technologies Group Ltd | 8175 | 17.95 | | 0.092 |
| Lee's Pharmaceutical Holdings Ltd | 8221 | | 13.04 | 0.20 |
| Milkyway Image Holdings Ltd | 8130 | | 10.34 | 0.026 |
| Q9 Technology Holdings Ltd | 8129 | 21.95 | | 0.05 |
| Qianlong Technology International Holdings Ltd | 8015 | | 14.29 | 0.30 |
| Recruit Holdings Ltd | 8073 | | 14.29 | 0.012 |
| Stockmartnet Holdings Ltd | 8123 | 38.10 | | 0.029 |
| Vodatel Networks Holdings Ltd | 8033 | | 10.45 | 0.30 |

The tally for the week for the HKSAR's 2 equity markets was:

| | |
|-----------------------------|-------------------|
| The Hang Seng Index | Plus 2.44 percent |
| The Growth Enterprise Index | Plus 0.52 percent |

The indices of Japan's equity markets hit a 7-week low, last Friday, as investors on Asia's largest bourses took fright over the situation in the US.

The US is the country's biggest single market for its goods.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average shed another 97.71 yen, ending the week at 11,187.33 yen.

The ratio of losing counters to gaining ones was about 1.65:One.

The prospects were looming for a major drop in the value of indices of US equity markets on the premise that a market that cannot rise, no matter what statistics are presented, must, inevitably, lead to falls.

And, if there should be a major shake-out in the US markets, the fallout will be felt, internationally, without question.

The tally for the week for The Tokyo Stock Exchange was:

The Nikkei-225 Stock Average Minus 2.17 percent

And this was how the week ended for other Asian equity markets, last Friday:

| | |
|-----------------|---------------------------------|
| The HKSAR | Plus 0.27 percent to 12,352.99 |
| Indonesia | Plus 0.63 percent to 766.37 |
| Japan | Minus 0.86 percent to 11,187.33 |
| Malaysia | Minus 0.13 percent to 838.20 |
| The Philippines | Plus 0.41 percent to 1,559.22 |
| Singapore | Minus 0.68 percent to 1,850.26 |
| South Korea | Minus 0.68 percent to 737.51 |
| Taiwan | Minus 0.26 percent to 5,373.85 |
| Thailand | Minus 0.25 percent to 648.47 |

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