

**THE PRICE OF CRUDE OIL HITS ANOTHER NEW HIGH:  
EQUITY MARKETS SHUDDER AND SHAKE**

The investment world, internationally, woke up, last Monday, to what was described as being confirmed reports, straight out of the mouths of top, US Government officials, that al-Qaeda was planning a massive attack on American soil, once again.

Comprehensive security arrangements, from New York to Washington D.C., went into high gear, with heavily armed policemen, looking more like state-of-the-art soldiers than mere policemen, standing guard outside The New York Stock Exchange and other high-profile financial buildings, all said to be on the list of al-Qaeda targets.

Crude oil prices rose to a new high, with the number of trades on The New York Mercantile Exchange (NYMEX), being described as hectic.

By the close of the day, the NYMEX price for light sweet crude oil for September delivery was settled at \$US43.82 per barrel.

The October price was \$US43.16 per barrel.

On The New York Stock Exchange, the opening of the market saw a rush of trading activity, as many investors wanted out in the light of the news of an impending terroristic attack.

But, after some rethinking took place, sanity seemed to return to the marketplace and most investors determined that it has to be business as usual.

By the close of the day, the Dow Jones Industrial Average, a key index of the world's largest equity market, stood at 10,179.16 points, representing a gain, compared with the previous Friday's closing level, of about 0.39 percent.

Over on the NASDAQ, its Composite Index added exactly one quarter of a percentage point, running up to 1,892.09 points.

But the volume of trading on The New York Stock Exchange was off by about 8.57 percent, compared with daily average for this time of the year: Some people were, still, sitting on the sidelines, it seemed.

The Mayor of New York, Mr Michael Bloomberg, implored New Yorkers not to let the terrorists win the day; and, to go about their business as though there had been no threat.

He promised that security would be stepped up in the city and that no expense would be spared in maintaining the safety of New Yorkers.

Europe was not a happy camp, last Monday.

Many investors were concerned about the threat of a massive invasion of parts of the US by forces of al-Qaeda.

All but one of the major bourses saw their respective indices fall back:

Amsterdam's AEX Index	Minus 1.22 percent
Great Britain's FTSE 100 Index	Plus 0.05 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.84 percent
France's CAC40 Index	Minus 0.63 percent
Switzerland's Swiss Market Index	Minus 0.26 percent
Italy's MIBTEL Index	Minus 0.32 percent

The intelligence, that the US Government had raised the threat level to 'high', tended to unnerve many investors of eurozone, especially since it was not known, in that part of the world, how Wall Street would react to the news when it opened for business.

In Asia, every index of every major equity market fell back, some quite substantially.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the global threat from terrorism and the continuing high price of energy tended to sap the strength of investors of the region.

Please see **TARGET** Intelligence Report, Volume VI, Number 146,  
for an analysis of the global energy situation, in an exclusive report, headlined:  
**'THE RECORD-HIGH PRICE OF ENERGY:  
WILL IT USHER IN ANOTHER RECESSION?'**

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost about 0.30 percent, ending the very quiet trading day at 12,201.39 points.

The Total Turnover was only about \$HK8.30 billion, while the ratio of losing counters to gaining ones was about 2.97:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Unchanged at \$HK115.00 per share
Brilliance China Automotive Holdings Ltd (Code: 1114)	Down 8.21 percent to \$HK1.79 per share
The Bank of East Asia Ltd (Code: 23)	Down 2.94 percent to \$HK21.45 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK3.875 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.14 percent to \$HK65.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 0.43 percent to \$HK57.50 per share
CNOOC Ltd (Code: 883)	Up 1.33 percent to \$HK3.80 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.66 percent to \$HK22.50 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK52.75 per share
Denway Motors Ltd (Code: 203)	Down 0.85 percent to \$HK2.90 per share

The biggest movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capital Estate Ltd	193	14.29		0.016
China Conservational Power Holdings Ltd	290	20.83		0.435
Cheung Tai Hong Holdings Ltd	199	15.91		0.255
China Rich Holdings Ltd	1191		11.43	0.031
China United International Holdings Ltd	273		17.14	0.29
Compass Pacific Holdings Ltd	1188		18.75	0.26
Easyknit International Holdings Ltd	1218		14.69	0.122
Heritage International Holdings Ltd	412		20.00	0.016
Hon Po Group (Lobster King) Ltd	228		11.86	0.052
HyComm Wireless Ltd	499		11.94	0.059
LifeTec Group Ltd	1180		37.42	0.092
Lung Cheong International Holdings Ltd	348	12.09		0.51
Mexan Ltd	22		10.77	1.74
Millennium Group Ltd	260	10.00		0.088
Moiselle International Holdings Ltd	130		13.51	1.60
Ocean Grand Chemicals Holdings Ltd	2882	37.76		1.35
Orient Resources Group Company Ltd	467		16.00	0.042
Pioneer Global Group Ltd	224	26.53		0.31
Regent Pacific Group Ltd	575	55.17		0.45
Shang Hua Holdings Ltd	2930		26.47	0.50
Technology Venture Holdings Ltd	61		18.52	0.132
UDL Holdings Ltd	620		10.00	0.018
Universe International Holdings Ltd	1046		26.98	0.046
YGM Trading Ltd	375		10.87	8.20

On the very speculative **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, it was a similar situation to that which had transpired on the Main Board.

The Growth Enterprise Index gave up about 0.06 percent of its value, ending the session at 1,053.84 points.

The Total Turnover was about \$HK46.89 million.

Losing counters were far ahead of gaining ones, by the ratio of 2:One, exactly.

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

Wumart Stores Incorporated (Code: 8277)	Down 1 percent to \$HK12.60 per share
TOM Group Ltd (Code: 8001)	Down 3 percent to \$HK1.74 per share
MP Logistics International Holdings Ltd (Code: 8239)	Unchanged at \$HK1.25 per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Down 1 percent to 81 cents per share
Panva Gas Holdings Ltd (Code: 8132)	Unchanged at \$HK3.35 per share

As for the largest GEM movers of the day, they were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Linefan Technology Holdings Ltd	8166		17.14	0.029
Thiz Technology Group Ltd	8119		11.76	0.015
Xteam Software International Ltd	8178	12.12		0.111

#### News wise

- One of the largest banks in the world, the shares of which are quoted in the HKSAR, **HSBC Holdings plc (Code: 5)**, announced its Interim Results for the 6-month period to June 30, 2004, along with the largest, local Chinese bank, **Hang Seng Bank Ltd (Code: 11)**, a 62.14-percent subsidiary of HSBC Holdings.

This is that which these 2 banks announced:

<i>HSBC Holdings plc</i> <i>Year-end date: 31/12/2004</i> <i>Currency: US dollars</i>		
	<i>(Unaudited) Current Period from 1/1/2004 to 30/6/2004</i>	<i>(Unaudited) Last Corresponding Period from 1/1/2003 to 30/6/2003</i>
<i>Net Interest Income :</i>	<i>US\$15,106 M</i>	<i>US\$11,221 M</i>
<i>Profit from Operations :</i>	<i>US\$8,906 M</i>	<i>US\$5,895 M</i>
<i>Share of Operating Profit/(Loss) in Joint Ventures :</i>	<i>US\$4 M</i>	<i>(US\$124 M)</i>
<i>Share of Operating Profit in Associates :</i>	<i>US\$119 M</i>	<i>US\$92 M</i>
<i>Profit after Tax and Minority Interests :</i>	<i>US\$6,346 M</i>	<i>US\$4,106 M</i>
<i>Percentage change over the last period :</i>	<i>+55%</i>	
<i>Earnings Per Share-Basic</i>	<i>US\$0.58</i>	<i>US\$0.41</i>
<i>Second Interim Dividend Per Share :</i>	<i>US\$0.13</i>	<i>US\$0.24 (1<sup>st</sup> Interim Dividend)</i>

<i>Hang Seng Bank Limited</i> <i>Year-end date: 31/12/2004</i> <i>Currency: Hongkong dollars</i>		
		<i>(Unaudited)</i>
	<i>(Unaudited)</i>	<i>Last</i>
	<i>Current</i>	<i>Corresponding</i>
	<i>Period</i>	<i>Period</i>
	<i>from 1/1/2004</i>	<i>from 1/1/2003</i>

	to 30/6/2004	to 30/6/2003
	('Million)	('Million)
<i>Interest Income :</i>	5,871	6,662
<i>Profit/(Loss) from Operations :</i>	7,317	5,910
<i>Finance Cost :</i>	N/A	N/A
<i>Share of Profit/(Loss) of Associates :</i>	6	18
<i>Profit/(Loss) after Tax and Minority Interests :</i>	6,245	5,022
<i>Percentage change over last period :</i>	+24.40	
<i>Earnings Per Share-Basic (in dollars) :</i>	3.27	2.63
<i>2nd Interim Dividend Per Share :</i>	\$1.10	Nil

In Japan, not knowing how Wall Street would react to the news in respect of the terroristic threat when it opened for business, last Monday, investors bailed out of stocks and shares.

By the close of The Tokyo Stock Exchange, the Nikkei-225 Stock Average was standing at 11,222.24 yen, equivalent to a fall of 103.54 yen, or about 0.91 percent, on the previous Friday's closing level.

Losing counters were ahead of gaining ones by the ratio of 1.36:One.

And it looked very much as though Tuesday would bring out more selling on Asia's largest equity market.

#### News wise

- **Land prices** are continuing to fall at major thoroughfares in Japan, The National Tax Agency reported. It was the 12<sup>th</sup> consecutive year of falling prices; and,
- **Sales of vehicles** in The Land of The Rising Sun slipped in July by about 2 percent, Year-on-Year. It was the 6<sup>th</sup> consecutive month of declines, The Japan Automobile Dealers Association announced.

In other Asian equity markets, this was how the indices of these markets fared, last Monday night:

The HKSAR	Minus 0.30 percent to 12,201.39
Indonesia	Minus 0.99 percent to 749.46
Japan	Minus 0.91 percent to 11,222.24
Malaysia	Minus 0.78 percent to 827.49
The Philippines	Minus 1.28 percent to 1,564.47
Singapore	Minus 0.23 percent to 1,887.41
South Korea	Minus 2.14 percent to 719.59
Taiwan	Minus 1.29 percent to 5,350.40
Thailand	Closed

#### Tuesday

The price of crude oil on international markets rose to new highs, Wall Street saw another decline in the value of key indices, and consumer spending in the US contracted, violently in June.

It was just too much for equity markets of the US to withstand.

Down came share prices.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for September delivery rose by three quarters of a percentage point, settling at the day's end at \$US44.15 per barrel.

For October delivery, the price of light sweet crude oil was settled at \$US43.66 per barrel, a one-day gain of 1.16 percent.

Both prices were record levels.

The President of OPEC (The Organisation of Petroleum Exporting Countries), Mr Purnomo Yusgiantoro, said that there was nothing that OPEC could do about the current situation: *'There is no more supply (of oil)!'*

It looked, very much, as though al-Qaeda, without firing a shot and without doing anything untoward in the US, was winning the day.

On The New York Stock Exchange, the Dow Jones Industrial Average gave up 0.58 percent of its value, falling back to 10,120.24 points, while, on The NASDAQ, its Composite Index surrendered 1.73 percent of its value, ending the session at 1,859.42 points.

But that was not the entire story because the US Government's Commerce Department released its finding for consumer spending for the month of June.

The Commerce Department stated that consumer spending in June was at its lowest level since September 2001.

Personal spending fell by about 0.70 percent in June, after rising about one percent in May.

This tends to substantiate, once again, the view of **TARGET's** chief economist:  
Please see **TARGET Intelligence Report, Volume VI, Number 146,**  
**Published on August 4, 2004.**

Share prices of oil stocks tended to power bourses, throughout the eurozone.

There was plenty of negative corporate news in the region, too much to go around, in fact, but it appeared that the weight of oil stocks clouded the situation.

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

Amsterdam's AEX Index	Plus	0.32 percent
Great Britain's FTSE 100 Index	Plus	0.31 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.37 percent
France's CAC40 Index	Plus	0.74 percent
Switzerland's Swiss Market Index	Plus	0.95 percent
Italy's MIBTEL Index	Plus	0.33 percent

Asia was mixed, with about half of the major equity markets, losing ground, while the other half made moderate gains.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it was announced by BOC Hongkong (Holdings) Ltd (Code: 2388, Main Board, The Stock Exchange of Hongkong Ltd) that *'judicial authorities of the Mainland of China are investigating Messrs Zhu Chi and Ding Yansheng, Deputy Chief Executives of the Company, in connection with alleged unauthorised distribution for personal purposes of certain funds belonging to the controlling shareholder of former constituent banks ...'*

That announcement, from a subsidiary of Bank of China, one of the largest, State-run banks in the PRC, proper, cryptic though it, certainly, was, did not appear to influence proceedings very much on The Stock Exchange of Hongkong Ltd, at all.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 1.28 percent on Monday's close, hitting 12,357.12 points by the close of the day.

The Total Turnover was about \$HK14.25 billion.

But it was trading in the scrip of HSBC Holdings plc (Code: 5), which was responsible for about 28 percent of the entire volume of activity for the day.

Investors were, obviously, delighted by its Interim Results. (Please see Monday's report)

A total of about 33.85 million, HSBC Holdings's shares changed hands, last Tuesday, that volume of shares, having a market value of about \$HK4 billion.

In spite of the excitement in respect of this banking conglomerate, which is one of the largest banks in the world, other counters did not fare well, at all.

Losing counters were well ahead of gaining ones by the ratio of about 1.45:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 2.61 percent to \$HK118.00 per share
The Bank of East Asia Ltd (Code: 23)	Down 3.03 percent to \$HK20.80 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK3.875 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 7.50 percent to \$HK3.70 per share
Hang Seng Bank Ltd (Code: 11)	Up 2.53 percent to \$HK101.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.77 percent to \$HK65.75 per share
CNOOC Ltd (Code: 883)	Down 0.66 percent to \$HK3.775 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.11 percent to \$HK22.75 per share
Yanzhou Coal Mining Company Ltd (Code: 1171)	Down 4.79 percent to \$HK8.95 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Unchanged at \$HK13.30 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capital Estate Ltd	193		12.50	0.014
Compass Pacific Holdings Ltd	1188	11.54		0.29
Fujian Holdings Ltd	181		12.28	0.20
Gay Giano International Group Ltd	686		11.86	0.26
Haywood Investments Ltd	905		14.08	0.061
Hon Po Group (Lobster King) Ltd	228	11.54		0.058
Ocean Grand Chemicals Holdings Ltd	2882		13.33	1.17
Plus Holdings Ltd	1013		10.00	0.045
Sino Prosper Holdings Ltd	766		18.64	0.48
Sun Media Group Holdings Ltd	307		11.11	0.016
Takson Holdings Ltd	918		12.90	0.135
Technology Venture Holdings Ltd	61	17.42		0.155
Tse Sui Luen Jewellery (International) Ltd	417		10.17	0.375
Unity Investments Holdings Ltd	913		23.60	0.068
Yau Lee Holdings Ltd	406	11.36		0.49
Zhu Kuan Development Company Ltd	908		12.00	0.33

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, with no dominant bank trades to bolster the activity, the market drifted for nearly all of the session.

By the time that the closing bell rang, The Growth Enterprise Index stood at 1,050.65 points, representing a fall of about 0.30 percent, compared with Monday's closing level.

The Total Turnover was about \$HK43.67 million, while the ratio of declining counters to advancing ones was about 1.63:One.

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

TOM Group Ltd (Code: 8001)	Unchanged at \$HK1.74 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Up 1 percent to \$HK2.40 per share
Chinasoft International Ltd (Code: 8216)	Up 1 percent to 78 cents per share
Yantai North Andre Juice Company Ltd (Code: 8259)	Up 1 percent to 82 cents per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK3.325 per share

The biggest movers of The GEM were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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Creative Energy Solutions Holdings Ltd	8109		10.00	0.189
Era Information and Entertainment Ltd	8043		24.00	0.019
iSteelAsia Holdings Ltd	8080		25.00	0.036
Linefan Technology Holdings Ltd	8166	17.24		0.034
M Channel Corporation Ltd	8036		17.39	0.019
Milkyway Image Holdings Ltd	8130		21.43	0.022
Prosperity International Holdings (Hongkong) Ltd	8139		28.00	0.018
Thiz Technology Group Ltd	8119	13.33		0.017

On Asia's largest equity market, that of The Tokyo Stock Exchange, investors continued to unload parts of their portfolios.

The Nikkei-225 Stock Average, a key index of this equity market, was off 81.67 yen, equivalent to about 0.73 percent, ending the day at 11,140.57 yen.

Losing counters swamped gaining ones by the ratio of about 2.90:One.

And it looked, very much, as though more sellers were standing in the wings, ready to unload even more scrip.

The bugbear of this market was the record-high price of energy, which is quite likely to spell doom for the Japanese economy unless it is reined in in a hurry: Japan has to import all of its energy requirements.

No single counter was spared the selling pressure.

#### News wise

- **Tokyo Electric Power Company** announced that its Net Profits Attributable to Shareholders for the quarter, ended June 30, 2004, stood at 54.17 billion yen. In the like quarter in 2003, the company has enjoyed a Loss Attributable to Shareholders of about 8.58 billion yen;
- **McDonald's Holdings Company (Japan)** announced that its Net Profits Attributable to Shareholders for the 6-month period, ended June 30, 2004, came in at 1.12 billion yen. It was the company's first profit from the operations of 3,760 hamburger joints in Japan; and,
- **Toyota Motor Corporation** said that its Group Net Profits for the April-June quarter were about 286.60 billion yen, up about 28.80 percent, Year-on-Year.

This was the how the principal indices of other Asian equity markets closed, last Tuesday:

The HKSAR	Plus 1.28 percent to 12,357.12
Indonesia	Plus 1.05 percent to 757.30
Japan	Minus 0.73 percent to 11,140.57
Malaysia	Minus 0.24 percent to 825.53
The Philippines	Minus 0.16 percent to 1,562.03
Singapore	Plus 1.29 percent to 1,911.80
South Korea	Plus 0.95 percent to 726.44
Taiwan	Plus 0.31 percent to 5,367.22
Thailand	Minus 0.93 percent to 630.81

#### Wednesday

Reversing his statement of Tuesday, the President of The Organisation of Petroleum Exporting Countries (OPEC), Mr Purnomo Yusigiantoro, announced that OPEC could, after all, assist in trying to bring down the price of crude oil, internationally.

The statement was in direct contrast to that which he uttered on Tuesday when has stated that OPEC had no spare crude oil capacity.

Mr Purnomo Yusigiantoro, speaking from Djakarta, Indonesia, had been caught in his own lies.

(One may be excused from commenting in respect of this matter because the conflicting statements of this gentleman were, probably, to allow the members of his little oil cartel to grow a little more fat before trying to bring down the international price of crude oil: They, clearly, saw no reason to rush)

But, by the time that this gentleman had recanted, the damage had already been done in Asia and in Europe.

Following Mr Purnomo Yusigiantoro's statement, however, there was a bit of a rally on Wall Street, but it was only a half-hearted one.

On The New York Stock Exchange, the Dow Jones Industrial Average gained about 0.06 percent, running to 10,126.51 points, and, on The NASDAQ, its Composite Index gained about 0.23 percent, ending the day at 1,855.06 points.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for September delivery settled at \$US42.83 per barrel, a fall of about 3.08 percent, compared with Tuesday's closing level.

The price for October delivery was \$US42.09 per barrel, off about 3.22 percent on the previous close.

The price of crude oil on international markets was, definitely, off the boil, but the question was: For how long?

European investors did not know about the utterances of Mr Purnomo Yusigiantoro and so the indices of the most-important bourses went, somewhat, into free-fall:

Amsterdam's AEX Index	Minus 1.08 percent
Great Britain's FTSE 100 Index	Minus 0.48 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.38 percent
France's CAC40 Index	Minus 1.18 percent
Switzerland's Swiss Market Index	Minus 1.32 percent
Italy's MIBTEL Index	Minus 0.85 percent

In addition to the high price of energy, investors of eurozone were concerned as to the damage that had, already, been done to many a corporate entity in the region.

From Berlin, Germany, it was announced by The Federal Labour Office that the unemployment level in the country had risen in July for the 6<sup>th</sup> consecutive month.

It was only too apparent that the economic recovery of Europe's largest single economy was a long way from achieving its desired goals.

The share prices of airline stocks fell out of the sky, so to speak, as investors dumped the scrip, fearing for the worst.

Banking counters, also, were hit hard.

Generally speaking, Asia was weak, last Wednesday.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gave up about 0.62 percent, dropping back to 12,280.26 points.

The Total Turnover was about \$HK12.21 billion, with the ratio of losing counters to gaining ones, being about 1.83:One.

Trading in the scrip of HSBC Holdings plc (Code: 5) continued to be the dominant feature of the day, with about 17.52 million shares, changing hands, for an aggregate value of about \$HK2.06 billion.

Trading in this one counter represented nearly 17 percent of the entire volume of activity of the day.

The Ten Most Active Counters on the Main Board were:

HSBC Holdings plc (Code: 5)	Down 0.42 percent to \$HK117.50 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.41 percent to \$HK54.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.76 percent to \$HK65.25 per share
CNOOC Ltd (Code: 883)	Up 0.66 percent to \$HK3.80 per share
Aluminum Corporation of China Ltd (Code: 2600)	Down 3.38 percent to \$HK3.575 per share
Huaneng Power International Incorporated (Code: 902)	Down 2.44 percent to \$HK6.00 per share



China Mobile (Hongkong) Ltd (Code: 941)  
Yanzhou Coal Mining Company Ltd (Code: 1171)  
BOC Hongkong (Holdings) Ltd (Code: 2388)  
PetroChina Company Ltd (Code: 857)

Down 1.54 percent to \$HK22.40 per share  
Down 2.79 percent to \$HK8.70 per share  
Down 1.50 percent to \$HK13.10 per share  
Up 0.65 percent to \$HK3.90 per share

The biggest Main Board movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Alliance Holdings Ltd	616		10.32	0.113
Beiren Printing Machinery Holdings Ltd	187	17.05		2.575
China Rare Earth Holdings Ltd	769	10.11		0.98
China Strategic Holdings Ltd	235		13.51	0.32
Haywood Investments Ltd	905	44.26		0.088
Moiselle International Holdings Ltd	130	12.18		1.75
Nam Fong International Holdings Ltd	1176	14.29		0.024
Plus Holdings Ltd	1013		11.11	0.04
Premium Land Ltd	164	11.11		0.03
Shanghai Allied Cement Ltd	1060		10.20	0.44
Starbow Holdings Ltd	397		23.08	0.03
Sun Media Group Holdings Ltd	307		12.50	0.014
Swank International Manufacturing Company Ltd	663		17.31	0.043
Theme International Holdings Ltd	990	10.64		0.052
Victory Group Ltd	1139		22.73	0.017

The other equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), The Growth Enterprise Market, known as The GEM, saw investors unload part of their holdings, pulling down The Growth Enterprise Index by about 0.003 percent to 1,050.62 points.

The Total Turnover on this speculative market was about \$HK53.77 million.

Losing counters edged out gaining ones by the ratio of about 1.21:One.

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

Yantai North Andre Juice Company Ltd (Code: 8259)	Up 6 percent to 87 cents per share
Wumart Stores Incorporated (Code: 8277)	Up 2 percent to \$HK13.00 per share
Kingdee International Software Group Company Ltd (Code: 8133)	Unchanged at \$HK2.40 per share
MP Logistics International Holdings Ltd (Code: 8239)	Up 1 percent to \$HK1.29 per share
Panva Gas Holdings Ltd (Code: 8132)	Unchanged at \$HK3.325 per share

The biggest GEM movers were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B.A.L. Holdings Ltd	8079		10.00	0.027
Era Information and Entertainment Ltd	8043		15.79	0.016
KanHan Technologies Group Ltd	8175	19.40		0.08
Ko Yo Ecological Agrotech (Group) Ltd	8042	13.33		0.34
M Channel Corporation Ltd	8036	15.79		0.022
M21 Technology Ltd	8153		23.91	1.05
Thiz Technology Group Ltd	8119	17.65		0.02

#### News wise

- A fourth major banking conglomerate, listed on the Main Board of The Stock Exchange of Hongkong Ltd, announced its results for the first half of its Financial Year.
- **Standard Chartered Bank plc** announced an improvement of about 55 percent, Year-on-Year.  
This is that which the bank told its shareholders:

<p><i>Standard Chartered plc</i>  Year end date: 31/12/2004</p>
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		<i>Currency: US dollars</i>	
			<i>(Unaudited)</i>
		<i>(Unaudited)</i>	<i>Last</i>
		<i>Current</i>	<i>Corresponding</i>
		<i>Period</i>	<i>Period</i>
		<i>from 01/01/2004</i>	<i>from 01/01/2003</i>
		<i>to 30/06/2004</i>	<i>to 30/06/2003</i>
		<i>('Million)</i>	<i>('Million)</i>
<i>Turnover :</i>		<i>1,546</i>	<i>1,458</i>
<i>Profit/(Loss) from Operations :</i>		<i>1,106</i>	<i>730</i>
<i>Finance income (cost) :</i>		<i>3</i>	<i>(7)</i>
<i>Share of Profit/(Loss) of Associates :</i>		<i>N/A</i>	<i>N/A</i>
<i>Share of Profit/(Loss) of Jointly Controlled Entities :</i>		<i>N/A</i>	<i>N/A</i>
<i>Profit/(Loss) after Tax and Minority Interests :</i>		<i>746</i>	<i>481</i>
<i>Percentage Change over Last Period :</i>		<i>+55 %</i>	
<i>Earnings Per Share-Basic (in dollars) :</i>		<i>0.612</i>	<i>0.387</i>
<i>Extraordinary Gains/(Losses) :</i>		<i>N/A</i>	<i>N/A</i>
<i>Profit/(Loss) after ETD Items :</i>		<i>746</i>	<i>481</i>
<i>Interim Dividend :</i>		<i>US 17.06 cents</i>	<i>US 15.51 cents</i>

In Japan, it was the third consecutive day of losses for shareholders, locked into stocks and shares, listed on the country's 3 equity markets.

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average shed another 130.55 yen, equivalent to about 1.17 percent, ending the session at 11,010.02 yen.

Losing counters outran gaining ones by the ratio of about 6.29:One.

#### News wise

- **Mitsubishi Motors Corporation** announced that its Group Net Loss for the quarter, ended June 30, 2004, stood at 54.70 billion yen. For the like period in 2003, the Group Net Loss was about 51.10 billion yen; and,
- Falling consumption of cigarettes in The Land of The Rising Sun has resulted in **Japan Tobacco Incorporated**, informing domestic growers of tobacco plants to stop cultivating them, effective next year.

This was the way that other Asian bourses ended their respective trading days, last Wednesday:

The HKSAR	Minus 0.62 percent to 12,280.26
Indonesia	Plus 0.13 percent to 758.30
Japan	Minus 1.17 percent to 11,010.02
Malaysia	Minus 0.08 percent to 824.88
The Philippines	Plus 0.70 percent to 1,572.91
Singapore	Minus 0.42 percent to 1,903.85
South Korea	Plus 0.41 percent to 729.41
Taiwan	Minus 0.94 percent to 5,316.87
Thailand	Minus 1.84 percent to 619.19

#### Thursday

The world was gripped by turmoil, last Thursday, with the price of crude oil, quoted on international exchanges, rushing up to much higher levels.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for September delivery rose about 3.69 percent to \$US44.41 per barrel.

For October delivery, light sweet crude oil was settled at \$US43.80 per barrel, a gain of 4.06 percent, compared with Wednesday's closing level.

The main reason for the relatively large rise in the price of crude oil was due to a statement, issued by Russia's Justice Ministry.

It stated that OAO Yukos Oil Company (YUKOS) might not have access to its bank accounts.

That statement was a 180-degree turn from previous statements of the Justice Ministry.

The Ministry said that the Bailiff, who had sent a notice to YUKOS, the previous day, suggesting that YUKOS had the right to use its cash for oil production and oil deliveries and other matters, had no right so to do: And, it was an '*irregular*' directive.

The Justice Ministry went further, however, saying that any money, coming into any coffers of YUKOS, would be '*seized or switched*' in order to pay the past tax bills of YUKOS to the Government of Russia.

On digesting this news, share prices plummeted on US equity markets.

On The New York Stock Exchange, the Dow Jones Industrial Average shed about 1.61 percent of its value, ending the day at 9,963.03 points.

On The NASDAQ, its Composite Index lost 1.80 percent, ending the hectic trading day at 1,821.63 points.

The ratio of losers to gainers on the world's largest equity market was about 3:One.

Investors, on the largest equity markets of the world, realised that, without some operating capital, YUKOS might have to stop production and deliveries.

YUKOS exports about 1.70 million barrels of oil, daily, with the People's Republic of China (PRC), getting 55 million barrels of YUKOS crude oil, per annum.

For more about oil, please refer to  
**TARGET** Intelligence Report, Volume VI, Number 146,  
published last Wednesday, August 4, 2004, headlined:  
**'THE RECORD-HIGH PRICE OF ENERGY:  
WILL IT USHER IN ANOTHER RECESSION ?**

European investors had not been apprised of the situation in respect of YUKOS, during trading hours, and, so, thinking, mistakenly, that the price of oil was off the boil, at least for the time being, up went the values of indices on the largest European bourses, last Thursday:

Amsterdam's AEX Index	Plus 0.76 percent
Great Britain's FTSE 100 Index	Plus 0.12 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.13 percent
France's CAC40 Index	Plus 0.42 percent
Switzerland's Swiss Market Index	Minus 0.03 percent
Italy's MIBTEL Index	Minus 0.42 percent

Europeans were somewhat buoyed by the statement of the President of OPEC (The Organisation of Petroleum Exporting Countries), Mr Purnomo Yusgiantoro, who claimed that he had just discovered a cache of between one million barrels of crude oil and 1.50 million barrels of oil, as daily spare capacity.

Surprise! Surprise!

There were other economic announcements, last Thursday, but they were, all, overshadowed by the situation in the oil markets.

One item of interest, which **TARGET** had forecast, was the 25-basis-point increase, announced by The Bank of England, which raised its base (interest) rate to 4.75 percent per annum.

The British Government is determined to control the rate of growth of inflation in the country in the light of the higher costs of energy.

In Asia, disregarding the precarious state of the international situation, all but one of the key equity markets of the region saw their indices rise.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, both equity markets managed reasonable gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 1.72 percent, running back to 12,491.92 points.

The Total Turnover was about \$HK14.08 billion and, once again, trading in the shares of HSBC Holdings plc (Code: 5) was responsible for a goodly part of the total activity, as investors swapped about 21.96 million, HSBC Holdings's shares for a value of about \$HK2.61 billion, representing about 18.54 percent of the Total Turnover.

Gaining counters were ahead of losing ones by the ratio of about 2.43:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.28 percent to \$HK119.00 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.85 percent to \$HK55.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 2.68 percent to \$HK67.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 2.46 percent to \$HK22.95 per share
Huaneng Power International Incorporated (Code: 902)	Up 1.67 percent to \$HK6.10 per share
CNOOC Ltd (Code: 883)	Down 1.32 percent to \$HK3.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.14 percent to \$HK59.75 per share
Yanzhou Coal Mining Company Ltd (Code: 1171)	Up 2.30 percent to \$HK8.90 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 1.40 percent to \$HK3.625 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 1.91 percent to \$HK13.35 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Strategic Holdings Ltd	235	12.50		0.36
China United International Holdings Ltd	273	24.14		0.36
Dynamic Global Holdings Ltd	231		15.00	0.051
Haywood Investments Ltd	905		43.18	0.05
I-China Holdings Ltd	2929	14.67		0.211
Kamboat Group Company Ltd	318		11.11	0.40
Kiu Hung International Holdings Ltd	381	12.90		0.28
Mei Ah Entertainment Group Ltd	391		13.79	0.25
Sino Prosper Holdings Ltd	766	14.29		0.56
Sinopec Yizheng Chemical Fibre Company Ltd	1033	10.27		1.61
Starbow Holdings Ltd	397	33.33		0.04
Swank International Manufacturing Company Ltd	663	16.28		0.05
Unity Investments Holdings Ltd	913	38.89		0.10
Victory Group Ltd	1139	11.76		0.019
Wong's Kong King International (Holdings) Ltd	532		10.13	0.355
Wonderful World Holdings Ltd	109		22.22	0.07

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover rose to about \$HK87.34 million.

The Growth Enterprise Index gained about 0.81 percent, ending the day at 1,059.14 points.

The ratio of gaining counters to losing ones was about 1.32:One.

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

Panva Gas Holdings Ltd (Code: 8132)  
Yantai North Andre Juice Company Ltd (Code: 8259)  
Global Digital Creations Holdings Ltd (Code: 8271)  
Wumart Stores Incorporated (Code: 8277)  
Kingdee International Software Group Company Ltd (Code: 8133)

Up 4 percent to \$HK3.45 per share  
Down 1 percent to 86 cents per share  
Down 55 percent to 15 cents per share  
Up 4 percent to \$HK13.50 per share  
Unchanged at \$HK2.40 per share

The biggest GEM movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061	22.22		0.33
B.A.L. Holdings Ltd	8079		11.11	0.024
China Advance Holdings Ltd	8117	12.00		0.084
CyberM International (Holdings) Ltd	8017		12.50	0.07
Era Information and Entertainment Ltd	8043	50.00		0.024
Global Digital Creations Holdings Ltd	8271		54.55	0.15
M21 Technology Ltd	8153	13.33		1.19
Milkyway Image Holdings Ltd	8130	17.39		0.027
New Chinese Medicine Holdings Ltd	8085		14.29	0.03
PINE Technology Holdings Ltd	8013		21.88	0.125
Zhongyu Gas Holdings Ltd	8070	12.50		0.18

In Japan, action on the country's 3 equity markets was very much constrained.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average managed a gain of 50.87 yen, equivalent to about 0.46 percent, as investors pushed up the key index to 11,060.89 yen.

Gaining counters just managed to edge out losing counters by the ratio of about 1.26:One.

And this was how other equity markets' indices closed, last Thursday:

The HKSAR	Plus 1.72 percent to 12,491.92
Indonesia	Plus 0.49 percent to 762.01
Japan	Plus 0.46 percent to 11,060.89
Malaysia	Minus 0.06 percent to 824.37
The Philippines	Plus 0.31 percent to 1,577.80
Singapore	Plus 1.67 percent to 1,935.70
South Korea	Plus 1.91 percent to 743.35
Taiwan	Plus 2.08 percent to 5,427.61

## **Friday**

Equity markets, around the world, were stunned by the anaemic statistics, which were released by the US Department of Labour, last Friday.

It confirmed that which many people have suggested but had lacked definitive evidence: The US economy had slowed down, considerably.

The figures showed, conclusively, that US industry is not hiring, in any great numbers, due in part, if not in whole, by the uncertain international situation and the ever-escalating price of crude oil.

This is part of that which the US Department of Labour released, last Friday:

*'Nonfarm employment was little changed (+32,000) in July, and the unemployment rate was essentially unchanged at 5.50 percent, The Bureau of Labour Statistics of the U.S. Department of Labour reported today. Employment levels in most of the major industry sectors were little changed over the month ...*

*'Both the number of unemployed persons, 8.20 million, and the unemployment rate, 5.50 percent, were essentially unchanged in July. The unemployment rate has shown little movement since December 2003. The jobless rates for the major worker groups – adult men (4.90 percent), adult women (4.90 percent), teenagers (17.60 percent), whites (4.80 percent), blacks (10.90 percent), and Hispanics or Latinos (6.80 percent) – also were little changed over the month. The unemployment rate for Asians was 4.30 percent in July, not seasonally adjusted...*

*'Total employment rose by 629,000 to 139.70 million in July, and the employment population ratio – the proportion of the population age 16 and over with jobs – increased to 62.50 percent. The civilian labour force also increased over the month, rising by 577,000 to 147.90 million, and the labour force participation rate rose to 66.20 percent ... '.*

On Wall Street, the call went out: Sell! Sell! Sell!

On The New York Stock Exchange, the Dow Jones Industrial Average ended the week with a loss of about 1.48 percent, falling to 9,815.33 points.

As for The NASDAQ, its Composite Index surrendered 2.46 percent of its value, dropping back to 1,766.89 points.

The tally for the week for the 2 largest equity markets of the world were:

The Dow Jones Industrial Average	Minus 3.20 percent
The NASDAQ's Composite Index	Minus 5.90 percent

And for the coming week, it looked very much as though there would be more sellers, lining up to unload stocks and shares, just before the announcement of the US Federal Reserve Board's Open Market Committee Meeting.

While the price of light sweet crude oil eased, slightly, last Friday, following statements from the President of OPEC (The Organisation of Petroleum Exporting Countries), it was still hovering at 21-year highs.

(Please see Thursday's report for the statement of Mr Purnomo Yusgiantoro)

On The New York Mercantile Exchange (NYMEX), the September price of light sweet crude oil was settled at \$US43.95 per barrel, down about 1.04 percent on Thursday's close.

As for October delivery, the price was settled at \$US43.52 per barrel, down about 0.64 percent.

In Europe, every index of every major bourse fell to wave after wave of selling pressure.

This was the result of the financial carnage, last Friday night:

Amsterdam's AEX Index	Minus 3.10 percent
Great Britain's FTSE 100 Index	Minus 1.71 percent
Germany's Frankfurt XETRA DAX Index	Minus 2.64 percent
France's CAC40 Index	Minus 2.60 percent
Switzerland's Swiss Market Index	Minus 2.08 percent
Italy's MIBTEL Index	Minus 1.62 percent

Soft US job statistics and the international situation with regard to the price of oil, as well as the prospects that 2 percent of the world's total supply of crude oil, that which YUKOS had been pumping and selling, internationally, was in jeopardy, all conspired to undermine confidence in equities.

In addition, there was the Open Market Committee Meeting of the US Federal Reserve Board, due this week: It was widely expected that The Fed would raise The Fed Fund's Rate by another 25 basis points.

In Asia, it was losers, all round.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were woken up, rather rudely, to the horrors that would be ushered in by the continuing high price of crude oil.

Companies, listed on the 2 equity markets of the territory, were suffering, some more than others.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index shed about 0.11 percent of its value, ending the week at 12,478.68 points.

The Total Turnover dipped to about \$HK9.96 billion.

The ratio of losing counters to gaining ones was 2.27:One.

The Ten Most Active counters were:

Hutchison Whampoa Ltd (Code: 13)	Up 2.27 percent to \$HK56.25 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK119.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 2.09 percent to \$HK61.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.75 percent to \$HK67.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.87 percent to \$HK22.75 per share
CNOOC Ltd (Code: 883)	Down 0.67 percent to \$HK3.725 per share
Henderson Land Development Company Ltd (Code: 12)	Up 1.74 percent to \$HK35.10 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.12 percent to \$HK13.20 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.49 percent to \$HK101.50 per share
Esprit Holdings Ltd (Code: 330)	Down 3.01 percent to \$HK35.40 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China United International Holdings Ltd	273		11.11	0.32
Daqing Petroleum and Chemical Group Ltd	362		13.16	0.33
Dynamic Global Holdings Ltd	231		11.76	0.045
E2-Capital (Holdings) Ltd	378		14.29	0.30
First Asia Capital Investment Ltd	1227		13.96	0.228
Haywood Investments Ltd	905	50.00		0.075
HyComm Wireless Ltd	499		13.33	0.052
Kee Shing (Holdings) Ltd	174	15.63		0.74
Kiu Hung International Holdings Ltd	381		14.29	0.24
New World CyberBase Ltd	276		12.50	0.014
Theme International Holdings Ltd	990		13.46	0.045
Unity Investments Holdings Ltd	913		20.00	0.08
Wang On Group Ltd	1222		11.21	1.03
Wonson International Holdings Ltd	651		18.75	0.013

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover dropped back to about \$HK36.77 million.

The Growth Enterprise Index lost about 0.79 percent, coming to rest at 1,050.74 points.

The ratio of losing counters to gaining counters was about 1.77:One.

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

A and K Educational Software Holdings Ltd (Code: 8053)	42 cents per share*
Yantai North Andre Juice Company Ltd (Code: 8259)	Unchanged at 86 cents per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Down 4 percent to \$HK16.85 per share
Panva Gas Holdings Ltd (Code: 8132)	Unchanged at \$HK3.45 per share
MP Logistics International Holdings Ltd (Code: 8239)	Unchanged at \$HK1.29 per share
* This was a new listing	

The GEM's double-digit movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061		31.52	0.226
Advanced Card Systems Holdings Ltd	8210		10.00	0.135
Global Digital Creations Holdings Ltd	8271	16.67		0.175

Glory Future Group Ltd	8071		21.05	0.03
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		10.34	0.26
Linefan Technology Holdings Ltd	8166	18.18		0.039

For the week, ended August 6, 2004, the tally for the equity markets of the HKSAR was:

The Hang Seng Index	Plus	1.97 percent
The Growth Enterprise Index	Minus	0.35 percent

Japan's 3 equity markets ended the week with another loss.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average shed 88.32 yen, or about 0.79 percent, falling to 10,972.57 yen.

Losing counters were ahead of gaining ones by the ratio of 3.20:One, exactly.

The continuing high price of oil meant, for most Japanese economists, that the worst was yet to come.

#### News wise

- **UFJ Holdings Incorporated** posted a first-quarter Loss Attributable to Shareholders of about 91.58 billion yen; and,
- **Sojitz Holdings Corporation** reported a Net Profit Attributable to Shareholders for the quarter, ended June 30, 2004, of about 9.80 billion yen. For the like period in 2003, the trading house recorded a Loss Attributable to Shareholders of about 721 million yen.

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

The Nikkei-225 Stock Average	Minus	3.12 percent
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And this was how indices of other Asian equity markets closed, last Friday:

The HKSAR	Minus 0.11 percent to 12,478.68
Indonesia	Minus 1.06 percent to 753.93
Japan	Minus 0.79 percent to 11,972.57
Malaysia	Minus 0.51 percent to 820.10
The Philippines	Minus 0.06 percent to 1,576.85
Singapore	Minus 0.66 percent to 1,922.75
South Korea	Minus 1.26 percent to 733.95
Taiwan	Minus 0.52 percent to 5,399.16
Thailand	Minus 1.28 percent to 610.94



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