

**MUQTADA AL-SADR ROCKS THE IRAQI OIL ‘BOAT’ –
CRUDE OIL PRICES HIT ANOTHER RECORD-HIGH LEVEL**

Asian investors were prone to having fits, last Monday, prior to the opening of US and European equity markets, as the price of crude oil, internationally, continued to give indications that it was headed closer to the \$US50 per barrel mark.

However, the price of oil never made it passed \$US46.85 per barrel in Asian trade.

News filtered through, late in the day, that the President Hugo Chavez had been confirmed as the victor of the referendum, held in Venezuela.

President Hugo Chavez will stay on as the country’s leader for another 2 years, by the looks of things.

Before that news was known, however, the damage had been done: Many equity markets in Asia had suffered from large-scale, selling pressure.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for September delivery was settled at \$US46.05 per barrel, down 53 cents (US) per barrel, equivalent to a fall of about 1.14 percent, compared with the last settlement price of Friday, August 13.

As for October delivery, the price of light sweet crude oil was settled at \$US45.69 per barrel, down about 0.74 percent on the previous Friday’s closing level.

But the small respite may be short-lived because news was, also, broken, last Monday, that an Iraqi oil well had been attacked by insurgents.

While the Iraqi oil well, under attack, was known to be a relatively small one, considering that Iraq was only pumping about 50 percent of normal production (about 41,000 barrels per hour), it only tended to add to the concern of many investors, worldwide.

Meanwhile, the fighting in the Holy City of Najaf continued, with US Marines, assisted by Iraqi Security Forces, engaged in fierce clashes with the al-Mahdi Army of Shia cleric Muqtada al-Sadr.

The ceasefire of the previous Friday had broken down, completely.

Muqtada al-Sadr has demanded that the Interim Government of Iraq be dissolved, forthwith, because it was, in his words, only a tool of the American occupation forces.

On Wall Street, last Monday, the slide in the price of crude oil fueled a rally on the largest equity markets of the world.

The Dow Jones Industrial Average, the key index, tracking the rises and falls of blue chips, listed on The New York Stock Exchange, put on about 1.31 percent, ending the session at 9,954.55 points.

On the tech-laden NASDAQ, its Composite Index rose about 1.46 percent, running back to 1,782.84 points.

On major European bourses, every key index moved to higher ground, as the following **TARGET** table illustrates:

Amsterdam’s AEX Index	Plus	1.18 percent
Great Britain’s FTSE 100 Index	Plus	1.13 percent
Germany’s Frankfurt XETRA DAX Index	Plus	1.42 percent
France’s CAC40 Index	Plus	0.91 percent
Switzerland’s Swiss Market Index	Plus	0.91 percent
Italy’s MIBTEL Index	Plus	0.88 percent

The volume of activity on major European markets was low, however, suggesting that Monday’s gains could well turn out to be a false start in the fullness of time.

On The Stock Exchange of Hongkong Ltd, both equity markets finished well in the red, as investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) feared for the worst in the week to come.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost about 1.13 percent of its value, falling back to 12,219.75 points.

The Total Turnover was about \$HK8.90 billion, which was relatively low for the premier equity market of the territory.

The ratio of losing counters to gaining ones was 3.20:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.42 percent to \$HK117.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.26 percent to \$HK21.65 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.09 percent to \$HK68.25 per share
Hutchison Whampoa Ltd (Code: 13)	Unchanged at \$HK57.00 per share
PetroChina Company Ltd (Code: 857)	Up 0.68 percent to \$HK3.675 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.22 percent to \$HK60.50 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Down 1.56 percent to \$HK12.65 per share
Huaneng Power International Incorporated (Code: 902)	Down 1.85 percent to \$HK5.30 per share
Denway Motors Ltd (Code: 203)	Up 2.78 percent to \$HK2.775 per share
Li and Fung Ltd (Code: 494)	Down 5.56 percent to \$HK9.35 per share

The biggest movers of the Main Board were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Merchants DiChain (Asia) Ltd	632		13.11	0.053
China Motion Telecom International Ltd	989		11.39	0.35
China Rich Holdings Ltd	1191		18.42	0.031
Haywood Investments Ltd	905	19.05		0.05
Hop Hing Holdings Ltd	47		10.96	0.325
Nam Fong International Holdings Ltd	1176		13.04	0.02
Northeast Electric Development Company Ltd	42		10.94	0.57
Ruili Holdings Ltd	491	10.00		0.011
Shang Hua Holdings Ltd	2930	20.00		0.60
Shun Ho Resources Holdings Ltd	253		10.34	0.26
Theme International Holdings Ltd	990		13.33	0.039
World Trade Bun Kee Ltd	380	10.11		0.98

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

The Growth Enterprise Index lost three quarters of a percentage point, ending the session at 1,019.76 points.

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

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

TOM Online Incorporated (Code: 8282)	Down 11 percent to 98 cents per share
Tong Ren Tang Technologies Company Ltd (Code: 8069)	Down 1 percent to \$HK16.60 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Unchanged at 39.50 cents per share
A and K Educational Software Holdings Ltd (Code: 8053)	Up 3 percent to 46 cents per share
Panva Gas Holdings Ltd (Code: 8132)	Down 1 percent to \$HK3.30 per share

The GEM's biggest movers of last Monday included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Changchun Da Xing Pharmaceutical Company Ltd	8067		11.43	0.31
PINE Technology Holdings Ltd	8013		21.43	0.11
SYSCAN Technology Holdings Ltd	8083		11.67	0.265
Thiz Technology Group Ltd	8119		15.00	0.017
TOM Online Incorporated	8282		10.91	0.98

Value Convergence Holdings Ltd	8101	10.26		0.43
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On Asia's largest equity market, that of The Tokyo Stock Exchange, The Nikkei-225 Stock Average ended the day with a loss of 69.39 yen, or about 0.65 percent, coming to rest at 10,687.81 yen.

However, at one point, during the trading day, The Nikkei-225 Stock Average was registering a loss of about 1.96 percent, compared with the previous Friday's closing level.

The ratio of losing counters to gaining ones on this market was about 3.73:One.

If The Tokyo Stock Exchange is true to form, then, Tuesday could well see a turnabout, as Japanese investors follow Wall Street's gain of Monday.

News wise

- The number of **corporate bankruptcies** in Japan fell about 16.80 percent in July, Year-on-Year, to 1,151 incidences. It was the 19th consecutive month of falls.

In other Asian equity markets, this was how they fared, last Monday:

The HKSAR	Minus 1.133 percent to 12,219.75
Indonesia	Minus 0.53 percent to 751.95
Japan	Minus 0.65 percent to 10,687.81
Malaysia	Minus 0.80 percent to 809.12
The Philippines	Plus 0.26 percent to 1,594.83
Singapore	Plus 0.25 percent to 1,877.60
South Korea	Minus 0.28 percent to 773.85
Taiwan	Minus 0.70 percent to 5,352.01
Thailand	Plus 1.38 percent to 596.98

Tuesday

It was apparent to any reasonably minded person in the US that, come the end of September, all things, being equal, the US Federal Reserve Board would be moving interest rates up another notch.

The statistics, gathered, collated and analysed by various branches of the US Government, all tended to point, albeit somewhat obliquely, to a potentially faltering US economy.

The Bureau of Labour Statistics of the US Department of Labour announced:

'Real average weekly earnings increased by 0.70 percent from June to July after seasonal adjustment ... This was due to a 0.30 percent increase in average hourly earnings, a 0.30 percent rise in average weekly hours, and a 0.10 percent decrease in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Data on average weekly earnings are collected from the payroll reports of private non-farm establishments. Earnings of both full-time and part-time workers, holding production or non-supervisory jobs, are included. Real average weekly earnings are calculated by adjusting earnings in current dollars for changes in the CPI-W.'

'Average weekly earnings rose by 2.30 percent, seasonally adjusted, from July 2003 to July 2004. After deflation by the CPI-W, average weekly earnings declined by 0.70 percent. Before adjustment for seasonal change and inflation, average weekly earnings were \$US526.94 in July 2004, compared with \$US515.27 a year earlier...'

Turning to July's findings in respect of the Consumer Price Index, this department of the US Government reported:

'The Consumer Price Index for All Urban Consumers (CPI-U) decreased 0.20 percent in July, before seasonal adjustment ... The July level of 189.40 (1982-84=100) was 3.00 percent higher than in July 2003.'

'The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) also decreased 0.20 percent in July, prior to seasonal adjustment. The July level of 184.90 was 3.00 percent higher than in July 2003.

'The Chained Consumer Price Index for All Urban Consumers (C-CPI-U) decreased 0.10 percent in July on a not seasonally adjusted basis. The July level of 110.30 (December 1999=100) was 2.40 percent higher than in July 2003 ...

CPI for All Urban Consumers (CPI-U).

'On a seasonally adjusted basis, the CPI-U declined 0.10 percent in July, following a 0.30 percent increase in June. Energy costs declined 1.90 percent in July after advancing sharply in the first half of the year. Within energy, the index for motor fuels decreased 4.00 percent, while the index for household fuels rose 0.40 percent. The index for food, which rose 0.20 percent in June, increased 0.30 percent in July. The index for all items less food and energy registered a 0.10 percent increase for the second consecutive month. Declines in the indexes for apparel, for recreation, and for education and communication were largely offset by an increase in the lodging away from home component of shelter... '.

The Federal Reserve Board announced its findings with regard to industrial production and capacity utilisation for the month of July.

The Fed said:

'Industrial production increased 0.40 percent in July; output in June was revised down and is now estimated to have decreased 0.50 percent. Utilities output fell noticeably in both months. In manufacturing, a production gain of 0.60 percent in July more than reversed the previous month's decline. Mining output also moved back up in July after a decline in June. At 116.20 percent of its 1997 average, industrial production in July was 4.90 percent above its level a year earlier. Capacity utilisation for total industry rose 0.20 percentage point in July, to 77.10 percent, a rate 4.00 percentage points below its 1972-2003 average ... '.

For the intermediate term, one should not be bullish about the statistics, compiled by departments of the US Government, although some Wall Street pundits, no doubt, could make an argument for holding a contrary view to that of TARGET's.

Wall Street investors, however, tended to look at the findings of the US Government as being more positive than negative, along the lines of a drunk, who, smilingly, states that his bottle is, after all, still half full.

Even the return to material increases in the price of crude oil on international markets did not appear to faze US investors, who pushed up key indices on equity markets in Continental USA.

On The New York Stock Exchange, last Tuesday, the Dow Jones Industrial Average continued its second day of gains, rising another 0.18 percent to 9,972.83 points.

The NASDAQ's Composite Index rose about 0.70 percent, ending the day at 1,795.25 points.

On The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for September delivery scooted up to \$US46.75 per barrel, an increase of 70 cents (US), or 1.52 percent on Monday's close.

As for October delivery, the price of crude oil was settled at \$US46.26 per barrel, a rise of about 1.23 percent on the last settled price on Monday night.

There were a number of very valid reasons for the gains in the price of oil on international markets.

They included:

1. A complete breakdown in the proposed peace talks between a delegation of 8 leading Iraqis, who drove from Baghdad to the Holy City of Najaf, and Shia cleric Muqtada al-Sadr, whose al-Mahdi Army has been causing chaos throughout Iraq, was reported, widely. Fighting in Najaf was intensifying near the Imam Ali Shrine, where the forces of Muqtada al-Sadr were completely surrounded by US Marine tanks and other armed vehicles, supported by about 2,000 well-seasoned Marines and about 1,500 Iraqi Security Forces. A report from the Arab television station, al-Jazeera, suggested that the talks had not broken down and that the reason that Muqtada al-Sadr had not met the Iraqi peace delegation was due to security concerns, that is his security, not the delegation's. Be that as it may, the fighting in Iraq between the al-Mahdi Army and the occupation forces was continuing in earnest; and,
2. Russian oil company, OAO Yukos Oil Company (YUKOS), reported that it had lost an appeal for more time to pay a \$US3.40-billion tax bill to the Russian Government. Very real fears existed that YUKOS might have to halt oil production – because it had insufficient money to continue operations. YUKOS was pumping about 1.70 million barrel of crude oil per day and any stoppage would send oil prices sky high, again.

In Europe, indecision reigned with regard to the direction of equities in the short term.

While the major indices of leading bourses were in the black, the gains were only of a fractional nature:

Amsterdam's AEX Index	Plus	0.42 percent
Great Britain's FTSE 100 Index	Plus	0.19 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.17 percent
France's CAC40 Index	Plus	0.46 percent
Switzerland's Swiss Market Index	Plus	0.48 percent
Italy's MIBTEL Index	Plus	0.05 percent

Asian equity markets were mixed.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the high price of crude oil and the prospects of higher prices to come tended to put a damper on equity trading.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 0.30 percent to end the session at 12,256.12 points.

However, the Total Turnover slid to about \$HK7.38 billion, which was the lowest level of the year.

The number of gaining counters just managed to put a nose ahead of losing ones by the slimmest of ratios: 1.002:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.43 percent to \$HK118.00 per share
Huaneng Power International Incorporated (Code: 902)	Up 0.94 percent to \$HK5.35 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.44 percent to \$HK56.75 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.23 percent to \$HK21.70 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 0.90 percent to \$HK2.75 per share
PetroChina Company Ltd (Code: 857)	Unchanged at \$HK3.675 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.83 percent to \$HK61.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.73 percent to \$HK67.75 per share
PCCW Ltd (Code: 8)	Unchanged at \$HK4.95 per share
Li and Fung Ltd (Code: 494)	Up 4.28 percent to \$HK9.75 per share

The double-digit movers of the day only numbered 7 counters, which was, also, a record for the year:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
BEP International Holdings Ltd	2326		14.29	0.24
FT Holdings International Ltd	559	10.81		0.041
Jackley Holdings Ltd	353	13.79		0.033
Pyxis Group Ltd	516		11.11	0.04
Quam Ltd	952	10.26		0.43
UDL Holdings Ltd	620		13.33	0.013
United Power Investment Ltd	674		16.67	0.14

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the situation mirrored that of the Main Board.

The Growth Enterprise Index gained about 0.18 percent, running up to 1,021.56 points on a Total Turnover of about \$HK53.17 million.

But this was as far as The GEM resembled the Main Board because losing counters outnumbered gaining counters by the ratio of 1.25:One.

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

Golden Meditech Company Ltd (Code: 8180)	Unchanged at \$HK3.00 per share
TOM Online Incorporated (Code: 8282)	Up 1 percent to 99 cents per share
Panva Gas Holdings Ltd (Code: 8132)	Up 2 percent to \$HK3.35 per share
Kanstar Environmental Paper Products Holdings Ltd (Code: 8011)	Up 1 percent to 40 cents per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061		16.00	0.21
Advanced Card Systems Holdings Ltd	8210		10.00	0.09
Golding Soft Ltd	8190		10.00	0.027
Henderson Cyber Ltd	8023	13.82		0.28
KanHan Technologies Group Ltd	8175		22.73	0.051
SYSCAN Technology Holdings Ltd	8083	24.53		0.33
T S Telecom Technologies Ltd	8003	48.57		0.052
Timeless Software Ltd	8028		10.24	0.149

On The Tokyo Stock Exchange, The Nikkei-225 Stock Average, a key index of Asia's largest equity market, gained just 38.16 yen, equivalent to about 0.36 percent, as investors pushed up the index to 10,725.97 yen.

The number of gaining counters outran the number of losing counters by the ratio of about 1.16:One.

News wise

- **Starbucks Coffee Japan** reported Net Profits Attributable to Shareholders of about 572 million yen for the quarter, ended June 30, 2004. That result compared with the like quarter in 2003 when the company reported a Net Profit Attributable to Shareholders of about 45 million yen.

This was the way that indices of other Asian equity markets fared, last Tuesday:

The HKSAR	Plus 0.30 percent to 12,256.12
Indonesia	Closed
Japan	Plus 0.36 percent to 10,725.97
Malaysia	Minus 0.08 percent to 808.51
The Philippines	Minus 1.76 percent to 1,566.83
Singapore	Plus 0.16 percent to 1,880.52
South Korea	Minus 0.36 percent to 771.03
Taiwan	Minus 0.18 percent to 5,342.49
Thailand	Plus 0.97 percent to 602.75

Wednesday

For the fourth consecutive day, share prices rose on the world's largest equity markets – for little to no real or logical reason.

On The New York Stock Exchange, the Dow Jones Industrial Average ended the day at 10,083.15 points, a one-day gain of about 1.11 percent.

On The NASDAQ, its Composite Index went up about 2.01 percent, hitting 1,831.37 points by the close of the day.

It was suggested that (a) US investors were tired of seeing the prices of their beloved shares head for lower levels (b) some investors were picking up stocks and shares, the prices of which had fallen, in their opinions, too low and much too fast and (c) the US economy was, really, not in bad shape, at all.

Meanwhile, on The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil hit another new record high price of \$US47.25 per barrel for September delivery.

The last settled price represented a gain of about 1.11 percent on Tuesday's closing level.

As for October delivery, the price of light sweet crude oil was last settled at \$US46.35 per barrel, not too different from Tuesday's last settlement price of \$US46.25 per barrel.

It looked as though the price of crude oil would continue to rise because, internationally, signs were ominous.

Oil supply worries were said by market gurus to have been the principal reason for the high price of crude oil, last Wednesday, but there were a number of other factors, also, that was propelling the oil price to record levels.

In Iraq, Shia cleric Muqtada al-Sadr, whose al-Mahdi Army had found itself, trapped in a pincer movement, with tanks and other armed vehicles of the US Marines, having located themselves on both flanks and the front of the Imam Ali Shrine in Najaf, was reported to have offered an olive branch to the Interim Iraqi Government.

The terms, offered by Muqtada al-Sadr, were said to include a withdrawal from the Imam Ali Shrine and a complete disarmament of the al-Mahdi Army, provided a truce could be agreed.

But Muqtada al-Sadr refuses to acknowledge the bona fides of the Interim Government of the country, claiming that it is nothing less than a mouthpiece for the US Government and the occupation forces.

The Interim Iraqi Government had, previously, sent a message to Muqtada al-Sadr, stating that it had the intention of liberating the Imam Ali Shrine and promising swift and terrible retribution if Muqtada al-Sadr and his al-Mahdi Army did not disband, disarm, and come to heel.

Muqtada al-Sadr is determined to take his place in the Government of the country, one way or another: Might is Right!

In Europe, last Wednesday, investors tended to follow the lead of Wall Street, although not all of the major equity markets went along for the ride.

European investors, unlike their American counterparts, it seems, know full well that, for every increase of \$US10 in the price of crude oil, it tends to knock off about one half of a percentage point from the growth of many of the economies of the European Union.

If that statistic is anywhere near the mark, then, it must, also, apply to the US economy.

Then, as though to reconfirm the statistic, which links the increase in the price of oil to the brakes, applied to the growth of many economies of the world, Europe's largest air carrier, Air France-KLM, announced that it would have to raise the price of its tickets in order to offset higher fuel costs.

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

Amsterdam's AEX Index	Plus 0.30 percent
Great Britain's FTSE 100 Index	Minus 0.08 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.56 percent
France's CAC40 Index	Plus 0.23 percent
Switzerland's Swiss Market Index	Minus 1.04 percent
Italy's MIBTEL Index	Plus 0.09 percent

In Asia, all but one of the major equity markets registered fractional movements, only.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China, both equity markets suffered losses.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index lost about 0.23 percent of its value, ending the day at 12,228.54 points.

The Total Turnover continued to be abysmally low, at about \$HK7.82 billion.

Advancing counters beat off declining ones by the ratio of about 1.14:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Up 0.01 percent to \$HK117.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.23 percent to \$HK21.65 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.44 percent to \$HK56.50 per share
PetroChina Company Ltd (Code: 857)	Up 1.36 percent to \$HK3.725 per share
Huaneng Power International Incorporated (Code: 902)	Up 3.74 percent to \$HK5.55 per share
China Telecom Corporation Ltd (Code: 728)	Unchanged at \$HK2.475 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 5.22 percent to \$HK3.525 per share
China Petroleum and Chemical Corporation (Code: 386)	Unchanged at \$HK2.75 per share
Denway Motors Ltd (Code: 203)	Up 4.55 percent to \$HK2.875 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)
Asia Alliance Holdings Ltd	616		15.00	0.102
China Elegance (Holdings) Ltd	476		11.67	0.053
China Merchants DiChain (Asia) Ltd	632	10.71		0.062
EC-Founder (Holdings) Company Ltd	618		14.75	0.26
FT Holdings International Ltd	559	14.63		0.047
LifeTec Group Ltd	1180	17.19		0.075
Nam Fong International Holdings Ltd	1176	26.32		0.024
REXCAPITAL Financial Holdings Ltd	555	20.00		0.042
Rontex International Holdings Ltd	1142	16.00		0.116
SMI Corporation Ltd	198		18.92	0.03
South East Group Ltd	726	26.36		0.139
Start Technology Company Ltd	706		16.67	0.30
TCL International Holdings Ltd	1070	10.10		2.725
Technology Venture Holdings Ltd	61	15.15		0.152

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, share-price losses were much greater than those of the Main Board.

The Growth Enterprise Index gave up about 0.65 percent of its value, falling back to 1,014.90 points.

The Total Turnover, however, dropped to its lowest level of the year, at about \$HK32.21 million.

The ratio of losers to gainers was 2.26:One.

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

Panva Gas Holdings Ltd (Code: 8132) Down 1 percent to \$HK3.325 per share

MP Logistics International Holdings Ltd (Code: 8239) Unchanged at \$HK1.30 per share

B and S Entertainment Holdings Ltd (Code: 8167) Down 1 percent to 80 cents per share

Wumart Stores Incorporated (Code: 8277) Down 1 percent to \$HK13.40 per share

A and K Educational Software Holdings Ltd (Code: 8053) Down 3 percent to 43.50 cents per share

The biggest GEM movers of last Wednesday were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
DIGITALHONGKONG.COM	8007		10.00	0.36
Excel Technology International Holdings Ltd	8048		12.36	0.078
Global Digital Creations Holdings Ltd	8271		12.12	0.145
Golding Soft Ltd	8190		11.11	0.024
Grandy Corporation	8143		15.38	0.055
KanHan Technologies Group Ltd	8175	31.37		0.067
Linefan Technology Holdings Ltd	8166	10.00		0.044
M Channel Corporation Ltd	8036		13.64	0.019
Stockmartnet Holdings Ltd	8123		15.38	0.022
T S Telecom Technologies Ltd	8003		26.92	0.038
Town Health International Holdings Company Ltd	8138	15.79		0.044
Value Convergence Holdings Ltd	8101	16.28		0.50
Vodatel Networks Holdings Ltd	8033		11.59	0.305

News wise

- The reputed, 3rd largest cruise line company of the world reported another loss position. For the first half of 2004, this is what **Star Cruises Ltd (Code: 678, Main Board)** reported to its shareholders:

Star Cruises Ltd

	(Unaudited) Current Period from 1/1/2004 to 30/6/2004 (\$US '000)	(Unaudited) Last Corresponding Period from 1/1/2003 to 30/6/2003 (\$US '000)
Turnover	: 767,675	780,658
Profit/(Loss) from Operations	: 35,499	11,985
Finance cost	: (44,989)	(47,638)
Profit/(Loss) after Tax and Minority Interests	: (18,181)	(37,107)
Earnings Per Share-Basic (in US dollars)	: (0.0034)	(0.0075)
Net Loss Attributable to Shareholders	: (18,181)	(37,107)
Interim Dividend Per Share	:	Nil

On The Tokyo Stock Exchange, it was another very quiet trading day.

The Nikkei-225 Stock Average gained 48.29 yen, or about 0.45 percent, ending the session at 10,774.26 yen.

Gaining counters were ahead of losing ones by the ratio of about 1.42:One.

News wise

- **Asahi Glass Company** reported a Net Profit Attributable to Shareholders of about 59.46 billion yen for the first 6 months of this Financial Year, to June 30, 2004;
- **Seiyu Ltd**, an affiliate of US retailer, **Wal-Mart Stores Incorporated**, announced a Group Net Loss of 2.88 billion yen for the 6-month period, ended June 30, 2004; and,
- Shipments of **mobile telephones** from Japan dropped by about 15.40 percent in June, compared with the like month in 2003.

And this was how indices of other Asian equity markets fared, last Wednesday night:

The HKSAR	Minus 0.225 percent to 12,228.54
Indonesia	Plus 0.31 percent to 754.25
Japan	Plus 0.45 percent to 10,774.26
Malaysia	Plus 0.13 percent to 809.56
The Philippines	Minus 0.67 percent to 1,556.37
Singapore	Plus 0.54 percent to 1,890.68
South Korea	Plus 0.28 percent to 773.19
Taiwan	Plus 1.60 percent to 5,427.75
Thailand	Plus 0.42 percent to 605.30

Thursday

It was becoming boring for many people to hear, but, once again, the price of crude oil hit another record level on The New York Mercantile Exchange (NYMEX).

Last Thursday, the price of light sweet crude oil was settled for September delivery at \$US48.70 per barrel, a one-day increase of about \$US1.45 per barrel, equivalent to about 3.07 percent.

That was only for September delivery, however, because delivery for October was settled at \$US47.64 per barrel, up about 2.78 percent on Wednesday's close.

The price of oil seemed destined to touch \$US50 per barrel before the month was out.

And, then, stand by for the fall-out!

**Please See TARGET Intelligence Report, Volume VI, Number 146, Published on August 4, 2004, Second Report:
'THE RECORD-HIGH PRICE OF ENERGY: WILL IT USHER IN ANOTHER RECESSION ?'**

The reason for the rapid rise in the price of crude oil was, in part, if not in whole, the troublesome situation in Iraq where Shia cleric Muqtada al-Sadr and his al-Mahdi Army were causing havoc throughout that troubled, Middle-Eastern country.

Shia militants, loyal to Muqtada al-Sadr, had broken into the headquarters of South Oil Company in the southern port of Basra and set it on fire.

The attack did not disrupt the flow of the country's one million barrels of crude oil per day, but it did indicate that the Interim Government of the country, really, was not in full control of its destiny.

And in the north of Iraq, at Kirkuk, there was an explosion, which damaged a pipeline, leading from the largest refinery, located at Baiji.

In the Holy City of Najaf, the headquarters of the al-Mahdi Army, fighting was continuing apace.

Interim Iraqi Prime Minister Iyad Allawi made a 'final call' for the fighting to end: It was not a veiled threat.

He said:

'This is the final call for them to disarm, vacate the Holy Shrine, engage in politic work and consider the interest of the homeland.'

Numerous women and children were holed up in the Imam Ali Shrine, where it was said that Muqtada al-Sadr was stationed.

If the Holy Shrine/Mosque was to be attacked, it would cause untold bloodshed ... and Prime Minister Iyad Allawi was well aware of this fact.

It was a Mexican standoff.

Wall Street, at last, came to the realisation that the situation in Iraq would not just vanish into the ether.

On The New York Stock Exchange, last Thursday, the Dow Jones Industrial Average lost about 0.42 percent, dropping back to 10,040.82 points.

As for the Composite Index of The NASDAQ, it ended the session at 1,819.89 points, off about 0.63 percent on Wednesday's closing level.

If the fighting in Iraq and attacks on oil installations continued, it was clear that investors in the US would run for cover, resulting in a full-scale retreat on Wall Street.

In Europe, investors were taken aback by the abrupt halt of Wall Street's mini-rally of earlier in the week, but, more importantly, it appeared that market makers were unsure as to the direction in the near term of major equity markets of the world's largest economy.

As a result, only fractional gains and losses were recorded on indices of major eurozone stock markets, as the following **TARGET** list indicates:

Amsterdam's AEX Index	Plus	0.18 percent
Great Britain's FTSE 100 Index	Plus	0.16 percent
Germany's Frankfurt XETRA DAX Index	Minus	0.09 percent
France's CAC40 Index	Plus	0.08 percent
Switzerland's Swiss Market Index	Plus	0.45 percent
Italy's MIBTEL Index	Plus	0.19 percent

As for leading Asian equity markets, there were 2 losers and 7 gainers.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China, investors were treated to some rather positive news, emanating from the Li Ka Shing Camp and the mighty Bank of China Group. (Please see [News wise](#), below)

The interim announcements from some of the key players, listed on the Main Board of The Stock Exchange of Hongkong Ltd, appeared to dispel suggestions that the economy of the territory would collapse in the coming weeks.

The Hang Seng Index, the gauge, measuring the direction of blue chips, listed on the Main Board, gained about 1.38 percent, ending the session at 12,396.67 points.

The Total Turnover improved to about \$HK12.74 billion, with trading, having been dominated as to 39.30 percent by just 10 counters.

Those 10 Most Actives were:

HSBC Holdings plc (Code: 5)	Up 0.85 percent to \$HK118.00 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 3.10 percent to \$HK13.30 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.46 percent to \$HK21.75 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.89 percent to \$HK57.00 per share
PetroChina Company Ltd (Code: 857)	Up 2.01 percent to \$HK3.80 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.84 percent to \$HK69.25 per share
Aluminum Corporation of China Ltd (Code: 2600)	Up 5.67 percent to \$HK3.725 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.82 percent to \$HK2.80 per share
China Life Insurance Company Ltd (Code: 2628)	Up 4.88 percent to \$HK4.30 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.23 percent to \$HK61.50 per share

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Chevalier iTech Holdings Ltd	508	10.84		0.92
China Everbright International Ltd	257	18.75		0.38
Decca Holdings Ltd	997	16.00		0.58
E-LIFE International Ltd	370	10.59		0.094
Eagle Nice (International) Holdings Ltd	2368	10.89		2.80
Everbest Century Holdings Ltd	578	15.38		0.30
Far East Hotels and Entertainment Ltd	37	12.50		0.315
FT Holdings International Ltd	559	17.02		0.055
Gorient (Holdings) Ltd	729	17.14		0.041
Hua Lien International (Holding) Company Ltd	969		14.58	0.41
Jackley Holdings Ltd	353	12.90		0.035
Lippo Ltd	226		11.18	1.51
Nam Fong International Holdings Ltd	1176		16.67	0.02
SMI Corporation Ltd	198	10.00		0.033
Starbow Holdings Ltd	397		11.43	0.031

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the situation was far from being representative of that which had transpired on the Main Board.

The Growth Enterprise Index gained about 0.31 percent, rising to 1,018.02 points on a Total Turnover of about \$HK37.35 million.

Advancing counters outnumbered declining ones by the ratio of about 1.36:One.

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

Andre North Andre Juice Company Ltd (Code: 8259)	Down 1 percent to 80 cents per share
TOM Online Incorporated (Code: 8282)	Up 3 percent to \$HK1.04 per share
A and K Educational Software Holdings Ltd (Code: 8053)	Unchanged at 43.50 cents per share
MP Logistics International Holdings Ltd (Code: 8239)	Down 1 percent to \$HK1.29 per share
Panva Gas Holdings Ltd (Code: 8132)	Up 2 percent to \$HK3.40 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061	21.43		0.255
DIGITALHONGKONG.COM	8007		11.11	0.32
Golding Soft Ltd	8190	12.50		0.027
Henderson Cyber Ltd	8023		10.71	0.25
PINE Technology Holdings Ltd	8013	32.41		0.143
T S Telecom Technologies Ltd	8003	13.16		0.043

Sanmenxia Tianyuan Aluminum Company Ltd	8253	10.22		0.248
Town Health International Holdings Company Ltd	8138	13.64		0.05
Value Convergence Holdings Ltd	8101	20.00		0.60

News wise

Three major players on the Main Board of The Stock Exchange of Hongkong Ltd treated their investors to some rather impressive profits' figures. This is what these heavyweights told their shareholders:

BOC Hong Kong (Holdings) Ltd

	(Unaudited) Current Period from 1/1/2004 to 30/6/2004 (\$HK' million)	(Audited) Last Corresponding Period from 1/1/2003 to 30/6/2003 (\$HK' million)
Interest Income	: 7,304	9,358
Profit from Operations	: 6,795	3,255
Share of Profit/(Loss) of Associates	: (19)	(10)
Profit after Tax and Minority Interests	: 5,581	3,012
Percentage Change over Last Period	: +85.29	
Earnings Per Share — Basic (in Hongkong dollars)	: 0.5279	0.2849
Profit Attributable to Shareholders	: 5,581	3,012
Interim Dividend per Share	: 32 cents	19.50 cents
Books Closing Dates for Interim Dividend	8/9/2004 to 15/9/2004, both days inclusive	
Dividend Payable Date	: 23/9/2004	

Cheung Kong (Holdings) Ltd

	(Unaudited) Current Period from 1/1/2004 to 30/6/2004 (\$HK' million)	(Unaudited) Last Corresponding Period from 1/1/2003 to 30/6/2003 (\$HK' million)
Turnover	: 8,931	4,973
Profit from Operations	: 1,149	1,118
Finance cost	: (170)	(286)
Share of Profit of Associates	: 6,325	3,554
Share of Profit of Jointly Controlled Entities	: 786	233
Profit after Tax and Minority Interests	: 7,750	4,001
Percentage Change over Last Period	: +94	
Earnings Per Share – Basic (in Hongkong dollars)	: 3.35	1.73
Interim Dividend per Share	: 38 cents	38 cents
Books Closing Dates for Interim Dividend	: 7/10/2004 to 14/10/2004, both days inclusive	
Dividend Payable Date	: 15/10/2004	

Hutchison Whampoa Ltd

	(Unaudited) Current Period from 1/1/2004	(Unaudited) Last Corresponding Period from 1/1/2003
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	<i>to 30/6/2004</i> <i>(\$HK 'million)</i>	<i>to 30/6/2003</i> <i>(\$HK 'million)</i>
<i>Turnover</i>	: 59,733	47,404
<i>Profit from Operations</i>	: 11,367	6,113
<i>Finance cost</i>	: (5,829)	(4,562)
<i>Share of Profit of Associates</i>	: 4,025	4,238
<i>Share of Profit of Jointly Controlled Entities</i>	: 1,392	960
<i>Profit after Tax and Minority Interests</i>	: 12,482	6,067
<i>Percentage Change over Last Period</i>	: +106	
<i>Earnings Per Share – Basic (in Hongkong dollars)</i>	: 2.93	1.42
<i>Profit Attributable to Shareholders</i>	: 12,482	6,067
<i>Interim Dividend per Share</i>	: 51 cents	51 cents
<i>Books Closing Dates for Interim Dividend</i>	: 30/9/2004 to 7/10/2004, both days inclusive	
<i>Dividend Payable Date</i>	: 8/10/2004	

In The Land of The Rising Sun, the premier equity market put on a show of strength, on the back of Wall Street's rally of earlier in the week.

Trading was brisk on The Tokyo Stock Exchange, as the Nikkei-225 Stock Average rose 129.27 yen, equivalent to about 1.20 percent, ending the busy trading session at 10,903.53 yen.

But, even though the volume of activity was much improved, compared with volumes, recorded earlier in the week, there were questions, being raised, as to whether or not the market would be able to hold onto its gains for very long.

The ratio of gainers to losers was 4.09:One.

News wise

- **Don Quijote Company**, a discount retailer in Japan, reported a Net Profit Attributable to Shareholders of about 6.85 billion yen for the Financial Year, ended June 30, 2004. That result was an increase, Year-on-Year, of about 21 percent. It was a record for the company; and,
- **UFJ Group** was reported to have clinched a deal with **HSBC Holdings plc (Code: 5, Main Board, The Stock Exchange of Hongkong Ltd)** to sell its Aplus Company to one of the world's largest banking groups. The price: 100 billion yen (about \$US909 million). Aplus is an ailing consumer finance affiliate of UFJ Group, which, in turn, is part of **UFJ Holdings Incorporated**.

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

The HKSAR	Plus 1.38 percent to 12,396.67
Indonesia	Minus 0.07 percent to 753.69
Japan	Plus 1.20 percent to 10,903.53
Malaysia	Plus 0.07 percent to 810.15
The Philippines	Plus 1.09 percent to 1,573.27
Singapore	Plus 0.87 percent to 1,907.05
South Korea	Plus 1.98 percent to 788.53
Taiwan	Plus 3.23 percent to 5,602.99
Thailand	Minus 0.46 percent to 602.54

Friday

Confusion reigned, internationally, last Friday, as to whether or not the Holy City of Najak was still in the hands of Shia cleric Muqtada al-Sadr and his al-Mahdi Army.

Reports from the area, which had been broadcast on US television networks, claimed that about 50, al-Mahdi Army fighters had been arrested after they had left the Imam Ali Mosque, but a spokesman for leading Shia cleric, Ayat Allah al-Sistani, denied that

the al-Mahdi Army had relinquished control of the Imam Ali Mosque and Shrine.

On international oil markets, the price of crude oil edged closer to the \$US50-mark, but, on hearing that (perhaps) the fighting at Najak was over, the price fell back again.

At the end of the week's trading on The New York Mercantile Exchange (NYMEX), the price of light sweet crude oil for September delivery was settled at \$US47.86 per barrel, down about 1.72 percent on Thursday's closing level.

But, during the height of trading, the price hit a high of \$US49.40 per barrel.

As for October delivery, the last settlement price was \$US46.72 per barrel, which represented a fall of about 1.93 percent on the previous day's last price.

As at last Friday's closing price, the cost of energy, worldwide, had risen since the start of 2004 by about 40 percent.

But investors on Wall Street seemed unperturbed by the gyrations in the price of crude oil, last Friday.

On The New York Stock Exchange, the Dow Jones Industrial Average gained about 0.69 percent over Thursday's close to end the week at 10,110.14 points.

On The NASDAQ, its Composite Index managed a gain of about one percent, rising to 1,838.01 points.

News wise

- **Nortel Networks Corporation** announced that it would be sacking 3,500 of its workforce. The company has been plagued by scandals over the past few years. Its headquarters are in Toronto, Canada, but its shares are quoted on The New York Stock Exchange as well as The Toronto Stock Exchange. The company is under investigation by the US Securities and Exchange Commission and the Ontario Securities Commission.

The tally for the week for the world's largest bourses was:

The Dow Jones Industrial Average	Up 2.90 percent
The NASDAQ's Composite Index	Up 4.60 percent

In Europe, investors continued to be gravely concerned about the international situation, especially as it concerned oil and oil deliveries, but because a number of matters were still unresolved, last Friday, it appeared that the best course of action was no action, at all.

As such, indices of major bourses moved either up or down, but fractionally, only:

Amsterdam's AEX Index	Minus 0.24 percent
Great Britain's FTSE 100 Index	Plus 0.15 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.27 percent
France's CAC40 Index	Minus 0.18 percent
Switzerland's Swiss Market Index	Plus 0.07 percent
Italy's MIBTEL Index	Minus 0.30 percent

In Asia, all but 2 equity markets wrote last Friday's results in red ink.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), Thursday's gains on the Main Board of The Stock Exchange of Hongkong Ltd were relegated to history – indices fell.

The Hang Seng Index dropped back by about 0.16 percent, ending the week's trading at 12,376.90 points.

The Total Turnover, also, dropped back to about \$HK8.77 billion.

Losing counters outnumbered gaining ones by the ratio of about 1.67:One.

The Ten Most Actives were:

Hutchison Whampoa Ltd (Code: 13)	Up 1.75 percent to \$HK58.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.76 percent to \$HK21.15 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.81 percent to \$HK62.00 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK118.00 per share

PetroChina Company Ltd (Code: 857)	Unchanged at \$HK3.80 per share
BOC Hongkong (Holdings) Ltd (Code: 2388)	Up 0.38 percent to \$HK13.35 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 0.36 percent to \$HK69.00 per share
Henderson Land Development Company Ltd (Code: 12)	Up 0.83 percent to \$HK36.40 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.79 percent to \$HK2.85 per share
CNOOC Ltd (Code: 883)	Up 2.72 percent to \$HK3.775 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Elegance (Holdings) Ltd	476	11.32		0.059
China Nan Feng Group Ltd	979	25.00		0.06
Compass Pacific Holdings Ltd	1188		10.00	0.27
Foundation Group Ltd	1182	16.13		0.072
Gorient (Holdings) Ltd	729		12.20	0.036
Hi Sun Group Ltd	818		11.11	0.32
HyComm Wireless Ltd	499		10.00	0.045
Kee Shing (Holdings) Ltd	174	12.70		0.71
South East Group Ltd	726	15.33		0.158
Swank International Manufacturing Company Ltd	663	11.54		0.058
Wong's Kong King International (Holdings) Ltd	532	19.12		0.405

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover fell to about \$HK35.16 million, as The Growth Enterprise Index struggled to score a gain of just 0.02 percent.

While The Growth Enterprise Index ended the week at 1,018.24 points, losing counters were ahead of gaining ones by the ratio of 1.45:One.

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

MP Logistics International Holdings Ltd (Code: 8239)	Up 1 percent to \$HK1.30 per share
Panva Gas Holdings Ltd (Code: 8132)	Unchanged at \$HK3.40 per share
B and S Entertainment Holdings Ltd (Code: 8167)	Unchanged at 80 cents per share
Andre North Andre Juice Company Ltd (Code: 8259)	Up 1 percent to 81 cents per share
A and K Educational Software Holdings Ltd (Code: 8053)	Down 1 percent to 43 cents per share

The largest movers of the GEM, last Friday, were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Information Resources (Holdings) Ltd	8025		10.20	0.044
IIN International Ltd	8128	11.11		0.05
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205	17.86		0.33
KanHan Technologies Group Ltd	8175		11.43	0.062
Leadership Publishing Group Ltd	8010		26.67	0.033
M Dream Inworld Ltd	8100	16.67		0.056
Tradeeasy Holdings Ltd	8163	26.32		0.024
Ultra Group Holdings Ltd	8203	10.71		0.062
Value Convergence Holdings Ltd	8101	10.00		0.66

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

The Hang Seng Index	Plus 0.14 percent
The Growth Enterprise Index	Minus 0.90 percent

On the premier equity market of Japan, as expected, the market could not hold onto its gains of Thursday.

The Tokyo Stock Exchange witnessed another boring session, which resulted in the Nikkei-225 Stock Average recording a loss of about 14.39 yen, dropping back to 10,889.14 yen.

While the key index was down, the number of gaining counters outran losing counters by the ratio of about 1.58:One.

The tally for Asia's largest equity market was:

The Nikkei-225 Stock Average Plus 1.21 percent

And this was how other Asian equity markets ended the week of August 21, 2004:

The HKSAR	Minus 0.16 percent to 12,376.90
Indonesia	Minus 0.42 percent to 750.47
Japan	Minus 0.13 percent to 10,889.14
Malaysia	Minus 0.20 percent to 808.47
The Philippines	Plus 0.60 percent to 1,582.84
Singapore	Minus 0.63 percent to 1,894.93
South Korea	Minus 0.11 percent to 787.64
Taiwan	Plus 0.35 percent to 5,622.86
Thailand	Minus 0.66 percent to 598.55

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