

**TENSIONS RISE OVER THE ILLEGAL SEIZURE OF
15 ROYAL NAVY SEAMEN IN IRAQI WATERS –
OIL PRICES HIT 6-MONTHS HIGHS –
THE HOUSING SITUATION 'IS' A THREAT TO THE U.S. ECONOMY**

Concerns deepened, last Monday, in the United States of America and in Great Britain over the fate of the 15, (British) Royal Navy personnel, abducted at gunpoint by Iranian armed forces.

The 15, Royal Navy personnel were taken into custody at gunpoint on Friday, March 23, 2006, while on a regular anti-smuggling patrol in Iraqi waters.

The Iranian Government denies that these commandoes and sailors were in Iraqi or international waters; and, there was a call in Tehran, last Monday, for the British naval personnel to be put on trial.

The Prime Minister of Great Britain, Mr Tony Blair, has called for their immediate release.

The detention of the British naval personnel on Friday, March 23, came one day before the United Nations Security Council voted unanimously to impose harsher sanctions on Iran in view of the fact that this fundamentalistic Muslim country refuses to stop enriching uranium to a weapons-grade level.

The new sanctions will block, completely, all Iranian arms exports and freeze all of the assets of individuals and companies, involved in Iran's nuclear and missile programmes.

Iranian Foreign Minister, Mr Manouchehr Mottaki, came out, stating that the United Nations's decision was 'illegal' and 'unjustifiable'.

Mr Manouchehr Mottaki, also, stated:

'I can assure you (the United Nations) that pressure and intimidation will not change Iranian policy ... The Security Council's decision to try to coerce Iran into suspension of its peaceful nuclear programme is a gross violation (of the United Nations's' Charter)'.

Iran is the world's fourth-largest exporter of crude oil and, if it so desired, the country could hold the world to ransom by refusing to export its oil to certain countries.

These factors – the illegal detention of the 15 Royal Naval personnel and the United Nations determination to bring Iran to heel in respect of its nuclear ambitions – caused widespread nervousness of equity and commodity markets, around the world.

On The New York Stock Exchange, last Monday, the Dow Jones Industrial Average lost 11.94 points, equivalent to about one tenth of a percentage point, ending the trading day at 12,469.07 points.

Over on The NASDAQ, its Composite Index went in the opposite direction to The Dow, rising 6.70 points, or about 0.27 percent, coming to rest at 2,455.63 points by the close of the day's trading activities.

News Wise

- **Sales of new US homes** fell in February by about 3.90 percent, on an annualised basis, to 848,000 units, according to the US Commerce Department's pen-pushers; and,
- **Citigroup Incorporated** is planning to sack about 15,000 of its employees, it was announced.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in May came in at \$US62.91, representing an increase of about 1.01 percent, compared with the last settlement of the previous Friday (March 23).

For delivery in June, the last settlement was \$US64.52 per barrel of light sweet crude oil, equivalent to an increase of about 1.57 percent, compared with the final quote of the previous Friday.

In Europe, investors were very nervous, about Iran's actions over the British sailors and commandoes, the potential for retaliatory steps by the Iranian Government, following the determinations of the United Nations to impose stiffer sanctions on Iran, and the continued economic problems, confirmed to be facing the single-biggest economy in the world.

As a result, every key index of every major bourse lost traction, slipping backwards:

Amsterdam's AEX Index	Minus 0.98 percent
France's CAC 40 Index	Minus 1.03 percent
Germany's Frankfurt XETRA DAX Index	Minus 1.01 percent
Great Britain's FTSE 100 Index	Minus 0.74 percent
Italy's MIBTEL Index	Minus 1.02 percent
Switzerland's Swiss Market Index	Minus 0.92 percent

In Asia, while one could state that it was a mixed bag on the 9 equity markets of the region, it was noted that the gains and losses were, for the most part, small fractions, only.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), movements on the key indices of both equity markets were tiny.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 0.37 percent, ending the trading day at 19,765.85 points.

The Total Turnover was about \$HK39.86 billion, with advancing counters, outnumbering declining ones by the ratio of about 1.32:One.

The Ten Most Active counters of the day were:

China Mobile Ltd (Code: 941)	Up 0.99 percent to \$HK71.65 per share
HSBC Holdings plc (Code: 5)	Up 0.15 percent to \$HK137.40 per share
PetroChina Company Ltd (Code: 857)	Up 1.82 percent to \$HK8.94 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.22 percent to \$HK22.30 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.08 percent to \$HK6.55 per share

China Agri-Industries Holdings Ltd (Code: 606)

Up 5.59 percent to \$HK5.86 per share

Bank of China Ltd (Code: 3988)

Unchanged at \$HK3.89 per share

Hutchison Whampoa Ltd (Code: 13)

Down 0.26 percent to \$HK75.65 per share

China Shenhua Energy Company Ltd (Code: 1088)

Down 0.94 percent to \$HK19.96 per share

CNOOC Ltd (Code: 883)

Up 0.93 percent to \$HK6.53 per share

There was a total of 39, double-digit movers on the Main Board, last Monday, with 6 of their numbers, seeing their respective share prices shaved down by 10 percent or more.

The biggest loser of the day was Freeman Corporation Ltd (Code: 279), whose share price was felled by about 33.03 percent to 14.80 cents.

The biggest gainer of the day was China Sci-Tech Holdings Ltd (Code: 985) as investors pushed up its share price to 22.40 cents, a one-day improvement of about 117.48 percent.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its Growth Enterprise Index shed 0.04 percent, exactly, edging back to 1,344.82 points.

The Total Turnover was about \$HK554.36 million, while the ratio of gainers to losers was about 1.21:One.

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

Xteam Software International Ltd (Code: 8178)

Up 17.91 percent to \$HK0.395 per share

China Medical Science Ltd (Code: 8120)

Down 4.23 percent to \$HK0.68 per share

Xinjiang Tianye Water Saving Irrigation System
Company Ltd (Code: 8280)

Up 7.45 percent to \$HK3.03 per share

Century Sunshine Ecological Technology Holdings
Ltd (Code: 8276)

Up 1.59 percent to \$HK1.92 per share

Proactive Technology Holdings Ltd (Code: 8089)

Down 0.82 percent to \$HK7.25 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Capital Resources (Holdings) Ltd	8025	16.22		0.129
Advanced Card Systems Holdings Ltd	8210		19.30	0.23
Cardlink Technology Group Ltd	8066		18.06	0.127

Glory Future Group Ltd	8071	11.48		0.34
Golding Soft Ltd	8190	16.00		0.058
Linefan Technology Holdings Ltd	8166	14.46		0.095
North Asia Strategic Holdings Ltd	8080	18.75		0.95
Neolink Cyber Technology (Holding) Ltd	8116	13.16		0.43
Northeast Tiger Pharmaceutical Company Ltd	8197		21.88	0.10
Prosten Technology Holdings Ltd	8026		10.71	0.25
Soluteck Holdings Ltd	8111	27.06		0.108
Sys Solutions Holdings Ltd	8182		10.45	0.60
Thiz Technology Group Ltd	8119	22.67		0.092
Tiger Tech Holdings Ltd	8046	23.94		0.176
Tradeeasy Holdings Ltd	8163	12.00		0.084
Wafer Systems Ltd	8198	32.80		0.166
Xteam Software International Ltd	8178	17.91		0.395
Ningbo Yidong Electronic Company Ltd	8249		11.67	0.265
Zhongyu Gas Holdings Ltd	8070	10.00		0.55

On The Tokyo Stock Exchange, which is the premier equity market of the country, its TOPIX Index fell by about 0.57 points, or about 0.03 percent, ending the quiet trading day at 1,741.37 points.

In spite of the key index of this market, which is the largest and most-important one in Asia, losing a small amount of ground, advancing counters beat off declining ones by the ratio of about 1.55:One.

The Nikkei-225 Stock Average, on the other hand, ended the day at 17,521.96 yen, an improvement of about 41.35 yen, equivalent to about 0.24 percent.

In other Asian equity markets, this was how the situation looked, last Monday night:

The HKSAR	Hang Seng Index Plus 0.37 percent to 19,765.85 The Growth Enterprise Index Minus 0.04 percent to 1,344.82
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Indonesia	Plus 0.43 percent to 1,813.72
Japan	TOPIX Index Minus 0.03 percent to 1,741.37 Nikkei-225 Stock Average Plus 0.24 percent to 17,521.96
Malaysia	Plus 0.70 percent to 1,244.32
The Philippines	Minus 0.63 percent to 3,150.04
Singapore	Minus 0.04 percent to 3,204.55
South Korea	Plus 0.17 percent to 1,449.77
Taiwan	Plus 0.24 percent to 7,877.82
Thailand	Plus 0.18 percent to 679.04

Tuesday

The international situation was frothy in the extreme, last Tuesday, and its effects were felt in the commodity and equities markets as well as on foreign-exchange markets.

Prime Minister Tony Blair of Great Britain sent a stern warning to the Government of Iran that unless the 15, Royal Navy commandoes and sailors, who had been abducted at gunpoint on Friday, March 23, during a regular, anti-smuggling sweep in Iraqi waters, were released, the situation would enter a '*new phase*'.

Translation: Great Britain's amber light had been turned on.

Capping that piece of news was an unconfirmed report that suggested that Iran had attacked a US vessel in The Persian Gulf.

That report was quickly denied by an official of the US Navy and a spokesman for the White House.

But the rumour had caused the price of crude oil to rise by \$US5.18 per barrel on international commodity exchanges, equivalent to an increase of about 8.23 percent on the last settlement of Monday.

However, after the official denials, the price of crude oil settled back again.

The suggestion of another war had made investors jittery.

On The **New York Mercantile Exchange** (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in May was \$US62.93, an increase of only 0.03 percent, compared with Monday's last settlement.

As for June delivery, the last settlement for a barrel of light sweet crude oil came in at \$US64.65, an increase of about 0.20 percent, compared with the final quote of Monday.

On Wall Street, notwithstanding investors' fears that another war could break out in the Middle East, considering the way that things were shaping up among the United Nations, Great Britain and Iran, once again, the housing situation took centre stage.

Fears abounded that the housing slowdown in the US and the problems, confronting mortgage lenders, in addition to waning consumer confidence could well spread to other parts of the US economy.

For More About This Situation, Please Refer To:

TARGET Intelligence Report, Volume IX, Number 60,

Published Last Wednesday, Pages 10 through 13, Headlined:

'MASS LAYOFFS ROSE SWIFTLY IN THE MONTH OF FEBRUARY – CONFERENCE BOARD STATISTICS ARE WORRYING'

On The New York Stock Exchange, the Dow Jones Industrial Average dropped back 71.78 points, or about 0.58 percent, ending the trading session at 13,397.29 points.

The NASDAQ Composite Index shed 18.20 points, equivalent to about 0.74 percent, falling back to 2,437.43 points.

In Europe, trading on the major equity markets of the region was restricted to a rather tight band as investors pondered international events and wondered what the morrow would bring.

With so many unknown factors, many investors just sat on their hands.

This was how the key indices of the major bourses ended, last Tuesday night:

Amsterdam's AEX Index	Minus 0.11 percent
France's CAC 40 Index	Plus 0.19 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.43 percent
Great Britain's FTSE 100 Index	Plus 0.01 percent
Italy's MIBTEL Index	Plus 0.07 percent
Switzerland's Swiss Market Index	Minus 0.44 percent

Equity markets do not appreciate uncertainties and, last Tuesday, the major stock markets of Asia proved that this axiom is spot on.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the key indices of the territory's 2 equity markets went into reverse gear.

The Hang Seng Index, which is the main gauge of trading on the Main Board of The Stock Exchange of Hongkong Ltd, shed about 0.30 percent of its value, falling back to 19,706.79 points.

The Total Turnover was about \$HK40.35 billion, while the ratio of losers to gainers was pronounced, at about 1.84:One.

The Ten Most Active counters were:

China Mobile Ltd (Code: 941)	Down 1.54 percent to \$HK70.55 per share
PetroChina Company Ltd (Code: 857)	Up 0.45 percent to \$HK8.98 per share
China Telecom Corporation Ltd (Code: 728)	Up 4.90 percent to \$HK3.85 per share
HSBC Holdings plc (Code: 5)	Down 0.29 percent to \$HK137.00 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.22 percent to \$HK22.35 per share
China Agri-Industries Holdings Ltd (Code: 606)	Up 4.10 percent to \$HK6.10 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.07 percent to \$HK6.62 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Up 2.16 percent to \$HK17.94 per share
CNOOC Ltd (Code: 883)	Up 1.07 percent to \$HK6.60 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.73 percent to \$HK75.10 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)
Anex International Holdings Ltd	723	17.07		0.24
BEP International Holdings Ltd	2326	11.70		0.21
Buildmore International Ltd	108		10.00	0.99
C C Land Holdings Ltd	1224	11.76		4.75
China Best Group Holding Ltd	370	12.84		0.123
China Financial Industry Investment Fund Ltd	1227		11.59	0.305

China Seven Star Shopping Ltd	245	17.05		1.03
Ching Hing (Holdings) Ltd	692	13.64		0.25
Dragon Hill Holdings Ltd	305	12.82		1.32
DVN (Holdings) Ltd	500	10.63		2.29
Everest International Investments Ltd	2914		15.00	1.70
Golden 21 Investment Holdings Ltd	2312	17.32		1.49
Guo Xin Group Ltd	1215		15.79	0.32
Jackin International Holdings Ltd	630	52.91		0.315
MAE Holdings Ltd	851	10.67		0.83
Man Sang International Ltd	938	18.75		0.57
MAXX Bioscience Holdings Ltd	512	22.22		0.154
New World CyberBase Ltd	276	11.86		4.15
Nority International Group Ltd	660		14.53	2.00
PacMOS Technologies Holdings Ltd	1010	10.64		0.52
Radford Capital Investment Ltd	901	10.34		0.064
Shang Hua Holdings Ltd	371		12.50	0.42
Sun Innovation Holdings Ltd	547	21.88		1.95
Theme International Holdings Ltd	990	25.76		0.83
UDL Holdings Ltd	620	71.64		0.115
Warderly International Holdings Ltd	607	21.95		0.50
Wonson International Holdings Ltd	651	16.90		0.83
Yugang International Ltd	613	13.21		0.18

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index –

The Growth Enterprise Index – shed about 1.39 percent of its value, falling to 1,326.11 points.

The Total Turnover was about \$HK369.99 million.

The ratio of losers to gainers was about 1.16:One.

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

Xteam Software International Ltd (Code: 8178)

Down 7.59 percent to \$HK0.365 per share

Proactive Technology Holdings Ltd (Code: 8089)

Down 8.41 percent to \$HK6.64 per share

Neolink Cyber Technology (Holding) Ltd (Code:
8116)

Up 10.47 percent to \$HK0.475 per share

Shandong Weigao Group Medical
Polymer Company Ltd (Code: 8199)

Down 4.42 percent to \$HK12.96 per share

B.A.L. Holdings Ltd (Code: 8079)

Down 1.75 percent to \$HK0.56 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158	15.49		0.41
Capital Publications Ltd	8155	15.91		0.255
China Medical Science Ltd	8120	11.76		0.76
Computech Holdings Ltd	8081	10.53		0.21
Everpride Biopharmaceutical Company Ltd	8019	96.59		0.173
Global Link Communications Holdings Ltd	8060	28.70		0.139
Glory Mark Hi-Tech (Holdings) Ltd	8159	15.15		0.38
Golding Soft Ltd	8190	12.07		0.065
IIN International Ltd	8128	22.73		0.054
MP Logistics International Holdings Ltd	8239	11.32		0.295
North Asia Strategic Holdings Ltd	8080	13.68		0.82

New Chinese Medicine Holdings Ltd	8085		11.11	0.24
Neolink Cyber Technology (Holding) Ltd	8116	10.47		0.475
Northeast Tiger Pharmaceutical Company Ltd	8197	20.00		0.12
New Universe International Group Ltd	8068	16.67		0.182
Soluteck Holdings Ltd	8111		20.37	0.086
SYSCAN Technology Holdings Ltd	8083	11.11		0.20
Thiz Technology Group Ltd	8119		13.04	0.08
Tiger Tech Holdings Ltd	8046		12.50	0.154
Vodatel Networks Holdings Ltd	8033		10.45	0.18
Wafer Systems Ltd	8198	50.60		0.25

On The Tokyo Stock Exchange, the broadly based, TOPIX Index, the official index of the most-important equity market of Japan, rose 1.01 percent to end the trading session at 1,723.86 points.

But losing counters outpaced advancing ones by the ratio of about 6.09:One, nevertheless.

The Nikkei-225 Stock Average, which is an index of the movements of select, blue-chip counters, listed on the First Section of The Tokyo Stock Exchange, went in exactly the opposite direction to the TOPIX Index, losing 156.91 yen, or about 0.90 percent, ending up at 17,365.05 yen by the close of the day.

News Wise

- **Isetan Company** and **Tokyu Department Store Company** have agreed terms to form an alliance in order to develop products and to integrate their respective information systems.

In other Asian equity markets, this was how their respective key indices fared, last Tuesday:

The HKSAR	Hang Seng Index Minus 0.30 percent to 19,706.79 The Growth Enterprise Index Minus 1.39 percent to 1,326.11
Indonesia	Plus 0.33 percent to 1,819.66
Japan	TOPIX Index Minus 1.01 percent to 1,723.86 Nikkei-225 Stock Average Minus 0.90 percent to 17,365.05

Malaysia	Plus 0.23 percent to 1,247.17
The Philippines	Plus 0.78 percent to 3,174.75
Singapore	Plus 0.92 percent to 3,234.11
South Korea	Plus 0.24 percent to 1,453.23
Taiwan	Minus 0.41 percent to 7,845.17
Thailand	Minus 0.07 percent to 678.57

Wednesday

Testimony from the Chairman of the US Federal Reserve, Dr Ben S. Bernanke, to the Joint Economic Committee of Congress put the fear of God into investors in the US, last Wednesday.

In his testimony, Dr Ben S. Bernanke said, among other things, that the problems, facing mortgage lenders, were of concern to The Fed and that the problem could be termed as being '*moderate*'.

The testimony confirmed, by the exact wording of the Chairman of The Fed, that there was perceived to be an important problem in this area of the US economy.

If that were not the case, then, The Fed would not have even categorised it as being of '*moderate*' concern.

Dr Ben S. Bernanke said, inter alia:

'In this juncture ... the impact on the broader economy and financial markets of the problems in the subprime markets seem likely to be contained ... near-term prospects for the housing market remain uncertain ...'.

Then, it was the turn of Treasury Secretary Henry Paulson who labelled the problems in respect of mortgage lenders as being '*contained*'.

Testifying before the House Appropriations Subcommittee, Secretary Henry Paulson said that The Treasury was monitoring the situation, carefully.

He, also, stated that The Treasury had '*grave concerns*' for many people in the US, who are bound to be adversely affected by the situation in the mortgage market.

Meanwhile, it was confirmed that The **Federal Bureau of Investigation** (FBI) was investigating '*a potential fraud*' in the housing industry.

Beazer Homes USA Incorporated, a builder of low-cost homes in the US, confirmed that it was assisting the FBI by supplying certain documents.

The worst fears of investors were being realised: The US housing market problem and its associated mortgage-lending catastrophe, which was worsening as the days wore on and in which more than \$US1,000 million is at stake, is about to enter the entire US economy, big time, in the American vernacular.

Meanwhile, in the Middle East, the Iran '*kettle*' continued to boil, splashing boiling water in the Persian

Gulf, so to speak.

The Prime Minister of Great Britain, Mr Tony Blair, began to beat the war drums, warning that if the 15 Royal Navy commandoes and sailors were not released, there would be repercussions.

Great Britain said that it would stop issuing visas to Iranian officials, for a start, and that no *'Government to Government business will be transacted on any other issue.'*

So, on the one hand, one saw the major problems, hitting the US economy, and, on the other hand, there was the matter of the illegal detention of the British Royal Navy personnel by the Government of Iran.

It was hardly any wonder that equity markets, around the world, went into a nosedive.

On The New York Stock Exchange, the Dow Jones Industrial Average shed 96.93 points, equivalent to about 0.78 percent, dropping back to 12,300.36 points.

On The NASDAQ, its Composite Index gave up 20.33 points, or about 0.83 percent, ending the trading day at 2,417.10 points.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in May came in at \$US64.08, a one-day increase of about 1.83 percent.

As for June delivery, the last settlement for a barrel of light sweet crude oil was \$US65.68, representing an increase of about 1.59 percent on Tuesday's last settlement.

In Europe, share prices fell fast and furiously, following news of the testimony of the Chairman of the US Federal Reserve.

The increase in the price of crude oil on international commodity exchanges was no joy for European investors since the increases had been caused by fear of what might happen in the event that Iran continued to stoke the fires of discontent between it and the United Kingdom.

Shades of The Falkland Islands in April 1982, when Argentine forces invaded and occupied the islands, a British dependency in the South Atlantic Ocean, for about 10 weeks in an attempt to settle the issue of sovereignty by force. They were defeated by a British task force and formally surrendered on June 14, 1982.

The following is the extent of the losses of key indices on major European bourses, last Wednesday:

Amsterdam's AEX Index	Minus 0.60 percent
France's CAC 40 Index	Minus 0.61 percent
Germany's Frankfurt XETRA DAX Index	Minus 0.60 percent
Great Britain's FTSE 100 Index	Minus 0.40 percent
Italy's MIBTEL Index	Minus 0.24 percent
Switzerland's Swiss Market Index	Minus 1.06 percent

In Asia, there were no gainers on any of the 9 major equity markets.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Hang Seng Index, which is the key gauge of trading on the Main Board of The Stock Exchange of

Hongkong Ltd, surrendered about 0.78 percent of its value, falling back to 19,553.87 points.

The Total Turnover was about \$HK49.65 billion, while the ratio of declining counters to gaining ones was about 2.33:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 1.09 percent to \$HK135.50 per share
China Mobile Ltd (Code: 941)	Down 1.06 percent to \$HK69.80 per share
PetroChina Company Ltd (Code: 857)	Up 0.22 percent to \$HK9.00 per share
China Life Insurance Company Ltd (Code: 2628)	Down 0.89 percent to \$HK22.15 per share
China Telecom Corporation Ltd (Code: 728)	Up 1.04 percent to \$HK3.89 per share
China Agri-Industries Holdings Ltd (Code: 606)	Up 3.28 percent to \$HK6.30 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 1.06 percent to \$HK6.55 per share
CNOOC Ltd (Code: 883)	Up 0.30 percent to \$HK6.62 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.60 percent to \$HK74.65 per share

The Hongkong and China Gas Company Ltd (Code: 3) Down 2.34 percent to \$HK17.52 per share

There was a total of 34, double-digit movers on the Main Board, with 7 of their number, losing 10 percent or more of their market capitalisations.

Fortuna International Holdings Ltd (Code: 530) was the biggest gainer of the day as its share price rose 123.68 percent to 85 cents.

China Treasure (Greater China) Investments Ltd (Code: 810) was the biggest loser of the day as its share price dropped back 22.54 percent to \$HK2.20.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, the Growth Enterprise Index tacked on about 0.19 percent, limping up to 1,328.64 points.

The Total Turnover on this speculative market was about \$HK310.96 million, while the ratio of gainers to losers was about 1.10:One.

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

Xteam Software International Ltd (Code: 8178)	Up 13.70 percent to \$HK0.415 per share
Neolink Cyber Technology (Holding) Ltd (Code: 8178)	Up 22.11 percent to \$HK0.58 per share

8116)

IIN International Ltd (Code: 8128)

Up 16.67 percent to \$HK0.063 per share

Shandong Weigao Group Medical
Polymer Company Ltd (Code: 8199)

Up 0.31 percent to \$HK13.00 per share

Global Digital Creations Holdings Ltd (Code:
8271)

Up 33.95 percent to \$HK1.46 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Armitage Technologies Holding Ltd	8213		13.68	0.082
Cardlink Technology Group Ltd	8066	16.54		0.148
DeTeam Company Ltd	8112	11.27		0.79
Era Information and Entertainment Ltd	8043		10.00	0.09
Excel Technology International Holdings Ltd	8048		11.11	0.144
Global Digital Creations Holdings Ltd	8271	33.95		1.46
Global Link Communications Holdings Ltd	8060		13.67	0.12
IIN International Ltd	8128	16.67		0.063
Shanghai Jiada Withub Information Industrial Company Ltd	8205	51.26		0.36
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049		11.11	0.20
Mobile Telecom Network (Holdings) Ltd	8266		12.14	0.152
Neolink Cyber Technology (Holding) Ltd	8116	22.11		0.58
Sing Lee Software (Group) Ltd	8076	10.45		0.074
Wafer Systems Ltd	8198		12.00	0.22
Xteam Software International Ltd	8178	13.70		0.415

On The Tokyo Stock Exchange, The TOPIX Index lost 0.74 percent, slipping back to 1,711.06 points.

Declining counters outnumbered advancing ones by the ratio of 1.60:One, exactly.

The Nikkei-225 Stock Average gave up about 0.64 percent of its value, ending the trading day at 17,254.73 yen.

News Wise

- **Orient Corporation**, a consumer finance company, announced it had come into an agreement with **Mizuho Financial Corporation** and other companies, which will see 290 billion yen pumped into the ailing company via its issuance of Preferred Shares and a series of Debt-Equity Swaps.

This was how things looked on other Asian equity markets, last Wednesday night:

The HKSAR	Hang Seng Index Minus 0.78 percent to 19,553.87 The Growth Enterprise Index Plus 0.19 percent to 1,328.64
Indonesia	Minus 1.06 percent to 1,800.39
Japan	TOPIX Index Minus 0.74 percent to 1,711.06 Nikkei-225 Stock Average Minus 0.64 percent to 17,254.73
Malaysia	Minus 0.96 percent to 1,235.24
The Philippines	Minus 0.38 percent to 3,162.81
Singapore	Minus 1.00 percent to 3,201.75
South Korea	Minus 0.93 percent to 1,439.74
Taiwan	Minus 0.73 percent to 7,788.14
Thailand	Minus 1.40 percent to 669.04

Thursday

In the words of Prime Minister Tony Blair of Great Britain, it was time to ratchet up pressure on the Government of Iran in order to persuade that fundamentalistic Muslim country to release the 15 Royal Navy sailors and commandoes of HMS Cornwall, who had been illegally detained since the previous Friday (March 23, 2007). (Please see earlier reports on this subject)

Applying to The Security Council of the United Nations for a solution to the quickly escalating situation, within 4 hours of negotiations, The Security Council delivered this message to the Government of Iran:

‘Members of the Security Council expressed grave concern at the capture by the Revolutionary Guard and the continuing detention by the government of Iran of 15 United Kingdom naval personnel and appealed to the government of Iran to allow consular access in terms of the relevant international laws.

‘Members of the Security Council support calls, including by the secretary general in his March 29 meeting with the Iranian foreign minister, for an early resolution of this problem including the release of the 15 UK personnel.’

The situation was becoming tense, internationally, because the United Nations does not, lightly, put out such statements.

And the world knew of the potential for even further problems to materialise unless a political solution is found – and found quickly.

On the commodity markets of the world, the price of crude oil shot up to a 6-month high.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in May was \$US66.03, an increase in one day of trading of about 3.04 percent.

As for delivery in June, the last settlement for a barrel of light sweet crude oil was \$US67.28, representing an increase, compared with the last settlement on Wednesday, of about 2.44 percent.

Wall Street investors were worried, but, with the price of crude oil, rapidly on the rise, and with tensions between the West and Iran, raised more than one notch, investors ploughed into energy counters and defence issues.

Just before Wall Street opened its doors for business, The Bureau of Economic Analysis (BEA) released its final estimates for the growth of the US economy during the final quarter of 2006.

The growth was 2.50 percent, annualised.

This is the full text of the précis of The Bureau:

‘The economy grew at an annual rate of 2.5 percent in the fourth quarter, according to the “final” estimates released by the Bureau of Economic Analysis. The growth rate was 0.3 percentage point more than in the “preliminary” estimates released in February. In the third quarter, real gross domestic product grew 2.0 percent. For 2006, the annual growth rate was 3.3 percent, compared with 3.2 percent in 2005.

Gross Domestic Product (GDP)

The step up in fourth-quarter GDP growth primarily reflected accelerations in consumer spending, exports, and Federal government pending and a downturn in imports—moderated by downturns in investment in inventories and in equipment and software. The higher GDP growth rate, in comparison to the preliminary estimate, reflected upward revisions to inventory investment and consumer spending. In contrast, investment in equipment and software was revised down.

‘Corporate Profits

‘BEA also released the first estimate of fourth-quarter corporate profits, which rose 18 percent from the same quarter a year ago. Profits of financial corporations increased 27 percent, and profits of nonfinancial corporations increased 9 percent.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 48.39 points, equivalent to about 0.39 percent, ending the trading day at 12,348.75 points.

The NASDAQ's Composite Index put on 0.78 of a point, or about 0.03 percent, ending the day at 2,417.88 points.

It was a similar story in Europe as investors made a dash to buy into energy counters, following the rapid gains in the price of crude oil.

Europe, however, did not appear to realise the gravity of the situation between Iran and the United Kingdom and the statement, issued by the United Nations's Security Council.

The following is how the key indices of European bourses fared, last Thursday:

Amsterdam's AEX Index	Plus	1.33 percent
France's CAC 40 Index	Plus	1.41 percent
Germany's Frankfurt XETRA DAX Index	Plus	1.17 percent
Great Britain's FTSE 100 Index	Plus	0.90 percent
Italy's MIBTEL Index	Plus	1.29 percent
Switzerland's Swiss Market Index	Plus	1.20 percent

In Asia, there was surprising strength among the 9 major equity markets of the region, led by the gains, recorded on the premier stock market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, rose 1.37 percent, exactly, touching 19,821.78 points by the close of the day.

The Total Turnover rose to about \$HK56.52 billion, with the ratio of gaining counters to losing ones, being about 2.23:One.

The Ten Most Actives were:

China Mobile Ltd (Code: 941)	Up 1.86 percent to \$HK71.10 per share
China Life Insurance Company Ltd (Code: 2628)	Up 1.13 percent to \$HK22.40 per share
PetroChina Company Ltd (Code: 857)	Up 1.22 percent to \$HK9.11 per share
HSBC Holdings plc (Code: 5)	Up 0.37 percent to \$HK136.00 per share
Bank of China Ltd (Code: 3988)	Up 2.09 percent to \$HK3.91 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Up 1.62 percent to \$HK4.39 per share

CNOOC Ltd (Code: 883)

Up 3.17 percent to \$HK6.83 per share

China Construction Bank Corporation (Code:
939)

Up 2.04 percent to \$HK4.50 per share

China Agri-Industries Holdings Ltd (Code:
606)

Up 12.22 percent to \$HK7.07 per share

Bank of Communications Company Ltd (Code:
3328)

Up 0.38 percent to \$HK7.98 per share

There was a total of 44, Main Board, double-digit movers of the day, with 4 of their numbers, losing 10 percent or more of their respective market capitalisations.

G-Prop (Holdings) Ltd (Code: 286) was the biggest gainer of the day as investors pushed up its share price to \$HK3.49, a one-day increase of about 92.82 percent.

UBA Investments Ltd (Code: 768) had the distinction of being the biggest loser of the day as investors pulled down its share price by 25.56 percent to 13.40 cents.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, its lone index, The Growth Enterprise Index, rose about 0.47 percent to 1,334.93 points.

The Total Turnover on this market was about \$HK343.55 million.

Advancing counters outpaced declining ones by the ratio of about 1.39:One.

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

Xteam Software International Ltd (Code: 8178)

Up 3.61 percent to \$HK0.43 per share

Neolink Cyber Technology (Holding) Ltd (Code:
8116)

Unchanged at \$HK0.58 per share

Proactive Technology Holdings Ltd (Code: 8089)

Up 4.29 percent to \$HK7.29 per share

B.A.L. Holdings Ltd (Code: 8079)

Up 21.82 percent to \$HK0.67 per share

FAVA International Holdings Ltd (Code: 8108)

Up 7.14 percent to \$HK1.20 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B.A.L. Holdings Ltd	8079	21.82		0.67
B M Intelligence International Ltd	8158	13.41		0.465

CCID Consulting Company Ltd	8235		10.06	0.143
Computech Holdings Ltd	8081	19.05		0.25
DeTeam Company Ltd	8112	10.13		0.87
Global Digital Creations Holdings Ltd	8271	11.64		1.63
Global Link Communications Holdings Ltd	8060	10.83		0.133
Golife Concepts Holdings Ltd	8172	18.45		0.122
GreaterChina Technology Group Ltd	8032	13.33		0.085
Global Solution Engineering Ltd	8192	10.56		0.199
Jessica Publications Ltd	8137		10.00	0.09
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205	38.89		0.50
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301	12.67		0.169
Q9 Technology Holdings Ltd	8129	17.77		0.285
Sing Lee Software (Group) Ltd	8076	85.14		0.137
Sino Haijing Holdings Ltd	8065	12.68		0.08
Sys Solutions Holdings Ltd	8182	18.33		0.71
Tianjin TEDA Biomedical Engineering Company Ltd	8189	20.00		0.24
Zhejiang Yonglong Enterprises Company Ltd	8211	20.61		0.158

In Japan, trading was sluggish on the country's 3 equity markets.

On The Tokyo Stock Exchange, its TOPIX Index lost about 0.02 percent of its value, edging back to 1,710.68 points.

Declining counters outnumbered advancing ones by the ratio of about 1.22:One.

The Nikkei-225 Stock Average went in the opposite direction to The TOPIX Average, rising 0.05 percent to end the trading day at 17,263.94 yen.

This was how the situation looked on other Asian equity markets, last Thursday night:

The HKSAR	Hang Seng Index Plus 1.37 percent to 19,821.78 The Growth Enterprise Index Plus 0.47 percent to 1,334.93
Indonesia	Plus 0.96 percent to 1,817.72
Japan	TOPIX Index Minus 0.02 percent to 1,710.68 Nikkei-225 Stock Average Plus 0.05 percent to 17,263.94
Malaysia	Plus 0.05 percent to 1,235.89
The Philippines	Minus 0.35 percent to 3,151.72
Singapore	Plus 0.85 percent to 3,228.88
South Korea	Plus 0.78 percent to 1,450.95
Taiwan	Plus 0.77 percent to 7,848.33
Thailand	Plus 0.39 percent to 671.62

Friday

The stakes were raised again, last Friday, as the European Foreign Ministers stood shoulder to shoulder with Great Britain, demanding the immediate release of the 15 Royal Navy sailors and commandoes, illegally abducted at gunpoint by Iranian Revolutionary Guards, one week earlier.

The 27 Ministers made it known, in very plain language, that they gave ‘*unconditional support*’ for Great Britain.

In the event that Iran did not comply with their demands to release the 15 British sailors, the European Union said that it reserved the right to take (undefined) ‘*appropriate action*’.

The statement from the European Union went a great deal further than the watered-down statement of the United Nations. (Please see Thursday’s report)

The next step in this stand-off could well be the enforced severance of all commercial activities between Iran and the European Union, isolating Iran even further from the West.

Tehran was playing a very dangerous game and, in the event that just one of those British sailors was harmed, it appeared likely that immediate military action was an option, open to the United Kingdom, perhaps with the blessings of the European Union.

The world was watching the volatile situation, very carefully.

On Wall Street, trading in stocks and shares was muted in the extreme.

On The New York Stock Exchange, the Dow Jones Industrial Average ended the week with a gain of about 0.05 percent, edging up to 12,354.35 points.

The Composite Index of The NASDAQ followed The Dow with a gain of about 0.16 percent, ending the trading day at 2,421.64 points.

Investors on US equity markets had a great deal to consider in view of the international situation and with the approach of the long, Easter weekend, which was just one week ahead.

For the week, the tally for the largest and most-important equity markets of the world was:

The Dow Jones Industrial Average	Minus 1.01 percent
The NASDAQ Composite Index	Minus 1.11 percent

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in May was \$US65.87, a decline of about 0.24 percent, compared with Thursday's closing level.

For delivery in June, the last settlement for a barrel of light sweet crude oil was \$US67.47, representing an increase of about 0.28 percent on the last settlement of Thursday.

For the fourth, largest oil exporter in the world – which is Iran – the hostage crisis was akin to putting money in the bank.

Quiet trading conditions prevailed on European bourses, by and large, last Friday, as investors pondered the Iran-United Kingdom situation.

Merger-and-acquisition news was put on the back burner since, over the weekend, anything could happen, it was conjectured.

This was how the key indices of major equity markets of Europe performed, last Friday:

Amsterdam's AEX Index	Minus 0.26 percent
France's CAC 40 Index	Plus 0.04 percent
Germany's Frankfurt XETRA DAX Index	Plus 0.28 percent
Great Britain's FTSE 100 Index	Minus 0.25 percent
Italy's MIBTEL Index	Plus 0.17 percent
Switzerland's Swiss Market Index	Unchanged

Asian equity markets were relatively quiet, also, last Friday, as investors, anticipating the 5-day holidays, starting the following Thursday – Easter followed by Ching Ming – and the likelihood that the Iran-United Kingdom could continue to fester, determined to sit back in order to wait for the dust to clear.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the volume of activity on the territory's 2 equity markets waned, appreciably.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 0.11 percent of its value, dropping back to 19,800.93 points.

The Total Turnover was about \$HK45.78 billion, while the ratio of declining counters to advancing ones was about 1.34:One.

The Ten Most Actives were:

Li and Fung Ltd (Code: 494)	Up 0.20 percent to \$HK24.55 per share
PetroChina Company Ltd (Code: 857)	Up 1.76 percent to \$HK9.27 per share
Ajisen (China) Holdings Ltd (Code: 538)*	\$HK7.10 per share
China Mobile Ltd (Code: 941)	Down 0.07 percent to \$HK71.05 per share
HSBC Holdings plc (Code: 5)	Down 0.15 percent to \$HK135.80 per share
China Life Insurance Company Ltd (Code: 2628)	Up 0.22 percent to \$HK22.45 per share
China Agri-Industries Holdings Ltd (Code: 606)	Down 2.69 percent to \$HK6.88 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Down 0.23 percent to \$HK4.38 per share
China Construction Bank Corporation (Code: 939)	Down 0.67 percent to \$HK4.47 per share
CNOOC Ltd (Code: 883)	Up 0.29 percent to \$HK6.85 per share

* First Day of Trading

There were 39, double-digit movers on the Main Board, last Friday.

Of these 39 counters, 11 counters suffered losses of 10 percent or more.

The biggest gainer of the day was China National Resources Development Holdings Ltd (Code: 661), its share price, moving up 56.76 percent to 58 cents.

The biggest loser of the day was G-Prop (Holdings) Ltd (Code: 286) as investors pushed down its share to \$HK2.59, a one-day fall of about 25.79 percent.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, on a volume of activity of about \$HK290.93 million, The Growth Enterprise Index put on about 1.11 percent, ending the trading week at 1,349.71 points.

Advancing counters outnumbered declining ones by the ratio of about 1.27:One.

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

Xteam Software International Ltd (Code: 8178)

Down 6.98 percent to \$HK0.40 per share

Neolink Cyber Technology (Holding) Ltd (Code: 8116)

Down 10.34 percent to \$HK0.52 per share

B M Intelligence International Ltd (Code: 8158)

Up 22.58 percent to \$HK0.57 per share

Century Sunshine Ecological Technology Holdings Ltd (Code: 8276)

Down 1.05 percent to \$HK1.88 per share

Golden Meditech Company Ltd (Code: 8180)

Up 5.00 percent to \$HK3.15 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158	22.58		0.57
Byford International Ltd	8272		24.69	0.241
Eco-Tek Holdings Ltd	8169	18.18		0.26
Era Information and Entertainment Ltd	8043	12.22		0.101
Essex Bio-Technology Ltd	8151	12.86		0.158
Everpride Biopharmaceutical Company Ltd	8019		15.09	0.135
FAVA International Holdings Ltd	8108	11.67		1.34
Golding Soft Ltd	8190	10.00		0.066
Inno-Tech Holdings Ltd	8202	18.99		0.47
Shanghai Jiaoda Withub Information Industrial Company Ltd	8205		10.00	0.45
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301		11.24	0.15
Mobile Telecom Network (Holdings) Ltd	8266	18.42		0.18
Neolink Cyber Technology (Holding) Ltd	8116		10.34	0.52

QUASAR Communication Technology Holdings Ltd	8171	16.67		0.14
Sys Solutions Holdings Ltd	8182	60.56		1.14
SYSCAN Technology Holdings Ltd	8083	13.51		0.21
Tianjin TEDA Biomedical Engineering Company Ltd	8189	25.00		0.30
Tianjin Tianlian Public Utilities Company Ltd	8290	14.58		1.10
Wafer Systems Ltd	8198	10.00		0.22
Zheda Lande Scitech Ltd	8106	10.64		0.26

The tally for the week for the second, most-important equity market of Asia was:

The Hang Seng Index	Plus 0.55 percent
The Growth Enterprise Index	Plus 0.32 percent

The way to describe the 3 equity markets of Japan was that they were slowly declining, from one low level to another.

On The Tokyo Stock Exchange, its TOPIX Index rose about 0.17 percent to 1,713.61 points.

Advancing counters outpaced declining ones by the ratio of about 1.91:One.

The Nikkei-225 Stock Average rose in unison with The TOPIX Index, putting on about 0.14 percent to end the week's proceedings at 17,287.65 points.

The tally for Asia's largest and most-important equity market was:

The TOPIX Index	Minus 1.65 percent
The Nikkei-225 Stock Average	Minus 1.10 percent

And, in other Asian equity markets, this was how their respective key indices closed the week of March 30, 2007:

The HKSAR	Hang Seng Index Minus 0.11 percent to 19,800.93 The Growth Enterprise Index Plus 1.11 percent to 1,349.71
Indonesia	Plus 0.73 percent to 1,830.92
Japan	TOPIX Index Plus 0.17 percent to 1,713.61 Nikkei-225 Stock Average Plus 0.14 percent to 17,287.65

Malaysia	Plus 0.89 percent to 1,246.87
The Philippines	Plus 1.64 percent to 3,203.55
Singapore	Plus 0.07 percent to 3,231.24
South Korea	Plus 0.11 percent to 1,452.55
Taiwan	Plus 0.46 percent to 7,884.41
Thailand	Plus 0.31 percent to 673.71

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