

INVESTORS FRET OVER U.S. ECONOMY

The Fed Leaves Interest Rates Unchanged
U.S. Trade Deficit Hits Second Highest On Record

More merger-and-acquisition news hugged the Wall Street headlines, last Monday, causing key indices on the world's largest equity market to hit another record high.

The Dow Jones Industrial Average, which is the key index of The New York Stock Exchange, ended the day's activities at 13,312.97 points, representing a one, trading-day improvement of 48.35 points, equivalent to about 0.36 percent.

The NASDAQ's Composite Index, however, lost 1.20 points, or about 0.05 percent, falling back to 2,570.95 points.

For The Dow, it was the fifth, consecutive day of record-making results.

With the US Federal Reserve Board due to hold its Open Market Committee Meeting on Wednesday (May 9, 2007), there was a number of investors, preferring to keep the lid on any new financial commitments with regard to investments in equities, at least for the time being.

In Europe, however, it was somewhat of a different story because investors in this part of the world were a little concerned that interest rates would be moved to higher levels before the week was out.

The European Central Bank (ECB) and The Bank of England were both scheduled to hold their respective, interest-rate meetings on Thursday (May 10, 2007) at which time, investors knew fully well that the prospects were high that interest rates would be moved up by at least 25 basis points.

While merger-and-acquisition news kept the kettle on the boil in this part of the world, there was, also, concern that corporate profits could well be hampered by higher borrowing costs.

This was how the situation looked on major European bourses, last Monday night:

Amsterdam's AEX Index	Plus	0.07 percent
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France's CAC 40 Index	Plus	0.04 percent
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Germany's Frankfurt XETRA DAX Index	Plus	0.11 percent
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Great Britain's FTSE 100 Index	Closed	
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Italy's MIBTEL Index	Minus	0.07 percent
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Switzerland's Swiss Market Index	Unchanged	
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On commodity markets, around the world, there was a sell-off of future contracts in crude oil, resulting in prices, falling back.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in June came in at \$US61.47, down about 0.74 percent, compared with the last settlement of Friday, May 4, 2007.

As for July delivery, the last settlement was \$US63.37 per barrel of light sweet crude oil, representing a fall of about 0.77 percent on the final quote of the previous Friday.

In Asia, it was black ink, for the most part, with regard to writing in the final figures for key indices of the most-important equity markets of the region.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets made useful gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose 55.56 points, about 0.27 percent, ending the trading day at 20,896.64 points.

The Total Turnover was about \$HK67.98 billion, while the ratio of gaining counters to losing ones was about 1.91:One.

The Ten Most Active counters were:

PetroChina Company Ltd (Code: 857)	Down 0.39 percent to \$HK10.12 per share
Greentown China Holdings Ltd (Code: 3900)	Down 6.35 percent to \$HK15.92 per share
China Life Insurance Company Ltd (Code: 2628)	Up 2.21 percent to \$HK25.45 per share
HSBC Holdings plc (Code: 5)	Down 0.14 percent to \$HK146.70 per share
Hutchison Whampoa Ltd (Code: 13)	Up 1.74 percent to \$HK78.95 per share
China Construction Bank Corporation (Code: 939)	Up 1.23 percent to \$HK4.95 per share
China Mobile Ltd (Code: 941)	Up 0.35 percent to \$HK72.60 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Up 2.73 percent to \$HK79.05 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Up 0.70 percent to \$HK4.32 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.56 percent to \$HK7.15 per share

The Main Board's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Anhui Conch Cement Company Ltd	914	12.79		35.30
BYD Company Ltd	1211		10.09	45.00
China Everbright International Ltd	257	12.32		2.37
China Financial Industry Investment Fund Ltd	1227	16.22		0.43
Cosmos Machinery Enterprises Ltd	118	18.75		0.95
Daisho Microline Holdings Ltd	567	15.52		2.01
Genesis Energy Holdings Ltd	702	17.24		0.51
Goldlion Holdings Ltd	533	17.49		2.15
Kader Holdings Company Ltd	180	11.54		0.435
Keck Seng Investments (Hongkong) Ltd	184	20.50		6.70
Mascotte Holdings Ltd	136	30.43		0.60
Tai Ping Carpets International Ltd	146	11.54		1.45
TCC International Holdings Ltd	1136	20.19		3.75
Tianjin Capital Environmental Protection Company Ltd	1065	15.44		3.97
Wah Nam International Holdings Ltd	159	12.24		0.275
Wah Yuen Holdings Ltd	2349	36.26		0.62
Wing On Travel (Holdings) Ltd	1189	10.94		0.71
Wo Kee Hong (Holdings) Ltd	720	15.79		0.66

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

Enterprise Index gained 18.27 points, equivalent to about 1.26 percent, rushing up to 1,470.18 points.

The Total Turnover on this speculative market was about \$HK671.42 million, while the ratio of advancing counters to declining ones was about 1.26:One.

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

Town Health International Holdings Company Ltd
(Code: 8138)

Up 2.41 percent to \$HK0.85 per share

Century Sunshine Ecological Technology Holdings
Ltd (Code: 8276)

Up 16.40 percent to \$HK2.20 per share

Proactive Technology Holdings Ltd (Code: 8089)

Up 6.64 percent to \$HK10.92 per share

Inno-Tech Holdings Ltd (Code: 8202)

Up 12.87 percent to \$HK1.14 per share

China Fire Safety Enterprise Group Holdings Ltd
(Code: 8201)

Up 7.69 percent to \$HK0.70 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Capital Resources (Holdings) Ltd	8025	13.68		0.216
China Chief Cable TV Group Ltd	8153		10.59	0.38
Century Sunshine Ecological Technology Holdings Ltd	8276	16.40		2.20
China Primary Resources Holdings Ltd	8117	19.23		0.31
DeTeam Company Ltd	8112	41.84		1.39
FlexSystem Holdings Ltd	8050	19.35		0.148
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	11.11		0.80
Glory Future Group Ltd	8071	13.99		2.20
Inno-Tech Holdings Ltd	8202	12.87		1.14

Intelli-Media Group (Holdings) Ltd	8173	23.64		0.34
Powerleader Science and Technology Company Ltd	8236	44.83		0.42
QUASAR Communication Technology Holdings Ltd	8171	29.58		0.46
Tiger Tech Holdings Ltd	8046	25.88		0.214
WLS Holdings Ltd	8021	11.11		0.20

In Japan, after the 4-day holiday (Golden Week), the equity markets of the country started the game of catch-up, causing all of the chief indices of the country's equity markets to rise, markedly.

On The Tokyo Stock Exchange, its TOPIX Index rose 28.81 points, equivalent to about 1.69 percent, ending the booming trading day at 1,733.03 points.

The ratio of gainers to losers was about 4.68:One.

The Nikkei-225 Stock Average ended the day at 17,669.83 yen, a one-day improvement of 274.91 yen, or about 1.58 percent.

In other parts of Asia, the closing figures of the key indices of the major stock markets were:

The HKSAR	Hang Seng Index Plus 0.27 percent to 20,896.64 The Growth Enterprise Index Plus 1.26 percent to 1,470.18
Indonesia	Plus 0.18 percent to 2,037.04
Japan	TOPIX Index Plus 1.69 percent to 1,733.03 Nikkei-225 Stock Average Plus 1.58 percent to 17,669.83
Malaysia	Plus 0.14 percent to 1,365.28
The Philippines	Plus 1.57 percent to 3,329.89
Singapore	Minus 0.23 percent to 3,477.59
South Korea	Plus 1.07 percent to 1,584.46
Taiwan	Plus 0.61 percent to 8,115.27

Thailand	Closed
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Tuesday

One day before The Federal Reserve Board was scheduled to convene its Open Market Committee Meeting, at which time, the chief topic of The Fed's Governors was known to be the future direction of interest rates, investors, locked into stocks and shares, listed on the world's largest equity markets, determined to sit on their hands ... just in case there were some shocks.

After a sharply lower opening on Wall Street, investors buoyed select share prices, but the close of the trading session still saw key indices in the red, for the most part, nevertheless.

On The New York Stock Exchange, the Dow Jones Industrial Average dipped 3.90 points, or about 0.03 percent, easing back to 13,309.07 points after an initial fall of about 75 points, or about 0.60 percent, compared with Monday's closing level.

On The NASDAQ, its Composite Index managed a movement, equal to The Dow, but in the opposite direction: Up 0.03 percent to 2,571.75 points.

News Wise

- The National Association of Realtors has stated, definitively, that the **US housing market** is in a worse condition than was, earlier, thought. The Association said that stricter lending criteria and a reluctance to grant new mortgages by major lenders have reduced speculative buyers, resulting in house-price falls.

On The **New York Mercantile Exchange** (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in June was \$US62.26, representing a one-day increase of about 1.29 percent, compared with Monday's closing level.

As for July delivery for a barrel of light sweet crude oil, it came in at \$US63.99, equivalent to an increase of about 0.98 percent on the last quote of Monday.

In Europe, there was even more concern about interest rates, from The **European Central Bank** (ECB), The Bank of England and from The (US) Fed. (Please see Monday's report)

Merger-and-acquisition news continued to make the rounds of trading floors, but interest rates were on most investors' minds, during the trading sessions on major European bourses.

Investors were taking no chances and sold scrip by the bucket:

Amsterdam's AEX Index	Minus 0.80 percent
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France's CAC 40 Index	Minus 0.61 percent
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Germany's Frankfurt XETRA DAX Index	Minus 1.10 percent
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Great Britain's FTSE 100 Index	Minus 0.80 percent
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Italy's MIBTEL Index	Minus 0.86 percent
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Switzerland's Swiss Market Index	Minus 0.82 percent
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In Asia, the situation was the reverse of Monday's closing figures: All of the key indices of the most-important equity markets lost material ground.

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

The Hang Seng Index, which is the chief gauge to trading in blue chips, listed on the Main Board of The Stock Exchange of Hongkong Ltd, gave up about 0.91 percent, falling back to 20,706.35 points.

The Total Turnover was about \$HK58.34 billion.

Losing counters outnumbered gaining ones by the ratio of about 2.36:One.

The Ten Most Active counters were:

Shimao Property Holdings Ltd (Code: 813)

Down 7.86 percent to \$HK17.36 per share

PetroChina Company Ltd (Code: 857)

Down 1.48 percent to \$HK9.97 per share

HSBC Holdings plc (Code: 5)

Down 0.34 percent to \$HK146.20 per share

China Life Insurance Company Ltd (Code:
2628)

Down 1.96 percent to \$HK24.95 per share

China Petroleum and Chemical
Corporation (Code: 386)

Up 0.56 percent to \$HK7.19 per share

China Mobile Ltd (Code: 941)

Down 0.55 percent to \$HK72.20 per share

China CITIC Bank Corporation Ltd (Code:
998)

Down 2.63 percent to \$HK6.29 per share

China Construction Bank Corporation (Code:
939)

Down 0.61 percent to \$HK4.92 per share

China Molybdenum Company Ltd (Code: 3993)

Down 1.47 percent to \$HK12.06 per share

Industrial and Commercial Bank of China Ltd
(Code: 1398)

Unchanged at \$HK4.32 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Tele-Net and Technology Corporation Ltd	679		10.10	0.445

Bossini International Holdings Ltd	592	10.71		0.62
Computer and Technologies Holdings Ltd	46	13.27		1.28
Founder Holdings Ltd	418	10.61		0.73
G-Vision International (Holdings) Ltd	657	13.64		0.50
Greenfield Chemical Holdings Ltd	582	10.48		1.37
Jade Dynasty Group Ltd	970	18.18		0.65
Joyce Boutique Holdings Ltd	647	12.16		0.415
Ming Hing Holdings Ltd	402	20.16		2.92
Nam Tai Electronic and Electrical Products Ltd	2633	10.74		1.65
Nubrand Group Holdings Ltd	835	10.17		0.325
Pak Tak International Ltd	2668		14.67	0.32
Peaktop International Holdings Ltd	925		10.45	0.12
Proview International Holdings Ltd	334	11.02		1.31
Shang Hua Holdings Ltd	371		10.11	0.80
Shenzhen High-Tech Holdings Ltd	106	22.22		0.77
Shougang Concord International Enterprises Company Ltd	697	14.81		0.93
Sino Katalytics Investment Corporation	2324	29.23		0.42
South China Holdings Ltd	265	15.09		0.61
Stone Group Holdings Ltd	409	17.81		0.86
Sun East Technology (Holdings) Ltd	365	11.63		0.48

Theme International Holdings Ltd	990	14.81		0.124
United Metals Holdings Ltd	2302		10.94	0.57
Venture International Investment Holdings Ltd	61	26.67		0.57
Yardway Group Ltd	646	10.34		0.64

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gave up about 0.53 percent of its former glory, closing the day at 1,462.43 points.

The Total Turnover on this market was about \$HK461.20 million.

Declining stocks outpaced advancing ones by the ratio of about 1.12:One.

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

China Primary Resources Holdings Ltd (Code: 8117)

Up 1.61 percent to \$HK0.315 per share

B M Intelligence International Ltd (Code: 8158)

Up 21.54 percent to \$HK1.58 per share

Inno-Tech Holdings Ltd (Code: 8202)

Up 2.63 percent to \$HK1.17 per share

Proactive Technology Holdings Ltd (Code: 8089)

Down 7.14 percent to \$HK10.14 per share

Xteam Software International Ltd (Code: 8178)

Up 2.25 percent to \$HK0.455 per share

The GEM's double-digit movers, last Tuesday, included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158	21.54		1.58
Cardlink Technology Group Ltd	8066	30.00		0.26
DeTeam Company Ltd	8112	12.95		1.57
Glory Future Group Ltd	8071	20.00		2.64
Jessica Publications Ltd	8137	100.00		0.26

Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	14.29		0.24
Medical China Ltd	8186		10.57	0.11
Mobile Telecom Network (Holdings) Ltd	8266		11.49	0.131
MP Logistics International Holdings Ltd	8239	10.14		0.38
Shenzhen Neptunus Interlong Bio-technique Company Ltd	8329	10.17		3.25
Powerleader Science and Technology Company Ltd	8236		19.05	0.34
TeleEye Holdings Ltd	8051	15.33		0.173
Tiger Tech Holdings Ltd	8046	11.22		0.238
Venturepharm Laboratories Ltd	8225	12.07		0.65

Quiet trading conditions prevailed on Japan's equity markets, last Tuesday, as investors wanted to wait in order to assess the determination of The Fed.

On The Tokyo Stock Exchange, The TOPIX Index shed about 0.02 percent, ending the day at 1,732.63 points.

The ratio of losing counters to gaining ones was about 1.40:One.

The Nikkei-225 Stock Average lost about 0.07 percent, falling back to 17,656.84 yen.

News Wise

- **Olympus Corporation** announced that its Group Net Profit Attributable to Shareholders was about 47.80 billion yen for its 2006 Financial Year, ended March 31, 2007. That result represented a gain, Year-On-Year, of about 67.30 percent; and,
- **Softbank Corporation** announced that, for its Financial Year, ended March 31, 2007, it had enjoyed a Net Profit Attributable to Shareholders of about 28.80 billion yen, down about 49.90 percent, Year-On-Year.

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

The HKSAR	Hang Seng Index Minus 0.91 percent to 20,706.35 The Growth Enterprise Index Minus 0.53 percent to 1,462.43
Indonesia	Minus 0.70 percent to 2,022.79

Japan	TOPIX Index Minus 0.02 percent to 1,732.63 Nikkei-225 Stock Average Minus 0.07 percent to 17,656.84
Malaysia	Minus 0.78 percent to 1,354.67
The Philippines	Plus 0.12 percent to 3,333.95
Singapore	Minus 1.10 percent to 3,439.21
South Korea	Minus 0.11 percent to 1,582.65
Taiwan	Minus 0.24 percent to 8,095.84
Thailand	Minus 0.50 percent to 712.87

Wednesday

The US Federal Reserve Board determined to leave The Federal Funds rates at 5.25 percent, last Wednesday.

However, the wording of the official statement from The Fed made it very clear that the growth of the US economy had slowed and that the housing sector of the economy was of some concern to The Fed's Governors.

The following is a verbatim extract of the official announcement, made last Wednesday:

'The Federal Open Market Committee decided today to keep its target for the federal funds rate at 5-1/4 percent.'

'Economic growth slowed in the first part of this year and the adjustment in the housing sector is ongoing. Nevertheless, the economy seems likely to expand at a moderate pace over coming quarters.'

'Core inflation remains somewhat elevated. Although inflation pressures seem likely to moderate over time, the high level of resource utilization has the potential to sustain those pressures.'

'In these circumstances, the Committee's predominant policy concern remains the risk that inflation will fail to moderate as expected. Future policy adjustments will depend on the evolution of the outlook for both inflation and economic growth, as implied by incoming information.'

TARGET () interprets the above statement to suggest that The Fed would not be averse to cutting interest rates by about 25 basis points if the economic status quo is maintained.

On Wall Street, The Fed's announcement, being what most people had expected – with the exception of the warning that the US economy had slowed, obviously appreciably – investors took heart after a bit of a panic,

earlier in the trading day.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 53.80 points, or about 0.40 percent, ending the day at 13,362.87 points.

Over on The NASDAQ, its Composite Index made a gain of 4.59 points, equivalent to about 0.18 percent, limping up to 2,576.34 points.

Trading was light on both equity markets, suggesting that, perhaps, there was about to be a bit of a shakeup on the world's largest equity markets.

In Europe, the situation was not, exactly, a fait accompli with regard to interest rates because The Bank of England and The European Central Bank (ECB) had scheduled interest-rate meetings for last Thursday.

While many investors took heart from Wall Street and The Fed's announcement because interest rates were held on hold, so to speak, the gains on the key indices of major European bourses were fractional, only:

Amsterdam's AEX Index	Minus	0.26 percent
France's CAC 40 Index	Plus	0.28 percent
Germany's Frankfurt XETRA DAX Index	Plus	0.45 percent
Great Britain's FTSE 100 Index	Plus	0.15 percent
Italy's MIBTEL Index	Plus	0.51 percent
Switzerland's Swiss Market Index	Plus	0.53 percent

On international commodity markets, the price of crude oil headed south.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in June was \$US61.55, representing a fall of about 1.14 percent, compared with the final quote of Tuesday.

As for July delivery, the last settlement for a barrel of light sweet crude oil was \$US63.16, equivalent to a reduction of about 1.30 percent on the last trade on Tuesday.

In Asia, for the most part, the consensus of investors was that prices on most equity markets would continue to rise.

Asia had not been apprised of The Fed's determination at the time of trading on the 9 major equity markets of the region.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets made useful gains.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index put on about 0.67 percent, rising to 20,844.78 points.

The Total Turnover was about \$HK56.80 billion.

Advancing counters outnumbered declining ones by the ratio of about 1.38:One.

The Ten Most Active counters were:

China Resources Land Ltd (Code: 1109)

Down 6.51 percent to \$HK9.76 per share

PetroChina Company Ltd (Code: 857)

Down 0.30 percent to \$HK9.94 per share

China Life Insurance Company Ltd (Code: 2628)

Up 0.80 percent to \$HK25.15 per share

HSBC Holdings plc (Code: 5)

Up 0.34 percent to \$HK146.70 per share

China Mobile Ltd (Code: 941)

Up 0.97 percent to \$HK72.90 per share

China CITIC Bank Corporation Ltd (Code: 998)

Up 2.23 percent to \$HK6.43 per share

China Petroleum and Chemical
Corporation (Code: 386)

Up 1.53 percent to \$HK7.30 per share

CITIC Resources Holdings Ltd (Code: 1205)

Up 13.86 percent to \$HK4.19 per share

Lenovo Group Ltd (Code: 992)

Down 6.39 percent to \$HK2.93 per share

Hongkong Exchanges and Clearing Ltd (Code:
388)

Up 0.95 percent to \$HK79.60 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capital Estate Ltd	193	10.11		0.098
Chia Tai Enterprises International Ltd	121	24.24		0.246
China Chengtong Development Group Ltd	217	24.82		1.76
Chun Wo Holdings Ltd	711	11.76		1.14
CITIC Resources Holdings Ltd	1205	13.86		4.19
Cosmopolitan International Holdings Ltd	120	12.09		0.51
Freeman Corporation Ltd	279	19.08		0.156

Garron International Ltd	1226	10.81		0.41
Great Wall Technology Company Ltd	74	12.54		3.50
Henry Group Holdings Ltd	859	23.76		1.25
Jade Dynasty Group Ltd	970	21.54		0.79
Jutal Offshore Oil Services Ltd	3303	10.64		2.08
Kader Holdings Company Ltd	180	16.47		0.495
Keck Seng Investments (Hongkong) Ltd	184	18.91		7.86
Mirabell International Holdings Ltd	1179	12.40		10.88
Orient Resources Group Company Ltd	467	19.37		2.65
PacMOS Technologies Holdings Ltd	1010	13.21		0.60
Peaktop International Holdings Ltd	925	10.83		0.133
Pico Far East Holdings Ltd	752	15.17		2.05
Shell Electric Manufacturing (Holdings) Company Ltd	81	22.04		6.09
Shenzhen International Holdings Ltd	152	12.73		0.62
Sing Tao News Corporation Ltd	1105	12.00		1.40
Sino Katalytics Investment Corporation	2324	17.86		0.495
Sunny Global Holdings Ltd	1094	21.54		0.158
Tanrich Financial Holdings Ltd	812	104.00		1.29
Venture International Investment Holdings Ltd	61	12.28		0.64
Wah Yuen Holdings Ltd	2349	30.36		0.73

Wing Hing International (Holdings) Ltd	621	63.12		2.30
Wing Hong (Holdings) Ltd	2919		21.25	0.63
Wing On Travel (Holdings) Ltd	1189	14.29		0.80

On The **Growth Enterprise Market** (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index rose to 1,477.79 points, a one-day improvement of about 1.05 percent.

The Total Turnover was about \$HK882.07 million.

The ratio of gainers to losers was about 1.32:One.

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

Town Health International Holdings Company Ltd
(Code: 8138)

Up 9.41 percent to \$HK0.93 per share

B M Intelligence International Ltd (Code: 8158)

Up 8.86 percent to \$HK1.72 per share

China LotSynergy Holdings Ltd (Code: 8161)

Up 6.51 percent to \$HK3.11 per share

Proactive Technology Holdings Ltd (Code: 8089)

Up 0.39 percent to \$HK10.18 per share

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

Up 2.64 percent to \$HK14.00 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Advanced Card Systems Holdings Ltd	8210	18.57		0.249
Cardlink Technology Group Ltd	8066		13.08	0.226
China Leason Investment Group Company Ltd	8270	15.25		0.68
International Entertainment Corporation	8118	10.27		3.65
Jessica Publications Ltd	8137	107.69		0.54
Medical China Ltd	8186	20.00		0.132

Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301	17.20		0.184
Mobile Telecom Network (Holdings) Ltd	8266	10.69		0.145
North Asia Strategic Holdings Ltd	8080	13.16		0.86
Prosten Technology Holdings Ltd	8026		13.79	0.50
ProSticks International Holdings Ltd	8055		12.12	0.435
QUASAR Communication Technology Holdings Ltd	8171	24.49		0.61
Sys Solutions Holdings Ltd	8182	12.50		0.99
Tianjin TEDA Biomedical Engineering Company Ltd	8189	17.24		0.34
TeleEye Holdings Ltd	8051	20.81		0.209
Thiz Technology Group Ltd	8119	18.18		0.156
Tiger Tech Holdings Ltd	8046	72.27		0.41
Tradeeasy Holdings Ltd	8163	11.54		0.145
Ultra Group Holdings Ltd	8203	49.72		0.265
Wafer Systems Ltd	8198	14.42		0.246

In Japan, after a shaky start to proceedings on the country's equity markets, bullishness returned to the markets, resulting in prices, moving to higher levels.

On The Tokyo Stock Exchange, its TOPIX Index posted a gain of about 0.71 percent, ending the trading day at 1,745.01 points.

Gaining counters outpaced losing ones by the ratio of about 1.23:One.

The Nikkei-225 Stock Average put on about 0.52 percent as investors pushed this index to 17,748.12 yen.

News Wise

- **Japan Airlines Corporation (JAL)** announced a Net Loss Attributable to Shareholders of about 16.27 billion yen for its Financial Year, ended March 31, 2007. It was the second, consecutive Year of losses for this airline, which is Asia's largest;

- **Shinsei Bank** announced a Net Loss Attributable to Shareholders for its Financial Year, ended March 31, 2007, of 61 billion yen. In 2006, the bank reported a Net Profit Attributable to Shareholders of about 76 billion yen; and,
- **Toyota Motor Corporation** said that its Net Profit Attributable to Shareholders for its Financial Year, ended March 31, 2007, was 1.64 trillion yen, a Year-On-Year gain of about 19.80 percent.

On other major equity markets of Asia, this was how their respective key indices ended, last Wednesday night:

The HKSAR	Hang Seng Index Plus 0.67 percent to 20,844.78 The Growth Enterprise Index Plus 1.05 percent to 1,477.79
Indonesia	Plus 0.75 percent to 2,037.98
Japan	TOPIX Index Plus 0.71 percent to 1,745.01 Nikkei-225 Stock Average Plus 0.52 percent to 17,748.12
Malaysia	Minus 0.28 percent to 1,350.84
The Philippines	Plus 0.36 percent to 3,345.98
Singapore	Plus 0.39 percent to 3,452.72
South Korea	Plus 0.68 percent to 1,593.42
Taiwan	Minus 0.53 percent to 8,052.70
Thailand	Minus 0.92 percent to 706.29

Thursday

The deficit in respect of the US balance of trade with the rest of the world rose to the second-highest level in history, The Bureau of Economic Analysis reported, last Thursday.

That piece of intelligence, coupled with reports that retail sales in the US, during the month of April, were the weakest on record, sent investors scrambling on equity markets to sell scrip.

On The New York Stock Exchange, the Dow Jones Industrial Average lost 147.74 points, or about 1.11 percent, falling back to 13,215.13 points.

On The NASDAQ, its Composite Index collapsed by about 42.60 points, equivalent to about 1.65 percent, ending the hectic trading session at 2,533.74 points.

The Bureau of Economic Analysis, unwittingly, pulled the rug, out from under the bulls of Wall Street, to be sure, and it was publicly listed Federated Department Stores Incorporated, the parent company of Macy's and Bloomingdale's, which hammered home the other nail into the coffins of the bulls.

Of the 30 counters, which constitute The Dow, only 4 of their number recorded pluses.

Losing counters outnumbered gaining ones by the ratio of about 4:One on both equity markets.

The following is a précis of The Bureau's report of last Thursday morning; it speaks for itself:

'The U.S. monthly goods and services deficit increased in March 2007, according to the U.S. Bureau of Economic Analysis and the U.S. Census Bureau. The deficit increased from \$57.9 billion (revised) in February to \$63.9 billion in March, as imports increased more than exports. The February deficit was slightly lower than its previously published value of \$58.4 billion.'

'Exports

'Exports of goods and services increased \$2.2 billion in March to \$126.2 billion, mostly reflecting an increase in goods exports. Services exports also increased.'

- *The increase in goods exports mostly reflected increases in industrial supplies and materials and automotive vehicles, parts, and engines, which were partly offset by a decrease in foods, feeds, and beverages.*
- *The increase in services exports mostly reflected increases in other private services, travel, and other transportation.*

'Imports

'Imports of goods and services increased \$8.2 billion in March to \$190.1 billion, mostly reflecting an increase in goods imports. Services imports also increased.'

- *The increase in goods imports mostly reflected increases in industrial supplies and materials; automotive vehicles, parts, and engines; and consumer goods.*
- *The increase in services imports mostly reflected increases in travel, other private services, and other transportation.*

'Goods by geographic area (not seasonally adjusted)

- *The goods deficit with China decreased from \$18.4 billion in February to \$17.2 billion in March. Exports increased \$0.8 billion to \$5.5 billion, while imports decreased \$0.3 billion to \$22.7 billion.*
- *The goods deficit with Canada increased from \$4.7 billion in February to \$5.7 billion in March. Exports increased \$3.3 billion to \$21.7 billion, while imports increased \$4.3 billion to \$27.4 billion.*
- *The goods deficit with the European Union increased from \$6.4 billion in February to \$7.7 billion in March. Exports increased \$3.9 billion to \$23.1 billion, while imports increased \$5.2 billion to \$30.8 billion.'*

In Europe, every key index of every major bourse suffered material losses.

As expected, The Bank of England raised its interest rates, but The European Central Bank (ECB) decided not to make any move on interest rates at this juncture.

The following is the verbatim statement from The Bank of England:

'The Bank of England's Monetary Policy Committee today voted to raise the official Bank Rate paid on commercial bank reserves by 0.25 percentage points to 5.5%.

'In the United Kingdom, output growth has remained firm. Business investment has been stronger than expected and, although indicators of consumer spending have been volatile, the underlying picture is one of steady growth. Credit and broad money continue to grow rapidly. The pace of expansion of the international economy remains robust.

CPI inflation picked up to 3.1% in March. Lower gas and electricity prices and weaker import price inflation mean that CPI inflation is likely to fall back to around the 2% target in the course of this year. But the margin of spare capacity in firms appears limited and there are signs that businesses are more able to push through price increases. Relative to the 2% target, the risks to the outlook for inflation in the medium term consequently remain tilted to the upside.

'Against that background, the Committee judged that a further increase in Bank Rate of 0.25 percentage points to 5.5% was necessary to meet the 2% target for CPI inflation in the medium term.'

And, from and The ECB, only this one-paragraph statement:

At today's meeting, which was held in Dublin, the Governing Council of the ECB decided that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.'

In addition, of course, the release of disappointing economic data from the US Government helped to put the skids under European stocks and bonds.

The selloff on Wall Street, also, was telling in this part of the world.

The following **TARGET** list of the key indices of major European bourses tells it all:

Amsterdam's AEX Index Minus 0.94 percent

France's CAC 40 Index Minus 0.64 percent

Germany's Frankfurt XETRA DAX Index Minus 0.81 percent

Great Britain's FTSE 100 Index Minus 0.38 percent

Italy's MIBTEL Index Minus 0.74 percent

Switzerland's Swiss Market Index Minus 0.64 percent

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in June was \$US61.81, representing an increase of about 0.42 percent on the final quote of Wednesday.

As for July delivery, the last settlement was \$US63.43 per barrel of light sweet crude oil, equivalent to a rise of about 0.43 percent, compared with Wednesday's last contract.

Investors did not know the full extent of the problems, facing the world's largest single economy, last Thursday, during the Asian trading day, and, as such, investors followed Wall Street's lead of Wednesday.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the premier equity market, known as the Main Board of The Stock Exchange of Hongkong Ltd, gave up about 0.47 percent of its value, falling back to 20,746.27 points.

The Total Turnover on this market was about \$HK60.53 billion.

Even so, gaining counters outnumbered losing ones by the ratio of about 1.03:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.48 percent to \$HK146.00 per share
PetroChina Company Ltd (Code: 857)	Down 1.81 percent to \$HK9.76 per share
China Mobile Ltd (Code: 941)	Down 0.16 percent to \$HK71.95 per share
China Telecom Corporation Ltd (Code: 728)	Up 7.36 percent to \$HK4.23 per share
China Life Insurance Company Ltd (Code: 2628)	Down 0.20 percent to \$HK25.10 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 1.10 percent to \$HK7.38 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Up 1.19 percent to \$HK80.55 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Down 0.23 percent to \$HK4.30 per share
China Merchants Bank Company Ltd (Code: 3968)	Up 3.65 percent to \$HK21.30 per share
China CITIC Bank Corporation Ltd (Code: 998)	Down 0.93 percent to \$HK6.37 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Apex Capital Ltd	905	11.29		0.345

Chi Cheung Investment Company Ltd	112	27.19		2.90
China Eastern Airlines Corporation Ltd	670	13.52		3.19
China Oil and Gas Group Ltd	603	11.11		1.40
China Wireless Technologies Ltd	2369	20.07		3.35
Chu Kong Shipping Development Company Ltd	560	16.02		2.10
COSCO International Holdings Ltd	517	14.43		5.63
Cosmopolitan International Holdings Ltd	120	27.45		0.65
Fortuna International Holdings Ltd	530	15.38		0.75
G-Prop (Holdings) Ltd	286	13.04		1.82
HKC International Holdings Ltd	248	10.00		0.385
Jackin International Holdings Ltd	630	16.67		0.35
Karce International Holdings Company Ltd	1159	11.11		0.30
New Times Group Holdings Ltd	166	20.00		0.72
New World CyberBase Ltd	276	10.62		5.21
Nority International Group Ltd	660	16.39		7.60
Proview International Holdings Ltd	334	12.32		1.55
Radford Capital Investment Ltd	901	10.64		0.104
Sam Woo Holdings Ltd	2322	11.88		1.13
Shenzhen High-Tech Holdings Ltd	106	14.86		0.85
Shun Ho Technology Holdings Ltd	219	10.26		0.86

Sino Technology Investments Company Ltd	1217	14.00		0.285
Sinopec Kantons Holdings Ltd	934	11.39		2.64
Softbank Investment International (Strategic) Ltd	648	28.19		0.191
South East Group Ltd	726	15.71		0.243
Tianjin Capital Environmental Protection Company Ltd	1065	11.25		4.45
Tysan Holdings Ltd	687	16.07		0.65
Wah Nam International Holdings Ltd	159	20.00		0.33
Wing Hong (Holdings) Ltd	2919	20.63		0.76
XinAo Gas Holdings Ltd	2688	10.72		10.74
Sinopec Yizheng Chemical Fibre Company Ltd	1033	19.16		3.67
Zhongda International Holdings Ltd	909	28.89		1.74

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was a completely different story to that, being told in the Main Board.

The Growth Enterprise Index gained 1.51 percent, exactly, running up to 1,500.10 points.

The ratio of advancing counters to losing ones was about 1.84:One.

The Total Turnover on this speculative marketplace was about \$HK914.06 million.

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

Town Health International Holdings Company Ltd
(Code: 8138)

Unchanged at \$HK0.93 per share

Century Sunshine Ecological Technology Holdings
Ltd (Code: 8276)

Up 7.21 percent to \$HK2.23 per share

AGTech Holdings Ltd (Code: 8279)

Up 8.76 percent to \$HK2.11 per share

Tong Ren Tang Technologies Company Ltd (Code:

Up 8.54 percent to \$HK17.80 per share

8069)

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

Up 0.14 percent to \$HK14.02 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capinfo Company Ltd	8157	10.53		0.315
China Photar Electronics Group Ltd	8220		10.00	0.18
Essex Bio-Technology Ltd	8151	37.65		0.223
Excel Technology International Holdings Ltd	8048	47.93		0.25
Golding Soft Ltd	8190	10.13		0.087
International Entertainment Corporation	8118	31.78		4.81
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301	21.20		0.223
Shenzhen Neptunus Interlong Bio-technique Company Ltd	8329	38.89		0.50
Neolink Cyber Technology (Holding) Ltd	8116	13.24		0.77
Prosten Technology Holdings Ltd	8026	14.00		0.57
Q9 Technology Holdings Ltd	8129	14.10		0.445
Soluteck Holdings Ltd	8111	19.42		0.123
T S Telecom Technologies Ltd	8003	68.29		0.345
Techpacific Capital Ltd	8088	12.90		0.35
TeleEye Holdings Ltd	8051		13.88	0.18

Thiz Technology Group Ltd	8119	25.00		0.195
Tiger Tech Holdings Ltd	8046		17.07	0.34
Timeless Software Ltd	8028	14.14		0.218
Zhejiang Yonglong Enterprises Company Ltd	8211	13.25		0.188

In Japan, the key indices of the country's 3 equity markets moved to lower ground.

On The Tokyo Stock Exchange, The TOPIX Index shed about 0.46 percent of its value, ending the trading day at 1,736.99 points.

The ratio of declining counters to advancing ones was about 1.53:One.

As for The Nikkei-225 Stock Average, it shed about 0.06 percent of its value, easing back to 17,736.96 yen.

This was how the key indices on other Asian equity markets fared, last Thursday:

The HKSAR	Hang Seng Index Minus 0.47 percent to 20,746.27 The Growth Enterprise Index Plus 1.51 percent to 1,500.10
Indonesia	Plus 0.44 percent to 2,047.03
Japan	TOPIX Index Minus 0.46 percent to 1,736.99 Nikkei-225 Stock Average Minus 0.06 percent to 17,736.96
Malaysia	Plus 0.35 percent to 1,355.62
The Philippines	Minus 0.11 percent to 3,342.21
Singapore	Plus 0.48 percent to 3,469.26
South Korea	Plus 0.39 percent to 1,599.68
Taiwan	Plus 0.55 percent to 8,096.86
Thailand	Plus 0.13 percent to 707.19

Friday

Stock-and-share prices recovered part of their losses of Thursday on renewed hope that the US Federal Reserve would favourably consider a reduction of interest rates at its next Open Market Committee Meeting.

As it is said: Hope springs eternal.

On The New York Stock Exchange, the Dow Jones Industrial Average gained 111.09 points, equivalent to about 0.84 percent, ending the trading week at 13,326.22 points.

On The NASDAQ, its Composite Index put on 28.48 points, or about 1.12 percent, running back to 2,562.22 points.

It was noted that the volume of activity on The New York Stock Exchange was down about 23 percent, last Friday, compared with the daily average in 2006, and, on The NASDAQ, on the same basis, the volume of activity was off by about 9 percent.

This could well suggest that there is another sell-off in the works, one which could hit Wall Street in the coming week.

For the week, ended May 11, 2007, the tally for the world's biggest and most-important equity markets was:

The Dow Jones Industrial Average Plus 0.46 percent
The NASDAQ's Composite Index Minus 0.39 percent

On international commodity markets, the price of crude oil turned bullish, again.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in June was \$US62.37, representing an increase over Thursday's final quote of about 0.91 percent.

As for July delivery, the last settlement was \$US64.12 per barrel of light sweet crude oil, equivalent to an increase of about 1.09 percent on Thursday's last settlement.

In Europe, it was, simply put, follow the (Wall Street) leader.

All of the key indices of major European bourses made up for previous losses and, in some cases, and then some:

Amsterdam's AEX Index Plus 0.37 percent

France's CAC 40 Index Plus 0.62 percent

Germany's Frankfurt XETRA DAX Index Plus 0.86 percent

Great Britain's FTSE 100 Index Plus 0.63 percent

Italy's MIBTEL Index Plus 0.39 percent

Switzerland's Swiss Market Index Plus 0.43 percent

With a change of leadership in Great Britain and in France, 2 of Europe's powerhouses, investors appeared to warm to the coming changes.

In Asia, there was much more red ink than black ink when it came time to write in the final figures for the week's trading on major stock markets of the region.

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

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index shed 1.34 percent, exactly, coming to rest at 20,468.21 points when the final bell rang, signifying the end of trading for the day and, of course, for the week.

Losing counters outnumbered gaining ones by the ratio of about 3.03:One on a Total Turnover of about \$HK60.69 billion.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5)	Down 0.68 percent to \$HK145.00 per share
China Mobile Ltd (Code: 941)	Down 1.39 percent to \$HK70.95 per share
PetroChina Company Ltd (Code: 857)	Down 0.41 percent to \$HK9.72 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Down 2.09 percent to \$HK4.21 per share
China Life Insurance Company Ltd (Code: 2628)	Down 1.99 percent to \$HK24.60 per share
China Merchants Bank Company Ltd (Code: 3968)	Down 4.69 percent to \$HK20.30 per share
China CITIC Bank Corporation Ltd (Code: 998)	Down 1.10 percent to \$HK6.30 per share
China Telecom Corporation Ltd (Code: 728)	Down 2.13 percent to \$HK4.14 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 0.68 percent to \$HK7.33 per share
Hang Lung Group Ltd (Code: 10)	Down 0.95 percent to \$HK31.20 per share

There was a total of 36, double-digit movers on the Main Board, last Friday, with only 2 of their number, losing ground.

The biggest loser of the day was Smart Rich Energy Finance (Holdings) Ltd (Code: 1051), as investors pulled down its share price by 11.94 percent to 29.50 cents.

The biggest gainer of the day was China Velocity Group Ltd (Code: 149), the share price of which rose 49 percent to \$HK2.98.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gave up about 0.49 percent of its value, ending the day's proceedings at 1,492.78 points.

The Total Turnover on this speculative equity markets was about \$HK614.52 million.

In spite of the lone index of this equity market, being in the red by the close of the trading session, advancing counters outpaced declining ones by the ratio of about 1.23:One.

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

Town Health International Holdings Company Ltd
(Code: 8138)

Down 4.30 percent to \$HK0.89 per share

Maxitech International Holdings Ltd (Code: 8136)

Down 3.53 percent to \$HK0.82 per share

Proactive Technology Holdings Ltd (Code: 8089)

Down 5.36 percent to \$HK9.35 per share

China Primary Resources Holdings Ltd (Code:
8117)

Up 3.17 percent to \$HK0.325 per share

Century Sunshine Ecological
Technology Holdings Ltd (Code: 8276)

Down 0.90 percent to \$HK2.21 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AcrossAsia Ltd	8061	20.86		0.226
AKM Industrial Company Ltd	8298	15.69		0.295
Armitage Technologies Holding Ltd	8213	18.64		0.14
China Photar Electronics Group Ltd	8220	11.11		0.20
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Company Ltd	8231	18.18		0.91
Global Solution Engineering Ltd	8192	22.22		0.55
International Entertainment Corporation	8118	15.38		5.55
Jessica Publications Ltd	8137		17.54	0.47
Jinheng Automotive Safety Technology Holdings Ltd	8293	10.29		1.50

Lee's Pharmaceutical Holdings Ltd	8221		10.00	0.27
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301		12.56	0.195
Northeast Tiger Pharmaceutical Company Ltd	8197	11.94		0.15
Prosten Technology Holdings Ltd	8026	10.53		0.63
QUASAR Communication Technology Holdings Ltd	8171		12.70	0.55
Soluteck Holdings Ltd	8111	27.64		0.157
Tiger Tech Holdings Ltd	8046	19.12		0.405
Tradeeasy Holdings Ltd	8163	13.29		0.162

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

The Hang Seng Index Minus 1.79 percent
The Growth Enterprise Index Plus 2.81 percent

In Japan, the key indices of the 3 equity markets of the country lost considerable ground, last Friday.

On The Tokyo Stock Exchange, The TOPIX Index surrendered about 0.80 percent of its value, dropping back to 1,723.09 points.

The ratio of losing counters to gaining ones was about 3.98:One.

As for The Nikkei-225 Stock Average, it ended the week at 17,553.72 yen, representing a one-day fall of about 1.03 percent.

For the largest and most-important equity market of Asia, the tally for the week was:

The TOPIX Index Plus 1.11 percent
The Nikkei-225 Stock Average Plus 0.92 percent

And this was how the situation looked on other Asian equity markets, last Friday night:

The HKSAR	Hang Seng Index Minus 1.34 percent to 20,468.21 The Growth Enterprise Index Minus 0.49 percent to 1,492.78
Indonesia	Minus 1.21 percent to 2,022.30
Japan	TOPIX Index Minus 0.80 percent to 1,723.09

	Nikkei-225 Stock Average Minus 1.03 percent to 17,553.72
Malaysia	Minus 0.31 percent to 1,351.45
The Philippines	Plus 0.67 percent to 3,364.61
Singapore	Minus 0.64 percent to 3,446.92
South Korea	Plus 0.24 percent to 1,603.56
Taiwan	Minus 0.81 percent to 8,031.54
Thailand	Minus 0.04 percent to 706.90

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