

**CHINA'S ATTEMPTS TO REIN IN ITS RED-HOT EQUITY MARKETS,
BUT IT ONLY HURTS FOR A LITTLE WHILE ... OR DOES IT ?**

With all US equity and commodity markets closed, last Monday, in order for Americans to commemorate Memorial Day – the day, set aside to remember those Americans who lost their lives in past wars in the service for their country – for those equity markets, around the world, that did stay open, with only a few exceptions, trading was generally lifeless and directionless.

In Europe, 3 bourses of the 6, major bourses were, also, closed and, for those that did trade, the volumes of activity were low and the movements of key indices were of a small, fractional nature, only:

Amsterdam's AEX Index Plus 0.38 percent

France's CAC 40 Index Plus 0.23 percent

Germany's Frankfurt XETRA DAX Index Closed

Great Britain's FTSE 100 Index Closed

Italy's MIBTEL Index Plus 0.22 percent

Switzerland's Swiss Market Index Closed

In Asia, with the lone exception of The Taiwan Stock Exchange, every key index was written in black ink at the close of the day.

However, again, the price improvements, generally, were of a fractional nature.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets made gains, but it was the speculative market of the territory, known as The **G**rowth **E**nterprise **M**arket – or The GEM – that caught investors' attention.

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index ended the day at 20,529.76 points for a gain of about 0.04 percent, compared with the closing level of Friday, May 25, 2007.

The Total Turnover was about \$HK54.45 billion.

However, in spite of the key index, being in positive territory at the close of the trading day, losing counters outnumbered gaining ones by the ratio of about 1.22:One.

The Ten Most Active counters were:

China Life Insurance Company Ltd (Code:
2628)

Down 1.01 percent to \$HK24.60 per share

China Mobile Ltd (Code: 941)	Down 0.14 percent to \$HK72.05 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK144.30 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 2.77 percent to \$HK8.17 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Unchanged at \$HK4.11 per share
China Construction Bank Corporation (Code: 939)	Down 0.64 percent to \$HK4.68 per share
Nan Hai Corporation Ltd (Code: 680)	Up 54.66 percent to \$HK0.365 per share
PetroChina Company Ltd (Code: 857)	Up 0.60 percent to \$HK10.08 per share
Hutchison Whampoa Ltd (Code: 13)	Up 0.13 percent to \$HK75.55 per share
CNOOC Ltd (Code: 883)	Up 1.52 percent to \$HK7.37 per share

As for the Main Board's biggest movers of the day, there were 104 counters whose share prices recorded gains or losses of 10 percent or more.

Of that number of 104 counters, only 3 of their number shed 10 percent or more of their respective market capitalisations.

New Island Printing Holdings Ltd (Code: 377) was the biggest improver of the day as investors pushed up its share price by 129.63 percent to \$HK1.24.

Wonderful World Holdings Ltd (Code: 109) had the distinction of being the biggest loser of the Main Board as its share price fell to 57 cents, down 10.94 percent, compared with its closing price of the previous Friday.

On The GEM, The Growth Enterprise Index rose about 2.55 percent to end the day at 1,592.58 points.

The Total Turnover hit about \$HK1.50 billion, a volume of activity that has not been seen for many years.

Advancing counters outnumbered declining ones by the ratio of 3:One, exactly.

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

Xteam Software International Ltd (Code: 8178)	Up 10.59 percent to \$HK0.94 per share
China Primary Resources Holdings Ltd (Code: 8117)	Up 34.72 percent to \$HK0.485 per share
Trasys Gold Ex Ltd (Code: 8063)	Up 87.07 percent to \$HK0.275 per share

Proactive Technology Holdings Ltd (Code:
8089)

Up 8.47 percent to \$HK12.80 per share

Tiger Tech Holdings Ltd (Code: 8046)

Up 5.06 percent to \$HK0.83 per share

There was a total of 40, double-digit movers on The GEM, last Monday, with 3 of their number, recording losses of 10 percent or more of their respective market capitalisations.

Trasy Gold Ex Ltd (Code: 8063) was the biggest winner of the day as its share price rose 87.07 percent to 27.50 cents.

SYSCAN Technology Holdings Ltd (Code: 8083) turned out to be the biggest loser of The GEM as investors marked down its share price to 39 cents, a fall of about 11.36 percent, compared with the previous Friday's closing level.

In Japan, the country's 3 equity markets recorded gains, but they were of a fractional nature, only.

On The Tokyo Stock Exchange, which is the premier equity market of Japan, its TOPIX Index rose 8.84 points, equivalent to about 0.52 percent, coming to rest at 1,724.38 points by the close of the day.

The ratio of gainers to losers was about 4.40:One.

The Nikkei-225 Stock Average, which is a less comprehensive gauge to trading in blue chips, listed on the First Section of The Tokyo Stock Exchange, than is The TOPIX Index, rose 106.38 yen, or about 0.61 percent, ending the trading day at 17,587.59 yen.

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

The HKSAR	Hang Seng Index Plus 0.04 percent to 20,529.76 The Growth Enterprise Index Plus 2.55 percent to 1,592.58
Indonesia	Plus 0.79 percent to 2,076.76
Japan	TOPIX Index Plus 0.52 percent to 1,724.382 Nikkei-225 Stock Average Plus 0.61 percent to 17,587.59
Malaysia	Plus 0.52 percent to 1,345.99
The Philippines	Plus 0.05 percent to 3,443.56
Singapore	Plus 0.77 percent to 3,513.37
South Korea	Plus 0.81 percent to 1,657.91
Taiwan	Minus 0.04 percent to 8,156.82

Thailand	Plus 1.22 percent to 727.93
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Tuesday

Crude-oil prices sank, appreciably, last Tuesday, after the Government of Nigeria promised that there would be no disruption in crude-oil supplies and exports from that country.

Nigeria is the world's eighth, largest exporter of crude oil and the country has been beset by insurgency for some months.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July was \$US63.15, representing a fall of about 3.14 percent, compared with the last settlement of Friday, May 25, 2007.

As for delivery in August, the last settlement was \$US64.38 per barrel of light sweet crude oil. That was a drop of about 3.22 percent, compared with the final quote of the previous Friday.

On Wall Street, there was a decided determination by many investors and speculators to offload energy counters, following the fall in the price of crude oil on international commodity exchanges.

More important than the crude-oil situation, however, was an official announcement from the Government of the People's Republic of China (PRC) that, effective Wednesday morning, stamp duty on equity transactions would be raised from 0.01 percent to 0.03 percent.

It was very clear that the PRC Government is determined to cool down its red-hot equity markets, the key indices of which have risen by more than 62 percent since January – in addition to a 130-percent jump in 2006.

When all of the negatives had been factored in, in respect of trading in equities, anywhere in the world, it was clear that there could well be difficult times ahead in the immediate future, depending, of course, on the reaction from investors, locked into stocks and shares, listed on The Shanghai Stock Exchange.

The apparent and real fear was that if there is a decided paring of prices on PRC equity markets, it could well cascade down to other equity markets, from Wall Street to Thread Needle Street.

On The New York Stock Exchange, the Dow Jones Industrial Average edged up 14.06 points, equivalent to about one tenth of a percentage point, coming to rest at 13,521.34 points by the close of the trading day.

On The NASDAQ, its Composite Index rose 14.87 points, or about 0.58 percent, ending its trading session at 2,572.06 points.

In Europe, investors determined to jump aboard the high-technology bandwagon since that seemed to be the best vehicle for the time being.

Gains in high-technology counters were outperforming industrials and financial houses and an earnings report from Vodafone seemed to justify the switch.

Even so, the key indices of the most-important bourses hardly moved, last Tuesday, with half of them, suffering fractional losses.

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

Amsterdam's AEX Index Minus 0.06 percent

France's CAC 40 Index Minus 0.24 percent

Germany's Frankfurt XETRA DAX Index Plus 0.54 percent

Great Britain's FTSE 100 Index Plus 0.54 percent

Italy's MIBTEL Index Minus 0.28 percent

Switzerland's Swiss Market Index Plus 0.15 percent

In Asia, all of the key indices of all of the major equity markets of the region either lost small fractions or gained small fractions: The markets were, in a word, directionless.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the territory's 2 equity markets came under considerable selling pressure, resulting in key indices, losing ground.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index shed about 0.29 percent of its value, slipping back to 20,469.59 points.

The Total Turnover was about \$HK53.99 billion.

Declining counters outnumbered advancing ones by the ratio of about 2.22:One.

The Ten Most Active counters were:

China Life Insurance Company Ltd (Code:
2628)

Down 0.41 percent to \$HK24.50 per share

China Mobile Ltd (Code: 941)

Down 0.42 percent to \$HK71.75 per share

HSBC Holdings plc (Code: 5)

Down 0.28 percent to \$HK143.90 per share

Nan Hai Corporation Ltd (Code: 680)

Up 5.48 percent to \$HK0.385 per share

China Construction Bank Corporation (Code:
939)

Unchanged at \$HK4.68 per share

Bank of China Ltd (Code: 3988)

Down 0.52 percent to \$HK3.81 per share

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

Down 0.97 percent to \$HK4.07 per share

Hutchison Whampoa Ltd (Code: 13)

Down 0.99 percent to \$HK74.80 per share

China Petroleum and Chemical Corporation
(Code: 386)

Down 1.10 percent to \$HK8.08 per share

China Telecom Corporation Ltd (Code: 728)

Unchanged at \$HK4.19 per share

As for the Main Board's double-digit movers of the day, there was a total of 59 counters that qualified.

A total of 10 of those, double-digit movers lost 10 percent or more of their respective market capitalisations, while the managements of the remainder – 39 double-digit counters – witnessed their respective counters improve their share prices by 10 percent or more.

The biggest gainer of the day was Culturecom Holdings Ltd (Code: 343) whose share price rose 99.44 percent to 35.50 cents.

Wonson International Holdings Ltd (Code: 651) turned out to be the biggest loser of the day as investors marked down its share price by 14.20 percent to \$HK1.45.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gave up about 0.42 percent of its value, ending the trading day at 1,585.96 points.

The Total Turnover on this (speculative) equity market was about \$HK1.76 billion.

Gaining counters outpaced losing ones by the ratio of about 1.06:One.

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

Zhongyu Gas Holdings Ltd (Code: 8070) Down 4.69 percent to \$HK1.22 per share

China Primary Resources Holdings Ltd (Code: 8117) Up 3.09 percent to \$HK0.50 per share

Phoenix Satellite Television Holdings Ltd (Code: 8002) Up 17.33 percent to \$HK1.76 per share

Xteam Software International Ltd (Code: 8178) Down 4.26 percent to \$HK0.90 per share

Trasy Gold Ex Ltd (Code: 8063) Down 17.09 percent to \$HK0.228 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131	18.75		0.285
AcrossAsia Ltd	8061	23.46		0.30
Capinfo Company Ltd	8157	13.64		0.75
CCID Consulting Company Ltd	8235	12.50		0.315
China Photar Electronics Group Ltd	8220	44.00		0.36

Core Healthcare Investment Holdings Ltd	8250	12.07		0.195
Emperor Entertainment Group Ltd	8078	25.00		1.25
ePRO Ltd	8086	11.84		0.425
FlexSystem Holdings Ltd	8050	14.00		0.285
Galileo Capital Group Ltd	8029	28.74		0.56
Global Link Communications Holdings Ltd	8060	29.63		0.35
Golding Soft Ltd	8190	20.00		0.234
Jiangsu Nandasoft Company Ltd	8045	22.22		0.495
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	11.39		0.44
Lee's Pharmaceutical Holdings Ltd	8221	16.67		0.35
Mobile Telecom Network (Holdings) Ltd	8266	11.34		0.265
MP Logistics International Holdings Ltd	8239	27.27		0.49
North Asia Strategic Holdings Ltd	8080	14.75		1.40
Netel Technology (Holdings) Ltd	8256	21.21		0.40
Northeast Tiger Pharmaceutical Company Ltd	8197	13.64		0.25
New Universe International Group Ltd	8068	12.07		0.325
Phoenix Satellite Television Holdings Ltd	8002	17.33		1.76
Qianlong Technology International Holdings Ltd	8015	12.50		0.90
Sys Solutions Holdings Ltd	8182	28.32		1.45

TeleEye Holdings Ltd	8051		10.71	0.25
Trasy Gold Ex Ltd	8063		17.09	0.228
Zhejiang Yonglong Enterprises Company Ltd	8211	26.32		0.36
Yusei Holdings Ltd	8319	10.26		2.15
Zhejiang Prospect Company Ltd	8273	26.09		1.45

In Japan, the key indices of the country's equity markets continued to rise.

On The Tokyo Stock Exchange, The TOPIX Index put on 13.52 points, equivalent to a gain of about 0.78 percent, ending the trading day at 1,737.90 points.

The ratio of gainers to losers was about 2.29:One.

The Nikkei-225 Stock Average improved by 84.97 yen, or about 0.48 percent, as investors pushed it to 17,672.56 yen.

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

The HKSAR	Hang Seng Index Minus 0.29 percent to 20,469.59 The Growth Enterprise Index Minus 0.42 percent to 1,585.96
Indonesia	Minus 0.87 percent to 2,058.74
Japan	TOPIX Index Plus 0.78 percent to 1,737.90 Nikkei-225 Stock Average Plus 0.48 percent to 17,672.56
Malaysia	Minus 0.22 percent to 1,343.00
The Philippines	Plus 0.26 percent to 3,452.62
Singapore	Plus 0.39 percent to 3,527.08
South Korea	Plus 0.23 percent to 1,661.80
Taiwan	Plus 0.30 percent to 8,181.49

Thailand	Minus 0.02 percent to 727.79
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Wednesday

It was a record-setting day on Wall Street, last Wednesday, as one historic high after another was broken.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 111.74 points, equivalent to about 0.83 percent, hitting 13,633.08 points by the close of the trading day.

The NASDAQ's Composite Index ended the day at 2,592.59 points, representing a one-day gain of 20.53 points, or about 0.80 percent.

For the NASDAQ, last Wednesday's closing level was the highest point in the previous 6 years.

For The Dow, last Wednesday's closing level was the 47th record close for this key index, this year.

Wall Street's broadly based rally was despite Tuesday's 6.50-percent fall in The Shanghai Composite Index, the key index of The Shanghai Stock Exchange, following the Government of the People's Republic of China (PRC), raising the stamp duty on stock and share trading from 0.10 percent to 0.30 percent, effective last Wednesday morning.

The PRC Government is determined to cool down the red-hot equity markets of the country.

If the increase in the stamp duty does not do the job, it is a safe bet to expect that the PRC Government will initiate some other action, which will be even more draconian.

The ratio of gainers to losers, last Wednesday, was about 2.25:One on The New York Stock Exchange and about 1.25:One on The NASDAQ.

On European bourses, however, it was a different story to that, being told on Wall Street, as one key index after another fell on the news that Chinese investors had reacted adversely to the imposition of a higher stamp duty on share transactions.

The fear in Europe was that there could, in due course, be a cascading effect from a prolonged sell-off of stocks and shares on PRC equity markets.

Unlike Wall Street, European investors adopted a very much more cautious approach to trading in view of what was transpiring in the PRC.

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

Amsterdam's AEX Index	Minus 0.40 percent
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France's CAC 40 Index	Minus 0.23 percent
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Germany's Frankfurt XETRA DAX Index	Minus 0.20 percent
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Great Britain's FTSE 100 Index	Minus 0.06 percent
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Italy's MIBTEL Index	Minus 0.18 percent
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Switzerland's Swiss Market Index	Minus 0.14 percent
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News Wise

- **Kwik Save**, a supermarket chain, operating in the **United Kingdom(UK)**, has pared its workforce by about 700 employees. Not less than 79 of the company's stores have been closed across the UK. This leaves the company with 147 outlets. Kwik Save is known to be facing a cash crisis and some suppliers have stopped making deliveries.

On The **New York Mercantile Exchange (NYMEX)**, the last settlement for a barrel of light sweet crude oil for delivery in July was \$US63.49, representing a gain of about 0.54 percent on Tuesday's closing level.

As for August delivery, the last settlement for a barrel of light sweet crude oil came in at \$US64.65, an increase of about 0.42 percent, compared with Tuesday's final quote.

In Asia, the situation with regard to The Shanghai Stock Exchange, where there had been a 6.50-percent fall in its key index on Tuesday, took its toll of confidence around the region as the key indices of most other equity markets fell to pressure from sellers.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, the key indices of both equity markets came off badly by the close of the day.

On the Main Board of The Stock Exchange of Hongkong Ltd, its Hang Seng Index shed 175.83 points, equivalent to about 0.86 percent, dropping back to 20,293.76 points.

The Total Turnover was about \$HK75.60 billion.

The ratio of declining counters to advancing ones was about 3.86:One.

The Ten Most Active counters were:

China Life Insurance Company Ltd (Code: 2628)

Down 3.27 percent to \$HK23.70 per share

China Mobile Ltd (Code: 941)

Down 0.63 percent to \$HK71.30 per share

HSBC Holdings plc (Code: 5)

Unchanged at \$HK143.90 per share

PetroChina Company Ltd (Code: 857)

Down 2.08 percent to \$HK9.87 per share

China Construction Bank Corporation (Code:
939)

Down 2.14 percent to \$HK4.58 per share

China Petroleum and Chemical Corporation
(Code: 386)

Down 1.61 percent to \$HK7.95 per share

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

Down 0.25 percent to \$HK4.06 per share

Bank of China Ltd (Code: 3988)

Down 1.05 percent to \$HK3.77 per share

Hutchison Whampoa Ltd (Code: 13)

Down 0.87 percent to \$HK74.15 per share

Luks Industrial (Group) Ltd (Code: 366)

Down 6.12 percent to \$HK13.50 per share

As for the Main Board's double-digit movers of the day, there was a total of 50 counters that qualified for this honour, with 19 of their number, witnessing their respective share prices, rising 10 percent or more, while the remaining 31 counters witnessed their respective market capitalisations, falling by 10 percent or more.

The biggest gainer of the day was Wonderful World Holdings Ltd (Code: 109) whose share price rose 69.35 percent to \$HK1.05.

New Island Printing Holdings Ltd (Code: 377) was the biggest loser of the day as investors pushed down its share price by 23.40 percent to \$HK1.08.

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 value, falling back to 1,577.77 points.

The Total Turnover on this market was about \$HK1.15 billion.

Losing counters outnumbered gaining ones by the ratio of about 3.19:One.

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

Phoenix Satellite Television Holdings Ltd (Code:
8002)

Up 9.09 percent to \$HK1.92 per share

China Primary Resources Holdings Ltd (Code:
8117)

Down 7.00 percent to \$HK0.465 per share

Proactive Technology Holdings Ltd (Code:
8089)

Down 7.33 percent to \$HK11.88 per share

Town Health International Holdings Company
Ltd (Code: 8138)

Down 3.70 percent to \$HK0.78 per share

IIN International Ltd (Code: 8128)

Up 19.16 percent to \$HK0.255 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		10.00	0.45
AcrossAsia Ltd	8061		15.00	0.255
Advanced Card Systems Holdings Ltd	8210		12.07	0.255
AKM Industrial Company Ltd	8298		12.86	0.305
Armitage Technologies Holding Ltd	8213		10.87	0.205

B.A.L. Holdings Ltd	8079	15.79		0.55
Byford International Ltd	8272	10.42		0.53
CCID Consulting Company Ltd	8235	14.29		0.36
China Photar Electronics Group Ltd	8220		11.11	0.32
Era Information and Entertainment Ltd	8043		15.71	0.161
FlexSystem Holdings Ltd	8050		13.68	0.246
Galileo Capital Group Ltd	8029	12.50		0.63
HC International Incorporated	8292	15.70		1.40
IIN International Ltd	8128	19.16		0.255
Inno-Tech Holdings Ltd	8202		10.75	0.83
Jiangsu Nandasoft Company Ltd	8045		11.11	0.44
Lee's Pharmaceutical Holdings Ltd	8221		14.29	0.30
Longlife Group Holdings Ltd	8037		10.71	0.25
North Asia Strategic Holdings Ltd	8080	20.00		1.68
Netel Technology (Holdings) Ltd	8256		17.50	0.33
Powerleader Science and Technology Company Ltd	8236		13.39	0.485
QUASAR Communication Technology Holdings Ltd	8171	23.71		0.60
Sino Haijing Holdings Ltd	8065	17.78		1.06
Sys Solutions Holdings Ltd	8182	30.34		1.89
Vodatel Networks Holdings Ltd	8033		13.16	0.33

On The Tokyo Stock Exchange, The TOPIX Index shed about 0.24 percent, edging back to 1,733.75 points.

The ratio of losers to gainers was about 1.27:One.

The Nikkei-225 Stock Average lost about 0.48 percent as investors pushed it down to 17,588.26 yen.

News Wise

- **Japan's unemployment rate** for the month of April fell to 3.80 percent, the lowest level in 9 years, according to The Internal Affairs and Communications Ministry. The unemployment rate in March was 4 percent; and,
- Year-On-Year, **household spending** in Japan rose 1.10 percent in April to 316,163 yen, The Internal Affairs and Communications Ministry announced. It was the fourth consecutive month of increases.

In other Asian equity markets, this was the situation, last Wednesday night:

The HKSAR	Hang Seng Index Minus 0.86 percent to 20,293.76 The Growth Enterprise Index Minus 0.53 percent to 1,577.57
Indonesia	Minus 0.16 percent to 2,055.40
Japan	TOPIX Index Minus 0.24 percent to 1,733.75 Nikkei-225 Stock Average Minus 0.48 percent to 17,588.26
Malaysia	Minus 0.28 percent to 1,339.18
The Philippines	Minus 1.57 percent to 3,398.55
Singapore	Minus 0.45 percent to 3,511.13
South Korea	Plus 0.06 percent to 1,662.72
Taiwan	Minus 0.42 percent to 8,147.34
Thailand	Plus 1.32 percent to 737.40

Thursday

The US economy grew at an annual rate of 0.60 percent, during the first quarter of 2007: It was the slowest rate of growth of the past 4 years.

The **B**ureau of **E**conomic Analysis (BEA) brought out its findings just before Wall Street opened for business, last Thursday.

The following is a précis of that report:

‘The economy grew at an annual rate of 0.6 percent in the first quarter, according to the “preliminary” estimates released by the Bureau of Economic Analysis. Based on newly available data that showed a marked reduction in business inventories and a surge in imports in March, the GDP growth rate was revised down 0.7 percentage point from the “advance” estimate of 1.3 percent. BEA also released its first estimate of first-quarter corporate profits.

‘Gross Domestic Product (GDP)

‘The deceleration in first-quarter GDP growth primarily reflected a downturn in net exports.

‘Corporate Profits

‘First-quarter corporate profits increased 6.3 percent from the same quarter a year ago. In the fourth quarter, profits grew 18.3 percent. Profits of financial corporations increased 13.1 percent in the first quarter, and profits of nonfinancial corporations decreased 0.4 percent.’

A significant factor, contributing to the slow growth of the largest, single economy of the world was the decided downturn in the US housing market.

New home building, during the first quarter of 2007, was 15.40 percent lower than the like period in 2006.

On The New York Stock Exchange, the Dow Jones Industrial Average fell 5.44 points, equivalent to about 0.04 percent, ending the day at 13,627.64 points.

Over on The NASDAQ, its Composite Index rose 11.93 points, or about 0.46 percent, as investors nudged it to 2,604.52 points.

A telling point about the performance of the world’s largest equity market was a report from home builders who said that house appreciation in the first quarter of 2007 was the slowest rate of growth of the past decade.

Hovnanian Enterprises Incorporated, a US builder of luxury homes, recorded a loss in the first quarter of its Financial Year, compared with a profit for the like quarter in 2006.

Other home builders reported like situations.

News Wise

- **Dell Incorporated** announced that it would be sacking about 10 percent of its workforce, that is about 7,000 workers, before the year is out.

In Europe, the gloom of Wednesday was replaced by joy and elation as the key indices of major bourses rose, very materially.

For some shares, they hit highs that have not been seen since 2001.

The following is **TARGET**’s list of the key indices of the major European bourses:

Amsterdam’s AEX Index	Plus	1.00 percent
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France’s CAC 40 Index	Plus	1.02 percent
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Germany’s Frankfurt XETRA DAX Index	Plus	1.52 percent
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Great Britain's FTSE 100 Index Plus 0.29 percent

Italy's MIBTEL Index Plus 0.55 percent

Switzerland's Swiss Market Index Plus 0.72 percent

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July was \$US64.01, representing an increase of about 1.35 percent on the closing level of Wednesday.

As for August delivery, the last settlement for a barrel of light sweet crude oil came in at \$US64.99, a one-day gain of about 0.53 percent.

In Asia, with the lone exception of The Taiwan Stock Exchange, there was considerable financial strength which was demonstrated on all of the equity markets.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was a bounce back on both equity markets, following the falls on the key index of The Shanghai Stock Exchange (Please see earlier reports).

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index recorded a gain of about 1.68 percent, rising to 20,634.47 points.

The Total Turnover was about \$HK76.53 billion.

The ratio of gaining counters to losing ones was about 3.83:One.

The Ten Most Active counters were:

China Petroleum and Chemical Corporation (Code:
386)

Up 9.69 percent to \$HK8.72 per share

China Life Insurance Company Ltd (Code: 2628)

Up 1.90 percent to \$HK24.15 per share

HSBC Holdings plc (Code: 5)

Up 0.42 percent to \$HK144.50 per share

China Mobile Ltd (Code: 941)

Up 2.38 percent to \$HK73.00 per share

PetroChina Company Ltd (Code: 857)

Up 3.55 percent to \$HK10.22 per share

China Shenhua Energy Company Ltd (Code: 1088)

Up 6.26 percent to \$HK22.90 per share

CNOOC Ltd (Code: 883)

Up 3.94 percent to \$HK7.39 per share

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

Up 0.74 percent to \$HK4.09 per share

Hutchison Whampoa Ltd (Code: 13)

Up 1.62 percent to \$HK75.35 per share

China Construction Bank Corporation (Code: 939)

Up 2.18 percent to \$HK4.68 per share

As for the Main Board's biggest movers of the day, there was a total of 60, double-digit movers of the day.

Only one of those double-digit movers lost ground.

The lone loser was Wonderful World Holdings Ltd (Code: 109) whose share price sank about 12.38 percent to 92 cents.

Extrawell Pharmaceutical Holdings Ltd (Code: 858) had the distinction of being the biggest gainer of the day as investors pushed up its share price by about 44.25 percent to \$HK1.63.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index scooted to 1,604.29 points, a one-day improvement of about 1.69 percent.

The Total Turnover on this market was about \$HK1.12 billion.

Gaining counters outnumbered losing ones by the ratio of about 2.89:One.

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

China Primary Resources Holdings Ltd (Code:
8117)

Down 1.08 percent to \$HK0.46 per share

Proactive Technology Holdings Ltd (Code: 8089)

Up 8.59 percent to \$HK12.90 per share

Capinfo Company Ltd (Code: 8157)

Up 29.73 percent to \$HK0.96 per share

Town Health International Holdings Company Ltd
(Code: 8138)

Up 3.85 percent to \$HK0.81 per share

Phoenix Satellite Television Holdings Ltd (Code:
8002)

Down 4.69 percent to \$HK1.83 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Advanced Card Systems Holdings Ltd	8210	13.73		0.29
AGTech Holdings Ltd	8279		10.66	1.76
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd	8095	12.09		1.02
Capinfo Company Ltd	8157	29.73		0.96

CCID Consulting Company Ltd	8235	19.44		0.43
ePRO Ltd	8086		11.11	0.40
Essex Bio-Technology Ltd	8151	26.00		0.315
EVI Education Asia Ltd	8090	11.33		0.226
First Mobile Group Holdings Ltd	8110	10.44		0.275
FlexSystem Holdings Ltd	8050	11.79		0.275
Galileo Capital Group Ltd	8029		12.70	0.55
Global Solution Engineering Ltd	8192	12.50		0.45
Longlife Group Holdings Ltd	8037	12.00		0.28
North Asia Strategic Holdings Ltd	8080	41.67		2.38
PINE Technology Holdings Ltd	8013	14.93		0.385
Powerleader Science and Technology Company Ltd	8236	23.71		0.60
Sing Lee Software (Group) Ltd	8076	10.14		0.38
Sys Solutions Holdings Ltd	8182	16.93		2.21
T S Telecom Technologies Ltd	8003	16.42		0.39
Tianjin TEDA Biomedical Engineering Company Ltd	8189	10.87		0.51
Ultra Group Holdings Ltd	8203	14.29		0.32
Universal Technologies Holdings Ltd	8091	10.87		0.255
Vodatel Networks Holdings Ltd	8033	10.61		0.365
Ningbo Yidong Electronic Company Ltd	8249	13.64		0.375

In Japan, all of the country's equity markets recorded gains on their key indices.

The Tokyo Stock Exchange's TOPIX Index rose about 1.26 percent to 1,755.68 points.

Advancing counters outnumbered declining counters by the ratio of about 3.97:One.

As for The Nikkei-225 Stock Average, it managed a gain of about 1.63 percent, ending the trading day at 17,875.75 yen.

News Wise

- Statistics, compiled by The Tokyo Stock Exchange, showed that foreigners were **net buyers** of stocks and shares in Japan for the third consecutive week. Non-residents of Japan purchased stocks and shares of an aggregate market value 342.30 billion yen (about \$US2.82 billion) on the stock exchanges of Tokyo, Osaka and Nagoya for the week, ended May 25, 2007.

And, on other Asian equity markets, this was how their respective key indices ended last Thursday night:

The HKSAR	Hang Seng Index Plus 1.68 percent to 20,634.47 The Growth Enterprise Index Plus 1.69 percent to 1,604.29
Indonesia	Plus 1.41 percent to 2,084.32
Japan	TOPIX Index Plus 1.26 percent to 1,755.68 Nikkei-225 Stock Average Plus 1.63 percent to 17,875.75
Malaysia	Plus 0.58 percent to 1,346.89
The Philippines	Plus 2.24 percent to 3,474.67
Singapore	Closed
South Korea	Plus 2.30 percent to 1,700.91
Taiwan	Minus 0.03 percent to 8,144.95
Thailand	Closed

Friday

While the statistics from The Department of Labour, an important branch of the US Government, were not particularly uplifting from the point of view of the number of US workers who were gainfully employed,

during the month of May, and the static unemployment rate for the first 5 months of 2007, it was taken by Wall Street to be bullish, nevertheless.

In the first 5 months of 2007, there had been a 30-percent drop in the number of new jobs created, compared with the like period in 2006, it was revealed.

Few people paid attention to that little ditty, however.

As is its wont, just before Wall Street opened its doors for business, last Friday morning, The Bureau of Labour Statistics reported its findings for the month of May.

The following is a verbatim copy of the Statement by the Deputy Commissioner of The Bureau, Mr Philip L. Ronces:

'Nonfarm payroll employment rose by 157,000 in May to 137.8 million. The unemployment rate was unchanged at 4.5 percent. Job growth continued in a number of service-providing industries, while employment declined in manufacturing. In the first 5 months of 2007, payroll job growth averaged 133,000 per month, compared with 189,000 per month in 2006. Food services and drinking places added 35,000 jobs in May and 361,000 over the year. Over the month, health care employment grew by 25,000, with gains in hospitals and ambulatory health care services. Employment in social assistance continued to rise; the industry added 32,000 jobs over the last 3 months.'

'Within professional and technical services, employment increased in computer systems design and in architectural and engineering services. Elsewhere in the service-providing sector, employment continued to trend up in wholesale trade, information, and private education. Employment in financial activities was essentially unchanged over the month, reflecting offsetting movements in its component industries.'

'Manufacturing employment continued to decline in May (-19,000), reflecting a large job loss in motor vehicles and parts (-10,000) and smaller declines in other industries. Over the year, manufacturing lost 164,000 jobs; nearly half were in the motor vehicle and parts industry. Average weekly hours and overtime in factories each fell by 0.1 hour in May to 41.0 and 4.1 hours, respectively.'

'Construction employment was unchanged in May. Since its recent peak in September, construction employment has decreased by 54,000. Elsewhere in the goods-producing sector, mining employment continued its upward trend in May.'

'Average hourly earnings for private production and non-supervisory workers rose by 6 cents (0.3 percent) to \$17.30 in May. Over the year, average hourly earnings increased by 3.8 percent.'

'Results from the survey of households showed that both the unemployment rate, at 4.5 percent, and the number of unemployed, at 6.8 million, were unchanged over the month. The unemployment rate has ranged from 4.4 to 4.6 percent since last September. The proportion of the overall population that was employed in May – 63.0 percent – was unchanged from April; the rate is down from its recent high of 63.4 percent in December. The number of persons who worked part time for reasons such as slack work or the inability to find full-time work was about unchanged over the month but has risen by 332,000 over the year.'

'In summary, nonfarm payroll employment rose by 157,000 in May, and the unemployment rate held at 4.5 percent.'

On The New York Stock Exchange, the Dow Jones Industrial Average rose about 0.30 percent to end the week at 13,668.11 points.

The NASDAQ's Composite Index gained about 0.36 percent to end the week at 2,613.92 points.

For the 4-day working week, the tally for the biggest and most-important equity markets of the world was:

The Dow Jones Industrial Average Plus 1.19 percent

The NASDAQ Composite Index Plus 2.22 percent

Wall Street investors determined that the key indices of US equity markets should rise – and so they rose on the back of strong buying power, helped along by songs of gains from certain gurus.

Post hoc, ergo proctor hoc.

Actually, there was precious little to promote US equity markets, other than hot air, but the winners could not care less.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July was \$US65.08, representing an increase over Thursday's closing level of about 1.67 percent.

As for August delivery, the last settlement for a barrel of light sweet crude oil came in at \$US66.12, an increase of about 1.74 percent on Thursday's last settlement.

There were said to be widespread fears that oil-refining capacity in the US would not be able to keep up with demand in the coming summer months.

In Europe, all of the key indices of the major bourses made useful gains as the following **TARGET** list illustrates:

Amsterdam's AEX Index Plus 0.65 percent

France's CAC 40 Index Plus 1.05 percent

Germany's Frankfurt XETRA DAX Index Plus 1.32 percent

Great Britain's FTSE 100 Index Plus 0.83 percent

Italy's MIBTEL Index Minus 0.06 percent

Switzerland's Swiss Market Index Plus 0.85 percent

In this part of the world, merger-and-acquisition reports kept the pot boiling and boosted many a key index, in some cases to highs that had not been since in the previous 7 years.

With Wall Street on a roll and with acquisition fever, gripping certain parts of Europe, there was no stopping the rises of key indices of major European equity markets.

In Asia, it was something of a mixed bag because there was still some nervousness over what the Government of the People's Republic of China (PRC) was likely to do in order to cool down its red-hot equity markets.

The Shanghai Composite Index shed about 2.70 percent of its value, last Friday, in anticipation that the weekend may bring with it more measures that would affect equity trading, detrimentally, in the coming week.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, the premier equity market's key index lost a small amount of ground, but the lone index of the speculative equity market continued to make useful gains.

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, shed about 0.15 percent of its value to end the trading day at 20,602.87 points.

The Total Turnover was about \$HK74.76 billion.

In spite of the key index, being slightly in negative territory, gaining counters outnumbered losing ones by the ratio of about 1.20:One.

The Ten Most Actives were:

China Life Insurance Company Ltd (Code: 2628)	Up 2.28 percent to \$HK24.70 per share
China Mobile Ltd (Code: 941)	Down 1.10 percent to \$HK72.20 per share
China Petroleum and Chemical Corporation (Code: 386)	Down 1.95 percent to \$HK8.55 per share
PetroChina Company Ltd (Code: 857)	Down 0.59 percent to \$HK10.16 per share
HSBC Holdings plc (Code: 5)	Down 0.21 percent to \$HK144.20 per share
Ping An Insurance (Group) Company of China Ltd (Code: 2318)	Up 3.98 percent to \$HK47.05 per share
China Shenhua Energy Company Ltd (Code: 1088)	Up 7.42 percent to \$HK24.60 per share
China Construction Bank Corporation (Code: 939)	Up 1.50 percent to \$HK4.75 per share
CNOOC Ltd (Code: 883)	Up 1.22 percent to \$HK7.48 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Unchanged at \$HK4.09 per share

As for the Main Board's double-digit movers of the day, there was a total of 48 counters that qualified for this honour, with 35 of their number, witnessing their respective share prices, rising 10 percent or more, while the remaining 13 counters witnessed their respective market capitalisations, falling by 10 percent or more.

The biggest gainer of the day was Yunnan Enterprises Holdings Ltd (Code: 455) whose share price rose 54.74 percent to \$HK1.47.

G-Prop (Holdings) Ltd (Code: 286) was the biggest loser of the day as investors pushed down its share price by 21.21 percent to \$HK1.82.

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index rose to 1,617.65 points, a one-day improvement of about 0.83 percent.

The Total Turnover on this speculative equity market was about \$HK958.08 million.

Ironically, although the lone index of The GEM was deep in positive territory, on this equity market, losing counters outran gaining ones by the ratio of about 1.28:One.

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

China.com Incorporated (Code: 8006)

Up 3.45 percent to \$HK0.60 per share

Capinfo Company Ltd (Code: 8157)

Down 7.29 percent to \$HK0.89 per share

China Primary Resources Holdings Ltd (Code:
8117)

Up 1.09 percent to \$HK0.465 per share

EVI Education Asia Ltd (Code: 8090)

Down 1.33 percent to \$HK0.223 per share

Kanstar Environmental Paper Products Holdings
Ltd (Code: 8011)

Up 5.33 percent to \$HK0.395 per share

As for The GEM's double-digit movers of the day, they included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B.A.L. Holdings Ltd	8079		12.04	0.475
BIG Media Group Ltd	8167	40.98		0.43
China Chief Cable TV Group Ltd	8153	10.00		0.55
China Photar Electronics Group Ltd	8220		10.61	0.295
CIG Yangtze Ports PLC	8233	10.00		0.77
Era Information and Entertainment Ltd	8043	136.02		0.38
Shenzhen EVOC Intelligent Technology Company Ltd	8285		12.10	3.05
FAVA International Holdings Ltd	8108	19.12		1.62
Medical China Ltd	8186	23.24		0.228
Netel Technology (Holdings) Ltd	8256		13.43	0.29
Sau San Tong Holdings Ltd	8200	13.17		0.275

Shanghai Fudan Microelectronics Company Ltd	8102	13.46		1.18
Sing Lee Software (Group) Ltd	8076	19.74		0.455

For the working week, therefore, the tally for Asia's second-largest equity market was:

The Hang Seng Index	Plus	0.40 percent
The Growth Enterprise Index	Plus	4.16 percent

In Japan, the country's 3 equity markets finished off the week on a positive note.

On The Tokyo Stock Exchange, its TOPIX Index rose to 1,767.88 points for a one-day gain of about 0.69 percent.

Advancing counters led declining ones by the ratio of about 1.79:One.

The Nikkei-225 Stock Average ended the week at 17,958.88 yen for a gain of about 0.47 percent.

For The Tokyo Stock Exchange, which is the largest and the most-important equity market in Asia, the tally was:

The TOPIX Index	Plus	0.71 percent
The Nikkei-225 Stock Average	Plus	2.73 percent

And this was how things looked on other Asian stock markets, last Friday night:

The HKSAR	Hang Seng Index Minus 0.15 percent to 20,602.87 The Growth Enterprise Index Plus 0.83 percent to 1,617.65
Indonesia	Closed
Japan	TOPIX Index Plus 0.69 percent to 1,767.88 Nikkei-225 Stock Average Plus 0.47 percent to 17,958.88
Malaysia	Plus 0.98 percent to 1,360.07
The Philippines	Plus 2.09 percent to 3,547.35
Singapore	Plus 1.06 percent to 3,548.32
South Korea	Plus 0.90 percent to 1,716.24
Taiwan	Plus 1.29 percent to 8,249.90

Thailand	Plus 2.24 percent to 753.93
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