

DR BEN BERNANKE TALKS; EQUITY MARKETS' INDICES RETREAT

Despite another dramatic fall in the key indices of major equity markets of the People's Republic of China (PRC), last Monday, on US equity markets, key indices were able to squeeze out small gains, but in an atmosphere of unease and apprehension.

On The New York Stock Exchange, the Dow Jones Industrial Average posted a gain of 8.21 points, equivalent to about 0.06 percent, ending the trading day at 13,676.32 points.

The NASDAQ's Composite Index ended the day at 2,618.29 points, equivalent to a gain of 4.37 points, or about 0.17 percent, over the close of Friday, June 1, 2007.

There was, really, nothing to recommend share trading on the world's largest equity markets and the dramatic slide in the key index of The Shanghai Stock Exchange – The Shanghai Composite Index – of about 8.60 percent, if anything, should have been very worrying for investors, worldwide.

The sell-off of stocks and shares in the PRC, proper, as opposed to the Hongkong Special Administrative Region (HKSAR) of the PRC, was due, in large part, to widespread fears among investors that the PRC Government would continue to institute moves in order to cool down the red-hot equity markets of the country, following on from the previous week's increase in Stamp Duty on equity trading, which tripled, from 0.10 percent to 0.30 percent per transaction.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July came in at \$US66.21, representing an increase over the last settlement of Friday, June 1, 2007, of about 1.74 percent.

As for delivery in August, the last settlement for a barrel of light sweet crude oil was \$US67.29, equivalent to an increase of about 1.77 percent on the final quote of the previous Friday.

In Europe, investors struggled over the prospects that interest rates might be increased before the week was out.

With the exception of the key index of The Amsterdam Stock Exchange (The AEX Index), the key indices of the most-important European bourses headed decidedly south:

Amsterdam's AEX Index	Plus	0.32 percent
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France's CAC 40 Index	Minus	0.68 percent
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Germany's Frankfurt XETRA DAX Index	Minus	0.13 percent
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Great Britain's FTSE 100 Index	Minus	0.18 percent
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Italy's MIBTEL Index	Minus	0.76 percent
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Switzerland's Swiss Market Index	Minus	0.46 percent
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Both The European Central Bank (ECB) and The Bank of England were scheduled to hold interest-rate meetings, later in the week, and it was an odds-on favourite that higher borrowing costs would be announced in the region in the near future.

In Asia, it was a completely different set of circumstances that guided determinations of investors because the material losses of the key index of The Shanghai Stock Exchange was anticipated to mean that 'hot' money could well trickle through to other Asian equity markets – with the HKSAR equity markets, likely to be high on the list of depositories.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, both equity markets made useful gains, albeit on reduced volumes of activity.

On the Main Board of The Stock Exchange of Hongkong Ltd, its key index, known as The Hang Seng Index, rose about 0.62 percent to 20,729.59 points.

The Total Turnover was about \$HK67.10 billion.

The ratio of losers and gainers was narrow, at about 1.002:One.

The Ten Most Active counters were:

China Life Insurance Company Ltd (Code: 2628)	Down 0.81 percent to \$HK24.50 per share
China Petroleum and Chemical Corporation (Code: 386)	Up 0.35 percent to \$HK8.58 per share
PetroChina Company Ltd (Code: 857)	Up 0.98 percent to \$HK10.26 per share
China Mobile Ltd (Code: 941)	Up 0.69 percent to \$HK72.70 per share
CNOOC Ltd (Code: 883)	Up 3.07 percent to \$HK7.71 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK144.20 per share
Ping An Insurance (Group) Company of China Ltd (Code: 2318)	Down 0.11 percent to \$HK47.00 per share
Industrial and Commercial Bank of China Ltd (Code: 1398)	Up 0.24 percent to \$HK4.10 per share
China Shenhua Energy Company Ltd (Code: 1088)	Up 1.63 percent to \$HK25.00 per share
China Construction Bank Corporation (Code: 939)	Down 0.42 percent to \$HK4.73 per share

There was a total of 40, double-digit movers on the Main Board, last Monday, with 8 of their number, losing 10 percent or more of their respective market capitalisations, while, as for the remainder – 32 counters in all – their respective managements witnessed their companies' market capitalisations rise by 10 percent or more.

The biggest gainer of the day was Heritage International Holdings Ltd (Code: 412) whose share price gained about 111.11 percent, ending the trading day at 5.70 cents.

HyComm Wireless Ltd (Code: 499) turned out to be the biggest loser, last Monday, as investors pulled down its share price by about 18.89 percent to 17.60 cents.

Over on The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index rose about 0.55 percent to 1,626.48 points.

The volume of activity on this speculative market was about \$HK970.53 million.

The ratio of gainers to losers was, exactly, even, at One:One.

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

China.com Incorporated (Code: 8006)

Up 10.00 percent to \$HK0.66 per share

China Primary Resources Holdings Ltd (Code:
8117)

Up 3.23 percent to \$HK0.48 per share

Kanstar Environmental Paper Products Holdings
Ltd (Code: 8011)

Up 2.53 percent to \$HK0.405 per share

Century Sunshine Ecological
Technology Holdings Ltd (Code: 8276)

Up 7.61 percent to \$HK2.12 per share

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

Down 0.65 percent to \$HK15.30 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
BIG Media Group Ltd	8167		11.63	0.38
China.com Incorporated	8006	10.00		0.66
Chinasoft International Ltd	8216	11.28		2.17
Eco-Tek Holdings Ltd	8169	12.90		0.35
Emperor Entertainment Group Ltd	8078		11.54	1.15
Excel Technology International Holdings Ltd	8048	30.00		0.325

IIN International Ltd	8128		12.08	0.233
iMerchants Ltd	8009	10.43		1.27
Info Communication Holdings Ltd	8082	10.42		0.265
Long Success International (Holdings) Ltd	8017	20.75		0.64
Medical China Ltd	8186	46.93		0.335
Mobile Telecom Network (Holdings) Ltd	8266	12.00		0.28
Netel Technology (Holdings) Ltd	8256	17.24		0.34
PINE Technology Holdings Ltd	8013	12.66		0.445
Qianlong Technology International Holdings Ltd	8015	10.00		0.88
Sonavox International Holdings Ltd	8226		10.00	0.45
Enviro Energy International Holdings Ltd	8182	15.77		2.57
Thiz Technology Group Ltd	8119	11.61		0.25
Anhui Tianda Oil Pipe Company Ltd	8241	12.41		8.15
Trasy Gold Ex Ltd	8063		18.72	0.178
Zheda Lande Scitech Ltd	8106		11.76	0.45
Zhejiang Prospect Company Ltd	8273	10.22		1.51

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

On The Tokyo Stock Exchange, its TOPIX Index rose 4.96 points to 1,772.84 points, a gain over the previous close on Friday, June 1, 2007, of about 0.28 percent.

The ratio of advancing counters to declining ones was about 1.36:One.

As for The Nikkei-225 Stock Average, which is narrower gauge of trading of select blue chips, listed on the First Section of The Tokyo Stock Exchange, than is The TOPIX, it rose 14.54 yen, or about 0.08 percent, ending the light trading day at 17,973.42 yen.

In other parts of Asia, this was how the key indices of those equity markets fared, last Monday:

The HKSAR	Hang Seng Index Plus 0.62 percent to 20,729.59 The Growth Enterprise Index Plus 0.55 percent to 1,626.48
Indonesia	Plus 1.32 percent to 2,111.75
Japan	TOPIX Index Plus 0.28 percent to 1,772.84 Nikkei-225 Stock Average Plus 0.08 percent to 17,973.42
Malaysia	Plus 0.01 percent to 1,360.27
The Philippines	Plus 2.13 percent to 3,622.94
Singapore	Plus 0.87 percent to 3,579.35
South Korea	Plus 1.24 percent to 1,737.59
Taiwan	Plus 0.54 percent to 8,294.79
Thailand	Plus 2.21 percent to 770.61

Tuesday

Share prices retreated on the world's largest equity markets, last Tuesday, due in large part to statements, made by the Chairman of the US Federal Reserve, Dr Ben Bernanke.

On The New York Stock Exchange, the Dow Jones Industrial Average lost about 0.59 percent, falling back to 13,595.46 points.

As for The NASDAQ, its Composite Index shed about 0.27 percent, dropping back to 2,611.23 points.

The ratio of losers to gainers was about 3:One on The New York Stock Exchange and about 2:One on The NASDAQ.

The statements of Dr Ben Bernanke were interpreted by many Wall Street gurus to mean that The Fed is unlikely to reduce interest rates, this year.

Dr Ben Bernanke said, inter alia, that the US economy was quite likely to continue to expand for the remainder of this year, but at a '*moderate pace*', and that the problems, relating to the US housing market, were, indeed, '*a drag*' on the overall economy.

Speaking from Cape Town, South Africa, via satellite, he said that *'We have not seen major spillovers from housing onto other sectors of the economy ...'* but inflation in the US remains *'somewhat elevated.'*

In Europe, with the likelihood that interest rates would be increased in Eurozone before the week was out – the European Central Bank has scheduled an interest-rate meeting for Wednesday – and with the prospects that The (US) Fed was unlikely to cut interest rates, according to the interpretation of the statements of The Fed's Chairman by Wall Street gurus, investors in this part of the world were none too happy.

Key indices of the most-important bourses fell, quickly, as soon as the news filtered through with regard to the statements of Dr Ben Bernanke:

Amsterdam's AEX Index	Minus 0.17 percent
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France's CAC 40 Index	Minus 0.77 percent
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Germany's Frankfurt XETRA DAX Index	Minus 0.71 percent
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Great Britain's FTSE 100 Index	Minus 0.46 percent
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Italy's MIBTEL Index	Plus 0.38 percent
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Switzerland's Swiss Market Index	Minus 0.83 percent
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On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July was \$US65.61, down about 0.91 percent, compared with Monday's closing level.

As for August delivery, the last settlement for a barrel of light sweet crude oil came in at \$US66.74, representing a fall of about 0.82 percent on the final quote of Monday.

In Asia, for the most part, investors appeared to be undecided about the near-term future of equities and, as a result, the key indices of the 9 major equity markets of the region vacillated for most of the trading day.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China, the key indices of the territory's 2 stock markets rose, but the gains were of a fractional nature.

The Hang Seng Index, which is the key index of the Main Board of The Stock Exchange of Hongkong Ltd, rose about 0.54 percent to 20,842.15 points.

The Total Turnover was about \$HK76.23 billion.

Losing counters outnumbered gaining ones by the ratio of about 1.07:One.

The Ten Most Active counters were:

PetroChina Company Ltd (Code: 857)	Up 4.48 percent to \$HK10.72 per share
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China Life Insurance Company Ltd (Code: 2628)	Up 0.41 percent to \$HK24.60 per share
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CNOOC Ltd (Code: 883)	Up 4.41 percent to \$HK8.05 per share
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China Mobile Ltd (Code: 941)	Up 0.21 percent to \$HK72.85 per share
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China Petroleum and Chemical Corporation
(Code: 386)

Up 2.33 percent to \$HK8.78 per share

HSBC Holdings plc (Code: 5)

Unchanged at \$HK144.20 per share

Hutchison Whampoa Ltd (Code: 13)

Up 2.31 percent to \$HK77.60 per share

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

Unchanged at \$HK4.10 per share

China Construction Bank Corporation (Code: 939)

Down 0.21 percent to \$HK4.72 per share

China Merchants Bank Company Ltd (Code:
3968)

Up 0.72 percent to \$HK21.10 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Benefun International Holdings Ltd	1130		14.16	0.188
Bestway International Holdings Ltd	718		11.48	0.54
Burwill Holdings Ltd	24	10.65		1.87
CCT Tech International Ltd	261	10.00		0.055
Compass Pacific Holdings Ltd	1188	17.24		0.34
First Shanghai Investments Ltd	227	25.37		2.52
First Sign International Holdings Ltd	933	12.68		0.40
Fountain Set (Holdings) Ltd	420	11.30		3.25
Green Energy Group Ltd	979	17.39		1.35
Hanny Holdings Ltd	275		15.28	0.61
Heritage International Holdings Ltd	412		12.28	0.05

Hop Hing Holdings Ltd	47		10.29	0.61
Huafeng Textile International Group Ltd	364		10.87	0.82
Joyce Boutique Holdings Ltd	647		10.53	0.51
Lei Shing Hong Ltd	238	16.67		5.60
Luen Thai Holdings Ltd	311	10.49		1.58
Man Sang International Ltd	938	19.05		1.75
Mandarin Entertainment (Holdings) Ltd	9		23.64	1.26
Mexan Ltd	22		11.86	0.52
Mingyuan Medicare Development Company Ltd	233	16.13		1.08
Multifield International Holdings Ltd	898	34.33		0.45
PME Group Ltd	379	10.96		0.81
Shenyin Wanguo (Hongkong) Ltd	218	17.07		6.79
Swank International Manufacturing Company Ltd	663		11.96	0.405
Tonic Industries Holdings Ltd	978	17.46		0.37
Unity Investments Holdings Ltd	913		13.43	0.29
Veeko International Holdings Ltd	1173	16.07		0.325
Winbox International (Holdings) Ltd	474		10.14	0.62

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index managed to move up by about 0.22 percent to 1,630.11 points.

The Total Turnover was the highest of the year, at about \$HK2.04 billion.

Of the entire volume of activity, however, one counter, that of Proactive Technology Holdings Ltd, saw the value of the trades in its shares account for a little more than 58 percent of the Total Turnover, at about \$HK1.19 billion.

Despite the lone index of this speculative stock market, rising fractionally, losing counters outnumbered gaining ones by the ratio of about 1.98:One.

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

Proactive Technology Holdings Ltd (Code: 8089)
Up 8.53 percent to \$HK14.00 per share

Enviro Energy International Holdings Ltd (Code:
8182)
Up 19.46 percent to \$HK3.07 per share

Phoenix Satellite Television Holdings Ltd (Code:
8002)
Down 3.33 percent to \$HK1.74 per share

Town Health International Holdings Company Ltd
(Code: 8138)
Unchanged at \$HK0.78 per share

China.com Incorporated (Code: 8006)
Down 6.06 percent to \$HK0.62 per share

The GEM's biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131		10.71	0.25
Byford International Ltd	8272		23.08	0.40
Capinfo Company Ltd	8157	15.85		0.95
Eco-Tek Holdings Ltd	8169	20.00		0.42
Era Information and Entertainment Ltd	8043		10.00	0.36
Long Success International (Holdings) Ltd	8017	29.69		0.83
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301		12.28	0.25
Netel Technology (Holdings) Ltd	8256		16.18	0.285
Prosten Technology Holdings Ltd	8026	11.76		0.57
ProSticks International Holdings Ltd	8055	15.91		0.51

Qianlong Technology International Holdings Ltd	8015		10.23	0.79
Sino Haijing Holdings Ltd	8065	11.00		1.11
Sonavox International Holdings Ltd	8226		15.56	0.38
Enviro Energy International Holdings Ltd	8182	19.46		3.07
Tai Shing International (Holdings) Ltd	8103	10.47		0.95
Tiger Tech Holdings Ltd	8046	10.26		0.86
Zheda Lande Scitech Ltd	8106	10.00		0.495
Zhejiang Prospect Company Ltd	8273	11.26		1.68

In Japan, trading was, once again, relatively quiet on the country's equity markets.

On The Tokyo Stock Exchange, its TOPIX Index rose about 0.21 percent to 1,776.56 points.

Advancing counters outraced declining ones by the ratio of about 1.31:One.

The Nikkei-225 Stock Average gained about 0.45 percent, ending the trading session at 18,053.81 yen.

News Wise

- For the first quarter of 2007, **capital spending** in Japan rose, Year-On-Year, by about 13.60 percent to 17.73 billion yen, according to The Finance Ministry. It was the sixteenth, consecutive quarter of growth in capital spending.

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

The HKSAR	Hang Seng Index Plus 0.54 percent to 20,842.15 The Growth Enterprise Index Plus 0.22 percent to 1,630.11
Indonesia	Minus 0.88 percent to 2,093.11
Japan	TOPIX Index Plus 0.21 percent to 1,776.56 Nikkei-225 Stock Average Plus 0.45 percent to 18,053.81
Malaysia	Plus 0.69 percent to 1,369.59

The Philippines	Minus 0.41 percent to 3,608.14
Singapore	Minus 0.18 percent to 3,572.90
South Korea	Plus 0.26 percent to 1,742.19
Taiwan	Plus 0.11 percent to 8,303.99
Thailand	Minus 1.30 percent to 760.59

Wednesday

For investors, locked into stocks and shares, listed on US equity markets, last Wednesday was a black day.

For the second, consecutive trading day, the key indices of the world's largest and most-important stock markets sank.

On The New York Stock Exchange, the Dow Jones Industrial Average fell 129.79 points, equivalent to about 0.95 percent, ending the trading session at 13,465.67 points.

Over on The NASDAQ, its Composite Index surrendered 24.05 points, or about 0.92 percent, falling back to 2,587.18 points.

The reason for the falls on The Dow and The Composite Index of The NASDAQ was put down to the statements of the Chairman of the US Federal Reserve, Dr Ben Bernanke. (Please See Tuesday's Report)

In addition, however, an announcement by The National Association of Realtors did not help matters, at all.

The National Association of Realtors announced that its forecast for home sales for the remainder of the year had been lowered, substantially ... for the fourth consecutive month.

Also, it is expected that the price of a home in the US will fall further, one was told.

The Dow Jones US Home Construction Index fell about 2.30 percent.

In Europe, as expected, The **E**uropean **C**entral **B**ank (ECB) announced an increase in interest rates, effective June 13, 2007.

The following is a verbatim copy of the ECB's announcement:

'At today's meeting the Governing Council of the ECB took the following monetary policy decisions:

- 1. The minimum bid rate on the main refinancing operations of the Eurosystem will be increased by 25 basis points to 4.00%, starting from the operation to be settled on 13 June 2007.*
- 2. The interest rate on the marginal lending facility will be increased by 25 basis points to 5.00%, with effect from 13 June 2007.*
- 3. The interest rate on the deposit facility will be increased by 25 basis points to 3.00%, with effect from 13 June 2007.'*

While an increase in interest rates in Eurozone had been factored into the key indices of major bourses, the announcement of the ECB hurt, nevertheless.

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

Amsterdam's AEX Index Minus 1.32 percent

France's CAC 40 Index Minus 1.65 percent

Germany's Frankfurt XETRA DAX Index Minus 2.39 percent

Great Britain's FTSE 100 Index Minus 1.11 percent

Italy's MIBTEL Index Minus 1.51 percent

Switzerland's Swiss Market Index Minus 1.38 percent

The determination of the ECB brought up interest rates in Eurozone to a 6-year high – and that is not good news for corporations, trying to do business in this region of the world.

The Bank of England was scheduled to hold its interest-rate meeting, last Thursday; and, Europeans were expecting the worst from The Central Bank of the United Kingdom, also.

But, of course, until the determination is made by the United Kingdom's Central Bank, anything is possible.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July was \$US65.96, representing an increase of about 0.53 percent on the final quote of Tuesday.

As for August delivery, the last settlement for a barrel of light sweet crude oil was \$US66.99, an increase of about 0.37 percent, compared with Tuesday's closing level.

In Asia, 5 equity markets of the 8 equity markets that were open, last Wednesday, saw their respective key indices dip.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), both equity markets witnessed falls in their respective key indices.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index gave up about 0.11 percent, falling back to 20,818.61 points.

The Total Turnover dropped to about \$HK62.63 billion, while losing counters outnumbered gaining ones by the ratio of about 1.15:One.

The Ten Most Actives were:

PetroChina Company Ltd (Code: 857)

Down 1.68 percent to \$HK10.54 per share

CNOOC Ltd (Code: 883)

Up 0.25 percent to \$HK8.07 per share

China Life Insurance Company Ltd (Code: 2628)

Unchanged at \$HK24.60 per share

China Telecom Corporation Ltd (Code: 728)

Up 6.48 percent to \$HK4.60 per share

Foxconn International Holdings Ltd (Code:
2038)

Down 3.48 percent to \$HK22.20 per share

Hutchison Whampoa Ltd (Code: 13)

Down 0.13 percent to \$HK77.50 per share

China Petroleum and Chemical Corporation
(Code: 386)

Down 0.23 percent to \$HK8.76 per share

China Mobile Ltd (Code: 941)

Unchanged at \$HK72.85 per share

Belle International Holdings Ltd (Code: 1880)

Up 6.34 percent to \$HK8.39 per share

HSBC Holdings plc (Code: 5)

Up 0.07 percent to \$HK144.30 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Standard International Group Ltd	129	12.50		0.315
Asia Standard Hotel Group Ltd	292	11.76		0.171
AV Concept Holdings Ltd	595	10.91		0.61
BEP International Holdings Ltd	2326	31.58		1.00
China Sci-Tech Holdings Ltd	985	11.76		0.57
Chitaly Holdings Ltd	1198	12.84		1.67
Chuang's Consortium International Ltd	367	22.00		1.83
Everbest Energy Holdings Ltd	578	15.73		1.03
Everest International Investments Ltd	204	11.11		1.90
Far East Holdings International Ltd	36	14.36		2.23
Garron International Ltd	1226	14.29		0.88

Gay Giano International Group Ltd	686	42.05		1.25
Green Energy Group Ltd	979	13.33		1.53
Hua Yi Copper Holdings Ltd	559	61.19		1.08
Lei Shing Hong Ltd	238	35.71		7.60
LeRoi Holdings Ltd	221	22.81		0.28
Hainan Meilan International Airport Company Ltd	357	35.90		6.70
Ming Hing Holdings Ltd	402	21.40		3.46
New Century Group Hongkong Ltd	234	13.74		1.49
New Times Group Holdings Ltd	166	15.71		1.62
Oriental Explorer Holdings Ltd	430	13.88		0.238
Peaktop International Holdings Ltd	925	20.50		0.241
China Timber Resources Group Ltd	269	11.29		0.345
Shougang Concord International Enterprises Company Ltd	697	12.50		1.44
Simsen International Corporation Ltd	993	15.87		0.73
Skyworth Digital Holdings Ltd	751	10.45		1.48
Solartech International Holdings Ltd	1166	11.36		0.98
South Sea Petroleum Holdings Ltd	76	10.96		0.405
Truly International Holdings Ltd	732	11.01		11.90
VXL Capital Ltd	727	18.52		16.00
Winbox International (Holdings) Ltd	474	19.35		0.74

Zhong Hua International Holdings Ltd	1064	15.00		0.345
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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 0.59 percent of its value as investors pushed it back to 1,620.58 points.

The Total Turnover on this speculative stock market was about \$HK935.26 million.

Advancing counters outpaced declining ones by the ratio of about 1.26:One.

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

Xteam Software International Ltd (Code: 8178)

Down 15.56 percent to \$HK0.76 per share

Proactive Technology Holdings Ltd (Code:
8089)

Up 1.86 percent to \$HK14.26 per share

Golife Concepts Holdings Ltd (Code: 8172)

Down 8.38 percent to \$HK0.175 per share

Enviro Energy International Holdings Ltd (Code:
8182)

Up 12.38 percent to \$HK3.45 per share

Trasy Gold Ex Ltd (Code: 8063)

Up 15.95 percent to \$HK0.189 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Bio Cassava Technology Holdings Ltd	8129	13.79		0.495
China Chief Cable TV Group Ltd	8153	15.38		0.60
Enviro Energy International Holdings Ltd	8182	12.38		3.45
Shenzhen Mingwah Aohan High Technology Corporation Ltd	8301	12.00		0.28
Netel Technology (Holdings) Ltd	8256	14.04		0.325
PINE Technology Holdings Ltd	8013	25.27		0.57
Prosten Technology Holdings Ltd	8026		12.28	0.50

Sing Lee Software (Group) Ltd	8076	14.29		0.48
Sonavox International Holdings Ltd	8226	36.84		0.52
Tiger Tech Holdings Ltd	8046	13.95		0.98
Trasy Gold Ex Ltd	8063	15.95		0.189
Xteam Software International Ltd	8178		15.56	0.76
Zhejiang Yonglong Enterprises Company Ltd	8211	22.67		0.46
Zhejiang Prospect Company Ltd	8273	77.98		2.99

On the premier equity market of The Land of The Rising Sun, trading was relatively quiet.

The TOPIX Index, which is the key index of The Tokyo Stock Exchange, rose about 0.11 percent to 1,778.50 points.

The ratio of losing counters to gaining ones was about 1.36:One.

The Nikkei-225 Stock Average went in the reverse direction to The TOPIX, losing about 0.07 percent to end the trading day at 18,040.93 yen.

And this was how things looked on other Asian equity markets, last Wednesday:

The HKSAR	Hang Seng Index Minus 0.11 percent to 20,818.61 The Growth Enterprise Index Minus 0.59 percent to 1,620.58
Indonesia	Plus 0.45 percent to 2,102.44
Japan	TOPIX Index Plus 0.11 percent to 1,778.50 Nikkei-225 Stock Average Minus 0.07 percent to 18,040.93
Malaysia	Plus 0.20 percent to 1,372.38
The Philippines	Minus 1.04 percent to 3,570.47
Singapore	Minus 0.26 percent to 3,563.75

South Korea	Closed
Taiwan	Plus 0.13 percent to 8,314.68
Thailand	Minus 0.15 percent to 759.42

Thursday

If investors on Wall Street thought that Wednesday had been a black day for traders in stocks and shares, then, by the time that supper came around, last Thursday, they knew, exactly, what a black day really encompasses.

On The New York Stock Exchange, its key index, the Dow Jones Industrial Average, fell 198.94 points, equivalent to about 1.48 percent, as investors pulled down this index to 13,266.73 points.

As for the Composite Index of The NASDAQ, it surrendered 45.80 points, or about 1.77 percent, ending the trading day at 2,541.38 points.

The reason for the falls: The spectre of higher interest rates before the year is out.

If that should come to pass, the likelihood is that mergers and acquisitions would stall, it was reasoned.

Also, corporate America would see Bottom Lines shrink as the cost of money plays havoc with profit margins.

On The New York Stock Exchange, the ratio of losers to gainers was about 11:One.

On The NASDAQ, losing counters outran gaining ones by the ratio of about 3:One.

Further, The Dow Jones US Home Construction Index continued to fall, losing another 4.20 percent over Wednesday's loss of 2.30 percent.

(Please see Wednesday's report for more on this subject)

In Europe, The Bank of England decided to leave well-enough alone: Interest rates, for the time being, will remain at 5.50 percent, which, after all, is a 6-year high.

The Bank of England issued a one-paragraph statement in respect of its determinations:

'The Bank of England's Monetary Policy Committee today voted to maintain the official Bank Rate paid on commercial bank reserves at 5.5%.'

On major bourses around Europe, investors, noting what was happening on Wall Street, decided if it was good enough for Americans, then, it was good enough for Europeans, also.

And down came the key indices of major European bourses – with a bang:

Amsterdam's AEX Index Minus 0.45 percent

France's CAC 40 Index Minus 1.46 percent

Germany's Frankfurt XETRA DAX Index Minus 1.44 percent

Great Britain's FTSE 100 Index Minus 0.81 percent

Italy's MIBTEL Index Minus 0.89 percent

Switzerland's Swiss Market Index Minus 1.35 percent

For European investors, last Thursday represented the fourth consecutive day of losses on major equity markets.

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July was \$US66.93, representing an increase over Wednesday's closing level of about 1.47 percent.

As for August delivery, the last settlement came in at \$US67.74, equivalent to an increase of about 1.12 percent, compared with Wednesday's last settlement.

In Asia, trading slumped and losses predominated on the major equity markets of the region.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the premier equity market witnessed a decided reduction in the volume of activity.

The Total Turnover on the Main Board of The Stock Exchange of Hongkong Ltd was about \$HK63.99 billion.

The Hang Seng Index, which is the key index of the Main Board, eased back by about 0.09 percent, ending the relatively quiet trading day at 20,800.16 points.

The ratio of declining counters to advancing ones was about 1.75:One.

The Ten Most Active counters were:

China Mobile Ltd (Code: 941) Up 0.21 percent to \$HK73.00 per share

China Life Insurance Company Ltd (Code: 2628) Up 0.20 percent to \$HK24.65 per share

PetroChina Company Ltd (Code: 857) Down 0.95 percent to \$HK10.44 per share

China Telecom Corporation Ltd (Code: 728) Down 0.65 percent to \$HK4.57 per share

CNOOC Ltd (Code: 883) Up 2.60 percent to \$HK8.28 per share

China Petroleum and Chemical Corporation (Code: 386) Down 0.56 percent to \$HK8.60 per share

HSBC Holdings plc (Code: 5) Down 0.21 percent to \$HK144.00 per share

China Construction Bank Corporation (Code: 939) Down 0.21 percent to \$HK4.67 per share

Hutchison Whampoa Ltd (Code: 13)

Down 0.71 percent to \$HK76.95 per share

China CITIC Bank Corporation Ltd (Code:
998)

Up 1.53 percent to \$HK5.97 per share

As for the Main Board's double-digit movers of the day, there was a total of 52 counters that qualified for that honour, with only 2 of their number, seeing their respective share prices shed 10 percent or more.

Concepta Investments Ltd (Code: 1140) was the biggest gainer of the day as investors pushed up its share price by about 90.38 percent to 99 cents.

Gay Giano International Group Ltd (Code: 686) turned out to be the biggest loser of the day with its share price, falling about 15.20 percent to \$HK1.06.

On The **G**rowth **E**nterprise **M**arket (The GEM) of The Stock Exchange of Hongkong Ltd, it was a completely different story, however, compared with the Main Board.

The Growth Enterprise Index shot up by about 1.13 percent to end the day at 1,638.85 points.

The Total Turnover was about \$HK1.09 billion, while advancing counters outpaced declining ones by the ratio of about 1.33:One.

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

Proactive Technology Holdings Ltd (Code:
8089)

Down 1.82 percent to \$HK14.00 per share

Xteam Software International Ltd (Code: 8178)

Down 1.32 percent to \$HK0.75 per share

Shaanxi Northwest New Technology Industry
Company Ltd (Code: 8258)

Up 410.21 percent to \$HK0.50 per share

Zhejiang Yonglong Enterprises Company Ltd
(Code: 8211)

Up 4.35 percent to \$HK0.48 per share

Enviro Energy International Holdings
Ltd (Code: 8182)

Down 16.81 percent to \$HK2.87 per share

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CASH Financial Services Group Ltd	8122	10.91		0.61
China Chief Cable TV Group Ltd	8153	15.00		0.69
DIGITALHONGKONG.COM	8007	55.00		0.155

Enviro Energy International Holdings Ltd	8182		16.81	2.87
Xi'an Haitian Antenna Technologies Company Ltd	8227	10.98		0.455
Jessica Publications Ltd	8137	26.58		0.50
New Chinese Medicine Holdings Ltd	8085	11.84		0.85
Shaanxi Northwest New Technology Industry Company Ltd	8258	410.21		0.50
Sing Lee Software (Group) Ltd	8076		14.58	0.41
Sonavox International Holdings Ltd	8226		11.54	0.46
South China Land Ltd	8155	12.50		0.45
Tai Shing International (Holdings) Ltd	8103	10.42		1.06
ThinSoft (Holdings) Incorporated	8096		15.71	0.295
Ultra Group Holdings Ltd	8203	24.24		0.41
Wafer Systems Ltd	8198	17.74		0.365
Zhejiang Prospect Company Ltd	8273	13.71		3.40

On Japan's 3 equity markets, dull trading conditions persisted.

On The Tokyo Stock Exchange, its TOPIX Index rose about 0.07 percent to 1,779.72 points.

The ratio of gaining counters to losing ones was about 1.28:One.

The Nikkei-225 Stock Average ended the trading day at 18,053.38 yen, representing a gain of about 0.07 percent, compared with Wednesday's closing level.

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

The HKSAR	Hang Seng Index Minus 0.09 percent to 20,800.61 The Growth Enterprise Index Plus 1.13 percent to 1,638.85
Indonesia	Minus 0.41 percent to 2,093.81

Japan	TOPIX Index Plus 0.07 percent to 1,779.72 Nikkei-225 Stock Average Plus 0.07 percent to 18,058.38
Malaysia	Minus 0.58 percent to 1,364.41
The Philippines	Minus 1.17 percent to 3,528.79
Singapore	Minus 0.49 percent to 3,546.33
South Korea	Plus 0.62 percent to 1,753.04
Taiwan	Plus 0.49 percent to 8,355.26
Thailand	Minus 0.08 percent to 758.83

Friday

US investors charged in and propped up key indices on the world's largest equity markets, last Friday, as stentorian voices rang out: *'Oil prices are falling!'*

Any port in a storm, as the adage goes, and so investors pulled up the proverbial socks of Wall Street, allowing brokers to go home on the last day of trading, smiling all the way, and not even caring that a gallon of petrol was fetching in excess of \$US3.22 at the pumps.

On The New York Stock Exchange, the Dow Jones Industrial Average regained about 1.19 percent of its former glory, ending the week at 13,424.39 points.

The NASDAQ's Composite Index followed suit, rising about 1.27 percent to 2,573.54 points.

Aside from the material drop in the price of crude oil on international commodity exchanges (Please see below), just before Wall Street opened its doors for business, last Friday, The Bureau of Economic Analysis, along with the US Census Bureau, brought out its findings in respect of April's goods and services deficit.

The following is a précis of that release:

'The U.S. monthly goods and services deficit decreased in April 2007, according to the U.S. Bureau of Economic Analysis and the U.S. Census Bureau. The deficit decreased from \$62.4 billion (revised) in March to \$58.5 billion in April, as imports decreased and exports increased. The March deficit was slightly lower than its previously published value of \$63.9 billion.'

Exports

'Exports of goods and services increased \$0.2 billion in April to \$129.5 billion, reflecting an increase in services exports. Goods exports were virtually unchanged.'

- *The small change in goods exports reflected increases in foods, feeds, and beverages;*

industrial supplies and materials; and consumer goods, which were mostly offset by decreases in capital goods and other goods.

- *The increase in services exports mostly reflected increases in travel and other transportation.*

Imports

Imports of goods and services decreased \$3.6 billion in April to \$188.0 billion, reflecting a decrease in goods imports. Services imports were virtually unchanged.

- *The decrease in goods imports mostly reflected decreases in consumer goods and automotive vehicles, parts, and engines.*
- *The small change in services imports reflected small decreases in several categories that were nearly offset by small increases in others.*

Goods by geographic area (not seasonally adjusted)

- *The goods deficit with China increased from \$17.2 billion in March to \$19.4 billion in April. Exports decreased \$0.6 billion to \$4.8 billion, while imports increased \$1.5 billion to \$24.2 billion.*
- *The goods deficit with Canada increased from \$5.4 billion in March to \$5.8 billion in April. Exports decreased \$1.8 billion to \$20.2 billion, while imports decreased \$1.4 billion to \$26.0 billion.*
- *The goods deficit with the European Union increased from \$7.7 billion in March to \$9.0 billion in April. Exports decreased \$2.8 billion to \$20.2 billion, while imports decreased \$1.5 billion to \$29.3 billion.'*

Actually, not much may be read into the above because, to be trite, one swallow does not make a spring.

The tally for the week for the world's largest equity markets was:

The Dow Jones Industrial Average Minus 1.78 percent
The NASDAQ Composite Index Minus 1.54 percent

On The New York Mercantile Exchange (NYMEX), the last settlement for a barrel of light sweet crude oil for delivery in July was \$US64.76, equivalent to a one-day drop of about 3.24 percent.

As for delivery in August, the last settlement for a barrel of light sweet crude oil came in at \$US65.45, representing a retreat of about 3.38 percent, compared with Thursday's last settlement.

On European equity markets, however, the situation was vastly different to that of Wall Street.

In this part of the world, the fact that the price of crude oil had fallen, following its gains on the other 3 days of last week, and the fact that the US trade deficit for the month of April was slightly down, made, as the Americans would put it, no nevermind.

European investors saw only the fact that interest rates were on the way up again – and that is not good for business, anywhere.

Every key index of every major bourse continued to lose ground for the fifth consecutive day as **TARGET's** list of the 6 major equity markets of Europe illustrates:

Amsterdam's AEX Index Minus 0.06 percent

France's CAC 40 Index Minus 0.12 percent

Germany's Frankfurt XETRA DAX Index Minus 0.36 percent

Great Britain's FTSE 100 Index Unchanged

Italy's MIBTEL Index Minus 0.58 percent

Switzerland's Swiss Market Index Minus 0.01 percent

In Asia, investors tried to run for cover, pulling down all of the key indices of the 9 major equity markets of the most-populous part of the world.

The major concerns in this part of the world were (a) the ever-present danger that there would be more draconian measures, taken by the Government of the People's Republic of China (PRC) to keep the lid on its economy and its red-hot equity markets (b) the ever-present danger that interest rates would rise around the world as the year wore on and (c) inflation in the US would cut a swath through the economies of Asian exporters.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, the premier equity market – the Main Board of The Stock Exchange of Hongkong Ltd – made substantial losses on its key index, but, on the speculative equity market – The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd – it continued to make useful gains.

The Hang Seng Index, the key index of the Main Board, fell about 1.40 percent to 20,509.15 points on a Total Turnover of about \$HK69.11 billion.

The ratio of declining counters to advancing ones was about 2.51:One.

The Ten Most Active counters were:

HSBC Holdings plc (Code: 5) Down 0.56 percent to \$HK143.20 per share

China Mobile Ltd (Code: 941) Down 0.89 percent to \$HK72.35 per share

China Life Insurance Company Ltd (Code:
2628)

Down 0.81 percent to \$HK24.45 per share

PetroChina Company Ltd (Code: 857) Up 0.38 percent to \$HK10.48 per share

China Petroleum and Chemical Corporation
(Code: 386)

Down 1.98 percent to \$HK8.43 per share

China Construction Bank Corporation (Code:
939) Down 1.71 percent to \$HK4.59 per share

Bank of China Ltd (Code: 3988) Down 1.32 percent to \$HK3.73 per share

CNOOC Ltd (Code: 883) Down 1.69 percent to \$HK8.14 per share

China Communications Construction Company
Ltd (Code: 1800)

Up 3.78 percent to \$HK11.54 per share

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

Down 0.98 percent to \$HK4.03 per share

There was a total of 49, double-digit movers on the Main Board, last Friday, with only 2 of their number, losing ground of 10 percent or more of their respective market capitalisations.

The biggest gainer of the day was Shun Cheong Holdings Ltd (Code: 650), whose share price doubled, ending the trading session at \$HK1.80.

Concepta Investments Ltd (Code: 1140) turned out to be the biggest loser of the day as investors pushed down its share price by 17.17 percent to 82 cents.

On The GEM, its Growth Enterprise Index rose 0.78 percent, exactly, ending the trading week at 1,651.63 points.

The Total Turnover on this market was about \$HK1.79 billion, with advancing counters outnumbering declining counters by the ratio of 1.30:One, exactly.

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

China Primary Resources Holdings Ltd (Code:
8117)

Up 12.07 percent to \$HK0.65 per share

Xteam Software International Ltd (Code: 8178)

Up 1.33 percent to \$HK0.76 per share

China LotSynergy Holdings Ltd (Code: 8161)

Up 2.58 percent to \$HK3.18 per share

DeTeam Company Ltd (Code: 8112)

Up 11.68 percent to \$HK2.39 per share

Kanstar Environmental Paper Products Holdings
Ltd (Code: 8011)

Up 19.23 percent to \$HK0.465 per share

The GEM's double-digit movers of last Friday included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Capital Resources (Holdings) Ltd	8025	17.07		0.48
Shanxi Changcheng Microlight Equipment Company Ltd	8286		13.70	0.63
China Primary Resources Holdings Ltd	8117	12.07		0.65
DeTeam Company Ltd	8112	11.68		2.39
Everpride Biopharmaceutical Company	8019	11.36		0.245

Ltd				
Golife Concepts Holdings Ltd	8172	33.73		0.226
International Financial Network Holdings Ltd	8123	15.13		0.175
Kanstar Environmental Paper Products Holdings Ltd	8011	19.23		0.465
Linefan Technology Holdings Ltd	8166	10.14		0.38
Medical China Ltd	8186	19.05		0.375
Mobile Telecom Network (Holdings) Ltd	8266	10.53		0.315
MP Logistics International Holdings Ltd	8239	18.28		0.55
Neolink Cyber Technology (Holding) Ltd	8116	20.78		0.93
Netel Technology (Holdings) Ltd	8256		10.45	0.30
Shaanxi Northwest New Technology Industry Company Ltd	8258	10.00		0.55
ProSticks International Holdings Ltd	8055	15.15		0.57
Tai Shing International (Holdings) Ltd	8103	13.21		1.20
TeleEye Holdings Ltd	8051	10.71		0.31
ThinSoft (Holdings) Incorporated	8096	57.63		0.465
Ultra Group Holdings Ltd	8203	10.98		0.455

The tally for the second, most-important equity market of Asia for the week, ended June 8, 2007, was:

The Hang Seng Index Minus 0.45 percent
The Growth Enterprise Index Plus 2.10 percent

In Japan, investors in this country stood back and watched a fast deterioration of the values of their stocks and shares.

On The Tokyo Stock Exchange, which is the premier equity market of the country, its TOPIX Index gave up about 1.32 percent of its value, falling back to 1,756.16 points.

The ratio of losing counters to gaining ones was about 4.75:One.

The Nikkei-225 Stock Average shed about 1.52 percent of its value, dropping back to 17,779.09 yen.

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

The TOPIX Index Minus 0.66 percent
The Nikkei-225 Stock Average Minus 1.00 percent

In other parts of Asia, this was how the situation looked on those equity markets, last Friday night:

The HKSAR	Hang Seng Index Minus 1.40 percent to 20,509.15 The Growth Enterprise Index Plus 0.78 percent to 1,651.63
Indonesia	Minus 1.88 percent to 2,054.45
Japan	TOPIX Index Minus 1.32 percent to 1,756.16 Nikkei-225 Stock Average Minus 1.52 percent to 17,779.09
Malaysia	Minus 0.88 percent to 1,352.39
The Philippines	Minus 0.06 percent to 3,526.73
Singapore	Minus 1.54 percent to 3,491.59
South Korea	Minus 1.47 percent to 1,727.28
Taiwan	Minus 0.65 percent to 8,300.71
Thailand	Minus 0.90 percent to 752.00

-- **END** --

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