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Viewsletter

MASS, SPACE AND TIME

The So Very Little We Know: Man Has Much To Learn

It is well accepted, today, that mass, space and time are related to one another.

It is one of the essential rules that has been found, tested, and fully accepted in respect of aspects of the universe, thanks to the work of Albert Einstein's theory of general relativity.

Scientists, today, are attempting to discover much more of that which must be the rules of the universe — for they must exist, it is well accepted.

Today, it is well known that the collapse of formerly giant stars in the universe, for one reason or another, is one or more of the reasons for the creation of black holes in regions of space.

A black hole is defined as being regions in space that gravity, just beneath its surface — named formerly as 'event horizon,' is sufficiently strong that nothing — not even light — can escape.

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Suite 2905, 29th Floor, Bank of America Tower, Number 12, Harcourt Road, Central, Hongkong.

Telephone Number: 2573-0379 Facsimile Number: 2838-1597 E-Mail Address: editor@targetnewspapers.com

TARGET Website Address: www.targetnewspapers.com

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At the centre of a black hole — it has been given the nomenclature, 'singularity,' — but scientists, the world over, have little information of this point, being infinitively small and infinitively dense.

Scientists are well aware that they know very little about the universe, how stars are created and, seemingly, how stars 'die,' and why and how, try as they may, it might be many billions of eons for them ever to learn how giant stars were — and are — created — as we know them, today — and what, if any, there are life forms — as we know them in man's thinking, today — on some or the many millions of stars, about which they know absolutely nothing.

Many of the aspects, mentioned above — and there must be many more aspects, of course — might be likened to that which many world-be loquacious scientists and economists try to make seemingly determinations which, to some degree, seem to have quintessential aspects, whereas that which they make claims that, to a very great degree, are, at best, garrulous.

The following are some of the aspects about which man acknowledges in that which are thought to be today's great pool of man's simplicity knowledge, compared to that of the empty void of the universe yet to be understood.

Part Fourteen

How Dr Michael Froman Sees The World

Dr Michael Froman, who obtained his Doctorate Degree in International Relations from Oxford University, is, today, amongst other accolades and titles, The President of The Council on Foreign Relations.

On or about July 2025, Dr Michael Froman put pen to paper and inscribed the following determinations as follows:

'It's no secret that President Donald Trump has long had scant patience for the Russia-Ukraine war, which he famously hoped to end in just twenty-four hours. But this week, it was Trump's patience for Russian President Vladimir Putin that wore particularly thin.

'At first, the Ukrainians and the Europeans fell victim to Trump's impatience. In February, he grew tired of Ukrainian President Volodymyr Zelenskyy's casual wardrobe, supposed ingratitude for billions of U.S. military aid, and unrealistic expectations for a peace agreement with Putin.

'At the same time, the Europeans drew Trump's ire for Europe's free-riding under the United States' security umbrella. For a moment, after the Oval Office descended into a shouting match between Trump and Zelenskyy, Trump looked set to wash his hands of the whole affair and leave the Ukrainians and Europeans in the lurch.

'Putin seized on this moment of allied discord by stalling the Americans and the Ukrainians with unserious peace negotiations in Saudi Arabia and Turkey, while redoubling Russian missile and drone attacks on Ukrainian population centers and energy infrastructure.

'Despite this, the Ukrainians' resolve and standing on the battlefield held firm, and the Europeans began to mobilize unprecedented capital and material to pull their weight in securing not only the continent but also Ukraine.

'Now, Trump may well have finally lost his patience with the man he sees as standing between him and a Nobel Peace Prize: Putin.

'In his own words, he called out the Russian leader's deceptiveness, "[Putin] fooled a lot of people. He fooled Clinton, Bush, Obama, Biden. He didn't fool me."

'But clearly Trump has had a change of heart, at least for now, and it's possible we may need to thank First Lady Melania Trump for his one-eighty. "I go home, I tell the first lady, 'You know, I spoke to Vladimir today, and we had a wonderful conversation,'" Trump said (on) Monday. "She said, 'Oh really? Another city was just hit.'"

'Is this a temporary adjustment in perspective or will Trump emerge as a Russia hawk with a convert's zealotry?

'Last week, Trump overruled a decision by the Pentagon to halt the delivery of key air defense systems to Ukraine, including much-needed Patriot missiles. This aid wasn't new, but rather part of the \$(US)29 billion backlog from the Biden administration's congressionally authorized military assistance for Ukraine.

'Then, in an Oval Office meeting on (a) Monday with NATO Secretary-General Mark Rutte, Trump rolled out a new military aid mechanism in partnership with our European allies that could help funnel billions of dollars' worth of advanced weapon systems, including more air-defense assets, to Ukraine.

'Under the proposed agreement, which mirrors the United States' presidential drawdown authority, NATO countries will directly purchase new U.S. weapons for the Ukrainians, as well as provide Ukraine with weapon systems from their domestic inventories, before backfilling those transfers by purchasing comparable systems from U.S. defense contractors.

'It is, in many respects, the ultimate Trump deal, a "three-for": Europe imports more from the United States (supporting U.S. manufacturers and perhaps even having a modest effect on the bilateral trade deficit); the burden of paying for the weapons is borne by Europe, not the U.S. taxpayer; and the support for Ukraine might incentivize Putin to moderate his negotiating aims and come more seriously to the table.

*'Eventually, as European countries devote a higher percentage of their GDP (**Gross Domestic Product**) to defense spending, European leaders are likely to come under political pressure at home to spend in their country, or at least in Europe.*

'For now, the United States is the arms dealer of choice and that has multiple positive spillover effects. A recent soundbyte from German Defense Minister Boris Pistorius says it all:

“One thing is clear, and this is also a plea to all other European NATO members: We all must now open our wallets.”

'Trump is also preparing to deploy his favorite weapon (and word) to turn up the heat on Putin.

'During his presser with Rutte, the president threatened to levy secondary tariffs of 100 percent on any country that does business with the Russians should Putin fail to reach a deal to end the war in the next fifty days.

'What constitutes doing business with the Russians remains to be determined, but what is certain is that for Trump, tariffs are about more than tackling trade barriers or even reindustrializing the U.S. economy. Trump views tariffs as his single-source-solution to bring countries to the negotiating table, or punish them for what he sees as wrongdoing. (Even last week, we saw initial indications of this approach when he announced 50 percent tariffs on Brazil for what he alleges is a “witch hunt” trial against former President Jair Bolsonaro.)

'Combined, Trump's pivot will increase pressure on Putin to negotiate, but we shouldn't expect a dramatic change to the status quo on the battlefield or at the negotiating table in the near term.

'On the military front, Trump's decision to continue providing previously authorized U.S. aid is significant only insofar as it will help Ukraine hold the front line and avoid losing air cover over major cities and critical infrastructure.

'The new aid channel will provide a modest “Trump bump” but will not lead to a decisive shift in the military balance on the ground.

'Nor should we count on the United States or European allies providing the Ukrainians with large precision strike munitions capable of striking Moscow and St. Petersburg directly, unless Trump and his European counterparts' appetite for dramatic Russian military escalation has substantially increased. (Trump reportedly asked Zelenskyy whether he could strike Moscow, an indication of just how far he has come from his initial sympathy for Russia's position.)

'Ukraine's considerable manpower and material constraints — coupled with Russia's military spending, troop mobilization, and burgeoning arms imports from North Korea, amongst other factors — imply that the correlation of forces in Ukraine will remain largely unchanged and modestly in Russia's favor.

'Even so, a significant transfer of weapons could at least give Ukraine a fighting chance to blunt the impact of the current war of attrition. At the end of the day, as the Institute for the Study of War has observed, Putin believes in “a theory of victory that posits that indefinite Russian gains —no matter how slow or how costly — will allow Russia to achieve his goals in Ukraine.”

'On the economic front, Trump's punitive tariff plan is fraught. U.S.-Russia trade was a meager \$(US)3.5 billion in 2024 (or less than 1 percent of total Russian exports). Putin can afford for that number to hit zero. Hence his preference for secondary tariffs, but those represent a thorny proposition.

'In 2024, Russia traded some \$(US)240 billion with China, \$(US)70 billion with India, and tens of billions with Turkey — its top three trading partners.

'If Trump made good on his threat to impose broad secondary tariffs on those economies, it would be tantamount to establishing a trade embargo with a country that just recently demonstrated it has leverage over the United States, an emerging strategic partner, and a critical NATO ally.

'As my colleague Brad Setser found, the bilateral elasticity of trade during the first Trump administration's trade war was roughly 2, meaning that a 15 percent tariff resulted in a 30 percent fall in trade. With 100 percent tariffs, the vast majority of trade would stop in its tracks. Recall that Trump tried this 100 percent tariff gambit with China earlier this spring, and he couldn't stomach the prospect of resulting consumer goods shortages and industrial supply chain shocks. It is hard to imagine he would be inclined to follow through with a broad trade embargo this time around for the sake of Ukraine.

'Indeed, Russian markets shrugged off the threat of economic coercion—with traders sending the ruble and the Moscow exchange higher in the wake of Trump's policy pivot, which fell short of their worst-case expectations.

'There aren't any shortcuts to ending a war that Putin views as an existential enterprise. The swiftest route to peace will be convincing him that the United States is also in it for the long haul.

'Trump's recent pivot is a good start. He would be well advised to work with the Europeans to scale-up the new aid mechanism, starve Putin's war economy with new targeted sanctions, and convey to Putin that his renewed support for Ukraine will be the U.S. policy for the foreseeable future.'

The SFC Bans Mr Tong Ho Yin For Nine Years

The Securities and Futures Commission (SFC) has prohibited Mr Tong Ho Yin (湯浩然), a former responsible officer (RO) of HF Asset Management Ltd (HFAM) (匯福資產管理有限公司), from returning to the industry for nine years from July 16, 2025, to July 15, 2034.

The SFC, also, fined Mr Tong Ho Yin, in the sum of \$HK350,000 (Notes 1 to 3).

The SFC's investigation revealed that during Tong's tenure as RO, HFAM failed to act in the best interests of a fund under its management and to properly manage conflicts of interest when entering into loan and stock lending agreements for the fund on three separate occasions, between May 2017 and December 2018.

HFAM's misconduct was evident in its repeated failures, regarding these arrangements, all of which ultimately defaulted.

These failures culminated in significant financial losses of \$25.60 million for the fund, amounting to 86 percent of its net asset value.

The SFC considers all of HFAM's recurrent failures were attributable to Tong's failure to discharge his duties as an RO and a member of the Senior Management of HFAM.

In deciding the sanction, the SFC has taken into account all relevant circumstances, including:

- The severity and recurring nature of HFAM's and Tong's misconduct;
- The importance of sending a strong deterrent message to the industry that the SFC will not tolerate substandard conduct in fund management practices;
- Tong's otherwise clean disciplinary record; and
- Tong's financial situation (Note 4).

Notes:

1. Tong was accredited to HFAM and approved to act as its RO for Type 9 regulated activity between 27 August 2014 and 31 January 2019. Tong is currently not licensed by the SFC.
2. On 7 October 2021, the SFC issued a restriction notice to HFAM, prohibiting it from carrying on any regulated activities.
3. HFAM subsequently ceased business effective from 4 August 2022. Its licence with the SFC was revoked on 7 July 2023.
4. But for Tong's financial position, the SFC would have imposed a \$700,000 fine against him.

STATEMENT OF DISCIPLINARY ACTION

The Disciplinary Action

- '1. *The Securities and Futures Commission (SFC) has prohibited Mr Tong Ho Yin (Tong)¹, a former responsible officer (RO) of HF Asset Management Limited (HFAM)², from returning to the industry for nine years from 16 July 2025 to 15 July 2034, and fined him HK\$350,000, pursuant to section 194 of the Securities and Futures Ordinance (SFO).*
- '2. *The SFC found that HFAM recommended and procured a fund under its management (Fund) to enter into three loans between 24 May 2017 and 10 December 2018, while it:*
 - (a) failed to act in the best interests of the Fund, including by not conducting sufficient due diligence and follow-up upon default; and*
 - (b) either knowingly placed itself in or failed to properly manage and mitigate actual or potential conflicts of interest, without taking reasonable steps to ensure fair treatment of the Fund's investors.*
- '3. *All of the loans ultimately defaulted, resulting in significant losses to the Fund, amounting to a total of HK\$25.6 million, or 86% of its net asset value.*
- '4. *The SFC considers all of HFAM's recurrent failures in relation to the three loans were attributable to Tong's failure to discharge his duties as an RO and a member of the senior management of HFAM.*

Summary of Facts

Loan agreement with A Limited

- '5. *On 24 May 2017, based on HFAM's recommendation, the Fund approved a HK\$15 million loan to A Limited with a 2-year tenure at an annual interest rate of 24%. As collateral for the loan, A Limited committed to arranging for the owner of a dredging vessel registered at Jakarta (Vessel) to pledge the Vessel in favour of the Fund.*
- '6. *HFAM understood that A Limited intended to utilise the loan proceeds to invest in an Indonesian company holding a mining licence for an Indonesian coal mine (Mine). This company was intended to be listed on The Hong Kong Stock Exchange Limited through a Cayman-incorporated holding company (Prospective ListCo).*
- ¹ *Tong was accredited to HFAM and approved to act as its RO for Type 9 regulated activity between 27 August 2014 and 31 January 2019. Tong is currently not licensed by the SFC.*
- ² *HFAM ceased business effective from 4 August 2022. Its licence with the SFC was revoked on 7 July 2023.*
- '7. *The loan ultimately defaulted on 16 June 2018, when A Limited failed to make the first interest payment. Subsequently, A Limited failed to repay nearly the entire loan principal and accrued interest.*
- '8. *The SFC identified several deficiencies in HFAM's management of the loan, both prior to its execution and after its default:*
- (a) before executing the loan agreement, HFAM did not obtain a finalised valuation report for the Vessel or seek legal advice regarding the enforceability of the pledge;*
 - (b) during due diligence, HFAM neglected to verify the ownership of the Mine or the specifics of how the loan proceeds would be used; and*
 - (c) HFAM appointed a Mr X to conduct due diligence on the ground in Indonesia regarding the Mine and the Vessel, and to represent HFAM in discussions with A Limited following the loan default. However, Mr X's independence, objectivity and reliability were questionable, as he was:*
 - (i) the spouse of a 50% owner of A Limited;*
 - (ii) identified in the due diligence documents as the proposed executive director and chief executive officer of the Prospective ListCo; and*
 - (iii) a joint authorised signatory of A Limited's bank account alongside his spouse.*
- '9. *Although the loan was formally approved by members of the Fund's board of directors (Directors), who were ostensibly independent of HFAM, the SFC found that the Directors merely rubber-stamped HFAM's investment advice. In reality, the investment decision was made by HFAM with Tong's consent and authority.*

'Loan agreement with B Limited

- '10. *On 25 April 2018, acting on HFAM's advice, the Fund extended an unsecured HK\$4.5 million loan to B Limited for a 1-year term at an annual interest rate of 10%. HFAM indicated that the loan was intended to help B Limited repay short-term debts.*
- '11. *Fund tracing revealed that the loan proceeds were routed through bank accounts of various entities, with the majority ultimately diverted to HFAM and its affiliated companies to cover their operational expenses and other obligations. The loan eventually defaulted, and the Fund was not repaid.*
- '12. *The SFC uncovered significant conflicts of interest in HFAM's and Tong's roles in these arrangements;*
- (a) B Limited was wholly-owned by Ms Y and two of her relatives, while Ms Y also owned all of the Fund's management shares. This gave her exclusive authority to appoint and remove the Directors, who were procedurally responsible for approving the Fund's decision to grant the loan.*
 - (b) Tong was the sole authorised signatory for B Limited's only bank account and personally oversaw the arrangements to dissipate the loan proceeds.*
 - (c) The short-term debt repaid by B Limited using the loan proceeds was owed to a related company of HFAM, in which Tong held a significant interest.*
 - (d) In effect, Tong orchestrated a scheme that shifted B Limited's default risk on the loan from the related company of HFAM to the Fund, a risk that ultimately materialised.*

'Stock lending agreement with C Limited

- '13. *On 10 December 2018, the Fund entered into an agreement to lend its entire portfolio of listed shares to C Limited, a company wholly owned by Mr Z, a unitholder in the Fund for three months with an annual interest rate of 8%. Simultaneously, Mr Z executed a collateral pledge agreement in favour of the Fund, pledging all his interests in the Fund as collateral for the stock lending agreement.*
- '14. *Following the drawdown of the shares, C Limited either sold the loaned shares or transferred them to other parties. The sale proceeds of the loaned shares were distributed among multiple recipients, including Mr Z, affiliated entities of HFAM and a number of seemingly unrelated individuals in Mainland China. In the end, C Limited defaulted on its repayment obligations, even after two extensions to the loan's maturity date, which was eventually set to 10 December 2019.*
- '15. *The SFC identified multiple issues with this stock lending agreement, which Tong failed to address while HFAM advised and facilitated the Fund to enter into:*
- (a) Tong was entirely unaware of C Limited's rationale of taking out the loan and did not conduct any due diligence on its repayment capacity.*

- (b) *C Limited was previously a sister company of HFAM. Although HFAM's parent company sold it to Mr Z on 23 October 2018, a fellow shareholder and director of HFAM remained the sole authorised signatory for C Limited's bank account.*
- (c) *The arrangement effectively gave Mr Z an option to redeem his participating shares in the Fund before the expiry of the applicable lock-up period, giving him an advantage over the other Fund investors.*
- (d) *HFAM's calculations significantly overestimated the value of Mr Z's pledged interests. The pledge failed to provide the level of security to the Fund as Tong asserted.*

The SFC's findings

'16. Based on the facts summarised above, the SFC found that HFAM's conduct casts doubt on its ability to carry on regulated activities competently and fairly, and constitutes breaches of:

- (a) *General Principle (GP) 2 (Diligence) and paragraph 3.4 (Advice to clients: due skill, care and diligence) of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (Code of Conduct), under which HFAM should act with due skill, care and diligence and in the best interests of its clients, including by ensuring that its advice and recommendations to clients were based on thorough analysis and took into account available alternatives;*
- (b) *GP 6 (Conflicts of interest) and paragraph 10.1 (Disclosure and fair treatment) of the Code of Conduct, by its failures to avoid conflicts of interest with the Fund and Fund investors, disclose such conflicts to the Fund investors and ensure the Fund investors were fairly treated;*
- (c) *paragraph 1.2(d) (Organisation and resources) of the Fund Manager Code of Conduct (FMCC), which requires HFAM to maintain satisfactory risk management procedures; and*
- (d) *paragraphs 1.5 and 1.7.1 of the FMCC, by failing to maintain arrangements and procedures to identify and properly manage actual or potential conflicts of interest and other risks that it and the Fund were exposed to.*

'17. In the SFC's opinion:

- (a) *HFAM's above misconduct occurred with Tong's consent or connivance, or was attributable to his neglect, while he acted as an RO and a director of HFAM;*
- (b) *Tong failed to act fairly and competently, given his direct responsibility for recommending the three loans to the Fund and procuring the Directors to approve the same; and*
- (c) *Tong neglected to ensure the maintenance of appropriate standards of conduct by HFAM and its compliance with all relevant legal and regulatory requirements, in breach of GP 9 of the Code of Conduct and paragraph 1.6(a) of the FMCC.*

Conclusion

- '18. Having considered all the circumstances, the SFC is of the view that Tong has been guilty of misconduct and is not fit and proper to be licensed.*
- '19. In reaching the decision to take the disciplinary action set out in paragraph 1 above, the SFC has taken into account all relevant circumstances, including the following:*
- (a) Tong was responsible for the Fund's granting of three loans over a span of 19 months, whose cumulative impact led to a total loss of around 86% of the Fund's net asset value;*
 - (b) both HFAM and Tong were accountable for a wide range of failures in connection with the loans' handling, and such misconduct was evidently recurring;*
 - (c) a strong deterrent message needs to be sent to the industry that substandard conduct in fund management practices will not be tolerated;*
 - (d) Tong has no previous disciplinary record with the SFC; and*
 - (e) Tong's financial situation.'*

The Difficult Conundrum

Following the three-plus years that President Vladimir Vladimirovich Putin determined to invade Ukraine, a number of senior members of executives of important countries, excluding administrators of The Russian Federation, was, seemingly, considering the ideal of calling for direct peace talks.

But, be that it might, President Vladimir Vladimirovich Putin had decided never to attend any of the peace meetings.

Ironically, given President Vladimir Vladimirovich Putin's no-show, it was he who had suggested that the peace talks should take place in the first place.

Taking into account Russia's 2024 Presidential Elections, any and all peace talks appeared to be nothing but a farce.

President Vladimir Vladimirovich Putin might have been smarting when the international community made note of his absence from the suggested peace talks.

It did appear, however, that President Vladimir Vladimirovich Putin was, also, testing his *'friendship'* with the US President – assuming that there had, ever, been a *'friendship.'*

President Donald Trump, of The United States of America, ran on a platform that he had the ability to end the war in Ukraine, very quickly (within 24 hours, he had claimed), arguing that he was the only one who had the ability to handle the Russian leader.

President Vladimir Vladimirovich Putin repeatedly ignored President Donald Trump's many warnings, however!

Two days after Mr Donald Trump had been inaugurated as President of The United States of America, the, now, US President Elect, let it be known that new sanctions would be imposed on The Russian Federation in the likelihood that the war in Ukraine did not end, posthaste!

President Vladimir Vladimirovich Putin disregarded every threat and/or suggestions; and, President Donald Trump did nothing to follow through with his many threats.

It does appear, looking back at the near past, President Donald Trump appears to be trying to save face by claiming, inter alia, that the peace talks were only possible if he, as well as President Vladimir Vladimirovich Putin, met in person.

Suggestions were made that, if that had been the case, which was no-go, for what reason did not President Donald Trump, himself, attend the peace talks?

US Special Envoy, Mr Keith Kellogg, stated that if President Vladimir Vladimirovich Putin had attended the suggested peace talks, President Donald Trump would have been there, too.

A number of Europeans, in high levels of their governments, had suggested that if President Vladimir Vladimirovich Putin, in the event that he did not attend the peace talks, and the talks failed to produce a ceasefire in Ukraine, he could face tougher sanctions from President Donald Trump.

However, as history had proved, President Vladimir Vladimirovich Putin determined not to attend the peace talks, come what may.

It was strongly suggested that, if there were any inkling of potential breakthroughs at the peace talks, the US Secretary of State, Mr Marco Rubio, stated that he had no expectations, at all.

President Vladimir Vladimirovich Putin was the one who suggested the peace talks ‘*without preconditions*,’ but he had sent only a low-level delegation to the peace talks.

Clearly, it was extremely difficult to take the peace talks seriously, for more than one reason or another.

And while President Donald Trump thought that peace talks were only possible through bilateral meetings between him and President Vladimir Vladimirovich Putin, it was only too apparent, also, that it could not even influence President Vladimir Vladimirovich Putin to be conspicuous at the peace talks – that the Russian President, himself, had suggested!

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