

**HIGH OIL PRICES UPSET ASIAN MARKETS –
LI KA SHING WANTS \$HK34-BILLION WORTH OF FINANCING**

Oil prices again rebounded higher, last Monday, following a fresh assessment of the Middle East Crisis as Palestinian Leader Yasser Arafat told the world that, if the State of Israel would not accept Palestine as an independent state with Jerusalem as its Capital, then Israeli Prime Minister Ehud Barak could ‘*go to Hell!*’

Israel had called a halt to the peace process, claiming threats from the Palestinians.

And the price of oil on the London International Petroleum Exchange rose another 48 cents (US) to \$US32 a barrel.

And the death toll continued to rise, passed the 120 mark, as, on the previous Sunday, another 4 Palestinians lay dead in the West Bank and Gaza Strip, following clashes with Israeli armed forces.

The Asian stock markets looked on and wondered where it would all end since Asia leads the world in international trade, being 12 hours ahead of the largest, single stock market in the world, The New York Stock Exchange.

After a little hiccough in early trades, the Hang Seng Index, the pointer for trading on the Main Board of The Stock Exchange of Hongkong Ltd, gained just 57.83 points, representing an improvement over the previous Friday’s closing level of about 0.38 percent.

The Total Turnover, however, dropped to the lowest level of year: \$HK6.74 billion.

Banking issues led the gains with, naturally, one of the largest banks in the world, leading the charge.

HSBC Holdings plc (Code: 5) was singly responsible for a large proportion of the Hang Seng Index’s gains as it screamed higher by 2.79 percent, hitting a high of the day of \$HK111 per share.

It ended the day at \$HK110.50 after about 8.48 million of its shares changed hands.

Trading in this counter represented about 13.65 percent of the Total Turnover.

The gains in the share price of HSBC Holdings seemed to spur other bank shares to higher levels as Hang Seng Bank Ltd (Code: 11) gained 1.98 percent, rising to \$HK90 per share (Hang Seng Bank is a subsidiary of HSBC Holdings), The Bank of East Asia (Code: 23) saw its share price rise by 0.58 percent to end the day at \$HK17.25 per share, and Dao Heng Bank Group Ltd (Code: 223) put on 1.32 percent to close at \$HK38.40 per share.

Pacific Century CyberWorks Ltd (Code: 8) was absent in the marketplace, for a change, following a company announcement, made just before the opening of the stock markets of the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC).

The brief particulars of the announcement were that the company was about to issue some kind of ‘*paper*’ in order to raise money.

Investors awaited Mr Li Ka Shing’s pleasure as to his determinations.

The quietness of trading on The Stock Exchange of Hongkong Ltd was a bit of a mystery, at first, because most investors had expected another bull run, following the close of New York, the previous Friday.

On The New York Stock Exchange on Friday, October 20, stock prices had extended their gains for the second consecutive day as the Dow Jones Industrial Average put on about 0.82 percent, rising to 10,226.59.

The NASDAQ Composite Index had risen just about 1.89 percent to 3,483.14 points in what was described as a back-to-back rally.

Most of the '*darlings*' did their '*things*' ... to the delight of Wall Street gurus who had correctly forecast the return of love and kisses.

But it was not all love and kisses on The Stock Exchange of Hongkong Ltd as some of the old favourites fell out of favour -- the Li Ka Shing Camp, especially.

Cheung Kong (Holdings) Ltd (Code: 1) shed 0.56 percent, falling to \$HK89.25 per share. It was the fourth, most-active counter.

The ratio of gainers to losers was 1.12:One.

The following is a list of the double-digit gainers and losers of last Monday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Alco Holdings Ltd	328	11.90		0.47
Asia Logistics Technologies Ltd	862	24.00		0.155
AV Concept Holdings Ltd	595	14.71		0.78
Cheuk Nang Technologies (Holdings) Ltd	131	20.83		0.058
Cheung Tai Hong Holdings Ltd	199	17.50		0.094
China Elegance International Fashion Ltd	476	10.00		0.011
Fairyoung Holdings Ltd	231	11.11		0.16
Far East Pharmaceutical Technology Company Ltd	399	17.39		0.81
Global Food Culture Group Ltd	970		12.20	0.10
Interchina Holdings Company Ltd	202	11.83		0.52
Kantone Holdings Ltd	1059	10.23		0.485
King Pacific International Holdings Ltd	72	11.38		0.098
Kong Sun Holdings Ltd	295		12.28	0.50
Lamex Holdings Ltd	312	15.25		0.068
Lippo China Resources Ltd	156	21.36		0.154
Luen Cheong Tai International Holdings Ltd	1190	13.17		0.275
Nanjing Panda Electronic Company Ltd	553	11.81		1.61
Oriental Explorer Holdings Ltd	430		10.17	0.053
Peking Apparel International Group Ltd	761	10.29		0.375
Quality Food International Ltd	735	17.50		0.235
renren Media Ltd	59	10.00		0.055
Simsen International Corporation Ltd	993	20.97		0.075
Solartech International Holdings Ltd	1166	14.29		0.016
Wo Kee Hong (Holdings) Ltd	720		14.91	0.087
Zida Computer Technologies Ltd	859	25.00		0.95

The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd fared only slightly better than the Main Board as The Growth Enterprise Index rose about 0.55 percent to 346.22 points.

Interestingly enough, the 90-minute afternoon session was almost deathly quiet, with The Growth Enterprise Index moving down 0.66 points, from 346.88 point to 346.22 points.

The Total Turnover on this market was about \$HK237.85 million, of which figure, Town Health International Holdings Company Ltd (Code: 8138) accounted for about 66.42 percent.

Town Health, which only went to the market the previous week, hit a new high of \$HK4 per share on a volume of 42.07 million shares.

It closed the day at \$HK3.65 per share, which was still a gain of 2.10 percent, compared with the previous Friday's closing level.

It was the most active counter and was, probably, responsible for a good portion of the increase in The Growth Enterprise Index.

The only other winners of any materiality on this market were iSteelAsia.com Ltd (Code: 8080) and STAREASTnet .com Corporation (Code: 8010).

iSteelAsia gained 12.77 percent, rising to 53 cents per share, while STAREASTnet saw its share price gain 10.19 percent, ending the day at \$HK1.19 per share.

The ratio of gainers to losers was, just about, even at 1.06:One.

In Japan, there was a bit of investor unrest on The Tokyo Stock Exchange when the Japanese Government announced that it had raised about \$US11.30 billion (about \$HK88 billion) by selling 1.30 million shares in the Issued Share Capital of Nippon Telegraph and Telephone Corporation (NTT).

The Japanese Government had unloaded part of its interest in NTT at the price of 949,000 yen per share.

The sales of the shares had long been expected, but it was still a bit of a shock to some investors, nevertheless.

The share price of NTT fell a little more than 3 percent in early trading on Japan's premier stock market.

NTT is Japan's largest, fixed-line telephone operator; it has shed about 44 percent of its value in the period of just 10 months, as at last Monday.

Its mobile unit, NTT DoCoMo, followed its parent down the tubes, losing about 3 percent of its market capitalisation.

The Nikkei-225 Index lost about 110.77 yen, falling to 15,097.96 yen, a loss of about 0.60 percent, compared with the previous week's closing level.

Another factor that pulled down the market was the massive paring of share prices in hi-tech and Internet-related issues.

Hikari Tsushin and Softbank, especially, made Japanese investors sit up as Hikari Tsushin gave up about 16.80 percent of its market capitalisation while Softbank lost nearly 8 percent of its value.

Most other hi-tech favourites of Japanese investors shed between 2 percent and 3 percent of their respective values.

And this was how other parts of Asia saw the situation, last Monday:

Thailand	Plus 0.15 percent
Indonesia	Minus 0.69 percent
Malaysia	Plus 0.58 percent
The Philippines	Plus 1.32 percent
South Korea	Minus 3.22 percent
Singapore	Minus 0.48 percent

Taiwan	Plus 1.45 percent
Japan	Minus 0.66 percent

Tuesday,

The secret is out: Mr Li Ka Shing's Internet-investment and telecommunications company needs money -- in a hurry.

Pacific Century CyberWorks Ltd (Code: 8) told the world what it already knew: Please refinance us.

The Company, having suspended trading in its shares on Monday, resumed trading on Tuesday, following an announcement to the effect that it would be raising \$HK12 billion by pitching a cocktail of Pacific Century CyberWorks's *'paper'*, some shares, some bonds, and who knows what else will squeeze out of the woodwork.

And so it was hardly surprising to see the share price of Pacific Century CyberWorks hit a new low for the year.

Pacific Century CyberWorks became, once again, the most active counter on the Main Board of The Stock Exchange of Hongkong Ltd as more than 443.12 million of its stock changed hands.

The share price sank to \$HK5.70 at one point in the proceedings before edging up to \$HK5.75, the closing price of the day.

Pacific Century CyberWorks set the pace for trading as it lost 11.54 percent more of its market capitalisation (Cable and Wireless plc (of London) must not be too happy about this situation since it accepted a large chunk of scrip in Pacific Century CyberWorks in exchange for its interest in Cable and Wireless HKT Ltd, just this year).

In dollar terms, trading in this counter accounted for about 31.82 percent of the Total Turnover of about \$HK8.39 billion.

In the past few months, Pacific Century CyberWorks has come out with various announcements, most of which relate to refinancing the rather heavy debt burden that it is facing, following its determination of last year to purchase Cable and Wireless HKT Ltd.

This \$HK127-billion commitment continues to have repercussions for the Li Ka Shing company, it would appear, *prima facie*.

The Hang Seng Index, with no, or little, guide from trading on Monday in New York, drifted down throughout the day, ending the session at 14,925.93, a loss of about 1.17 percent, compared with Monday's closing level.

Losers were ahead of gainers by the ratio of about 3.32:One.

On The New York Stock Exchange, the Dow Jones Industrial Average gained 45.13 points on Monday, New York time, rising to 10,271.72 points, while the NASDAQ Composite Index fell about 14.45 points, ending the day at 3,468.69.

But the lacklustre performance of the world's largest bourse appeared to worry Asian investors, most of whom have seen how quickly the US stock markets can become a veritable investor bloodbath as indices tumble in a period of a few hours of trading.

Some of the gains of the previous Friday, recorded in the HKSAR stock markets, were shaved down more than a few percentage points.

Asia was uncertain as to Monday's trading pattern: Was it just a market, catching its proverbial breath? Or was it a precursor of another bout of selling?

In the Middle East, it appeared that the Jews and the Arabs had stopped yelling at each other, at least for the time being, and were preparing for more talks to end the killing which, as at last Tuesday's count, remained at 120 dead with countless woundings.

Put 2 Jews and 2 Arabs in the same room and ask them to solve one problem and one will get 400 years of discussion, resulting in no solution, it is said.

The double-digit gainers for last Tuesday included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139	43.33		0.043
Asia Orient Holdings Ltd	214		10.23	0.079
Cedar Base Electronic (Group) Ltd	855	17.39		0.54
China DigiContent Company Ltd	1197		12.96	0.047
China Internet Global Alliance Ltd	235	22.45		0.30
China Online (Bermuda) Ltd	383		10.00	0.099
China Sci-Tech Holdings Ltd	985		12.31	0.114
COSCO International Holdings Ltd	517		15.38	0.77
Deson Development International Holdings Ltd	262		10.91	0.049
Dong Jian Tech.Com Holdings Ltd	649		14.67	0.32
E-LIFE International Ltd	370	13.50		0.227
eForce Holdings Ltd	943	30.59		0.111
Emperor (China Concept) Investments Ltd	296	14.29		0.04
Fujian Group Ltd	181		11.76	0.075
GITIC Enterprises Ltd	340	12.90		0.35
Golik Holdings Ltd	1118	21.85		0.29
Hung Fung Group Holdings Ltd	1141		12.50	0.014
Logic International Holdings Ltd	1193		11.48	0.54
Next Media Ltd	282		10.00	0.36
O2New Technology Ltd	94		11.50	0.10
Online Credit International Ltd	185	11.11		0.08
Sen Hong Resources Holdings Ltd	76		23.19	0.265
Solartech International Holdings Ltd	1166		12.50	0.014
Vision Tech International Holdings Ltd	922		12.50	0.35
Zida Computer Technologies Ltd	859		15.76	0.80

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the pattern of trading was very close to Monday's.

The Growth Enterprise Index lost about 1.22 percent of its value, falling to 342 points, exactly.

The ratio of losers to gainers was 2.30:One on a Total Turnover of about \$HK227.35 million.

Town Health International Holdings Company Ltd (Code: 8138) continued to the leading counter as about \$HK168.17-million worth of its stock were traded.

Its share price continued to rise, hitting \$HK4.00, a gain of 9.59 percent on the day.

With this one counter, representing nearly 74 percent of the entire volume of activity for the day, one could appreciate that The GEM was not, exactly, the most lively of venues for trading since 41 counters shared a trading volume of just \$HK59.18 million.

There were no big gainers and/or losers as was the case in the Main Board.

In Japan, it was a similar story to what was taking place in most other parts of Asia.

The Nikkei-225, the index of The Tokyo Stock Exchange, gained 50.23 yen, rising just 0.30 percent to 15,148.19 yen.

Nippon Telegraph and Telephone Corporation (NTT) continued to be hit hard, on the back of the Japanese Government's determination to reduce its holding in Japan's third largest company, in terms of market capitalisation, from 53.10 percent to 46.70 percent.

The Japanese Government was said to be solely responsible for pulling down NTT's share price to 949,000 yen, down from more than 1.30 million yen, just about one month prior.

Most counters were fractionally higher – if they were lucky – in a market that was extremely quiet.

As with the rest of Asia, investors were waiting on Wall Street's lead.

This is how other parts of Asia fared, last Tuesday:

Thailand	Minus 0.40 percent
Indonesia	Plus 0.29 percent
Malaysia	Plus 0.38 percent
The Philippines	Plus 1.16 percent
South Korea	Plus 3.16 percent
Singapore	Plus 0.06 percent
Taiwan	Plus 4.18 percent
Japan	Plus 0.33 percent

Wednesday

Share prices on Japan's premier stock market, The Tokyo Stock Exchange, were savaged, last Wednesday, as reports filtered through of lower-than-expected earnings from some of the world's largest, hi-tech companies.

Wall Street went for a roller-coaster ride as the Dow Jones Industrial Average rose sharply at the opening of The New York Stock Exchange, only to be hit by selling pressure.

Then, in the afternoon session, buyers stepped in, once again, and pushed up the Dow, which closed the day at 10,393.07, a gain of 121.35 points, or about 1.18 percent.

The NASDAQ Composite Index, the '*barometer*' of the broader-based and heavily laden, hi-tech and Internet-related companies, fell 48.87 points to 3,419.82 points, a fall of about 1.41 percent.

The recurring theme of the previous fortnight was lower-than-expected earnings from hi-tech '*darlings*' ... and investors were getting weary of the same old thing.

Asia did not like the news, especially Japan, where The Tokyo Stock Exchange's Nikkei-225 Index gave up 307.72 yen (about 2.03 percent), dropping back below the 15,000-yen mark to end the day at 14,840.47 yen.

Japanese manufacturers of chips and chip-making equipment companies were hit especially hard following a plunge of about 32 percent in the share price of US microprocessor, National Semiconductor.

National Semiconductor's management saw its share price fall \$US11.56 (about \$HK90) to \$US24.44 (about \$HK190) on The New York Stock Exchange.

The stage was set: Intel lost 2.60 percent of its value while Advanced Micro Devices saw its market capitalization shed about 8.25 percent.

Japan was stuck with the fallout of Wall Street as Advantest lost 7.40 percent of its value while Tokyo Electron gave up 4.80 percent.

The biggest 'hits' were felt in the sector, dominated by fibre optics, with Fujikura, off 12.20 percent, while industry leader, Furukawa Electric, gave up 14 percent.

And so it went on.

On The Stock Exchange of Hongkong Ltd, the Hang Seng Index, the Main Board's 'dip stick' measuring rod, managed a bit of a half-hearted rally, gaining 0.91 percent, ending the session at 15,061.14.

Pacific Century CyberWorks Ltd (Code: 8) continued to be the dominant counter as about 157.22 million of its shares changed owners.

Its share price continued to be under intense pressure, following the company's announcement that it needed money. (please see Tuesday's report)

However, it appeared that somebody was propping up the share price since it hovered within a 30-cent range, during the entire day, of between \$HK5.70 and \$HK6.

It ended the day at \$HK5.90 per share for a gain of about 2.61 percent, compared with Wednesday's closing level.

Trading in this counter amounted to about \$HK924.07 million, or, in terms of the Total Turnover of about \$HK7 billion, about 13.14 percent.

While Pacific Century CyberWorks managed to put on a brave face, Mr Li Ka Shing's showcase company, Cheung Kong (Holdings) Ltd (Code: 1), was not as fortunate.

Cheung Kong, the fifth, most-active counter, lost about 0.85 percent of its value, falling to \$HK87.75 per share, after hitting a low of \$HK87.25 per share.

Losing issues edged out gaining ones by the ratio of 1.02: One in a day, which could only be described as dull and boring.

The double-digit gainers and losers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139		18.28	0.036
21CN CyberNet Corporation Ltd	241		12.05	0.73
Alco Holdings Ltd	328		10.42	0.43
Beauforte Investors Corporation Ltd	21	10.17		13.00
China Apollo Holdings Ltd	512		12.09	0.08
Deson Development International Holdings Ltd	262		10.20	0.044
eForce Holdings Ltd	943	41.44		0.157
ehealthcareasia Ltd	835	20.00		0.30
Emperor (China Concept) Investments Ltd	296		20.00	0.032
Fujian Group Ltd	181		12.00	0.066
Hung Fung Group Holdings Ltd	1141	14.29		0.016
Ocean Grand Holdings Ltd	1220	19.85		0.157
Oriental Explorer Holdings Ltd	430	12.00		0.056
Pearl Orient Cyberforce Ltd	988		10.00	0.038
renren Media Ltd	59	10.00		0.055

Star East Holdings Ltd	597	11.11		0.26
Tonic Industries Holdings Ltd	978	10.00		0.44
Universal Appliances Ltd	419	10.17		0.065
Yue Fung International Group Holdings Ltd	965	13.41		0.093

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – investors looked to Wall Street, noting NASDAQ's losses of Tuesday.

The Growth Enterprise Index shed about 0.23 percent, falling to 341.20 on a Total Turnover of about \$HK177 million.

Once again, it was health provider Town Health International Holdings Company Ltd (Code: 8138) that hugged the Number One Spot on the most-active list.

Town Health hit another new high of \$HK4.15 per share after about 29.14 million of its stock were traded.

It ended the day at \$HK3.90 per share for a loss of about 2.50 percent.

The turnover, in dollar terms, of this one counter, represented about 65.62 percent of the volume of activity of the day.

And, once again, the ratio of losers to gainers was nearly equal, at 1.06:One.

Of the 46 counters that saw some action, 30 percent stayed flat.

There were 3 other counters of note: ePro Ltd (Code: 8086); STAREASTnet.com Corporation (Code: 8010); and Fortune Tele.com Holdings Ltd (Code: 8040).

The share price of ePro gained 10.81 percent, rising to 41 cents per share, while the share price STAREASTnet put on 10.34 percent, ending the day at \$HK1.28.

Fortune Tele.com was the star performer of the day as its share price tacked on 15.79 percent, rising to 88 cents per share on a volume of just 106,000 shares.

This is the way that other Asian markets viewed the situation, last Wednesday:

Thailand	Minus 1.59 percent
Indonesia	Closed
Malaysia	Plus 1.24 percent
The Philippines	Plus 0.93 percent
South Korea	Minus 0.50 percent
Singapore	Plus 0.34 percent
Taiwan	Plus 1.78 percent
Japan	Minus 2.03 percent

Thursday

Asia was stunned by the situation that existed on Wall Street, last Wednesday, New York time, as investors there seemed to be going balmy.

The New York Stock Exchange could rightly be described as a helter-skelter marketplace as the Dow Jones Industrial Average closed down on Wednesday's level by about 66.59 points, at 10,326.48, after gyrating

between positive territory and negative territory for the entire day.

The tech-laden NASDAQ Composite Index, on the other hand, suffered at the hands of irate investors as it lost 190.22 points, about 5.56 percent, ending the day at 3,229.57 in heavy trading.

What touched off the heavy selling spree was a report from Canadian-based Nortel Networks Corporation, a fibre optics manufacturer, whose share price slid 29 percent, following the release of its results, which were interpreted as being disappointing by some analysts.

Nortel appeared to be punishing the stock markets on both sides of the US border with fellow fibre-optic companies, suffering a similar fate as that of Nortel.

That was one, very immediate factor, but there was a more important factor that, indirectly, was affecting trading on the world's largest bourse: Oil.

According to reports, emanating from London, England, Iraq has threatened to halt its crude oil output.

Up rose the price of oil on international markets.

Brent Crude for December delivery rose about 34 cents (US) to \$US31.70 per barrel on London's International Petroleum Exchange.

Iraq was complaining about being paid in US dollars for its oil, exported to the US. It wants to be paid in euros.

The Iraqi message was clear: Give me euros or you get no oil.

While Asia looked on in wonderment at these events, on The Stock Exchange of Hongkong Ltd, the Main Board went into shallow decline.

The Hang Seng Index lost about 64.90 points, about 0.43 percent, falling to 14,996.24, slicing through the psychological 15,000 level, yet again.

The Total Turnover remained low at about \$HK7.66 billion, with Pacific Century CyberWorks Ltd (Code: 8) continuing to rule the stock market's roost with another day of swings and roundabouts.

The Li Ka Shing Internet investor and telecommunications outfit gained about 2.54 percent, rising to \$HK6.05 per share after hitting a low of \$HK5.65 per share.

A report from the European Parliament roundly criticised Mr Li Ka Shing and his 2 sons, Richard and Victor, for allegedly dominating a large proportion of business in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), plus getting special treatment from the Government of Chief Executive Tung Chee Hwa.

That did not sit well with the richest man in the universe, who fired back a denial via his flagship company, Cheung Kong (Holdings) Ltd (Code: 1).

The Government of the HKSAR supported Mr Li Ka Shing's contentions, stating, in essence, that the Li Ka Shing might is well respected and loved by all.

Cheung Kong lost 1.14 percent to end the day at \$HK86.75 per share while Hutchison Whampoa Ltd (Code: 13), another Li Ka Shing powerhouse, was able to squeeze through with just a 0.26-percent loss on the day, ending the session at \$HK97.75 per share.

But it was trading in HSBC Holdings plc (Code: 5), which hurt the HKSAR stock market, very badly, as this counter, representing one of the largest banks in the world, saw its share price fall about 2.70 percent in short order, ending the day at \$HK108 per share.

HSBC Holdings, a constituent stock of the Hang Seng Index, plays a major role when it is in the most-active list, as was the case, last Thursday: It was in the Number 4 Slot of the Ten Most Active counters.

The ratio of gainers and losers was equal at One:One.

The following is a list of some of the major movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
APT Satellite Holdings Ltd	1045	15.44		3.925
Capital Automation Holdings Ltd	493		16.98	0.44
Cedar Base Electronic (Group) Ltd	855		20.75	0.42
China Motion Telecom International Ltd	989		10.40	1.12
Dan Form Holdings Company Ltd	271	13.46		0.295
Deson Development International Holdings Ltd	262	13.64		0.05
Dragonfield Holdings Ltd	578		13.04	0.02
eForce Holdings Ltd	943	43.31		0.225
Fujian Group Ltd	181		21.21	0.052
Interchina Holdings Company Ltd	202	11.36		0.49
Kong Sun Holdings Ltd	295		12.24	0.43
Medtech Group Company Ltd	1031	31.71		0.054
Raymond Industrial Ltd	229		12.66	0.69
Shenyin Wanguo (Hongkong) Ltd	218	11.39		0.44
Tung Fong Hung (Holdings) Ltd	279	14.59		0.212
Ying Wing Holdings Ltd	1104		29.39	2.825

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index continued to drift down, losing 0.53 percent to hit 339.40 points.

The volume of activity fell, also, hitting \$HK127.91 million.

For the fifth consecutive day, health provider Town Health International Holdings Company Ltd (Code: 8138) continued to be the dominant force in the market (Mr Li Ka Shing has 9.90 percent of this company, too).

But Town Health started to lose its cutting edge as its share price fell 0.64 percent to end the day at \$HK3.875 after hitting a low of \$HK3.85 per share.

The volume of trading in this counter represented about 40.65 percent of the Total Turnover.

The only 2 other major movers on this market were Asian Information Resources (Holdings) Ltd (Code: 8025) and Computech Holdings Ltd (Code: 8081).

Asian Information gained 17.89 percent, rising to 28 cents per share, while Computech lost 11.22 percent of its value, falling to 87 cents per share.

Losers and gainers were exactly equal at 18:18.

In Japan, Tokyo was rocked by an earnings report from the largest consumer electronics company in the world, Sony Corporation.

Sony announced that its second quarter earnings were off by about 57 percent, compared with the like period in 1999.

The fall in the Bottom Line was due to the high cost of the development of its PlayStation 2 video-game console, the company stated.

The Tokyo Stock Exchange took the news quietly as the benchmark Nikkei-225 closed the day, up 17.96 yen, or about 0.10 percent, to 14,858.43 yen.

Computer manufacturer Fujitsu was shot down by nearly 9 percent, following its earnings report estimate for the year, an estimate that stated that its profits were likely to be about 50 percent of those for 1999.

Chipmaker NEC saw its share price fall by 5.40 percent, probably in sympathy to what was happening in New York as Wall Street went through its gyrations.

Extending its 14-percent losses of Wednesday, fibre optic manufacturer, Furukawa Electric, shed another 12.10 percent of its market capitalisation.

Furukawa is a supplier to Nortel Networks Corporation, the world's second largest manufacturer of telecommunications equipment. Furukawa reported disappointing sales to the Canadian company.

Japan was waiting to see what would happen in New York on Thursday, New York time, and investors were holding back because it stood to reason that there was likely to be a buying spree, following the New York bloodbath of Wednesday.

In other parts of Asia, this was the situation:

Thailand	Plus 0.10 percent
Indonesia	Minus 1.30 percent
Malaysia	Plus 1.20 percent
The Philippines	Minus 0.06 percent
South Korea	Minus 3.44 percent
Singapore	Plus 0.30 percent
Taiwan	Minus 1.36 percent
Japan	Plus 0.12 percent

Friday

As was widely expected in banking circles, the Li Ka Shing Camp went on the scrounge for cash – all \$HK34 billion of it.

The money is needed to finance the Li Ka Shing Group's ever-growing appetite for Third Generation Mobile Telephone (3-G) licenses plus the cost of laying in the infrastructure to operate them.

London-based bankers were on the job, last Friday, looking round for takers of the 3-year package of *'paper'* on offer.

(For a full analysis of this situation, please see last Wednesday's TARGET Intelligence Report, [Volume II, Number 204](#))

The call to arms from the Li Ka Shing Camp had little effect on trading in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), mainly because there were more pressing considerations.

Iraq was the biggest problem because the Regime of Saddam Hussein was continuing to keep up pressure on the United Nations to be paid in euros instead of US dollars for its oil exports to the US.

Iraq ships about 2 million barrels of oil, daily, to the US market; it has threatened to halt exports of its oil on or about November 1 unless it receives satisfaction.

New York brokers noted that the price of Brent Crude rose another 75 cents (US) per barrel, hitting \$US33.71 per barrel on the release of the Iraqi threat.

The HKSAR stock markets had not been apprised of the extent of the situation, last Friday, so that the indices of the territory's 2 stock markets were considerably subdued.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index started off well enough, but fears of the unknown caused the Index to shed about 0.63 percent, falling to 14,902.46.

The Index could not hold through the 15,000 level in spite of the fact that, at the luncheon close, it was holding onto a 16.47-point gain, compared with Thursday's closing level, at 15,012.71 points.

The Total Turnover on this market was about \$HK8.64 billion. Still on the very low side.

The most-active counter was China Mobile (Hongkong) Ltd (Code: 941), trading in its shares, being responsible for about 12.62 percent of the entire volume of activity on the market.

China Mobile was held, tightly, to a band of \$HK1, fluctuating between a low of \$HK52.50 and a high of \$HK53.50.

It ended the day at \$HK52.75 after about 20.60 million of its shares changed hands.

China Mobile, the largest cellular telephone operator in the PRC, weighs heavily on the Hang Seng Index, it, being a constituent stock.

The Li Ka Shing Camp, another big influence on the Hang Seng Index – Hutchison Whampoa Ltd (Code: 13), Cheung Kong (Holdings) Ltd (Code: 1), Hongkong Electric Holdings Ltd (Code: 6) and Pacific Century CyberWorks Ltd (Code: 8), all, being constituent members of the Hang Seng Index – had a bad day as investors sold part of their holdings in the Group.

Hutchison stayed unchanged at \$HK97.75 per share, but Cheung Kong shed 2.02 percent, falling to \$HK85 per share. Pacific Century CyberWorks continued to give up ground, losing another 0.83 percent, ending the week at \$HK6 per share.

Cheung Kong, Pacific Century CyberWorks and Hutchison Whampoa were in the Number 4, 5 and 6 Slots on the Most Active List, respectively.

The high price of oil is hurting profits of companies, the world over, and cargo carriers of all kinds are feeling the pinch.

The HKSAR, having to import all its raw materials from Europe, the US and the EC, is forced to pay through the nose for goods, shipped and flown in, with suppliers, being forced to levy a fuel 'tax' on customers in order to be able to stay in business.

Property developers in the HKSAR are finding it increasingly difficult to meet budgets, while prospective buyers of flats are tightening their belts in view of the near-term economic uncertainty, and the fact that the cost of living is rising, proportional to the increased cost of fuel.

One noted that Sun Hung Kai Properties Ltd (Code: 16) and Henderson Land Development Company Ltd (Code: 12), 2 very large property developers in the HKSAR, both succumbed to heavy selling pressure as Sun Hung Kai lost 6.69 percent of its market capitalisation, falling to \$HK62.75 per share, and Henderson had to give up 6.25 percent of its value, ending the week at \$HK33 per share.

Sun Hung Kai was the second, most-active counter while Henderson was in the seventh position.

Last Friday, Wall Street was not as important a factor to trading in the HKSAR as had been the situation during the first part of the week.

On Thursday, New York Time, The New York Stock Exchange saw its tech-laden NASDAQ Composite Index fall about 140 points in early afternoon trading, only to recover in short order to end the day at 3,272.18, representing a gain of about 42.61 points, compared with Wednesday's close.

And it all took place in a matter of about one hour of trading.

The movement of the NASDAQ was an about face of about 5.81 percent.

The Dow Jones Industrial Average, on the other hand, closed up 53.64 points at 10,380.12 points in what could be described as normal trading activity.

The ratio of losers to gainers on The Stock Exchange of Hongkong Ltd was about 1.13:One.

The following is a list of the major, double-digit movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Central China Enterprises Ltd	351	14.84		0.178
China Rich Holdings Ltd	1191	10.61		0.146
City e-Solutions Ltd	557	14.58		0.55
Continental Mariner Investment Company Ltd	119	11.49		0.97
eForce Holdings Ltd	943	35.56		0.305
Egana Jewellery and Pearls Ltd	926	12.00		0.28
Emperor Technology Venture Ltd	283	33.84		0.265
Graneagle Holdings Ltd	147	18.75		0.019
Guangdong Tannery Ltd	1058	92.86		0.27
HiNet Holdings Ltd	155	15.03		0.176
Hung Fung Group Holdings Ltd	1141	37.50		0.022
Karl Thomson Holdings Ltd	7	12.80		1.85
KEL Holdings Ltd	681		21.05	0.30
Kong Sun Holdings Ltd	295		16.28	0.36
Lung Cheong International Holdings Ltd	348	11.24		0.99
Millennium Group Ltd	260		10.77	0.116
Nam Fong International Holdings Ltd	1176	26.23		0.077
Oriental Explorer Holdings Ltd	430	11.78		0.052
Pioneer Global Group Ltd	224		10.34	0.52
Softbank Investment International (Strategic) Ltd	648	11.32		0.59
South China Online Ltd	619	11.67		0.134
South East Group Ltd	726		16.00	0.021
Tysan Holdings Ltd	687	10.00		0.22
Universal Appliances Ltd	419		10.77	0.058
Wah Fu International Holdings Ltd	952	16.67		0.077
Whimsy Entertainment Company Ltd	1188	13.04		0.52
Yeebo (International Holdings) Ltd	259	10.53		0.42
Zhu Kuan Development Company Ltd	908	12.90		0.35

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index managed to eke out a gain of about 0.75 percent, rising to 341.96 points on a Total Turnover of about \$HK151.40 million.

Town Health International Holdings Company Ltd (Code: 8138) continued to be the dominant share, for the sixth consecutive day.

Trading in this counter represented nearly 35 percent of the entire volume of activity as about 13.91 million of the health provider's shares changed hands.

But it fell from grace as its share price slumped about 3.23 percent to end the day at \$HK3.75 after hitting a low of \$HK3.70.

The 4 most-active counters – Town Health, AcrossAsia Multimedia Ltd (Code: 8061), Phoenix Satellite Television Holdings Ltd (Code: 8002), and Smartech Digital Manufacturing Holdings Ltd (Code: 8068) – represented about 72.66 percent of the Total Turnover on this speculative market.

AcrossAsia finished the day at \$HK3.175, up 0.79 percent, Phoenix Satellite ended the session at \$HK1.72 per share, up 3.61 percent, while Smartech Digital lost 0.51 percent of its value, falling to \$HK4.90 per share.

The biggest loser on this market was 36.com Holdings Ltd (Code: 8036), the share price of which was felled by 47.22 percent, ending the week at 3.80 cents per share.

The ratio of gainers to losers was about 1.50:One.

In Japan, the Sony Corporation earnings report took its toll. (please see Thursday's report on this subject)

The Tokyo Stock Exchange saw its Nikkei-225 lose 276.23 yen, falling to 14,582.20 yen.

A great deal of the 1.90-percent loss of the Nikkei-225 was due to weak investor sentiment, brought about by Sony.

Like Nortel Networks of Canada, with its disappointing results (in the eyes of many investors), so Sony became Japan's 'Nortel'.

The share price of Sony shed about 7.50 percent.

Some of the losses on this market were dramatic as Hikari Tsushin gave up about 5.60 percent of its market capitalisation while TDK had to surrender 10 percent of its value, falling to 11,030 yen.

Japan, like the rest of the world, is plagued by oil prices, which are cutting deeply into profit margins of everybody.

This is how the week ended in Asia:

Thailand	Minus 0.38 percent
Indonesia	Minus 0.56 percent
Malaysia	Minus 0.65 percent
The Philippines	Minus 0.68 percent
South Korea	Minus 1.59 percent
Singapore	Plus 2.02 percent
Taiwan	Minus 2.30 percent
Japan	Minus 1.86 percent

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

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