

**IS GEORGE W. BUSH THE PRESIDENT OR NOT ?  
MELTDOWN IN NEW YORK SHAKES UP THE WORLD**

It was Asia that was first informed that the 43<sup>rd</sup> President of the United States of America is to be Mr George W. Bush, following an announcement from the Florida Canvassing Commission to that effect.

The waiting was over ... or was it?

As President-elect Bush prepared to take over from outgoing US President Bill (the cocks man) Clinton, there were unconfirmed reports that the (sore) loser, Vice President Al Gore, might, still, issue another legal challenge.

For Asia, it was all a bit of an anticlimax, but, nevertheless, the announcement did appear to give a bit of a fillip to many Asian stock markets since Mr George W. Bush is perceived as being a pro-business advocate.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index put on about 1.57 percent, rising to 14,602.76 on continued low volume, amounting to about \$HK8.90 billion.

Once again, following on from the previous week, trading on the premier board of the stock market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was dominated by the PRC's 2 most important cellular telephone operators.

Trading in the shares of China Mobile (Hongkong) Ltd (Code: 941) and China Unicom Ltd (Code: 762) represented about 36.52 percent of the Total Turnover.

China Mobile was the most active counter as about 47.11 million of its scrip changed hands. The share price fluctuated between a low of \$HK39.60 – a 10-month low – and a high of \$HK43.70, closing at \$HK42.80.

China Unicom, the second, most-active counter, saw about \$HK1.30-billion worth of its shares traded, with its share price, falling to a new low of \$HK10.85, during the day.

The share price of the PRC's second, largest mobile telecommunications company ended the day at \$HK12.30.

The Ten Most Active counters accounted for nearly 62 percent of the entire volume of activity for the day so that one may imagine how quiet was trading on The Stock Exchange of Hongkong Ltd.

There was little in the way of any special news, last Monday, as one could well understand, since Asia leads the world when it comes to securities trading due to the time differential.

Asia was watching to see what would happen when US stock markets opened on Tuesday, Asian time, because, the previous Friday, the Dow Jones Industrial Average had gained about 70.91 points, about 0.68 percent, rising to 10,470.23.

The broader-based NASDAQ Composite Index, however, had tacked on 148.85 points, hitting 2,904.19 points for the last day of trading for the week.

The 5.40-percent gain on the NASDAQ's more fully rounded range of shares followed the NASDAQ, getting a bit of a roasting for most of the previous week.

The US Presidential nonsense had been dogging the stock markets of the world since the 2 combatants first decided to challenge the Florida vote count.

The ratio of gainers to losers on the Main Board of The Stock Exchange of Hongkong Ltd was about 1.20:One, with about 60 percent of all the companies, listed on the Main Board, refusing to budge, price-wise.

The following is a list of the double-digit gainers and losers for the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
City Telecom (Hongkong) Ltd	1137	20.53		0.76
China National Aviation Company Ltd	1110	13.01		1.39
Guangnan (Holdings) Ltd	1203		13.16	0.099
Hongkong Fortune Ltd	121		16.36	0.092
Huey Tai International Ltd	164	14.04		0.325
Kantone Holdings Ltd	1059	10.00		0.55
Kin Don Holdings Ltd	208		16.92	0.054
Magician Industries (Holdings) Ltd	526		41.74	0.067
Midland Realty (Holdings) Ltd	1200	15.38		0.60
Millennium Sense Holdings Ltd	724		13.33	0.26
Ngai Hing Hong Company Ltd	1047	11.63		0.48
Oriental Explorer Holdings Ltd	430	18.87		0.063
Pacific Century Insurance Holdings Ltd	65		11.20	2.775
Poly Investments Holdings Ltd	263	10.00		0.275
Saint Honore Holdings Ltd	192		14.61	0.76
Sinocan Holdings Ltd	1095		14.00	0.086
Truly International Holdings Ltd	732	13.17		1.89
Wah Lee Resources Holdings Ltd	1215	15.30		0.211
Wing Lee International Holdings Ltd	899	10.18		0.141
Wing Shan International Ltd	570		10.00	0.36
Yue Fung International Group Holdings Ltd	965		11.65	0.091

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, that market followed the same general pattern as the previous week.

The Growth Enterprise Index fell, fractionally, to 344.68 points, down about 0.18 percent, compared with the previous Friday's closing level.

The Total Turnover on this speculative market was about \$HK118.41 million, with trading in just 2 counters, accounting for about 57.51 percent of the entire volume of activity.

The 2, most-active counters were, in order of trading prominence, Smartech Digital Manufacturing Holdings Ltd (Code: 8068) and Phoenix Satellite Television Holdings Ltd (Code: 8002).

Management of Smartech saw its share price fall to a low of 26.50 cents, down from a high of the day at 30 cents, after 123.68 million Smartech shares were traded.

It ended the day at 28 cents per share.

Phoenix Satellite, which had been the *'darling'* of the market, the previous week, fell to profit-taking as its share price dropped back during the height of trading to \$HK2.25, down from an intraday high of \$HK2.40.

It ended the session at \$HK2.30 after 14.38 million of its shares found new owners.

Gainers were ahead of losers by the margin of about 1.29:One.

In The Land of The Rising Sun, it was a completely different story to most of the rest of Asia, where uncertainty ruled trading patterns.

The premier stock market of Japan, The Tokyo Stock Exchange, saw its Nikkei-225 rise 405.04 yen, hitting 14,720.39 yen by the close of trading.

Tokyo was reacting, somewhat, to the rebound on Wall Street, the previous Friday, plus hopes that the Bush 'enthronement' to the world's most powerful position would put an end to uncertainty and signal another pro-business cycle.

With NASDAQ up and running, it was not surprising to see Japan's counterpart electronic giants get a push.

The largest manufacturer of personal computers in Japan, Fujitsu, had a booming day as its share price caught fire, rising to 1,925 yen, a gain over the previous Friday's close of about 8.76 percent.

NEC, one of the main rivals to Fujitsu, was not to be outdone as its share price hit 2,120 yen, a gain of about 8.11 percent.

Sony Corporation, the world Number One manufacturer of consumer electronics, tacked on 7.71 percent to its share price, ending the day at 8,800 yen.

Whether or not Japan's electronic marvels justified the mini-boom only time will tell, but Japanese investors were in a mood to buy ... and buy they did.

One has to temper last Monday's gains in Japan with the sanity which comes when one realises that Fujitsu had lost about 60 percent of its market value, during the course of the year, NEC has seen its value eroded by about 30 percent since January 3, 2000, while Sony has seen about 48 percent of its market capitalisation cut out since the beginning of the year.

The ratio of gainers to losers on this market was about 1.72:One.

Helping the stock markets of Japan was a report from Japan's MITI – Ministry of International Trade and Industry – about the state of the consumer spending in Asia's biggest economy.

According to MITI, sales in large Japanese departmental stores in October rose about 2.30 percent, seasonably adjusted, compared with the like period in 1999.

In September, MITI stated that sales had fallen about 1.10 percent, compared with the comparable 1999 month.

Japanese investors, however, took the MITI report with a pinch of salt: They had heard it, all, before – just before Sogo Company Ltd announced its bankruptcy, in point of fact.

This was how other Asian stock markets saw the situation, last Monday:

Thailand	Minus 0.24 percent
Indonesia	Minus 0.68 percent
Malaysia	Plus 2.45 percent
The Philippines	Minus 0.56 percent
South Korea	Plus 4.37 percent

Singapore	Minus 0.24 percent
Taiwan	Plus 0.25 percent
Japan	Plus 2.83 percent

## Tuesday

As US Vice President Al Gore prepared to launch a last-ditch attempt to nab the job as the most powerful man on the planet, stock markets, around the world, started to sag -- again.

Everybody was getting tired of the so-called, American democratic process, which, in the case of the 2000 US Presidential Elections, had shown distinct signs of its weaknesses when legal challenges de jure became legal challenges ad nauseam.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index hardly move the entire trading session.

The Index ended the day at 14,566.22 points, down 36.54 points, or about one quarter of one percent, compared with Monday's closing level.

The Total Turnover shrank back to about \$HK7.11 billion with, once again, one counter, being responsible for about 17.44 percent of the entire trading activities.

That single counter was China Mobile (Hongkong) Ltd (Code: 941) whose share price fell to \$HK41.90 after hitting an intraday low of \$HK41, even.

It was the most active counter of the day and lost about 2.10 percent, compared with Monday's closing level.

China Unicom Ltd (Code: 762), the running mate of China Mobile – they are the 2 largest cellular telephone operators in the PRC – lost about 6.91 percent of its market value as its share price hit a new, one-year low of \$HK11.45.

China Unicom was the fourth, most-active counter of the day.

Both companies have suffered at the hands of investors in Asia, following an announcement from the State Council of the Government of the PRC that it would change the billing structure of all mobile telecommunications companies so that only the caller, not he who receives the telephone call, would be charged.

This change is expected to cut about 20 percent from the revenues of PRC mobile telecommunication operators.

In the 6 days to last Tuesday, the 6 days since the State Council's determination was disseminated, the share price of China Mobile had shed 16 percent of its value while China Unicom had seen an erosion of about 25 percent in its market capitalisation.

The joys of investing in PRC-Government-controlled companies.

In the light of continuing political uncertainty in the US and the continuing uncertainty with regard to new-age, technology counters, many investors ran back to defensive positions, picking up *'bread-and-butter'* counters and those institutions that fund them.

HSBC Holdings plc (Code: 5) and its HKSAR subsidiary, Hang Seng Bank Ltd (Code: 7) both enjoyed the limelight, last Tuesday, as HSBC Holdings, the second, most-active counter, scooted up about 0.92 percent, to close at \$HK110 – the midway point between its low of \$HK108.50 and its high of \$HK111 – while Hang Seng

Bank, the eighth, most-active counter, gained just a tad over one half of one percent, finishing the day at \$HK94.50, also the halfway mark between its intraday high and low.

The ratio of losers to gainers was 2.20:One in a market, which had turned extremely quiet.

The following are the double-digit gainers and losers for the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beauforte Investors Corporation Ltd	21		10.00	10.80
CCT Multimedia Holdings Ltd	1169		12.07	0.255
China Elegance International Fashion Ltd	476	10.00		0.011
City Telecom (Hongkong) Ltd	1137		13.16	0.66
DCP Holdings Ltd	497	14.29		0.40
E-LIFE International Ltd	370		17.32	0.148
i-Wood International Holdings Ltd	162	11.43		0.39
Magician Industries (Holdings) Ltd	526	16.42		0.078
Millennium Sense Holdings Ltd	724	59.62		0.415
Ocean Shores Group Ltd	764	12.79		0.495
South East Group Ltd	726		16.67	0.02
Tung Fong Hung (Holdings) Ltd	279		11.71	0.181
Wah Fu International Holdings Ltd	952		10.00	0.081

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, share prices were clipped ...and clipped good, as the saying goes.

The Growth Enterprise Index gave up about 2.57 percent, falling to 335.83 points, on a Total Turnover of about \$HK151.85 million.

Declining issues dominated trading by the ratio of exactly 3:One.

Phoenix Satellite Television Holdings Ltd (Code: 8002) was the most-active counter of the day, but it was clipped by profit-takers who scrambled out of the Rupert Murdoch company, pushing down the share price to \$HK2.10 after it hit bottom at \$HK2.075.

In total, about 29.86 million Phoenix Satellite shares were traded; and, those trades represented about 41.72 percent of the Total Turnover.

There was no special news from this speculative market, which had all the earmarks of investors, getting terribly concerned about the immediate future direction.

The premier stock market of Japan followed a similar pattern to that of the HKSAR stock markets as The Tokyo Stock Exchange saw its Nikkei-225 shed 61.52 yen, falling to 14,658.87 yen.

Japan could not take its cue from Wall Street on Monday, New York time, because not much had happened on the world's largest bourse where investors were waiting to see the US Presidential Election 'dust' settle.

Japanese blue chips have shed about 22 percent of their values since the beginning of year, and there have been calls from certain quarters for the Japanese Government to use its huge cash reserves to bolster Tokyo share prices, artificially.

The Japanese Government on Tuesday, however, made it clear that no Government funds would be used to buy up any stocks on The Tokyo Stock Exchange, or buy up shares on any other Japanese stock exchange, also.

Many of Monday's gains were pared, considerably, as Fujitsu's share price was shaved by about 3 percent, cutting down Monday's 8.11-percent gain over the previous Friday's rise.

There were pockets of joy for select investors, but they were few and far between.

Japan was waiting to see what would happen in the US where the world's stock markets waited for definitive news on who would be sleeping in the White House for the next 4 years.

This was how other Asian stock markets saw the situation, last Tuesday:

Thailand	Minus 0.37 percent
Indonesia	Minus 1.00 percent
Malaysia	Plus 1.00 percent
The Philippines	Minus 1.13 percent
South Korea	Minus 3.09 percent
Singapore	Minus 0.67 percent
Taiwan	Minus 1.32 percent
Japan	Minus 0.42 percent

### **Wednesday**

Asian stock markets reacted sharply to Wall Street's losses of Tuesday, New York time, resulting in every major Asian bourse, seeing its respective index drop.

While most of the major Asian stock markets fell, fractionally, South Korea took quite a pounding as the Seoul Composite Index shed about 3.82 percent of its value, followed by the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) where the Main Board's Hang Seng Index gave up about 2.73 percent.

The fallout in Asia was a direct result of the 5.05-percent fall on the NASDAQ, where that Composite Index fell to a new low of the past year of 2,734.98.

The Dow Jones Industrial Average did not get off unscathed as it gave up 38.49 points, about 0.36 percent, falling to 10,507.58.

The US market was, clearly, becoming more and more concerned about the US economy where a slowdown has been confirmed.

The US Government reported, just last week, that orders for durable goods fell by about 5.50 percent in October, a statistic which is in direct contrast to the 2.40-percent gain in orders for durable goods for the month of September.

On top of that, there were lingering fears as to the outcome of the US Presidential Elections although it had, just about, become an accepted fact that George W. Bush was to be the next President of the US.

On The Stock Exchange of Hongkong Ltd, the Hang Seng Index ended last Wednesday's session, down 397.16 points to 14,169.06 on a Total Turnover of about \$HK8.65 billion.

The Growth Enterprise Market – The GEM – was, also, hit hard as its Growth Enterprise Index fell to a new 12-month low of 328.42 points, down about 2.21 percent, compared with the close on Tuesday.

The Total Turnover on this market was about \$HK107.37 million.

Losers outnumbered by the ratio of about 4.40:One on the Main Board and about 7.25:One on The GEM.

Few counters were left unscathed by the mini-bloodbath.

China Mobile (Hongkong) Ltd (Code: 941) continued to be the most active counter on the Main Board as about 33.28 million shares were traded with its share price, falling to \$HK40.30, after hitting an intraday low of \$HK39.90.

The closing level of \$HK40.30 represented a low for the year.

The 3.82-percent fall in the share price of China Mobile was surpassed by the loss of 4.37 percent when running mate, China Unicom Ltd (Code: 762), was felled by investors who knocked down its share price to \$HK10.95 after it hit an intraday low of \$HK10.35.

China Unicom was the third, most-active counter of the day.

Investors in the HKSAR were continuing to concern themselves over the proposed changes in the PRC-Government's future imposed method of billing mobile telephone users in the PRC. (please see Tuesday's report on this subject)

All of the Li Ka Shing Camp was hard-pressed to hang on to slim leads of the previous weeks as cash-strapped Pacific Century CyberWorks Ltd (Code: 8) saw its share price fall to a new 13-month low of \$HK5.10 before making a partial recovery to end the day at \$HK5.15 – which represented a loss over Tuesday's close of 5.50 percent.

Pacific Century CyberWorks was the sixth, most-active counter of the day.

There was such subdued action on The GEM that that speculative marketplace went almost unnoticed for the most part although there were some rather hefty falls in 3 companies' share prices.

The following is the list of the Main Board's double-digit losers and gainers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Standard International Group Ltd	129		13.78	0.194
CIL Holdings Ltd	479		16.67	0.01
Daiwa Associate Holdings Ltd	1037	17.65		0.60
Guangnan (Holdings) Ltd	1203		12.04	0.095
Hung Fung Group Holdings Ltd	1141		15.00	0.017
iRegent Group Ltd	575		27.78	0.52
Kin Don Holdings Ltd	208		10.91	0.049
Medtech Group Company Ltd	1031		12.50	0.049
Millennium Sense Holdings Ltd	724	25.30		0.52
Ocean Shores Group Ltd	764		10.31	0.435
Sime Darby Hong Kong Ltd	249	28.81		3.80
Softbank Investment International (Strategic) Ltd	648		10.85	1.15

Tung Fong Hung (Holdings) Ltd	279	13.81		0.206
Wah Tak Fung Holdings Ltd	297		21.15	0.041

In Japan, consumer electronics, chipmakers, computer manufacturers and anything, remotely involved in hi-tech industries came under immediate fire.

The Tokyo Stock Exchange's Nikkei-225 lost 151.23 yen, about 1.03 percent, falling back to 14,507.64 yen.

Tokyo was reacting to Wall Street's losses of Tuesday.

Sony continued to see its share price fall, losing another 4.70 percent to end the day at 8,510 yen.

As at last Wednesday's closing price, Sony has lost about 50 percent of its market capitalisation in the period of just about 11 months.

Losses were right across the board, as investors found plenty of good reasons for the sale of banking counters – How many non-performing loans are Japanese banks carrying? – of electronics – Will they ever make a decent return? – to consumer product manufacturers – If the US economy turns south, who will be buying Japanese-made products?

When investors turn bearish, there is always some rationale for everything.

And if investors can't find sufficient reason, then they can always manufacture a couple.

The following is the way that other Asian stock markets viewed the situation, last Wednesday:

Thailand	Minus 0.27 percent
Indonesia	Minus 0.38 percent
Malaysia	Minus 0.84 percent
The Philippines	Minus 0.93 percent
South Korea	Minus 3.82 percent
Singapore	Minus 0.28 percent
Taiwan	Minus 0.80 percent
Japan	Minus 1.03 percent

### **Thursday**

It looked only too clear that the technology '*bubble*', that had been powering prices on The New York Stock Exchange, had burst.

And the fallout was being felt on just about every stock exchange in the world.

Nowhere more poignant was the fallout being felt than in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) where its stock markets, the Main Board and The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, continued to come under intense selling pressure.

The Main Board saw its Hang Seng Index shed 1.30 percent, falling to 13,984.39 points, while The GEM lost another 1.13 percent of its value, falling to 324.71 points.



International fears that the hi-tech and Internet-related companies, around the world, were in for more than a little bit of the '*bath*' sent shivers down the spines of international investors who harkened unto the call -- and sold their one-time, former '*darlings*' in short order on The New York Stock Exchange, or any other bourse where buyers could be found.

Wall Street was, clearly, concerned that profits of many of the hi-tech stocks would not match investor and institutional expectations.

The Dow Jones Industrial Average ran up a nice 1.16-percent gain, last Wednesday, New York time, but the NASDAQ Composite Index gave up another 1.02 percent, falling to 2,707.10.

That was a new low for the year for the NASDAQ.

There was every reason to think that last Thursday, in New York, there would be a further erosion of stock prices.

Records, up to and including last Wednesday, indicated that the NASDAQ had lost 21 percent of its value in a period of 3 weeks.

Defensive measures were being taken by many pension funds and other institutional investors, who fled from NASDAQ shares to Dow component stocks.

On The Stock Exchange of Hongkong Ltd, China Mobile (Hongkong) Ltd (Code: 941) continued to dominate trading as about 73.47 million of its shares were traded, representing a dollar volume of about \$HK3.07 billion.

In terms of the Total Turnover of about \$HK11.94 billion, trading in China Mobile represented about 25.71 percent.

The closing level of China Mobile, at \$HK42.60, represented a gain of about 5.71 percent, compared with Wednesday's closing level.

While there were a few smiles for China Mobile, after it broke its losing streak of the previous 8 trading sessions, which had seen nearly 20 percent of its market capitalisation wiped out, there were stentorian groans for the '*king*' of HKSAR stocks: HSBC Holdings plc (Code: 5).

HSBC Holdings, the second, most-active counter of the day, after China Mobile, found itself at the end of investors' concern as they sought to unload the shares in one of the world's largest banks -- in terms of market capitalisation -- with about 14.86 million HSBC Holdings's shares finding new owners.

The share price of this bank fell to \$HK104.50, a drop of about 2.79 percent in the course of one trading day, and near the low of the day of \$HK104 per share.

The volume of activity in this one counter represented about \$HK1.56 billion, or about 13.07 percent of the Total Turnover.

The Li Ka Shing Camp came next in line for a drubbing as Hutchison Whampoa Ltd (Code: 13) gave up about 3.62 percent of its value, falling to \$HK93.25 per share after hitting a low for the day of \$HK92.50.

Pacific Century CyberWorks Ltd (Code: 8) hit a 15-month low of \$HK4.825, closing at \$HK4.85, down about 5.83 percent, compared with Wednesday's closing price.

Pacific Century CyberWorks has become the target of investors, wanting to get out of the Li Ka Shing company in a hurry because there are plenty of shares in the market, allowing investors to unload their stock of this loser with ease.

One wonders who, or what, are the buyers of the shares of this Li Ka Shing company, which has the unenviable reputation of being the worst performing stock of the year, unenviable, that is, as a Constituent of The Hang Seng Index.

The 4, most-active counters represented just below the 50-percent mark of the Total Turnover.

The ratio of losers to gainers was about 3.33:One with about 50 percent of all counters, not moving a hair.

The following is TARGET's list of double-digit gainers and losers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China CyberPort Ltd	149		15.71	0.59
China Internet Global Alliance Ltd	235		10.34	0.26
eForce Holdings Ltd	943	20.78		0.093
Everbest Century Holdings Ltd140	578		13.04	0.02
Global Link Cyber International Ltd	140		11.27	0.189
Graneagle Holdings Ltd	147	11.76		0.019
Hikari Tsushin International Ltd	603		14.51	0.218
iRegent Group Ltd	575	11.54		0.58
Magician Industrial (Holdings) Ltd	526		10.26	0.07
Mandarin Resources Corporation Ltd	70	12.77		36.20
Mansion House Group Ltd	376	12.50		0.315
Medtech Group Company Ltd	1031	10.20		0.054
Mei Ah Entertainment Group Ltd	391	10.53		0.42
Multifield International Holdings Ltd	898		18.44	0.146
Pacific Challenge Holdings Ltd	166		11.29	0.55
RNA Holdings Ltd	501		11.11	0.32
Sinolink Worldwide Holdings Ltd	1168		11.11	0.24
Softbank Investment International (Strategic) Ltd	648		14.78	0.98
Soundwill Holdings Ltd	878		12.36	0.078
Victory City International Holdings Ltd	539		12.20	1.44
VTech Holdings Ltd	303		30.97	7.80
Yeebo (International Holdings) Ltd	259		20.00	0.48

On The GEM, Phoenix Satellite Television Holdings Ltd (Code: 8002) continued to dominate trading with a volume of activity of about \$HK40.74 million, equal to about 30.84 percent of the Total Turnover of about \$HK132.09 million.

Phoenix Satellite is one of the few shares to hold up under recent selling pressure. Thursday was no exception.

It closed the day at \$HK2, exactly, after 20.27 million of the Rupert Murdoch company shares were traded.

The low level of activity on this speculative bourse and the gradual erosion of prices of the companies, listed there, did not inspire confidence in many people as the ratio of losers to gainers was extended to about 2.89:One with many of the counters, seeing no activity at all.

The lone double-digit mover was ePro Ltd (Code: 8086), the share price of which fell 12.50 percent to 35 cents per share, the lowest price since it was listed on July 27, 2000 at 70 cents per share.

But that was about all she wrote, as the saying goes.

Tokyo seemed to be somewhat oblivious to the world trend of gradually deteriorating stock prices as The Tokyo Stock Exchange staged somewhat of a rally.

The Nikkei-225 put on 140.87 yen, just less than one percent, rising to 14,648.51.

While the volume of activity was, still, somewhat subdued, it appeared that the general consensus was that the Japanese market had been a little bit oversold of late.

Gainers on this market were ahead of losers by the ratio of about 2.31:One.

Whether or not the premier Japanese stock market could hold on to its slim gains, only time would tell, but there were more investors betting against it than for it.

One cannot fart against thunder.

One piece of news to delight merchant bankers, no doubt, was confirmation that the mobile unit of Nippon Telegraph and Telephone (NTT) had picked up a 16-percent stake in the US telecommunications giant, AT&T Wireless.

At a cost of about \$US9.90 billion (about \$HK77 billion), NTT DoCoMo became one of AT&T's largest single shareholders.

The rationale behind NTT DoCoMo's purchase is that it will enable Japan's largest mobile telecommunications company to latch on to 15 million US subscribers.

By so doing, it will, also, be able to get a lead on most other telecommunications operators in the race to put in place the first Third Generation (3-G) telecommunication system.

NTT DoCoMo has announced a launch date for its Japanese version of 3-G for next May.

For one to realise the extent of this Japanese company's international tentacles, with regard to 3-G, it has picked up, in the past year, 20 percent of Hutchison Whampoa's UK operations, 19 percent of Hutchison Whampoa's HKSAR operations, and 15 percent of the Dutch telecommunications giant, KPN Mobile.

But the high costs, associated with 3-G -- Universal Mobile Telecommunication Standard, or UMTS -- has yet to be justified in terms of reasonable returns.

While there were some shares which made material gains on The Tokyo Stock Exchange, last Thursday, trading was not such as to set any records, to be sure.

This is the way that things looked in other parts of Asia, last Thursday night:

Thailand	Minus 1.76 percent
Indonesia	Plus 0.92 percent
Malaysia	Minus 0.31 percent
The Philippines	Closed
South Korea	Minus 1.40 percent
Singapore	Minus 0.43 percent

Taiwan	Minus 1.18 percent
Japan	Plus 0.97 percent

## Friday

Clarification was the way that it was termed in the tamed Press of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) with regard to a previous, quasi-official report, which stated that the State Council of the Government of the PRC would change the way in which billings for mobile telephone calls would be executed. (please see Tuesday's report on this subject)

China Mobile (Hongkong) Ltd made this statement, last Friday:

### ***'TELETEXT ANNOUNCEMENT***

*'The board of directors (the "**Board**") of China Mobile (Hong Kong) Limited (the "**Company**") announces that the Company has been advised by Minister Wu Jichuan of the Ministry of Information Industry of the People's Republic of China ("**PRC**") today that it is expected that it would not be possible to submit any implementation plans for mobile communications tariff adjustment (including the implementation of the calling-party-pay system) to the State Council for approval this year and next year. Furthermore, the Board also wishes to reiterate the statements of Minister Wu that adjustment to telecommunications tariff is a matter of interest to the public and other parties and hence it is necessary to conduct public hearings as required by relevant regulations. In addition, it is technically complicated to change billing systems and sufficient time must be allowed for its preparation. The relevant government authorities in the PRC will continue to be prudent on this issue.*

By order of the Board  
**CHINA MOBILE (HONG KONG) LIMITED**  
 Wang Xiaochu  
 Chairman

*Hong Kong, 1 December 2000'*

And up went the prices of the PRC-controlled, mobile telecommunication shares, listed on The Stock Exchange of Hongkong Ltd.

And up went the Hang Seng Index, almost as though it were defying gravity.

The Hang Seng Index, the '*barometer*' of the Main Board of The Stock Exchange of Hongkong Ltd, rose 457.04 points, equal to about 3.27 percent, ending the week at 14,441.43.

The Total Turnover was \$HK12.26 million, but that figure was inflated by trading in the shares of China Mobile and China Unicom Ltd (Code: 762).

A total of about 58.59 million China Mobile shares changed hands and about 102.20 million China Unicom shares were traded, with the aggregate trading value, being about \$HK3.88 billion, or about 31.65 percent of the entire volume of trading for the day.

The share price of China Mobile, the largest mobile telecommunications operator in the PRC and said to be the world's Number Two operator, rose 7.04 percent to end the day at \$HK45.60 after hitting an intraday high of \$HK46.20.

China Unicom, on the other hand, did even better as its share price rose 15.32 percent, ending the week at \$HK12.80 after touching, briefly, \$HK12.95 at the height of trading.

But, for a stock market index to rise as much as did the HKSAR's Main Board, last Friday, and on such a low Total Turnover, relatively speaking – after subtracting the trading volumes of China Mobile and China Unicom – it did not speak well of a supposed bullish trend.

On Wall Street, it was meltdown day, last Thursday, New York time.

Selling moved into high gear, following more reports from hi-tech companies, reports that made suggestions that the worst, in respect of profits and/or the lack of them, was yet to come.

During the height of trading on The New York Stock Exchange, the NASDAQ Composite Index fell about 6.80 percent before cutting its losses to about 4 percent.

Since the stock-market crash of 1987, US investors had not seen such a paring of stock-market prices.

The statistics showed that, in the month of November, the NASDAQ lost nearly 23 percent of its value.

The NASDAQ ended last Thursday's session at 2,597.93, down 109 points, or about 4.03 percent.

The narrower-based Dow Jones Industrial Average lost about 2.02 percent, falling to 10,414.49 points as about 214.62 points were shaved off the benchmark of the industrial blue chip stocks.

But, aside from hi-tech profits' fears – many of the fears, being quite justified – many investors in the US are becoming increasingly concerned as to the prospects of the US economy, being in for a rather rough ride as business starts to slow down.

While everybody and his cat were, only a few short months ago, concerned about the prospects of an overheated US economy, contained by the good offices of the US Federal Reserve, which has, traditionally, used interest rates as its weapon of choice, not much concern had been given to the prospects that a too-rapid deceleration of the US economy would have a domino effect, not just in the US, but around the world.

That was what was happening, last Friday, in Asia, and, to some extent, in the US when The New York Stock Exchange saw its various indices gyrate up and down like a jack-in-the-box.

Many of the world's largest bourses managed to contain the damage, being done by Wall Street on their respective markets, but they will be unable to ignore the crush of the world's largest stock market for too long.

Irritating the already precarious position in respect of the economies of the world was Iraq where Saddam Hussein's Government turned off the oil taps to the rest of the world.

Iraq had been exporting about 2.40 million barrels of crude oil per day, representing about 5 percent of the world's trade in oil.

Iraq is demanding that buyers of its oil pay a 50-cent (US) surcharge, delivered into its bank account.

The United Nations maintains that such an act would be deemed illegal, taking into account the oil-for-food programme.

And up went the price of oil by about 30 cents (US) per barrel, hitting \$US32.19 per barrel in early London trade, last Friday.

Asia took all these factors in its stride, with the HKSAR stock markets, seeming to be unimpressed by the negative prospects.

But the market was taken aback, somewhat, when Mr Li Ka Shing's Pacific Century CyberWorks Ltd (Code: 8) announced that its Rights Issues, which closed last Thursday, had only been 78.90 percent subscribed.

For what reason had not the big man, himself, come to the \$US500-million (about \$HK3.88 billion) ‘party’?

Pacific Century, the fourth, most-active counter of the day, still managed to make a 11.34-percent gain amid the concern as the share price hit \$HK5.45 at the height of trading, before settling back 5 cents at the close.

The value of trades in this, the worst-performing Hang Seng Index Constituent Stock, was about \$HK766.63 million, or about 6.28 percent of the Total Turnover.

HSBC Holdings plc, one of the biggest banking institutions in the world, was the third, most-active counter as about 9.63 million of its shares were traded, with the share price, rising to \$HK107.50, before profit-taking brought it back to \$HK106.50 by the close.

Trading on this counter represented about 8.32 percent of the entire volume of activity for the day.

About 46 percent of all trading for the day was centred on just the 4 most active counters.

The ratio of gainers to losers was about 2.59:One with about 50 percent of all the counters, either not trading or not moving from Thursday’s closing levels.

The following is a list of the double-digit gainers and losers for the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139		16.67	0.03
21CN CyberNet Corporation Ltd	241	11.76		0.95
CCT Multimedia Holdings Ltd	1169	17.65		0.28
Cheuk Nang Technologies (Holdings) Ltd	131	11.36		0.049
China Sci-Tech Holdings Ltd	985	10.09		0.12
Chinney Alliance Group Ltd	385	18.46		0.077
eForce Holdings Ltd	943	27.69		2.375
FT Holdings International Ltd	559	10.45		0.74
Global Link Cyber International Ltd	140	11.11		0.21
Graneagle Holdings Ltd	147	10.53		0.021
Guangnan (Holdings) Ltd	1203	15.22		0.106
HiNet Holdings Ltd	155	10.76		0.175
Kin Don Holdings Ltd	208	20.00		0.054
Magician Industries (Holdings) Ltd	526		17.14	0.058
Man Yue International Holdings Ltd	894	13.21		0.24
Northeast Electrical T&T Machinery Manufacturing Company Ltd	42	11.11		0.35
Northern International Holdings Ltd	738	12.50		0.036
Peace Mark (Holdings) Ltd	304	12.50		0.054
Plotio Holdings Ltd	499	10.55		0.22
South East Asia Wood Industries Holdings Ltd	1205	25.00		0.095
Softbank Investment International (Strategic) Ltd	648	14.29		1.12
Sunway International Holdings Ltd	58	15.52		0.67

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover shrank, once again, but against a background of rising stock prices.

The Growth Enterprise Index gained about 1.41 percent, rising to 329.30 points on a volume of about \$HK91.15 million.

Phoenix Satellite Television Holdings Ltd (Code: 8002) continued to be the Number One buy of the day as about 14.47 million shares of this Rupert Murdoch company were traded, with the share price, rising from a low of \$HK1.94 to a high of \$HK2.075 before coming to rest at \$HK2.025.

This represented a gain of about 1.25 percent over Thursday's closing level.

The \$HK29.34-million volume of activity in this counter represented about 32.19 percent of the Total Turnover.

Mr Li Ka Shing's '*wild card*', tom.com Ltd (Code: 8001), came next in line after Phoenix Satellite, with a turnover in this counter of about 5.20 million shares, representing a dollar value of about \$HK14.11 million.

Its share price hit \$HK2.85, after touching a low of \$HK2.60. It closed the week at \$HK2.775.

The ratio of gainers to losers on this market was about 2.60: One.

Other big movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
DigiTel Group Ltd	8030	12.50		0.90
hkcyber.com (Holdings) Ltd	8118	20.00		0.42
Proactive Technology Holdings Ltd	8089		11.39	0.70
Yuxing InfoTech Holdings Ltd	8005	15.07		0.84

In Japan, The Tokyo Stock Exchange followed the HKSAR market as the Nikkei-225 continued its run, rising 186.82 yen to close out the week at 14,835.33 yen.

The 1.28-percent rise in the Nikkei-225 came amid a heavier volume of trading, seemingly disregarding the Wall Street plunge of Thursday.

More than one billion shares traded. That was the first time in more than 5 months that such a volume had been experienced.

Gainers outnumbered losers by the ratio of about 2.41:One.

While companies, such as Fujitsu, saw its share price rise nearly 4 percent, it was clear that the situation was far from being bullish since Fujitsu had lost about 60 percent of its market capitalisation in the past year.

Fujitsu is the largest maker of personal computers in The Land of The Rising Sun.

It was banking issues that fueled the Nikkei's gains of last Friday, led by Tokai Bank, the share price of which gained about 6.80 percent, equaling the gain in the share price of Bank of Tokyo-Mitsubishi.

Sumitomo Bank added 6.20 percent to its share price.

Motor-car producers were not left out of the rally as Nissan Motor and Mazda Motor saw their share prices rise 4.90 percent and 6.20 percent, respectively.

Japanese investors appeared to be of the opinion that Wall Street would recover in short order.

Love's labours lost?

This is the way that other Asian markets fared, last Friday:

Thailand	Minus 1.46 percent
Indonesia	Minus 0.39 percent
Malaysia	Minus 0.58 percent
The Philippines	Minus 1.32 percent
South Korea	Plus 1.03 percent
Singapore	Plus 0.14 percent
Taiwan	Plus 1.62 percent
Japan	Plus 1.28 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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