

**DR ALAN GREENSPAN CUTS INTEREST RATES,
BUT IT DOES LITTLE GOOD FOR MOST MARKETS**

With a yawn and a sigh, investors in the most populous area in the world awaited the pleasure of the Chairman of the US Federal Reserve, Dr Alan Greenspan, who was widely expected to announce a cut in short-term interest rates on Tuesday, New York time.

The determination of the Great Man would hit Asia on Wednesday morning, at the earliest time.

Interest in the Presidential Elections in the Philippines, and elections for the ruling political party in Italy took centre stage on most of Asia's stock markets, last Monday – because trading was so dull, by and large, on equity markets.

And, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it was the arrest of a son of Hongkong billionaire, Mr Lim Por Yen, by the Independent Commission Against Corruption (ICAC), that seemed to take precedence over proceedings on The Stock Exchange of Hongkong Ltd.

With the exception of the South Korean stock market, all other Asian markets were in the red for most of the trading session, last Monday, marking the first trading day of the week.

The biggest loser in Asia, last Monday, was The Stock Exchange of Hongkong Ltd where investors marked down the Main Board by about 2.77 percent on the low Total Turnover of about \$HK6.84 billion.

The Hang Seng Index ended the day at 13,259.17 points, a loss of 377.44 points, compared with the previous Friday's closing level, with about 89 percent of the total losses, coming in the morning session.

Losers outpaced gainers by the ratio of about 2.24:One, with about 50 percent of all counters, either being neglected by investors, or just holding onto their previous closes.

China Mobile (Hongkong) Ltd (Code: 941) was the most actively traded counter with its turnover, accounting for about 9.06 percent of the Total Turnover.

Investors traded a total of about 16.34 million, China Mobile shares as its share price gave up 4.62 percent of its value, falling back to \$HK37.20.

HSBC Holdings plc (Code: 5), the second, most-active share of the day, lost 2.27 percent of its market capitalisation, falling to \$HK96.75 per share after about 5.54 million of its stock changed hand.

The Li Ka Shing Camp all lost ground, with Cheung Kong (Holdings) Ltd (Code: 1), shedding 2.68 percent of its value, falling to \$HK90.75 per share, while Hutchison Whampoa Ltd (Code: 13) gave up 1.44 percent, ending the session at \$HK85.75 per share.

New York was still asleep when trading was in full force in the HKSAR, last Monday, but the mood on the world's largest bourse, the previous Friday, was one, which was predicated by expectations as to the Fed's actions.

The question was not so much as to whether or not the Fed would lower interest rates, but the extent of the reductions: 25 basis points; 50 basis points; or, more?

At the beginning of May, it was announced by the US Government that the unemployment rate in the world's largest economy had hit 4.50 percent of the workforce.

Some observers were muttering the ugly word: Recession.

Last Monday, the US Commerce Department announced that inventories had fallen another 0.30 percent in March, which followed on from February's 0.40-percent decline.

The fall was a surprise to some analysts, who did not anticipate such a large drop.

It was only too apparent that US consumers were continuing to buy, and buy big.

On Friday, May 11, it was announced that retail sales in the US in the month of April were up about 0.80 percent, following declines of 0.40 percent in March, which followed on from February's decline of 0.20 percent.

All this information was grist for (investors') mill in the HKSAR, resulting in widespread selling of banking counters and properties.

The following is TARGET's table of the main movers of last Monday on The Stock Exchange of Hongkong Ltd:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B-Tech (Holdings) Ltd	412	38.89		0.025
Bestway International Holdings Ltd	718		14.29	0.03
Chinnney Alliance Group Ltd	385	23.81		0.052
Easyknit International Holdings Ltd	1218		30.00	0.35
Extrawell Pharmaceutical Holdings Ltd	858	12.22		0.202
Fairyoung Holdings Ltd	231	11.97		0.159
Fong's Industries Company Ltd	641		10.34	0.52
Fortuna International Holdings Ltd	530		11.11	0.04
Fourseas.com Ltd	755	16.67		0.021
Fulbond Holdings Ltd	1041	13.33		0.068
Gay Giano International Group Ltd	686		10.00	0.27
Guangdong Brewery Holdings Ltd	124	11.76		0.57
Guangdong Tannery Ltd	1058	21.15		0.315
Guangnan (Holdings) Ltd	1203	22.04		0.227
Hang Fung Gold Technology Ltd	870	16.04		0.123
Kowloon Development Company Ltd	34	11.47		5.15
Mandarin Resources Corporation Ltd	70		25.71	0.182
Nam Fong International Holdings Ltd	1176	71.43		0.084
Pricerite Group Ltd	996	21.21		0.40
Rising Development Holdings Ltd	1004	18.52		0.32
Shougang Concord Grand (Group) Ltd	730	12.16		0.415
Star Bio-Tech (Holdings) Ltd	1051	10.00		0.011
Styland Holdings Ltd	211	11.11		0.55
Tian An China Investments Company Ltd	28	12.24		0.165
Top Form International Ltd	333	11.67		0.134
WellNet Holdings Ltd	24	10.94		0.71

On The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, investor interest in *'playing'* this market waned further as the Total Turnover slumped to about \$HK124.46 million.

The Growth Enterprise Index gained one quarter of one percent, rising to 251.28 points, but losing counters outweighed gaining counters by the ratio of 1.09:One.

More telling was the fact that about 48 percent of all counters held grimly onto previous price levels – or saw no action, at all.

There were 5, double-digit movers on this market:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
DigiTel Group Ltd	8030		13.68	0.82
Grandmass Enterprise Solution Ltd	8108	11.43		0.078
Proactive Technology Holdings Ltd	8089	13.33		0.34
Qianlong Technology International Holdings Ltd	8015	15.94		0.80
Teleeye Holdings Ltd	8051	13.79		0.99

Two companies, listed on this speculative market, made announcements, one, being terrible, and one, being quite amazing, considering everything.

The Rupert Murdoch, GEM-listed company, Phoenix Satellite Television Holdings Ltd (Code: 8002) announced that, for the period July 1, 2000 to March 31, 2001, the company had turned in a Net Profit Attributable to Shareholders of about \$HK87.84 million.

This amounted to a gain of just shy of 344 percent, compared with the corresponding period in the 1999/2000 period when the company turned in a Net Profit of about \$HK19.78 million.

Phoenix Satellite Television was the second, most-active counter of the day, but the share price rose only 0.69 percent to \$HK1.45 on a turnover of about 9.61 million shares, representing, in dollar terms, about 11.30 percent of the Total Turnover of the day.

From Management of Yuxing InfoTech Holdings Ltd (Code: 8005) came news that the company had dropped an 'egg': It had lost about \$HK16.19 million, during the first quarter of its Financial Year, to March 31, 2001.

The first-quarter results compared unfavourably with the corresponding period in 2000 when the company turned in a Net Profit Attributable to Shareholders of about \$HK43.67 million.

Trading was suspended in this company's shares, last Monday.

In Japan, it was announced that Tokai Bank, part of the mighty UFJ Holdings Incorporated, the banking triumvirate, comprising Tokai Bank, Sanwa Bank and Toyo Trust and Banking Company, would be shutting the doors on its Djakarta, Indonesia, leasing company, PT Bapindo Loka Sentra Leasing, a company, which was established in 1985.

UFJ Holdings's share price shed 5,000 yen, or about 0.59 percent, ending the session on The Tokyo Stock Exchange at 838,000 yen.

The announcement by Tokai Bank did not affect trading on Asia's most important stock market, last Monday, as the Nikkei-225 Average gave up 170.90 yen, falling to 13,873.02 yen.

The market, aside from awaiting the Fed's determinations as to short-term interest rates in the US, was being hit from many sides, not least of all from the decision by the largest mobile telecommunications company in Japan, NTT DoCoMo Incorporated, part of the giant, Nippon Telegraph and Telephone (NTT) conglomerate.

The previous Friday, NTT DoCoMo had announced that it was stopping the sales of the latest Sony mobile telephone handset due to problems with regard to embedded software.

The Sony handset is supposed to include the latest advances in 'i-mode' Internet access.

As at the previous Friday, May 11, about 420,000 of the Sony mobile telephones had been sold, NTT DoCoMo announced, and these sets could be turned in to the company for replacements, if customers so desired.

NTT DoCoMo gave up about 0.80 percent of its market capitalisation on the news, falling to 2.48 million yen per share, while the share price of Sony Corporation fell 250 yen to 9,630 yen, a loss of about 2.53 percent.

On a more positive note, Daihatsu Motor Company announced that its Consolidated Net Profits were 15.65 billion yen for its 2000 Financial Year. The results were nearly 29 percent higher than the previous year.

Daihatsu, part of Toyota Motor Corporation, said that it would pay a dividend of 7 yen per share, unchanged from the previous year.

The share price of Daihatsu fell 14 yen per share to 719 yen, a one-day fall of about 1.91 percent.

The share price of Toyota fell to 4,050 yen, down about 1.46 percent on the day.

From Isuzu Motors Ltd, the lorry producer affiliate of the US giant, General Motors Corporation, it was announced that 2,800 workers would be let go and, at the same time, output would be slashed by about 30 percent.

The company, also, plans to shut down its main factory in Kawasaki, Kanagawa Prefecture, in the next year or so.

Isuzu's share price rose on the news to 253 yen, a gain of about 8.19 percent.

On a larger scale, it was announced that Japan's Current Account Surplus fell to about \$US99 billion for the year, ended March 31, 2001.

That was a drop of about 4.50 percent, year-on-year.

The Tokyo Stock Exchange was described as being especially vulnerable since the Nikkei-225 had broken through the psychological 14,000 '*floor*' – it was, up to the previous week, considered to be the impregnable '*floor*'.

The ratio of losers to gainers was about 2.39:One.

The new Prime Minister of the world's second, largest economy had yet to unveil, in definitive terms, his plans for the country – and that was worrying many a Japanese investor.

This was the way that things looked in other parts of Asia, last Monday night:

Indonesia	Minus 0.56 percent
Japan	Minus 1.22 percent
Malaysia	Minus 0.76 percent
The Philippines	Closed
Singapore	Minus 1.37 percent
South Korea	Plus 0.17 percent
Taiwan	Minus 1.08 percent
Thailand	Minus 1.09 percent

Tuesday

On the eve of the meeting of the US Federal Reserve, so to speak, Asia seemed to hold its proverbial breathe in anticipation as to what the future would bring.

Lacklustre performances marked major Asian bourses, exemplified by proceedings on the Main Board of The Stock Exchange of Hongkong Ltd where the Hang Seng Index hardly moved, the entire day.

The Hang Seng Index ended the day at 13,250.09 points, down just 9.08 points, or about 0.07 percent.

The ratio of gainers to losers was about 1.77:One.

The Total Turnover was about \$HK7.42 billion with the Ten Most Actives, accounting for about 37.74 percent of that figure.

The fact that the Ten Most Actives were accounting for less and less of the entire volume of activity, these days, appears to indicate that investors on the second, most-important stock market in Asia were looking more afield than primarily the constituent stocks, comprising the Main Board's Index.

China Mobile (Hongkong) Ltd (Code: 941) continued to be the most heavily traded counter as about 12.80 million of the shares of one of the largest, mobile telecommunications companies in the People's Republic of China (PRC) demanded investor attention -- because its share price continued to be under pressure.

Last Tuesday, after China Mobile's share price hit a low of \$HK36.90, it recovered to Monday's closing level at \$HK37.20.

There was a bit of a controversy in respect of publicly listed SUNDAY Communications Ltd (Code: 866) over the fact that 6 Executive Directors took home \$HK37.32 million between them, with one Director, getting \$HK29.50 million.

The highest-paid Director's pay packet had been increased by about 250 percent in the past year.

The Managing Director, Mr Craig Ehrlich, determined not to explain his level of pay, or that of his fellow Directors.

Quite right, too: Whose business is it, anyway?

The company, in the past year, suffered a \$HK466.57-million loss.

Most counters experienced fractional gains or losses with the exception of 28 counters, all of which enjoyed, or suffered, double-digit movements in their respective share prices.

These counters included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
B-Tech (Holdings) Ltd	412		12.00	0.022
China Cyberworld Ltd	298	16.96		0.20
China Rare Earth Holdings Ltd	769	13.71		1.99
China Strategic Holdings Ltd	235	18.07		0.098
Corasia Group Ltd	875	11.22		0.238
Easyknit International Holdings Ltd	1218	18.57		0.415
Fortuna International Holdings Ltd	530		10.00	0.036
Fulbond Holdings Ltd	1041	13.24		0.077
Kunming Machine Tool Company Ltd	300	12.84		3.075
Medtech Group Company Ltd	1031		22.00	0.039
Nam Fong International Holdings Ltd	1176	45.24		0.122
Pacific Andes International Holdings Ltd	1174	12.28		0.32
Pearl Oriental Cyberforce Ltd	988	17.65		0.02
Qingling Motors Company Ltd	1122	12.50		2.025
renren Media Ltd	59	23.53		0.021
S.A.S. Dragon Holdings Ltd	1184	36.00		0.68

Shandong Xinhua Pharmaceutical Company Ltd	719	11.11		2.20
Silver Grant International Industries Ltd	171	14.29		0.72
Sinocan Holdings Ltd	1095	13.33		0.068
Takson Holdings Ltd	918	21.52		0.48
Tianjin Capital Environment Protection Company Ltd	1065	10.07		1.64
Victory City International Holdings Ltd	539	10.34		0.32
vLink Global Ltd	563		11.11	0.048
Wah Tak Fung Holdings Ltd	297	12.00		0.14
WellNet Holdings Ltd	24	11.27		0.79
Wonson International Holdings Ltd	651		12.00	0.022
Yue Fung International Group Holdings Ltd	965		10.11	0.08
Yunnan Enterprises Holdings Ltd	455	14.29		0.80

In the accepted capital of business in the world, The New York Stock Exchange's major indices zigzagged most of the day, but, by the closing bell, the Dow Jones Industrial Average had posted a gain of 56.02 points, about 0.52 percent, at 10,877.33 points.

The NASDAQ Composite Index went in the reverse direction to post a loss of about 25.50 points, about 1.21 percent, ending the day at 2,081.93 points.

Trading was very light, with most major investors, sitting on their hands.

Wall Street, like the rest of the world, was waiting to see what the morrow would bring in respect of the world's most important man, the Chairman of the US Federal Reserve, Dr Alan (The Great) Greenspan.

Wall Street gurus were saying that, although it is foregone conclusion that interest rates would fall, it would be the little speech of the Great Man that would hold, or sink, the good ship, Wall Street.

The US Commerce Department in Washington announced that industrial production slipped in April for the seventh consecutive month.

That represented the longest stretch of declines in industrial production in the US since about 1982, it was announced.

That should have been yet another arrow in the bow of Dr Alan Greenspan since it indicated the continuing slowdown in the US economy.

A rather shocking piece of news from the US came from The Washington Group International, one of the country's largest construction companies: It announced that it had filed for the protection of the Court – bankruptcy.

The Washington Group is based in Boise, Idaho, not Washington, and it filed Chapter 11 in a Nevada Federal Court.

The Washington Group stated that it held assets of about \$US3.80 billion, with liabilities of about \$US3.30 billion.

Shareholders of this company, Management said, could expect nothing after the end came.

As more and more major US companies file for protection with US courts so it becomes clearer just how sick is the US economy – and the Fed must do something before the malady becomes chronic, or even incurable.

On The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, Phoenix Satellite Television Holdings Ltd (Code: 8002) was the most active counter, following on from Tuesday's report in respect of its profits. (Please see Tuesday's report on this subject)

Totally, 17.36 million, Phoenix Satellite Television shares were traded, representing a dollar value of about \$HK26.08 million, or about 18.59 percent of the Total Turnover of about \$HK140.31 million.

The closing share price of the Rupert Murdoch company was \$HK1.51, or an increase of about 4.14 percent, compared with Tuesday's close.

The Growth Enterprise Index gained about 0.84 percent, rising to 253.38 points, with gainers and losers, being exactly equal.

There were just 3 double-digit gainers, all of which made substantial moves:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
36.com Holdings Ltd	8036	10.34		0.032
EVI Education Asia Ltd	8090	10.87		1.02
Yuxing InfoTech Holdings Ltd	8005	16.22		1.29

Two companies made profits' announcements and, for a change, both announcements were of a positive nature (well, nearly, anyway).

Jiangsu Nandasoft Company Ltd (Code: 8045) announced that its Net Profits for the quarter to March 31, 2001 were about 3.06 million renminbi, up from the comparable period in 2000 when the company suffered a loss of about 555,786 renminbi.

Jiangsu Nandasoft, the tenth, most active counter of the day, ended the session at 95 cents per share, up about 1.06 percent on Monday's close.

Qianlong Technology International Holdings Ltd (Code: 8015) announced that it had achieved a Net Profit Attributable to Shareholders for the same period of about 71,000 renminbi, which compared with the 2000 Financial Year's first quarter results of about 2.13 million renminbi, a 97-percent reduction.

(TARGET did say, *'nearly'*)

Qianlong Technology did not rank in the Ten Most Actives and ended the day at 79 cents per share, off about 1.25 percent.

Japan's premier stock market, The Tokyo Stock Exchange, was the only bourse in Asia to make any kind of an appreciable gain in its index.

The Nikkei-225 Average posted a gain of about 181.01 yen, or about 1.30 percent, rising to 14,054.03 yen.

The gains were predicated, mainly on sentimental grounds, since it had been announced, officially, that Crown Princess Masako is pregnant with a possible heir to the Chrysanthemum Throne (of Japan).

The outcome of the natural forces of nature, when a healthy and virile male copulates with his opposite sex of the same species, is rarely, in the modern world, reason for stock markets to rise, but Japan is something all to itself, it appears, clearly.

Manufacturers of goods for the nursery and baby healthcare products were all the rage on Japan's stock markets, last Tuesday.

It seemed as though, with the expected birth of the Crown Princess's baby, Japan would be saved -- from something or other.

Honda Motor announced that it would be spending about 4 billion yen to increase production of Accord motor cars at its plant in the south of the PRC.

In the last year, Honda sold 32,000 Accords in the PRC. This year, it will increase production to about 50,000 Accords.

Honda's share price lost 30 yen on Tuesday's trading session, ending the day at 5,270 yen.

Casio Computer Company, whose share price hardly moved at all, announced that its Consolidated Net Profits for its 2000 Financial Year had grown by about 6.10 percent, compared with 1999, to about 6.55 billion yen.

It credited the increase on sales of digital cameras and mobile telephones.

Although, technically, The Tokyo Stock Exchange appeared to be strong, aside from interesting patches, here and there, the market was dull, with gainers slightly ahead of losers by the ratio of 1.19: One.

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

Indonesia	Plus 0.70 percent
Japan	Plus 1.30 percent
Malaysia	Minus 0.92 percent
The Philippines	Minus 1.81 percent
Singapore	Plus 0.63 percent
South Korea	Minus 0.48 percent
Taiwan	Minus 0.34 percent
Thailand	Minus 0.02 percent

Wednesday

The 50-basis-point, short-term interest rate cut came, but it did not have the expected – and desired – effect on world stock markets, last Wednesday.

All of the major Asian bourses went into reverse mode, with investors in the Hongkong Special Administrative Region (HSKAR) of the People's Republic of China (PRC), being especially befuddled by the international state of affairs.

Normally, when the US Federal Reserve announces an interest-rate adjustment, Asia re-acts, almost immediately.

Not so in respect of the Fed's move, last Tuesday, Washington time.

Late last Tuesday afternoon, in Washington, the Fed announced the expected 50-basis-point, interest-rate cut, expressing, also, its concern of the continuing weakness in the largest economy in the world.

The Fed said that it maintains its former stance: That the risk of an economic downturn outweighed inflationary concerns.

The Fed, also, cited marked reductions in capital investment in the US.

It was of some interest to observers that the Fed would use the term, '*risk*', in respect of an economic downturn – because the economic downturn has, already, taken place.

Another of the Fed's concerns was the falling value of investors' equity portfolios and its prospective domino effect on consumer spending – which has, already, been noted, also.

On The New York Stock Exchange, the Dow Jones Industrial Average, which rose briefly in late trading, following the Fed's announcement, reversed its direction in late trading, posting a loss of 4.36 points by the end of last Tuesday's trading session, ending the day at 10,872.97 points.

On the NASDAQ, it was a little different as the Composite Index, after shedding about 25.50 points on Monday, rose 3.79 points to end the day at 2,085.72 points.

Nobody was quite certain, last Tuesday in New York, as to the reason that the largest stock market in the world did not react, favourably, to the Fed's announcement, because the Fed signaled, without question, that there would be other interest-rate cuts in the pipeline if things do not improve in the US in a hurry.

The Fed has shown its willingness to stave off recession, having reduced interest rates 5 times in 4 months.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gained just 0.65 percent, rising to 13,335.95 points on an increased volume of activity, amounting to about \$HK10.73 billion.

The same 2 counters were the top dogs: China Mobile (Hongkong) Ltd (Code: 941); and, HSBC Holdings plc (Code: 5).

China Mobile, after about 19 million of its shares changed hands, saw its share price rise 0.81 percent to \$HK37.50.

As for HSBC Holdings, about 6.93 million of this bank's shares were traded, with its share price, staying firm at \$HK96.50.

Between these 2 counters, investors lashed out a total of about \$HK1.40 billion, or about 13 percent of the entire volume of activity for the day.

The ratio of gainers to losers was about 1.57: One.

With exactly 27 exceptions, share prices of most counters, especially blue chips, were little changed.

The 27 exceptions were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AV Concept Holdings Ltd	595		13.00	0.435
China Rare Earth Holdings Ltd	769	13.07		2.25
Emperor (China Concept) Investments Ltd	296	17.14		0.041
Extrawell Pharmaceutical Holdings Ltd	858	18.10		0.248
Fortuna International Holdings Ltd	530	11.11		0.04
Fountain Set (Holdings) Ltd	420	10.53		0.84
Fourseas.com Ltd	755		19.05	0.017
GZITIC Hualing Holdings Ltd	382	11.34		0.54
Honko International Holdings Ltd	673		11.39	0.07
Innovative International (Holdings) Ltd	729		10.00	0.063
Interform Ceramic Technologies Ltd	1060		83.54	0.026
Karce International Holdings Company Ltd	1159	10.94		0.285
Kin Don Holdings Ltd	208		10.14	0.062
Nam Fong International Holdings Ltd	1176		13.93	0.105
O2New Technology Ltd	94		14.29	0.06
Pico Far East Holdings Ltd	752	13.21		0.60
Prestige Properties Holdings Ltd	75	16.67		0.42
Rockapetta Holdings Ltd	1003		10.22	0.202
S.A.S. Dragon Holdings Ltd	1184		19.12	0.55
South East Asia Wood Industries Holdings Ltd	1205	12.07		0.325

The Sincere Company Ltd	244	16.28		0.50
Tingyi (Cayman Islands) Holdings Corporation	322	12.62		1.16
Tomorrow International Holdings Ltd	760	10.75		0.206
Welback Holdings Ld	491		18.18	0.027
Wonson International Holdings Ltd	651	13.64		0.025
Yoshiya International Corporation Ltd	193		13.79	0.25
Yunnan Enterprises Holdings Ltd	455	21.25		0.97

There was a little tidbit of information from HSBC Holdings, it, having purchased control of Taiwan-based, China Securities Investment Trust Corporation.

The acquisition cost HSBC Holdings about \$HK800 million.

It was a similar situation on The GEM – The Growth Enterprise Market – of The Stock Exchange of Hongkong Ltd, with The Growth Enterprise Index, gaining 0.92 percent, rising to 255.70 points.

The Total Turnover on this market rose to about \$HK208.78 million, with the top 5 traded counters, representing about 60 percent of that figure.

Greencool Technology Holdings Ltd (Code: 8056) was the most active counter as investors spent about \$HK39.05 million in trading about 13.42 million of that company's shares.

Greencool Technology ended the day at \$HK3, even, a gain of 11.11 percent over Tuesday's closing level.

Gainers outnumbered losers on this market by the ratio of about 1.30:One.

There were no corporate announcements to stimulate trading.

In Japan, it appeared that the brouhaha with regard to the coming birth of a baby to the Imperial Household (Please see Tuesday's report) was all but forgotten, as the indices on major stock markets in The Land of the Rising Sun went into reverse.

On The Tokyo Stock Exchange, the Nikkei-225 Average lost 359.76 yen, falling to 13,694.27 yen.

Reaction to the Fed's interest-rate reduction did nothing to lift the spirits of investors in the largest and most important stock market in Asia.

There were a number of very favourable announcements from Japanese blue chips.

Toyota Motor Corporation posted a scorcher, stating that its Net Profits had hit record levels. The company's report came out after the market had closed for the day.

Toyota's Profit was about 15.90 percent better for the Financial Year, ended March 31, 2001, compared with the previous Year, at nearly \$HK30 billion.

Toyota's share price last traded at 4,030 yen, down 40 yen percent, compared with Tuesday's close.

Kyocera Corporation, the Kyoto-based manufacturer of electronics, announced that sales of its products had risen 58 percent in the past year, and that the Net Profit had jumped 336 percent to about 219.50 billion yen.

As with Toyota, Kyocera's announcement came after trading had ceased on The Tokyo Stock Exchange so that investors were unable to take advantage of the news.

Kyocera's share price was 10,850 yen at the close, off 40 yen.

Electronics, by and large, were big losers on Tokyo, last Wednesday, as the following list indicates:

Advantest	Down 5.43 percent to 13,590 yen per share
Alps Electric	Down 3.14 percent to 1,448 yen per share
Casio Computer	Down 2.94 percent to 825 yen per share
Furukawa Electric	Down 2.65 percent to 1,398 yen per share
NEC Corporation	Down 3.17 percent to 2,135 yen per share
Rohm	Down 5.66 percent to 21,660 yen per share

It was very clear that the US Fed's announcement had not kicked in in Japan, last Wednesday, or in any other Asia market, for that matter.

It was expected that Thursday's trading would tell the tale in any manner.

This was the way that Asia saw the situation, last Wednesday night:

Indonesia	Plus 1.44 percent
Japan	Minus 2.56 percent
Malaysia	Plus 0.66 percent
The Philippines	Plus 0.26 percent
Singapore	Minus 2.01 percent
South Korea	Minus 1.53 percent
Taiwan	Minus 1.49 percent
Thailand	Minus 2.35 percent

Thursday

Delayed reaction to the US Federal Reserve's cut in short-term interest rates kicked in in Asia, last Thursday, as indices in the most populous area of the world, shot up.

It was one day late, but, as the saying goes, better late than never.

Led by South Korea's stock market, whose KOSPI – The Korea Composite Stock Price Index – rose 4.19 percent, investors in Asia quickly jumped aboard what they thought had the appearance of a delayed Spring rally.

On The New York Stock Exchange, the leading index of blue chips, The Dow Jones Industrial Average, made the second-largest point gain of the year, rising 342.17 points, about 3.15 percent, to end the booming session at 11,215.14 points.

Brokers on the world's largest stock market pointed to the fact that The Dow had broken through the 11,000 barrier, meaning that it had cut the downward spiral.

One has heard that from chartists before.

The tech-laden, NASDAQ Composite Index was just as inspiring as The Dow, as it gained about 3.88 percent, rising to 2,166.40 points.

On The Stock Exchange of Hongkong Ltd, investors took heart from New York's performance as the Main Board's Hang Seng Index gained about 2.26 percent, rising to 13,637.87 points.

But the rally was not convincing since it was not accompanied by a volume of activity, which is, normally, representative of a bullish market.

The Total Turnover for the day was just about \$HK10.08 billion, about 6.45 percent lower than Wednesday's volume of activity.

HSBC Holdings plc (Code: 5) and China Mobile (Hongkong) Ltd (Code: 941) were, respectively, in the Number One and Number Two slots of the Ten Most Actives, with HSBC Holdings's share price, gaining about 2.85 percent, rising to \$HK99.25, while China Mobile added 4 percent to its market capitalisation, rising to \$HK39 per share.

Gainers were ahead of losers by the ratio of 2.24:One.

The big news of the day was that it appeared that Mr Richard Li Tzar Kai, the Number Two son of Mr Li Ka Shing, the richest man in the universe (it is said by some of his friends and relatives), had agreed to step down as the head honcho of Pacific Century CyberWorks Ltd (Code: 8).

The beleaguered telecommunications company, whose share price has lost about 90 percent of its value in the past year or so, has reported, ad nauseam, about its problems, but has tried obfuscate the real problems: Its trouble in servicing debt and being in a position of repaying principal to its creditor bankers.

After an oblique denial, the company agreed that it is looking for a leader to replace the partially educated son of Mr Li Ka Shing.

On the back of this news, the share price of Pacific Century CyberWorks rose 0.93 percent to \$HK2.725.

It was of interest to many people to note that the Li Ka Shing Camp did not fare well in last Thursday's stock market in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) due in part to investor disappointment in the Camp's exposure to high debt levels, especially in respect of its telecommunications division.

The following is TARGET's list of double-digit movers of last Thursday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B-Tech (Holdings) Ltd	412		15.00	0.017
Cedar Base Electronic (Group) Ltd	855	26.18		0.241
Century Legend (Holdings) Ltd	79		10.59	0.076
Chi Cheung Investment Company Ltd	112	86.67		0.112
China Apollo Holdings Ltd	512		10.40	0.112
China Rich Holdings Ltd	1191	10.71		0.124
Ching Hing (Holdings) Ltd	692	11.76		0.38
Dah Hwa International (Holdings) Ltd	600	11.70		0.105
Easyknit International Holdings Ltd	1218		15.66	0.35
Fourseas.com Ltd	755	23.53		0.021
Fujikon Industrial Holdings Ltd	927	15.87		0.73
HyComm Wireless Ltd	499	11.29		0.138
IFTA Pacific Holdings Ltd	371	11.29		0.345
Innovative International (Holdings) Ltd	729		15.87	0.053
Interform Ceramics Technologies Ltd	1060		23.08	0.02
The Kwong Sang Hong International Ltd	189	14.29		0.28
Luen Cheong Tai International Holdings Ltd	1190	13.64		0.125
Mansion House Group Ltd	376	14.00		0.285
Northern International Holdings Ltd	736	18.18		0.026
O2New Technology Ltd	94	16.67		0.07
Ocean Grand Holdings Ltd	1220	12.61		0.134

renren Media Ltd	59		14.29	0.018
The Sincere Company Ltd	244		10.00	0.45
Sing Pao Media Group Ltd	164	22.67		0.92
Sino Golf Holdings Ltd	361	15.28		0.83
South East Group Ltd	726	10		0.022
Star Bio-Tech (Holdings) Ltd	1051	10		0.011
Techtronic Industries Company Ltd	669	13.33		2.55
Tomorrow International Holdings Ltd	760	15.05		0.237
TPV Technology Ltd	903	10.77		1.44
Veeko International Holdings Ltd	1173		10.00	0.135
Victory City International Holdings Ltd	539	10.94		0.355
Wah Tak Fung Holdings Ltd	297	11.94		0.15
WellNet Holdings Ltd	24	18.42		0.90
Wonson International Holdings Ltd	651		12.00	0.022
Yau Lee Holdings Ltd	406	11.43		0.39
Yue Fung International Group Holdings Ltd	965	11.69		0.086

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, share prices were, generally, higher.

But there were only 2, double-digit movers.

These counters were DigiTel Group Ltd (Code: 8030) and Town Health International Holdings Company Ltd (Code: 8138).

DigiTel gained 11.11 percent, rising to 80 cents per share, while the share price of Town Health put on 11.76 percent of its value, rising to 57 cents per share.

The Growth Enterprise Index rose about 2.41 percent to 261.86 points, but, as with the Main Board, the volume of trading did not instill much confidence in order to make one believe that a bullish market was raring to go.

The Total Turnover of the day was about \$HK211.23 million, just \$HK2.45 million more than Wednesday's volume of activity.

What made this market very suspect, among other things, was the fact that trading in new listing, Sinotronics Holdings Ltd (Code: 8115), had been responsible for about 16.35 percent of the Total Turnover.

Sinotronics saw a total of about 24.69 million of its shares change hands, with its share price, fluctuating between a low of \$HK1.32 and a high of \$HK1.51.

The closing level, at \$HK1.45 per share, represented a gain over the Offer Price of about 61.11 percent.

(Please see [TARGET Intelligence Report, Volume III, Number 89, published on May 16](#) for a full analysis of this company)

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

Not exactly the sign of a rising market, is it?

SIIC Medical Science and Technology (Group) Ltd (Code: 8018) announced its first quarter results.

Management announced that the Profit from Operations amounted to about \$HK39.13 million, up from the like period in 2000 when the company recorded Profits from Operations of about \$HK29.17 million.

The company, also, recorded a \$HK155.69-million, one-off gain from the disposal of its interest in a jointly controlled entity.

SIIC Medical Science's share price gained 1.70 percent, rising to \$HK1.79 per share.

This company was floated on The GEM on November 23, 1999 at \$HK1.63 per share.

In Japan, The Tokyo Stock Exchange was all fired up and raring to go, following Wall Street's gains.

The Nikkei-225 Average gained 216.40 yen, rising to 13,910.67, cutting a large chunk out of Wednesday's 2.56-percent loss.

The gains were doused, to some extent, by an announcement from Nippon Telegraph and Telephone Corporation (NTT), whose management told the world that its Pretax Profits had declined by about 12 percent for Fiscal 2000, compared with Fiscal 1999.

Pretax Profits were 726 billion yen on a Turnover of about 1.14 trillion yen.

NTT's President, Mr Junichiro Miyazu, announced that the company would be restructured, and that that restructuring process would see tens of thousands of NTT's employees, put onto the streets of Japan.

NTT's share price fell 0.73 percent to 820,000 yen.

NTT DoCoMo, the mobile unit of NTT, however, gained 60,000 yen per share, or about 2.38 percent, ending the session at 2.58 million yen per share.

From Nissan Motor Corporation came news that it had chalked up a Net Profit of about \$US2.70 billion for its Financial Year, ended March 31, 2001.

Nissan is owned as to 36.80 percent by the French motor-car manufacturer, Renault.

Nissan's share price ended the day at 845 yen, up about 0.96 percent, compared with Wednesday's close.

Other motors to make material gains, last Thursday, included:

Daihatsu Motor	Up 3.43 percent to 724 yen per share
Hino Motor	Up 1.55 percent to 523 yen per share
Toyota Motor*	Up 5.21 percent to 4,240 yen per share
Yamaha Motor	Up 5.14 percent to 1,002 yen per share

(* Please see Wednesday's report)

For a change, trading companies started to capture investors' attention, following on from a glowing report from Mitsui and Company, one of the largest trading houses in Japan.

Mitsui and Company reported 2000/2001 Pretax Profits, which were nearly 55 percent higher than those which had been recorded in the 1999/2000 Financial Year (its Financial Year ends March 31).

The Pretax Profit was in at about 79.63 billion yen, coming down to about 51.59 billion yen after taxation – which was, still, up about 48 percent, Year-on-Year.

Itochu Corporation, Japan's Number One trading house, reported a Net Profit of about 70.51 billion yen for its Financial Year, ended March 31, 2001.

This represented a swing, Year-on-Year, of about 158.78 billion yen because the company had suffered a loss of about 88.27 billion yen for the previous Year.

Mitsui and Company ended the day, little changed at 732 yen per share, while Itochu lost about 1.75 percent of its market capitalisation as its share price fell to 505 yen.

In the electronics section of the market, there were many useful gains as some of the old favourites came back, led by Kyocera Corporation.

The following is TARGET's list of some of the big gainers in this sector of the market:

Advantest	Up 2.94 percent to 13,990 yen per share
Canon Incorporated	Up 1.58 percent to 5,100 yen per share
Kyocera	Up 7.65 percent to 11,680 yen per share
NEC Corporation	Up 2.11 percent to 2,180 yen per share
Rohm	Up 6.23 percent to 23,010 yen per share
Sharp Corporation	Up 3.10 percent to 1,860 yen per share
Sony Corporation	Up 2.89 percent to 9,980 yen per share
Toshiba Corporation	Up 3.07 percent to 773 yen per share

While everything looked good for Japan's premier market, it was noted that the volume was not high, indicating that the run-up may be short-lived.

And this was how things looked in other parts of Asia, last Thursday:

Indonesia	Plus 0.13 percent
Japan	Plus 1.58 percent
Malaysia	Plus 0.08 percent
The Philippines	Minus 0.60 percent
Singapore	Plus 1.52 percent
South Korea	Plus 4.19 percent
Taiwan	Plus 1.21 percent
Thailand	Plus 0.24 percent

Friday

The big news, last Friday, was that the Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) would kill 1.20 million local chickens, due to a territory wide outbreak of Bird Flu, Influenza Virus H5N1.

Also, it was announced that Chinadotcom Corporation would be sacking a further of its 500 workers.

But, even without these tidbits of information, Asia markets were geared up for a fall. (Please see Thursday's report)

On the HKSAR's stock market, the Hang Seng Index, the *'barometer'* of trading on the Main Board of The Stock Exchange of Hongkong Ltd, lost 1.31 percent of its value, falling back to 13,459.18.

The Total Turnover dropped back to about \$HK8.28 billion, a reduction of about 18 percent, compared with Thursday's volume of activity.

The Li Ka Shing Camp stole the limelight on the Ten Most Actives, as Hutchison Whampoa Ltd (Code: 13), the most-active counter of the day, lost about 2.29 percent of its value, falling to \$HK85.25 per share.

Cheung Kong (Holdings) Ltd (Code: 1), the second, most-active counter, stayed firm, however, at \$HK92.50 percent.

Between these 2 Li Ka Shing companies, investors spent a total of about \$HK930 million, representing about 11.23 percent of the Total Turnover of the day.

Losers outpaced gainers by the narrow margin of about 1.06:One.

Double-digit movers fell to just 23 counters.

In New York, last Thursday, the Dow Jones Industrial Average, the '*barometer*' of trading in the 30-counter, US stalwarts, came almost to a standstill, but ended the day, up 0.29 percent to 11,248.58 points.

On the NASDAQ, the situation was better than had been expected, as the Composite Index gained about 1.26 percent, rising to 2,193.76 points.

The big question on the minds of many a US investor was whether or not the rally, following the interest-rate cut of Tuesday, had all but fizzled out.

In the US, there was continuing news of the country's inability to generate sufficient power to keep the lights on, during the day and the night; and, it had only recently dawned on the country that it was facing a catastrophe unless emergency measures were taken to address the power shortages, nationwide.

From Washington came news that leading economic indicators rose in April for the first time in the previous quarter.

The industrial survey, conducted by the Conference Board, suggested that the US economy was not in recession, after all – and was unlikely to fall into one.

The Conference Board's findings appeared to be in variance with the opinion of many economists.

In the HKSAR, investors were especially wary of the situation in the US since, as TARGET has stated, many times before, when the US sneezes, Asia catches the flu.

And it had caught the Bird Flu, to be sure.

On the matter of the Bird Flu, it was confirmed that the HKSAR was facing an epidemic of the killer influenza microbe, H5N1, the bug that killed 6 people in 1997.

The slaughter of chickens in open markets started as the Government ordered widespread culling in order to wipe out the dreaded bug.

More to the point for investors in the HKSAR, however, was the announcement from Chinadotcom that it was sacking another 500 workers.

In March, the company let go 400 workers.

The 2 spates of sackings brought down the number of employees of this company to about 1,500 workers, a 40-percent reduction in just 2 months.

How many more people will hit the streets, looking for work?

Hutchison Whampoa Ltd was, also, in the news as speculation rose as to the possible fall-out from its disposal of its stake in VoiceStream Wireless to Deutsche Telekom.

The suggestion was that Hutchison may have to bite the bullet to the extent of \$HK5 billion.

The reduced number of double-digit movers and continuing bearish news from many quarters left many HKSAR investors concerned about the near-term outlook for equity trading.

The following is TARGET's list of double-digit movers of last Friday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Bestway International Holdings Ltd	718		12.90	0.027
Chi Cheung Investment Company Ltd	112		11.61	0.099
China Cyberworld Ltd	298	11.11		0.23
China Land Group Ltd	149	12.00		0.56
Ching Hing (Holdings) Ltd	692		18.42	0.31
Daiwa Associate Holdings Ltd	1037	12.50		0.72
First Sign International Holdings Ltd	933	26.37		0.23
Fortuna International Holdings Ltd	530	12.50		0.045
Fujikon Industrial Holdings Ltd	927		13.70	0.63
GR Investment Holdings Ltd	310	16.25		0.093
Innovative International (Holdings) Ltd	729	11.32		0.059
Interform Ceramics Technologies Ltd	1060	10.00		0.022
Jusco Stores (Hongkong) Company Ltd	984	55.21		1.49
K & P International Holdings Ltd	675		12.43	0.148
Millennium Group Ltd	260	13.75		0.091
Perennial International Ltd	725	17.14		0.41
RNA Holdings Ltd	501	17.92		0.125
Soundwill Holdings Ltd	878	10.00		0.088
Theme International Holdings Ltd	990	26.09		0.116
Wah Fu International Holdings Ltd	952	10.87		0.051
Welback Holdings Ltd	491	17.24		0.034
Winton Holdings (Bermuda) Ltd	510		10.00	0.27
Wonson International Holdings Ltd	651	22.73		0.027

On The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, the number of double-digit movers rose to 8 counters, but trading was especially dull.

The Growth Enterprise Index lost 0.29 percent to end the week at 261.10 points.

The Total Turnover rose to about \$HK279.19 million, due, entirely, to trading in new listing Q9 Technology Holdings Ltd (Code: 8129).

Management of Q9 Technology – the shares were offered on May 10 at 45 cents per share -- saw its share price rise to 51 cents per share before falling back to 42 cents per share.

Totally, 182 million, Q9 shares changed hands, representing a dollar value of about \$HK86.21 million, or nearly 31 percent of the entire volume of activity for the day.

(For a full analysis of this company, please see TARGET Intelligence Report, Volume III, Number 87, published on May 14)

China Data Broadcasting Holdings Ltd (Code: 8016) brought out its first quarter results, to March 31, 2001, indicating that all was not well in this company.

Management announced that the turnover for the first quarter had dropped about 40.43 percent, compared with the comparable 2000 quarter, to about \$HK2.51 million.

The company, also, announced a loss of about \$HK436,000 for the period.

This compared with a profit of about \$HK35,000 for the 2000 first quarter.

The ratio of losers to gainers on this market was about 1.20:One.

There were a total of 8 double-digit movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
36.com Holdings Ltd	8036		13.33	0.026
CyberM International (Holdings) Ltd	8017		20.00	0.28
hkeyber.com (Holdings) Ltd	8118		10.00	0.036
Kingdee International Software Group Company Ltd	8133	10.00		2.75
M21 Technology Ltd	8153	15.94		0.80
Prosten Technology Holdings Ltd	8026	12.28		0.64
Systek Information Technology (Holdings) Ltd	8103		13.04	0.20
TS Telecom Technologies Ltd	8003	15.22		0.53

In Japan, the premier stock market, The Tokyo Stock Exchange, was dead as the proverbial doornail.

The Nikkei-225 Average moved down 32.90 yen to 13,877.77 yen, about one quarter of one percent.

News of companies, listed on Japan's stock markets, flooded trading floors – and most of the news was of a negative complexion.

From Detroit, Michigan, the Ford Motor Company concluded that there were continuing safety problems in respect of a number of tyres, manufactured by Firestone Tire, owned by Bridgestone Corporation of Japan.

It was announced that Ford wanted Firestone to recall more of its killer tyres, those tyres, having, already, been associated with the deaths of about 100 people.

Last year, Firestone was required to recall about 6.50 million of its tyres, especially those supplied with Ford's Explorer SUV (Sports Utility Vehicle).

Bridgestone lost about one percent of its value on The Tokyo Stock Exchange, last Friday, falling to 1,435 yen per share.

From a completely different direction, financially strapped Snow Brand Milk Products Company announced that it would be shutting down 3 more of its plants and sacking about 1,000 of its workers.

Snow Brand lost about 58.90 billion yen last year.

This company is continuing to suffer from the backlash of last summer's food poisoning incident.

Snow Brand's share price retreated about 2.11 percent, ending the week at 418 yen per share.

Mitsubishi Motors Corporation, still suffering from the scandal, associated with the company's admission that it covered up shortfalls in its motor cars for decades, announced that it had suffered a Consolidated Net Loss of about 278.14 billion yen for Fiscal 2000.

In the 1999 Year, the company suffered a loss of about 23.30 billion yen so that the 2000 results represented a further deterioration of more than 1,000 percent.

Mitsubishi's share price hardly moved on the news, ending the session at 395 yen.

KDDI Corporation, Japan's second largest telecommunications company, announced its earnings, last Friday, also.

This company announced that its Pretax Profit hit 50.55 billion yen, coming down to Net Profits of 13.43 billion yen.

The share price of KDDI rose 1.50 percent to end the week at 542,000 yen per share.

The lacklustre performance of most Asian equity markets, at the tail end of last week, indicated that, perhaps, the Fed's interest-rate reduction had not taken its desired effect, at all.

This was how other Asian stock markets ended the week of May 19, 2001:

Indonesia	Plus 0.02 percent
Japan	Minus 0.24 percent
Malaysia	Minus 1.41 percent
The Philippines	Minus 0.35 percent
Singapore	Minus 1.15 percent
South Korea	Plus 0.70 percent
Taiwan	Minus 0.62 percent
Thailand	Minus 0.11 percent

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