

**ASIA AWAITS THE NEWS:
HOW MUCH WILL INTEREST RATES BE CUT ?**

Share prices continued to drift on major Asian stock markets, last Monday, with major losses on some bourses.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gave up another 1.17 percent of its value, falling to 12,948.78 points.

Telecommunications companies took it on the nose, for the most part, but worst of all, the Total Turnover dropped back to about \$HK7.93 billion as investors seemed to be of the opinion that they did not want to wait to see what would happen on Wall Street on the first day of trading, last week.

The previous Friday (June 15), on The New York Stock Exchange, The Dow Jones Industrial Average had given up 0.62 percent of its value, falling back to 10,623.64 points, while, on the NASDAQ, its Composite Index had dropped another 15.67 points, about 0.77 percent, ending the week at 2,028.40 points.

It seemed ominous that the NASDAQ would fall through the 2,000 level when Wall Street opened for business on Monday, June 18, New York time.

Asian investors sensed the probability of this eventuality and took appropriate action to stem any prospective losses in the week to come.

The Nortel Networks's announcement of its massive \$US19.20 billion in losses for its second quarter and further staff cuts, amounting to another 10,000 workers, a shocker by any standards, made on Thursday, June 14, was still making the rounds, internationally.

Other hi-tech companies, surely, the logic went, would make announcements of huge losses, in the near future, because, after all, the US is, or must soon be, in a recessive phase of its economy.

Certainly, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were shivering at the prospects of what might befall them – and, probably, would befall them – as events unfolded on the world's biggest stock market.

The ratio of losers to gainers was about 2.15:One, but there were just 15, double-digit movers, a very low number, one that had not been seen for many a moon.

The double-digit movers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Resources Transportation Holdings Ltd	899		15.38	0.055
Capital Automation Holdings Ltd	493	12.50		0.36
CCT Multimedia Holdings Ltd	1169	11.11		0.25
China Investments Holdings Ltd	132	13.64		0.50
Emperor Technology Venture Ltd	283	15.92		0.182
Fulbond Holdings Ltd	1041		13.58	0.07
Global China Technology Group Ltd	1105	10.81		0.82
IFTA Pacific Holdings Ltd	371	13.33		0.34
KEL Holdings Ltd	681		12.65	0.214
Nam Fong International Holdings Ltd	1176		14.44	0.16
Northern International Holdings Ltd	736		15.38	0.033

Pacific Challenge Holdings Ltd	166	10.20		0.54
Peking Apparel International Group Ltd	761	31.25		0.42
Wang On Group Ltd	1222		10.77	0.29
Welback Holdings Ltd	491	29.17		0.031

The 2, most-active counters of the day were both among the largest, mobile telecommunications companies in the PRC: China Mobile (Hongkong) Ltd (Code: 941); and, China Unicom Ltd (762).

China Mobile gave up 4.17 percent of its market capitalisation, falling to \$HK39.10 per share, while China Unicom shed 3.86 percent of its value, ending the day at \$HK12.45 per share.

On the news front, it was reported that Mr Li Ka Shing's Pacific Century CyberWorks Ltd (Code: 8) -- which is operated by Number Two Son Richard Li Tzar Kai -- was cutting costs in Taiwan: It would shut down its Taiwan Netvigator site and sack some more of its staff.

But other than this little tidbit, there was precious little about which to write home to mom.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover retreated to about \$HK170.87 million in what could only be described as being a fairly dead market.

The Growth Enterprise Index gained about 0.29 per cent, rising to 271.33 points, but it was noted that, between the end of the morning session and the end of the 90-minute afternoon session, the Index moved exactly 0.13 points.

The ratio of losers to gainers was 1.28:One with about one third of all the counters, listed on The GEM, either seeing no trades in this shares or seeing prices stay pat at the previous Friday's closing levels.

There were just 3, double-digit movers on this market, last Monday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8395	13.41		0.465
MRC Holdings Ltd	8070		11.11	0.40
Qianlong Technology International Holdings Ltd	8015	13.19		1.03

Three of the companies, listed on The GEM, made announcements as to their financial results, led off by GreaterChina Technology Group Ltd (Code: 8032), which told its shareholders that it had lost about \$HK8.48 million for the quarter, ended April 30, 2001.

For the period, August 1, 2000 to April 30, 2001, this operator of a handful of websites, which are selling herbs and what-have-you, has lost about \$HK30.37 million.

GreaterChina Technology went public on The GEM on March 30, 2000 when it pitched its story, and Placed its shares at \$HK1.38, each.

Last Monday, its share price was traded at 26 cents. A total of 11,000 shares changed hands, with the share price, being unchanged from its previous close on Friday, June 15.

Emperor Entertainment Group Ltd (Code: 8078) announced that, for the period April 1, 2000 to March 31, 2001, it had logged in a Net Profit Attributable to Shareholders of about \$HK8.69 million.

That figure compared with the like period in the 1999/2000 period when it lost about \$HK27.63 million.

Emperor Entertainment went public on The GEM on December 8, 2000 when it Placed its shares at \$HK1.08 per share.

Last Monday, 278,000 shares were traded in this counter, with the price, ending the day at 89 cents, each, unchanged from the previous Friday's close.

Timeless Software Ltd (Code: 8028) was the final GEM company to make an announcement as to its financial position for the Financial Year, ended March 31, 2001.

Timeless, a modular, computer software company, said that its Bottom Line had dropped about 45.74 percent, Year-on-Year, to about \$HK37.39 million.

Timeless is one of the few successes on The GEM, having been quite profitable since going public on November 18, 1999 when its shares were Offered at \$HK3 each.

Last Monday, Timeless had suspended trading in its shares.

On the premier Japanese stock market, The Tokyo Stock Exchange, the Nikkei-225 Average gave up 92.59 yen, falling to 12,697.79 yen.

Stiff competition from mobile telecommunication companies dragged down the Nikkei-225, led by losses at NTT DoCoMo Incorporated as its share price shed about 3.40 percent of its value, falling to 1.99 million yen.

Japan Telecom, the archrival of NTT DoCoMo, had lowered its monthly Cellular Service Charge for its J-Phone System, thus putting the cat among Japan's telecommunications pigeons.

Japan Telecom's share price stayed firm about 2.43 million yen.

The third, major player in this field, KDDI, was caught up in the fracas between the 2 leaders in the field, and saw its share price give up about 1.54 percent, falling to 576,000 yen.

While, by and large, the market was in retreat, there were areas where counters made impressive gains.

In banks, the world's largest bank, Mizuho Holdings, saw its share price rise about 7 percent to hit 530,000 yen.

However, since October 2000, this giant banking group had lost about 45 percent of its market capitalisation.

Other banks, that made appreciable gains in last Monday's market, included:

Asahi Bank	Up 2.30 percent to 265 yen per share
Daiwa Bank	Up 2.31 percent to 133 yen per share
Suruga Bank	Up 3.92 percent to 927 yen per share
UFJ Holdings	Up 3.68 percent to 624,000 yen per share

The losing banking counters were:

Bank of Kyoto	Down 3.70 percent to 520 yen per share
Chiba Bank	Down 1.35 percent to 436 yen per share
Chugoku Bank	Down 4.17 percent to 781 yen per share
Hokkoku Bank	Down 2.54 percent to 422 yen per share
Joyo Bank	Down 2.38 percent to 369 yen per share

Though Japan's most important bourse was in negative territory, gainers still outnumbered losers by the ratio of about 1.05:One.

On other Asian stock markets, this was the situation, last Monday night:

Indonesia	Plus 0.94 percent
Japan	Minus 0.72 percent
Malaysia	Minus 0.78 percent
The Philippines	Minus 0.57 percent
Singapore	Plus 0.45 percent
South Korea	Minus 1.64 percent
Taiwan	Minus 1.71 percent
Thailand	Minus 1.70 percent

Tuesday

A last-minute spurt pulled up The Hang Seng Index, the '*barometer*' of trading on the Main Board of The Stock Exchange of Hongkong Ltd, last Tuesday, as investors in the second, most-important stock market in Asia seemed to throw caution to the wind.

But the Total Turnover was abysmal, at about \$HK8.13 billion, indicating to more sophisticated investors and speculators that the late-trading gains may not hold for long.

Nevertheless, The Hang Seng registered a gain of about 1.43 percent over Monday's close, at 13,133.66 points.

The 90-minute afternoon session saw The Index gain 188.74 points, or about 1.46 percent better than Monday's closing figure.

For a change, one of Mr Li Ka Shing's major corporate players on The Stock Exchange of Hongkong Ltd led the charge of the Ten Most Actives, as Hutchison Whampoa Ltd (Code: 13) saw about 6.80 million of its shares, change hands.

At the end of the day, however, after hitting a low of \$HK79.75 per share, Hutchison Whampoa saw the last trade at \$HK81.25, unchanged from Monday's closing price.

The volume of activity in this one counter amounted to about 6.77 percent of the Total Turnover, at about \$HK547.87 million.

Most of the leading counters saw their share prices fluctuate only fractionally, however.

Though The Hang Seng Index had registered a positive figure, losers outpaced gainers by the ratio of about 1.21:One.

An important statistic about last Tuesday's trading pattern was that about 53 percent of the entire market went either untraded or, put another way, share prices of more than a simple majority of all counters stayed unchanged from Monday's closing levels.

In short, the market was pretty flat.

The reason for the last-minute spurt of activity on The Stock Exchange of Hongkong Ltd was not apparent, last Tuesday, because, on Wall Street, things had not been very positive on the first day of trading, last week.

There was the thinking, however, that, with the US Federal Reserve set to meet the following Tuesday (tomorrow, New York time), that meeting could present a fillip for the equity markets of the world.

If the Fed determines to raise interest rates – which is, almost, a certainty, the thinking was, last Tuesday – then The Hongkong Exchange Banks Association would follow suit because the Hongkong dollar is linked to the US dollar.

On The New York Stock Exchange, last Monday, the Dow Jones Industrial Average rose 22.01 points to end the day at 10,645.65 points, a gain of 0.21 percent over the previous Friday's close.

The NASDAQ, however, went in the other direction as its Composite Index gave up 39.78 points, or about 1.96 percent, ending the session at below the 2,000 mark, at 1,988.65 points.

One could say that the writing was on the wall because it marked the seventh day of continuous losses for the NASDAQ.

It is not very often that investors buy into a falling market, as appeared to be the case in respect of investors in Asia, last Tuesday.

The number of double-digit movers, last Tuesday, was 19, of which number, 10 of them went south:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beijing North Star Company Ltd	588	10.37		2.075
CCT Multimedia Holdings Ltd	1169		16.80	0.208
CEC International Holdings Ltd	759	16.13		0.72
China Bio-Medical Group Ltd	140		12.00	0.088
Ching Hing (Holdings) Ltd	692		18.75	0.39
Interform Ceramics Technologies Ltd	1060	13.89		0.041
iRegent Group Ltd	575	10.00		0.275
Ocean Shores Group Ltd	764	12.00		1.40
Pacific Andes International Holdings Ltd	1174	10.94		0.355
Peking Apparel International Group Ltd	761	14.29		0.48
Perennial International Ltd	725		18.92	0.30
Playmates Interactive Entertainment Ltd	635	10.00		0.385
Pricerite Group Ltd	996		11.49	0.77
Rivera (Holdings) Ltd	281		13.79	0.25
Solartech International Holdings Ltd	1166		10.53	0.017
Sun Man Tai Holdings Company Ltd	433	15.28		0.415
Swank International Manufacturing Company Ltd	663		10.00	0.072
Wang On Group Ltd	1222		21.38	0.228
Welback Holdings Ltd	49	19.35		0.037

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – declining counters outpaced advancing ones by 2.33:One.

The Growth Enterprise Index lost another 1.66 percent of its value, falling to 266.82 points on a Total Turnover of about \$HK256.31 million.

One counter, AcrossAsia Multimedia Ltd (Code: 8061), accounted for just a little more than 50 percent of the entire volume of activity as investors traded 61.05 million of this company's shares.

After about \$HK128.21-million worth of this scrip had changed hands, AcrossAsia's share price had fallen about 8.57 percent to end the day at \$HK1.92.

There were, exactly, 4, double-digit movers, last Tuesday, with only one of them, managing to score positively:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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CASH on-line Ltd	8122	12.70		0.142
Digital Hongkong.com Ltd	8007		16.67	0.50
DigiTel Group Ltd	8030		11.11	0.72
Grandmass Enterprise Solution Ltd	8108		10.77	0.116

There was no special news from GEM-listed companies.

On the premier stock market of The Land of The Rising Sun, bears took possession of the market, pushing down indices, decidedly.

The Tokyo Stock Exchange saw its Nikkei-225 Average slide 123.53 yen, about 0.97 percent, to end last Tuesday's market activities at 12,574.26 yen.

There was an announcement from an official of the fourth largest supermarket operator in Japan, Mycal, that it was not in any financial trouble.

The announcement followed strong suggestions that there were some problems in this company.

The result of this tussle was that the share price of Mycal fell nearly 17 percent to 110 yen before steadying at 111 yen per share.

Another piece of news, that was confirmed, this time, was an announcement from The Financial Services Agency (FSA) that it had ordered Kokusai Securities Company to suspend all its business activities for 3 days, starting July 4.

The reason for this ban was due to the fact that Kokusai had presented a false report to the FSA, during its inspection of Kokusai's books and records.

Kokusai is Japan's fifth largest brokerage house.

The share price of Kokusai fell 34 yen per share, or about 4 percent, ending the day at 849 yen.

On the international level, in response to the Japanese Government's moves of last month, aimed at protecting some of Japan's domestic production of certain vegetables, including leeks, the Government of the PRC retaliated by imposing punitive tariffs on imports of portable telephones, air-conditioners and motor cars from Japan, it was reported.

As at last Tuesday, the amount of the punitive tariffs had not been stated by Beijing.

A spokesman for the PRC Government's Ministry of Foreign Trade and Economic Cooperation said, in announcing this move: *'We urge Japan to rectify its wrong decision and discriminatory treatment of our products, and settle the dispute at an early date.'*

In spite of the Nikkei-225 Average losing steam, last Tuesday, gainers were ahead of losers by the ratio of about 1.51:One.

This was the way that things looked around Asia, last Tuesday night:

Indonesia	Plus 0.61 percent
Japan	Minus 0.97 percent
Malaysia	Plus 0.87 percent
The Philippines	Minus 1.51 percent
Singapore	Minus 0.71 percent

South Korea	Plus 0.02 percent
Taiwan	Minus 0.61 percent
Thailand	Plus 0.35 percent

Wednesday

The big story, last Wednesday, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), was the closure of Guangnan (KK) Supermarket Ltd, a PRC, Government-controlled entity, which tried to operate among the tigers (capitalists) of the HKSAR – and failed.

Management of Guangnan (Holdings) Ltd (Code: 1203, Main Board, The Stock Exchange of Hongkong Ltd) took everybody by surprise with the announcement that it would close down 39 of its supermarkets.

Such a massive failure of supermarkets had never before happened in the HKSAR.

The company said, however, that it would keep open its 5 supermarkets in each of the HKSAR's People's Liberation Army (PLA) camps.

Not less than 500 workers in the failed KK Supermarkets hit the streets, last Wednesday, looking for work, while creditors of the supermarkets were left, wondering whether or not they would ever see about \$HK130 million, owed to them.

The Labour Department was inundated with KK Supermarket workers' demands for unpaid wages, amounting to about \$HK15 million, at least.

Guangnan (Holdings) had requested suspension of trading in its shares, last Wednesday.

The announcement of Guangnan's problems was made within 45 minutes of the opening of The Stock Exchange of Hongkong Ltd so that everybody and his cat were made aware of the situation.

By the end of the morning session, the Hang Seng Index, the guide to trading on the Main Board, has lost 91.76 points, falling back to 13,041.90 points.

In the 90-minute afternoon session, the Hang Seng Index lost another 123.19 points, bringing the total losses of the day to 214.95 points, or about 1.64 percent, compared with Tuesday's close.

The losses were on a continuing falling Total Turnover, which shrank to about \$HK7.70 billion, down about 5.29 percent on Tuesday's volume of activity.

Losing counters were ahead of gaining ones by the ratio of about 1.19:One.

Again, one noted that about 52 percent of all counters, listed on The Stock Exchange of Hongkong Ltd, went either untraded, or stayed even on the previous day's closing levels.

China Mobile (Hongkong) Ltd (Code: 941) continued to be the most active counter of the day as about \$HK466.14-million worth of its scrip were traded, pulling down its share price to \$HK39.30, a one-day loss of about 2.72 percent.

The group of companies, controlled by the Li Ka Shing Camp, fared not well at all, last Wednesday, as Pacific Century CyberWorks Ltd (Code: 8) flirted with its record low of \$HK2.30 per share.

Investors knocked down the share price of this telecommunications company by about 4.12 percent. It closed out the day at \$HK2.325 per share on a turnover of about 80.75 million shares. It was the sixth, most-active counter of the day._

Of Mr Li Ka Shing's 3 major, publicly listed companies – the other 2 companies are Hutchison Whampoa Ltd (Code: 13) and Cheung Kong (Holdings) Ltd (Code: 1) – Pacific Century CyberWorks was the biggest loser: The other 2 companies lost fractionally to determined selling pressure.

For a change, the HKSAR stock markets were driven by parochial considerations: It stole the limelight from international events.

On The New York Stock Exchange, last Tuesday, The Dow Jones Industrial Average moved down, fractionally, to 10,596.27 points, a one-day loss of about 49.11 points, or about 0.46 percent.

The NASDAQ Composite Index was even less inspiring to investors on the world's largest stock market as it gained 4.04 points, or about 0.20 percent, rising to 1,992.67 points.

The antics of investors on Wall Street were interesting, considering the upcoming week's meeting of the US Federal Reserve when short-term interest rates for the next month or so would be decided.

Fibre-optics networks operator, Level 3 Communications, announced that it would be letting go about 1,475 of its workers, amounting to about 25 percent of its total staff.

The layoffs would be about 56 percent in the US and the remainder in Europe and Asia, it was announced.

There were just 15, double-digit movers in last Wednesday's Main Board of The Stock Exchange of Hongkong Ltd with just 8 of them, making gains:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CEC International Holdings Ltd	759		12.50	0.63
Dan Form Holdings Company Ltd	271		10.53	0.34
Global China Technology Group Ltd	1105		12.94	0.74
IFTA Pacific Holdings Ltd	371	10.61		0.365
Karce International Holdings Company Ltd	1159		12.64	0.38
Luoyang Glass Company Ltd	1108	10.96		2.075
Man Sang International Ltd	938		15.67	0.183
Nam Fong International Holdings Ltd	1176	27.03		0.188
Ocean Shores Group Ltd	764		10.00	1.26
Perennial International Ltd	725	10.00		0.33
Pricerite Group Ltd	996		18.18	0.63
Sing Tao Holdings Ltd	233	10.00		1.65
Skynet (International Group) Holdings Ltd	577	19.05		0.05
Swank International Manufacturing Company Ltd	663	16.67		0.084
Welback Holdings Ltd	491	16.22		0.043

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – there was a bit of a respite as The Growth Enterprise Index put on 0.69 percent, rising to 268.66 points.

However, the Total Turnover dropped to about \$HK166.67 million, which is hardly the volume of activity that would warm the cockles of many investors' hearts.

Losing counters edged out gaining ones by 31:30.

There were just 4, double-digit movers:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
DigiTel Group Ltd	8030	11.11		0.80
MRC Holdings Ltd	8070		13.25	0.36

Rojam Entertainment Holdings Ltd	8075	14.29		0.64
Trasy Gold EX Ltd	8063		14.29	0.036

Wah Sang Gas Holdings Ltd (Code: 8035) announced its annual results for the Financial Year, ended March 31, 2001.

The Net Profit Attributable to Shareholders had risen 168.63 percent, Year-on-Year, to about \$HK67.25 million on a Turnover of about \$HK210.30 million, an increase of about 102 percent, Year-on-Year.

Wah Sang Gas was the most active counter of the day, with its share price, rising from a low of \$HK8.80 to a high of \$HK9.05, ending the day at \$HK9 per share.

Wah Sang Gas was listed on The GEM on March 16, 2000 when it Placed its shares at \$HK1.30.

In Japan, The Tokyo Stock Exchange was among the quietest bourses in Asia as the Nikkei-225 Average moved up to 12,674.64 yen, a one-day gain of just 100.38 yen, or about 0.80 percent.

But losing counters outnumbered gaining ones by the ratio of about 1.43:One.

There was renewed selling of financial counters, following further information in respect of the Kokusai Securities Company scandal. (Please see Tuesday's report)

Kokusai, the fifth largest brokerage house in Japan, announced that its Chairman, Mr Yoshitaka Matsutani, its Vice President, Mr Morio Kubo, and its Senior Managing Director, Mr Giichi Katakura, would all resign, with immediate effect.

Kokusai had violated The Securities and Exchange Law in permitting illegal transactions to take place.

The share price of Kokusai regained 41 yen per share on the news, equal to about 5.03 percent, ending the day at 856 yen per share.

Mitsubishi Corporation, one of Japan's largest trading houses, posted a record Consolidated Net Profit of about 95.17 billion yen for its Financial Year, ended March 31, 2001.

In the 2000 Year, this trading house had lost about 5.57 billion yen.

The share price of Mitsubishi Corporation rose about 2 percent on the announcement, ending the day at 964 yen.

But the shocker of the day was an announcement from Japan's Ministry of Finance, which announced an 86-percent drop in the country's trade surplus, year-on-year.

Japan, once the envy of industrial nations, announced that it exported 80.10 billion yen more goods than it imported, in the month of May. This represented the eleventh consecutive month of declines in the country's trade balance.

It is difficult to feel bullish about an economy in decline, or dying ... or dead.

And this was how other Asian markets saw the situation, last Wednesday night:

Indonesia	Plus 1.95 percent
Japan	Plus 0.80 percent
Malaysia	Minus 0.44 percent
The Philippines	Plus 0.05 percent

Singapore	Minus 0.99 percent
South Korea	Minus 2.17 percent
Taiwan	Minus 0.21 percent
Thailand	Minus 0.35 percent

Thursday

Taking their cue from Wall Street's seeming bounce-back on Wednesday, New York time, investors in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) went on a buying spree.

As a result, the Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index rise about 2.08 percent to 13,187.45 points on a Total Turnover of about \$HK10.53 billion.

Actually, there was no valid reason for the gains of last Thursday, and one had to wonder whether or not vested interests, by their actions, be they by accident or design, were propping up share prices, artificially.

The most active counter of the day continued to be China Mobile (Hongkong) Ltd (Code: 941) as about 15.78 million of its shares were traded, representing a dollar value of about \$HK645.54 million, or about 6.17 percent of the entire volume of activity for the day.

The share price of this PRC-Government-controlled entity, one of the largest mobile telecommunications companies in the PRC, rose 4.33 percent to \$HK41.

There was no special news from this company, which happens to be in the top 5 companies, listed on The Stock Exchange of Hongkong Ltd, in terms of market capitalisation.

Gaining counters were ahead of losing ones by the ratio of about 2.96:One.

An interesting aspect of last Thursday's stock market was that 226.89 points out of the total gain of the day of 268.74 points came in the morning session.

The euphoria seemed to drop off, most determinedly, in the 90-minute afternoon session.

On Wall Street, last Wednesday, The New York Stock Exchange continued to be quiet, with The Dow Jones Industrial Average, gaining about 0.48 percent, rising to 10,647.33 points.

The NASDAQ, on the other hand, saw its Composite Index rise about 1.93 percent to end the day at 2,031.16 points.

Trading on the 2 major bourses of the world started off strongly, but fizzled out by mid-morning. Thereafter, the market was described as being a little choppy.

It was only too obvious that the gains in the NASDAQ were due, in the main, to the belief that the US Federal Reserve would do something spectacular at its meeting, scheduled for the following Tuesday (tomorrow, New York time).

Share prices in the HKSAR's 2 stock markets are influenced by the antics of New York investors, so that it was not surprising to see share prices rise in sympathy to the world's major stock market.

There were a total of 29, double-digit movers, last Thursday, on the Main Board of The Stock Exchange of Hongkong Ltd, with only 5, double-digit movers, losing ground:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beiren Printing Machinery Holdings Ltd	187	12.61		3.35
Capital Automation Holdings Ltd	493	13.89		0.41
Chengdu PTIC Telecommunications Cable Company Ltd	1202	15.85		2.375
China Cyberworld Ltd	298	18.92		0.44
China Insurance International Holdings Ltd	966	13.59		2.925
China Sci-Tech Holdings Ltd	985	13.68		0.108
CNT Group Ltd	701	11.54		0.29
Dailywin Group Ltd	897		11.29	0.275
Dongfang Electrical Machinery Company Ltd	1072	11.36		0.105
E-LIFE International Ltd	370	11.88		0.226
Gold Wo International Holdings Ltd	90	22.03		0.72
Goldwiz Holdings Ltd	586	10.19		1.19
Guangdong Kelon Electrical Holdings Ltd	921	10.10		2.725
Guangnan (Holdings) Ltd	1203		17.72	0.325
Guangzhou Shipyard International Company Ltd	317	10.00		1.98
Heshun Holdings Company Ltd	285		12.94	0.37
I-Wood International Holdings Ltd	162		10.34	0.39
ICG Asia Ltd	715	22.58		0.57
Jiangxi Copper Company Ltd	358	11.40		1.27
netalone.com Ltd	336	10.86		0.245
Pricerite Group Ltd	996		20.63	0.50
Skynet (International Group) Holdings Ltd	577	10.00		0.055
Tak Sing Alliance Holdings Ltd	126	13.46		0.295
Technology Venture Holdings Ltd	61	10.92		1.32
Tianjin Capital Environmental Protection Company Ltd	1065	10.31		2.675
Victory Group Ltd	1139	11.54		0.029
Wang On Group Ltd	1222	27.31		0.275
Wonson International Holdings Ltd	651	18.60		0.051
Zhu Kuan Development Company Ltd	908	12.50		0.63

Guangnan (Holdings) Ltd resumed trading, after a one-day's suspension, when it announced the closure of its supermarkets (please see Wednesday's report on this topic), and investors quickly marked down its share price. (Please see above table)

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, investors got carried away by what was happening on Wall Street.

This resulted in The Growth Enterprise Index, rising 3.99 percent to 279.39 points.

The Total Turnover, however, was relatively low at about \$HK267 million.

The most-active counter of the day was Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095) as investors traded about 31.86 million of this company's shares, resulting in its share price, rising 6.90 percent to \$HK2.325.

The value of these trades was about 26.71 percent of the Total Turnover.

There was no special news from the company, but it is known that a Main Board powerhouse, New World Development Company Ltd (Code: 17), is a big supporter of this software house, having a large slice of the company.

The ratio of gainers to losers on The GEM was 3.06:One.

There were 9, double-digit movers on this speculative marketplace – no losers:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Chengdu Top Sci-Tech Company Ltd	8135	13.75		2.275
Convenience Retail Asia Ltd	8052	11.96		2.575
Digital hongkong.com Ltd	8007	12.00		0.56
Jiangsu Nandasoft Company Ltd	8045	11.59		1.54
MRC Holdings Ltd	8070	20.83		0.435
Prosten Technology Holdings Ltd	8026	10.00		0.77
Rojam Entertainment Holdings Ltd	8075	12.50		0.72
Shanghai Fudan Microelectronics Company Ltd	8102	15.12		2.475
Trasy Gold EX Ltd	8063	16.67		0.042

One GEM company made a results announcement: iMerchants Ltd (Code: 8009).

iMerchants announced that it had lost about \$HK7.97 million in the past Financial Year, ended March 31, 2001, on a Turnover of \$HK41.96 million.

The Loss Attributable to Shareholders compared favourably to the 1999-2000 Loss Attributable to Shareholders of about \$HK9.28 million.

The Turnover, in the past Year, had risen nearly 177 percent, compared with the previous Year when it was about \$HK15.17 million.

iMerchants's share price ended the day at 25.50 cents per share, up 2 percent, compared with Wednesday's closing level.

In Japan, there was only one story: The PRC Government's imposition of 100-percent punitive tariffs on Japan's imports into the PRC of its motor vehicles, mobile telephones and air-conditioners.

The retaliatory moves were in direct response to Japan's moves, of the previous few months, of banning imports of PRC-produced farm products into The Land of The Rising Sun.

In the tit-for-tat *'fight'*, the PRC Government was trying to hit Japan where it hurts the most: In its pocket book.

On The Tokyo Stock Exchange, the Nikkei-225 Average gained 287.79 yen, rising to 12,962.43 yen, equal to about 2.27 percent.

The ratio of gainers to losers was a resounding 3.65:One.

Japan, like the rest of the world, was hoping for some *'honey'* from the US Fed's meeting of the coming Tuesday, but, even more important, Japanese industrialists had been hearing words of comfort from its Government, last week.

Banks, for instance, were told that the Government would find a way out for it to write off the massive amounts of non-performing loans.

According to a report, Prime Minister Junichiro Koizumi's Cabinet is suggesting that Japanese banks sell their bad loans to the Government's Resolution and Collection in the next few years or so.

The news sent up the share price of Mizuho Holdings by limit 50,000 yen per share to 535,000 yen, equal to about 10.31 percent over Wednesday's closing level.

Another major bank in Japan, UFJ Holdings, saw its share price rise by 14.82 percent to 705,000 yen, while yet another Japanese *'biggie'*, Sumitomo Mitsui Banking, gained limit 100 yen, about 10.95 percent, to rise to 1,013 yen per share.

The gains in banking counters caused most of the improvement in major indices in Japan.

This was how other Asian markets viewed the situation, last Thursday night:

Indonesia	Plus 0.67 percent
Japan	Plus 2.27 percent
Malaysia	Plus 1.00 percent
The Philippines	Minus 0.36 percent
Singapore	Plus 0.07 percent
South Korea	Minus 0.03 percent
Taiwan	Minus 0.90 percent
Thailand	Minus 0.49 percent

Friday

Share prices of the Main Board of The Stock Exchange of Hongkong Ltd were relatively *'flat'*, last Friday, the last day of trading before the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) closed down for a 3-day holiday in order to celebrate Tuen Ng (The Dragon Boat Festival).

The Main Board's Hang Seng Index moved down just one tenth of one percent to 13,174.02 points, just 13.43 points behind the closing level of Thursday.

The Total Turnover was about \$HK9.54 billion in a directionless market.

Last Friday, a day when more bad news hit the 416 square miles that constitute the territory, was the last day of trading, too, prior to any indication as to what Dr Alan Greenspan, the Chairman of the US Federal Reserve, would determine what to do about short-term interest rates in the US.

That there was more than a strong likelihood, that he would recommend a cut in interest rates, was a given: The question was by how much would he cut them?

Although the Hang Seng Index was only fractionally off of Thursday's close, it was of interest to some people to note that the ratio of losers to gainers was about 1.58:One, with about half of the market, either seeing no action at all or just hanging onto Thursday's closing levels.

Following on from Wednesday's news that Guangnan (Holdings) Ltd (Code: 1203, Main Board, The Stock Exchange of Hongkong Ltd) would shut down 39 of its supermarkets in the HKSAR (Please see Wednesday's report), Yue Hwa Chinese Products, a 16,000 square-foot departmental store, located in one of the busiest commercial areas of Hongkong Island, announced that it would shut its Causeway Bay doors within a couple of months.

The Sincere Departmental Store, also in Causeway Bay, had announced, earlier, that it would close down its signature store in September.

Yue Hwa operates 6 stores in the HKSAR. They specialise in selling products, made in the PRC.

The August closure would cut down that number to 5 stores.

But that was not all: California-based iAsiaWorks, a data centre operator with offices in the HKSAR, announced that it would be axing 75 workers and closing down its offices in the territory.

A Provisional Liquidator has been appointed.

iAsiaWorks had rented 100,000 square feet of space from publicly SUNeVision Holdings Ltd (Code: 8008, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd) and tried to operate 3 centres in the HKSAR.

Investors in the HKSAR, on learning of these facts, were more than a little concerned: Was the HKSAR, falling apart at the seams?

In New York, last Thursday, things appeared to be on the mend, but many investors were concerned that the gains of last Thursday could not hold in the wake of disappointing corporate news.

On The New York Stock Exchange, the Dow Jones Industrial Average rose 68.10 points, about 0.64 percent, ending the day at 10,715.43 points.

The NASDAQ Composite Index did a little better, rising about 27.50 points, about 1.35 percent, to 2,058.74 points.

What restrained US investors from making any meaningful fresh commitments were reports from former *'darlings'*, such as Exodus Communications – which lost 29 percent of its market capitalisation, last Thursday – and software house, Transmeta, whose share price skidded 57 percent.

Both companies had put out second-quarter, earnings' warnings.

The evidence of sagging corporate earnings, coupled by HKSAR companies, closing their doors for good, was just too much for Asian investors, who have their own, home-grown problems, in any event.

There were exactly 19, double-digit movers, last Friday, on the Main Board of The Stock Exchange of Hongkong Ltd, with 7 of them, losing substantial ground:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Commercial Holdings Ltd	104	32.35		0.45
Buildmore International Ltd	108	11.54		0.58
E. Bon Holdings Ltd	599		20.79	0.80
Everbest Century Holdings Ltd	578	11.11		0.04
Global Food Culture Group Ltd	970		13.51	0.16
Heshun Holdings Company Ltd	285		10.81	0.33
ICG Asia Ltd	715		14.04	0.49
International Bank of Asia Ltd	636	38.75		2.775
K.P.I. Company Ltd	605	11.49		0.165
Lamex Holdings Ltd	312	15.38		0.075
Peking Apparel International Group Ltd	761	14.29		0.56
Perennial International Ltd	725		13.64	0.285
Pricerite Group Ltd	996		14.00	0.43
Tem Fat Hing Fung (Holdings) Ltd	661	11.11		0.02
Tianjin Development Holdings Ltd	882		11.11	2.80
Winfoong International Ltd	63	20.00		0.30
Winton Holdings (Bermuda) Ltd	510	10.00		0.33
World Houseware (Holdings) Ltd	713	12.35		0.182
Zida Computer Technologies Ltd	859	15.00		0.46

On The Growth Enterprise Market (The GEM), the gains of Thursday were cut in half as The Growth Enterprise Index lost about 2.04 percent of its value, ending the week at 273.68 points.

The Total Turnover of the day was about \$HK397.87 million, but the bears of the market were in complete control of the bulls as the ratio of losers to gainers hit 2.85:One.

Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095) continued to the lead counter on the Most Active List as 66.66 million of this software house's scrip were traded, pulling down its share price to \$HK2.05, the lowest level of the day.

On Thursday, Beijing Beida was, also, the most-active counter as its share price put on 6.90 percent. Last Friday's trading, eliminated all of Thursday's gains, to be sure.

There was no special news from this marketplace; the number of double-digit movers fell back to 3 counters:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd	8095		11.83	2.05
DigiTel Group Ltd	8030	10.98		0.73
Rojam Entertainment Holdings Ltd	8075		11.11	0.64

On The Tokyo Stock Exchange, investors were treated to the news that their Government was caving in to the restrictive trade moves, announced on Thursday, by the Government of the PRC. (Please see Thursday's report about punitive tariffs)

The Government of Prime Minister Junichiro Koizumi was calling for bilateral talks with the Beijing Government.

Mr Takeo Hiranuma, Minister of Economy, Trade and Industry, stated that his '*invitation*' to the PRC was in recognition of the '*important relationship*' between The Land of The Rising Sun and The Middle Kingdom.

Investors on the premier stock market of Japan saw the Nikkei-225 Average rise 82.18 yen, about 0.63 percent, ending the week at 13,044.18.

Many investors, armed with banking profits of Thursday, cashed in and went home.

The 3 major banking losers included Asahi Bank, off 6.67 percent to 280 yen per share, Daiwa Bank, off 3.95 percent to 146 yen per share, and UFJ Holdings, down 3.83 percent to 678,000 yen per share.

In the securities sector of the market, investors noted that scandal-ridden Kokusai Securities Company's share price rose exactly 10 percent, to end the week at 957 yen per share.

Subscribers will recall that TARGET reported, the previous week, that the Chairman, Vice Chairman and Managing Director of Kokusai had had to resign, following confirmation of illegal trades by the company, and that the regulatory authorities had ordered that the company to close down for 3 days in July.

Kokusai Securities was the only such company to make any appreciable gain in this sector of the market.

Japan, like the HKSAR, was waiting to learn what would transpire the following Tuesday, Washington time, in respect of the US Federal Reserve's determinations.

This was how the rest of Asia saw the situation, last Friday night:

Indonesia	Plus 0.55 percent
Japan	Plus 0.63 percent
Malaysia	Minus 0.69 percent

The Philippines	Minus 0.30 percent
Singapore	Plus 1.84 percent
South Korea	Plus 0.60 percent
Taiwan	Minus 1.62 percent
Thailand	Plus 0.55 percent

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