

**HONGKONG INVESTORS ADOPT A WAITING MODE**

With little to spur stock markets in Asia, other than fear, of course, major bourses in the most populous area of the world just drifted, with little to no clear direction.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index lost 0.78 percent, falling to 12,086.66 points – which was somewhat of an improvement, considering that the Hang Seng Index had been down as much as 1.13 percent when the bell sounded, marking the end of the morning session.

The Total Turnover continued to be very low at about \$HK6.21 billion.

As is becoming more and more boring to report, China Mobile (Hongkong) Ltd (Code: 941) and HSBC Holdings plc (Code: 5) took the Number One and Number 2 slots on the Ten Most Actives.

These 2 counters have been dominant, over the past month or so, with their share prices, having a great influence on the movements of The Hang Seng Index.

China Mobile's trades accounted for about 12.88 percent of the entire volume of activity of the day as investors switched about 23.34 million shares in this telecommunications company, one of the largest mobile telephone carriers in the People's Republic of China (PRC).

Its share price was contained for the entire day to a 60-cent channel of between a low of \$HK34 and a high of \$HK34.60. It closed the day at \$HK34.30 per share, down about 1.70 percent, compared with the previous Friday's closing level.

As for HSBC Holdings, its share price was contained to within a \$HK1-band of \$HK86.75 and \$HK87.75. It ended the day at \$HK87.50, down 0.25 percent on the day.

The 7.68 million, HSBC shares that were traded represented, in cash terms, about 7.04 percent of the Total Turnover.

The 2 leaders on the Ten Most Active list set the stage for the rest on the market in what could only be considered lacklustre trading conditions.

Mr Li Ka Shing's counters did not fare well, at all, last Monday, as Pacific Century CyberWorks Ltd (Code: 8) hit a record low of \$HK1.96 per share, off 1.01 percent, compared with the previous Friday's close.

Cheung Kong (Holdings) Ltd (Code: 1) lost nearly one percent of its value, falling to \$HK74.75 per share, while Hutchison Whampoa Ltd (Code: 13) shed about 0.68 percent of its market capitalisation, dropping back to \$HK73 per share.

European investors, running scared in the light of what is taking place in the US, with its wilting economy, are now seen as a threat to the Hongkong Special Administrative Region (HKSAR) of the PRC because they may have to sell Hongkong stocks in order to shore up situations on European bourses, and/or, alternatively, they may sell Hongkong in the expectation that share prices will sink further.

In either event, it will have the effect of pushing down prices on The Stock Exchange of Hongkong Ltd in the short term, at least.

While the Hang Seng Index did not move much, during the day, it was noted that declining issues outmatched advancing ones by the ratio of about 2.58:One.

Asia leads the world with regard to stock markets due to its geographic position so that Asian investors, who are normally led by events in the US, had to try to outguess what would happen on Wall Street, at a time when US brokers were still in their beds.

The previous Friday, on The New York Stock Exchange, the Dow Jones Industrial Average had shed about 38.96 points, falling to 10,416.67 points, a fall of about 0.37 percent over the Thursday (July 26) figure.

The NASDAQ Composite Index ended the day at 2,029.73 points, a gain of 6.77 points, or about 0.33 percent, over Thursday's close.

New York was somewhat punch drunk, last Friday, due to one major company after another, shaking the market to its very core.

JDS Uniphase's massive \$US50-billion losses had not been forgotten, not by a long shot, last Friday, but a US Government announcement overshadowed JDS Uniphase with a very unpleasant missive.

The US Commerce Department announced that the world's largest, single economy slowed, markedly, in the second quarter of the year.

While not yet in negative territory, nevertheless, the Gross Domestic Product (GDP) rose 0.70 percent on an annualised basis.

That represented the slowest rate of growth in the previous 8 years.

Asia took note of all this, but wanted to see what the Monday in New York would bring before considering its actions.

Asia, also, took note of the fact that Germany's Dresdner Bank had announced that it was to sack about 1,500 of its workers.

The HKSAR will, no doubt, see some of Dresdner Bank's staff, those domiciled in the territory, hit the streets in due course, looking for alternate sources of employment.

Citigroup, Merrill Lynch and Goldman Sachs had, already, cut staff in the HKSAR so that it was hardly a shock to learn of Dresdner Bank's determination to shave costs.

There were a total of 15, double-digit movers on The Stock Exchange of Hongkong Ltd, last Monday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Chi Cheung Investment Company Ltd	112		16.67	0.075
Companion Building Material International Holdings Ltd	432		11.36	0.039
Ecopro Hi-Tech Holdings Ltd	397	14.29		0.016
Extrawell Pharmaceutical Holdings Ltd	858	13.04		0.52
Graneagle Holdings Ltd	147	20.00		0.012
INNOMAXX Biotechnology Group Ltd	340	12.86		0.237
ITC Corporation Ltd	372		10.53	0.51
Mascotte Holdings Ltd	136		10.00	0.27
Pacific Challenge Holdings Ltd	166	20.00		0.60
Peace Mark (Holdings) Ltd	304	11.11		0.05
Perennial International Ltd	725	11.11		0.40
Qualipak International Holdings Ltd	1224	12.50		0.18
Sino Golf Holdings Ltd	361		10.29	0.61
South China Information and Technology Ltd	175		11.43	0.62
YGM Trading Ltd	375		10.27	4.15

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover shrank to the lowest level of the year, at about \$HK58.60 million.

The Growth Enterprise Index lost about 0.89 percent of its value, falling to 240.08 points – which happens to be a low for the past few years.

Losers were ahead of gainers by the ratio of 2.50:One.

Grandmass Enterprise Solution Ltd (Code: 8108) was the most active counter of the day as investors traded about 104.56 million of its shares, equal to a cash value of about \$HK8.62 million, or about 14.71 percent of the Total Turnover.

Grandmass Enterprise's share price fluctuated between a low of 13.40 cents and a high of 13.60 cents, closing the day at 13.40 cents -- its lowest point.

It was announced, the previous Friday, that Grandmass Enterprise's Chairman, Mr Patrick Yue Chung Wing, had sold nearly all of his holdings in the company – just a fortnight after the moratorium on trading in those shares expired.

Chairman Patrick Yue told the world that he had unloaded 100 million of his shares at 8 cents per share to a bevy of 8 investors, reducing his holding in the company to 40.01 million shares.

That means that his previous 35-percent holding has been reduced to about 8.80 percent.

The good Chairman has, over the course of a year, seen his holdings watered down from 50 percent to the present level – by his own design and engineering.

Well, that is what a stock market is designed to do: The facilitation of orderly purchases and sales of listed equities.

There was only one counter that managed a double-digit movement: Prosten Technology Holdings Ltd (Code: 8026).

The share price of this company rose 14 percent to close the day out at 57 cents per share.

In Japan, Fujitsu Ltd and NEC Corporation were the targets of many investors, following these companies, announcing, the previous Friday, disappointing earnings results for the first 3 months of Fiscal 2001.

Fujitsu, Japan's largest manufacturer of personal computers, announced losses of about 63.70 billion yen for the first quarter, which compared with losses of about 27.70 billion yen for the comparable period in 2000.

NEC, a major chipmaker in The Land of The Rising Sun, announced profits of about 3.76 billion yen for the same period, that result, representing a drop of about 70 percent, compared with the Results for the like 2000 quarter.

Both NEC and Fujitsu are considered blue chips in Japan.

Fujitsu regained about 0.18 percent of its value, last Monday, ending the day at 1,106 yen per share, while NEC put on 2.03 percent, coming to rest at 1,560 yen per share by the close of trading.

From the giant departmental store group, Isetan Company, it was announced that it would be shutting down its New York operations and dissolving its US company, 660 Madison Management Incorporated.

The closure will be completed within the month.

660 Madison Management was engaged in property transactions in the US real estate market. It lost about 600 million yen, last year.

The Tokyo Stock Exchange, having to digest all this depressing news, slumped under the weight as the Nikkei-225 Stock Average fell to 11,579.27 yen, a fall of about 1.85 percent, compared with the previous Friday's close.

The 218-yen loss put the Nikkei-225 into a tailspin since it represented another 16-year low for Asia's largest, and most-important, stock market.

Depressing the situation even further was a report from Japan's Ministry of Economy, Trade and Industry, a report that indicated further problems, facing the second-largest economy in the world.

The Ministry stated that industrial output for the April-to-June quarter had dropped about 4 percent, compared with the previous quarter.

It represented the second, consecutive quarter of decline.

In the first quarter, there had been a 3.70-percent drop recorded.

Feeling the pressure, most pointedly, are hi-tech companies in Japan as the following TARGET list indicates:

<b>Advantest</b>	Down 4.44 percent to 8,610 yen per share
<b>Canon Incorporated</b>	Down 5.67 percent to 3,390 yen per share
<b>KDDI</b>	Down 6.45 percent to 450,000 yen per share
<b>Ricoh Co</b>	Down 5.57 percent to 2,290 yen per share
<b>Rohm Co</b>	Down 4.28 percent to 16,110 yen per share
<b>Sharp Corporation</b>	Down 4.63 percent to 1,410 yen per share
<b>Sony Corporation</b>	Down 6.87 percent to 5,830 yen per share

Other Asian stock markets were watching both Japan and the HKSAR for a lead, but there was little to assist them.

This was how major bourses in Asia closed, last Monday night:

Indonesia	Plus 0.40 percent
Japan	Minus 1.85 percent
Malaysia	Plus 1.73 percent
The Philippines	Minus 0.91 percent
Singapore	Plus 1.05 percent
South Korea	Minus 1.40 percent
Taiwan	Closed
Thailand	Minus 0.92 percent

## Tuesday

While Japan took it on the nose, once again, while Wall Street spluttered and coughed, while more and more companies announced disappointing results, on The Stock Exchange of Hongkong Ltd, there were smiles, in quite a number of quarters.

The big questions were whether or not vested interests were *'doing their thing'*, or whether or not the Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was in the market, propping up share prices.

The Main Board of The Stock Exchange of Hongkong Ltd was alive with selective activity, mostly in blue chips.

But the Total Turnover stayed low, at about \$HK6.51 billion.

This is sure-shot sign of a market that is not naturally bullish.

The Hang Seng Index, the *'barometer'* of trading on the Main Board, gained about 1.90 percent, rising to 12,316.69 points.

Even so, losers outran gainers by the ratio of about 1.04:One, with about 63 percent of all counters, either not trading at all, or just holding onto previous levels.

HSBC Holdings plc (Code: 5) and China Mobile (Hongkong) Ltd (Code: 941) continued to dominate the market with their combined turnovers, amounting to about \$HK1.20 billion, or about 18.43 percent of the Total Turnover.

HSBC Holdings ended the day at \$HK89 per share, up 1.71 percent, while China Mobile regained 0.87 percent, rising to \$HK34.60 per share.

Without question, the gain in the share price of HSBC Holdings had a decided bearing on the Hang Seng Index's movement since this banking giant is one of the largest capitalised companies in the HKSAR, as well as being a constituent stock of the Hang Seng Index.

The Bank of East Asia Ltd (Code: 23) kicked off reporting season in the HKSAR when it announced an Interim Net Profit of about \$HK1.02 billion, an 8.50-percent gain on the like period in 2000.

Its share price rose about 2.54 percent to end the session at \$HK18.20.

Many people realised that The Bank of East Asia is unlikely to be the norm because, for certain, many local banks must have been suffering for the past year due to the economic slowdown, internationally.

The Cheung Kong/Li Ka Shing Group of Companies fared much better, last Tuesday, as certain investors took the view that the market had been oversold, all things considered.

Pride comes before a fall.

Hutchison Whampoa Ltd (Code: 13) put on 3.08 percent to close at \$HK75.25 per share, Cheung Kong (Holdings) Ltd (Code: 1) regained 3.34 percent of its market capitalisation, rising to \$HK77.25 per share, and Pacific Century CyberWorks Ltd (Code: 8) managed a 2.04-percent recovery, ending the day at \$HK2 per share.

While the HKSAR's main stock market was on the rise, on The New York Stock Exchange, last Monday, the Dow Jones Industrial Average lost 0.14 percent of its value, falling to 10,401.72 points.

The tech-laden NASDAQ market followed suit as its Composite Index gave up 0.55 percent, ending the day at 2,017.84 points.

To say that these markets were quiet would be to state the obvious.

Key economic data was expected, last Tuesday, and investors preferred to wait to view the figures before making any fresh commitments.

One of the reports, which the US market watches, carefully, is the National Association of Purchasing Management (the NAPM), a monthly indicator of US industrial output, plus, of course, what the US consumer feels about his economy.

August 21, the fateful day, which is eagerly awaited by many US investors because it is the day that the US Federal Reserve Board is due to meet in order to decide interest rates in the short term, was, also, a factor of last Monday's stock markets in the world's largest, single economy.

That the US economy needed a fast shot in its economic arm was not questioned, but what was being asked was: What should be in the syringe that delivers the injection?

What affects the world's largest bourse, affects Asia, most pointedly.

The following is TARGET's list of double-digit movers of The Stock Exchange of Hongkong Ltd for last Tuesday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Asia Standard Hotel Group Ltd	292		10.34	0.26
Bestway International Holdings Ltd	718		14.29	0.024
Century Legend (Holdings) Ltd	79		10.00	0.036
Climax International Company Ltd	439	21.88		0.039
Far East Technology International Ltd	36	10.71		0.31
Graneagle Holdings Ltd	147	16.67		0.014
Greater China Sci-Tech Holdings Ltd	431	12.27		0.183
Hycomm Wireless Ltd	499	16.31		0.164
INNOMAXX Biotechnology Group Ltd	340		11.39	0.21
Kim Eng Holdings (Hongkong) Ltd	727	11.11		4.50
Kong Sun Holdings Ltd	295	11.17		0.229
Luoyang Glass Company Ltd	1108		13.79	1.25
Pacific Challenge Holdings Ltd	166		10.00	0.54
Qualipak International Holdings Ltd	1224	11.11		0.20
Star Bio-Tech (Holdings) Ltd	1050	10.00		0.011
Takson Holdings Ltd	918	11.76		0.38
Tonic Industries Holdings Ltd	978	12.90		0.35
Wah Tak Fung Holdings Ltd	297	14.52		0.355
Wo Kee Hong (Holdings) Ltd	720		10.96	0.065

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, share prices continued to get hit as The Growth Enterprise Index lost another 1.13 percent of its value, falling to a new low of 237.36 points.

And the Total Turnover continued to abysmal, at about \$HK56.99 million.

Declining issues outnumbered advancing ones by the ratio of about 4.33:One.

Xinao Gas Holdings Ltd (Code: 8149) was the most active counter of the day as investors traded about 3.44 million shares in this PRC, gas-distribution company.

The share price of Xinao Gas shed 1.62 percent of its value, ending the day at \$HK1.82, after being held in an 8-cent channel, the entire day.

The cash value of the trades of this company, at about \$HK6.29 million, represented about 11 percent of the entire volume of trades on The GEM.

Proactive Technology Holdings Ltd (Code: 8089) was the lone, double-digit gainer as its share price rose 12.90 percent to 35 cents per share.

Thiz Technology Group Ltd (Code: 8119) was the lone, double-digit loser, shedding 10 percent of its market value, closing its second day as a publicly listed, quoted company at \$HK2.025 per share.

The closing price for this company's shares represented a 2.50-cent premium over its Offer Price.

(For a full analysis of this company, please refer to [TARGET Intelligence Report, Volume III, Number 137](#), published on July 25, 2001)

For the entire market of 67 counters, only 9 of them were in positive territory.

In Japan, a technical correction pushed up share prices on The Tokyo Stock Exchange, but few people expected Asia's largest stock market to be able to hold on to its gains of last Tuesday.

The Nikkei-225 Stock Average rose 281.50 yen, about 2.43 percent, to hit 11,860.77 yen by the time that the closing bell rang.

To many a Japanese investor, it was, definitely, a welcome relief from hearing, daily, of this market, the most important in Asia, hitting another 16-year low.

The seemingly bullish market came on the day that the Japanese Government's Ministry of Public Management announced that unemployment in the country stayed at the record level of 4.90 percent, during the month of June.

This is unchanged from the May figure.

The Ministry said that it expected unemployment to rise even higher in the coming months, possibly to the 5-percent level.

There are about 3.38 million Japanese out of work in The Land of The Rising Sun, today.

From NEC Corporation, a major manufacturer of chips, came news that it would slash about 4,000 jobs, worldwide, with 600 jobs, going from its Scottish company, NEC Semiconductors (UK) Ltd.

The share price of NEC rose nearly 7 percent, last Tuesday, rising to 1,669 yen.

Investors appeared to like the cut of NEC's jib. (Please see Monday's report)

Another electronics giant, Matsushita Electric Industrial Company Ltd, reported its first quarterly loss in its history.

Matsushita Electric Industrial, known for its popular Panasonic and National brands of consumer electronics, posted a 38.69-billion yen loss for the April-June quarter.

In spite of this, the share price of Matsushita Electric Industrial rose 3.88 percent to 1,740 yen.

Sony Corporation, the world's largest manufacturer of consumer electronics, having suffered a 17.50-percent fall in its share price over the previous 2 trading days, made a recovery as investors pushed its share price back to 6,150 yen, a one-day gain of about 5.49 percent.

The previous Thursday, Sony announced that it had lost about 30 billion yen in the April-June quarter.

From the motor section of The Tokyo Stock Exchange, Honda Motor Company announced that its profits had jumped about 40 percent in the April-June quarter, to 89.38 billion yen, up from 63.80 billion yen for the

comparable period in 2000.

But the Japanese investors went chasing electronics, last Tuesday, especially those electronics that had been hit in the previous sessions:

<b>Advantest</b>	Up 6.62 percent to 9,180 yen per share
<b>Canon Incorporated</b>	Up 5.77 percent to 4,220 yen per share
<b>KDDI</b>	Up 3.03 percent to 408 yen per share
<b>Fujikura</b>	Up 3.23 percent to 704 yen per share
<b>Fujitsu</b>	Up 5.34 percent to 1,165 yen per share
<b>Hirose Electric</b>	Up 10.39 percent to 8,500 yen per share
<b>Japan Telecom</b>	Up 4.86 percent to 540,000 yen per share
<b>Konica Corporation</b>	Up 5.76 percent to 826 yen per share
<b>Kyocera Corporation</b>	Up 3.08 percent to 9,360 yen per share
<b>Matsushita Communications</b>	Up 5.33 percent to 4,150 yen per share
<b>Matsushita Electric Works</b>	Up 3.88 percent to 1,740 yen per share
<b>NEC Corporation</b>	Up 6.99 percent to 1,669 yen per share
<b>Nikon Corporation</b>	Up 3.04 percent to 1,050 yen per share
<b>Ricoh Company</b>	Up 2.18 percent to 2,340 yen per share
<b>Rohm Company</b>	Up 6.15 percent to 17,100 yen per share
<b>Sony Corporation</b>	Up 5.49 percent to 6,150 yen per share
<b>TDK Corporation</b>	Up 7.28 percent to 6,040 yen per share
<b>Tokyo Electron</b>	Up 3.57 percent to 7,250 yen per share
<b>Toshiba Corporation</b>	Up 3.36 percent to 584 yen per share

Banking counters, also, benefitted from the seeming bullish trend, even though it is likely to be short-lived:

<b>Ashikaga Bank</b>	Up 3.47 percent to 179 yen per share
<b>Daishi Bank</b>	Up 2.29 percent to 404 yen per share
<b>Gunma Bank</b>	Up 3.05 percent to 575 yen per share
<b>Higo Bank</b>	Up 2.44 percent to 420 yen per share
<b>Juroku Bank</b>	Up 8.15 percent to 478 yen per share
<b>Mitsubishi Financial Group</b>	Up 6.16 percent to 999,000 yen per share
<b>UFJ Holding</b>	Up 2.73 percent to 564,000 yen per share
<b>Yamaguchi Bank</b>	Up 2.50 percent to 735 yen per share

It was only in Japan and the HKSAR that things were popping on Asia's largest and most important bourses, as the following list indicates:

Indonesia	Minus 1.14 percent
Japan	Plus 2.43 percent
Malaysia	Plus 0.29 percent
The Philippines	Plus 0.88 percent
Singapore	Plus 0.51 percent
South Korea	Plus 1.50 percent



Taiwan	Plus 0.57 percent
Thailand	Minus 0.21 percent

### **Wednesday**

It appears that, at the slightest hint of a perceived improvement in the US economy, investors are willing to brave all, rather than face the prospects that they might be left behind when the bulls come charging down Wall Street.

That was about the only excuse for what took place on The Stock Exchange of Hongkong Ltd, as the Main Board's Hang Seng Index put on 1.32 percent of its value, rising to 12,478.74 points, last Wednesday.

The Total Turnover was a low \$HK7.22 billion, with dominance, once again, in the counters of HSBC Holdings plc (Code: 5) and China Mobile (Hongkong) Ltd (Code: 941), these 2 companies, being among the largest capitalised entities, listed on The Stock Exchange of Hongkong Ltd.

Gainers were ahead of losers by the ratio of about 1.74: One, but it was noted that 61 percent of the counters, listed on this market, either did not trade, or just held firmly onto Tuesday's closing levels.

HSBC Holdings's scrip continued to be widely sought-after and, as a result, the giant banking group saw its share price rise another 1.32 percent to end the day at \$HK90.25, the high point of last Wednesday's trades.

About 9.56 million, HSBC Holdings's shares changed hands, representing nearly 12 percent of the Total Turnover. It was the most active counter of the day.

HSBC Holdings will announce its Interim Results on Wednesday and many investors in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) like to take a punt on the scrip, just before the bank lets it known how it fared in the first half of the year.

China Mobile managed a 1.45-percent improvement in its market capitalisation, with its share price, rising to \$HK35.10 by the close of the day.

As for the Li Ka Shing mob, Hutchison Whampoa Ltd (Code: 13) tagged on 1.99 percent to its value, with its share price, moving back to \$HK76.75, while Cheung Kong (Holdings) Ltd (Code: 1) saw its share price move up very smartly to \$HK79.75, a one-day improvement of 3.24 percent.

These 4, top performers accounted for about \$HK2.70 billion, or about 37 percent of the entire activity of the day.

Pacific Century CyberWorks Ltd (Code: 8), another of Mr Li Ka Shing's corporate vehicles, was the only one in the Great Man's stable not to gain on last Wednesday's market, as investors marked down its share price by one half of one percent to \$HK1.99.

On The New York Stock Exchange, The Dow Jones Industrial Average gained 1.16 percent, last Tuesday, rising to 10,522.81 points.

The NASDAQ's Composite Index managed a 0.46-percent improvement, running up to 2,027.12 points.

The US Commerce Department announced that personal income in the US rose 0.30 percent in June, while personal consumption expenditure increased by 0.40 percent.

These figures were considered better than expected.

The Commerce Department, also, announced that US construction spending had fallen at its quickest pace in nearly 12 months.

The US Conference Board, plotting how US consumers feel about this and that, told the world that consumer confidence in the US had skidded in June.

The Consumer Confidence Index dropped back to 116.50 points, down from a revised May figure of 118.90 points.

The largest, fixed-line telephone company in the US, Verizon Communications, announced that the situation in this giant company was not, altogether, sweet.

Verizon said that it had recorded a \$US1-billion loss for the second quarter.

The losses included one-off charges of about \$US3.10 billion for Provisions in the value of investments in other telecommunication companies.

For the second quarter of 2000, this company turned in a Bottom Line of about \$US4.90 billion.

No doubt, many people in the HKSAR will be wondering whether or not Mr Li Ka Shing will have to follow Verizon's suit, since his group of companies have made sizeable investments in telecommunication companies, around the world.

There was no special news in the HKSAR, last Wednesday, of any materiality.

Here are the double-digit movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Bestway International Holdings Ltd	718	12.50		0.027
Buildmore International Ltd	108		10.42	0.43
China Investments Holdings Ltd	132	15.00		0.46
Ching Hing (Holdings) Ltd	692		10.71	0.15
Climax International Company Ltd	439		25.64	0.029
Deson Development International Holdings Ltd	262	10.00		0.044
Easyknit International Holdings Ltd	1218	11.45		0.147
Fortuna International Holdings Ltd	530		10.53	0.034
Goldlion Holdings Ltd	533	10.53		0.42
HiNet Holdings Ltd	155	11.48		0.068
Interchina Holdings Company Ltd	202	10.77		0.72
Medtech Group Company Ltd	1031	11.11		0.03
National Electronics Holdings Ltd	213	10.67		0.016
netalone.com Ltd	336		10.00	0.135
New World CyberBase Ltd	276	15.38		0.105
RoadShow Holdings Ltd	888	14.53		1.97
Softbank Investment International (Strategic) Ltd	648	11.11		0.55
Wo Kee Hong (Holdings) Ltd	720	15.38		0.075

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – certain counters recovered from their previous losses as The Growth Enterprise Index regained nearly one percent.

After a very weak opening to this market, which saw The Growth Enterprise Index hardly move, during the morning session, there was a spurt of activity in the 90-minute afternoon trading session, resulting in investors, pushing up The Growth Enterprise Index to 239.69 points, an improvement of 0.98 percent, compared with Tuesday's close.

The end-of-the day results could not have meant very much because the Total Turnover was only about \$HK65.77 million.

The ratio of gainers to losers was 1.59:One.

Phoenix Satellite Television Holdings Ltd (Code: 8002) was, for a change, the most-active counter of the day as its share price regained 5.08 percent of its value, rising to \$HK1.24.

Trading in this Rupert Murdoch company represented, in dollar terms, about \$HK10.25 million, or about 15.58 percent of the Total Turnover of the day.

Mr Li Ka Shing's tom.com Ltd (Code: 8001) was second in line on the Most Active list as 4.33 million, tom.com shares switched owners, with its price ending the day at \$HK2.05, an increase of about 3.02 percent on Tuesday's close.

The value of the trades in tom.com accounted for about 13.34 percent of the entire volume of activity for the day.

The double-digit movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
36.com Holdings Ltd	8036	29.03		0.04
L.P. Lammas International Ltd	8029	10.58		0.115
Proactive Technology Holdings Ltd	8089	10.00		0.385
Systek Information Technology (Holdings) Ltd	8103		22.63	0.147

Strength continued to be felt on Japan's premier stock market as investors went on a little shopping spree, looking for counters that, in their opinion, had been oversold.

The Nikkei-225 Stock Average, the guide to trading in blue chips on The Tokyo Stock Exchange, added 98.56 yen to the gains of Tuesday, rising to 11,959.07 yen, an improvement of about 0.83 percent on the day.

Banks were on the shopping list of many investors since Japan's banking giants are among the worst hit on both The Osaka Stock Exchange and The Tokyo Stock Exchange, over the past few months.

Mizuho Holdings, the largest bank in the world, saw its share price scoot up 35,000 yen, about 7.29 percent, while UFJ Holdings managed to keep up with its rival, putting on 36,000 yen, rising to 600,000 yen per share, a one-day gain of about 6.38 percent.

What lit a fire under the banking section was an afternoon announcement from Daiwa Bank about its plans to consolidate its operations with Kinki Osaka Bank and Nara Bank, 2 regional banks in Japan.

This move will make Daiwa a powerhouse regional bank.

Daiwa Bank's share price took off, rising 11.63 percent to end the day at 144 yen per share.

Other banks to make headway included:

<b>Asahi Bank</b>	Up 7.69 percent to 224 yen per share
<b>Bank of Kyoto</b>	Up 4.15 percent to 603 yen per share
<b>Daiwa Bank</b>	Up 11.62 percent to 144 yen per share
<b>Hachijuni Bank</b>	Up 4.89 percent to 643 yen per share
<b>Nishi-Nippon Bank</b>	Up 4.18 percent to 449 yen per share

In the telecommunications section of the market, NTT DoCoMo led the pack with a gain of about 6.36 percent as investors pushed up its share price to 1.84 million yen.

Electronics were mixed, but there were some impressive movements in select counters, as the following indicates:

<b>Canon Incorporated</b>	Up 4.50 percent to 4,410 yen per share
<b>Fujitsu</b>	Up 4.03 percent to 1,212 yen per share
<b>NEC Corporation</b>	Up 3.66 percent to 1,730 yen per share
<b>Nikon Corporation</b>	Up 8.57 percent to 1,140 yen per share

News wise, Japan's biggest optical parts manufacturer, Furukawa Electric Company, announced that it would increase its fibre-optic cable production in the PRC in an effort to grab a 20-percent slice of that market.

Furukawa Electric's share price moved up to 1,031 yen on the news, a one-day improvement of about 4.67 percent.

The Japan Automobile Dealers Association informed the world that sales of new motor vehicles rose 5.80 percent, in July, year-on-year.

And this was the situation in other Asian bourses, last Wednesday night:

Indonesia	Minus 0.20 percent
Japan	Plus 0.83 percent
Malaysia	Plus 0.54 percent
The Philippines	Minus 2.14 percent
Singapore	Plus 1.13 percent
South Korea	Plus 3.92 percent
Taiwan	Plus 0.04 percent
Thailand	Plus 0.95 percent

### **Thursday**

July was a bad month for US factories as their output retracted.

This was the bad news from The National Association of Purchasing Management (NAPM), last Wednesday night.

The NAPM monthly manufacturing index fell to 43.60 points in July, down from 44.70 points in June.

The slump in manufacturing in the US continues for the 12<sup>th</sup> consecutive month.

At the opening of The New York Stock Exchange, last Wednesday, investors got cold feet and stopped their early buying spree in the light of the news from the NAPM.

One has to bear in mind that the NAPM's statistics on manufacturing in the US are for the month of July, only, and takes no account of forward orders in hand.

The Dow Jones Industrial Average, after an early rise when it gained 121.09 points, went into negative territory, ending the day at 10,510.01 points, a one-day loss of about 12.80 points, or about 0.12 percent.

The NASDAQ Composite Index, however, went in the opposite direction and gained about 2.04 percent, hitting 2,068.39 at the close of trading.

The blue-chip index, The Dow, came a-cropper for a number of reasons, the NAPM report, being just one of them.

From the largest manufacturers of motor cars in the world came the news that all 3 of the US companies were seeing a fall-off in sales.

Ford Motor said that July sales of its vehicles were down 13 percent, year-on-year, General Motors's sales were off about 9.01 percent, and Chrysler's sales were down about 3 percent.

In Asia, investors were a little unsure as to how to take the US corporate news.

On The Stock Exchange of Hongkong Ltd, the Hang Seng Index, a guide to trading on the Main Board, shed 12.37 points, or about 0.10 percent, as the Total Turnover continued to be low, at about \$HK6.45 billion.

In the morning session, the market started to move up about 35 points, but the 90-minute afternoon session saw a complete reversal of the situation as investors turned out to be net sellers instead of net buyers.

Declining issues outpaced advancing ones by the ratio of about 1.86:One.

China Mobile (Hongkong) Ltd (Code: 941), HSBC Holdings plc (Code: 5), Hutchison Whampoa Ltd (Code: 13) and Cheung Kong (Holdings) Ltd (Code: 1) were the 4 most active issues of the day, in that order, and their combined volumes accounted for about 36.28 percent of the Total Turnover.

China Mobile's share price rose 1.42 percent to \$HK35.60, HSBC Holdings's scrip was being traded at \$HK90.75 at the close, an improvement of 0.55 percent over Wednesday's last level, while Hutchison Whampoa and Cheung Kong, both Li Ka Shing companies, went in the opposite direction to China Mobile and HSBC Holdings, losing 0.65 percent and 0.63 percent, respectively, to end the day at \$HK76.25 and \$HK79.25.

Another of Mr Li Ka Shing's companies, Pacific Century CyberWorks Ltd (Code: 8), saw its share price hit a record low of \$HK1.94, off 2.51 percent on Wednesday's last trade.

Of the 15, double-digit movers, last Thursday, 5 double-digit movers were in positive territory:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Resources Transportation Holdings Ltd	899	20.51		0.047
Chevalier Construction Holdings Ltd	579		10.53	0.17
ehealthcareasia Ltd	835		14.00	0.043
Innovative International (Holdings) Ltd	729		14.29	0.048
Jackley Holdings Ltd	353		10.77	0.58
Karce International Holdings Company Ltd	1159		12.22	0.395
Mansion Holdings Ltd	547		10.00	0.045
Medtech Group Company Ltd	1031		13.33	0.026
MUI Hongkong Ltd	542		11.76	0.09
Online Credit International Ltd	185	12.00		0.112
QPL International Holdings Ltd	243	12.96		3.05
Quality HealthCare Asia Ltd	593		36.96	0.29
South China Industries Ltd	413		12.50	0.28
Takson Holdings Ltd	918	10.53		0.42
Tongda Group Holdings Ltd	698	11.54		2.90

The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd was another bust for investors as The Growth Enterprise Index hardly moved, during the entire day.

The closing bell put The Growth Enterprise Index at 240.26 points, which was just 0.24 percent higher than the close of Wednesday.

Losers were ahead of gainers by the ratio of about 1.68:One.

The Total Turnover on this market was about \$HK107.36 million, with Mr Li Ka Shing's tom.com Ltd (Code: 8001), being the most widely traded stock, accounting for about 33.29 percent of the entire volume of activity for the day.

tom.com finished the day at \$HK 2.15 per share, an increase of about 4.88 percent, compared with Wednesday's closing level.

There were no double-digit movers on this market.

In Japan, the big news of the day was a report that 6 major Japanese banks had more than tripled their bad loan disposal projections for the year.

This was made known to Japan's financial regulators, The Financial Services Agency, last Thursday.

The 6 banks, together, reported Provisions of more than 1.20 trillion yen for the fiscal year, ending March 31, 2002.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average rose 3.68 percent to 12,399.20 yen as Japanese investors appeared to be seemingly oblivious of the bank announcements.

Banking counters, in fact, were generally strong as Mizuho Holdings, the world's largest bank, saw its share price rise by 2.30 percent to hit 527,000 yen at the close of trading.

Other banks to make material gains included:

<b>Asahi Bank</b>	Up 6.70 percent to 239 yen per share
<b>Joyo Bank</b>	Up 3.27 percent to 347 yen per share
<b>Shizuoka Bank</b>	Up 3.50 percent to 1,064 yen per share
<b>Sumitomo Trust and Bank</b>	Up 5.55 percent to 779 yen per share
<b>Suruga Bank</b>	Up 4.50 percent to 950 yen per share
<b>UFJ Holding</b>	Up 6.17 percent to 637,000 yen per share

A report, emanating from a US stockbrokerage house, suggested that stocks of select chipmakers should be accumulated, at this time.

This put a fire under a number of electronics companies in The Land of The Rising Sun:

<b>Advantest</b>	Up 8.21 percent to 10,020 yen per share
<b>Casio Computer</b>	Up 5.72 percent to 721 yen per share
<b>Fujikura</b>	Up 5.52 percent to 746 yen per share
<b>Fujitsu</b>	Up 3.71 percent to 1,257 yen per share
<b>Furukawa Electric</b>	Up 9.64 percent to 1,080 yen per share
<b>Hitachi</b>	Up 5.65 percent to 1,140 yen per share
<b>Kyocera Corp</b>	Up 9.19 percent to 10,220 yen per share
<b>Matsushita Electric Industrial</b>	Up 4.80 percent to 1,812 yen per share
<b>Matsushita Communications</b>	Up 3.29 percent to 4,400 yen per share
<b>Mitsubishi Electric</b>	Up 5.57 percent to 569 yen per share
<b>NEC Corporation</b>	Up 3.58 percent to 1,792 yen per share

<b>Nikon Corp</b>	Up 7.02 percent to 1,220 yen per share
<b>OKI Electric Industries</b>	Up 8.70 percent to 550 yen per share
<b>Pioneer</b>	Up 7.96 percent to 3,390 yen per share
<b>Rohm Company</b>	Up 8.56 percent to 18,780 yen per share
<b>Sharp Corporation</b>	Up 4.09 percent to 1,477 yen per share
<b>Sony Corporation</b>	Up 4.84 percent to 1,309 yen per share
<b>TDK Corporation</b>	Up 7.48 percent to 6,470 yen per share

It is said that, when a man is a hero, one need not look at his past.

So it was for the premier Japanese bourse, last Thursday, because, in truth, the gains could not be justified on fundamentals, alone.

However, having said that, it was the third straight day of gains and, that being the case, The Tokyo Stock Exchange could be likened to a hero – to some people, at least.

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

Indonesia	Minus 1.52 percent
Japan	Plus 3.68 percent
Malaysia	Minus 0.20 percent
The Philippines	Plus 0.59 percent
Singapore	Minus 0.88 percent
South Korea	Plus 0.83 percent
Taiwan	Plus 3.12 percent
Thailand	Plus 0.90 percent

## **Friday**

Some people, clearly with vested interests, tried to talk up the major stock markets of the world, last Thursday and Friday, putting out recommendations as to which company's stock would benefit in the short term to intermediate term (whatever those terms mean).

But, it was to no avail: Investors have grown a little too suspicious to be sucked in by such talk ... and not much more than talk, too.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng lost about 1.58 percent of its value, falling to 12,269.08 points.

The Total Turnover continued to be very low at about \$HK6.62 billion, as losers outnumbered gainers by the ratio of about 2.95:One.

About 60 percent of all the counters, listed on this bourse, were either ignored, or just held pat.

The same 4 counters hugged the top spots on the Ten Most Actives: HSBC Holdings plc (Code: 5)( in first place); China Mobile (Hongkong) Ltd (Code: 941) (in the second spot); followed by Hutchison Whampoa Ltd (Code: 13) and Cheung Kong (Holdings) Ltd (Code: 1), in third and fourth positions, respectively.

HSBC Holdings's share price stayed firm at \$HK90.75; China Mobile's scrip changed hands at the close at \$HK34.40, off about 3.37 percent on Thursday's closing level; while, Hutchison Whampoa's share price fell 0.65 percent to \$HK76.25; and, Mr Li Ka Shing's flagship company, Cheung Kong, gave up 2.65 percent to end the day at \$HK74.

On Wall Street, The NASDAQ Composite Index rose for the sixth time in 7 sessions as investors pushed it 2,087.38 points, a one-day gain of about 0.90 percent.

The blue-chip index of The New York Stock Exchange, the Dow Jones Industrial Average, followed the NASDAQ, adding 0.39 percent to its value so that, by the end of last Thursday's session in New York, it stood at 10,551.18 points.

Electronic issues were in demand, mainly, as many US stockbrokers told clients that, probably, the worst was over.

And it all took place within a 24-hour period: How quickly things change for some brokers!

But Asia, it appeared, was not buying the US bull, as sellers lined up to unload scrip at the first opportunity.

This week, in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), quite a number of important companies will be telling shareholders how they fared in the first half of 2001.

HSBC Holdings and its subsidiary, Hang Seng Bank Ltd (Code: 11), will kick off with their Interim Reports, and many investors fear that both banks will have to bite the proverbial bullet and make Provisions for bad and doubt debts as well as a slew of non-performing loans.

Last Friday, investors preferred to wait for some of these reports.

There were 18 double-digit movers on the Main Board, last Friday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Century Legend (Holdings) Ltd	79	19.44		0.043
China Development Corporation Ltd	487		13.33	0.078
Dailywin Group Ltd	897		29.33	0.212
eBiz.hk.com Ltd	384	10.94		0.71
Ecopro Hi-Tech Holdings Ltd	397	26.67		0.019
eForce Holdings Ltd	943	15.63		2.775
Fu Hui Holdings Ltd	639		15.79	0.144
Gold Wo International Holdings Ltd	90	21.79		2.375
Graneagle Holdings Ltd	147		28.57	0.01
Interchina Holdings Company Ltd	202	15.28		0.83
Jackley Holdings Ltd	353	17.24		0.68
Karce International Holdings Company Ltd	1159	10.13		0.435
Kwong Hing International Holdings Ltd	1131	19.67		0.073
Millennium Group Ltd	260		16.00	0.084
MUI Hongkong Ltd	542		11.11	0.08
Seapower Resources International Ltd	269		18.03	0.05
Sen Hong Resources Holdings Ltd	76	10.00		0.11
South East Group Ltd	726		22.22	0.021

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, share prices moved to lower ground as The Growth Enterprise Index gave up 1.19 percent of its value, falling to 237.26 points -- an historic low.

The Total Turnover dropped down to about \$HK77.63 million.



The ratio of losers to gainers was 2.05:One.

On The Tokyo Stock Exchange, Asia's most important bourse reversed its direction as the Nikkei-225 Stock Average surrendered 157.23 yen, or about 1.27 percent, ending the week at 12,241.97 yen.

Bulls of Thursday became bears of Friday.

The reason that some of the shine had dulled on the market's billiard balls was due to sobering remarks by some of Japan's moguls.

Tokyo Electron, a semiconductor equipment manufacturer, announced, last Thursday night, that it had suffered a 3.50-billion yen loss for the April-June quarter, compared with a Net Profit of 15.20 billion yen for the like 2000 quarter.

That, just about, set the stage for electronic share prices to retreat, led by Sony Corporation, which gave up 2.31 percent of its market capitalisation, falling back to 6,350 yen per share.

Toshiba Corporation, the world's second largest manufacturer of chips, shed 2.48 percent of its value, ending the week at 629 yen per share.

In banks, Mizuho Holdings, the world's biggest bank in terms of assets under its control, lost 5.69 percent of its value, dropping to 497,000 yen per share.

Other banks that got hit, last Friday, included:

<b>Asahi Bank</b>	Down 4.19 percent to 229 yen per share
<b>Ashikaga Bank</b>	Down 8.33 percent to 165 yen per share
<b>Hokuriku Bank</b>	Down 4.91 percent to 214 yen per share

Sumitomo Rubber Industries Ltd announced that it recorded a Pretax Profit of about 6.72 billion yen for the January-June half year, a 23-percent increase on the like period in 2000.

As for the rest of Asia, this was how it looked as investors went home, last Friday night:

Indonesia	Minus 0.30 percent
Japan	Minus 1.27 percent
Malaysia	Minus 0.36 percent
The Philippines	Minus 1.00 percent
Singapore	Minus 1.24 percent
South Korea	Plus 0.22 percent
Taiwan	Plus 0.90 percent
Thailand	Plus 4.19 percent

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