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THE STOCK EXCHANGE OF HONGKONG LTD : ONE DOG BARKS, 100 DOGS BARK

It was a day like no other on The Stock Exchange of Hongkong Ltd, last Monday, as the Total Turnover shrank to a level, not seen in years: About $HK4.24 billion.

That is a long way from the $HK36-billion-plus Total Turnovers of just a few short years ago.

Investors in The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were waiting to see (a) what would happen on Wall Street in the coming week and (b) what kind of money would be generated from the Government's Land Auction of a Kowloon commercial site.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index move down about 0.61 percent to 11,694.29 points, but most of that loss took place in the morning session, to 12:30 pm, since, in the 90-minute afternoon session, The Index moved less than one point.

Losers outran gainers by the ratio of about 2.25:One, with about 73 percent of all counters, listed on The Stock Exchange of Hongkong Ltd, either seeing no movement in their share price, or seeing no trades, at all.

Hutchison Whampoa Ltd (Code: 13), Cheung Kong (Holdings) Ltd (Code: 1), HSBC Holdings plc (Code: 5) and China Mobile (Hongkong) Ltd (Code: 941) were the most active counters, in that order, with their aggregate volume of trading, representing just short of about 38 percent of the entire volume of activity of the day.

Hutchison Whampoa lost 4.41 percent of its market capitalisation, falling back to $HK65 per share, Cheung Kong gave up 3.91 percent of its value, dropping to $HK67.50 per share, HSBC Holdings lost about 0.55 percent of its value, closing at $HK91 per share, and China Mobile's share price rose to $HK32.60, up 1.24 percent of the previous Friday close.

The market looked set to test new lows in the coming week, to be sure, but a lot would depend on what happened on the world's biggest and most important market: The New York Stock Market.

Mr Li Ka Shing's stable of publicly listed companies was being battered by persistent negative international reports, concerning Third Generation Mobile Telephone Systems (known as 3-G phone system). Mr Li Ka Shing's group is very heavily involved in this industry, having sunk tens of billions of dollars into 3-G, from Europe to the Antipodes.

Pacific Century CyberWorks Ltd (Code: 8), once the largest capitalised company in the HKSAR and, now, a middle-of-the-road company, held firm amid a sea of sellers at $HK1.88 per share, just 4 cents off the low for the year.

Pacific Century CyberWorks, controlled by the semi-educated son of Mr Li Ka Shing, Mr Richard Li Tzar Kai, has more debt than international investors and the company's creditor banks, no doubt, appreciate – and it is known that pitching a bond issue for Pacific Century CyberWorks is easier said than done, as merchant banks will attest.

The HKSAR Government's second land auction of its fiscal year was considered disappointing and, more important, perhaps, was the fact that Mr Li Ka Shing's companies did not appear to try too hard to land the commercial site, at least, it was not apparent.

The 220,000 square-foot, Hunghom site fetched $HK1.09 billion, which is a little lower than expectations of $HK1.20 billion and higher.

The fact that Mr Li Ka Shing's group only made one bid -- $HK930 million – was taken as being indicative of the many problems, confronting the HKSAR, politics notwithstanding.

There were only 12, double-digit movers of the day, with an equal number of gainers and losers:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
China Apollo Holdings Ltd	512	20.00		0.162
Dickson Group Holdings Ltd	313		10.24	0.114
ehealthasiacare.com Ltd	835		19.05	0.034
Everest International Investments Ltd	204		10.49	0.145
Greater China Sci-tech Holdings Ltd	431		10.19	0.141
Interchina Holdings Company Ltd	202	12.00		1.12
Medtech Group Company Ltd	1031	22.22		0.033
National Electronics Holdings Ltd	213		10.63	0.143
Rockapetta Holdings Ltd	1003	25.00		0.40
Shun Cheong Holdings Ltd	650	13.79		0.33
Top Form International Ltd	333	18.26		0.136
Veeko International Holdings Ltd	1173		14.50	0.112

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Growth Enterprise Index dropped to another new low of 223.34 points, a 1.09-percent drop from the previous Friday's close.

The ratio of losers to gainers was about 2.29:One, with about half of all counters, holding onto previous closing numbers.

Argos Enterprise (Holdings) Ltd (Code: 8022) entered the GEM rolls for the first time, last Monday, and, after about 36.71 million of its shares changed hands, its share price had slipped back to 72 cents, down from an intra-day high of $HK1.08.

Argos, a PRC bus company (of sorts), Placed 30 million of its shares at $HK1 per share.

The opening day's closing level, therefore, represented a 28-percent discount to the Placing Price.

(For a full analysis of this company, please see TARGET Intelligence Report, Volume III, Number 148, published on Friday, August 10, 2001)

A number of GEM-listed companies announced their quarterly and semi-annual results:

Name of Company	Code	Period Reported	Results ($HK'000)	Comparable Period Results ($HK'000)	Closing Price (Per Share)	Previous Closing Price (Per Share)
T S Telecom Technologies Ltd	8003	Quarter to June 30, 2001	4,082	(6,238)	40 cents	40 cents
iMerchants Ltd	8009	Quarter to June 30, 2001	(8,386)	746	24 cents	24 cents
China Data Broadcasting Holdings Ltd	8016	Half Year to June 30, 2001	(1,850)	412	$HK2.55	$HK2.55
Yuxing InfoTech Holdings Ltd	8005	Half Year to June 30, 2001	(31,012)	73,986	78 cents	78 cents
Beijing Beida Jade Bird Universal Sci-Tech Company Ltd	8095	Half Year to June 30, 2001	13,460	9,383	$HK1.67	$HK1.70

There were 4, double-digit movers on The GEM, last Monday, only one of which did not lose substantial ground:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
Fast System Technology (Holdings) Ltd	8150	24.24		0.41
Riverhill Holdings Ltd	8127	14.00		0.57
SYSCAN Technology Holdings Ltd	8083	10.00		0.275
Systek Information Technology (Holdings) Ltd	8103		10.07	0.275

In Japan, The Tokyo Stock Exchange continued to lose ground as its Nikkei-225 Stock Average gave up 257.50 yen, falling to 11,477.56 yen, a new, 16-year low for Asia's largest and most important bourse.

The ratio of losers to gainers on Japan's premier market was about 2.91:One.

The market had taken to heart the financial results of 2 electronic *'darlings'* of the previous Friday: Advantest Corporation and Rohm Corporation.

Advantest had announced a 91-percent reduction in its Net Profits for the Financial Year, ended March 31, 2001, while Rohm had announced a 58-percent fall in its Profits for the same period.

It was hardly surprising to see share prices on The Tokyo Stock Exchange drop in short order.

Leading the losers, of course, were the electronics:

Advantest	Down 7.44 percent to 7,830 yen per share
Alps Electric	Down 1.79 percent to 988 yen per share
Fujikura	Down 3.81 percent to 706 yen per share
Kyocera Corporation	Down 10.72 percent to 8,330 yen per share
Matsushita Communications	Down 4.76 percent to 4,000 yen per share
Matsushita Electric Industries	Down 2 percent to 1,708 yen per share
OKI Electric Industries	Down 5.60 percent to 489 yen per share
Pioneer	Down 2.56 percent to 3,050 yen per share
Sanyo Electric	Down 3.64 percent to 661 yen per share
Sony Corporation	Down 1.96 percent to 6,000 yen per share
TDK Corporation	Down 4.94 percent to 5,580 yen per share
Tokyo Electron	Down 4.69 percent to 6,700 yen per share
Toshiba Corporation	Down 4.49 percent to 596 yen per share

Securities companies, also, got hit as all 3 of the big boys lost ground:

Daiwa Securities Group	Down 3.34 percent to 1,042 yen per share
Nikko Securities	Down 2.61 percent to 783 yen per share
Nomura Securities	Down 2.55 percent to 2,010 yen per share

The only major loser in telecommunications was Japan Telecom, the share price of which gave up a whopping 10.31 percent, falling to 409,000 yen.

Jusco Company, Japan's third largest supermarket chain, announced that it would stop furniture retailing by February 2003.

The furniture retailing division of the company had been carried out with the cooperation with RTG International Incorporated, its US partner.

Jusco said that it expected a loss of about 2.60 billion yen from the liquidation of RTG Japan Company, the joint venture, which is owned as to 85 percent by Jusco and 15 percent by RTG International.

RTG Japan will close its 4 Tokyo outlets by the end of September, this year, Jusco's management said.

RTG International is owned by the US retailer, Rooms To Go Incorporated.

In other parts of Asia, this was the situation on major stock markets:

Indonesia	Plus 1.26 percent
Japan	Minus 2.19 percent
Malaysia	Plus 1.26 percent
The Philippines	Plus 0.73 percent
Singapore	Minus 0.93 percent
South Korea	Plus 1.20 percent
Taiwan	Plus 0.91 percent
Thailand	Closed

Tuesday

Asia appeared to take a more positive attitude toward equity trading, last Tuesday, in spite of evidence that the US economy is continuing to be sick.

And the US economy is getting sicker, a factor, which must impact on Asia in due course.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index put on about 2.54 percent, ending the day at 11,991.01 points.

The Total Turnover, however, remained very low at about $HK5.62 billion.

The 4, top performers of the day continued to be the old favourites, led by China Mobile (Hongkong) Ltd (Code: 941) and followed by Cheung Kong (Holdings) Ltd (Code: 1), HSBC Holdings plc (Code: 5), and Hutchison Whampoa Ltd (Code: 13).

China Mobile's share price gained 5.21 percent, rising to $HK34.30, Cheung Kong's scrip was traded at $HK70, even, at the close of the day, up 3.70 percent on Monday's last trade, HSBC Holdings saw its share price rise to $HK92.25, up 1.37 percent, while Hutchison Whampoa managed a 4.23-percent increase in the value of its shares, ending the session at $HK67.75 per share.

The combined turnovers of these 4 counters represented about 36 percent of the entire volume of activity for the day.

The ratio of gainers to losers was 2.46:One, but, still, about 64 percent of all counters either saw no activity or held firmly onto Monday's closing levels.

The gains on the Main Board were somewhat surprising, considering that trading on The New York Stock Exchange, on the first trading day of the week, was far from being stimulating.

Trading on The New York Stock Exchange saw wide swings in the value of The Dow Jones Industrial Average as it went from a positive 117.69 points to the negative figure of about one third of a point, ending the day at 10,415.91 points.

As for the NASDAQ, its Composite Index rose 25.76 points, about 1.32 percent, to 1,982.23 points.

The gains on the NASDAQ were due, it was said, to investor sentiment, which held that the worst had been known and that, for hereon in, things will only get better.

Faith is such a wonderful thing!

The US Federal Reserve Board is due to meet, tomorrow, but, last Tuesday, investors, trading on the largest stock market in the world, seemed to believe that the prospects were good that the Fed would cut short-term interest rates for seventh time, this year.

In fact, such an opinion was as an odds-on favourite.

It is only too apparent that the US Government has to step in to put a financial finger into the leaking, US economic dyke.

Diversified conglomerate, Tyco International Ltd, joined the ranks of those companies that determined to cut staff and close down plants.

The company announced that it would slash 11,300 jobs and close down 300 plants.

Tyco employs about 180,000 workers in 80 countries and is/was considered the most aggressive buyer of companies in the US of A.

In the first 9 months of this year, Tyco spent about $US17.10 billion on acquisitions, but the company, now, realises that it has bitten off a little more than it can chew.

The Tyco news took New York by surprise, no doubt, and Tuesday's trading session would see what it would see, with the very real prospects that share prices would retreat on the news.

The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) had not heard the news of Tyco at the time of trading on The Stock Exchange of Hongkong Ltd and so investors went their merry way, unaware of the potential threat, looming on the world's largest bourse.

There were a total of 23, double-digit movers, last Tuesday, with only 3 of their number, ending up in negative territory at the day's end:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
CCT Multimedia Holdings Ltd	1169	27.63		0.485
Cedar Base Electronic (Group) Ltd	855	14.74		0.109
Century Legend (Holdings) Ltd	79		10.53	0.034
China Apollo Holdings Ltd	512	40.74		0.228
eBiz.hk.com Ltd	384	10.17		0.65
GeoMaxima (Hongkong) Holdings Ltd	702	10.77		0.36
Goldwiz Holdings Ltd	586	12.50		0.72
Heshun Holdings Company Ltd	285	13.73		0.58
Hikari Tsushin International Ltd	603	10.48		0.116
Hongkong Fortune Ltd	121		10.53	0.068
I-China Holdings Ltd	240	20.69		0.035
IMC Holdings Ltd	117	15.93		1.31
Interform Ceramics Technologies Ltd	1060	13.04		0.026
Kin Don Holdings Ltd	208	15.38		0.045
New World China Land ltd	917	10.09		3.00
Pioneer Global Group Ltd	224	15.38		0.30
Quality Food International Ltd	735	41.79		0.095

Starlite Holdings Ltd	403		10.00	0.198
Styland Holdings Ltd	211	15.85		0.475
Tonic Industries Holdings Ltd	978	17.65		0.40
Vision Tech International Holdings Ltd	922	15.26		0.219
vLink Global Ltd	563	71.43		0.036
Wo Kee Hong (Holdings) Ltd	720	10.61		0.73

The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd did not respond as well as did the Main Board, last Tuesday, with its Growth Enterprise Index, gaining just 0.74 percent, rising off its record low to hit 225 points, exactly.

The Total Turnover on this market stayed very small at about $HK70.81 million, with Argos Enterprise (Holdings) Ltd (Code: 8022), continuing to be the most active counter of the day, for the second, consecutive trading session.

Argos Enterprise's share price fell another 5.56 percent, hitting 68 cents by the close.

The volume of activity on this counter, at about $HK11.03 million, accounted for about 15.58 percent of the Total Turnover.

There was little news from this marketplace where the ratio of advancing issues to losing ones was 1.40:One.

There were only 3, double-digit movers, all of which made substantial gains:

Name of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
Fast Systems Technology (Holdings) Ltd	8150	10.98		0.455
Jilin Province Huinan Changlong Bio-pharmacy Company Ltd	8049	13.70		0.83
Rojam Entertainment Holdings Ltd	8075	12.03		0.27

While both HKSAR stock markets recorded positive figures, last Tuesday, the low level of activity made the markets suspect, to be sure.

There were no apparent and good reasons for the HKSAR equity markets to rise since, if anything, logic suggested that they should continue to fall.

However, as always in the HKSAR, the gambling instinct comes to the fore and one good trading day usually leads to another.

In addition, one is never certain in the HKSAR when vested interests are supporting certain key stocks in a manner, which, in many other civilised countries, might be considered an attempt to create a false market.

In Japan, there was a bit of a reason for the premier stock market to rise: An unexpected announcement from The (mighty) Bank of Japan.

In late afternoon trading, there was a rally, following The Bank of Japan, announcing that it would be loosening, even further, its very easy monetary policies.

The central bank was trying to pull the financial *'fat'* out of the raging fires of The Land of The Rising Sun.

The central bank of Japan promised more funds in order to boost bank reserves and, also, it promised to purchase an increasing number of Japanese Government bonds from the open market.

The surprise announcement pulled up share prices, off the 16-year *'floor'* of The Tokyo Stock Exchange, as the Nikkei-225 Stock Average rose to 11,917.95 yen, a one-day gain of 440.39 yen.

The ratio of gainers to losers was a resounding 3.72:One.

Banking counters and brokerage houses were among the first counters to benefit from the announcement of The Bank of Japan.

Mizuho Holdings, the largest bank in the world in terms of assets under its control, saw its share price rise about 11 percent to 504,000 yen.

Other banks to benefit, substantially, last Tuesday, included:

Asahi Bank	Up 8.45 percent to 213 yen per share
Daiwa Bank	Up 5.76 percent to 139 yen per share
Shizuoka Bank	Up 4.51 percent to 1,088 yen per share
UFJ Holdings	Up 9.85 percent to 658,000 yen per share

Many of Japan's leading securities companies saw investors head back to buy into them:

Cosmo Securities	Up 3.33 percent to 155 yen per share
Daiwa Securities Group	Up 7.48 percent to 1,120 yen per share
Kokusai Securities	Up 2.79 percent to 883 yen per share
Nikko Securities	Up 8.94 percent to 853 yen per share
Nomura Securities	Up 10.20 percent to 2,215 yen per share

Electronics were not left out of the buying frenzy:

Advantest	Up 8.81 percent to 8,520 yen per share
Alps Electric	Up 3.74 percent to 1,025 yen per share
Casio Computer	Up 4.73 percent to 687 yen per share
Fujikura	Up 6.09 percent to 749 yen per share
Fujitsu	Up 7.22 percent to 1,232 yen per share
Furukawa Electric	Up 6.45 percent to 1,073 yen per share
Hitachi	Up 5.14 percent to 1,088 yen per share
Kyocera	Up 2.04 percent to 8,500 yen per share
Matsushita Communications	Up 9.25 percent to 4,370 yen per share
Mitsubishi Electric	Up 3.75 percent to 525 yen per share
NEC Corporation	Up 4.41 percent to 1,728 yen per share
Sony Corporation	Up 3.17 percent to 6,190 yen per share
TDK Corporation	Up 11.29 percent to 6,210 yen per share
Tokyo Electron	Up 6.12 percent to 7,110 yen per share
Toshiba Corporation	Up 4.03 percent to 620 yen per share

On the news front, it was reported that Dai-Ichi Kangyo Bank had agreed to lend 50 billion yen to ailing supermarket chain, Mycal Corporation.

In order to reduce its debt burden, Mycal Corporation said that it would sell 6.45 million shares in its Hokkaido subsidiary, Mycal Hokkaido Corporation.

Mycal has debts of about 1.15 trillion yen.

Mycal's share price rose 33.33 percent on the news, to hit 120 yen by the close of the day.

Lastly, it was reported by the Ministry of Economy, Trade and Industry that Japan's industrial production had fallen to a seasonally adjusted 0.80 percent in June, compared with May.

Not good news.

This is the way that other parts of Asia blossomed, last Tuesday:

Indonesia	Plus 0.16 percent
Japan	Plus 3.84 percent
Malaysia	Plus 1.45 percent
The Philippines	Minus 0.05 percent
Singapore	Plus 1.31 percent
South Korea	Plus 2.70 percent
Taiwan	Plus 1.52 percent
Thailand	Minus 0.51 percent

Wednesday

Share prices continued to rise on The Stock Exchange of Hongkong Ltd, last Wednesday, with the Hang Seng Index, the *'barometer'* of trading on the Main Board, rising another 1.26 percent to hit 12,141.63 points when the closing bell sounded the end of trading for the day.

The Total Turnover was a low $HK6.31 billion, making more sophisticated traders think that the stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were very suspect.

There was no valid or logical reason for the HKSAR bourses to rise to the extent that they had, last Tuesday and Wednesday, since Asia is the tail of the dog while the US and the European Union (EU) are the controlling economic dogs.

The prospects of a fast-falling stock market, by the end of the week, were only too real.

The 4 leading counters on the Main Board, last Wednesday, were unchanged, although their order of prominence was a little different.

The most active counters were HSBC Holdings plc (Code: 5), China Mobile (Hongkong) Ltd (Code: 941), Hutchison Whampoa Ltd (Code: 13), and Cheung Kong (Holdings) Ltd (Code: 1)

HSBC Holdings's share price gained 1.90 percent, rising to $HK94, China Mobile added 1.46 percent to its market capitalisation, running back to $HK34.80 per share, Hutchison Whampoa's scrip managed an improvement of 0.74 percent, working its way back to $HK68.25 per share, and Cheung Kong, Mr Li Ka Shing's flagship company, saw its share price rise 1.43 percent, ending the day at $HK71.

The 4 most-active counters represented about 39 percent of the Total Turnover of the day.

The Main Board's Hang Seng Index was dominated, to a great extent, however, by trading in the shares of HSBC Holdings since its volume of activity represented nearly 17 percent of the entire volume of activity for the day.

HSBC Holdings is a constituent stock of the Hang Seng Index so that, when its share price moves up or down, it has a decided influence on the direction of The Index.

The ratio of gainers to losers was 1.56:One.

On Wall Street, last Tuesday, prices drifted on The New York Stock Exchange as its Dow Jones Industrial Average lost 3.74 points, about 0.04 percent, ending the day at 10,412.17 points.

As for the NASDAQ, its Composite Index lost 17.72 points, equal to about 0.89 percent, falling back to 1,964.53.

Things were still looking very bad for the largest single economy of the world; share prices were reflecting, just that.

The US Commerce Department reported that, excluding motor vehicle sales, retail sales in the US were unchanged in July, compared with the June statistics.

Back in the PRC, it was announced that one of the most popular Internet portals, Sina.com, had had to bite the bullet and was sacking about 15 percent of its staff.

Sina.com is listed on the US NASDAQ.

This was the second time in a matter of 3 months that Sina.com had determined that it must cut costs due to lower revenues, which are down about 30 percent, year-on-year.

The company posted a first quarter loss of about $US9 million.

So far this year, about 174 former, Sina.com employees have hit the streets, looking for work.

How many more will follow in their footsteps?

The Stock Exchange of Hongkong Ltd recorded a total of 23, double-digit movers, with 9 of their number, falling:

Name of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
Alco Holdings Ltd	328	10.42		0.53
Asia Commercial Holdings Ltd	104		13.16	0.33
Capital Automation Holdings Ltd	493	26.67		0.38
Century Legend (Holdings) Ltd	79	20.59		0.041
Cheung Tai Hong Holdings Ltd	199		13.41	0.071
China Logistics Group Ltd	217	16.25		0.186
China Rich Holdings Ltd	1191	10.53		0.315
China Sci-Tech Holdings Ltd	985		10.14	0.062
Chinney Alliance Group Ltd	385	17.50		0.047
Climax International Company Ltd	439		20.59	0.027
Coastal Realty Group Ltd	1124	10.24		0.183
Goldwiz Holdings Ltd	586	11.11		0.80
Interform Ceramics Technologies Ltd	1060	15.38		0.03
Northern International Holdings Ltd	736		21.43	0.022
Pearl Oriental Holdings Ltd	988	12.50		0.018
Pioneer Global Group Ltd	224	13.33		0.34
Quality Food International Ltd	735		10.53	0.085
RNA Holdings Ltd	501		24.53	0.04
Tongda Group Holdings Ltd	698		17.18	1.76
Wah Tak Fung Holdings Ltd	297	14.52		0.355
Wing Lee Holdings Ltd	876	10.13		0.25
Wo Kee Hong (Holdings) Ltd	720		10.96	0.065

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, there was little movement, throughout the trading day, as the Total Turnover dropped back to about $HK60.47 million.

The Growth Enterprise Index recorded a gain of exactly 0.12 percent, ending the session at 225.27 points.

In spite of the market, rising slightly, declining issues were ahead of gaining ones by the ratio of 1.12:One.

The lead counter, for a change, was Mr Rupert Murdoch's Phoenix Satellite Television Holdings Ltd (Code: 8002).

A total of 8.16 million shares in this satellite television company, broadcasting to the PRC, were traded, as its price gained 5.83 percent to hit $HK1.27 by the close of the day.

The $HK10.05-million trading volume in this television station represented nearly 17 percent of the Total Turnover of the day.

Close behind Phoenix Satellite was Argos Enterprise (Holdings) Ltd (Code: 8022) with 14.04 million of this PRC bus company's scrip, changing hands, representing a cash value of about $HK9.56 million.

Argos's share price rose 1.47 percent to 69 cents.

One GEM company made its semi-annual announcement, last Wednesday, but it was hardly exciting.

Fast Systems Technology (Holdings) Ltd (Code: 8150) announced that its Net Profit Attributable to Shareholders for the first half of this year, to June 30, 2001, had fallen to $HK190,000, down from $HK260,000 on the like period in 2000.

There were just 2, double-digit movers:

Name of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
Rojam Entertainment Holdings Ltd	8075		10.37	0.242
Systek Information Technology (Holdings) Ltd	8103	15.50		0.149

In Japan, investors backed off.

Gone was the euphoria of Tuesday, following the announcement by The Bank of Japan about its intention to relax, even further, it lax monetary policies.

The Tokyo Stock Exchange saw its Nikkei-225 Stock Average give up 162.55 yen, falling back to 11,755.40 yen.

In spite of the selling pressures, gainers still dominated trading by the ratio of about 1.05:One.

Some people thought that last Wednesday's sell-off was a matter of profit-taking, but it is unusual to book profits from just one day's trades.

What took the shine off this market was a further announcement from The Bank of Japan, an announcement which suggested, in no uncertain terms, that Japan may be unable to avoid a deep (or deeper) recession.

It was the third time, this year, that The Bank of Japan had downgraded the world's second largest economy.

Banks took the brunt of the sell-off as Mizuho Holdings's share price gave up 0.99 percent of its value, falling to 499,000 yen, UFJ Holdings followed suit with a reduction of 3.34 percent of its market capitalisation, retreating to 636,000 yen per share, and Mitsubishi Financial Group gave up 3.20 percent of its value, ending the day at 962,000 yen per share.

Electronics were mixed, with the world's largest manufacturer of semiconductor testing equipment, Advantest, losing 5.10 percent of its value, falling to 8,090 yen per share, followed by Kyocera, whose share price gave up 3.70 percent to 8,190 yen per share.

Against these loses, Sony Corporation's share price gained 2.10 percent, rising to 6,320 yen per share, while Japan's largest manufacture of personal computers, Fujitsu, made a modest gain of about 0.65 percent, ending the day at 1,240 yen per share.

Unlike Tuesday's market on the premier stock market of Japan, trading was decidedly subdued.

And this was the way that things looked, last Wednesday night, as investors and stockbrokers wound their way home in the world's most populous area:

Indonesia	Minus 1.24 percent
Japan	Minus 1.36 percent
Malaysia	Minus 0.22 percent
The Philippines	Plus 1.70 percent
Singapore	Minus 0.17 percent
South Korea	Closed
Taiwan	Plus 0.73 percent
Thailand	Plus 1.12 percent

Thursday

As expected, the gains of early in the week could not be maintained – and so the 2 stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) went back to their free-fall posture.

There were a number of reasons for last Thursday's falls, which saw the Hang Seng Index, the guide to trading on the Main Board of The Stock Exchange of Hongkong Ltd, give up about 2.55 percent of its value, dropping back to 11,832.44 points.

Events in the US and the PRC, both contributed to the Hang Seng Index's fall of last Thursday.

First, the PRC: The dominant player in the mobile telecommunications world of the PRC is publicly listed China Mobile (Hongkong) Ltd (Code: 941). Heavy trading in the shares of this company caused it to be the most-active counter of the day, as has been the case for a number of weeks, now.

The company announced, late last Thursday, that it had enjoyed a 58.37-percent rise in its Net Profits Attributable to Shareholders for the Interim Period to June 30, 2001, that is about 13.81 billion renminbi against about 8.72 billion renminbi for the comparable 2000 Interim Period.

The results were not considered good enough since the advance in its Bottom Line had been brought about, in the main, by acquisitions, during the period, not by internal growth in both the number of new subscribers and reasonable growth in profits, derived therefrom.

Further, there were grave concerns about the company's future growth, even assuming that the first quarter Results had been obtained through internal growth and not be *'padding'* brought about by takeovers and mergers.

Down came the share price of the world's second-largest mobile telecommunications company, down nearly 9.80 percent, in fact, compared with Wednesday's closing level.

China Mobile's share price ended the day at $HK31.40 per share.

A total of about 37.56 million, China Mobile's shares changed hands, during the day, representing a dollar value of about $HK1.23 billion, or about 16.66 percent of the Total Turnover of about $HK7.38 billion.

Trading in this one counter had a decided influence on the direction of the Hang Seng Index, due to the extent of its market capitalisation, which weighs heavily in the calculation of the *'barometer'* of the market.

As at last Thursday's closing price, China Mobile had lost, since January 2, about 38 percent of its market capitalisation: Earlier in the year, it had been trading at $HK51 per share.

It looked only too clear, last Thursday night, that more losses in the share price of this giant would follow on for at least a couple more sessions.

The ratio of gainers to losers on The Stock Exchange of Hongkong was 2.24:One, with about 62 percent of all counters, listed on the market, either having no trades, reported, or seeing share prices hold steady.

It was in the 90-minute afternoon session that things started to pop as the Hang Seng Index gave up nearly 345 points of its value, just 35.62 points shy of the total losses of the day.

The Ten Most Actives accounted for about 61 percent of the entire activity of the day.

But aside from China Mobile, most of the other, high-flying counters' share prices were only marginally higher or lower.

The other factor, weighing heavily on markets in Asia, was what was taking place in New York, the acknowledged financial centre of North America.

Last Wednesday, the NASDAQ'S Composite Index gave up 45.64 points, or about 2.32 percent, ending the day at 1,918.89. That loss added to the falls of Wednesday and put US investors on their guard.

As for trading on The New York Stock Exchange, its Dow Jones Industrial Average shed about 0.64 percent of its value, falling back to 10,345.95 points.

The US stock markets were being hit, yet again, with somewhat frightening corporate results, which hardly warmed investors to them.

The US Government was saying one thing, but *'Corporate America'* was saying quite another thing.

Dell Computer and Hewlett-Packard (HP), giants of the technology world in the US, with emphasis on the struggling computer market, both announced sharply lower profits.

Dell, the world's largest personal computer producer, said that its profits for the May-July quarter were down about 28 percent, year-on-year.

As for HP, its profits were off about 89 percent, year-on-year.

Both companies released their results after the market had gone to bed for the day, but the results were, just about, expected – and trading on Wall Street reflected the fact.

Both companies have sacked thousands of workers and it appeared that more staff cuts were in the works.

Investors in the most populous area of the world could hardly ignore the signals from the largest single economy; Asian stock indices reflected this.

The double-digit movers of The Stock Exchange of Hongkong Ltd of last Thursday numbered just 15, all of which were penny stocks:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
Bestway International Holdings Ltd	718	19.05		0.025
Capital Automation Holdings Ltd	493		10.53	0.34
China Apollo Holdings Ltd	512		20.48	0.198
Dransfield Holdings Ltd	632		55.56	0.04
Ecopro Hi-Tech Holdings Ltd	397	12.50		0.018
IMC Holdings Ltd	117	10.69		1.45
Interform Ceramics Technologies Ltd	1060		16.67	0.025
Mansion Holdings Ltd	547		12.50	0.035
Northern International Holdings Ltd	736	31.82		0.029
Pearl Oriental Holdings Ltd	988		11.11	0.016
Rockapetta Holdings Ltd	1003		13.16	0.33
Seapower Resources International Ltd	269		10.00	0.036
Styland Holdings Ltd	211	11.11		0.40
vLink Global Ltd	563		12.12	0.029
Wonson International Holdings Ltd	651	11.11		0.05

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was another day of losses as The Growth Enterprise Index gave up about 1.55 percent of its value, falling to a new low of 221.77 points.

The Total Turnover hit a new low, also, at about $HK53.13 million.

Losers outnumbered gainers by the ratio of about 2.33:One.

There were only 2, double-digit movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
Grandmass Enterprise Solution Ltd	8108		15.97	0.10
Riverhill Holdings Ltd	8127		10.53	0.51

The thin trading reflected investors' phlegmatic approach to trading on this speculative marketplace.

On the premier stock market of The Land of The Rising Sun, it was another day of losses.

The Tokyo Stock Market recorded another loss of about 240.38 yen, bringing down the Nikkei-225 Stock Average to 11,515.02 yen.

That added to the 1.36-pecent loss of Wednesday's market.

The Japanese stock market was flirting, once again, with a 16-year low of 11,477.56 yen.

There was every prospect that it would make that grade.

The yen was strengthening against a number of *'hard'* currencies, specifically the US dollar, and this event would, in the short term, hurt exports of Japanese-manufactured goods.

The yen touched 119.28 against the US dollar, last Thursday.

That compared with the level on August 3 of 124.27, a 4-percent upward movement.

Such a rapid increase in the value of the Japanese currency vis-à-vis the US dollar, in a period of one fortnight, had to have an impact on Net Profit Margins, which, for some manufactured products, are as low as 5 percent.

Motor-car manufacturers were feeling the *'heat'* as Honda Motor Company, the third largest manufacturer of motor vehicles in Japan, saw its share price retreat 4.75 percent to 4,810 yen.

The Number One in Japan, Toyota Motor Corporation, was not far behind Honda as its share price gave up 2.50 percent, falling to 3,900 yen.

In second place, in terms of importance in the trade, Nissan Motor Company was not excluded from the losses as its share price was marked down to 787 yen, off about 3.32 percent on the day.

All of these motor vehicle manufacturers see a large proportion of their sales, made outside Japan.

Losing counters were ahead of advancing ones by the ratio of about 2.19:One on The Tokyo Stock Exchange, last Thursday.

Aside from a strengthening yen situation, Japan, also, was following what was taking place on the world's largest bourse and noting the financial results of Dell and HP, as well as their share price falls.

Electronics and telecommunications, both, got hit, last Thursday:

Electronics

Alps Electric	Down 3.28 percent to 972 yen per share
Fujitsu	Down 2.90 percent to 1,204 yen per share
Matsushita Communications	Down 5.76 percent to 4,090 yen per share
NEC Corporation	Down 2.99 percent to 1,688 yen per share
Nikon Corporation	Down 4.90 percent to 1,010 yen per share
OKI Electric Industries	Down 6.50 percent to 460 yen per share
Pioneer	Down 5.13 percent to 2,865 yen per share
Sony Corporation	Down 4.90 percent to 6,010 yen per share

Telecommunications

Japan Telecommunications	Down 3.07 percent to 410,000 yen per share
KDDI	Down 4.90 percent to 388,000 yen per share
Nippon Telegraph and Telephone (NTT)	Down 2.33 percent to 628,000 yen per share
NTT DoCoMo	Down 3.40 percent t o 1.70 million yen per share

There was only one piece of interesting news, last Thursday, from the corporate front of Japan.

It came from Honen Corporation and Ajinomoto Oil Mills Company, the last-named company, being a wholly owned subsidiary of seasoning maker, Ajinomoto Company.

It was announced that all 3 companies would be integrating their operations as at April 1, 2002.

Honen is Japan's second largest producer of cooking oils and is highly profitable, having logged in a Net Profit of about 1.43 billion yen in its last Financial Year.

It was the Japanese and HKSAR stock markets that got hit the hardest, last Thursday, as the following illustrates:

Indonesia	Minus 0.25 percent
Japan	Minus 2.04 percent
Malaysia	Minus 0.17 percent
The Philippines	Minus 0.67 percent
Singapore	Minus 0.64 percent
South Korea	Plus 0.66 percent
Taiwan	Plus 1.39 percent
Thailand	Unchanged

Friday

China Mobile (Hongkong) Ltd (Code: 941) set a torrid pace on The Stock Exchange of Hongkong Ltd as the Main Board suffered a further erosion in its value.

The Hang Seng Index gave up another 0.66 percent of its value, much of which was the result of trading in the shares of China Mobile. (Please see Thursday's report on this company)

By the close of trading for the week, the Hang Seng Index was stuck at 11,754.81 points.

China Mobile's share price fell to an intra-day low of $HK28.90 before stabilising, coming to rest at $HK29.15 by the close of trading.

Totally, about $HK2.71-billion worth of this company's scrip was switched, during the day. The cash value of those trades represented about 33.33 percent of the Total Turnover of the day: About $HK8.13 billion.

Friday's 7.17-percent drop in the price of the shares of this company, compared with Thursday's last trade, meant that the company has seen an erosion of about 43 percent of the market capitalisation of one of the largest telecommunications companies in the world, in a period of just 8 months.

And more losses were anticipated for the coming weeks.

The ratio of gainers to losers was, almost, neck-to-neck at 1.01:One.

However, about 71 percent of all counters, listed on The Stock Exchange of Hongkong Ltd, either did not trade or, simply, held onto previous levels.

Along with China Mobile, the second largest mobile telecommunications company in the People's Republic of China (PRC), being China Unicom Ltd (Code: 762), caught its *'brother's'* malaise and suffered, as investors marked down its share price by about 4.41 percent.

The closing price of China Unicom, at $HK10.85, represented a 23.59-percent drop in its market capitalisation in the previous 8 months.

More losses were expected from this company's share price in the coming weeks since, as the Chinese expression goes, when one dog barks, 100 dogs bark.

But the extensive losses, incurred by the 2 largest telecommunications companies of the PRC, were, just about it since many of the blue chips managed fractional gains, by and large.

The double-digit movers of the day numbered 18 in all, with 11 of their number, making substantial gains:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
Capital Automation Holdings Ltd	493	14.71		0.39
CCT Multimedia Holdings Ltd	1169		10.00	0.405
China Apollo Holdings Ltd	512	12.63		0.223
Compass Pacific Holdings Ltd	1188		20.83	0.38
Dailywin Group Ltd	897	97.18		0.28
Emperor (China Concept) Investments Ltd	296		21.05	0.03
Far East Technology International Ltd	36		15.38	0.275
iQuorum Cybernet Ltd	472		18.18	0.018
Kin Don Holdings Ltd	208		20.45	0.035
LifeTec Group Ltd	1180	10.71		0.31
Medtech Group Company Ltd	1031		21.88	0.025
Seapower Resources International Ltd	269	11.11		0.04
Shanxi Central Pharmaceutical International Ltd	327	12.00		0.56
Singamas Container Holdings Ltd	716	11.11		0.40
South Sea Holding Company Ltd	680	15.79		0.066
Sunway International Holdings Ltd	58	11.54		0.435
vLink Global Ltd	563	10.34		0.032
Wang On Group Ltd	1222	17.93		0.217

For a change, the stock markets of the Hongkong Special Administrative Region (HKSAR) were not too much influenced by Wall Street: The HKSAR had its own problems with which to contend.

On The New York Stock Exchange, last Wednesday, The Dow Jones Industrial Average advanced 0.45 percent to 10,392.52 points.

As for the NASDAQ, its Composite Index rose 11.42 points, about 0.60 percent, to hit 1,930.31 by the sound of the hammer, coming down to mark the end of trading for the day.

There was little to stimulate activity on the world's largest stock market so prices just drifted, aimlessly for most of the session.

The only startling piece of news came from Ford, the second largest, motor-car manufacturer in the world, when it confirmed what Wall Street had heard through the grapevine: The motor-car giant would be hurting this year; and, it would sack some more of its workers.

The company said that between 4,000 workers and 5,000 workers would be given their walking papers before the end of the year.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was another day of losses, with the Total Turnover, hitting a record low of about $HK39.82 million.

The Growth Enterprise Index lost 1.27 percent of its value, falling to 218.96 points, another all-time low.

The ratio of losers to gainers was 1.83:One.

Mr Li Ka Shing's tom.com Ltd (Code: 8001) was the dominant player of the day as investors traded about 3.88 million of this company's stock, pushing down its share price by 1.01 percent to $HK1.97, after intra-day trading saw it hit a low of $HK1.94.

In order for this company's share price to achieve its record low, it still has 9 more cents to fall – and most investors fully expected the share price to reach this record level in the coming weeks.

Trading in tom.com scrip accounted for about 19 percent of the entire activity of the day.

There was no special news from any GEM-listed company, with the number of double-digit movers, being 4:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
36.com Holdings Ltd	8036	16.67		0.035
Grandmass Enterprise Solution Ltd	8108	10.00		0.11
MRC Holdings Ltd	8070		10.00	0.27
Soluteck Holdings Ltd	8111		14.14	0.249

On The Tokyo Stock Exchange, its Nikkei-225 Stock Average lost 69.48 yen to end the week at 11,445.54 yen: It was a very cautious note.

Losers outran gainers by the ratio of 1.47:One.

It was reported that foreign investors were deserting The Land of The Rising Sun, having sold shares in Japanese companies, with an aggregate value of about 27.80 billion yen in the previous 14 trading days.

The trades had been consummated on The Tokyo Stock Exchange, The Osaka Stock Exchange and The Nagoya Stock Exchange.

From Osaka came news that booze maker, Suntory Ltd, had reported a Net Profit for the first half of 2001 of about 5.65 billion yen, off 24.10 percent, compared with the comparable 2000 period.

From beer maker, Sapporo Breweries Ltd, came news that it had suffered a loss of about 3.90 billion yen for the first half of the year.

Most share prices on the Japanese bourses were fractionally higher or lower, but the closing level on The Tokyo Stock Exchange, nevertheless, represented another 16-year low.

But repeating such statements has become old hat for most stock-market watchers.

The problem, which dogs the premier Japanese bourse, is that one does not know when the bottom of the market has been reached since the global economic slowdown has such a dramatic effect on many of the public companies, listed in the country.

Sony's share price, for instance, at last Friday's closing level of 5,740 yen, may appear to look attractive, considering that it was way above the 15,000-yen level one year prior, but the company's Bottom Line has to reflect the current level of activity, not that of one year prior.

As such, it is conceivable that 5,700 yen might well be a reasonable price for this company's shares … or, perhaps, 1,000 yen might be closer to a reasonable price-earnings ratio of 10 times?

One does not know at this juncture – and that is, perhaps, a valid reason for investors to pull out of the market for the time being.

Throughout Asia, there was clear uncertainty as to the direction of indices as the following closing levels of major Asian bourses indicate:

Indonesia	Closed
Japan	Minus 0.60 percent

Malaysia	Plus 0.09 percent
The Philippines	Minus 0.76 percent
Singapore	Plus 0.13 percent
South Korea	Plus 0.01 percent
Taiwan	Minus 1.04 percent
Thailand	Plus 1.72 percent

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