

**DR ALAN GREENSPAN PRESCRIBES, BUT NOBODY LISTENS**

Sixteen just wasn't good enough, so The Tokyo Stock Exchange went for a 17-year low, last Monday, as Asian stock markets lost substantial ground, just 48 hours before the US Federal Reserve Board was scheduled to announce the latest round of short-term interest cuts.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index fall to a 26-month low, while The Growth Enterprise Market (The GEM) hit a record low.

The Hang Seng Index finished the day at 11,458.70 points, down 2.52 percent, compared with the previous Friday's closing level.

More telling, perhaps, was that the Total Turnover continued to be very low, at about \$HK6.72 billion, with one counter, accounting for nearly 24 percent of that figure.

That counter was China Mobile (Hongkong) Ltd (Code: 941), the PRC's Number One mobile telecommunications carrier and said to be the world's Number 2 in terms of subscribers to its systems.

China Mobile, the previous Thursday, had not delighted investors with its Interim financial results for this Financial Year and, as a direct result, investors were selling the company's scrip as though it had rabies.

As TARGET reported in TARGET Intelligence Report, Volume III, Number 154, China Mobile had announced 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, as far as investors were concerned, 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.

After about 59 million, China Mobile shares had switched owners, last Monday, the share price had hit \$HK27, off 7.38 percent on the previous Friday's close.

But China Mobile was not the only blue chip to be hit hard, last Monday, as Hutchison Whampoa Ltd (Code: 13) lost 3.23 percent of its value, falling to \$HK67.50 per share, Cheung Kong (Holdings) Ltd (Code: 1) gave up 3.47 percent of its market capitalisation, falling back to \$HK69.50 per share, and Pacific Century CyberWorks Ltd (Code: 8) saw its share price hit an all-time low of \$HK1.89, off 4.06 percent on the day.

The aggregate turnovers of the above-mentioned 4 counters represented nearly 51 percent of the Total Turnover of the day.

In addition, however, to the selling pressure on the listed Li Ka Shing Group of Companies, as well as China Mobile, the '*rot*' invaded other counters, often considered immune to such frenzied selling pressures.

China Unicom Ltd (Code: 762), another major, mobile telecommunications '*player*' in the PRC, gave up 5.07 percent of its market capitalisation, falling to \$HK10.30 per share, and even the mighty HSBC Holdings plc (Code: 5) had to surrender 1.86 percent of its value, ending the day at \$HK92.25 per share.

Losers outran gainers by the wide margin of about 2.73:One, with about 67 percent of all the counters, listed on The Stock Exchange of Hongkong Ltd, either seeing no trades, or just hanging onto their previous closes.

It was not that there was any special news in the PRC or the HKSAR that caused the selling, last Monday, it was that, internationally, there was so much depressing news from financial centres, the world over, that HKSAR investors could hardly close their eyes to the situation.

Further, the situation, locally, was hardly inspired of any smell of euphoria in financial markets.

From New York, to London, to Tokyo, everybody was waiting to see what action the US Fed would take in respect of short-term interest rates on Tuesday (August 21, Washington time) and, until then, investors determined to sit on their hands if they were in cash, or get into cash positions if they were sitting on a sizeable portfolio of listed shares.

The double-digit movers of last Monday numbered just 13 counters, the smallest number since TARGET started charting them; there was only one gainer in their ranks:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Standard International Group Ltd	129		11.76	0.30
Capital Automation Holdings Ltd	493		20.51	0.31
Chinney Alliance Group Ltd	385		13.04	0.04
Dailywin Group Ltd	897		17.86	0.23
Jackley Holdings Ltd	353		14.29	0.48
Ngai Hing Hong Company Ltd	1047		10.71	0.25
Sing Tao Holdings Ltd	233		10.00	1.08
Sinocan Holdings Ltd	1095		20.51	0.062
South East Group Ltd	726		15.79	0.016
Styland Holdings Ltd	211		11.25	0.355
UDL Holdings Ltd	620		14.29	0.06
Victory City International Holdings Ltd	539	10.00		0.33
Wah Ha Realty Company Ltd	278		12.50	0.70

The GEM told a similar story to the Main Board, as The Growth Enterprise Index fell about 1.36 percent, hitting 215.98 points by the close of trading.

The Total Turnover hit a record low, also, of about \$HK30.35 million.

One record after another was broken on this speculative marketplace as one share price after another hit a record low.

Mr Li Ka Shing's tom.com Ltd (Code: 8001) – the second, most-active counter of the day -- saw its share price fall 3.55 percent to \$HK1.90 after touching, briefly, \$HK1.89. The turnover of this counter was about \$HK4.09 million, represented by trading in about 2.15 million shares.

tom.com's record low is \$HK1.88 per share, and it was clear that it was making a play for that level.

The largest losers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022		15.94	0.58
Fast Systems Technology (Holdings) Ltd	8150		10.47	0.387
Fortune Telecom Holdings Ltd	8040	19.51		0.49
MRC Holdings Ltd	8070		11.11	0.24
Proactive Technology Holdings Ltd	8089		11.11	0.28
Prosten Technology Holdings Ltd	8026		10.53	0.34
Systek Information Technology (Holdings) Ltd	8103		14.00	0.129

The ratio of losers to gainers was 3.15:One, with about 55 percent of all counters, seeing no trades, at all.

In Japan, The Tokyo Stock Exchange was shaken by an announcement from the country's largest personal computer producer, Fujitsu Ltd, which reported that it was to let go about 16,400 of its workers, worldwide, with about 66 percent of that figure, being workers engaged by the company, outside The Land of The Rising Sun.

Some 11,400 overseas workers will be given their pink slips by the electronics giant, which happens to be a major chipmaker, to boot.

Fujitsu gave the world more than a little bit of a shock since the US, also, will be hit by the company's restructuring plans, which will see North American plants lose about 10,000 jobs.

For the April-June quarter, Fujitsu lost 42.30 billion yen; it expects a full Year's loss, to March 31, 2002, of about 220 billion yen.

Though The Tokyo Stock Exchange saw its Nikkei-225 Stock Average slump to 11,257.94 yen, down about 187.60 yen on the previous Friday close, amounting to a haircut of about 1.64 percent, the lowest level since December 1984, Fujitsu's share price gained 34 yen, or about 2.81 percent, rising to 1,245 yen.

Obviously, Japan still loved Fujitsu, despite all.

Advantest, Rohm, NEC and Sony, all '*big boys*' of the hi-tech and consumer electronics world, had all told the world of their troubles so that the most-important bourse in Asia was well prepared for the fourth, straight day of losses.

And more were bound to come, it appeared, last Monday.

The ratio of losers to gainers was about 3.06:One, with about 10 percent of all the counters, staying pat of previous levels.

On a positive piece of news, Honda Motor Company, the third largest manufacturer of vehicles in Japan, announced that it would invest 4 billion yen in order to boost vehicle production in the PRC. It wants to introduce its minivan to the PRC market.

The Odyssey Minivans will be produced at a Guangzhou plant and production is scheduled to start in 2003.

The major losers in electronics, last Monday, included:

Advantest	Down 6.12 percent to 7,210 yen per share
Fujikura	Down 3.31 percent to 729 yen per share
Furukawa Electric	Down 4.49 percent to 936 yen per share
Kyocera	Down 4.02 percent to 7,650 yen per share
OKI Electric Industries	Down 7.32 percent to 405 yen per share
Rohm Company	Down 2.84 percent to 12,990 yen per share
Tokyo Electron	Down 3.09 percent to 6,580 yen per share

There was only one large loser in telecommunications, that company, being Japan Telecom, the share price of which shed nearly 8 percent, falling back to 357,000 yen per share.

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

Indonesia	Minus 0.59 percent
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Japan	Minus 1.64 percent
Malaysia	Minus 0.20 percent
The Philippines	Plus 0.38 percent
Singapore	Minus 0.57 percent
South Korea	Plus 2.39 percent
Taiwan	Plus 1.90 percent
Thailand	Minus 1.10 percent

## **Tuesday.**

Trading on Asian bourses was very quiet, last Tuesday, as the world waited for the pleasure of Dr Alan Greenspan, the Chairman of the US Federal Reserve Board, who was due to unleash the seventh round of interest-rate cuts, the following day in Washington.

That Dr Greenspan would slash rates was a forgone conclusion: The only question was by how much he would cut them.

Not one major stock market in Asia gained or lost in excess of one third of a percentage point as the waiting took its toll of investors.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gave up 0.16 percent, falling to 11,440.35 points, on a Total Turnover of about \$HK6.24 billion.

China Mobile (Hongkong) Ltd (Code: 941) was, once again, the most active counter of the day as investors traded about 33.15 million shares of this mobile telecommunications company of the People's Republic of China (PRC).

After the share price had fluctuated between a low of \$HK26.95 and a high of \$HK27.60, investors settled at the end of the day at \$HK27.15 per share, a gain of 0.15 percent, compared with Monday's closing level.

At \$HK904.05 million, being the cash value of the trades in this counter, it represented about 14.42 percent of the Total Turnover of the day.

Hutchison Whampoa Ltd (Code: 13) was the second, most-active counter of the day as investors unloaded the scrip of this conglomerate in fear that the Interim Report of this Li Ka Shing company could be a bit of a shocker when it was released, later in the week.

On a volume of activity in this counter of about 8.27 million shares, representing a dollar value of about \$HK545.62 million, the share price of Hutchison Whampoa was knocked down to \$HK65.25, off 3.33 percent on Monday's close.

The flagship company of Mr Li Ka Shing, Cheung Kong (Holdings) Ltd (Code: 1), was not spared the sell-off as investors pushed down its share price to \$HK68.50, down 1.44 percent, compared with the close of Monday.

Cheung Kong had the distinction of being the fourth, most-active counter of the day.

In spite of the Hang Seng Index, being in negative territory, gainers were ahead of losers by the ratio of about 1.47:One.

But, once again, the number of counters that made any advance in their share prices shrunk to about 27 percent: All the others either did not trade or held onto previous levels.

On Wall Street, last Monday, New York time, the situation on the world's largest stock markets just about mirrored the situation in Asia.

The Dow Jones Industrial Average, the blue-chip guide to trading on The New York Stock Exchange, gained 79.29 points, about 0.77 percent, ending the day at 10,320.07 points.

The Composite Index of the NASDAQ rose exactly the same amount as The Dow, about 0.77 percent, closing off the day at 1,881.35 points.

No help from the world's largest bourse, which, like the rest of the world, awaited the pleasure of Dr Greenspan.

Investors in the Hongkong Special Administrative Region (HKSAR) were treated, at the end of last Tuesday, to an announcement from one of Mr Li Ka Shing's investments: Hutchison Global Crossings, a fixed line telecommunications company of Hutchison Whampoa Ltd and Asia Global Crossing.

The joint venture entity reported an Interim Loss of about \$US27.21 million, a 61.81-percent increase on the losses of the comparable 2000 first half.

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Ananda Wing On Travel (Holdings) Ltd	1189		11.45	0.116
Cosmopolitan International Holdings Ltd	120	11.61		1.25
Egana Jewellery and Pearls Ltd	926	13.17		0.189
Everest International Investments Ltd	204	10.66		0.135
Fu Hui Holdings Ltd	639	11.61		0.173
Heshun Holdings Company Ltd	285	11.11		0.60
Hongkong Parkview Group Ltd	207	40.63		2.25
Kunming Machine Tool Company Ltd	300	14.58		2.75
Li and Fung Ltd	494		17.17	9.65
Ming Pao Enterprise Corporation Ltd	685	28.53		2.275
Quality Food International Ltd	735		29.21	0.063
Sen Hong Resources Holdings Ltd	76		13.33	0.078
Winfoong International Ltd	63		13.79	0.20

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – it was another repeat performance as The Growth Enterprise Index hit another new low, dropping back to 215.32 points.

The Total Turnover was about \$HK37.89 million, not dissimilar to Monday's volume of activity.

tom.com Ltd (Code: 8001) was able to achieve its low for the year of \$HK1.88 per share, during intra-day trading, as investors unloaded the scrip of this Li Ka Shing company.

At the close of the day, however, the share price had stabilised at Monday's closing level of \$HK1.90.

Trading in the scrip of tom.com represented about 23.59 percent of the Total Turnover.

The GEM was directionless, with the ratio of gainers to losers at about 1.21:One.

About 53 percent of all the counters either not trading or held onto previous closing levels.

The double-digit movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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Fortune Telecom Holdings Ltd	8040		13.27	0.425
L.P. Lammas International Ltd	8029	14.52		0.142
Prosten Technology Holdings Ltd	8026	17.65		0.40
Riverhill Holdings Ltd	8127	13.73		0.58

In Japan, the country was hit by Typhoon Pabuk, which put a damper on trading on the country's 3 stock markets.

On The Tokyo Stock Exchange, The Nikkie-225 Stock Average gained 22.44 yen, rising to 11,280.38 yen, cracking a 4-day losing streak.

Like the rest of Asia, the market was fairly featureless, but gainers led losers by the ratio of 1.22:One, nevertheless.

There were 2 pieces of corporate news of any material significance, one piece coming from 3 electronic giants and one piece of news, coming from Softbank Investment Corporation.

NEC Corporation, Matsushita Electric Industrial Company and Matsushita Communication Industrial Company formally announced that they would form an alliance in order to develop, jointly, common software architecture for 3-G multimedia cellular handsets.

Between 8,000 engineers and 9,000 engineers will be mobilised for this feat, it was announced.

The announcement did nothing for the share prices of the 3 companies.

Softbank Investment Corporation, an affiliate of Internet investor, Softbank Corporation, said that it would rescue failed Sawako Corporation, a bust Nagoya construction company.

Sawako is under the protection of the Court, having admitted to having liabilities, greater than assets, by 2 billion yen, in fact.

The announcement did nothing for the share price of Softbank, while Sawako is not listed on any stock exchange, at this time.

This was how the situation looked in other stock markets of Asia as the sun set, last Tuesday night:

Indonesia	Minus 0.15 percent
Japan	Plus 0.20 percent
Malaysia	Minus 0.10 percent
The Philippines	Minus 0.34 percent
Singapore	Plus 0.29 percent
South Korea	Plus 0.28 percent
Taiwan	Plus 0.27 percent
Thailand	Minus 0.18 percent

### **Wednesday**

Dr Alan Greenspan, the Chairman of the US Federal Reserve Board, did that which was expected of him, last Tuesday, Washington time: He cut short-term interest rates by one quarter of one percentage point, bringing down the Federal Funds Rate to its lowest level since early 1994, at 3.50 percent, and lowering the Discount Rate to 3 percent.

The Fed stated that it was the economic weakness in the US economy that was the main threat to the country, and that The Fed was out to tackle it, one way or another.

(What else is new, Moiche?)

An official announcement from The Fed stated that the risks of further economic weakness in the US economy were apparent.

That would appear to indicate, according to analysts, that, at the October 2 meeting of The Fed, another interest-rate cut could be on the cards.

But the seventh, interest-rate cut in the US did nothing to help the stock markets of the largest economy of the world as, on Wall Street, key indices were shot down.

On The New York Stock Exchange, the blue-chip index, The Dow Jones Industrial Average, lost 145.93 points, about 1.41 percent, ending the day at 10,174.14 points.

On the NASDAQ, its Composite Index shed 50.05 points, about 2.66 percent, falling to 1,831.30 points.

The Fed's announcement and the stock markets' reactions to the announcement came in the wake of even further shock news from *'America Incorporated'*.

Internet and media giant, AOL Time Warner, announced that it was slashing 1,200 jobs at its AOL Internet unit.

It was the third round of job cuts for the giant since the start of the year.

From San Jose, California, came news that Agilent Technologies Incorporated would sack 4,000 of its workers.

That number of workers represents about 9 percent of the electronics testing equipment maker's worldwide workforce.

While massive job cuts have become run-of-the-mill, these days, when it comes to the figures, recently announced, it takes its toll on the stock markets of the world.

While it was widely expected that there would be a bit of reaction to Tuesday's falls on Wall Street, it was very clear that the stock markets of the world would continue to sag under the heavy weight of falling corporate profits and contracting profit margins (for those companies, still able to show black ink, that is).

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), share prices were pared in similar fashion to what had taken place, the previous day in New York.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index drop back another 2.20 percent, ending the day at 11,188.57 points.

The Total Turnover was about \$HK7.71 billion with, yet again, China Mobile (Hongkong) Ltd (Code: 941), hugging the top spots on the Ten Most Actives.

Trading in the shares of the world's second-largest, mobile telecommunications carrier represented about \$HK1.62 billion, or about 21 percent, of the entire volume of activity for the day.

Investors traded about 63.46 million China Mobile scrip, pushing down the price to \$HK25.10 for a one-day *'haircut'* of 7.55 percent.

China Mobile had, as at the close of trading, last Wednesday, lost about 51 percent of its market capitalisation since the beginning of the year.

On the Ten Most Actives, China Mobile was the biggest loser since most other high-flying counters gave up, or added, only fractional amounts to their share prices.

The ratio of losers to gainers was about 2.69:One, as bears dominated trading.

The US Federal Reserve Board's determination had not helped matters, at all, since its statements tended to make one think that more bad news was about to be made known.

Which, probably, is correct.

The double-digit movers of the day numbered 19, of which 7, double-digit movers made material gains:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capital Automation Holdings Ltd	493		12.90	0.27
Capital Strategic Investment Ltd	497		38.97	0.177
China Development Corporation Ltd	487		10.26	0.07
China Elegance International Fashion Ltd	476		10.00	0.018
Ching Hing (Holdings) Ltd	692	12.86		0.158
Companion Building Material International Holdings Ltd	432	10.00		0.033
Crocodile Garments Ltd	122		10.59	0.152
Deson Development International Holdings Ltd	262	14.29		0.04
Grand Field Group Holdings Ltd	115		26.12	0.099
Graneagle Holdings Ltd	147	11.11		0.45
Greater China Sci-Tech Holdings Ltd	431		17.91	0.11
Kin Don Holdings Ltd	208	20.00		0.042
Ming Pao Enterprise Corporation Ltd	685		12.09	2.00
O2New Technology Ltd	94	14.55		0.063
OSK Asia Corporation Ltd	555	10.64		0.26
Prime Success International Group Ltd	210		13.51	0.16
vLink Global Ltd	563		12.90	0.027
Welback Holdings Ltd	491		10.29	0.061
Winsan (China) Investment Group Company Ltd	85		11.11	0.16

On The GEM, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, tom.com Ltd (Code: 8001) outdid itself as its share price hit a new record low of \$HK1.86, intra-day trading, but managed, once again, to recover to \$HK1.90, unchanged from its previous close.

tom.com, the second, most-active GEM counter of the day, was responsible for 11.13 percent of the Total Turnover of about \$HK47.54 million.

The Growth Enterprise Index lost about 1.22 percent of its value, falling to another record low of 212.69 points as declining issues outmanoeuvred advancing ones by the ratio of 3.92:One.

The lifeless market sported no double-digit movers.

On the largest Asian bourse, The Tokyo Stock Exchange, the Nikkei-225 Stock Average gained 116.05 yen, rising to 11,396.43 yen.

Short covering of positions, taken over the previous sessions, was, generally, thought to be the reason for the one-percent gain in the Nikkei.

Thursday's trading was expected to see the market turn down, once again.

The failure of the US Fed's interest-rate cut to boost equity markets, around the world, took its toll of investor confidence in Japan, with the electronics section of the market, getting hit.

While the opening of The Tokyo Stock Exchange saw some of the '*darlings*', being hit quite hard, by the close of trading, the situation had calmed down with many of the earlier losses, being shaved back.

There were just 2 announcements of any note, one coming from Sansui Electric Company and one coming from Fuji Heavy Industries Ltd.

Sansui, a producer of home-entertainment units, said that it expected a loss of about 900 million yen for the year. That was an increase from earlier projections of a loss of about 500 million yen.

The company said that it lost about 300 million on foreign exchange translation, during the first half.

From Fuji Heavy Industries, the company announced that it had released a new, 7-seater passenger motor car, a vehicle that had been produced in collaboration with its partner, General Motors Corporation (of the US).

Known as the Subaru Traviq, it will be assembled at General Motors's facilities in Thailand.

The share price of Fuji Heavy Industries gained 1.75 percent, during last Wednesday's trading session, rising to 816 yen per share.

But, aside from these 2 pieces of news, there was little to write home to mom, as the ratio of gainers to losers was narrow, at 1.14:One.

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

Indonesia	Plus 1.09 percent
Japan	Plus 1.03 percent
Malaysia	Plus 0.51 percent
The Philippines	Minus 0.94 percent
Singapore	Plus 0.05 percent
South Korea	Plus 1.09 percent
Taiwan	Minus 1.65 percent
Thailand	Plus 0.68 percent

### **Thursday**

The waiting was over on The Stock Exchange of Hongkong Ltd as Mr Li Ka Shing, one of the richest men who ever lived, announced the interim financial results of his flagship company, Cheung Kong (Holdings) Ltd (Code: 1), and that of his other major investment, also listed on the Main Board, Hutchison Whampoa Ltd (Code: 13).

For Cheung Kong, the Great Man said that, for the 6-month period to June 30, 2001, its Turnover had fallen from the comparable period of \$HK7.44 billion to about \$HK2.65 billion for 2001.

The Bottom Line was about \$HK4.21 billion, down about 76 percent, compared with the like 2000 period.

As for Hutchison Whampoa Ltd, it was a similar story, with its Bottom Line, having sunk about 77 percent, compared with the like 2000 Interim, to about \$HK7.19 billion.

On the Main Board of The Stock Exchange of Hongkong Ltd, investors, during the trading session, had not been fully apprised of the situation in the Great Man's menagerie of public companies and pushed the shares prices of both Cheung Kong and Hutchison Whampoa to higher levels.

The Hang Seng Index, the *'barometer'* of trading on the Main Board, gained about 1.40 percent, rising to 11,345.38 points on a reduced (and low) Total Turnover of about \$HK6.72 billion.

Hutchison Whampoa's share price gained 2.69 percent, rising to \$HK66.75 by the close, while Cheung Kong's share price put on 1.85 percent, ending the day at \$HK68.75 per share.

Trading in the shares of these 2 giants, at about \$HK1.01 billion, accounted for about 15 percent of the entire activity for the day.

Trading in the shares of China Mobile (Hongkong) Ltd (Code: 941) continued to dominate the Main Board as investors switched about 40.69 million shares of this major, mobile telecommunications operator in the People's Republic of China (PRC).

On a volume of activity in this one counter – which was about \$HK30 million more than that of the aggregate trading value of the shares of Hutchison Whampoa and Cheung Kong – accounted for another 15.45 percent of the Total Turnover.

China Mobile's closing price, at \$HK25.95 per share, meant that the company had regained about 3.39 percent of its market capitalisation.

Whether or not these 3 giant companies would be able to hold onto their gains in the coming sessions was a question that many people were wondering, last Wednesday night, following the Li Ka Shing admissions in respect of his companies' Interim Results: It looked likely that their share prices would be shaved in Friday's trading day.

The ratio of gainers to losers on the Main Board, last Thursday, was about 1.18:One, but about 77 percent of all counters, listed on the Main Board, either did not trade, at all, or traded at prices, equal to previous closing levels.

The low volume of activity seemed to indicate just how fragile was this market.

The double-digit movers of the day numbered just 9 counters, in all:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Chengdu PTIC Telecommunications Cable Company Ltd	1202	14.29		1.52
Chevalier Construction Holdings Ltd	579		16.67	0.125
Deson Development International Holdings Ltd	262		15.00	0.034
eCyberChina.net Ltd	254	13.92		0.27
Pacific Century Insurance Holdings Ltd	65	18.50		2.05
Singamas Container Holdings Ltd	716		11.69	0.34
Sun Man Tai Holdings Company Ltd	433	14.93		0.385
TechCap Holdings Ltd	673	11.11		0.05
U-RIGHT International Holdings Ltd	627	10.35		0.405

On the world's largest bourse, The New York Stock Exchange, Wednesday turned out to be an up day for speculators.

The Dow Jones Industrial Average rose 102.76 points to 10,276.90 points, a gain of about 1.01 percent, exactly.

On The NASDAQ, its Composite Index rose 28.71 points, or about 1.57 percent, ending the day at 1,860.01 points.

Various reasons were given for the boomlet, but if truth were known, it was probably due to a belated knee-jerk reaction to The US Federal Reserve Board's interest-rate cut.

It was very apparent that New York would be unlikely to hold onto the gains for very long.

There had been no material changes in the US economy, which continued to limp along, so that US stock markets, logically, should continue to follow the economic trend and adjust share prices, accordingly.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, there was little suggestion of the euphoria of the Main Board.

The Growth Enterprise Index gained about 0.12 percent, rising to 212.94 points on a Total Turnover of about \$HK43 million.

The ratio of gainers to losers was about 1.29:One, with about half of counters, seeing no action at all.

Three GEM companies made quarterly announcements, only one of which reported positive results:

Name of Company	Three Months to June 30, 2001	Three Months to June 30, 2000
Qianlong Technology International Holdings Ltd (Code: 8015)	(1,534,000 renminbi)	2,213,000 renminbi
36.com holdings Ltd (Code: 8036)	(\$HK19,965,000)	(\$HK12,711,000)
Era Information and Entertainment Ltd (Code: 8043)	\$HK720,000	\$HK593,000

There were 2 double-digit movers on this market:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Information Resources (Holdings) Ltd	8025		13.93	0.105
T S Telecom Technologies Ltd	8003	10.53		0.42

On the most important bourse in Asia, The Tokyo Stock Exchange, the Nikkei-225 Stock Average hit another 17-year low, erasing, completely, the gains of Wednesday.

The Nikkei-225 shed 269.92 yen, falling to 11,126.92 yen, the lowest level since December 11, 1984.

There had been no valid reason for Wednesday's rise on Japan's stock markets except, as was widely thought, the requirement of some investors to cover short positions.

The Japanese Government's Ministry of Public Management, Home Affairs, Posts and Telecommunications announced that unemployment in the second largest economy of the world had risen to 5 percent of the total workforce.

That is the worst situation, ever recorded, the Ministry stated.

The total number of unemployed workers in Japan topped 3.30 million in July, about 230,000 more unemployed than the same time in 2000.

IT (Information Technology) companies were thought to have been responsible for a large chunk of the new unemployed legions of Japan.

Electronic stocks took their toll of losses on The Tokyo Stock Exchange, last Thursday, as the following TARGET list indicates:

Advantest	Down 6.89 percent to 6,760 yen per share
Fujitsu	Down 3.20 percent to 1,210 yen per share
Kyocera	Down 3.31 percent to 7,300 yen per share
Nikon Corporation	Down 2.23 percent to 1,005 yen per share
Rohm	Down 5.12 percent to 11,680 yen per share
Sony Corporation	Down 4.15 percent to 5,550 yen per share
TDK Corporation	Down 2.87 percent to 5,760 yen per share
Tokyo Electron	Down 3.71 percent to 6,230 yen per share

In telecommunications, there were material losses, last Thursday:

Japan Telecom	Down 4.56 percent to 356,000 yen per share
KDDI	Down 3.54 percent to 381,000 yen per share
NTT DoCoMo	Down 6.88 percent to 1.49 million yen per share

The situation looked very ominous for Japan and its investors.

As far as other parts of Asia were concerned, last Thursday night, this was the situation:

Indonesia	Minus 0.52 percent
Japan	Minus 2.36 percent
Malaysia	Plus 1.94 percent
The Philippines	Minus 1.26 percent
Singapore	Plus 0.18 percent
South Korea	Minus 0.83 percent
Taiwan	Minus 0.62 percent
Thailand	Plus 1.12 percent

### **Friday**

Investors watched in dismay as the share prices of 2 of the largest mobile telecommunications companies in the People's Republic of China (PRC) came under intense selling pressure for all of last Friday's session on The Stock Exchange of Hongkong Ltd.

There was talk that foreign institutions were selling part, or all, of their holdings in view of the attitude in the PRC in respect of that government's intentions toward the pricing of mobile telephone operators.

China Mobile (Hongkong) Ltd (Code: 941) and China Unicom Ltd (Code: 762) both shed a great deal of their respective market capitalisations, with China Mobile, losing 7.13 percent of its value, falling to \$HK24.10 per share, while China Unicom gave up 4.83 percent of its value, ending the week at \$HK9.85 per share.

The combined turnovers of these 2 giants accounted for 20.56 percent of the entire volume of activity for the day, which was about \$HK6.42 billion.

Mr Li Ka Shing's 2, publicly listed companies, Cheung Kong (Holdings) Ltd (Code: 1) and Hutchison Whampoa Ltd (Code: 13), took the Number 2 and Number 3 spots on the Ten Most Actives, right behind China Mobile.

Cheung Kong's share price gained 2.55 percent, rising to \$HK70.50 per share, while Hutchison Whampoa's share price put on 0.37 percent to end the session at \$HK67.

But the damage had been done by the PRC telecommunication counters, the losses of which assisted in bringing down the Hang Seng Index by about 2.07 percent.

The week ended on a very weak note as the Hang Seng Index dropped back to 11,110.30 points, a 28-month low, with many pundits fully expecting to see it drop below the 11,000 mark in the coming week.

Declining issues led advancing ones by the ratio of 2.50:One, with about 71 percent of the market's counters, either not trading, at all, or hanging onto previous closing levels.

There were 18, double-digit movers, last Friday, of which number, 8 double-digit movers made advances in their share prices:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
CATIC International Holdings Ltd	232		11.62	0.175
Chevalier Construction Holdings Ltd	579		20.00	0.10
Chinney Alliance Group Ltd	385	10.00		0.044
Climax International Company Ltd	439		20.00	0.02
Compass Pacific Holdings Ltd	1188	11.39		0.44
Cosmopolitan International Holdings Ltd	120		20.44	1.09
Fourseas.com Ltd	755	22.22		0.033
Kin Don Holdings Ltd	208		19.51	0.033
Kong Sun Holdings Ltd	295	12.50		0.36
Mansion Holdings Ltd	547	16.67		0.035
Medtech Group Company Ltd	1031	13.04		0.026
Min Xin Holdings Ltd	222		10.47	0.77
Northern International Holdings Ltd	736	12.00		0.028
Quality Food International Ltd	735	10.53		0.063
Shui On Construction and Materials Ltd	983		10.00	6.30
Sun Man Tai Holdings Company Ltd	433		11.68	0.34
Swank International Manufacturing Company Ltd	663		11.67	0.053
Top Form International Ltd	333		10.45	0.12

As expected on Thursday in the Hongkong Special Administrative Region (HKSAR), New York could not hold onto Wednesday's gains.

On The New York Stock Exchange, The Dow Jones Industrial Average gave up 47.75 points, equal to about 0.46 percent, falling back to 10,229.15 points.

The NASDAQ followed on with a loss of about 0.92 percent, dropping to 1,842.97 points.

Investors on the largest stock market in the world appeared to be unmoved by Dr Alan Greenspan's utterings in respect of the US economy (Please see Wednesday's report) or by the quarter of one percent drop in short-term interest rates.

More and more poor financial results came issuing forth from one publicly listed company after another and these results were taking their toll on investor confidence in the US.

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – investors were treated to another new low of 210.06 points, after about 1.35 percent was shaved off The Growth Enterprise Index.

The Total Turnover was about \$HK48.88 million, with trading in the shares of Argos Enterprise (Holdings) Ltd (Code: 8022) accounting to about 21.64 percent of that figure.

Argos Enterprise, which was listed on The GEM only on July 31 at \$HK1 per share, was being traded at the close of last Friday's session at 62 cents, just off the low of the day of 61 cents.

Mr Li Ka Shing saw his GEM '*darling*', tom.com Ltd (Code: 8001), hit a new low of \$HK1.85 per share before recovering to end the session at \$HK1.87.

The Great Man's GEM company was the second, most-active counter of the day, the volume of activity of which accounted for about 13.54 percent of the Total Turnover.

There were 4, double-digit movers on this market:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Digital Hongkong.com Ltd	8007	10.00		0.44
Fortune Telecom Holdings Ltd	8040		11.11	0.40
iAsia Technology Ltd	8101	12.73		0.62
Smartech Digital Manufacturing Holdings Ltd	8068		10.00	0.027

In Japan, its stock markets were very quiet.

The Tokyo Stock Exchange saw its blue-chip index, the Nikkei-225 Stock Average, move up just 39.39 yen, ending the week at 11,166.31 yen in what was described as a lifeless and directionless market.

The prospects of more downgrading of hi-tech companies was becoming more and more likely, leaving many investors puzzled as to what action to take.

There were just 2 pieces of news of any materiality, one piece, emanating from 2 insurance companies, engaged in a tie-up, and one piece of news, having been announced by 2 of Japan's largest trading companies.

Nipponkoa Insurance Company announced that it had come into an agreement with Taiyo Mutual Life Insurance Company whereby the 2 companies would merge their respective property insurance companies.

The announcement lifted the share price of Nipponkoa by about 1.54 percent to 463 yen per share.

Itochu Corporation and Marubeni Corporation announced, jointly, that these 2 trading concerns would merge their trading subsidiaries, dealing in steel construction materials, effective October 1.

Itochu's share price stayed firm at 437 yen while Marubeni's share price lost 3 yen to end the week at 191 yen.

The Tokyo Stock Exchange was on the verge of another new 17-year low, which investors expected to see in the coming weeks.

In other parts of Asia, this was the situation, last Friday night:

Indonesia	Plus 0.35 percent
Japan	Plus 0.35 percent
Malaysia	Plus 1.94 percent
The Philippines	Plus 0.62 percent
Singapore	Minus 0.66 percent
South Korea	Minus 0.13 percent
Taiwan	Minus 3.35 percent
Thailand	Plus 2.24 percent

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