

**THE STOCK EXCHANGE OF HONGKONG LTD :
AND DOWN AND DOWN SHE GOES**

Mr Li Ka Shing proposes; the Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) disposes.

That is what appeared to have happened, last Monday afternoon, following an outburst by the richest man who ever lived, Mr Li Ka Shing, who admonished the HKSAR Government for not scrapping its Home-Ownership Scheme, a housing scheme, which had been in existence for many decades, one which was aimed at allowing the poorer sector of society to be able to own their own homes.

It was just 12 days prior that Mr Li Ka Shing had told the HKSAR Government, in no uncertain terms, what it was doing wrongly in respect of its Home-Ownership Scheme, so that some people were wondering what had taken the Government of Mr Tung Chee Hwa to realise its terrible mistakes.

When Mr Tung Chee Hwa was '*elected*' to the post of Chief Executive of the HKSAR by the 400-member mass of people of the HKSAR, endorsed by the Government of the PRC, of course, he stated that he intended to build 85,000 new flats per year, during his 4-year reign, in order to alleviate the plight of the poorer sector of society.

His inaugural address, as Chief Executive of the HKSAR, was welcomed and treated with praise and applause by all who heard it, including, one would presume, the Great Man, himself.

Nearly 3 years later, Mr Tung Chee Hwa said that he had dropped his '*election platform*' determination with regard to the target of 85,000 new flats per year.

Last Monday afternoon, Mr Donald Tsang Yam Kuen, Chief Secretary of the HKSAR Government, announced that the Home-Ownership Scheme would be frozen for the next 10 months, until June 2002, at least.

It was said that there were champagne corks, flying in boardrooms of many property developers in the HKSAR since their businesses, they alleged, had been adversely affected, during the past year or so, by the HKSAR Government's determination to continue with its Home-Ownership Scheme.

Mr Li Ka Shing, without question, is obliquely advising the HKSAR Government so that it will not make too many more mistakes.

It was said, also, last Monday, by property moguls of the HKSAR, only, that the scrapping of the Home-Ownership Scheme would help to stimulate the economy.

That was the biggest news, last Monday, because, on The Stock Exchange of Hongkong Ltd, red ink dotted its blotting paper.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index fall about 1.69 percent, ending the historic day at 10,902.64 points.

The Total Turnover fell to about \$HK4.94 billion with, once again, the Li Ka Shing Faction plus the PRC's biggest mobile telecommunications companies, listed on The Stock Exchange of Hongkong Ltd, hugging some of the top 5 spots on the Ten Most Actives.

China Mobile (Hongkong) Ltd (Code: 941) was the most-active counter of the day as investors traded about 31.12 million shares of the company, pushing down its share price by about 7.19 percent to \$HK22.60.

The cash value of the trades of China Mobile represented nearly 15 percent of the Total Turnover.

HSBC Holdings plc (Code: 5) came next in line on the Most-Active list with its share price, falling back to \$HK90.75, a loss of 0.55 percent over the previous Friday's closing level.

Cheung Kong (Holdings) Ltd (Code: 1) and Hutchison Whampoa Ltd (Code: 13) came next in line, with Cheung Kong, losing 0.69 percent of its market capitalisation, ending the day at \$HK71.50 per share, and Hutchison Whampoa gave up about 0.38 percent of its value, falling back to \$HK66.25 per share.

These 4 leading counters accounted for about 34.41 percent of the entire volume of activity for the day.

One other Li Ka Shing counter, Pacific Century CyberWorks Ltd (Code: 8), also made it to the record section of the Main Board as its share price dropped to a new low of \$HK1.63, a one-day loss of about 2.93 percent.

The ratio of losers to gainers was about 2.53:One, with about 71 percent of all counters, listed on The Stock Exchange of Hongkong Ltd, either seeing no trading in their scrip or holding pat at the previous Friday's closing levels.

Aside from Mr Li Ka Shing, being the unofficial advisor to the Government of the HKSAR, it was announced by Hongkong Exchanges and Clearing Ltd (Code: 388) that he, also, had been assisting investors, by the purchasing of shares in his companies, listed on The Stock Exchange of Hongkong Ltd.

In the previous week, Mr Li Ka Shing had bought another 300,000 Cheung Kong shares and another 170,000 Hutchison Whampoa shares.

What a hero!

The double-digit movers of last Monday numbered 30, of which number, just 6, double-digit movers were in positive territory by the close of the market:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Asia Resources Transportation Holdings Ltd	899		13.51	0.032
Cedar Base Electronic (Group) Ltd	855		13.92	0.068
China Star Entertainment Ltd	326		10.95	0.122
Chinney Alliance Group Ltd	385		16.22	0.031
Climax International Company Ltd	439		10.53	0.017
Computer and Technologies Holdings Ltd	46		12.00	1.54
Dransfield Holdings Ltd	632		11.11	0.03
ehealthcareasia Ltd	835		23.08	0.10
First Pacific Company Ltd	142		12.21	1.15
First Sign International Holdings Ltd	933	15.15		0.19
Great Wall Cybertech Ltd	689		25.76	0.098
Hikari Tsushin International Ltd	603		12.71	0.103
HiNet Holdings Ltd	155		28.57	0.015
The Hongkong Building and Loan Agency Ltd	145	15.25		0.68
Hongkong Catering Management Ltd	668		11.29	0.55
Kee Shing (Holdings) Ltd	174		23.29	0.56
Kin Don Holdings Ltd	208	21.21		0.04
Man Sang International Ltd	938		10.18	0.15
Mandarin Resources Corporation Ltd	70		21.05	0.045
Northern International Holdings Ltd	736	13.04		0.026
Oriental Explorer Holdings Ltd	430		11.32	0.047
Pricerite Group Ltd	996		10.81	0.33
QPL International Holdings Ltd	243		11.54	2.30
Skynet (International Group) Holdings Ltd	577		11.76	0.03

South East Group Ltd	726	26.67		0.019
SunCorp Technologies Ltd	1063		16.67	0.375
TechCap Holdings Ltd	673		30.00	0.042
Technology Venture Holdings Ltd	61		12.00	0.66
UDL Holdings Ltd	620	10.00		0.055
Ying Wing Holdings Ltd	1104		16.13	1.30

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the bears had their way with the bulls, pulling down The GEM's index to a new low.

The Growth Enterprise Index fell about 1.95 percent to 194.18 points, the lowest level since this speculative market came into existence.

The Total Turnover was about \$HK38.66 million in what could only be described as a drifting marketplace.

Again, the name Li Ka Shing was heard over the throng and pulsations of the market as news spread that the hero of the HKSAR had been picking up shares in his companies on The GEM.

tom.com Ltd (Code: 8001) is the Great Man's dot.com company, and Hongkong Exchanges and Clearing Ltd announced that, in the previous week, the Great Man had spent \$HK5.07 million in buying up 2.70 million tom.com shares in the open market.

TARGET had commented, over the past few weeks, that it appeared that vested interests had been supporting certain share prices: It has, now, been confirmed.

One supposes that, one day, a statue will be built in the HKSAR to the Great Man.

Losing counters outpaced gaining ones by the ratio of about 2.33:One.

There were a total of 5, double-digit movers on this exchange:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022		18.99	0.32
Computech Holdings Ltd	8081	13.13		0.56
FlexSystem Holdings Ltd	8050		10.00	0.36
iLink Holdings Ltd	8107		14.67	0.128
L.P. Lammas International Ltd	8029	25.00		0.155

In Japan, The Tokyo Stock Exchange got hammered, yet again.

The Nikkei-225 Stock Average lost 303.83 yen, falling to another 17-year low of 10,409.68 yen.

Earning downgrades of some of the market's '*darlings*', in view of what was taking place in other parts of the world, were said to be the main reason for last Monday's falls.

Some of the largest losers in the electronics section of the market and the banking section included:

Electronics

Advantest	Down 6.08 percent to 6,330 yen per share
Alps Electric	Down 5.87 percent to 817 yen per share
Fuji Electric	Down 3.58 percent to 350 yen per share
Fuji Heavy Industries	Down 4.64 percent to 759 yen per share

Furukawa Electric	Down 6.25 percent to 840 yen per share
Hitachi	Down 10.26 percent to 874 yen per share
Kyocera Corporation	Down 4.35 percent to 7,680 yen per share
Matsushita Communications	Down 2.91 percent to 4,000 yen per share
NEC Corporation	Down 2.13 percent to 1,420 yen per share
Nikon Corporation	Down 13.79 percent to 912 yen per share
Olympus Optical	Down 4.62 percent to 1,612 yen per share
Ricoh Company	Down 5.78 percent to 1,825 yen per share
Rohm Company	Down 4.16 percent to 12,660 yen per share
Sanyo Electric	Down 6.72 percent to 499 yen per share
Sony Corporation	Down 4.35 percent to 5,060 yen per share
TDK Corporation	Down 3.23 percent to 6,000 yen per share
Tokyo Electron	Down 5.06 percent to 6,190 yen per share
Toshiba Corporation	Down 4.43 percent to 582 yen per share

Banks

Asahi Bank	Down 5.35 percent to 212 yen per share
Ashikaga Bank	Down 6.80 percent to 137 yen per share
Daiwa Bank	Down 4.66 percent to 143 yen per share
Gunma Bank	Down 4.87 percent to 546 yen per share
Iyo Bank	Down 4.69 percent to 629 yen per share
UFJ Holdings	Down 3.47 percent to 584,000 yen per share

In telecommunications, it was another bad day, as NTT DoCoMo lost 5.48 percent of its market capitalisation, falling to 1.38 million yen per share, while Japan Telecom gave up 5.61 percent of its value, ending the day at 336,000 yen per share.

Losers were ahead of gainers by the ratio of about 6.98:One.

On the news front, Sanyo Electric Company announced that it was expecting sales in the first half of the year to be off by about 1.90 percent, compared with previous profits forecasts.

It, also, announced that its Net Profits were likely to fall by about 56.40 percent from previous forecasts to about 8.50 billion yen.

Casio Computer Company sounded another alarm, saying that it had revised downwards its earnings forecast for the first half of the year.

And so it went on, with one company after another, giving shareholders the bad news.

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

Indonesia	Minus 0.64 percent
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Japan	Minus 2.84 percent
Malaysia	Plus 0.48 percent
The Philippines	Minus 0.93 percent
Singapore	Minus 0.22 percent
South Korea	Minus 0.60 percent
Taiwan	Minus 1.21 percent
Thailand	Plus 1.81 percent

Tuesday

The Premier of the People's Republic of China (PRC), Mr Zhu Rong Ji, told the people of the Hongkong Special Administrative Region (HKSAR) that the motherland would, always, give a tit to the HKSAR on which to suck in times of adversity.

Premier Zhu Rong Ji, on a visit to Ireland, made the comments in a television programme.

He said: *'Hongkong's economic development can be backed by China, backed by the Mainland. I am not pessimistic.'*

That was enough for HKSAR investors ... and it was off to The Stock Exchange of Hongkong Ltd in order to try to catch the PRC's milky economic *'bus'*.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 2.15 percent, ending the day at 11,136.86 points.

All but 14.78 points of the 234.22-point gain of the day came in the 90-minute afternoon session as investors poured into stocks and shares, in a select buying frenzy.

The Total Turnover, however, betrayed any suggestion of a sustained bull market since it was, still, very low at about \$HK6.72 billion.

The 5 top counters of the day remained, just about, the same as the previous few weeks, with China Mobile (Hongkong) Ltd (Code: 941), HSBC Holdings plc (Code: 5), China Unicom Ltd (Code: 762), Hutchison Whampoa Ltd (Code: 5), and Cheung Kong (Holdings) Ltd (Code: 1), being the favourites.

China Mobile gained 5.97 percent, rising to \$HK23.95 per share, HSBC Holdings put on 1.93 percent, rushing back to \$HK92.50 per share, China Unicom's share price rose 6.15 percent, hitting \$HK9.50 by the close of trading, Hutchison Whampoa improved its market capitalisation by 2.26 percent, rising to \$HK67.75 per share, and Mr Li Ka Shing's flagship company, Cheung Kong, added 0.70 percent to its value, closing out the day at \$HK72 per share.

The aggregate dollar value of the trades in these 5 corporations, at about \$HK2.85 billion, represented about 42.41 percent of the entire volume of activity of the day.

The ratio of gainers to losers was 1.41:One, but about 74 percent of all counters, listed on The Stock Exchange of Hongkong Ltd, either saw no activity in their respective scrip or stayed at Monday's closing levels.

The selectivity of trading appeared to indicate that the mini bull-rush would not hold.

Time would tell.

On the news front, there were complaints, voiced by a group of some of the poorer sector of the HKSAR society, that the suspension of the Home-Ownership Scheme by the Government would hurt them. (Please see Monday's report)

However, as history has taught the rich: The poor have to be sacrificed for the benefit of the rich.

Might it right!

Though it was a holiday in the US, The New York Stock Exchange, being closed last Monday, New York time, it was announced that Compaq Computer Corporation would be purchased by Hewlett-Packard for about \$US25 billion.

The deal sent shock waves round the world because, among other things, it would come to mean that another 13,000 workers would be given pink slips.

The announcement of the buyout did little for the HKSAR stock markets since it means little to the 416 square miles: It would have little to no effect.

The double-digit movers on the Main Board numbered 25, of which number, 12 double-digit movers lost substantial ground:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Applied International Holdings Ltd	519		13.79	0.125
Bestway International Holdings Ltd	718		15.38	0.022
Café de Coral Holdings Ltd	341	10.59		4.70
Cedar Base Electronic (Group) Ltd	855	10.29		0.075
China Bio-Medical Group Ltd	140	17.95		0.046
Climax International Company Ltd	439	11.76		0.019
Corasia Group Ltd	875		19.71	0.167
Daiwa Associate Holdings Ltd	1037	11.54		0.58
Dransfield Holdings Ltd	632		10.00	0.027
e-New Media Company Ltd	128	10.29		0.375
Everbest Century Holdings Ltd	578	11.11		0.03
Greater China Sci-Tech Holdings Ltd	431	13.41		0.093
HiNet Holdings Ltd	155	20.00		0.018
The Hongkong Building and Loan Agency Ltd	145		13.24	0.59
Innovative International (Holdings) Ltd	729	12.00		0.028
iQuorum Cybernet Ltd	472		10.53	0.017
Kee Shing (Holdings) Ltd	174		15.18	0.475
Kwong Hing International Holdings (Bermuda) Ltd	1131		10.00	0.063
Mandarin Resources Corporation Ltd	70	17.78		0.053
MUI Hongkong Ltd	542		16.67	0.065
renren Media Ltd	59	31.58		0.025
SCMP (Holdings) Ltd	583		11.11	4.00
Shenyin Wanguo (Hongkong) Ltd	218	10.00		0.66
South East Group Ltd	726		10.53	0.017
Swank International Manufacturing Company Ltd	663		20.00	0.04

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the waves of the Main Board managed to moisten this speculative marketplace.

But only just, mind you.

The Growth Enterprise Index gained 0.72 percent, rising to 195.57 points, but, once again, the low level of activity did not suggest that the market would be able to hold onto its gains for too long a period of time.

The Total Turnover of the day was about \$HK38.01 million, with trading in 3 counters, accounting for nearly 44 percent of the total activity of the day.

Mr Li Ka Shing's tom.com Ltd (Code: 8001) was the most active counter of the day with about \$HK6.43-million worth of that company's scrip, being swapped, representing about 16.92 percent of the Total Turnover.

The share price of tom.com rose 5.91 percent to \$HK1.97.

Mr Rupert Murdoch's Phoenix Satellite Television Holdings Ltd (Code: 8002) was the second, most-active counter of the day as investors traded about 6.24 million shares in this television broadcaster.

The share price of Phoenix lost 4.76 percent of its value, falling to \$HK1, even.

The ratio of gainers to losers was narrow, at about 1.07:One.

The double-digit movers were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Argos Enterprise (Holdings) Ltd	8022	37.50		0.44
Computech Holdings Ltd	8081		11.61	0.495
Intecera High Tech Group Ltd	8041		15.15	0.28
ITE (Holdings) Ltd	8092	10.00		0.55
L.P. Lammas International Ltd	8029	30.32		0.202

In Japan, the Hewlett-Packard takeover of Compaq seemed to set The Tokyo Stock Exchange on fire as its Nikkei-225 Stock Average gained 362.91 yen, rising to 10,772.59 yen, a gain of nearly 3.50 percent over Monday's close.

Gainers outnumbered losers by the ratio of about 1.65:One, suggesting that there was a great deal of short-covering, taking place on the most-important stock market in Asia.

On the basis of fundamentals, there was no reason for the Nikkei-225 to rise, at all, but Japanese investors were in the mood *'to play'* ... and play they did.

Electronics and banks were among the biggest gainers, last Tuesday:

Electronics

Advantest	Up 9.79 percent to 6,950 yen per share
Alps Electric	Up 6.98 percent to 874 yen per share
Canon Incorporated	Up 11.24 percent to 3,760 yen per share
Fuji Electric	Up 3.43 percent to 372 yen per share
Fujitsu	Up 4.72 percent to 1,220 yen per share
Hitachi	Up 2.97 percent to 900 yen per share
Kyocera Corporation	Up 9.24 percent to 8,390 yen per share
Matsushita Communications	Up 7.50 percent to 4,300 yen per share
NEC Corporation	Up 5.49 percent to 1,012 yen per share
OKI Electric Industries	Up 5.93 percent to 375 yen per share

Pioneer	Up 9.56 percent to 2,520 yen per share
Ricoh Company	Up 4.55 percent to 1,908 yen per share
Rohm Company	Up 4.27 percent to 13,200 yen per share
Sanyo Electric	Up 3.81 percent to 518 yen per share
Sony Corporation	Up 4.35 percent to 5,280 yen per share
TDK Corporation	Up 12.50 percent to 6,750 yen per share
Tokyo Electron	Up 8.89 percent to 6,740 yen per share
Toshiba Corporation	Up 5.15 percent to 612 yen per share

Banks

Asahi Bank	Up 3.30 percent to 219 yen per share
Ashikaga Bank	Up 2.19 percent to 140 yen per share
Chiba Bank	Up 4.07 percent to 460 yen per share
Daishi Bank	Up 2.56 percent to 400 yen per share
Gunma Bank	Up 4.03 percent to 568 yen per share
Hachijuni Bank	Up 3.96 percent to 630 yen per share
Hyakujushi Bank	Up 2.27 percent to 675 yen per share
Iyo Bank	Up 2.86 percent to 674 yen per share
Joyo Bank	Up 2.90 percent to 355 yen per share
Mizuho Holdings	Up 9.47 percent to 520,000 yen per share
Ufj Holdings	Up 10.27 percent to 644,000 yen per share

In other parts of Asia, however, things were not quite as buoyant as they were in the HKSAR and Japan:

Indonesia	Plus 1.94 percent
Japan	Plus 3.49 percent
Malaysia	Minus 0.39 percent
The Philippines	Minus 0.08 percent
Singapore	Plus 0.31 percent
South Korea	Plus 3.13 percent
Taiwan	Plus 3.49 percent
Thailand	Minus 0.55 percent

Wednesday

Suggestions were made, last Tuesday and Wednesday, that, perhaps, Premier Zhu Rong Ji was overly concerned about the state of the economy of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) and was, obliquely, blaming the HKSAR Government for its problems – and that that was the real reason for his remarks in a television programme in Ireland, during his visit there last week.

The erudite Premier rejected such claims, saying that he was not criticising the HKSAR Government or its great leader, Mr Tung Chee Hwa.

However, the 'word' was out.

And trading on The Stock Exchange of Hongkong Ltd reflected the uncertainty of the situation as the Main Board's Hang Seng Index lost about 1.74 percent of its value, falling back to 10,943.14 points.

The volume of activity fell slightly to about \$HK5.71 billion.

China Mobile (Hongkong) Ltd (Code: 941), HSBC Holdings plc (Code: 5), Cheung Kong (Holdings) Ltd (Code: 1) and Hutchison Whampoa Ltd (Code: 13) were the 'top dogs' of the day: Not too dissimilar to previous days' trading patterns.

China Mobile lost 3.76 percent of its value, falling to \$HK23.05 per share, HSBC Holdings's scrip price shed 1.62 percent, dropping back to \$HK91, Mr Li Ka Shing's Cheung Kong had to surrender 1.39 percent of its value, reverting to \$HK71 per share, and Hutchison Whampoa lost 1.11 percent of its market capitalisation, ending the day at \$HK67 per share.

These 4 counters represented, in terms of their aggregate trades in dollars and cents, about 31 percent of the Total Turnover.

China Unicom Ltd (Code: 762) was relegated to the sixth position in the Ten Most Actives, but it, still, managed to lose about 3.16 percent of its value, falling to \$HK9.20 per share by the close of trading.

The ratio of losers to gainers was about 1.44:One, but a record was set, last Wednesday, when it became known that about 80 percent of all counters, listed on The Stock Exchange of Hongkong Ltd, either saw no action, at all, or their share prices stayed unchanged from Tuesday's closing levels.

Such was the narrowness of the market as may be seen by the lower number of double-digit movers of the day, a record low since TARGET has been plotting them for the past 5 years:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AV Concept Holdings Ltd	595		11.76	0.30
Capital Automation Holdings Ltd	493		24.32	0.28
Great Wall Cybertech Ltd	689		10.87	0.082
I-China Holdings Ltd	240	20.00		0.042
Interchina Holdings Company Ltd	202	15.15		1.14
Kin Don Holdings Ltd	208		10.26	0.035
Next Media Ltd	282	17.65		0.26
Online Credit International Ltd	185		12.50	0.091
Oriental Explorer Holdings Ltd	430	10.42		0.053
Rockapetta Holdings Ltd	1003	13.43		0.38
SunCorp Technologies Ltd	1063		11.39	0.35
Veeko International Holdings Ltd	1173		20.00	0.08
Ying Wing Holdings Ltd	1104		15.38	1.10

There was quite a bit of interesting financial news that hit the streets of the 416 square miles that constitute the HKSAR, last Wednesday, with, perhaps, the most important piece of news, being Mr Rupert Murdoch's attempts to become the biggest media mogul in the PRC.

He, already, holds that place in the Western World, anyway, so for what reason should he not go for broke?

It was announced, later in the day, that News Corporation – Mr Murdoch's flagship company, listed in Australia – and AOL Time Warner were about to secure rights to broadcast domestic television coverage in the PRC,

specifically, to the southern region, known as Guangzhou.

Mr Murdoch owns Star Television and Phoenix Satellite Television Holdings Ltd (Code: 8002, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd).

Then, a newly founded magazine of the HKSAR, *'The Cup'*, found itself in a little difficulty and had to sack 50 of its employees, representing about 25 percent of the total workforce.

The magazine is just 3 months old.

In London, England, it was announced that British Airways plc (formerly known as **British Overseas Airways Corporation – BOAC**, or, **Better On A Camel**) would sack 1,800 of its employees by the end of the year.

In 2000, it sacked 3,000 of its workers.

Also, from London, came news that electronics giant, Marconi, was to sack 2,000 of its workers.

That brought the total to 10,000 of Marconi's workers, who have been laid off this year.

Marconi's share price collapsed on the news, falling another 28 percent to 38 pence, effectively reducing its market capitalisation by about £400 million (about \$HK4.50 billion).

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – the gains of Tuesday were wiped out as The Growth Enterprise Index gave up about 0.76 percent of its value, falling to 194.09 points.

Losers were ahead of gainers by the ratio of about 1.71:One, with about 73 percent of all counters, staying pat.

There was only one double-digit mover: TeleEye Holdings Ltd (Code: 8051), the share price of which lost 11.76 percent, falling to 30 cents per share.

Sing Lee Software (Group) Ltd (Code: 8076), a financial software company, operating in the PRC, made its debut. But it did not fare well.

After hitting a high of 51 cents per share, selling pressure pushed down the share price to 45.50 cents, off about 5.21 percent, compared with the Placing Price of 48 cents per share.

(Please see [TARGET Intelligence Report, Volume III, Number 168](#), published on Friday, September 7, 2001 for an analysis)

The Total Turnover on this speculative marketplace was about \$HK48.39 million, with one counter, Xiniao Gas Holdings Ltd (Code: 8149), being responsible for about 24 percent of the activity of the day.

Xiniao Gas Holdings's share price gained 5.03 percent, ending the day at \$HK1.88 on a volume of 6,272,000 shares.

During the trading session, the news about Mr Rupert Murdoch's foray into the PRC market had not been realised, clearly.

In Japan, the premier stock market, The Tokyo Stock Exchange, went into reverse as the Nikkei-225 Stock Average lost 173.80 yen, falling to 10,598.79 yen.

Losers outran gainers by 3.11:One in a market, which was the exact reverse of Tuesday's bullish trend.

There was a rather strange news story that hit the Tokyo Streets when the PRC Government ordered Matsushita Communication Industrial Company Ltd to suspend sales of its mobile telephones for one year, those telephones, that is, which had been manufactured in the PRC.

The reason: The Japanese company's joint venture in the PRC displayed 'ROC' – The Republic of China, the name for breakaway Taiwan – on its display panel.

Naughty! Naughty!

From another major, Japanese telecommunications company, KDDI Corporation, it was announced that it had decided to sell its shares in Tu-Ka Cellular Tokyo Incorporated, Tu-Ka Cellular Tokai Incorporated, and Tu-Ka Phone Kansai Incorporated.

These 3 companies hold a combined market share of about 6.30 percent of Japan's mobile telecommunications industry and rank Number 4 in the country.

The buyer was said to be Texas Pacific Group of the US and the price was thought to be in the region of 350 billion yen.

The share price of KDDI hardly moved on the news.

As for Matsushita Communication Industrial, its share price was shaved down by about 5.35 percent on the news from the PRC, ending the day at 4,070 yen per share.

The other 2 major telecommunication '*players*' in The Land of The Rising Sun, Japan Telecom and NTT DoCoMo, both suffered substantial losses, dropping 6.49 percent to 317,000 yen, and 4.83 percent to 1.38 million yen, respectively.

Most of the gains of Tuesday were pared back on Wednesday with electronics and banks, going into reverse gear.

This is the way that things looked in other major bourses in Asia, last Wednesday night:

Indonesia	Plus 0.24 percent
Japan	Minus 1.61 percent
Malaysia	Plus 0.17 percent
The Philippines	Plus 0.14 percent
Singapore	Plus 0.12 percent
South Korea	Minus 1.23 percent
Taiwan	Minus 1.53 percent
Thailand	Minus 0.46 percent

Thursday

Down and down she goes, and where she stops, nobody knows.

That was the thought, last Thursday, as share prices continued to fall to new lows on the Main Board of The Stock Exchange of Hongkong Ltd, the main stock market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The Hang Seng Index lost another 2.55 percent of its value, ending the day at 10,664.32 points on a Total Turnover of about \$HK6.38 billion.

Wall Street, not liking the Hewlett-Packard-Compaq takeover (Please see Tuesday's report), had pushed down the share price of both companies, and this affected trading on The New York Stock Exchange where the Dow Jones Industrial Average rose fractionally to 10,033.27, but where the tech-laden NASDAQ saw its Composite Index felled by another 11.77 points, after losing 35 points on Tuesday.

That means that the NASDAQ's Composite Index had given up about 2.60 percent of its value in 2 days of trading in New York: From 1,805.78 points to Wednesday's closing level of 1,759.01.

The US economy is sinking fast, flirting with full-blown recession, and this is being reflected in indices on the largest stock markets in the world.

By last Wednesday's count, in 6 sessions out of 7 sessions, the NASDAQ Composite Index had retreated.

In London, it was reported that electronics manufacturing services company, Celestica, would sack 1,000 of its workers and close down half of its factory in Ashton-under-Lyne, and, then, next year, the factory would be shut, for good.

Asia watches Wall Street and the largest markets in the European Union for its cue: Last Thursday's stock trading session in the HKSAR exemplified just that.

A new '*player*' entered the Top Ten counters of the Main Board of The Stock Exchange of Hongkong Ltd, last Thursday: Sun Hung Kai Properties Ltd (Code: 16).

Sun Hung Kai Properties ranked Number Three, after China Mobile (Hongkong) Ltd (Code: 941) and HSBC Holding plc (Code: 5), the Number One and Number Two counters of the Ten Most Actives, respectively.

China Mobile shed 6.29 percent of its value, falling to \$HK21.60 per share, HSBC Holdings's scrip was traded, at the end of the day, at \$HK90.75, down 0.27 percent on Wednesday's close, and Sun Hung Kai Properties had to part with 5.30 percent of its market capitalisation, falling to \$HK62.50 per share.

The Li Ka Shing mob came next in line on the Ten Most Actives, with Hutchison Whampoa Ltd (Code: 13), having to surrender another 2.24 percent of its share price, falling back to \$HK65.50, while the Great Man's flagship company, Cheung Kong (Holdings) Ltd (Code: 1), saw its share price shaved back by 2.46 percent to \$HK69.25.

These 5 counters' trades represented nearly 38 percent of the Total Turnover.

The ratio of losers to gainers was about 1.78:One, with about 71 percent of all the counters, listed on The Stock Exchange of Hongkong Ltd, either holding onto Wednesday's closing levels or seeing no action, at all.

On the news front, it was announced by the HKSAR Government that consumer spending in the territory was continuing to dry up.

July retail sales by value, year-on-year, fell 0.80 percent to about \$HK15.80 billion, the Government stated.

What that means is that residents of the HKSAR are buying cheaper products and tightening their purse strings, to boot: No more splurging on luxuries, as was the case in not too distant past.

Translating this would, most likely, mean higher unemployment as it is a certainty that consumers will, also, cut back on eating in fancy restaurants, delay purchases of new flats and motor cars, etc, and, generally, tighten up spending habits in anticipation of a further deterioration in the economy.

Mr Li Ka Shing's Pacific Century CyberWorks Ltd (Code: 8) announced an Interim Profit of \$HK935 million to June 30, 2001.

This was higher than some people had expected, but, with no comparisons (it represented the first interim since the purchase of Cable and Wireless HKT Ltd by the Li Ka Shing entity), it was difficult to assess the results with any degree of accuracy.

Mr Li Ka Shing's semi-educated son, Richard Li Tzar Kai, said that he was happy with the results.

At least, it is a profit!

The share price of Pacific Century CyberWorks gave up 4.47 percent of its value, falling to \$HK1.71 per share.

The double-digit movers, last Thursday, numbered 24, of which number, 10 managed to gain ground:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
AV Concept Holdings Ltd	595	18.33		0.355
Can Do Holdings Ltd	172	11.25		0.089
Chi Cheung Investment Company Ltd	112		19.23	0.042
China Star Entertainment Ltd	326		10.40	0.112
Chinney Alliance Group Ltd	385	15.15		0.038
Dransfield Holdings Ltd	632	17.86		0.033
ehealthcareasia Ltd	835		11.11	0.032
Emperor (China Concept) Investments Ltd	296		14.71	0.029
Fairwood Holdings Ltd	52		15.79	0.08
i-Onyx Ltd	102		12.09	0.80
Interchina Holdings Company Ltd	202	14.04		1.30
Interform Ceramics Technologies Ltd	1060	15.00		0.023
iQuorum Cybernet Ltd	472	17.65		0.02
K.P.I. Company Ltd	605		12.24	0.086
Lung Cheong International Holdings Ltd	348		16.00	0.42
MUI Hongkong Ltd Ltd	542	12.31		0.073
Next Media Ltd	282	13.46		0.295
Northern International Holdings Ltd	736		11.11	0.024
Oriental Explorer Holdings Ltd	430		11.32	0.047
Sinocan Holdings Ltd	1095		11.39	0.07
SunCorp Technologies Ltd	1063	17.14		0.41
Television Broadcasts Ltd	511		18.77	22.50
Wealthmark International (Holdings) Ltd	39		11.32	0.94
Yew Sang Hong (Holdings) Ltd	290		18.00	0.82

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was another bad day for those investors who thought that the market had hit bottom: It hit another new bottom.

And it looked as though the rot would not stop, here.

The Growth Enterprise Index gave up another 0.88 percent, falling to 192.38 points.

The Total Turnover was about \$HK39.67 million, with trading in the scrip of Phoenix Satellite Television Holdings Ltd (Code: 8002), representing about 15 percent of that figure.

Investors suddenly cottoned on to what Mr Rupert Murdoch was doing in the PRC and decided that, perhaps, Phoenix Satellite Television was a good bet for the long term. (Please see Wednesday's report on this subject)

However, amid a sea of sellers in most other GEM counters, the share price of this company could make no headway and ended the day at 98 cents, unchanged from Wednesday's closing level.

Losing GEM counters outpaced gaining ones by the ratio of about 2.06:One.

There was just one double-digit gainer on this market:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Prosten Technology Holdings Ltd	8026		11.63	0.38
Sinotronics Holdings Ltd	8115	10.81		0.82
Smartech Digital Manufacturing Holdings Ltd	8068		13.79	0.025

The premier stock market of Japan, The Tokyo Stock Exchange, was especially quiet, with the Nikkei-225 Stock Average, edging up 51.54 yen to 10,650.33 yen.

The quiet before the storm?

Select banks seemed to do well, last Thursday, led by the largest bank in the world, in terms of assets under its control.

Mizuho Holdings Incorporated regained 3.86 percent of its market capitalisation, rising to 538,000 yen per share, while its running mate (so to speak), Ufj Holdings Incorporated, managed a 5.54-percent gain, running back to 667,000 yen per share.

But these 2 banks, just about, said it all, because the other 3 banks to make any kind of a headway paled to insignificance against Mizuho and Ufj Holdings:

Bank of Kyoto	Up 2.12 percent to 577 yen per share
Chiba Bank	Up 2.77 percent to 482 yen per share
Daiwa Bank	Up 2.53 percent to 162 yen per share

Matsushita Communication Industrial Company Ltd continued to be hit hard, following the PRC Government, rapping the electronics manufacturer over its knuckles for being, allegedly naughty.

Matsushita Communication Industrial lost 7.86 percent of its market capitalisation, falling back to a 31-month low of 3,750 yen per share. (Please see Wednesday's report)

It was reported that the US Government had issued a final warning against manufacturers of Japanese-made steel pipes for use in gas and oil pipelines for, allegedly, engaging in dumping activities in the US.

The companies involved in the complaint included Nippon Steel Corporation and Kawasaki Steel Corporation.

If the US International Trade Commission upholds the US Commerce Department's findings, it could mean that a 30.80-percent penalty on the value of the steel imports could be imposed on the perpetrators of selling steel pipes below what the US Government believes to be fair market values.

Amid the gloom and doom, this was the situation in other Asian bourses, last Thursday night:

Indonesia	Plus 1.46 percent
Japan	Plus 0.49 percent
Malaysia	Minus 0.13 percent
The Philippines	Plus 2.34 percent
Singapore	Minus 0.89 percent

South Korea	Plus 0.12 percent
Taiwan	Minus 2.07 percent
Thailand	Plus 1.29 percent

Friday

The honeymoon was over; and, all the moguls' horses and all the moguls' men (and money) could not continue to support The Stock Exchange of Hongkong Ltd – again.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index fall to a new, 30-month low of 10,384.20 points.

Last Friday's 2.63-percent fall in the Hang Seng Index was not the result of any one factor, but a combinations of factors, all of which have hit the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) over the past few months.

The moguls of the HKSAR, who had tried, valiantly, to support their stocks and shares, found themselves, hanging on to the short end of the stick, last Friday, as wave after wave of selling hit the trading floor.

The Total Turnover rose to about \$HK7.51 billion – which is, still, low, relative to the \$HK36-billion Turnovers of the past – as declining counters outnumbered advancing ones by the ratio of about 4.21:One.

The 4 leading counters were HSBC Holdings plc (Code: 5), China Mobile (Hongkong) Ltd (Code: 941), Cheung Kong (Holdings) Ltd (Code: 1), and Hutchison Whampoa Ltd (Code: 13).

HSBC Holdings gave up 3.58 percent of its market capitalisation, falling to \$HK87.50 per share, China Mobile shed 1.16 percent of its value, dropping back to \$HK21.35 per share, Cheung Kong's share price was felled to the extent of 6.14 percent, dropping back to \$HK65, and Hutchison Whampoa was forced to surrender 4.96 percent of its value, ending the week at \$HK62.25 per share.

These 4 counters accounted for about 38 percent of the entire volume of activity of the day.

But that was not all she wrote, as the saying goes, because Mr Li Ka Shing's Pacific Century CyberWorks Ltd (Code: 8), after announcing an Interim Profit on Thursday, had to announce on Friday that it had had to make a \$HK3.23-billion Provision for its Network-of-the-World (NOW) '*rubbish*'.

From the world's largest stock market, The New York Stock Exchange, it was, just about, all gloom and doom.

The US unemployment rate, the Government of President George W. Bush announced, had hit 4.90 percent in August, up from 4.50 percent in July.

It was a 4-year high.

That unemployment in the US was rising, and rising fast, in the US was well known, and had been known for many months, but the Government's confirmation of the fact still hurt.

Investors in the HKSAR were preparing for the worst, last Friday, thinking that last Friday's Wall Street would see renewed selling pressure.

They were not disappointed.

Last Friday, The New York Stock Exchange's Dow Jones Industrial Average gave up 234.99 points, about 2.39 percent, ending the week at 9,606.75 points.

The triple-digit loss was a shock to many people.

As for the NASDAQ, its Composite Index gave up 17.99 points, falling to 1,687.65 points.

Europe was down, too, -- and down plenty.

Amid such international gloom and despondency, it was difficult for the HKSAR to react otherwise than to witness more '*bloodshed*' on its stock markets.

The double-digit movers, last Friday, numbered 19 in all, of which number, just 2 double-digit movers managed to make gains:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Ananda Wing On Travel (Holdings) Ltd	1189		10.00	0.072
Can Do Holdings Ltd	172		12.36	0.078
Capital Automation Holdings Ltd	493		11.67	0.265
Chevalier Construction Holdings Ltd	579		16.00	0.105
Computer and Technologies Holdings Ltd	46		12.59	1.25
Corasia Group Ltd	875		16.89	0.123
COSCO International Holdings Ltd	517		12.70	0.55
Dongfang Electrical Machinery Company Ltd	1072		11.29	1.10
Dransfield Holdings Ltd	632		18.18	0.027
e-New Media Company Ltd	128		11.11	0.32
Innovative International (Holdings) Ltd	729	12.50		0.036
Interform Ceramics Technologies Ltd	1060		13.04	0.02
iQuorum Cybernet Ltd	472		10.00	0.018
Karrie International Holdings Ltd	1050		11.11	0.32
netalone.com Ltd	336		11.54	0.115
Prime Investment Holdings Ltd	721		11.29	0.55
Saint Honore Holdings Ltd	192		11.27	0.63
Sen Hong Resources Holdings Ltd	76	20.00		0.078
South East Group Ltd	726		17.65	0.014

As for The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it could hardly go it alone – and so The Growth Enterprise Index hit another new low of 190.37 points.

The Index's 1.05-percent loss of last Friday was on a continuing low volume of about \$HK38.30 million, with losers, outnumbering gainers by the ratio of about 2.73:One.

Few companies were spared, last Friday, with some counters experiencing, what could be described as, panic selling of scrip:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
36.com Holdings Ltd	8036		10.00	0.027
Argos Enter (Holdings) Ltd	8022		10.00	0.405
Computech Holdings Ltd	8081	14.89		0.54
FlexSystem Holdings Ltd	8050		38.03	0.22
SYSCAN Technology Holdings Ltd	8083		14.97	0.159

There was no special news from any of the GEM companies.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average gave up 133.54 yen, falling to 10,516.79 yen, in a market that saw losing issues outpace gaining ones by the ratio of 2.67:One.

The Ministry of Public Management, Home Affairs, Posts and Telecommunications announced that average household spending was continuing to decline.

The Ministry said that the July statistics indicated a drop of about 1.60 percent, year-on-year.

It was the fourth consecutive month of declines in household spending.

It was in spending on food that the decline was seen, most prominently, the Japanese Government office said, since spending on food had slipped by about 1.80 percent.

Asahi Bank decided to play the '*let's-get-together*' act, as 4 other Japanese banks have already done.

Management of Asahi Bank is planning to try to talk Daiwa Bank into joining it to form another mega bank.

It tried this stunt in March 2000 with Sanwa Bank and Tokai Bank, but got cold feet and pulled out at the last minute.

Daiwa Bank's share price stayed firm at 162 yen while Asahi Bank lost 14.36 percent of its value, falling to 161 yen per share.

The Gross Domestic Product in Japan continues to shrink, with the April-June figure, indicating a further erosion of about 0.80 percent, compared with the January-March calculation.

As spending dries up, so companies in the second largest economy of the world see an erosion of profits, exemplified, last Friday, by prices of telecommunication counters, suffering rather large losses:

Japan Telecom	Down 6.82 percent to 287,000 yen per share
KDDI	Down 4.27 percent to 314,000 yen per share
NTT DoCoMo	Down 4.44 percent to 1.29 million yen per share

And this was how things looked, last Friday night, as stockbrokers in Asia headed home after a week of very material losses on major bourses in the most populous area of the world:

Indonesia	Minus 1.09 percent
Japan	Minus 1.25 percent
Malaysia	Plus 1.26 percent
The Philippines	Plus 1.06 percent
Singapore	Minus 0.89 percent
South Korea	Plus 0.45 percent
Taiwan	Minus 0.83 percent
Thailand	Minus 0.07 percent

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