

**WOW ! WHAT A WEEK !**

While Americans slept peacefully in their beds, on Sunday night (June 23), the value of the US dollar vis-à-vis the Japanese yen and the euro declined throughout the most populous part of the world.

Its precipitous fall of last Monday was so fast that The Bank of Japan had to step in in support of the greenback – yet again.

The Bank of Japan – Japan's Central Bank – supported the US dollar with its veritable mountains of cash, but, by the close of trading on foreign-exchange markets in Asia, the US dollar: Japanese yen rate was standing at 121.45 yen.

The US dollar's seventh-month low is 120.83 yen; it was getting perilously close to that level.

A weak US dollar means, as far as Japan is concerned, that Japanese-produced products are less competitive in the US marketplace, which is, still, the most important single market of The Land of The Rising Sun.

In Europe last Monday, the euro was trading at more than 98 cents (US) for the first time since February 2000.

The euro had, as at last Monday's date, gained about 9 percent in terms of the US dollar in a period of about 6 months.

The US Federal Reserve Board had scheduled an Open Market Committee Meeting for last Wednesday, at which time, a determination would be made with regard to future, short-term interest rates in The Land of The Free and The Home of The Brave.

Speaking in US television, on Sunday night (June 23), US Treasury Secretary, Mr Paul O'Niell, said that he was unconcerned about the falling value of the US dollar against other '*hard*' currencies: '*We're* (meaning, the US economy) *going to be fine.*'

The ever-weakening US dollar was the result of a number of factors, with the seemingly ever-declining value of US stocks and shares, and major US companies, seeing dramatic profits' erosions, being among the most prominent of the factors involved in the exodus from the US dollar.

On The New York Stock Exchange, the previous Friday (June 21), the Dow Jones Industrial Average had lost about 1.89 percent of its value, falling back to 9,253.79 points.

On the NASDAQ, its Composite Index gave up about 1.63 percent of its value, dropping to 1,440.93 points.

Investors in Asia, hesitant about near-term future trends, appeared to take a punt on the stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) and Japan, despite the worrying situation in the US in respect of the falling value of the American dollar.

On The Stock Exchange of Hongkong Ltd, the Main Board saw its key index, the Hang Seng Index, rise about 0.62 percent to 10,657.34 points on a Total Turnover of about \$HK6.23 billion.

Of note was the fact that, in the morning session, to 12:30 pm, the Hang Seng Index had gained only about 16 points, compared with the close of the previous Friday.

Also of note was the fact that finance stocks and shares dominated trading, led by HSBC Holdings plc (Code: 5) as it raced ahead by about 1.13 percent.

Trading in the shares of HSBC Holdings represented about 25 percent of the movement of the Hang Seng Index.

The gains in the 90-minute afternoon session, therefore, were indicative of mild, speculative buying activity, which could, easily, vanish the following day.

The ratio of gainers to losers was about 1.95:One.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.13 percent to \$HK89.25 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.26 percent to \$HK59.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 0.44 percent to \$HK23.05 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 0.86 percent to \$HK58.50 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 0.38 percent to \$HK66.50 per share
China Unicom Ltd (Code: 762)	Up 2.42 percent to \$HK6.35 per share
Hang Seng Bank Ltd (Code: 11)	Unchanged at \$HK83.50 per share
China Resources Enterprise Ltd (Code: 291)	Up 2.25 percent to \$HK9.10 per share
Hongkong Electric Holdings Ltd (Code: 6)	Up 1.02 percent to \$HK29.60 per share
CNOOC Ltd (Code: 883)	Up 2.46 percent to \$HK10.40 per share

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Anhui Conch Cement Company Ltd	914	10.87		2.55
Asia Aluminum Holdings Ltd	930	10.81		0.82
Brilliance China Automotive Holdings Ltd	1114	15.07		1.26
Celestial Asia Securities Holdings Ltd	1049	32.14		1.85
China Merchants China Direct Investments Ltd	133	11.11		3.00
Chongqing Iron and Steel Company Ltd	1053	14.13		1.05
eSun Holdings Ltd	571	11.43		0.39
First Tractor Company Ltd	38	11.69		0.86
Great Wall Technology Company Ltd	74	10.92		1.32
Harbin Power Equipment Company Ltd	1133	14.63		0.94
Hongkong Fortune Ltd	121	20.83		0.145
Hop Hing Holdings Ltd	47	13.33		0.34
Hua Lien International (Holding) Company Ltd	969	13.51		2.10

Hung Fung Group Holdings Ltd	1141	10.00		0.011
INNOMAXX Biotechnology Group Ltd	340	10.00		0.088
K.P.I. Company Ltd	605	14.00		0.114
Lee and Man Holdings Ltd	554		11.34	0.43
Luen Cheong Tai International Holdings Ltd	1190	17.53		0.114
Maanshan Iron and Steel Company Ltd	323	10.94		0.71
Pacific Plywood Holdings Ltd	767		10.34	0.026
Shenyin Wanguo (Hongkong) Ltd	218	11.70		1.05
Shougang Concord Century Holdings Ltd	103	15.63		0.37
Shougang Concord Technology Holdings Ltd	521	18.03		0.72
Styland Holdings Ltd	211	11.43		0.039
Tomorrow International Holdings Ltd	760	12.61		0.125
Universal Appliances Ltd	419	11.67		0.067
Wonson International Holdings Ltd	651	10.29		0.075
Yue Fung International Group Holdings Ltd	965	10.34		0.032

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, investors were treated to a strongly rising market on a lowish volume of activity.

A low volume is indicative of a false market since it is, always, a guarantee of a narrowly traded market.

The Growth Enterprise Index put on about 1.06 percent, rising to 181.91 points.

The Total Turnover was about \$HK97.16 million.

The ratio of gainers to losers was 1.50:One, with about 66 percent of all the counters, which saw some trades, holding firm at their previous levels.

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B M Intelligence International Ltd	8158	19.15		0.28
E-silkroad Holdings Ltd	8071	25.00		0.045
Emperor Entertainment Group Ltd	8078	17.91		0.79
G.A. Holdings Ltd	8126		13.04	0.40
Jiangsu Nandasoft Company Ltd	8045	13.33		0.68
Timeless Software Ltd	8028		21.62	0.29

In Japan, the confirmed news about the support, being afforded by The Bank of Japan on foreign-exchange markets in support of the US dollar, seemed to cause investors to take heart, resulting in many of them, buying into the 3 stock markets of the second largest economy of the world.

It is in Japan's best interests not to have the US dollar weaken too quickly because of its knock-on effects on Japan's overall economy.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average, the gauge of trading in blue chips, rose 116.97 yen, to close out the day at 10,471.32 yen.

The closing level was a complete turnabout, compared with earlier trading results, last Monday, when the Nikkei-225 Stock Average was seen to have been driven down by about 2 percent, compared with the previous close.

Although the market was up, gainers and losers were relatively close, with no particularly large share-price movements, those movements, having been neutralised by the close of the day.

The ratio of gainers to losers was about 2.03:One.

In other Asian markets, this was how they fared, last Monday:

Indonesia	Minus 1.34 percent to 518.81
Japan	Plus 1.13 percent to 10,471.32
Malaysia	Minus 2.27 percent to 726.50
The Philippines	Plus 0.01 percent to 1,214.26
Singapore	Minus 0.54 percent to 1,537.88
South Korea	Minus 1.36 percent to 767.92
Taiwan	Minus 1.39 percent to 5,384.89
Thailand	Minus 0.40 percent to 393.88

## **Tuesday**

Concern that Wall Street had not, yet, hit bottom dampened trading in Asia, last Tuesday, in spite of the mild rebound on The New York Stock Exchange and the NASDAQ.

While Japan's premier stock market made a fractional gain, 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 went in the opposite direction, losing fractionally.

On The New York Stock Exchange, the week opened with a 28.03-point gain on the Dow Jones Industrial Average, which ended the day at 9,281.82 points, a one-day gain of about 0.30 percent.

On the NASDAQ's Composite Index, investors pushed up the tech-laden index by 19.38 points, equivalent to about 1.34 percent, with the last trade, seeing the Composite Index stand at 1,460.34 points.

US President George W. Bush had gone on national television, outlining what the US Government thought were the answers to the problems, facing the Middle East, and suggesting, strongly, that Palestinian leader Yasir Arafat be replaced and that a new constitution be drafted for the territory.

All this, the President said, was a prerequisite to peace in the region.

Meanwhile, tanks and troops of the Israeli Defense Force occupied great hunks of Palestine in an effort to root out the terrorists who are behind the spate of suicide bombings of Israeli citizens.

It was clear that the US Government was backing the Jews against the Palestinians in this struggle: This caused the Government of Israel to approve, strongly, the speech of the most powerful man in the world – and the Israeli Prime Minister said so in as many words.

However, while both the NASDAQ's Composite Index and The Dow were in positive territory by the close of trading, the statistics of The New York Stock Exchange told a slightly different story because losers were ahead of gainers by the ratio of about 1.41:One.

The value of the US dollar vis-à-vis the Japanese yen and the euro were steady.

From England, it was announced that Massey Ferguson, the world's largest factory, producing tractors, was to close for the loss of about 1,000 jobs.

Massey Ferguson is owned in the US by Agco Corporation.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index was under pressure for the entire session.

On a Total Turnover of about \$HK6.11 billion, the Hang Seng Index gave up about 0.45 percent to end the day at 10,608.98 points.

The ratio of losers to gainers was about 1.98:One.

Once again, it was trading in finance stocks and shares that dominated the direction of the market.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 0.56 percent to \$HK88.75 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.85 percent to \$HK58.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 0.43 percent to \$HK22.95 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.13 percent to \$HK65.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.28 percent to \$HK59.25 per share
CNOOC Ltd (Code: 883)	Up 0.48 percent to \$HK10.45 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.30 percent to \$HK83.25 per share
Johnson Electric Holdings Ltd (Code: 179)	Down 2.72 percent to \$HK8.95 per share
China Unicom Ltd (Code: 762)	Down 2.36 percent to \$HK6.20 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Up 1.44 percent to \$HK10.60 per share

The largest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
B-Tech (Holdings) Ltd	412	11.11		0.09
C. P. Pokphand Company Ltd	43	10.00		0.22
CIL Holdings Ltd	479		91.60	0.042
Dailywin Group Ltd	897		10.26	0.07
Daiwa Associate Holdings Ltd	1037	10.17		0.65
eSun Holdings Ltd	571		10.26	0.35
Everbest Century Holdings Ltd	578	10.00		0.022
Ezcom Holding Ltd	312	13.59		0.117
Graneagle Holdings Ltd	147	11.67		0.335
Haywood Investments Ltd	905		25.90	0.226
Pico Far East Holdings Ltd	752	10.00		0.44
Sino InfoTech Holdings Ltd	205	13.12		0.25
Soundwill Holdings Ltd	878	19.05		0.05

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – as many investors had expected, down came share prices.

The Growth Enterprise Index shed 1.27 percent of its value, falling to 179.60 points.

The Total Turnover shrank further, to about \$HK79.08 million, as investors stayed away from this speculative marketplace.

Losers outran gainers by the ratio of 1.80:One.

T S Telecom Technologies Ltd (Code: 8003) announced that, for the Financial Year, ended March 31, 2002, it had lost about \$HK56.94 million.

That result compared with the 2001 Year when the company recorded a Net Profit Attributable to Shareholders of about \$HK2.10 million.

Interestingly enough, the 2002 Year's losses were just a tad less than the company's Turnover of about \$HK62.15 million.

From Sing Lee Software (Group) Ltd (Code: 8076), it was announced that the Principal Shareholder, Goldcorp Industrial Ltd, had determined to offload 108 million shares in the company to 5 individuals at an aggregate consideration of about \$HK56.16 million.

The share price was 52 cents each, representing a discount of 16.10 percent over the closing price of Friday, June 21, of 62 cents per share.

Goldcorp, of course, is owned, beneficially, by the Chairman, Mr Hung Yung Lai, who will continue to control in excess of 50 percent of the Issued and Fully Paid-Up Share Capital of the company.

Aside from these 2 pieces of news from GEM companies, there was little else to make investors look at this marketplace.

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CASH Financial Services Group Ltd	8122		12.96	0.47
EVI Education Asia Ltd	8090		15.38	0.11
Fast Systems Technology (Holdings) Ltd	8150	14.71		0.195
Henderson Cyber Ltd	8023		10.20	0.44
M Channel Corporation Ltd	8036		11.00	0.186
Systek Information Technology (Holdings) Ltd	8103		15.94	0.058

In Japan, investors of The Tokyo Stock Exchange did not pay too much heed to what was happening on Wall Street, preferring to wait to see what the US Federal Reserve Board would have to say when it met on Wednesday.

The blue-chip '*barometer*' of trading on The Tokyo Stock Exchange, the Nikkei-225 Stock Average, gained 25.35 yen, ending the day at 10,496.67 yen.

There was very little action on Japan's bourses and investors were not treated to any startling news items from their '*darlings*'.

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

Indonesia	Minus 0.36 percent to 516.95
Japan	Plus 0.24 percent to 10,496.67

Malaysia	Minus 0.28 percent to 717.12
The Philippines	Minus 1.35 percent to 1,197.89
Singapore	Plus 1.82 percent to 1,565.80
South Korea	Minus 1.56 percent to 755.92
Taiwan	Minus 1.28 percent to 5,316.04
Thailand	Plus 1.18 percent to 398.53

### **Wednesday**

Stock markets of the world went into free-fall, last Wednesday, after it became widely known that the world's second-largest, long-distance telephone provider, WorldCom Incorporated, was facing bankruptcy after discovery had been made of the largest corporate fraud in US history.

Every major bourse in Europe and Asia headed for the lower ground, with South Korea's stock market, losing about 7.15 percent of its value.

The meltdown was widespread.

The question, being asked by investors and financial analysts: Whom may one trust, now?

In San Francisco, California, WorldCom – known popularly, now, as WorldCon – said that it plans to sack 17,000 of its workers, effective last Friday, it unloaded its Chief Financial Officer, Mr Scott Sullivan, in Julius Caesar fashion, and Senior Vice President and Controller, Mr David Myers, was invited, and accepted the invitation, to perform the ritual of corporate seppuku.

WorldCom, also, said that it would restate its financial results for all of the quarters of the 2001 Financial Year and for the first quarter of 2002 in order to take account of a \$US3.80-billion fraud.

The share price of WorldCom dropped by 76 percent in after-hours trading in New York, last Tuesday night.

The quote for shares of this company that, in January, was trading at \$US15 each, was about 19.50 cents (US).

In the late 1990s, the share price of WorldCom was in the \$US60-range.

But that was not the end of the story because, from Coudersport, Pennsylvania, Adelphia Communications Corporation, a cable operator, filed for bankruptcy – after securing a \$US1.50-billion bridge financing package with the assistance of J.P. Morgan Chase Bank and Citigroup USA.

The previous week, Adelphia had defaulted on a \$US100-million, Senior Note Interest payment.

All that and no Heaven, too.

It was too much for the world's bourses, nearly all of which started to melt down.

In Europe, this was how bad was the situation:

Belgium	Bel-20	Down 2.10 percent
Britain	FT-SE 100	Down 2.74 percent

Denmark	KFX	Down 2.25 percent
France	CAC 40	Down 3.98 percent
Germany	Xetra DAX	Down 4.26 percent
Italy	MIBtel	Down 2.67 percent
Netherlands	AEX	Down 4.13 percent
Norway	All-Share	Down 3.28 percent
Portugal	BVL-30	Down 2.43 percent
Spain	IBEX-35	Down 2.99 percent
Sweden	General Index	Down 3.16 percent
Switzerland	Swiss Market	Down 3.59 percent

On European foreign-exchange markets, the value of the US dollar vis-à-vis the euro fell by about 1.55 percent, to 99.22 cents (US).

In Asia, it was a similar situation, as one stock market after another tumbled out of bed.

In Japan, The Bank of Japan had to intervene on foreign-exchange markets in order to try to support the greenback, which was under massive selling pressure.

It was estimated that Japan's Central Bank spent about \$US5 billion in trying to defend the US dollar.

But, to little avail: The US dollar sank to 120.30 yen.

The US dollar's value against the yen has declined by about 9 percent since April, this year.

A rapidly rising yen would choke off the air supply to Japanese exports to the US.

More selling of US dollars was expected on foreign-exchange markets throughout the world in the near future.

For what reason would one want US dollars in such a scenario?

On Wall Street, last Tuesday, both stock markets shed huge chunks of their respective values.

On The New York Stock Exchange, the Dow Jones Industrial Average gave up about 155 points, equivalent to 1.67 percent, falling to 9,126.82 points.

On the NASDAQ, its Composite Index surrendered 36.35 points, or about 2.49 percent, ending the day at 1,423.99 points.

Wall Street's fall was not precipitated by WorldCom: That would come on Wednesday's market.

Something about which to look forward, no doubt.



In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors got very cold feet in view of what was transpiring in the US and Europe.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gave up about 2.39 percent of its value, falling to 10,355.92 points.

Nearly all of the losses came in the morning session, which ended at 12:30 pm.

On the rapidly falling market, the Total Turnover rose to about \$HK10.21 billion as losers outpaced gainers by the ratio of about 5.07:One.

Once again, the Finance Sector of the market took it on the nose, following on from a large loss in the Utility Sector.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 1.97 percent to \$HK87.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 2.61 percent to \$HK22.35 per share
Hutchison Whampoa Ltd (Code: 13)	Down 2.56 percent to \$HK57.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 2.66 percent to \$HK64.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 2.11 percent to \$HK58.00 per share
Hang Seng Bank Ltd (Code: 11)	Down 1.50 percent to \$HK82.00 per share
China Unicom Ltd (Code: 762)	Down 3.23 percent to \$HK6.00 per share
Tracker Fund of Hongkong (Code: 2800)	Down 2.34 percent to \$HK10.45 per share
Henderson Land Development Company Ltd (Code: 12)	Down 3.08 percent to \$HK31.50 per share
CLP Holdings Ltd (Code: 2)	Down 0.96 percent to \$HK30.90 per share

The double-digit movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Standard Hotel Group Ltd	292	11.11		0.18
Asia Tele-Net and Technology Corporation Ltd	679		11.11	0.032
CCT Technology Holdings Ltd	261		12.50	0.021
Cedar Base Electronic (Group) Ltd	855		10.71	0.025
CIL Holdings Ltd	479		26.19	0.031
Dailywin Group Ltd	897		14.29	0.06
Ezcom Holding Ltd	312		13.68	0.101
Goldwiz Holdings Ltd	586		15.15	0.84
Graneagle Holdings Ltd	147		10.45	0.30
I-Wood International Holdings Ltd	162		10.53	0.51
Proview International Holdings Ltd	334		31.08	0.51
Sino InfoTech Holdings Ltd	205		10.80	0.223

Starlight International Holdings Ltd	485		11.59	0.061
Swank International Manufacturing Company Ltd	663		14.06	0.11
Titan (Holdings) Ltd	1192	16.13		0.36
Tongda Group Holdings Ltd	698		11.90	0.037
Water Oasis Group Ltd	1161		13.76	0.94
Yoshiya International Corporation Ltd	193		16.73	0.229

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, investors watched in amazement as share prices dropped like the proverbial brick, thrown into a well.

The Growth Enterprise Index shed about 3.05 percent of its value, falling back to 174.12 points.

The Total Turnover rose to about \$HK101.36 million, with the ratio of losers to gainers, being about 5.69:One.

The biggest movers on this market included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asian Information Resources (Holdings) Ltd	8025		11.11	0.08
Arcontech Corporation	8097		16.67	0.75
EVI Education Asia Ltd	8090		30.91	0.076
Grandy Applied Environmental Technology Corporation	8143		16.67	0.17
Info Communication Holdings Ltd	8082		11.25	0.071
M Channel Corporation Ltd	8036		11.29	0.165
Systek Information Technology (Holdings) Ltd	8103	12.07		0.065
Tianjin TEDA Biomedical Engineering Company Ltd	8189		12.96	0.47
Wafer Systems Ltd	8198		15.00	0.34

On Japan's 3 stock markets, it was akin to a bloodbath for investors.

Investors watched as 422.11 yen was shaved off the Nikkei-225 Stock Average, the blue-chip guide to trading on The Tokyo Stock Exchange.

The Nikkei-225 ended the day at 10,074.56 yen, representing a loss for the day of about 4.02 percent.

The ratio of losers to gainers was about 10.37:One.

The WorldCom Scandal shook the second-largest economy of the world to its sandals.

Some of the largest losers in the various sectors of the market included:

#### Electronics

Advantest	Down 6.68 percent to 6,850 yen per share
Canon	Down 3.18 percent to 4,260 yen per share
Casio	Down 2.77 percent to 561 yen per share
Fujitsu*	Down 4.37 percent to 809 yen per share
Hitachi*	Down 4.66 percent to 736 yen per share

JVC	Down 5.54 percent to 716 yen per share
Konica	Down 5.14 percent to 757 yen per share
Kyocera	Down 4.70 percent to 8,110 yen per share
Minolta	Down 5.92 percent to 334 yen per share
Mitsubishi Electric	Down 4.86 percent to 529 yen per share
NEC*	Down 3.16 percent to 798 yen per share
Nikon	Down 5.66 percent to 1,251 yen per share
Oki Electrical Industrial	Down 3.57 percent to 243 yen per share
Pioneer	Down 3.66 percent to 1,999 yen per share
Ricoh	Down 6.17 percent to 1,961 yen per share
Rohm	Down 2.14 percent to 16,880 yen per share
Sanyo Electric*	Down 6.67 percent to 490 yen per share
Sharp	Down 4.28 percent to 1,431 yen per share
Sony	Down 4.75 percent to 5,810 yen per share
TDK	Down 7.75 percent to 5,360 yen per share
Tokyo Electron	Down 8.03 percent to 7,100 yen per share
Toshiba Corporation*	Down 5.00 percent to 456 yen per share

\* Among the most active counters

#### Motors

Daihatsu Motor	Down 1.90 percent to 465 yen per share
Hino Motors	Down 1.79 percent to 330 yen per share
Honda	Down 4.26 percent to 4,720 yen per share
Isuzu Motors	Down 4.29 percent to 67 yen per share
Mazda	Down 4.70 percent to 304 yen per share

Mitsubishi Motors	Down 3.37 percent to 315 yen per share
Nissan Motor*	Down 2.21 percent to 798 yen per share
Suzuki Motors	Down 3.03 percent to 1,440 yen per share
Toyota Motor*	Down 3.70 percent to 2,995 yen per share

\* Among the most active counters

#### Telecommunications

Japan Telecom	Down 6.09 percent to 339,000 yen per share
Nippon Telegraph and Telephone (NTT)	Down 3.83 percent to 477,000 yen per share
NTT DoCoMo	Down 5.14 percent to 277,000 yen per share

\* Among the most active counters

#### Banks and Brokerage Houses

Daiwa Bank Holdings *	Down 4.49 percent to 85 yen per share
Daiwa Securities*	Down 6.17 percent to 715 yen per share
Kokusai Securities	Down 3.38 percent to 658 yen per share
Mitsui Tokyo Finance	Down 5.28 percent to 771,000 yen per share
New Japan Securities	Down 6.75 percent to 221 yen per share
Nikko Cordial*	Down 6.39 percent to 557 yen per share
Nomura Holdings*	Down 4.99 percent to 1,638 yen per share
Sumitomo Mitsui Bank*	Down 4.48 percent to 555 yen per share
Sumitomo Trust	Down 7.71 percent to 527 yen per share

\* Among the most active counters

Investor blood bespattered trading floors in The Land of The Rising Sun, last Wednesday, to be sure.

In other parts of Asia, this was the situation:

Indonesia	Minus 2.60 percent to 503.50
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Japan	Minus 4.02 percent to 10,074.56
Malaysia	Minus 1.70 percent to 705.04
The Philippines	Minus 2.79 percent to 1,164.49
Singapore	Minus 2.15 percent to 1,532.15
South Korea	Minus 7.15 percent to 701.87
Taiwan	Minus 3.63 percent to 5,123.04
Thailand	Minus 4.35 percent to 381.21

## **Thursday**

The WorldCom Scandal continued to rock the stock markets of the world, last Thursday.

Investors were looking closely at telecommunications companies in order to determine which ones could be next in line for drubbings.

On Wall Street, last Wednesday, it was a roller-coaster ride for US investors as indices fell, swiftly, at the opening, only to recover by midday.

On The New York Stock Exchange, the Dow Jones Industrial Average, after losing about 200 points in early trading, recovered all but 6.71 points, ending the day at 9,120.11 points, for a fractional loss of just 0.07 percent.

On the NASDAQ, the Composite Index ended the day in positive territory, much to the surprise of many brokers. The Composite Index stood at 1,429.42 points when the closing bell sounded. That represented a gain of 5.43 points, or about 0.38 percent, over Tuesday's close.

By midday, last Wednesday, the President of the United States, Mr George W. Bush, had put in his 2 cents' worth of criticism of the WorldCom situation, damning those people who misled the investing public.

He said: *'We will pursue, within our laws, those who are irresponsible.'*

(Editor's translation: *'... those who are responsible for the fraud.'*)

And, then, came yet another shock as it became known that Qwest Communications International was under investigation by the US Securities and Exchange Commission (SEC) with regard to the premature recognition of \$US1.40-billion worth of sales of fibre-optic capacity.

The SEC, also, officially charged WorldCom with fraud.

There were other investigations under way by the SEC, also, but they faded to insignificance, compared with the WorldCom and Qwest investigations.

Many people were wondering how many lending institutions, worldwide, would be hit by the fallout from WorldCom.

The French telecommunications equipment manufacturer, Alcatel, announced that it was expecting a loss for the year.

Previously, its management had said that it was expected that the company would post a modest profit in 2002.

The share price of Alcatel fell 20 percent on the news.

Then, from Cap Gemini Ernst and Young, Europe's largest computer consultancy company, came news that it would sack some 5,500 of its workers – in addition to the 5,400 workers that it sacked last year.

How the mighty have fallen!

As for the US dollar, it sank to 119.85 yen and, against the euro, to 98.33 cents (US).

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was a bit of a recovery, following Wednesday's meltdown.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index rise about 1.57 percent, ending the day at 10,518.09 points.

But it was considered only a knee-jerk reaction to the situation, internationally, because the Total Turnover remained low at about \$HK6.60 billion.

The ratio of gainers to losers was about 2.52:One.

The HKSAR had, as at last Thursday, not weighed up the possibilities that some of its banks could be stuck in the mess in the US, either directly or indirectly.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.44 percent to \$HK88.25 per share
Hutchison Whampoa Ltd (Code: 13)	Up 2.63 percent to \$HK58.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.57 percent to \$HK22.70 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 1.56 percent to \$HK65.00 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 2.16 percent to \$HK59.25 per share
Li and Fung Ltd (Code: 494)	Up 1.53 percent to \$HK9.95 per share
Pacific Century CyberWorks Ltd (Code: 8)	Down 0.55 percent to \$HK1.81 per share
Harbin Brewery Group Ltd (Code: 249)	New Listing: \$HK1.78 per share
China Unicom Ltd (Code: 762)	Unchanged at \$HK6.00 per share
Hang Seng Bank Ltd (Code: 11)	Up 1.52 percent to \$HK83.25 per share

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CCT Technology Holdings Ltd	261	42.86		0.03
China Motion Telecom International Ltd	989	10.00		0.55
Chinney Alliance Group Ltd	385	13.33		0.017
CIL Holdings Ltd	479		29.03	0.022
Compass Pacific Holdings Ltd	1188	19.57		0.275

Fairyoung Holdings Ltd	231	10.87		0.051
Heng Fung Holdings Ltd	185	13.76		0.124
Hongkong Fortune Ltd	121	17.36		0.169
J.I.C. Technology Company Ltd	987	17.65		0.40
Magnum International Holdings Ltd	305		18.18	0.108
Nam Fong International Holdings Ltd	1176		20.25	0.063
Orient Resources Group Company Ltd	467		19.35	0.10
Proview International Holdings Ltd	334	31.37		0.67
RNA Holdings Ltd	501	10.42		0.053
Shun Cheong Holdings Ltd	650		10.64	0.168
Sino Prosper Holdings Ltd	766	18.00		0.295
Starlight International Holdings Ltd	485	13.11		0.069
Yoshiya International Corporation Ltd	193		17.47	0.189

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was a similar story as The Growth Enterprise Index recovered some of Wednesday's losses, ending the day at 176.62 points, a recovery of about 1.44 percent.

The Total Turnover, as with the Main Board, was relatively low at about \$HK72.98 million.

The ratio of gainers to losers was 1.74:One.

However, about 80 percent of the counters, listed on this bourse, saw no movement in their share prices.

This would appear to indicate just how tight was this marketplace.

The biggest movers on this market were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
abc Multiactive Ltd	8131		10.71	0.025
Emperor Entertainment Group Ltd	8078		20.45	0.70
G.A. Holdings Ltd	8126	23.68		0.47
Prosperity International Holdings (Hongkong) Ltd	8139	20.00		0.096
ProSticks International Holdings Ltd	8055	27.27		0.098

Japan followed suit, along with its international cousins, as investors in that country determined that, if the second-largest Asian stock market – the HKSAR stock markets – could stage such an early recovery, there was no reason that Japan, the second-largest economy of the world and the largest bourse in Asia, should not shine as brightly.

On The Tokyo Stock Exchange, the Nikkei-225 Stock Average put on 187.04 yen, equivalent to 1.86 percent, ending a hectic trading day at 10,261.60 yen.

It was a technical rebound, only, and few brokers expected that the market would be able to hold onto its gains for very long, especially in view of the US dollar's weakness.

That the Nikkei-225 would fall below the 10,000 level was a given.

The question was: Just how low would it fall?

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

In other parts of Asia, things were not quite as clear, however, as the following TARGET list of stock-market movements indicate:

Indonesia	Plus 0.67 percent to 506.86
Japan	Plus 1.86 percent to 10,261.60
Malaysia	Plus 0.93 percent to 711.58
The Philippines	Minus 0.57 percent to 1,157.81
Singapore	Minus 0.04 percent to 1,531.59
South Korea	Plus 1.22 percent to 710.43
Taiwan	Minus 1.00 percent to 5,071.76
Thailand	Plus 0.47 percent to 383.02

## **Friday**

Asian investors put the WorldCon Scandal on the back burner, last Friday, pushing up the most-important indices on bourses in the most-populous part of the world, quite substantially.

Japan's premier market's key index scooted up about 3.51 percent while South Korea's main index ran up about 4.55 percent over Thursday's close.

The gains were in spite of yet another approaching scandal.

This time, it came from the US office equipment giant, Xerox.

It was reported that Xerox had overstated its profits, over the past 5 years, and that the figure could exceed that of WorldCon's overstatement – more than \$US6 billion.

Meanwhile, a House Committee in the US voted to subpoena WorldCom executives and a prominent financial analyst.

Both will go before the House on July 8 – next Monday.

From Motorola, it was reported that the company would be sacking another 7,000 of its workers.

On The New York Stock Exchange, the Dow Jones Industrial Average regained a lot of its lost glory, rising 149.81 points, equivalent to about 1.64 percent, ending the day at 9,269.92 points.

As for the NASDAQ's Composite Index, it put on 29.89 points, equivalent to about 2.09 percent, ending the day at 1,459.22 points.

Investors on the largest stock market in the world looked hopefully at the US Government's Commerce Department report that indicated that the economy had grown by about 6.10 percent, annually adjusted, in the first quarter of the year.

While this would appear to be a blistering pace for the largest, single economy of the world, it only signifies a first-quarter gain: What the next quarter will show will be the key to understanding more about the US economy.

Regardless, in purely statistical terms, the US economy had grown at its fastest pace, in the first quarter, since the fourth quarter of 1999.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), investors were not as keen to spend their money as the Americans.



The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index gain about 0.77 percent of its value, ending the week at 10,598.55 points.

The Total Turnover remained low, however, at about \$HK6.54 billion.

Gainers outpaced losers by the ratio of about 1.78:One.

And, once again, it was the Finance Sector of the market that pulled up the Hang Seng Index.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Up 1.42 percent to \$HK89.50 per share
China Mobile (Hongkong) Ltd (Code: 941)	Up 1.76 percent to \$HK23.10 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.43 percent to \$HK58.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK65.00 per share
Swire Pacific Ltd “A” Shares (Code: 19)	Down 2.21 percent to \$HK39.90 per share
Sun Hung Kai Properties Ltd (Code: 16)	Unchanged at \$HK59.25 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.30 percent to \$HK83.50 per share
CLP Holdings Ltd (Code: 2)	Down 1.27 percent to \$HK31.00 per share
China Unicom Ltd (Code: 762)	Unchanged at \$HK6.00 per share
The Hongkong and China Gas Company Ltd (Code: 3)	Up 0.49 percent to \$HK10.35 per share

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Bio-Medical Group Ltd	140		13.33	0.013
China Development Corporation Ltd	487	15.15		0.035
China Land Group Ltd	149	10.34		0.32
Cosmopolitan International Holdings Ltd	120		10.29	0.61
Euro-Asia Agricultural (Holdings) Company Ltd	932	11.90		2.35
GR Investment International Ltd	310		13.64	0.076
High Fashion International Ltd	608		31.47	1.35
Jackley Holdings Ltd	353		10.23	0.395
Kamboat Group Company Ltd	318	19.30		0.34
Magnum International Holdings Ltd	305	12.96		0.122
Man Yue International Holdings Ltd	894	12.50		0.18
Multifield International Holdings Ltd	898	10.00		0.33
New Rank City Development Ltd	456	37.93		0.40
Prime Success International Group Ltd	210	13.64		0.125
Shougang Concord Grand (Group) Ltd	730	11.76		0.76
Soundwill Holdings Ltd	878		16.00	0.042
South China Brokerage Company Ltd	619	14.00		0.114
Theme International Holdings Ltd	990		14.10	0.067
Tingyi (Cayman Islands) Holdings Corporation	322	10.47		2.375

Van Shung Chong Holdings Ltd	1001		15.63	0.81
VTech Holdings Ltd	303	10.65		9.35
Yoshiya International Corporation Ltd	193		12.70	0.165

For the week, therefore, the Hang Seng Index, in spite of everything, had risen by 6.69 points, equivalent to about 0.06 percent.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was another day of fractional gains as The Growth Enterprise Index put on about 0.61 percent, rising to 177.70 points.

Gainers and losers were spot on, One: One, but the market was very thin, with about 72 percent of the entire number of counters, listed on this market, making no headway, at all.

The Total Turnover was about \$HK148.23 million.

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
abc Multiactive Ltd	8131		20.00	0.02
Blu Spa Holdings Ltd	8176		13.04	0.08
Emperor Entertainment Group Ltd	8078	28.57		0.90
ProSticks International Holdings Ltd	8055	10.20		0.108
Qianlong Technology Holdings Ltd	8015		16.67	0.45
Rojam Entertainment Holdings Ltd	8075		18.75	0.104

There were 2 reports of note, emanating from companies, listed on The GEM.

They came from M Channel Corporation Ltd (Code: 8036) and Systek Information Technology (Holdings) Ltd (Code: 8103).

M Channel Corporation, a *'darling'* of Wednesday's GEM, announced that, on a Turnover of about \$HK32.87 million for the Financial Year, ended March 31, 2002, it had recorded a Net Loss Attributable to Shareholders of about \$HK100.43 million.

That result compared favourably to the 2001 Year when the company reported a Net Loss Attributable to Shareholders of about \$HK78.86 million on a Turnover of about \$HK24.16 million.

Systek Information Technology reported that, for its Financial Year, ended March 31, 2002, it had logged in a Loss Attributable to Shareholders of about \$HK54.15 million.

That result was generated on a Turnover of about \$HK35.29 million.

The results of the 2002 Year could be considered favourable, compared with the 2001 Year, because the 2001 Year's figures were not as big: Only a Loss Attributable to Shareholders of about \$HK28.54 million.

The Turnover for 2001, however, was fairly close, at about \$HK35.63 million.

There had been a lot of activity with regard to the shares of Systek Information Technology on both Tuesday and Wednesday: Somebody appeared to know something.

For the week, therefore, this speculative marketplace recorded a loss of about 1.28 percent.

In Japan, investors took a stoic attitude and pushed up share prices on The Tokyo Stock Exchange.

The Nikkei-225 Stock Average ended the week at 10,621.84 yen, a one-day gain of about 360.24 yen, or about 3.51 percent.

The late gains on The Tokyo Stock Exchange came in spite of the fact that the unemployment rate rose, yet again, this time to a whopping 5.40 percent.

It had not been expected.

The story, being told in Tokyo, was that companies were continuing what they labelled as '*corporate restructuring*' in order to ride out the continuing recession – which shows no signs of abating.

Most of the losses of Wednesday had been negated by Friday's closing level, but more thoughtful analysts were wondering whether or not there would be another meltdown in the coming week.

It was on such a note that the markets of Asia closed for the week, ended June 28, 2002:

Indonesia	Minus 0.37 percent to 505.00
Japan	Plus 3.51 percent to 10,621.84
Malaysia	Plus 1.95 percent to 725.44
The Philippines	Minus 0.13 percent to 1,156.35
Singapore	Plus 1.40 percent to 1,552.98
South Korea	Plus 4.55 percent to 742.72
Taiwan	Plus 1.62 percent to 5,153.71
Thailand	Plus 1.59 percent to 389.10

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