

**MR INVESTOR :
HAIL THE CONQUERING HERO !**

And so the waiting continued.

The expected bid by Pacific Century CyberWorks Ltd, the Li Ka Shing company which is making a bid for Cable and Wireless HKT Ltd, the 54-percent-owned subsidiary of London-based Cable and Wireless plc, did not materialise during the previous weekend, as had been expected, and so the stock market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) drifted fairly aimlessly, last Monday.

Confusing the issues at hand, somewhat, was a report, published on Sunday, February 27, that stated that Singapore Telecommunications Ltd (SingTel), the other suitor for the right to marry Cable and Wireless HKT and has been a suitor since October 1999, was thinking of taking legal action against HSBC Holdings plc for alleged breaches of trust.

The suggestion, made by SingTel, was that HSBC Holdings had had access to privileged information due to the fact that it had been advising elements of Cable and Wireless HKT, specifically the Directors of that company, and, as such, it had access to confidential information with regard to SingTel and its bid for the HKSAR telecommunications company.

HSBC Holdings was known, over the weekend, to be putting together a war chest of some \$HK78 billion for Pacific Century CyberWorks in its bid for Cable and Wireless HKT, thus causing SingTel to have to consider annulling its proposed marriage with the HKSAR company -- even before the corporate nuptial bed was made.

HSBC Holdings has strongly denied that it had acted improperly.

All this, of course, does not bode well for the stock market, in general, because Pacific Century CyberWorks and the suggested injunctive relief, being sought by SingTel, could delay matters should the Singapore Government - SingTel, basically, is the Singapore Government, regardless of suggestions to the contrary -- be true to its threats.

The Hang Seng Index, after falling more than 300 points in the morning session, recovered slightly in the 90-minute afternoon market, ending the day at 16,984.44, equating to a loss of 216.54 points, or about 1.26 percent, compared with the previous Friday's closing level.

The Total Turnover, however, was considerably lower at about \$HK14.93 billion, about 39 percent of the Total Turnovers of less than one month prior.

China Telecom (Hongkong) Ltd was the most active issue with about 38.75 million of its shares, changing hands, representing a turnover in that counter of about \$HK\$HK2.78 billion, or about 18.62 percent of the Total Turnover.

HSBC Holdings Ltd was in second place in the Top Of The Pops with about 14.54 million HSBC shares, switching owners, representing about 8.57 percent of the Total Turnover, as the volume of activity in this counter reached \$HK1.28 billion.

The Top Ten Most Active issues accounted for about 46.62 percent of the Total Turnover.

(Cable and Wireless HKT and Pacific Century CyberWorks remained suspended.)

The ratio of losers to gainers was 8.42:One.

Some of the major factors, dragging down the Hang Seng Index, were what was happening in the US economy and, especially, renewed threats of materially higher interest-rate hikes in the very near future.

The previous Friday, in New York (February 25), the Dow Jones Industrial Average lost 230.51 points, falling to 9,862.12.

This was a 10-month low for the Dow.

The 2.28-percent fall in the Dow was on the back of a confirmed report, emanating from the US Government, indicating that, in the closing months of 1999, the US economy was seen to be growing at an annual rate, approaching 7 percent.

This must have accelerated an inflationary spiral, it was being pondered - and this must mean that interest rates in the US are likely to rise by as much as 6 percent, this year, in the Federal Reserve's attempt to contain the situation.

After the market closed in the HKSAR, last Monday, HSBC Holdings announced that its Net Profits Before Tax for the Financial Year, ended December 31, 1999, was about 21 percent better than the 1998 Financial Year.

The banking group, now rated in the top 5 banks in the world in terms of market capitalisation, turned in a Pretax Profit of \$US7,982 billion (about \$HK62 billion).

In Japan, the stock was pretty much the same as in the HKSAR with the exception that there was no excitement, such as that being caused by Pacific Century CyberWorks.

The Nikkei-225, the barometer of The Tokyo Stock Exchange, lost 97.78 points to close the day at 19,720.10.

There was no one factor which was influencing this market, although there is always the matter of the possibility of higher interest rates in the offing, a strong suggestion of the Chairman of the US Federal Reserve Board, Dr Alan Greenspan.

While the market headed south, it was of interest to some people to note that losers and gainers were 1.20:One.

In Europe, there was stalemate over the PRC Government's bid to enter the illustrious World Trade Organisation (WTO), with the European Union (EU), telling the world that the EU was making '*significant progress*' in talks with the PRC's WTO negotiating team, but '*there are a certain number of minor points on which we* (meaning the EU) *disagree and a certain number of major points ... The talks will start when the time is ripe.*'

In other Asian stock markets, with the exception of the Indonesia stock market (which never, truly, reflects the state of the economy, or even the state of the companies, which make up the Composite Index), all markets went into full reverse gear.

This is how the situation looked in Asia on Monday night, February 28:

Thailand	Minus 4.49 percent
Indonesia	Plus 1.40 percent
Malaysia	Minus 1.88 percent
The Philippines	Minus 4.13 percent
South Korea	Minus 5.29 percent
Singapore	Minus 1.02 percent
Taiwan	Minus 1.74 percent
Japan	Minus 0.49 percent

Tuesday

Amid Champagne corks and general joviality in the camp of Mr Li Ka Shing, Chairman of all he surveys, it was announced that Pacific Century CyberWorks Ltd had won the day.

Singapore Telecommunications Ltd (SingTel) had been beaten to the punch in its attempts to take over Cable and Wireless HKT Ltd, the 54-percent-owned subsidiary of London-based Cable and Wireless plc.

There are some people who maintain that SingTel got what it deserved because it had been talking to Cable and Wireless since October 1999, and was still sitting on its hands when Pacific Century CyberWorks decided to give it a try.

There are those, however, who maintain that, perhaps, Cable and Wireless HKT could be millstone around the neck of Pacific Century CyberWorks.

The Singapore Government -- it owns and controls SingTel, by hook or by crook -- clearly, had been dickering with Cable and Wireless plc for such a long period of time that there had to be a valid reason for the procrastination.

The only logical explanation had to be disagreements over the price to be paid to Cable and Wireless plc for its HKSAR subsidiary because the Singapore Government can raise, just about, any sum of money that it requires.

According to reports, last Tuesday, Pacific Century CyberWorks was thought to have agreed on a price, approaching \$US38 billion (about \$HK296 billion).

The Li Ka Shing Camp had not, by the close of trading last Tuesday, put out its Press Release, detailing the deal, so that analysts -- including TARGET's -- were holding their fire, pending definition of the takeover.

But it must have been obvious that, in order to get Cable and Wireless plc to agree to the sale of its HKSAR subsidiary to Pacific Century CyberWorks, the price must have been appreciably more than that offered by SingTel, if, indeed, SingTel had made an offer.

The Hang Seng Index, excited about the prospects of Li Ka Shing's Internet investor, winning the day, recovered most of Monday's losses, rising 185 points, or about 1.09 percent, to end the session at 17,169.44 on a Total Turnover of about \$HK12.97 billion.

Helping The Index, also, was the fact that, overnight in New York, that is Monday on Wall Street, the Dow Jones Industrial Average had risen 1.79 percent over the previous Friday's closing level.

The 2 most active counters were China Telecom (Hongkong) Ltd, with a turnover of about \$HK1.77 billion, and HSBC Holdings plc, with a turnover in that counter of about \$HK627.78 million.

Trading in these 2 counters represented about 18.52 percent of the total volume of activity, last Tuesday.

In Tokyo, the Nikkei-225 followed the HKSAR stock market, gaining 239.42 points to close at 19,959.52.

Solid gains were made by old favourites, led by Sony Corporation, whose shares rose 4.84 percent to close at 32,500 yen -- and it was only a couple of months ago that the Chairman of Sony said that 20,000 yen fully valued the stock.

Profit-taking hit the hi-tech stocks, led by Nippon Telegraph and Telephone (NTT) and Softbank.

Gainers outpaced losers by a ratio of 1.41:One.

While the HKSAR stock market was concentrating on hi-tech concepts, the Japanese stock markets were looking at companies, producing playstations and adult toys.

(Sigmund Freud may have made something out of this observation, one supposes)

In other parts of Asia, this was the way that things looked last Tuesday night:

Thailand	Minus 3.62 percent
Indonesia	Closed
Malaysia	Minus 0.16 percent
The Philippines	Minus 4.57 percent
South Korea	Plus 1.14 percent
Singapore	Plus 0.09 percent
Taiwan	Plus 0.04 percent
Japan	Plus 1.21 percent

Wednesday

If ever an idiom could ring in truth, that idiom, relating to buying on the suggestion of news and selling on the confirmation of the news, then, the stock market of the Hongkong Special Administrative Region (HKSAR), last Wednesday, was a classic example.

The Hang Seng Index, supposedly the barometer of The Stock Exchange of Hongkong Ltd, fell 325.85 points, about 1.90 percent, compared with Tuesday's closing level, with widespread losses, hitting most counters.

This was despite the introduction to the rolls of The Growth Enterprise Market (the GEM) of tom.com Ltd, the shares price of which saw, on the first day of trading, a rise from the Offer Price of \$HK1.78 per share to \$HK7.75 per share, a premium of about 335 percent.

Mr Li Ka Shing, the bossman of tom.com, must be laughing all the way to the bank, it was conjectured.

From the opening bell on The Stock Exchange of Hongkong, it was Sell! Sell! Sell! with the noonday gun, resounding to a loss of about 325.51 points, that level of erosion, being maintained in the 90-minutes afternoon session.

The Total Turnover for the day was about \$HK21.14 billion, with the Ten Most Active issues, accounting for about 58.28 percent of that figure.

After the smoke had cleared with regard to the takeover of Cable and Wireless HKT Ltd by Mr Li Ka Shing's Pacific Century CyberWorks Ltd, the share price of Cable and Wireless HKT fell 12.33 percent (\$HK3.20 per share) to close at \$HK22.75 per share.

Pacific Century CyberWorks, also, witnessed a share-price erosion of nearly 8 percent, as the shares ended the session, trading at \$HK20.40 per share.

Pacific Century CyberWorks announced that, indeed, it had come into an agreement with Cable and Wireless plc over the matter of taking over that company's HKSAR subsidiary at a price, equal to about \$HK296 billion.

The deal was said to have been engraved in stone early Wednesday morning, Hongkong time.

The conclusion of the fight with Singapore Telecommunications Ltd (SingTel) means that Pacific Century CyberWorks will control about 3.60 million fixed-line telephones in the HKSAR, 1.40 million mobile telephone subscribers in the HKSAR, and about 500,000 Internet subscribers in the HKSAR.

But what many people appear to have forgotten is that there is some doubt as to whether or not Cable and Wireless HKT will be profitable in the coming 2 years since the Company has announced, openly, that it is suffering grave problems.

If that were not the case, it would have been unlikely that London-based Cable and Wireless plc would have agreed to unload its HKSAR subsidiary.

Mr Richard Li Tzar Kai, the son of Mr Li Ka Shing and the Chairman of Pacific Century CyberWorks, announced that a new company would be formed to hold Cable and Wireless HKT Ltd and that that company would have a market capitalisation of about \$HK534 billion.

The deal, which will be offered to shareholders of Cable and Wireless HKT, is that they may elect to receive 1.1 shares in the Issued and Fully Paid-Up Share Capital of Pacific Century CyberWorks, or take \$HK24.36 per share in cash.

Alternatively, Cable and Wireless HKT shareholders may accept cash of \$HK7.23 plus 0.7116 shares in Pacific Century CyberWorks.

Confirmation was received, last Wednesday, that Pacific Century CyberWorks had, indeed, obtained a \$HK78-billion bridging loan from 4 banks, and that Mr Li Ka Shing had implored Bank of China, the State bank of the Government of the People's Republic of China, to approve the necessary documentation to permit his son the ability to outbid SingTel and to have Pacific Century CyberWorks win the day.

In other news, it was announced that AIG -- American International Group, a company, which is listed on The New York Stock Exchange -- announced that it had formed an alliance with the Singapore Government's property company, Pidemco Land Ltd, that company, having announced the previous week that it would buy 65 percent of the Furama Hotel in Central Hongkong for about \$HK1.88 billion from publicly listed Lai Sun Development Company Ltd.

It appears that the deal for the Furama is a 50-50 split with AIG and Pidemco, sharing the booty, and with the former owner of the hotel, publicly listed Lai Sun Development Company Ltd, retaining a 35-percent interest in the Furama Hotel 24,427 square-foot, prime commercial site.

Lai Sun will have to take a '*bath*' of about \$HK4.11 billion in this year's Profit and Loss Account since it paid about \$HK7 billion for the hotel in 1997.

This will not be a Provision, mind you, but a realised loss -- if it has not, already, written off that amount of money.

The hotel will be torn down to make way for a new commercial building.

In Japan, The Tokyo Stock Exchange saw the Nikkei-225 hit a 3-year high of 20,081.67, up about 122.15 points, compared with Tuesday's closing level.

There was no one reason for the marginal gains, which saw the Japanese benchmark index rise to such heights, as there rarely is just one simple reason, but the general feeling of euphoria pulled up the premier stock market in the Land of the Rising Sun.

In other parts of Asia, with the exception of Taiwan, things were fairly subdued:

Thailand	Minus 0.74 percent
Indonesia	Minus 1.92 percent
Malaysia	Minus 1.25 percent
The Philippines	Plus 0.73 percent

South Korea	Closed
Singapore	Minus 0.30 percent
Taiwan	Plus 2.68 percent
Japan	Plus 0.61 percent

Thursday

A 123-point swing, during the entire session, last Thursday, was about the most interesting aspect of trading on The Stock Exchange of Hongkong Ltd.

Compared with the first 3 days' trading on the '*pimple*' on the backside of the People's Republic of China, the stock market of the Hongkong Special Administrative Region was a relatively boring venue for the purchase and sale of securities.

The Hang Seng Index ended the day at one of its highest points, at 16,936.81, on a Total Turnover of about \$HK16.35 billion.

At the close of the market for the morning session, the Index was registering a loss of nearly 30 points, compared with Wednesday's closing level, but a wave of buying, in the 90-minute afternoon session, buoyed the market, pushing up The Index to record a 93.22-point improvement over the previous day's close.

The Ten Most Active issues were dominated by Mr Li Ka Shing's Internet '*baby*', Pacific Century CyberWorks Ltd, that company's share price, falling to \$HK20.40 on a turnover of some 101.69 million shares, changing hands, representing about \$HK2.12 billion.

Clearly, the widespread sell-off in Pacific Century CyberWorks helped to drag down The Index, considerably. But it must be remembered that it takes 2 people to tango: For every one seller, there has to be at least one buyer.

Trading in this counter accounted for nearly 13 percent of the Total Turnover, while the Ten Most Active issues accounted, in aggregate, for about 45.14 percent of the Total Turnover.

So narrow was the level of activity on The Stock Exchange of Hongkong Ltd, last Thursday.

In Japan, it was, pretty much, the same story, with the Nikkei-225, falling just 16.56 points to come to rest at 20,065.11.

Losers outnumbered gainers by about 1.26:One.

In spite of the recent strength in the US stock markets, there was considerable concern with regard to the short-term stability of such things as the price of oil, internationally, and the current international levels of interest rates, widely tipped to rise in the coming months.

There were no big gainers on The Tokyo Stock Exchange and few counters lost any significant ground.

In South Korea, The Composite Index rose 8 percent, while Bangkok witnessed the SET Index put on 5.34 percent. Both markets are so dominated by such things as political unrest -- which pops up every 2 years, at the most -- and corrupt practices, in their respective governments as well as in the large conglomerates, that one can hardly consider these markets in any serious vein.

This the way that Asian markets ended last Thursday:

Thailand	Plus 5.34 percent
Indonesia	Minus 3.35 percent
Malaysia	Minus 2.90 percent
The Philippines	Plus 0.82 percent
South Korea	Plus 8.00 percent
Singapore	Minus 0.18 percent
Taiwan	Minus 1.50 percent
Japan	Minus 0.08 percent

Friday

Cable and Wireless HKT Ltd was one of the star performers on The Stock Exchange of Hongkong Ltd, last Friday, as its share price jumped about 6.50 percent to close at \$HK23.70 on a turnover in the counter of about \$HK1.05 billion.

Its new '*parent*' company, Pacific Century CyberWorks Ltd, was not far behind Cable and Wireless HKT, as far as making headway in trading, with its share price, rising 5.80 percent to close at \$HK21.90 per share.

Investors in the Hongkong Special Administrative Region (HKSAR) appeared to shrug off much of the sentiment, affecting trading in the earlier part of the week with regard to factors, which had been seen to be pouring cold water on trading in stocks and shares, and went ploughing, right back into securities trading.

As a result, the Hang Seng Index boomed back into life at the opening bell, rising more than 400 points at one point, during the morning trading session, and, then, in spite of moderate profit-taking, still managed to finish day in positive territory, at 17,285.24, a gain of about 2.06 percent, compared with Thursday's close.

The Total Turnover was \$HK16.98 billion with Pacific Century CyberWorks and Cable and Wireless HKT, accounting for nearly 14 percent of that figure.

The Top Ten Most Active issues were responsible for a little more than 42 percent of the Total Turnover, an indication, yet again, that the market is dominated by just a handful of counters.

Gainers outpaced losers by a ratio of 1.42:One.

While SmarTone Telecommunications Holdings Ltd was not one of the most active issues, last Friday, and rarely is, actually, it was interesting to note that the share price of this counter rose a little more than 10 percent to close at \$HK34.90.

There was little in the way of local news to stimulate the stock market, and nothing, of course, could outdo the excitement of the first part of the week.

In the US, it was announced that the US unemployment rate was holdings at a 30-year low of about 4 percent in February -- possibly stoking the prospective fires of higher inflation rates.

In Japan, the Nikkei-225 took a bit of a breather, losing 137.57 points, ending the week at 19,927.54.

Sony and Softbank both lost substantial ground, helping to drag down the Japanese benchmark, with Sony, off 4.20 percent to 31,000 yen, and Softbank, down 6.71 percent to 139,000 yen.

After the hectic opening to last week's trading, Thursday's and Friday's trading was a bit of wet squid, as was a great deal of securities trading in Asia, generally.

Looking at the week's trading on The Stock Exchange of Hongkong Ltd indicates that the Hang Seng Index merely covered earlier losses, for the most part, ending the week on a gain, equal to about 0.64 percent.

It was, just about, the same situation in most other Asian bourses.

Here is how other Asian markets fared last Friday:

Thailand	Minus 2.11 percent
Indonesia	Plus 0.37 percent
Malaysia	Plus 0.69 percent
The Philippines	Plus 1.76 percent
South Korea	Plus 0.02 percent
Singapore	Plus 0.33 percent
Taiwan	Plus 0.46 percent
Japan	Minus 0.69 percent

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