

**MR INVESTOR :
LI KA SHING'S SON CRITICISED**

Following closely on the heels of the previous week's Wall Street gains, The Stock Exchange of Hongkong Ltd got off to a roaring start on Monday, March 6, as the Hang Seng Index rose 2.74 percent, 473.52 points, compared with the levels of Friday, March 3, to close the day amid cheers from brokers who saw The Index hit 17,758.76.

On Friday, March 3, the Dow Jones Industrial Average, against the previous Thursday's closing level, recorded another 2-percent gain, 202.28 points, and the NASDAQ Composite Index rose 3.40 percent, 160.26 points, to 4,914.77 -- this was a record close.

It was the fifth day in a row for the Indices of The New York Stock Exchange to record gains, but the March 3 market indicated a somewhat changed sentiment: US investors started chasing selective blue chips at the expense of hi-tech issues.

On The Stock Exchange of Hongkong Ltd, the Total Turnover moved up to \$HK20.90 billion, last Monday, with the Top Ten Most Active issues representing about 43 percent of that figure.

Pacific Century CyberWorks Ltd, the Li Ka Shing Internet investment company, continued to be the most hotly sought-after issue, with nearly \$HK2-billion worth of its shares changing hands.

Trading on this one counter represented about 10 percent of the total market's volume of activity.

The price of the shares of this company gained 6.60 percent to close at \$HK23.35 per share.

The share price of Cable and Wireless HKT Ltd, the telecommunications company which Pacific Century CyberWorks took over the previous week, also saw a great deal of interest from investors and, as a result its share price ran up 4.60 percent to close at \$HK24.80 per share on a turnover of about \$HK942 million -- representing about 4.51 percent of the Total Turnover.

Strangely, the share price of HSBC Holdings plc, now up there, being in the top 5 banks in the world, saw an easing in its share price which fell to \$HK86.75 per share.

The major '*play*' on the stock market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Monday, was the Li Ka Shing Faction, with tom.com Ltd, the recently listed, zero-asset, zero-profit company, rising to \$HK12 per share.

This compares with an Offer Price of \$HK1.78 per share just 4 trading days earlier.

Logic appears to be non-existent with regard to this counter.

In Japan, The Tokyo Stock Exchange fell to profit-takers, as the Nikkei-225 shed 131.19 points to close the day at 19,796.35.

The share price of Sony Corporation caught Japanese investor attention as it fell 4.68 percent to close at 29,550 yen.

The big '*killer*' on this market was the Internet investment company, Softbank Company, as investors watched a quick erosion in that company's share price, equal to 15.83 percent of the previous week's closing level.

Softbank ended the day at 117,000 yen as certain securities companies started to think that, perhaps, Softbank's share price should fall back to about 98,000 yen, all things considered.

Another Internet loser was Yahoo Japan, the share price of which fell limit -- 7 million yen -- to close down to 140 million yen, a loss of about 4.76 percent, compared with the previous Friday's close.

From the news desk, the Government of the PRC was rattling its sabre, once again, telling the Government of Taiwan that if it does not join the Chinese Communist Party and all that that means, war between the PRC and Taiwan could be a natural outcome.

Yawn, yawn.

In other Asian stock markets, the gainers and losers were equal:

Thailand	Minus 1.01 percent
Indonesia	Plus 3.31 percent
Malaysia	Minus 0.82 percent
The Philippines	Plus 2.45 percent
South Korea	Plus 1.62 percent
Singapore	Plus 0.14 percent
Taiwan	Minus 1.58 percent
Japan	Minus 0.66 percent

Tuesday

It was a rocky ride of investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Tuesday, as the Hang Seng Index, after losing nearly 100 points, during the morning session, clawed back all of its early losses and put on another 106.60 points, to boot.

At the end of trading at 4 p.m., the Hang Seng Index stood at 17,865.36 on a Total Turnover of about \$HK19.60 billion.

Once again, the Top Ten Most Active issues accounted for a huge slice of the Total Turnover. For last Tuesday, the Top Ten, in aggregate, amounted at about \$HK8.07 billion, or about 41.47 percent of the Total Turnover.

With international pressure, being mounted for a cool-down in the US economy, financial institutions, internationally, are getting it in the neck -- and the HKSAR is not immune to this pressure.

An example of this was seen last Tuesday when shares in the giant banking institution, HSBC Holdings plc, came under intense fire, which eroded the share price as it fell to \$HK85 per share for no apparent reason other than interest fears -- those perceived to hit in the future, only.

The turnover in this counter, alone, was equal to about 5.50 percent of the Total Turnover.

While HSBC Holdings was under fire, all day long, tom.com Ltd, for no reason at all, either perceived or actual, went to a new high on The Growth Enterprise Market (The GEM), rising another 19 percent to close at \$HK14.30 percent on a turnover in this counter of about \$HK2 billion.

It was only 6 trading days ago that it was quoted at the Offer Price of \$HK1.78 per share.

Ah! How the Gods of Commerce love the Madness of Investor Blind Faith!

It was said that much of Tuesday's losses in the HKSAR were a direct result of Wall Street's fall on Monday, New York time when the Dow Jones Industrial Average came off 196 points, to fall to 10,170.50, equal to a 1.90-percent fall in one trading day.

In Cleveland, Ohio (the US), it was announced that publicly listed Goodyear Tire and Rubber Company had won its \$US3.50-billion (about \$HK27 billion) law suit against China Tire Holdings Ltd.

China Tire is 32.97 percent owned by publicly listed China Strategic Holdings Ltd, that last-named company, being listed on The Stock Exchange of Hongkong Ltd.

The China Tire allegations, going back to 1995, amounted to suggestions of corruption on the part of certain executives of Goodyear, executives who allegedly lavished officials of a competitor, a PRC Government factory, with gifts in order to get them to bring pressure to bear on China Tire.

China Tire is the second largest tyre manufacturer in the PRC and has its shares are traded on The New York Stock Exchange.

In Japan, the Nikkei-225 gained modestly, up 147.89 points to 19,944.24.

Sony Corporation continued to lose ground, falling to 29,040 yen, a loss of about 1.73 percent, compared with Monday's closing level.

Since March 1, the share price of Sony has fallen about 10 percent from its high of 32,600 yen.

In contrast to Sony, Softbank, which on Monday had lost 15.83 percent of its market capitalisation, compared with the closing level of the previous Friday, roared back with a gain of 15.38 percent to close at 135,000 yen.

Some investment houses claim that the appropriate price of the shares of this company should be about 98,000 yen, tops.

Losers and gainer was, just about, equal at 1.15:One.

In the Philippines, the Chairman of the Securities and Exchange Commission, Mr Perfecto Yasay, announced that the stock market would be closed on Wednesday -- March 8 -- following the resignation of the Head of Compliance and Surveillance Division of the stock exchange, Mr Ruben Almadro.

With the snap decision of Mr Almadro to leave his high-profile post, his entire team, it appears, followed him out the door.

Mr Almadro claimed, in a report, that he had uncovered a rather nasty situation, involving 8 stock brokers and businessmen, including the powerful Dante Tan (a personal friend of the President of the Philippines, Mr Joseph Estrada), all of whom are alleged to have been dealing on the inside and manipulating the share price of BW Resources.

That's about par for the course in the Philippines, one would have imagined.

Other Asian markets saw more minuses than pluses:

Thailand	Plus 0.28 percent
Indonesia	Minus 0.70 percent
Malaysia	Minus 1.17 percent
The Philippines	Minus 2.97 percent
South Korea	Minus 0.22 percent

Singapore	Minus 1.35 percent
Taiwan	Plus 0.13 percent
Japan	Plus 0.75 percent

Wednesday

It was Budget Day in the HKSAR, last Wednesday -- and all the news was good news.

Even so, investors were very wary as to what the Financial Secretary would spring on them and, since the morning session was trading in the dark, so to speak, the Hang Seng Index fell 130.64 points in that 150-minute period, which comprises morning trading.

What the Financial Secretary did state was that the economy is doing very nicely, thank you very much.

The Gross Domestic Product rose to 8.70 percent in the fourth quarter of the last Fiscal Year, compared with the like period in 1998. Overall, the economy strengthened 2.90 percent, he announced.

As a result: No new taxation.

Sighs of relief all round.

The stock market got wind of the situation in the tail-end of trading in the 90-minute afternoon session, and then there was a 217-points swing, resulting in the Hang Seng Index, ending in positive territory, at 17,951.434, a gain of 86.07 points, compared with Tuesday's closing figures.

The Total Turnover was about \$HK21.38 billion with the Top Ten Most Active issues accounting for about 41.58 percent of that figure.

HSBC Holdings plc was the most active issue with about \$HK1.59 billion worth of its shares changing hands, resulting in the price, rising about 3 percent to \$HK88 per share.

Newswise, there was little to report since the market was waiting for the Budget for the 2000-2001 Fiscal Year.

However, the general mood on the bourse was not what one would say was euphoria: If anything, sellers outnumbered buyers by a very wide market.

The morrow would see what the morrow would bring.

In Japan, The Tokyo Stock Exchange saw a further erosion in share prices, as the Nikkei-225 dropped 177.44 points to 19,766.80, erasing all of Tuesday's gains ... and then some.

It was said that the losses were due to a decline on Wall Street, the previous day, where the Dow Jones Industrial Average was having a rough ride, having fallen about 3.68 percent to 9,796.03.

This was The Dow's lowest level in about one year; and pundits were quick to point out this.

Softbank continued its decline, falling about 3.70 percent to end the session at 130,000 yen.

One of the biggest losers was the Internet investment company, Hikari Tsushin, the share price of which fell nearly 10 percent to 139,000 yen.

Sony Corporation did not get off lightly, too. Its share price fell 0.62 percent to 28,860 yen, representing a 10 percent drop since March 1 when its share price stood at 32,600 yen.

Anyway, Sony's Chairman has gone on record as saying that 20,000 yen fully values Sony.

Statistics will indicate that, last Wednesday, losers outpaced gainers on The Tokyo Stock Exchange by a ratio of 1.92:One.

In the Philippines, the threat to close The Philippine Stock Exchange, due to the reported scandal (see Tuesday's report), which had been unearthed, did not materialise and gamblers picked up that stock market's dice to play that country's form of politico-financial craps.

In other parts of Asia, this was the way that the ball bounced:

Thailand	Plus 1.37 percent
Indonesia	Plus 1.30 percent
Malaysia	Plus 0.14 percent
The Philippines	Minus 2.78 percent
South Korea	Plus 0.95 percent
Singapore	Minus 0.90 percent
Taiwan	Plus 0.10 percent
Japan	Minus 0.89 percent

Thursday

Wednesday's trading did not look very inspiring, at the opening bell. There were those HKSAR investors who looked at the fundamentals of the situation and came to the conclusion that the market should head south -- and so south it headed.

(Post hoc, ergo proctor hoc)

The Hang Seng Index shed about 1.75 percent of its value as 314.40 points were sliced off Wednesday's closing level, with The Index, ending the day at 17,637.03 on a Total Turnover of about \$HK17.78 billion.

The gains, obtained in late trading on Wednesday, were, just about, erased in Thursday's rather subdued trading session.

The Top Ten Most Active issues accounted for about 33.86 percent of the Total Turnover, indicating that the market was becoming more diverse than usual: Not one of the Top Ten saw a turnover of more than \$HK920 million.

One factor about the stock market of the Hongkong Special Administrative Region (HKSAR), last week, was that, with all the Initial Public Offerings (IPOs), a great deal of money was tied up in applications for the new issues.

This would account for the lower daily turnovers.

The ratio of losers to gainers was 1.68:One.

Most of the '*darlings*' fell from investor grace, with Pacific Century CyberWorks Ltd, off 3.80 percent to \$HK22.95 per share, Cable and Wireless HKT Ltd, down 3.50 percent to \$HK24.55 per share, and China Telecom (Hongkong) Ltd, shedding 4.60 percent, falling to \$HK72.75 per share.

The Li Ka Shing '*concept*' company, tom.com Ltd, listed on The Growth Enterprise Market (GEM) of The Stock Exchange of Hongkong Ltd the previous Wednesday, fell a whopping 10.80 percent to \$HK12.40 per share.

Considering that one week earlier this counter was offering its shares at \$HK1.78 per share, and considering that tom.com has nothing in the way of profits or prospects, at least at this time, even \$HK1.78 per share could be considered a very high price.

As for what could be considered the running mate of tom.com, [hongkong.com Ltd](#), also newly listed, its share price rose 256 percent over the Offer Price of \$HK1.60 per share on turnover of \$HK2.90 billion.

This company, like tom.com, has nothing in the 'bank' at this time so that all the hoo-hah is merely the gambling instinct, appealing to HKSAR investment market.

Up go the red flags on this stock market.

In Japan, the Nikkei-225 fell another 104.47 points to 19,662.33 with big losses in some of the old Internet favourites, including Softbank and Hikari Tsushin.

There was a great deal of consideration, being given to the suggestion that the icing was coming off the Japanese hi-tech stock 'cake', in accordance with long-established, fundamental principles concerning, what is laughingly called profits, many of the prices of high-tech stocks appear to be unsustainable.

Decliners outpaced gainers by 1.34:One.

In Washington, it was reported that the Federal Reserve had determined that the US economy was continuing to run at a very fast pace with no indication of a slowing down.

Pressure on higher wage packets was growing, making obtaining staff increasingly more difficult. The labour market is tight in most areas of the US.

Conclusion: Inflationary pressures will escalate, resulting in the Fed, employing the dampers in due course.

In other Asian stock markets, it appeared that investors were of 2 minds, as half of the important bourses rose, while the other half lost ground:

Thailand	Plus 1.99 percent
Indonesia	Plus 2.65 percent
Malaysia	Minus 0.87 percent
The Philippines	Minus 0.78 percent
South Korea	Minus 3.42 percent
Singapore	Plus 0.47 percent
Taiwan	Plus 2.11 percent
Japan	Minus 0.53 percent

Friday

The suggestion that HSBC Holdings plc was preparing to make a bid for the German giant, Commerzbank, did not take the stock market by surprise because there had been unconfirmed reports about the prospects.

Nevertheless, when the influential German daily newspaper, Die Welt, published what was happening, with so-called 'front men', picking up parcels of shares in Commerzbank, the market started to pay particular attention to the suggestion.

The cost of HSBC Holdings to take control of this prestigious bank would be in the region of \$HK172 billion -- which is a tough nut to chew.

The Hang Seng Index, having gotten wind of the takeover prospects, shot up more than 400 points within the first hour of trading, but subsequent selling pressure knocked off a great deal of the early gains.

By the close of the morning session, The Index stood at 17,741.81, up about 104.78 points, compared with Thursday's close.

The afternoon session saw a further improvement in trading, with The Index, ending the week on strength, at 17,831.86, up 194.83 points, or about 1.10 percent, compared with the previous day's closing level.

The Total Turnover was \$HK18.56 billion, with the Top Ten Most Active issues, accounting for about 42.56 percent of that figure.

On The GEM -- The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd -- recently listed hongkong.com Ltd lost 19.26 percent of its market capitalisation, falling to \$HK5.45 per share with tom.com Ltd fell another 4.84 percent to \$HK11.80 per share.

Both counters are badly overpriced so that there is still a long way for prices to fall.

Not for the faint of heart.

An unheard of event occurred last Thursday, reported on Friday morning: The son of Mr Li Ka Shing, one of the richest men in the world, was roundly criticised by a Japanese employee of a rival company.

Mr Richard Li Tzar Kai was the subject of a blistering attack by the Chief Financial Officer of Softbank, Mr Yoshitaka Kitao.

Mr Kitao said that Pacific Century CyberWorks Ltd and its Executive Chairman, Mr Richard Li, would never be permitted to jump into bed with Softbank -- because they were not welcome marriage partners, having conflicting philosophies.

In Japan, The Tokyo Stock Exchange enjoyed a modest pick-up in trading, with the Nikkei-225, rising 88.07 points to 19,750.40.

Internet counters and hi-tech stocks came under fire, once more, with Sony Corporation, losing another 6.41 percent, falling to 26,300 yen.

Sony has, now, lost about 22.42 percent of its market capitalisation since March 1.

Softbank shed another 12.98 percent, dropping to 99,200 yen.

Sour grapes, Mr Kitao?

Another Internet investor, a similar company to Pacific Century CyberWorks on The Stock Exchange of Hongkong Ltd, Hikari Tsushin, ended the week on a very weak note of 230,000 yen.

The shares have lost about 50 percent of their value since the middle of February.

Gainers on the Japanese bourse outnumbered losers by a ratio of 2:One.

Last week's stock market in the HKSAR gained a total 546.62 points, or about 3.16 percent. Not bad.

All in all, Asia ended the week of March 10 on strength, as the following indicates:

Thailand	Plus 2.33 percent
Indonesia	Plus 1.88 percent

Malaysia	Plus 2.76 percent
The Philippines	Minus 0.33 percent
South Korea	Plus 0.77 percent
Singapore	Plus 0.67 percent
Taiwan	Minus 1.64 percent
Japan	Plus 0.45 percent

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