VOLUME III No. 6 M O N D A Y January 8, 2001

THE FED CUTS INTEREST RATES !
STOCK MARKETS JUMP FOR JOY !

Uncertainty marked the opening day of many stock markets in Asia as the world waited to see what Wall Street would do when it opened for business on Tuesday, New York time.

The worst was expected since there appeared to be no reason for rejoicing: Things did not look good on the economic front, in the US and most elsewhere.

On the Main Board of The Stock Exchange of Hongkong Ltd, the premier bourse of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Hang Seng Index finished the first session of the year off about 1.49 percent, falling to 14,869.94.

The Total Turnover on this market was $HK3.17 billion, a far cry from the $HK36-billion-plus of the bullish markets of the 1999 year and early in the 2000 year.

In fact, the Total Turnover, last Tuesday, was the lowest, seen in the 416-square mile enclave, since February 1999.

Share prices that lost ground were ahead of those that gained ground by the ratio of about 2.15:One, with about 69 percent of the total number of counters, either being unchanged from previous levels (in 2000), or seeing no action at all.

The augurs of the first day of trading of the new year were not good, to be sure, as the *'king'* of the HKSAR *'hill'*, HSBC Holdings plc (Code: 5), was hit with one wave of selling pressure after another.

HSBC Holdings ended the session at $HK113 per share, a fall of 2.16 percent on the day. It was the most-active counter, topping the Ten Most Active list.

The closing price was just off the low of the day of $HK112.50 per share on a volume of activity in that counter of about 3.09 million shares, representing, in dollar terms, about 11 percent of the Total Turnover of the day.

What was of some interest to market watchers was that, in the 90-minute afternoon session, the Hang Seng Index moved down exactly 6 points, only.

That would appear to indicate that the early selling on the HKSAR stock market was a direct result of the blood-curdling screams from US investors to unload their stock on The New York Stock Exchange, the previous Friday, the last trading day of the year.

The Dow Jones Industrial Average finished off the year with a loss of 81.91 points, equal to about 0.75 percent, as the blue-chip index dropped to 10,786.85.

But the selling came in the last hour of trading.

Prior to that, the market had been up more than 50 points.

As for the tech-laden NASDAQ Composite Index, that ended the year, down about 3.41 percent, at 2,470.52.

The loss of the previous Friday meant that the NASDAQ had shed about 39.28 percent of its value, during the entire 2000 year.

The largest annual loss on record for the NASDAQ was in 1974 when it fell 35.10 percent.

In order to understand, more fully, what the NASDAQ's 2000 losses means to US investors, in 1999, it rose about 85 percent.

Greed, being what it is, the losses of 2000 most likely erased all of investors' 1999 profits – and then some.

As for the Dow, it had declined just 6.20 percent in 2000. The worst year on record for the Dow was in 1981 when it gave up 9.20 percent.

For certain, Asia was concerned about the US stock markets where sentiment had been negative for the previous few months. And it did appear that the negativeness would continue.

The US Federal Reserve is strongly tipped to cut interest rates, this month, but until that happens, it is just a hope … and hopes fade, quickly, as far as investors are concerned.

While there was a dearth of any positive corporate news in the HKSAR, it was noted that the price of crude oil was on the move, again -- and moving up.

This was due, in part, to harsh winter weather, both in Europe and the US.

The price of Crude, measured by the New York Mercantile Exchange (NYMEX) futures, rose about 39 cents (US) to $US27.19 per barrel.

While this smallish gain may not excite some people, one has to marry that with the 95-cent (US) gain of the previous Friday when the oil markets started to react to the scheduled meeting of The Gulf Co-Operation Council, the leading oil exporter, comprising Qatar, Kuwait and Saudi Arabia.

The Gulf Co-Operation Council is a-mind to keep oil prices higher than $US28 per barrel.

Oil is one thing that, during the past year or so, has added to the profits' havoc on equity markets.

But, on Monday, January 2, it was announced that 2 of Europe's dot.com companies were in serious trouble.

That put the cat among the chickens.

From Holland came news that LetsBuyIt.com NV, an online retailer, has sought the Dutch Court's protection from its creditors.

It was reported that the company could not meet the demands of its creditors.

The share price of LetsBuyIt.com lost about half of its value on The Amsterdam Stock Exchange on the back of the news.

Investors in Europe are deathly afraid that LetsBuyIt.com will go the same way as Pets.com, Furniture.com, MotherNature.com, all of which US companies closed up shop when the cash cupboard became bare and there was nobody to refill the shelves.

That would have been sufficient, one would think, to put the fear of God into investments in dot.com companies, anywhere in the world, but that was not the end of the story.

From Germany, it was announced, last Monday, that Intershop Communications AG was, also, having a very difficult time of it.

Intershop is Europe's largest producer of electronic commerce software; it has been doing very poorly since the middle of last year.

The software company, that has worked for Sony Corporation of Japan to Motorola Incorporated of the US, reported a forecast fourth quarter loss of about $US28 million (about $HK220 million). This was on top of a third quarter loss of about $US8.58 million (about $HK66 million).

It is expecting a full year's loss of about $US34.13 million (about $HK265 million).

Many of the company's senior management have, already, pulled up stakes, taking positions with competitors, of which Intershop has quite a number, especially from the US, its largest market, where BroadVision Incorporated lurks, waiting in the wings.

On The Frankfurt Stock Exchange, the share price of Intershop fell about 65 percent, last Tuesday, compared with trading on Friday, December 29, 2000, ending the session at about $US10.24 (about $HK80).

The following is a list of the 8, double-digit gainers and the 2, double-digit losers of last Tuesday, as recorded on The Stock Exchange of Hongkong Ltd:

Name Of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
Grand Hotel Holdings Ltd 'A' Shares	195	12.20		0.92
Graneagle Holdings Ltd	147	16.67		0.021
iQuorum Cybernet Ltd	472	12.90		0.035
Leading Spirit High-Tech (Holdings) Company Ltd	606	12.12		0.037
The Mingly Corporation Ltd	478	10.20		0.54
Sing Tao Holdings Ltd	233	14.41		1.35
Swank International Manufacturing Company Ltd	663	12.90		0.07
Welback Holdings Ltd	491		13.64	0.038
Wing Lee Holdings Ltd	876	11.27		0.395
Wing Lee International Holdings Ltd	899		18.64	0.048

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover fell to $HK83.35 million as The Growth Enterprise Index retreated to 306.28 points, a loss of about 1.02 percent, compared with the close at the end of the 2000 year.

Losers were ahead of gainers by the ratio of about 2.36:One with about 43 percent of all the counters, remaining unchanged from their previous closing levels.

The featureless market caused nobody any concern as share prices continued to drift lower, with just a few exceptions, here and there.

There were just 3 double-digit movers, and they all moved down with a thump as the following table illustrates:

Name of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
36.com Holdings Ltd	8036		15.69	0.043
Proactive Technology Holdings Ltd	8089		30.00	0.49
Qianlong Technology International Holdings Ltd	8015		20.45	0.35

Two of the main stock markets of Asia were closed, last Tuesday, with Japan, being closed until Thursday, while The Bangkok Stock Exchange was not due to start to trade until last Wednesday.

Just as well, one might be tempted to state.

The following is a list of other Asian bourses and how they fared, last Tuesday, the first day of the new year:

Indonesia	Minus 1.47 percent
Japan	Closed
Malaysia	Minus 1.91 percent
Singapore	Minus 1.59 percent
South Korea	Plus 3.24 percent
Taiwan	Plus 4.14 percent
Thailand	Closed

Wednesday

As expected and widely forecast by market watchers, the world over, Asia went into high reverse gear on the second day of trading in the year 2001, with the 2 stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), leading the pack of Asian losers.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index fall about 1.89 percent, falling back to 14,589.58 points, while The Growth Enterprise Index, the *'barometer'* of The (speculative) Growth Enterprise Market (The GEM), shed another 1.20 percent, retreating to 302.62 points.

The Total Turnovers on both markets continued to be very low, which was, probably, a good sign since it indicated that investors were not panicking in the wake of the sell orders from, mainly, overseas institutions.

The Total Turnover on the Main Board was about $HK4.66 billion and the Total Turnover on The GEM was about $HK75.42 million.

The HKSAR stock markets were, of course, reacting to Tuesday's bloodbath on Wall Street where the Dow Jones Industrial Average had given up 140.70 points, about 1.30 percent, falling to 10,646.15 points, while the NASDAQ Composite Index had fallen 7.23 percent, retreating to 2,291.86 points.

The NASDAQ, as at last Tuesday, New York time, had hit the lowest point since 1998.

The selling on The New York Stock Exchange was a reaction to fears that the US economy will slow down too quickly and too much.

There is some justification in these fears because, according to (US) National Association of Purchasing Management (NAPM), US manufacturers received far fewer orders, made far fewer products, and employed far fewer workers in December than in the previous month of November.

The conclusion of the NAPM was that the US economy is growing, on an annualised basis, at less than one percent per annum.

It was, the NAPM suggested, an unexpected steep decline for the US economy, which is, still, the most important economy in the world, today.

The question: Is the US economy flirting with recession?

On the positive side, of course, is that such statistics must mean that the incoming Administration, led by President-Elect George W. Bush, will seek to kick-start the US economy – and that is likely to mean positive moves by the US Federal Reserve when it meets, later this month.

The question: How much will the Fed cut interest rates – 25 basis points or 50 basis points?

For Asia, having suffered since 1997 with stagflation, what was happening in the West had some impact, but not a heck of a lot, as the Americans like to say.

Companies, employed in the export trade, got hit hard on the Main Board because it stands to reason that, if the US economy is on the rocks, Asia will be hurt in the fullness of time.

HSBC Holdings plc (Code: 5), the largest company in terms of market capitalisation on The Stock Exchange of Hongkong Ltd, extended its losses of last Tuesday, shedding another 0.89 percent to $HK112 per share on a turnover of about $HK386 million, representing about 8.28 percent of the Total Turnover.

Actually, HSBC Holdings made somewhat of a recovery in late trading because intraday trades saw the banking giant's share price fall to $HK110.50.

It was the second, most-active counter of the day.

China Mobile (Hongkong) Ltd (Code: 941) was the most active stock of the day as about 11.55 million of its shares changed hands, with its share price, slipping 3.33 percent to hit $HK40.70, just a tad off the low of the day, $HK40.50.

Trading in this counter accounted for about 10 percent of the Total Turnover.

China Mobile, one of the largest mobile telephone companies, operating in the PRC, is very suspect in respect of its profits for the year.

The ratio of losers to gainers was about 4.11:One with about 66 percent of the all listings, either not moving a muscle, or being completely neglected by investors.

With such a low level of activity and with the Ten Most Active counters, representing about 49 percent of the Total Turnover of the day, to say that the Main Board was dull was to state the obvious.

The following is a list of the double-digit gainers and losers of the day:

Name of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
Allan International Holdings Ltd	684		13.04	0.60
C. P. Pokphand Company Ltd	43		16.00	0.084
CCT Multimedia Holdings Ltd	1169		10.00	0.18
China Development Corporation Ltd	487		12.62	0.18
Emperor (China Concept) Investments Ltd	296		15.38	0.033
Gay Giano International Group Ltd	686		10.53	0.34
Hung Fung Group Holdings Ltd	1141		16.67	0.015
iQuorum Cybernet Ltd	472		11.43	0.031
Karrie International Holdings Ltd	1050		11.76	0.30
Northern International Holdings Ltd	736	13.79		0.033
Prosper eVision Ltd	979		13.83	0.405

Quality Food International Ltd	735	13.04		0.104
Shenzhen High-Tech Holdings Ltd	106		10.38	0.19
South East Group Ltd	726	17.65		0.02
Truly International Holdings Ltd	732	10.34		3.20
Wo Kee Hong (Holdings) Ltd	720	11.58		0.106
Wonson International Holdings Ltd	651		11.43	0.031

The GEM fared no better than the Main Board, epitomised by the Total Turnover of just $HK75.42 million.

The ratio of losers to gainers on this market was exactly 6:One, with about 46 percent of the counters, being completely discounted by investors.

Phoenix Satellite Television Holdings Ltd (Code: 8002) was the most active counter as about 7.80 million of its shares changed hands.

Phoenix Satellite's share price was locked within a 12.50-cent bandwidth, between a low of $HK2.025 and a high of $HK2.15, the same place that is has been for the past 5 sessions or so. It ended the day at $HK2.075.

It has been only too apparent that this company's shares are being held by institutions that know something that many investors appear to fail to know or realise.

The turnover in this counter, amounting to about $HK16.21 million, represented about 21.49 percent of the Total Turnover of the day.

Soluteck Holdings Ltd (Code: 8111), basically a vendor of electronic banking and postal machines in the PRC, made its debut.

Management saw 20.46 million of its shares trade between a low of 37 cents and a high of 45 cents. It ended the day at 42 cents per share.

The Offer Price of the Placement Shares was 40 cents, each.

Soluteck was the fourth, most-active counter of the day.

The 3 double-digit movers, all losers, by the way, were:

Name of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
36.com Holdings Ltd	8036		16.28	0.036
Syscan Technology Holdings Ltd	8083		14.15	0.091
Timeless Software Ltd	8028		10.11	0.80

Precious little else happened last Wednesday.

The following is how other Asian stock markets reacted to the sell-off on The New York Stock Exchange of last Tuesday:

Indonesia	Minus 1.07 percent
Japan	Closed
Malaysia	Minus 1.37 percent

Singapore	Minus 1.83 percent
South Korea	Plus 0.09 percent
Taiwan	Minus 0.82 percent
Thailand	Plus 1.06 percent

Thursday

In a move that took most economists and investors by complete surprise, the US Federal Reserve slashed interest rates in the US by 50 basis points in the middle of the trading day, last Wednesday.

And stock markets, round the world – with the lone exception of Japan – were off to the races.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), The Stock Exchange of Hongkong Ltd experienced a booming session as the Main Board's Hang Seng Index rose about 4.42 percent to end the day at 15,235.03 points on a Total Turnover about $HK14.42 billion, an improvement in the volume of activity by about 209 percent, compared with Wednesday's.

As is common in the HKSAR, when the feeding frenzy starts, everybody wants a bite.

And so it was, last Thursday, as HKSAR investors started chasing blue chips, mainly, on the assumption that the economic worst was over.

Winners outpaced losers by the ratio of about 3.87:One with about 50 percent of all counters, either being unchanged from Wednesday's closing level or being completely neglected.

In spite of the Hang Seng Index's rise, investors were very selective in their purchases, with China Mobile (Hongkong) Ltd (Code: 941), HSBC Holdings Plc (Code: 5) and Hutchison Whampoa Ltd (Code: 13), all taking the lead in the Ten Most Active counters.

China Mobile, the most active counter of the day, witnessed more than $HK1.29-billion worth of trades, a volume of activity which pushed its share price up by 5.41 percent to end the day at $HK42.90, down from a high of $HK44.20 per share.

HSBC Holdings, the second, most-active counter of the day, was only a short pace behind China Mobile: More than 10.42 million of its shares changed hands, representing a dollar value of about $HK1.21 billion.

Its share price put on 3.57 percent, compared with the closing level on Wednesday, rising to a high of $HK117 per share, but ending the session at $HK116.

Hutchison Whampoa, sitting in third place in the race for the top position in the stock- exchange tote, saw its share price rise 4.49 percent to hit $HK99, after flirting the $HK100-mark. A total of 9.18 million Hutchison shares were traded.

In aggregate, these 3 counters accounted for about 23.51 percent of the Total Turnover.

During the hectic trading session, it was announced by The Hongkong Monetary Authority (HKMA) that it would cut its base rate by an equal amount as the US Fed.

This base rate is the amount that the HKMA charges banks for overnight money. It is known as the Discount Rate.

The Hongkong Association of Banks – the HKSAR's banking cartel – was widely expected to follow suit when it sat on Friday by cutting its lending and deposit rates by 50 basis points, too.

This is because the Hongkong dollar is pegged to the US dollar and, as such, the HKSAR cannot go it alone and must follow that which the US does in order to keep the Hongkong dollar a stable currency.

But one swallow does not make a spring: There will have to be other rate cuts in order to have any appreciable impact on investor confidence in the months to come.

Certainly, the property market of the HKSAR will benefit from the half-a-point, interest-rate cut, and this was made only too obvious by trading on The Stock Exchange of Hongkong Ltd as the prices of many property counters started to move up.

Noticeably, New World Development Company Ltd (Code: 17), a stock that has been quiet for a great length of time, was one of the recipients of the interest-rate cut. Its share price rose nearly 13 percent to $HK10.45 per share.

Henderson Land Development Company Ltd (Code: 12) was another winner as management saw its share price rise 10.26 percent to end the day at $HK41.90, just off the high point of the day of $HK42.

The decision, of the US Fed to cut the rate at which banks lend to each other, was nearly one month earlier than had been expected; and, it came at what had to be an emergency meeting, last Wednesday in Washington.

The Fed did not wait for its scheduled Open Market Committee Meeting, scheduled to be held at the end of January, to take the definitive action of slashing interest rates, so important was the move perceived to be in the wake of the widespread selling of equities, worldwide.

The action of the Fed resulted in the Dow Jones Industrial Average, rising about 2.81 percent to 10,945.75 points, while the broader-based and heavily laden NASDAQ Composite Index rose a record-breaking, one-day gain of 14.17 percent to 2,611.69 points.

As was noted on Tuesday in New York, the (US) National Association of Purchasing Management (NAPM) had recorded startling revelations about the US economy.

Clearly, that must have frightened the powers-that-be in Washington. (Please see Tuesday's report on this subject)

Adding to the statistics, which must indicate that things are not all that good in the US economy, was a report from Detroit, Michigan, in respect of motor-car sales for the month of December.

According to industry data, sales of domestically produced motor cars fell about 18 percent in December, compared with the record for sales of motor cars in December 1999.

And, then, another *'hit'* was when it was reported that spending on construction in the US had fallen in the month of November, for the first time since July.

The US Commerce Department reported, late last Wednesday, Washington time, that there had been a 0.60-percent decrease in construction spending in November, following a 0.80-percent increase in construction spending in October.

That represented a 180-degree turn, it was pointed out.

Any one of the above economic statistics would have been enough to turn economists back to the drawing board, but, coming as they did, all in one lump, so to speak, it must have been frightening to Dr Alan Greenspan and his merry men at the Fed.

And, then, yet another corporate failure was recorded: Musicmaker.com decided to call it a day and played its swan song.

The lack of funds to continue doing business prompted the board of directors of this online music company to throw in the towel.

Billions of US dollars must have been wiped out with this loser since, at one time, the share price of Musicmaker.com was about $US281 (about $HK2,178) before it plummeted down to earth at $US2.87 (about $HK22.25) per share.

The company was listed on The New York Stock Exchange in July 1999 so that its life had been just 17 months.

Playing the hi-tech game is not all that it is cracked up to be, regardless of the hype of some of the US and Canadian stockbrokers.

The following is The Hongkong Stock Exchange's list of the double-digit gainers and losers of last Thursday:

Name of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
Allied Properties (HK) Ltd	56	14.29		0.40
APT Satellite Holdings Ltd	1045	12.71		3.325
Asia Satellite Telecommunications Holdings Ltd	1135	17.50		18.80
Bestway International Holdings Ltd	718		11.43	0.031
China Everbright Technology Ltd	256	10.00		0.44
China Investments Holdings Ltd	132		10.81	0.165
Emperor (China Concept) Investments Ltd	296	24.24		0.041
Emperor International Holdings Ltd	163	10.20		0.54
Emperor Technology Venture Ltd	283	11.24		0.198
Global Green Tech Group Ltd	274	11.22		1.09
Golik Holdings Ltd	1118	16.00		0.29
Hon Kwok Land Investment Company Ltd	160	11.76		0.285
Kin Don Holdings Ltd	208	15.15		0.038
Lai Fung Holdings Ltd	1125		12.77	0.205
Mansion House Group Ltd	376		13.51	0.32
Northern International Holdings Ltd	736	15.15		0.038
Online Credit International Ltd	185	20.29		0.083
PetroChina Company Ltd	857	11.11		1.40
Sinolink Worldwide Holdings Ltd	1168	10.00		0.33
South China Online Ltd	619		11.48	0.108
Tomorrow International Holdings Ltd	760		15.26	0.161
Truly International Holdings Ltd	732	15.63		3.70
vLink Global Ltd	563	10.00		0.088
Wonson International Holdings Ltd	651	16.13		0.036

On The Growth Enterprise Market (The GEM), trading continued to be very subdued as investors turned their attentions to the Main Board, neglecting the speculative end of the market by a wide margin.

The Growth Enterprise Index moved up just 0.86 percent to 305.22 points on a Total Turnover of just $HK92.98 million.

Gainers were ahead of losers by the ratio of about 2:One.

Phoenix Satellite Television Holdings Ltd (Code: 8002) continued to dominate trading as 8.48 million of its shares were traded, representing about $HK17.96 million, or about 19.32 percent of the Total Turnover.

Phoenix Satellite ended the session at $HK2.10 after hitting a high of $HK2.15 per share.

Emperor Entertainment Group Ltd (Code: 8078), a relatively new listing, having first gone to The GEM on December 19, 2000, after its 96-million Share Offer was 32 times oversubscribed, took the second slot on the Most Active list as about 8.07 million of this Albert Yeung Sau Shing company's shares changed hands.

The share price of Emperor Entertainment ranged between a low of $HK1.16 and a high of $HK1.19, ending the day at $HK1.18.

(For a full analysis of this company, please see last Friday's TARGET Intelligence Report, Volume III, Number 4)

There were no double-digit movers.

Japan opened its stock-market doors for the first time in 2001, last Thursday, following a long break in order to celebrate the ending of 2000 and the beginning of the new year.

But the Japanese paid little heed to what was taking place in New York or Washington: Japan had its own domestic problems, which took centre stage.

The Tokyo Stock Exchange – half day session only for last Thursday – saw its Nikkei-225 fall 94.20 yen to 13,691.49 yen.

The losses came as *'Japan Incorporated'* was digesting statistics with regard to industrial output for the month of November 2000, statistics that were released only recently.

According to the statistics, compiled by the Japanese Government, Japan may still be in the grips of a recession.

Unemployment, it was reported, had hit an 8-month high; retail sales had fallen for the 44th month in a row.

With the US economy on the ropes, so to speak, Japan is looking at the very real prospects of its major market, buying fewer and fewer of its goods and services.

The half-day session left few Japanese investors in any doubt as to the near-term direction of The Tokyo Stock Exchange.

In other Asian bourses, this is how the situation stacked up, last Thursday:

Indonesia	Plus 0.99 percent
Japan	Minus 0.68 percent
Malaysia	Plus 0.97 percent
Singapore	Plus 3.18 percent
South Korea	Plus 7.02 percent
Taiwan	Plus 4.93 percent
Thailand	Plus 2.47 percent

Friday

Asia continued to be bullish, during the last day of the week, marking what must have been considered an auspicious beginning of the new year.

Every Asia bourse was in positive territory, by the day's close, as investors ploughed into equities with the certainty that interest-rate cuts would continue, periodically, and that the US Federal Reserve's 50-basis-point reduction was just the start of a campaign to bolster the US economy.

Which had to be good for the rest of the world, the logic went.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it was announced that The Hongkong Association of Banks (HKAB) had cut its deposit rate, the first time that it has done such a thing since May 1999.

The cut was exactly the same as the Fed's interest-rate reduction: 50 basis points.

Further, Mr Peter Wong Tung Shing, Chairman of the HKAB, said that other rate cuts were *'a high probability'*.

Major banks in the 416 square-mile territory cut their Prime Lending Rates in sympathy with the determination of the HKAB.

The action of the HKAB was totally expected and had been factored into the stock market's run-up.

High interest rates in the HKSAR, persisting over the past few years, have thwarted attempts by property developers to sell completed units at what they saw as reasonable levels of profitability, be they domestic or commercial units.

The Main Board of The Stock Exchange of Hongkong Ltd continued to be bullish, following on from Thursday's gains, as the Hang Seng Index rang up another 1.40 percent, ending the week on the very positive note of 15,447.61.

The Total Turnover remained relatively high, at a respectable $HK15.08 billion, helped by trades in the 3 leaders of the Top Ten Most Active counters: HSBC Holdings plc (Code: 5); Cheung Kong (Holdings) Ltd (Code: 1); and, China Mobile (Hongkong) Ltd (Code: 941).

Among these 3 counters, investors paid out more than $HK3.90 billion in order to buy shares in their stock-market *'darlings'*. The value of these trades was equal to nearly 26 percent of the Total Turnover.

HSBC Holdings tacked on another 2.16 percent to the week's gains, ending the session at $HK118.50, after hitting the record high of $HK120 per share.

Cheung Kong, on the other hand, had a difficult time of it, resulting in investors, refusing to buy into the Li Ka Shing company at a price, which was higher than Thursday's closing level of $HK104 per share.

China Mobile was another counter that ran into flak as investors, having grown fat with short-term profits in trading in this counter, decided to cash out, resulting in the price of the shares of the PRC's biggest mobile telephone operator, being trapped within a $HK1.60 channel. It closed at $HK43.50, up 1.40 percent on the day.

Without question, banks were the beloved ones of last Friday as The Bank of East Asia Ltd (Code: 23), the largest, local Chinese bank in the HKSAR, saw its share price rise another 1.19 percent to hit a one year's high of $HK21.20.

It was the ninth, most-active counter of the day.

Another major bank, a subsidiary of HSBC Holdings and the second, largest local Chinese bank, was not forgotten as Hang Seng Bank Ltd (Code: 11) became the sixth, most-active stock of the day with its share price, rising nearly one percent to end the week at $HK107.

It was reasoned that, with interest rates falling, banks would be recipients of any bullishness in the property, manufacturing and export markets.

The ratio of gainers to losers on The Stock Exchange of Hongkong Ltd was not that far apart, however, at 1.03:One.

About 59 percent of all counters, however, either refused to budge from Thursday's closing levels or were totally neglected.

Again, it was clear that the market was being very selective.

The following is a list of the biggest movers of last Friday as investors of the HKSAR continued to feel more bullish about the near-term prospects of the stock market:

Name of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
Asia Tele-Net and Technology Corporation Ltd	679	22.00		0.061
AV Concept Holdings Ltd	595	13.33		0.68
Benefun International Holdings Ltd	1130	11.00		0.222
Bestway International Holdings Ltd	718	12.90		0.035
Chinese Estates Holdings Ltd	127	13.98		1.06
CIG-WH International (Holdings) Ltd	621	10.77		0.216
e2-Capital (Holdings) Ltd	378	10.00		0.44
Ecopro Hi-Tech Holdings Ltd	397	12.50		0.018
Esprit Holdings Ltd	330	11.43		7.80
Fourseas.com Ltd	755		10.53	0.017
Great Eagle Holdings Ltd	41	11.63		15.60
Mansion House Group Ltd	376	15.63		0.37
Millennium Sense Holdings Ltd	724		10.00	0.36
New World Development Company Ltd	17	10.05		11.50
New World Infrastructure Ltd	301	10.42		5.30
Pearl Oriental Cyberforce Ltd	988	14.81		0.031
Prestige Properties Holdings Ltd	75	16.28		0.50
Prosper eVision Ltd	979		14.86	0.315
Shougang Concord Grand (Group) Ltd	730		10.34	0.26
Sino-i.com Ltd	250		12.00	0.11
Solartech International Holdings Ltd	1166		12.50	0.014
South China Industries Ltd	413		10.71	0.25
South China Online Ltd	619	14.81		0.124
SunCorp Technologies Ltd	1063		14.00	0.043
Tomorrow International Holdings Ltd	760	26.09		0.203
Victory City International Holdings Ltd	539	15.07		0.42
vLink Global Ltd	563		10.23	0.079
Wing Lee Holdings Ltd	876	10.13		0.435
Wireless InterNetworks Ltd	261	10.00		0.011

Yanion International Holdings Ltd	82	21.54		0.79
Yeebo (International Holdings) Ltd	259	35.00		0.54

The most shocking piece of news in the HKSAR was that Mr Li Ka Shing's Pacific Century CyberWorks Ltd (Code: 8) was having trouble in getting banks to come to its cash-raising party.

According to reports, in its efforts to raise about $US4.70 billion (about $HK37 billion), it had had to sweeten the pot by offering coupons with higher interest rates than had been offered in the past.

Pacific Century CyberWorks has shed about 75 percent of its value in a period of about 8 months and banks are not too happy about that fact.

Bank of China, HSBC Holdings, Barclays Bank and a host of others banking institutions have stuck their toes in the sand, demanding high interest rates – and Mr Li Ka Shing has acceded to their demands, agreeing to pay between 85 basis points and 145 basis points over the London Interbank Offer Rate.

Pacific Century CyberWorks has been selling assets, over the past year, in order to make the company more acceptable to its bankers.

The seeming investor euphoria in Asia came after a mild sell-off on Wall Street, following Wednesday's shock announcement about the 50-basis-point, interest-rate cut by the Fed.

Last Thursday, the Dow Jones Industrial Average lost 33.34 points to hit 10,912.41.

This fractional loss was mirrored against losses on the NASDAQ Composite Index, which gave up 49.86 points, or about 1.91 percent, as it headed down to 2,566.83 points.

However, in aftermarket trading, things started to pick up, once again, and Asia saw this as a sign to buy while the going was still good.

What Asia did not know, during office hours, was that General Motors, the world's Number One manufacturer of motor cars, had decided to close down, albeit temporarily, 8 US assembly plants.

And more closures were being scheduled, an announcement from the Detroit-based company stated. (Please see Wednesday's report for more on this subject)

On the HKSAR's poor answer to Wall Street's NASDAQ, The Growth Enterprise Market (The GEM), investors started to play some of the old favourites.

To say that investors' gambling instincts were returning would be incorrect, but it was a fact that the Total Turnover on this speculative market did rise to about $HK123.68 million.

Phoenix Satellite Television Holdings Ltd (Code: 8002) continued to be on the top of all buying orders as about 20.07 million Phoenix Satellite shares changed hands, with the price, rising to $HK2.175, up 3.57 percent, compared with Thursday's closing level.

The dollar value of trades in this counter represented 35.26 percent of the Total Turnover.

The Growth Enterprise Index registered a fractional gain of just 0.06 percent, ending the week at 305.40 points.

Without the gains in the share price of Phoenix Satellite, it was a sure bet that The GEM would have suffered a reversal of fortunes.

In spite of The Growth Enterprise Index, registering a gain, the ratio of losers to winners was about 1.92:One, with about 38 percent of all counters, seeing no trading, at all.

In The Land of The Rising Sun, investors shrugged off Thursday's selling pressure, pushing up the Nikkei-225, the main index of The Tokyo Stock Exchange, by 176.12 yen, ending the day at 13,867.61 yen.

Electronics were strong with Sony Corporation, gaining 4.50 percent, Fujitsu, putting on 3.40 percent, Matsushita Electrical Industries, up 3.90 percent, and Hitachi, rising 4.30 percent.

But trading was light, by and large, and the mini rally was not considered to be of any great shakes.

The week, an exciting one, all round, showed, if anything, that international power States would not sit on its hands and let the major economies of the world collapse into recession.

It is a pity that the Arabs and the Israeli Jews do not take note of such definitive action by the US Government, action which is aimed at maintaining the financial status quo.

The following list is how Asia ended the first week of 2001:

Indonesia	Plus 2.19 percent
Japan	Plus 1.29 percent
Malaysia	Plus 0.95 percent
Singapore	Plus 2.82 percent
South Korea	Plus 4.09 percent
Taiwan	Plus 3.10 percent
Thailand	Plus 2.87 percent

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