

**THE U.S. FEDERAL RESERVE DOES ITS THING,
BUT IT'S NOT ENOUGH TO TURN THE TIDE**

Asia was waiting for Wednesday, Hongkong time, to make certain that the predictions about the financial initiatives, in the works in Washington, the US, would come to pass.

The initiatives were, in order of importance to Asia: A 50-basis point cut, or higher, in the interest rates; and, US President George W. Bush's promised income-tax reductions.

The Stock Exchange of Hongkong Ltd was relatively quiet for most of the day and would have been in the red had it not been for a few diehard investors that caused selective counters to rally, mostly due to investors' optimism of an interest-rate reduction in the US - which would cascade down to the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

The Hang Seng Index, the Main Board's guide to that market's direction, finished last Monday's session at 16,044.21 points, up 55.06 points, or about 0.34 percent.

The Total Turnover of the day was about \$HK9.40 billion, not unlike the daily Total Turnovers, prior to the Lunar New Year celebrations.

Wall Street was closed, of course, since when Asia is working on Mondays, the US markets are still asleep - and so Asia had to try to outguess what would happen when Wall Street came to life on Tuesday, Asia-time.

Over the Lunar New Year holidays, a number of international events of some importance had taken place.

The Philippines had had a change of government, following widespread protests in the streets of Manila, touched off by allegations that former President Joseph Estrada had been corrupt.

He had been replaced by Vice President Gloria Macapagal-Arroyo, whose ascension to power, by mob rule rather than by the force of law, may soon be questioned.

In Indonesia, President Abdurrahman Wahid was under threat, too, as riots raged through the Capital City, Djakarta, calling for his resignation. The rioters were claiming that President Wahid was, also, corrupt.

It seemed that Asia was being ruled by mobs of the unruly elements of certain countries, with the military of those countries, tending to bow like stalks of bamboo at the height of a typhoon.

The political situations in Indonesia and the Philippines did not, directly, affect the HKSAR, but, indirectly, all those HKSAR listed companies with interests in the Philippines and/or Indonesia would, eventually, feel the pressure.

In Asia, while business is of paramount important, of course, that which separates one territory from another is the stability of the government of the day.

The HKSAR has had a very stable government since the Chief Executive, Mr Tung Chee Hwa, was enthroned in office by the Standing Committee of the National People's Congress, by popular demand of the people of the HKSAR - those people that mattered, that is.

Throughout the morning session of The Stock Exchange of Hongkong Ltd, very little action was seen as many investors stayed clear, being uncertain of the market's direction.

The Hang Seng Index ended the morning session at 16,019.66 points. This compared with the previous close of January 23, the eve of Chinese New Year, when it stood at 16,044.21 points.

The slow, 90-minute afternoon session differed from the morning session only slightly, but trading in the shares of HSBC Holdings plc (Code: 5) made all the difference.

HSBC Holdings was the most active counter of the day as about 13.44 million of this bank's shares changed hands.

The share price of HSBC Holdings rose to a near record level of \$HK121, a gain over the January 23 closing level of \$HK118.50, or about 2.11 percent.

The turnover in this counter, at about \$HK1.63 billion, represented about 17.34 percent of the Total Turnover of the day.

But, other than trading in the shares of the monster-banking conglomerate, investors seemed to be toying with the market rather than making any serious, long-term commitments.

In spite of the Hang Seng Index, making a fractional gain, losers outpaced gainers by the ratio of about 1.26:One, with about 66 percent of all the counters, either seeing no action or holding onto the ground they held on January 23.

There were a few interesting spots in the otherwise dull trading day, but nothing of any earth-shaking importance.

The following is a list of the double-digit movers of last Monday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Resources Transportation Holdings Ltd	899	34.09		0.059
Celestial Asia Securities Holdings Ltd	1049	14.04		0.325
China Apollo Holdings Ltd	512	11.11		0.09
China DigiContent Company Ltd	1197		12.00	0.022
Daido Group Ltd	544	28.19		0.191
Earnest Investments Holdings Ltd	339	12.68		0.80
Glorious Sun Enterprises Ltd	393	11.11		1.30
iRegent Group Ltd	575		10.14	0.31
Leading Spirit High-Tech (Holdings) Company Ltd	606		12.50	0.035
Peace Mark (Holdings) Ltd	304	10.20		0.054
Prestige Properties Holdings Ltd	75	10.00		0.495
Sound International Ltd 342	342	12.94		0.096
SunCorp Technologies Ltd	1063	10.20		0.054
Truly International Holdings Ltd	732	12.23		3.90
Wing Lee Holdings Ltd	876	10.00		0.66

Yue Fung International Group Holdings Ltd	965	11.90		0.047
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The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd (The GEM) was a little different in its complexion from the Main Board, in that The Growth Enterprise Index was decidedly down, down in fact by about 1.38 percent, hitting 320.26 points.

Strangely, in spite of The GEM's Index, being in the red, gainers were ahead of losers by the ratio of about 1.11:One.

The Total Turnover on this speculative marketplace was \$HK139.69 million on a volume of about 184 million shares.

Neolink Cyber Technology (Holdings) Ltd (Code: 8116) was the most active counter of the day as 29.49 million of its shares found new owners.

The cash value of those transactions was about \$HK33.51 million, or just about 24 percent of the Total Turnover of this market.

Neolink Cyber Technology was, also, the biggest gainer of the day, as its share price ran to \$HK1.18, up about 29.67 percent, compared with the close on January 23.

The only other big mover of the day was Grandmass Enterprise Solution Ltd (Code: 8108), the share price of which gained 26.05 percent, rising to 15 cents per share.

The volume of trading in this counter, 276,000 shares in all, represented a cash value of less than \$HK40,000.

Needless to say, Grandmass Enterprise was not one of the 10 Most Active counters of the day, but its share price was pushed much higher on very sparse trading volume .

In Japan, it was another story again as the Nikkei-225, the '*barometer*' of The Tokyo Stock Exchange, added about 1.09 percent to its value, rising to 13,845.28 yen, after investors took the view that the US economy would be given a boost in the arse by the US Federal Reserve, which was scheduled to meet last Tuesday and Wednesday.

The gains of last Monday marked the end of a 4-day losing streak for Tokyo.

Investors on this market, the most important in Asia, took the view that, perhaps, all was not lost, after all, and that the US economy would recover before the end of the year.

Japan considers the US as the most important single market for her products, with good and very valid reason.

Sony Corporation, the largest consumer electronics manufacturer in Japan, managed a 20-yen gain over the previous closing as investors bought into the giant, pushing the share price up to 8,590 yen. In the previous week of losses, Sony had shed about 5.62 percent of its market capitalisation.

Canon Incorporated, one of Japan's largest camera makers, shed about 2.26 percent of its value, falling to 4,310 yen.

Canon's losses added to the previous week's losses when this company saw about 1.12 percent, stripped off its value.

Hikari Tsushin, one of Japan's leading Internet-related companies, was a major loser as about 7.28 percent was sliced off its share price, which fell to 2,800 yen.

Softbank, another Internet-investment company, followed Hikari Tsushin, giving up about 8.82 percent of its market capitalisation, falling to 6,300 yen per share.

The performance of Softbank, last Monday, compared unfavourably with the previous week's trading pattern, which saw Softbank gain 28.20 percent of its value.

By and large, however, Japan was not the place to look to trade in equities.

In other Asian markets, this was the situation as investor awaited, once again, the pleasure of the Chairman of the US Federal Reserve, Dr Alan Greenspan:

Indonesia	Minus 0.90 percent
Japan	Plus 1.09 percent
Malaysia	Plus 0.67 percent
The Philippines	Minus 1.28 percent
Singapore	Plus 1.37 percent
South Korea	Plus 0.81 percent
Taiwan	Plus 2.87 percent
Thailand	Plus 0.13 percent

Tuesday

Share prices tumbled on The Stock Exchange of Hongkong Ltd as investors were, clearly, shaken by a number of international events, plus the continued uncertainty as to what the US Federal Reserve would do about the stalled US economy on Tuesday and Wednesday, Washington time.

But, once again, it was trading in the shares of one of the biggest banks in the world that propped up the Hang Seng Index, the accepted guide to the direction of trading on the Main Board.

The Hang Seng Index finished the day at 15,893.07, down 206.75 points, or about 1.28 percent, compared with Monday's close.

Totally, about 11.58 million shares in the Issued Share Capital of HSBC Holdings plc (Code: 5) changed hands during the trading session, with the share price held tightly within a \$HK2.50 bandwidth.

HSBC Holdings's closing level of \$HK120.50 per share, the lowest level of the day, represented a loss on Monday's close of about 0.41 percent.

The activity in this counter represented about 14.30 percent of the Total Turnover of about \$HK9.79 billion, which was not too dissimilar to Monday's Total Turnover.

Asia was primarily concerned about the US economy and what action the Fed would take to kick-start it, but also lurking in the background, there were ominous signs, which appeared to point to rough times ahead.

On Monday in New York, investors pushed up the NASDAQ Composite Index by about 2.05 percent. The NASDAQ's closing level of 2,838.34 points represented a gain for the year of about 15 percent.

The Dow Jones Industrial Average, on the other hand, put on just about 0.40 percent, rising to 10,702.19 points, which represented a gain of about 0.70 percent since the start of 2001.

While the statistics looked promising, more sophisticated investors were not much impressed as they saw problems, looming on the horizon.

One of the many problems, perceived and real, was a report from Detroit, Michigan, where the DaimlerChrysler AG announced one of the biggest cuts in its workforce in history.

Totally, about 26,000 workers in the world's second largest, motor vehicle manufacturer will hit the streets, looking for alternate sources of employment.

The cuts in the workforce will take effect over the next 3 years and represents about 20 percent of the total workforce of the manufacturing giant.

Then, from Amazon.com came news that the online retailer would be laying off 1,300 workers, equal to about 15 percent of its workforce.

Amazon.com continues to lose money, with the last quarter's results, to December 31, 2000, bringing the losses to about \$US545 million (about \$HK4.24 billion).

Amazon.com made the statement that it would not run out of money, regardless of its not-impressive record of trading results.

Asia could not deny the facts of the many and varied problems, being faced by the world's largest economies, and the reaction to the plethora of public announcements, plus other statistical information about the US economy in general, put the fear of God into investors in the world's most populous area.

The Ten Most Active counters on The Stock Exchange of Hongkong Ltd, all the counters, being blue chips, of which 4 counters are controlled by the Li Ka Shing Faction, accounted for about 57 percent of the Total Turnover.

All of Mr Li Ka Shing's counters lost substantial ground and, of the Ten Most Actives, only one counter, Hongkong Exchanges and Clearing Ltd (Code: 388), which is not a Li Ka Shing company (at least, not yet), managed to take the high ground - and that was only a 5-cent increase in price.

To say that the market in the HKSAR was very selective would have been to state the obvious.

Losers outpaced gainers by the ratio of about 2.43:One, with about 63 percent of all counters, either not seeing any movement in their share prices, or being completely neglected by investors.

One bit of mildly interesting corporate news came from China United Holdings Ltd (Code: 273), which has demanded that B-Tech (Holdings) Ltd (Code: 412) schedule a Special General Meeting of Shareholders of B-Tech (Holdings) in order to consider and, if thought fit, pass the proposals to set the maximum number of Directors of B-Tech (Holdings) and to appoint certain parties to the Board of Directors of the ailing company.

Among the proposed members to be added to the Board of B-Tech (Holdings) is the Managing Director of China United, Mr Wilson Chung, the requisition, under the aegis of The Companies Ordinance, Chapter 32 of the laws of the HKSAR, demands.

The battle begins.

(Please see last Wednesday's TARGET Intelligence Report, [Volume III, Number 19, for more information on B-Tech \(Holdings\)](#))

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Bestway International Holdings Ltd	718	14.81		0.031
Daido Group Ltd	544		19.90	0.153
EC-Founder (Holdings) Company Ltd	618		10.00	0.90
Extrawell Pharmaceutical Holdings Ltd	858	13.39		0.127
Fourseas.com Ltd	755	22.22		0.022
Gay Giano International Group Ltd	686		11.67	0.265
Kin Don Holdings Ltd	208		18.60	0.035
Millennium Group Ltd	260	10.98		0.091
Pacific Plywood Holdings Ltd	767	25.00		0.085
Perennial International Ltd	725		10.81	0.32
Simsen International Corporation Ltd	993		11.76	0.045
SunCorp Technologies Ltd	1063	14.81		0.062
Victory Group Ltd	1139		12.12	0.029
Wah Tak Fung Holdings Ltd	297		16.67	0.035
Wonson International Holdings Ltd	651	12.50		0.036
Yue Fung International Group Holdings Ltd	965		14.89	0.04

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Growth Enterprise Index was shot down to a new 2-year low of 311.19 points: It lost 2.83 percent of its value during Tuesday's trading, which saw its Total Turnover fall to \$HK116.26 million.

The lower Total Turnover on a falling market may be taken as a good sign, under normal conditions, but watchers of this speculative market - the worst, performing market in the world - have learned not to put too much store in fundamental principles, which would apply to most other markets, but appear not to apply to The GEM.

Neolink Cyber Technology (Holdings) Ltd (Code: 8116) was suspended from trading and announced to the world that, since January 24, 2001, it had been negotiating with '*an enterprise in the People's Republic of China (the "PRC"), which is an independent third party . for a possible acquisition of the share capital in a joint venture in the PRC .*'

Then, it announced, later in the day: '*On 30 January 2001, the Purchaser, being a wholly- owned subsidiary of the Company (Neolink Cyber Technology) entered into the Agreement in relation to the conditional acquisition by the Purchasers of 55% equity interest in Shenzhen Max Com . The total consideration in the amount of HK\$14,950,180 will be settled by the Group by (i) allotting and issuing the Consideration Shares at the issue price of HK\$0.947 per Consideration Share and (ii) a cash consideration of HK\$934,580 .*'

Neolink Cyber Technology was the most active counter on Monday as 29.49 million of its shares changed hands, with the share price, rising to 29.67 percent over the January 23 price, to \$HK1.18 per share.

The deal with Shenzhen Max Com was consummated, therefore, at a discount to Monday's closing level of about 24.29 percent.

No doubt, there will be an investigation into this situation by the HKSAR Authorities.

The most active counter on The GEM, last Tuesday, was Rupert Murdoch's Phoenix Satellite Television Holdings Ltd (Code: 8002).

A total of about 17.06 million Phoenix Satellite Television shares were traded with its share price, being shaved by 5.03 percent to \$HK1.89 per share, just one cent off the low of the day.

Trading in this one counter accounted for about 28.48 percent of the Total Turnover of the day.

There were no double-digit gainers or losers of the day with Mr Li Ka Shing's '*wild card*', tom.com Ltd (Code: 8001), being the biggest loser as its share price dropped 9.17 percent to close the day out at \$HK2.475.

The ratio of losers to gainers on this market was 2.30:One.

In Japan, The Tokyo Stock Exchange was, once again, very dull as the Nikkei-225 ended the session at 13,826.65 yen, having barely moved all day, but losing 18.63 yen by the closing bell.

Gainers were ahead of losers by the ratio of about 1.25:One as Asia's largest bourse awaited the pleasure of Dr Alan Greenspan.

Japan's largest manufacturer of personal computers, Fujitsu, gained nearly 3 percent over Monday's closing level, to end the day at 1,977 yen.

Sony Corporation, one of the largest manufacturers of electronic consumer products in the world, saw its share price knocked down to 8,460 yen, continuing its decline by enjoying a loss of about 1.51 percent over Monday's close.

Most of the movements were of a fractional nature although a couple of counters did manage to make material gains. But these were limited to hi-tech enterprises, by and large, which were following Wall Street's lead of Monday.

The share price of Softbank, an international investor in a number of Internet-related companies, 8 companies of which are listed on The New York Stock Exchange, rose 600 yen per share, or about 9.52 percent, to hit 6,900 yen by the close.

Hikari Tsushin, another company in just about the same genre as Softbank, joined in the proceedings with a gain of about 7.14 percent as its share price rose to 3,000 yen.

For most of the bread-and-butter companies, however, gainers and losers were restricted to fractions.

In other parts of Asia, this was the situation on the most important Asia bourses:

Indonesia	Plus 0.79 percent
Japan	Minus 1.03 percent
Malaysia	Plus 0.39 percent
The Philippines	Minus 1.06 percent
Singapore	Plus 1.53 percent
South Korea	Minus 0.87 percent

Taiwan	Plus 1.98 percent
Thailand	Minus 2.20 percent

Wednesday

All of Asia's major stock markets rose, last Wednesday, but the gains were, completely, unconvincing.

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 reported a gain of about 1.32 percent on its Hang Seng Index.

The Index rose to 16,102.35 points, to be sure, but the Total Turnover fell to \$HK8.28 billion, the lowest level of trading of the week and about 12 percent lower than Monday's sorry volume of activity.

The leading lights of the Hang Seng Index were, in their respective order, China Mobile (Hongkong) Ltd (Code: 941) and HSBC Holdings plc (Code: 5).

Trading in China Mobile, the largest mobile telephone company in the PRC, represented about 10.51 percent of the entire day's proceedings, while trading in the shares of one of the biggest banks in the world, HSBC Holdings, represented about 9.90 percent of the Total Turnover.

The share price of China Mobile, following investors, having traded about 17.52 million of its shares, gained about 1.22 percent, rising to \$HK49.80, while HSBC Holdings managed to squeeze out another gain of about 0.83 percent, ending the day at \$HK121.50 per share.

The ratio of gainers to losers was about 1.64:One in a market that had to be described as being very quiet, compared with the booming markets of early in the 2000 year.

News wise, there was little to stimulate trading since all eyes were still glued on Wall Street, which, in turn, was awaiting the pleasure of Dr Alan Greenspan and the US Federal Reserve's determination with regard to the direction of interest rates.

In respect of Wall Street, last Tuesday, the Dow Jones Industrial Average managed a gain of about 1.70 percent, rising to 10,881.20 points, while the broader-based NASDAQ Composite Index marked time, closing at 2,838.35 points.

While everybody and his cat had decided that the Fed would have to lower interest rates in the US by at least 50 basis points, until the Fed made the official announcement, investors stayed, pretty much, on the sidelines.

The Fed had made statements, the previous week, via Dr Alan Greenspan, its Chairman, that the US economy had stalled and that it was incumbent on the Fed to try to restore its former momentum.

The thinking was that, if the Fed reduced interest rates by too big a whack at one swallow, it could send a panic message to the world - and that would be about the worst thing that could happen.

While the world waited, reports continued to pour out of the largest, single economy of the world as to lower consumer spending, layoffs, and the financial plight of many dot.com companies.

Adding to the many problems, reports continued to flood in that more companies were planning massive lay-offs of staff.

The double-digit movers on The Stock Exchange of Hongkong Ltd, last Wednesday, included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
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401.com Ltd	401	10.00		0.011
Daido Group Ltd	544	13.73		0.174
Deson Development International Holdings Ltd	262	12.12		0.037
Gay Giano International Group Ltd	686	13.21		0.30
Glorious Sun Enterprises Ltd	393	10.00		1.43
Good Fellow Group Ltd	910	10.53		0.63
Innovative International (Holdings) Ltd	729	11.11		0.10
Medtech Group Company Ltd	1031		12.50	0.035
Min Xin Holdings Ltd	222	10.53		0.63
Next Media Ltd	282	12.05		0.465
Seapower Resources International Ltd	269	16.67		0.14
Skynet (International Group) Holdings Ltd	577		26.32	0.084
Truly International Holdings Ltd	732	11.11		4.25
Victory City International Holdings Ltd	539		18.92	0.30
Wah Lee Resources Holdings Ltd	1215		10.53	0.017
Wah Tak Fung Holdings Ltd	297	17.14		0.041
Yeebo (International Holdings) Ltd	259		13.33	0.52

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, Neolink Cyber Technology (Holdings) Ltd (Code: 8116) continued to be the stock to watch, following its share-price antics on Monday and Tuesday, which pre-empted 2 official announcements on Tuesday. (Please see Tuesday's report on this company)

Totally, about 32.51 million Neolink Cyber Technology shares were traded, with the share price, fluctuating between a low of \$HK1.18 and a high of \$HK1.26.

It ended the day at \$HK1.19 per share, down 0.85 percent on Tuesday's closing level.

The Growth Enterprise Index crawled back about 1.41 percent of its losses of Monday and Tuesday, running back to 315.57 points.

The Total Turnover of the day was about \$HK128.66 million, of which figure, trading in the shares of Neolink Cyber Technology accounted for about 30.31 percent.

tom.com Ltd, Mr Li Ka Shing's gamble, was the second, most-active counter of the day as its share price rebounded about 8.08 percent to close at \$HK2.675 after \$HK19.45-million worth of this stock changed hands.

Trading in this company's stock represented about 15.12 percent of the Total Turnover.

abc Multiactive Ltd (Code: 8131) made its debut, and the software company's Management must have been delighted that trading in this company's shares hit 7.88 million.

It had Placed 41,876,000 shares so that the turnover on this counter represented about 18.82 percent of the Placement shares.

The share price rose from a low of \$HK1.24 to a high of \$HK1.50 before ending the day at \$HK1.45, representing a gain of nearly 21 percent over the Placing Price of \$HK1.20 per share. (For a full analysis of this company, please see last Wednesday's [TARGET Intelligence Report, Volume III, Number 19](#))

The ratio of gainers to losers on this market was nearly equal, at about 1.10:One.

There were just 2 double-digit movers for the day, one rising and one falling.

The lone, double-digit gainer was Proactive Technology Holdings Ltd (Code: 8089), whose share price rose 11.48 percent to 34 cents - down from \$HK1.38 on May 10, 2000 - while the lone, double-digit loser was Prosten Technology Holdings Ltd (Code: 8026), its share price, being shaved by 10.71 percent, falling to 75 cents - down from \$HK4.50 per share on March 21, 2000.

In Japan, it was another nothing day as investors on The Tokyo Stock Exchange waited, like the rest of the world, on the Fed.

Tokyo's Nikkei-225 inched up about 16.90 yen to end the day at 13,843.55 yen with no discernable pattern to trading.

If anything, the market was dominated by short-term players, wanting to take intraday trading profits - if they could.

Securities trading houses were being targeted as potential losers for this year since the volume of activity on Japan's major bourses, at Tokyo and Osaka, has been low of late.

One of the heavyweights in Japan's securities industry, Nomura Securities, shed about 3.79 percent of its value, falling to 2,160 yen, off about 85 yen on Tuesday's close.

Nikko Securities, a close-runner to Nomura, lost 16 yen per share, falling to 848 yen, a drop of about 1.74 percent on Tuesday level at the close of trading.

In the hi-tech sector of the market, Sony Corporation continued to give up ground, losing another 10 yen per share, falling to 8,450 yen, while Japan's largest manufacturer of personal computers, Fujitsu, lost about 14 yen per share, falling to 1,963 yen.

By and large, however, trading was very dull: One could even go so far as to call it nearly dead.

This is the way that other parts of Asia looked at the close of the trading day, last Wednesday:

Indonesia	Plus 2.23 percent
Japan	Plus 0.12 percent
Malaysia	Plus 0.39 percent
The Philippines	Plus 1.11 percent
Singapore	Plus 1.53 percent
South Korea	Plus 4.49 percent
Taiwan	Plus 2.48 percent
Thailand	Plus 2.32 percent

Thursday

Well, the US Federal Reserve did its thing, reducing interest rates by 50 basis points, as had been expected, but Wall Street did not seem to like it.

And Wall Street's displeasure is the world's bane.

Investors on The New York Stock Exchange, on hearing the news, that the Fed had cut interest rates from 6 percent to 5.50 percent, sold the market, with the result that the Dow Jones Industrial Average lost about 0.06 percent, falling to 10,887.36, topped by the broader-based NASDAQ Composite Index, which gave up 2.31 percent, falling to 2,772.73 points.

As the saying goes: Buy on rumour; sell on the news.

And so it was, last Wednesday, during the booming trading session on the world's largest stock exchange.

Also, from the US came news that the US economy slowed markedly in the last quarter of 2000, posting its weakest quarter's growth in the past decade.

The Gross Domestic Product (GDP) grew by just 1.40 percent, annualised, in the last quarter of 2000, compared with a growth of 2.20 percent in the third quarter.

The fourth quarter results were much worse than most economists had been predicting.

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 saw its Hang Seng Index gain 61.64 points by the close of trading, as the blue-chip gauge became stuck at 16,163.99 points.

The gains for the day, as meagre as they were, were split evenly between the morning and the afternoon sessions.

The Total Turnover continued to be very low at about \$HK9.49 billion, with the same 2 counters, that made all the 'noise' on Wednesday, continuing to be the most widely traded counters.

China Mobile (Hongkong) Ltd (Code: 941), the Number One on the Ten Most Active list, saw a total of about \$HK1.09-billion worth of its stock change hands, with the share price, ending the day at \$HK50.50.

This represented a gain on the day of about 1.41 percent.

HSBC Holdings plc (Code: 5) continued to be the dominant banking issue on this bourse as about 7.52 million of its shares found new owners.

The closing level of the stock of this bank, one of the largest in the world, was \$HK120, equal to a fall of 1.23 percent on its closing level of Wednesday.

Trading in China Mobile and HSBC Holdings represented about 21 percent of the Total Turnover of the day.

Gainers and losers were nearly equal, but losing counters outran gaining ones by the ratio of about 1.06:One.

About 67 percent of the entire market, either went untraded or maintained their closing levels of Wednesday.

The reaction to the US Fed's move in the HKSAR was that the Hongkong Monetary Authority followed the lead, slashing overnight interest rates in the 416 square miles by an equal amount to the Fed's 50 basis points, bringing down its rates to 7 percent.

Once again, double-digit movers were few and far between on The Stock Exchange of Hongkong Ltd as the following table illustrates:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139	17.86		0.033
City e-Solutions Ltd	557	10.34		0.32
e2-Capital (Holdings) Ltd	378	11.90		0.47
Global China Technology Group Ltd	1105	12.28		0.64
Hongkong Pharmaceutical Holdings Ltd	182	10.13		0.87
LifeTec Group Ltd	1180	13.04		0.39
Lippo Ltd	226	13.33		1.70
Nam Fong International Holdings Ltd	1176	14.29		0.056
Nanjing Panda Electronic Company Ltd	553	12.16		2.075
Ngai Hing Hong Company Ltd	1047	10.00		0.33
Pricerite Group Ltd	996		15.09	0.45
San Miguel Brewery Hongkong Ltd	236	11.69		1.72
Softbank Investment International (Strategic) Ltd	648		12.07	1.02
Truly International Holdings Ltd	732		11.18	3.775
Victory City International Holdings Ltd	539		16.67	0.25
Victory Group Ltd	1139		11.11	0.024
Wah Lee Resources Holdings Ltd	1215		23.53	0.021

On the so-called hi-tech sector of The Stock Exchange of Hongkong Ltd, known as The GEM, short for The Growth Enterprise Market, it was another bad day as The Growth Enterprise Index followed the NASDAQ Composite Index - down.

The Growth Enterprise Index shed about 1.13 percent of its value, falling to 312.86 points on an increased volume of activity, which hit \$HK161.01 million.

Aside from the antics in New York, another factor crept into trading on this marketplace: Confirmation was obtained that another listed company on this market had sacked staff.

hkcyber.com (Holdings) Ltd (Code: 8118), an associate of the Main Board's Skynet (International Group) Holdings Ltd (Code: 577 - The Main Board), owned as to about 15 percent, confirmed that it had let go about 10 percent of its staff in an attempt to try to make ends meet.

Since the middle of last year, more than 1,500 staff members, engaged in Internet-related companies, have been let go from their jobs, for one reason or another.

hkcyber.com was untraded, last Thursday, but the bid price, at 21 cents per share, represented a loss of about 4.55 percent, compared with Wednesday's quote.

The most-active counter of the day was Wah Sang Gas Holdings Ltd (Code: 8035) as investors spent more than \$HK50.91 million on *'playing'* this counter.

At the end of the day, Wah Sang Gas's price was \$HK6.05 per share, a drop of 6.20 percent, compared with Wednesday's closing level.

Neolink Cyber Technology (Holdings) Ltd (Code: 8116) dropped back to second place on the Most Active list as about 19.51 million of its shares were traded, with the share price, dipping back to \$HK1.17, a fall of about 1.68 percent on the day.

Rupert Murdoch's Phoenix Satellite Television Holdings Ltd (Code: 8002) came in in third place on the Most Actives, with its share price, rising to \$HK1.91, a gain of 1.06 percent.

The ratio of losers to gainers, last Thursday, was about 1.60:One with the 3 top movers, representing about 56.44 percent of the Total Turnover.

There were no double-digit movers.

In Japan, Wall Street was said to have been partly responsible for the selling of hi-tech counters on Asia's most important stock market.

The Nikkei-225 lost about 117.60 yen, falling back to 13,779.55 yen, or about 0.64 percent.

Sega, a major producer of computer software, among other things, announced late on Tuesday that it had given up manufacturing its playstation and left the field to Sony.

An official announcement said that it would take a massive *'hit'* on the closure of its playstation.

The announcement was liked by the market, so up went Sega's share price by about 17.75 percent, hitting 1,990 yen.

Most counters made either marginal gains or losses, with Sony and Fujitsu, hardly moving.

This was how the situation looked on other Asian stock markets, last Thursday, on reaction to the Fed's initiative:

Indonesia	Plus 1.17 percent
Japan	Minus 0.85 percent
Malaysia	Closed
The Philippines	Minus 1.06 percent
Singapore	Minus 0.45 percent
South Korea	Minus 0.91 percent
Taiwan	Minus 0.64 percent
Thailand	Minus 0.54 percent

Friday

There was just too much negative news, being issued forth from both Asia and the US, to allow Asian investors to have too much confidence in investments in equities over the short-term.

And so, aside from some parochial issues and a couple of local financial incentives, which did, it appeared, assist some of Asia's less important stock markets, the major stock markets of Asia headed south, last Friday.

The Stock Exchange of Hongkong Ltd saw its Main Board's Hang Seng Index fall by 0.57 percent on continued weakness that put the Total Turnover at the lowest level for many a month: \$HK6.96 billion.

The same 2 counters dominated trading: China Mobile (Hongkong) Ltd (Code: 941); and, HSBC Holdings plc (Code: 5). These 2 counters represented about 15.52 percent of the entire volume of activity for the day.

However, last Friday, both blue chips suffered along with investors' loss of confidence: China Mobile's share price was shaved by about one half of one percent, ending the week at \$HK50.25; while, HSBC Holdings's share price lost 0.42 percent, falling back to \$HK119.50.

While the losses of the leaders were held to fractions, it was not the case for Mr Li Ka Shing's flagship company, Cheung Kong (Holdings) Ltd (Code: 1), the share price of which lost about 1.45 percent of its value, falling to \$HK102.

Cheung Kong was the fifth, most active counter of the day.

The quiet stock market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) saw the ratio of gainers to losers at about 1.09:One with about 65 percent of the market, either holding onto Thursday's closing levels or being neglected by investors.

To say that investors were confused would have been to state that which everybody knew because there were conflicting signals, coming from many directions, causing what appeared to be widespread misunderstanding.

Adding to the confused situation were diverse opinions as to what this and that meant in the big picture.

From New York came news, on Thursday, New York time, that investors were in love with Wall Street.

They pushed up the blue-chip index on The New York Stock Exchange, the Dow Jones Industrial Average, by 96.27 points, about 0.88 percent, to 10,983.63.

The broader-based NASDAQ Composite Index, laced as it is with hi-tech and Internet-related counters, edged up just 0.36 percent to 2,782.79.

It was the highest close for the Dow since November 2000.

Also, from the US came a Government report that indicated that the manufacturing activity in the world's largest economy slumped in January to its lowest levels since March 1991.

The question being raised last Thursday: Has the US economy entered a recessional period?

If the US Federal Reserve was sufficiently worried about the new statistics, the thinking was that it would stimulate its Chairman, Dr Alan Greenspan, to cut interest rates, yet again.

But there were, also, pressing problems of a more immediate nature: Closures of businesses; staff sackings; and, threats of corporate failures.

Financial news and market data company, Bridge Information Systems, announced that it would be seeking the protection of the New York Bankruptcy Court, following one of its creditors, filing a Bankruptcy Petition against the internationally known company.

Bridge, more than 25 years old, admitted that it had been struggling with its burden of debts for some months.

As at last Thursday, the total indebtedness of the company stood at \$US800 million-plus (about \$HK6.22 billion).

Closer at home, it was announced by publicly listed Hutchison Whampoa Ltd (Code: 13) that it would be seeking a refinancing scheme for some of its maturing loans and, as such, it would be pitching a \$US1.50-billion bond issue (about \$HK11.67 billion).

Hutchison raised \$US2.50 billion in January (about \$HK19.45 billion), also.

Also, close to home, Hewlett-Packard Pacific went in with its axe, cutting jobs, estimated to be about 2 percent of its workforce.

Of less significance was a report from Mr Li Ka Shing's Pacific Century CyberWorks Ltd (Code: 8) that it was having a bit of a problem over its Network of the World (NOW): It would be sacking some of its staff.

The London, England, office of NOW was reported to have been preparing letters to let about 50 of its staff leave its offices, for good.

In December 2000, Pacific Century CyberWorks announced that it would cut its annual spending back to about \$US200 million (about \$HK1.56 billion).

The share price of this Li Ka Shing company has been under pressure for some months, having lost about 22 percent of its market capitalisation since December 2000.

And from the PRC, it was announced that Etang.com, a PRC Internet-content provider, was planning to cut its staff by about 26 percent.

That is about 57 people will be given their pink slips.

The signs were ominous.

The following is a list of the few double-digit movers on the Stock Exchange of Hongkong Ltd of last Friday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Resources Transportation Holdings Ltd	899		10.71	0.05
China Strategic Holdings Ltd	235	13.51		0.126
Compass Pacific Holdings Ltd	1188	12.90		0.70
Cosmos Machinery Enterprises Ltd	118	11.11		0.30
DCP Holdings Ltd	497	14.58		0.55
First Pacific Company Ltd	142	10.10		2.725
Gay Giano International Group Ltd	686	20.00		0.39
The Hongkong and Shanghai Hotel Ltd	45	11.17		4.975
Lamex Holdings Ltd	312	11.86		0.066
Lippo Ltd	226		10.59	1.52
Multifield International Holdings Ltd	898	10.39		0.17

Pacific Plywood Holdings Ltd	767		10.00	0.072
Paul Y.-ITC Construction Holdings Ltd	498	10.00		0.33
renren Media Ltd 59	59		10.00	0.036
Shun Cheong Holdings Ltd	650		11.11	0.28
Trans-Ocean Investment and Technology Ltd	1207	10.00		0.55
Wah Lee Resources Holdings Ltd	1215	33.33		0.028

On the speculative Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was a very similar story to what was happening on the Main Board.

The Growth Enterprise Index lost about 0.31 percent of its value, falling to 311.05 points. The Total Turnover was about \$HK91.93 million.

Losing issues outnumbered rising ones by the ratio of about 1.36:One as investors were, clearly, concerned about many of the companies, listed on this marketplace.

There were just 2 counters, whose respective share prices made any kind of a significant jump, but both went in opposite directions.

Qianlong Technology International Holdings Ltd (Code: 8015) saw its share price rise by 33.33 percent, hitting 84 cents by the close of trading, while Systek Information Technology (Holdings) Ltd (Code: 8103), took it on the nose as its share price fell 15.94 percent, ending the week at 29 cents per share.

Qianlong Technology was listed on December 7, 1999 at \$HK1.06 per share, while Systek Information was listed on September 4, 2000 at \$HK1.50 per share.

In Japan, it was another quiet day on The Tokyo Stock Exchange as the Nikkei-225 shed another 76 yen, falling to 13,703.63 yen in listless trading conditions.

Once again, large investors were, clearly, absent from the trading floors as share prices eased, mostly fractionally, although there were a few bright spots.

The hi-tech sector of the market was singled out by some investors as Sony Corporation lost another 3.33 percent of its market value, falling to 8,160 yen per share, NEC Corporation gave up 1.48 percent of its value, dropping back to 2,330 yen per share, and Japan's largest manufacturer of personal computers, Fujitsu, shed 2.50 percent of its share price, dropping back to 1,900 yen per share.

Securities companies, by and large, held on to Thursday's closing levels in spite of it being noted that business was more than sluggish on the most important stock market in Asia.

And this was how other Asia stock markets finished off the week of February 3, 2001:

Indonesia	Plus 4.97 percent
Japan	Minus 0.55percent
Malaysia	Plus 1.18 percent
The Philippines	Plus 0.03 percent
Singapore	Minus 0.29 percent
South Korea	Minus 0.62 percent

Taiwan	Plus 2.57 percent
Thailand	Plus 1.10 percent

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

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