

ASIA THUMPED BY WALL STREET'S GYRATIONS
BANK OF JAPAN LOWERS DISCOUNT RATE BY 30 PERCENTILE POINTS

Armed, as it was with the previous Friday's widespread losses on Wall Street, share prices retreated on a broad front throughout most of Asia, last Monday, led by South Korea's Seoul's Composite Index, which shed more than 4.80 percent of its value.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gave up about 1.50 percent of its value, falling to 15,830.84, but on a lower-than-normal Total Turnover, which just hit \$HK6.62 billion.

The low volume of activity was, perhaps, the most promising aspect of the second, most-important market in Asia since there was little else to promote it.

A low volume of activity on a falling market, more often than not, indicates that investors are unwilling to let go at the lower levels.

Losers were well ahead of gainers by the ratio of about 2.28:One, with about 63 percent of all counters, either being neglected by shareholders or holding onto their levels of the previous Friday (February 2).

On The New York Stock Exchange, the previous Friday, share-price falls were the largest in a single day's activity, an amount not seen since late December 2000.

The losses were based, mainly on fears of a flagging US economy, which was seen, if it comes to pass and if it was confirmed by the US Commerce Department, as likely to knock the stuffing out of many a hi-tech enterprise.

The Dow Jones Industrial Average lost 119.53 points, or about 1.09 percent, falling to 10,864.10, while the broader-based NASDAQ Composite Index gave up 122.28 points, or about 4.39 percent, dropping back to 2,660.51 points.

Wall Street was still staggering from a number of blows – a decided lack of consumer confidence, and poor trading results for stock-market '*darlings*', being the biggest headaches -- and the US Federal Reserve's 50 basis-point, interest-rate cut of the week, ended February 2, was not seem as having done that which had been anticipated, mainly because it had already been factored into stock-market prices.

The US stock markets wanted even further interest-rate cuts – and quickly.

Over the weekend, the US Government unleashed its unemployment statistics, which indicated that the number of people without any means of financial support had risen in the month of January, but only slightly.

Oil prices had, also, risen over the weekend due to another snap of very cold and blustery weather. It hit \$US31 per barrel, having clawed back \$US1.37 per barrel.

This did not bode well for the US; and, that which is bad for the US is perceived as being very bad for Asia, especially.

On The Stock Exchange of Hongkong Ltd, telecommunications companies and hi-tech enterprises were hit very hard on widespread considerations that the US slowdown would affect sales of goods and services to the world's largest economy.

China Mobile (Hongkong) Ltd (Code: 941) was, once again, the most actively traded counter as about 12.07 million of its shares were traded with the share price, being pushed down from a high of \$HK50 to a low of \$HK48.30.

It closed the day at \$HK48.60 per share, just off the low, representing a fall, compared with the previous Friday's quote, of about 3.28 percent.

Trading in the largest, mobile telecommunications company in the People's Republic of China (PRC) represented about 8.91 percent of the Total Turnover.

And in second place on the Ten Most Actives was, as is becoming boring to report, one of the largest banking groups in the world: HSBC Holdings plc (Code: 5).

Held tightly in a \$HK1.50 bandwidth for the entire trading day, the share price of HSBC Holdings ended up by losing about 0.42 percent of its value, with the last trade of the day, being \$HK119 per share, just 50 cents off the high.

Trading in this counter represented about 7.10 percent of the entire volume of activity.

The Ten Most Active counters accounted for about 49 percent of the Total Turnover of the day.

There was little corporate news to stimulate the stock market of the Hongkong Special Administrative Region (HKSAR), with TravelSky Technology Ltd (Code: 696), a new listing on the Main Board, announcing subscriptions for its shares, amounting to about 7 times the 270.32 million shares that had been on offer.

The following is TARGET's list of double-digit movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Anex International Holdings Ltd	723		10.78	0.182
City e-Solutions Ltd	557	20.63		0.38
Dailwin Group Ltd	897		13.33	0.52
EC-Founder (Holdings) Company Ltd	618		15.00	0.68
Global Link Cyber International Ltd	140	10.90		0.173
Guangnan (Holdings) Ltd	1203		11.11	0.088
HyComm Wireless Ltd	499	27.05		0.15
Lippo Ltd	226	14.47		1.74
Medtech Group Company Ltd	1031		10.53	0.034
renren Media Ltd	59	11.11		0.04
San Miguel Brewery Hongkong Ltd	236	19.25		2.075
Skynet (International Group) Holdings Ltd	577		17.44	0.071
Wah Tak Fung Holdings Ltd	297	12.50		0.045
Yue Fung International Group Holdings Ltd	965		11.90	0.037

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gave up another 1.54 percent, falling to a new 2-year low of 306.26 points.

The Total Turnover on this market was about \$HK94.22 million, of which figure, one counter represented about 28.15 percent of that volume of activity.

Neolink Cyber Technology (Holdings) Ltd (Code: 8116) was the counter that hugged investors' attention on this speculative market as about 22.51 million of its shares changed hands.

Its share price was contained to within a 4-cent bandwidth, ending the day at \$HK1.17, midway, exactly, between its low and its high of the day.

The big loser of the day was Qianlong Technology International Holdings Ltd (Code: 8015) as its share price shed a whopping 40.48 percent, falling to 50 cents, even.

There was only one, double-digit gainer: GreaterChina Technology Group Ltd (Code: 8032). Its share price rose exactly 10 percent to close the day at 27.50 cents.

The ratio of losers to gainers was 2.60:One with about 52 percent of all counters, either not seeing any trades at all or holding onto their previous closing levels.

In Japan, investors on Asia's biggest bourse were, clearly, shaken by what had transpired on Wall Street on Friday, February 2.

Investors on the main stock market of The Land of the Rising Sun, The Tokyo Stock Exchange, saw their Nikkei-225 stumble 318.11 yen, about 2.32 percent, falling to 13,385.52 yen as declining issues outpaced advancing ones by the ratio of about 3.15:One.

Canon Incorporated, a leading manufacturer of cameras, computer printers, etc, announced that its cost-cutting measures had helped to boost its Net Profits. It announced Net Profits that had risen to 134.09 billion yen (about \$HK9 billion) for the Financial Year, ended December 31, 2000.

Canon's share price ended the day at 4,050 yen for a loss of about 90 yen, or about 2.17 percent.

Securities company, Nomura Securities Company, announced that Net Income for the 3 months to December 31, 2000 had fallen about 53 percent, compared with the like period in 1999, to 36.60 billion yen (about \$HK2.47 billion).

The Bottom Line was down about 57.27 percent to about 37.60 billion yen.

Nomura's share price fell nearly 4 percent in short order, from the previous Friday's level of 2,270 yen to 2,180 yen.

Specialist electronics manufacturer, Alps Electric, was one of the big losers of the day as its share price gave up about 5.47 percent, falling to 1,210 yen, just off the low of the day.

Bridgestone Tire, having been out of the spotlight for some months in spite of the publicity, surrounding its killer tyres, lost about 2.63 percent of its value, falling back to 1,038 yen.

Fuji Heavy Industries caught the eye of some investors as they saw its share price pared by about 4.43 percent, falling to 799 yen.

But it was in the hi-tech sector of the market that the biggest losses were experienced.

Management of Hikari Tsushin, a big investor in a number of NASDAQ-listed companies, was forced to sit back to see its share price retreat by about 8.61 percent to 2,495 yen.

Softbank, which could be considered a type of follower of Hikari Tsushin since it does, just about, engage parallel activities as Hikari Tsushin, at least in the investment world, lost another 1.97 percent of its market capitalisation, falling to 5,680 yen.

The previous week's gainer, Sega, having stopped the manufacture of its game-station unit, Dreamcast, was marked down by about 10.53 percent as its share price ended the day at 1,700 yen, a loss of exactly 200 yen, compared with the previous Friday's close.

And so it went on, with one counter after another, seeing its share price tumble.

In other parts of Asia, this was the situation, last Monday, at the close of trading:

Indonesia	Plus 1.54 percent
Japan	Minus 2.32 percent
Malaysia	Minus 0.59 percent
The Philippines	Minus 1.05 percent
Singapore	Minus 1.17 percent
South Korea	Minus 4.82 percent
Taiwan	Minus 1.93 percent
Thailand	Minus 1.50 percent

Tuesday

The Total Turnover slipped even lower last Tuesday, to about \$HK6.17 billion, as trading on Asia's second-largest stock market became even more quiet.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index gain about 0.52 percent, rising to 15,913.24 points, with gainers ahead of losers by the ratio of about 1.21:One.

Nearly 60 percent of all counters were either neglected, completely, or just managed to hold onto Monday's closing levels.

Asia could hardly blame trading on The New York Stock Exchange for the situation in the most populous region of the world because the Dow Jones Industrial Average finished the first day of trading, last week, up about 0.94 percent, to 10,965.85, after flirting with the 11,000 level for much of the day.

The NASDAQ Composite Index, laced as it is with a number of huge, hi-tech counters, fell about 0.65 percent to 2,643.21 points, which added a little to the previous Friday's 4-percent loss.

The data, pouring out of the US, of late, is considered very bearish.

The latest figures, from the National Association of Purchasing Management (NAPM), showed its gauge of the US economy's non-manufacturing sector, being at its most lacklustre pace since July 1997.

The manufacturing sector of the NAPM survey, which was released the previous week, indicated that the US economy is in the grips of a recession, and had been in recession since June 2000.

To investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), all this is taken with a pinch of salt because they have heard it, and heard it, and heard it ... and they are very tired of hearing it.

The thinking is that the incoming US Administration will take very definitive steps to put the US economy back on track so that the current economic hiccough will be over in short order.

On a positive note, it was reported from New York that Bridge Information Systems, which had filed for protection from its creditors in the New York Bankruptcy Court, the previous week, had won a reprieve, with lenders to this \$US1.4-billion, debt-ridden company, willing to convert part of the debt for equity.

During the reorganisation of the company, its largest single shareholder, Welsh, Carson, Anderson and Stowe, which has control of its Board of Directors, will inject \$US150 million into Bridge to keep it afloat.

On the negative side of the ledger, however, it was reported that online toy trader, eToys, will call it a day: It is bust.

Totally, the Los Angeles-based company will put about 293 more people on the streets, following a paring of about 700 of its former workers, only months ago.

eToys is a NASDAQ listed company and its shares finished last Monday's session at about 28 cents (US), each.

On The Stock Exchange of Hongkong Ltd, investors went for Mr Li Ka Shing's trio of companies, led by trading in Hutchison Whampoa Ltd (Code: 13) as about 4.92 million of this huge company's shares were traded. It was the most active counter.

The share price of Hutchison was shot down to \$HK100, even, a fall of about 1.48 percent compared with Monday's closing level.

Trading in this counter's shares represented about 7.94 percent of the Total Turnover of the day.

Cheung Kong (Holdings) Ltd (Code: 1) was the fourth, most-active counter, with trading in this company's shares, representing about 5.19 percent of the total activity on the market.

Cheung Kong's share price finished the day at \$HK102, unchanged from Monday's close.

Lastly, Pacific Century CyberWorks Ltd (Code: 8), the fifth, most-active counter, being responsible for about 4.05 percent of the Total Turnover, lost 1.07 percent of its market capitalisation, falling to \$HK4.625 on a volume of about 54.16 million shares.

China Mobile (Hongkong) Ltd (Code: 941) was relegated to the second spot on the Ten Most Actives and, after about 10 million of its shares were traded, its share price rose about 0.62 percent to end the day at \$HK48.90, midway between the day's high and low.

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Resources Transportation Holdings Ltd	899	11.76		0.057
Benefun International Holdings Ltd	1130	25.00		0.25
China DigiContent Company Ltd	1197		10.53	0.017
China Strategic Holdings Ltd	235	18.80		0.158
Far East Hotels and Entertainment Ltd	37	11.11		0.50
Gay Giano International Group Ltd	686	14.29		0.48
Guangnan (Holdings) Ltd	1203		14.77	0.075
MAE Holdings Ltd	851		12.50	0.07
Ocean Shores Group Ltd	764		10.20	0.44
Proview International Holdings Ltd	334	10.64		0.52
renren Media Ltd	59		10.00	0.036
Rivera (Holdings) Ltd	281	12.00		0.28
Shougang Concord Grand (Group) Ltd	730	10.71		0.25
The Sincere Company Ltd	244	23.33		0.37
SiS International Holdings Ltd	529	11.54		0.58
Skynet (International Group) Holdings Ltd	577		40.85	0.042
Swank International Manufacturing Company Ltd	663		12.50	0.056
Tai Cheung Holdings Ltd	88	11.28		1.48
Tse Sui Luen Jewellery (International) Ltd	417	25.00		0.22
Wo Kee Hong (Holdings) Ltd	720	13.33		0.102
Yue Fung International Group Holdings Ltd	965	13.51		0.042

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gained about 0.42 percent to hit 307.55 points by the close of trading.

The Total Turnover rose to \$HK103.37 million, which was hardly anything about which to brag, but it was, after all, better than a kick in the head.

The ratio of losers to gainers was nearly equal at about 1.23:One, with about 64 percent of all counters, either being neglected by investors or simply holding onto Monday's levels.

Neolink Cyber Technology (Holdings) Ltd (Code: 8116) was the most active counter of the day, with trading in this company's shares, representing about 24.18 percent of the entire volume of activity for the day.

Neolink Cyber's share price closed at \$HK1.19 for a 1.71-percent gain over Monday's close.

There was no special news from any of the listed companies on this market.

The following is a list of the 4, double-digit movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
hkcyber.com (Holdings) Ltd	8118		22.50	0.155
L.P.Lammas International Ltd	8029	10.20		0.54
Proactive Technology Holdings Ltd	8089	14.29		0.40
Qianlong Technology International Holdings Ltd	8015	16.00		0.58

NTT DoCoMo Incorporated took Japan's investment community somewhat by surprise, last Tuesday, as it announced details of its 950-billion-yen (about \$HK64 billion) fund-raising activity.

The company said that it would issue 460,000 new shares at 2.066 million yen per share. It was the biggest share sale in Japan's history.

The issue price was a 3-percent discount to the closing level on Monday on The Tokyo Stock Exchange.

NTT DoCoMo is Japan's largest company in terms of market capitalisation.

It plans to use the proceeds of the share issue to fund a 16-percent stake in AT&T Wireless Group, an investment which will set the Japanese giant back about \$US9.80 billion (about \$HK76.34 billion).

Investors on The Tokyo Stock Exchange marked down the Nikkei-225 by nearly one percentage point, to 13,269.85 yen, led by consumer electronic counters, which got the brunt of the selling pressure.

The share price of Fujitsu, Japan's largest manufacture of personal computers, was hit about 1.88 percent as its shares were marked down to 1,825 yen.

Consumer electronics manufacturer, Hitachi, lost about 2.55 percent of its share price, falling back to 1,033 yen.

NEC, the largest chipmaker in Japan, saw its share price fall about 3.06 percent to 2,220 yen in heavy trading.

Banks, also, were hit hard, though, as Chuo Mitsui Trust and Banking Company shed about 5.48 percent of its value to hit 276 yen while Tokai Bank lost about 2.31 percent of its market value, ending the day at 466 yen.

Banks were under pressure because it was held that, with falling share prices, they would be hurt, badly.

In the Internet-related sector of the market, Softbank staged a recovery as its share price rose about 8.27 percent to end the day at 6,150 yen, and Hikari Tsushin put on a spurt, gaining about 8.82 percent of its value to 2,715 yen.

Securities companies, once again, were hit as Nikko Securities lost about 2.90 percent of its value, falling to 803 yen, and Nomura Securities gave up another 1.61 percent of its value, falling to 2,145 yen per share.

While it would be fair to state that Asia's stock markets did not move too much, either way, last Tuesday, it would also be correct to add to that, that the majority of investors were far more pessimistic than optimistic as the following indicates:

Indonesia	Minus 1.93 percent
Japan	Minus 0.86 percent
Malaysia	Plus 0.11 percent
The Philippines	Plus 0.74 percent
Singapore	Minus 0.29 percent
South Korea	Plus 1.28 percent
Taiwan	Minus 1.41 percent
Thailand	Minus 1.17 percent

Wednesday

Trading in the latest newcomer to The Stock Exchange of Hongkong Ltd boosted trading on Asia's second largest bourse, last Wednesday, which saw the Main Board's Hang Seng Index rise about 0.86 percent to end the day at 16,049.47 points.

The Total Turnover of the day was about \$HK7.12 billion, with trading in the shares of newcomer, TravelSky Technology Ltd (Code: 696), representing about 9.41 percent of the Total Turnover.

Management of TravelSky Technology (please see last Wednesday's [TARGET Intelligence Report, Volume III, Number 24](#), for a full analysis of this company) saw a total of about 147.29 million of its shares traded, with the share price, fluctuating within a 60-cent channel of \$HK4.30 and \$HK4.90.

The company, controlled completely by organs of the Government of the People's Republic of China (PRC), offered, globally, 270.32 million shares at \$HK4.25 per share. The closing price, therefore, at \$HK4.775, represented a gain over the Offer Price of about 12.23 percent.

The Hang Seng Index was, undoubtedly, influenced by trading in TravelSky Technology, and this was evidenced by the fact that declining issues outpaced advancing ones by the ratio of about 1.30:One.

Asia was still watching Wall Street, very closely, because there was a lot happening on the world's largest stock market.

It was announced, late last Tuesday night, New York time, that Razorfish Incorporated, one of the oldest and most, well-established Internet consulting and design companies in New York, has laid off about 400 of its staff due to a slowing down of revenues.

That was the second cutback in the staff of Razorfish in the previous 4 months.

The layoffs will take immediate effect in Razorfish's offices in New York, Los Angeles, London, England, Frankfurt, Germany, and in 11 other cities.

Razorfish is listed on the NASDAQ and, as at last Wednesday, it was being traded at about \$US1.81 (about \$HK14) per share. This was down about 96 percent from the January 28, 2000 price of about \$US57 per share (about \$HK444).

Frightening stuff!

That was only a little bit of the information, issuing out of the US. The main shocker for many was to learn that employee layoffs in US corporations in January were at record levels.

It was calculated that about 142,208 workers had been let go in January, alone. That figure surpassed the December 2000 figure of about 133,713 workers, who had been given their walking papers.

Job security in the US was, and still is, taking it on the nose.

In New York, last Tuesday, trading on The New York Stock Exchange was cautious, with the Dow Jones Industrial Average, edging down 8.43 points to 10,957.42 points, while the NASDAQ Composite Index managed to eke out a 21.28-point gain, about 0.80 percent, ending the day at 2,664.49 points.

Asia, by and large, was directionless, as had been the case for some weeks, because, while on the one hand, it appeared that the worst fears were unlikely to be realised – the US economy would not be revitalised in the hurry – at the same time, there was no clear evidence as to when the economic turnabout would take place.

Investors on The Stock Exchange of Hongkong Ltd were veering away from hi-tech stocks for fear that that which was taking place in the US could touch Asia's counterparts.

A fair assumption.

Chine Mobile (Hongkong) Ltd (Code: 941) was the second, most-active counter, last Wednesday, as about 12.28 million of its shares changed hands, with its share price, gaining about 1.64 percent to \$HK49.70.

The turnover in this counter represented about 8.43 percent of the Total Turnover.

With the bank reporting season in full swing, investors took punts on blue-chip HSBC Holdings plc (Code: 5) as its share price rose 0.41 percent to \$HK121.

It traded within a \$HK1 range the entire day, closing at its highest level after about 3.90 million shares changed hands. It was the third, most-active counter of the day.

Hang Seng Bank Ltd (Code: 11), a subsidiary of HSBC Holdings plc and the seventh, most-active counter of the day, regained 0.98 percent of its value, climbing back to \$HK103 per share after about 1.98 million of its shares found new owners.

The Bank of East Asia Ltd (Code: 23) was due to make its announcement with regard to its Results for the Financial Year, ended December 31, 2000, late last Wednesday, and it was generally thought that this would set the tone of the market until the next batch of Results came in.

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
sia Standard International Group Ltd	129	11.11		0.20
C.P. Pokphand Company Ltd	43	17.53		0.181
China DigiContent Company Ltd	1197		17.65	0.014
China Strategic Holdings Ltd	235		10.76	0.141
Concord Land Development Company Ltd	1121	35.71		1.14
Cosmos Machinery Enterprises Ltd	118		10.45	0.30
Dah Hwa International (Holdings) Ltd	600		11.80	0.142
Daiwa Associate Holdings Ltd	1037	11.48		0.68
Far East Technology International Ltd	36		10.00	0.36

Fourseas.com Ltd	755	10.00		0.022
Guangnan (Holdings) Ltd	1203	14.67		0.086
Kessel International Holdings Ltd	959	11.57		0.27
Kin Don Holdings Ltd	208	11.43		0.039
Leading Spirit High-Tech (Holdings) Company Ltd	606		11.11	0.024
MAE Holdings Ltd	851	10.00		0.077
Matrix Holdings Ltd	1005	10.34		0.64
Northern International Holdings Ltd	736	13.33		0.034
Ocean Shores Group Ltd	764	25.00		0.55
Pacific Plywood Holdings Ltd	767	12.68		0.08
Playmates Interactive Entertainment Ltd	735		18.29	0.335
renren Media Ltd	59	11.11		0.04
Rivera (Holdings) Ltd	281	17.86		0.33
The Sincere Company Ltd	244	16.22		0.43
Swank International Manufacturing Company Ltd	663		10.71	0.05
Termbray Industries International (Holdings) Ltd	93	11.90		0.47
Zida Computer Technologies Ltd	859	15.25		0.34

Trading on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd was very subdued with its index, hardly moving the entire session.

The Growth Enterprise Index gained just 0.039 percent to end the day at 307.43 points on a Total Turnover of about \$HK91.13 million.

The ratio of gainers to losers was, just about equal, at about 1.11:One.

Investors seemed to be waiting for their cue before making a move on some of the better-polished companies, listed on this very speculative marketplace.

There were just 2 double-digit movers on this market, and they both headed south.

36.com Holdings Ltd (Code: 8036) lost 11.11 percent of its value, falling to 3.20 cents per share and hkcyber.com (Holdings) Ltd (Code: 8118) shed another 16.77 percent of its market capitalisation, falling to 12.90 cents per share.

In both cases, there was no special news from either company to cause their share prices to sink as they did.

In The Land of the Rising Sun, Toshiba Corporation joined the ranks of the world's suffering, hi-tech companies, announcing a flat trading forecast for the year.

Toshiba said that it had downgraded its profit expectations by about 33 percent for the Financial Year, ending March 31, 2001.

Toshiba downgraded its earnings from 137 billion yen to about 96 billion yen (about \$HK6.54 billion).

On The Tokyo Stock Exchange, the Nikkei-225 recovered 96.16 yen, running back to 13,366.01 yen, ending 4 days of dropping prices.

NTT DoCoMo was among the centre of attraction as its share price rose to 2.28 million yen, up about 1.10 million yen, or about 5.07 percent.

Interest in Japan's largest mobile telephone company was due to its share placement. (Please see Tuesday's report on this subject)

The parent company of NTT DoCoMo, Nippon Telegraph and Telephone, joined in the fun as its share price rose 49,000 yen to 832,000 yen, a gain of about 6.26 percent.

Trading in these 2 counters, without question, propelled Japanese investors to trade on Asia's second largest bourse.

On the motor section of the market, Yamaha Motor gained nearly 4 percent to close the day at 838 yen and Toyota Motor Company ran up a 1.04-percent gain to 3,890 yen.

Mazda Motor saw its share price rise about 3.24 percent to 287 yen, but Honda Motor lost about 0.43 percent of its market capitalisation, falling back to 4,750 yen per share. Suzuki Motor's share price rose about 2.68 percent to 1,303 yen per share.

Internet-investor company, Softbank, continued to run into flak as it lost another 200 yen per share, falling to 5,950 yen, a loss of about 3.25 percent.

Hikari Tsushin, a fellow Internet-investor company, followed Softbank, losing about 4.24 percent of its value, falling back to 2,600 yen per share.

Securities companies continued to be weak, but most losses were of a minor nature.

And this was how other parts of Asia fared, last Wednesday:

Indonesia	Minus 1.28 percent
Japan	Plus 0.72 percent
Malaysia	Minus 0.51percent
The Philippines	Minus 0.30 percent
Singapore	Minus 0.26 percent
South Korea	Minus 1.77 percent
Taiwan	Minus 2.66 percent
Thailand	Plus 1.12 percent

Thursday

The Bank of East Asia Ltd (Code: 23) issued its Results for the Financial Year, ended December 31, 2000 – and investors on The Stock Exchange of Hongkong Ltd did not like them, one little bit.

As a result, in part at any rate, share prices fell as the Main Board's Hang Seng Index lost 0.87 percent, falling to 15,909.40 points.

Trading in the shares of The Bank of East Asia represented nearly 4 percent of the Total Turnover of about \$HK7.21 billion.

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

The Bank of East Asia announced Profits Attributable to Shareholders of about \$HK1.87 billion, up about 25.70 percent, compared with the 1999 Financial Year.

The market had been looking for more from this giant banking group, with some analysts, suggesting that the Bottom Line should have been much closer to \$HK2 billion, or greater.

Chairman David Li Kwok Po announced his bank's recommendation for a Final Dividend of 45 cents per share, which, together with the Interim Dividend of 20 cents per share, put the total dividends, paid and to be paid to shareholders, at 65 cents per share, an increase of 22.60 percent, compared with the total dividends, paid out in 1999.

What upset many investors, who claimed to be able to read a Profit and Loss Account, was that the Net Interest Income had risen only about 5.40 percent, Year-on-Year.

That is not an indication of growth in core activities, it was correctly stated.

The Bank of East Asia acquired control of FPB Bank Holdings Company Ltd (Code: 717 – Main Board, The Stock Exchange of Hongkong Ltd) in December 2000 at a price tag of about \$HK3.28 billion.

It would appear that this bank, the largest, independent bank in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), is poised for bigger and better things in the Current Financial Year in view of its infrastructure expansion.

But HKSAR investors were unimpressed, by and large, with the bank's advances and marked down the share price by 4.94 percent to \$HK19.25.

Aside from The Bank of East Asia, the 2 most active counters of the day were China Mobile (Hongkong) Ltd (Code: 941) and Hutchison Whampoa Ltd (Code: 13), with their aggregate trading volumes, accounting for about 15.67 percent of the entire volume of activity for the day.

China Mobile ended the session at \$HK49.10 per share, down about 1.21 percent on Wednesday's close, while the share price of Hutchison Whampoa lost about 1.48 percent of its market capitalisation, falling back to \$HK100, even.

A big loser for the day was Li and Fung Ltd (Code: 494), the fourth, most-active counter of the day, as about 24.92 million of its shares were traded, with its share price, falling about 7.14 percent to \$HK13, even.

The consensus about this company is that, with business, known to be flagging in its major markets – it is an outsourcer of garments and what-have-you – it will suffer, accordingly, before the end of the year is out.

A very logical suggestion, too.

In the US, it was reported that another online, Internet retailing company was having serious trouble.

This time it was the turn of Barnesandnoble.com, which announced that it would have to let go about 16 percent of its staff due to falling sales.

That means that another 350 US workers will be hitting the streets of New York, in short order.

The company forecast a material drop in business for the 2001 Financial Year to somewhere between \$US420 million and \$US475 million, a long way off from earlier predictions of about \$US507 million.

The share price of Barnesandnoble.com fell about 4.60 percent on the NASDAQ, to \$US2.125 (about \$HK16.55).

The '*barometer*' of blue chips on The New York Stock Exchange, the Dow Jones Industrial Average, fell 10.70 points, or about 0.10 percent, to 10,946.72 points, last Wednesday, New York time, as investors were still smarting from the Financial Results of Cisco Systems Incorporated, which were announced late Tuesday.

Cisco Systems, a maker of computer-networking systems, saw its share price fall another \$US4.69 per share to \$US31.06 per share (about \$HK242).

That price represents a retreat of about 19 percent since the start of the year and about 62.12 percent on last year's high of about \$US82 per share.

On the tech-laden NASDAQ, its Composite Index lost another 2.13 percent to end last Wednesday's trading session at 2,607.82 points.

It was hardly any wonder that US investors were more than a little shaken by the turn of events in the US economy; this was playing havoc with stock-market *'darlings'*.

And, while all this was taking place, US President George W. Bush was trying to talk up the markets in the US with his proposals to cut taxes in the largest economy in the world.

Back in the HKSAR, The Stock Exchange of Hongkong Ltd saw the ratio of losers to gainers move further apart, at about 2.82:One, last Thursday.

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139	13.79		0.033
Century City International Holdings Ltd	355		30.67	0.104
China DigiContent Company Ltd	1197		14.29	0.012
COSCO International Holdings Ltd	517	16.67		0.99
Daiwa Associate Holdings Ltd	1037		11.76	0.60
eCyberChina.net Ltd	254	13.39		1.44
Leading Spirit High-Tech (Holdings) Company Ltd	606		20.83	0.019
MAE Holdings Ltd	851		14.29	0.066
Midas Printing Group Ltd	1172		10.71	0.25
Northern International Holdings Ltd	736		11.76	0.03
Pacific Plywood Holdings Ltd	767		15.00	0.068
Paliburg Holdings Ltd	617		27.40	0.106
Regal Hotels International Holdings Ltd	78		10.62	0.202
Silvernet Group Ltd	622	10.39		0.255
Winfoong International Ltd	63		10.71	0.25

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index fell 1.06 percent to 304.17 points on an increased Total Turnover of about \$HK135.09 million.

Techwayson Holdings Ltd (Code: 8089) made its debut and Management of this software company, that tries to specialise in automation and control solutions, must have been delighted to see about 41.42 million of its shares traded at prices that ranged from a low of 77 cents per share and a high of 88 cents per share.

The share price of Techwayson Holdings ended the day at 79 cents per share, down about 14 percent on its Offer Price of 92 cents per share.

(For an analysis of this company, please see [TARGET Intelligence Report, Volume III, Number 21](#), published on Friday, February 2, 2001)

Trading in the shares of Techwayson Holdings represented about 25 percent of the Total Turnover of the day.

It was clear that few GEM companies would be spared, last Thursday, as even the mighty Rupert Murdoch's Phoenix Satellite Television Holdings Ltd (Code: 8002), got hit, with its share price dropping to \$HK1.85, a loss of about 1.60 percent on the day.

The ratio of losers to gainers was about 1.83:One.

There were 4, double-digit movers, last Thursday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
36.com Holdings Ltd	8036		12.50	0.028
Fortune Tele.com Holdings Ltd	8040	13.43		0.76
Grandmass Enterprise Solution Ltd	8108		10.45	0.12
hkeyber.com (Holdings) Ltd	8118		36.43	0.082

In Japan, the big shocker was the fact that trading on The Tokyo Stock Exchange saw the Nikkei-225 drop to a 28-month low.

The Nikkei-225 ended last Thursday at 13,138.23 yen, down about 1.70 percent, or 227.78 yen, compared with Wednesday's close.

During the day, the Nikkei-225 had pierced the 13,000 mark, something that had not been seen since October 1998.

As soon as the premier stock market of Japan opened, it was open season on The Tokyo Stock Exchange.

The reason: There was widespread concern that the Japanese economy had stalled with the belief that all the Emperor's horses and all the Emperor's men could not put the economy, back on track, again.

By the end of the morning session, the benchmark Nikkei-225 had shed about 2.33 percent of its value ... the rest was history.

The Japanese Government, after the market closed, announced that the Gross Domestic Product (GDP) had been revised up from the December 2000 figure, by about 0.20 percent.

The announcement, though slightly positive, was a further indication that the economy is going nowhere, very fast.

Business investment, the Japanese Government's figures indicated, increased by about 1.50 percent in the July-September quarter, compared with the like period, one year earlier.

In December, the figure for business investment had been put down at about 7.80 percent.

These statistics indicates that corporate Japan is not investing very much in new equipment and machinery.

About 60 percent of the GDP is measured in consumer spending and, since spending was lagging, it brought down the GDP with a thump.

Investors took note of all this and marked down prices of companies, listed on The Tokyo Stock Exchange, accordingly.

Major electronics companies got hit hard as Murata Manufacturing saw its share price fall 5 percent, during early trading, but recovered to 12,590 yen, down about 0.24 percent, compared with Wednesday's closing level.

Murata is a major manufacturer of electronic components for the computer industry.

Kyocera, the largest manufacturer of integrated circuits in the world, lost 2.63 percent of its market capitalisation, falling to 11,100 yen per share.

In the case of both Kyocera and Murata, investors knew that, with the US economy nearly on its knees, Japan Incorporated was bound to suffer ... it was just a matter of time.

In the banking sector of the market, Asahi Bank lost 1.88 percent of its value, falling to 314 yen, Bank of Tokyo-Mitsubishi gained just shy of one percent, rising to 1,032 yen per share, Sakura Bank lost 4.63 percent of its value, falling to 639 yen, Sumitomo Bank gave up another 4.17 percent, falling to 1,079 yen, and Sanwa Bank gave up 4.58 percent of its value to hit 730 yen.

Motors were generally mixed as Daihatsu Motor lost 1.23 percent of its value, falling to 721 yen, Hino Motors lost 0.37 percent of its value, falling to 536 yen, Honda gained 3.94 percent of its share price, rising to 4,750 yen, Isuzu Motors shed 1.75 percent of its market capitalisation, falling to 225 yen per share, Nissan Motor put on 0.58 percent of its value, rising to 689 yen per share, and Suzuki Motor struggled to make a 1.84-percent gain, ending the session at 1,327 yen per share.

Mobile telephone operator, NTT DoCoMo was marked down about 5.26 percent to 2.16 million yen per share, while its parent, Nippon Telegraph and Telephone, stayed flat at 833,000 yen per share.

Internet investor Softbank stayed unchanged at 5,950 yen per share, but Hikari Tsushin lost 20 yen per share to close at 2,580 yen.

While Japanese investors were slightly shocked at what was happening in their markets, in other parts of Asia, there was a great deal of subdued trading as the following indicates:

Indonesia	Minus 0.80 percent
Japan	Minus 1.70 percent
Malaysia	Minus 1.27 percent
The Philippines	Plus 1.46 percent
Singapore	Plus 2.04 percent
South Korea	Plus 2.67 percent
Taiwan	Plus 1.14 percent
Thailand	Closed

Friday

As though defying gravity, share prices on Asia's most important bourses either moved to higher ground or held onto previous levels.

Japan seemed to be leading Asian as its premier market, The Tokyo Stock Exchange, had its Nikkei-225 Index rise more than 2 percent, with the opening bell, being the call for Japanese investors to buy into the market as though it could spoil if action were not taken, quickly.

On The Stock Exchange of Hongkong Ltd, the second, most-important stock market in Asia after Japan, the Main Board's Hang Seng Index gave up just 0.23 percent of its value, falling to 15,873.28 after about \$HK7.07 billion-worth of stock changed hands.

Even though the Hang Seng Index was in negative territory, the entire day, gainers were ahead of losers by the ratio of about 1.35:One.

About 62 percent of all the counters, listed on The Stock Exchange of Hongkong, either did not move from Thursday's close or were ignored by the investing public.

In New York, depressing news continued to flow as Razorfish Incorporated announced that it had suffered a loss in its fourth quarter of about \$US19.80 million (about \$HK154.24 million). (Please see Wednesday's report on this subject)

It was the first time in its history that it had reported a loss situation.

Cisco Systems continued its losing streak on The New York Stock Exchange as another 3.41 percent was knocked off its market capitalisation, extending the Wednesday bloodbath, which reduced its value by 13 percent.

Cisco Systems is the world's biggest computer networking company, but it has disappointed the market with its profit forecast for this year.

The New York Stock Exchange, last Thursday, was hardly the place for those with heart problems as the Dow Jones Industrial Average lost 66.17 points, about 0.60 percent, falling to 10,880.55 points.

The NASDAQ Composite Index gave up about 1.75 percent of its value, falling to 2,524.18 points.

The reason for the falls on Wall Street was due to some of the giant, US retailing companies, announcing that difficult times were ahead.

Wall Street investors were agog to data, issuing forth from retailers, since it was a forgone conclusion that they would be badly mauled by consumer spending cutbacks.

As a result, the share price of Kmart was knocked down by about 1.69 percent to \$US8.74 (about \$HK68), Sears Roebuck lost about 3.22 percent of its value, falling to \$US37.60 (about \$HK293), and GAP shed about 11 percent of its value, falling to \$US26.61 (about \$HK207).

The very logical question that many investors and investment bankers were asking last Friday was how many more workers would be laid off in the coming weeks – in addition to corporate failures, of course.

On The Stock Exchange of Hongkong Ltd, China Mobile (Hongkong) Ltd (Code: 941) and HSBC Holdings plc (Code: 5) regained the Number One and Number Two spots on The Most Active list; their combined trades represented nearly 10 percent of the entire volume of activity.

China Mobile saw about 7.60 million of its shares change hands, with its share price, falling about 0.41 percent to end the week at \$HK48.90.

HSBC Holdings lost exactly the same amount as China Mobile, about 0.41 percent of its market value, falling to \$HK120, even.

For a change, the aggregate value of the trades of the Ten Most Actives only represented about 35.36 percent of the Total Turnover of about \$HK7.07 billion.

This would appear to indicate that investors were *'playing'* over a wider field since, normally, the Ten Most Actives represents 55 percent or more of the volume of activity on any given day.

There was very little business news in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Friday, and, as the saying goes: *'No news is bad news for stock markets, which feed on greed and fear'*.

The double-digit movers of last Friday included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Resources Transportation Holdings Ltd	899		10.71	0.05
Asia Standard International Group Ltd	129	13.43		0.245
Dong Jian Tech.Com Holdings Ltd	649	12.86		0.395
Fourseas.com Ltd	755	10.00		0.022
Guangdong Building Industries Ltd	818	47.50		0.59

HyComm Wireless Ltd	499	13.55		0.176
I-China Holdings Ltd	240		11.76	0.09
Interchina Holdings Company Ltd	202	14.46		0.475
Kin Don Holdings Ltd	208		10.00	0.036
New World China Land Ltd	917	10.58		2.875
Pearl Oriental Cyberforce Ltd	988		10.53	0.017
Sinopec Shanghai Petrochemical Company Ltd	338	10.39		0.85
Sinopec Beijing Yanhua Petrochemical Company Ltd	325	10.81		0.82
South East Group Ltd	726	18.75		0.019
U-Cyber Technology Holdings Ltd	91	12.90		0.70

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover rose to \$HK135.51 million, with the market, dominated by trading in just 2 counters: Neolink Cyber Technology (Holdings) Ltd (Code: 8116); and, Phoenix Satellite Television Holdings Ltd (Code: 8002).

The aggregate value of the trades in these 2 counters represented about 44.45 percent of the Total Turnover.

Neolink Cyber Technology gained about 0.85 percent on the day, ending the week at \$HK1.19 per share, while Phoenix Satellite recovered 2.70 percent of its market capitalisation, rising to \$HK1.90 per share.

Techwayson Holdings Ltd (Code: 8089) was, for the second day in the row, up there with the Most Actives, but it was under pressure as about 19.48 million shares changed hands, pushing down the share price to 62 cents after touching a low of 60 cents per share.

In a period of 2 days of trading on The GEM, Techwayson Holdings had lost nearly 33 percent of its value. (Please see Thursday's report on this subject)

In Japan, it was all systems 'go' as Japanese investors went on a buying spree, pushing up the Nikkei-225, the 'barometer' of The Tokyo Stock Exchange, by 284.60 yen to end the week at 13,422.83 yen.

Japan's Central Bank, The Bank of Japan, cut its Overnight Deposit Rate by 30 percentile points to 0.35 percent.

This news was, clearly, known during the trading session in spite of the fact that the bank made the announcement after the market closed for the week.

The easing of the bank's policy toward domestic lending was required, according to Japan's most influential industrialists, in order to reboot the economy, which is, after all, the second largest in the world.

Whether or not Tokyo can hold onto its gains was another matter because Wall Street still pulls the strings on Japan.

Banking counters were among the first to benefit from the easing of interest rates (actually, interest-rate, pre-announcement information would be a more accurate description of the situation), with many of the largest banks, making material gains.

The share price of Asahi Bank gained 1.31 percent, rising to 309 yen, Bank of Tokyo-Mitsubishi put on 6.28 percent to 1,066 yen, Sakura Bank saw its share price rise 3.44 percent to 661 yen, Sanwa Bank's share price rose 1.64 percent to 742 yen, Sumitomo Bank put on 2.59 yen to 1,107 yen, and Tokai Bank's share price rose 1.33 percent to 456 yen.

The feeling was that, with the easing of money, banks and securities houses should benefit.

And, as far as last Friday was concerned, that is what took place.

In the securities section of the market, the share price of Daiwa Securities gained 5.02 percent to 1,150 yen, Kokusai Securities put on 2.31 percent to close at 885 yen, New Japan Securities gained 7.12 percent to 361 yen, Nikko Securities rose 5.56 percent to 855 yen, and Nomura Securities rose 4.52 percent to 2,310 yen.

But these 2 sections of the market were the leaders, with most other counters, managing only fractional gains, in the main.

Only Tokyo's stock market was buoyant, last Friday; most other Asian bourses just limped along, with the exception of those in countries where there is grave political unrest:

Indonesia	Minus 2.92 percent
Japan	Plus 2.17 percent
Malaysia	Plus 0.69 percent
The Philippines	Plus 0.72 percent
Singapore	Minus 0.45 percent
South Korea	Plus 0.66 percent
Taiwan	Plus 0.89 percent
Thailand	Minus 0.85 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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