

**ASIA'S STOCK MARKETS :  
THE SUN FALLS OUT OF THE JAPAN'S SKY**

On very low volume, share prices rose on the Main Board of The Stock Exchange of Hongkong Ltd, last Monday, as the Hang Seng Index gained about 1.21 percent, ending the day at 14,135.26 points.

The gains were looked upon with some trepidation, however, as the Total Turnover was down to about \$HK9.80 billion, hardly the volume that one would expect from a market, trying to recover from previous falls.

What goes up must come down, as the words to the song go.

If anything, gains in the share price of one of the largest capitalised companies, listed on The Stock Exchange of Hongkong Ltd, were responsible, to a great extent, for the Index's rise.

That company was China Mobile (Hongkong) Ltd (Code: 941) whose share price regained 5.57 percent of the losses, incurred during the previous week, closing the day out at \$HK37.90 per share.

China Mobile has shed about 25.68 percent of its market capitalisation since early January when it was trading at \$HK51 per share.

However, even at last Monday's closing level, this company, one of the largest mobile telephone operators in the People's Republic of China (PRC), was trading at about 101 times its historical Price-Earnings Ratio.

About 50.77 million China Mobile shares were traded, last Monday, which translates into about \$HK1.89 billion, or about 19.29 percent of the Total Turnover of The Stock Exchange of Hongkong Ltd, which was about \$HK9.80 billion.

Following closely behind China Mobile, the most-active counter of the day, was HSBC Holdings plc (Code: 5) with a dollar-value turnover in that counter of about \$HK1.37 billion, or nearly 14 percent of the Total Turnover.

HSBC Holdings ended the day at \$HK102.50 per share, representing a loss of about 0.97 percent, compared with the previous Friday's closing level.

Hutchison Whampoa Ltd (Code: 13) was the third, most-active counter of the day as investors marked down this Li Ka Shing company by 0.57 percent to \$HK88 per share.

Totally, about 8.67 million Hutchison shares changed hands before the share price came to rest at near its nadir of the day.

The volume of activity in this counter represented about 7.76 percent of the Total Turnover.

As may be seen by the 3 leading counters, in terms of their aggregate values of trades of last Monday, it was not all sugar and spice, as the ratio of losers to gainers indicated: Losers outpaced gainers by 1.15:One.

Most investors in the Hongkong Special Administrative Region (HKSAR) were of 2 minds as to what to do because there are so many conflicting reports, reports both locally and internationally.

For sure, what was taking place in the world's largest economy, however, was, and probably always will be, the overriding consideration.

The previous Friday (March 2), on The New York Stock Exchange, after the NASDAQ Composite Index shed about 4.20 percent of its value, in early trading, there was a surge of activity as it roared back in late afternoon

trading, cutting off many of the earlier losses.

At the close of the week, it stood at 2,117.70 points, representing a loss of 65.67 points on the day, or 3 percent, on the nose, compared with the previous Thursday's closing level.

As for the Dow Jones Industrial Average, it ended the week at 10,466.31 points, a gain of 16.17 points on Thursday, March 1, or about 0.15 percent.

For the week, ended March 2, 2001, the NASDAQ Composite Index had retreated about 6.40 percent while the Dow Jones Industrial Average had advanced nearly one quarter of one percent, during the 5-day trading week.

Was there a safe haven in the financial storm, sweeping the world's markets?

This was the question that many investors were asking, last Monday in the HKSAR, as the National People's Conference opened in Beijing, the Capital City of the PRC.

While the US stock markets were throwing out, what were considered to be confusing signals, the '*man*', Dr Alan Greenspan, the Chairman of the US Federal Reserve, was muddying the waters, even further.

Dr Greenspan warned on Friday, March 2, that weak equity markets were contrary to the utterances and prayers of lawmakers, who were counting on budget surpluses.

At the same time, he stated that inflation in the US was not of primary concern, at least, not at this juncture.

And, then, came the clincher: US corporations had sacked about 3 times as many workers in February, this year, as had been let go in February 2000.

In January, records show that about 142,208 workers hit the streets of the US.

This was the highest number of job losses in a single month in the previous 8 years.

All these factors, and others, too, were put into the financial mixing bowl, but it was not sure as to what the cake would be at the end of the baking period.

Of the 17 double-digit movers on The Stock Exchange of Hongkong Ltd, last Monday, it is noted that 9 counters lost substantial ground while 8 counters made material gains:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
C.P. Pokphand Company Ltd	43	15.00		0.23
Companion Building Material International Holdings Ltd	2948	25.64		0.049
Emperor (China Concept) Investments Ltd	296	15.63		0.037
Hongkong Fortune Ltd	121	12.50		0.09
iQuorum Cybernet Ltd	472	12.50		0.036
Jilin Chemical Industrial Company Ltd	368	10.91		0.61
Kader Holdings Company Ltd	180		10.00	0.216
Kin Don Holdings Ltd	208		12.82	0.034
Leading Spirit High-Tech (Holdings) Company Ltd	606		12.00	0.022
MAE Holdings Ltd	851	20.00		0.036
renren Media Ltd	59		14.29	0.018
The Sincere Company Ltd	244		10.00	0.36
Star Bio-Tech (Holdings) Ltd	1051	18.18		0.013
Sun Man Tai Holdings Company Ltd	433		10.53	0.34
Victory City International Holdings Ltd	539		18.75	0.26
Welback Holdings Ltd	491		13.16	0.033
Yue Fung International Group Holdings Ltd	965		14.75	0.052

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, there was a great deal of confusion: What was the correct thing to do to make money on this speculative marketplace?

Nothing seemed to be the correct move since most HKSAR, long-term investors had lost a great deal of money by investing on counters, listed on The GEM.

The Growth Enterprise Index lost about 0.46 percent of its value, falling back to 288.31 points on a Total Turnover of about \$HK128.70 million.

The ratio of losers to gainers was 1.67:One, but it was noted that about 72 percent of all of this market's counters were either ignored or held onto the previous Friday's closing levels.

There were just 2 double-digit movers: E-silkroad Holdings Ltd (Code: 8071); and, Intcera High Tech Group Ltd (Code: 8041).

E-silkroad Holdings's share price gained 10.84 percent, rising to 92 cents per share, while Intcera's share price put on 10.09 percent, rising to \$HK1.20.

In Japan, the Nikkei-225, the blue-chip index of The Tokyo Stock Exchange, bounced off its 15-year low to end the day at 12,322.16 yen, mostly on short covering.

The 60.36-yen gain was hardly convincing evidence for Japanese investors as there were too many things happening, just about altogether.

Aside from continuing, domestic financial problems, as well as the many domestic political ones, with continuing calls for the resignation of Prime Minister Yoshiro Mori – he survived a Motion of No Confidence in the Diet on Monday -- investors appeared to be totally confused.

On the one hand, Japan's economy was, clearly, in trouble, while, on the other hand, Japan's largest single market, the US, appeared to be headed for a recession.

While some Japanese stockbrokers talked about investing in undervalued companies, there was too much evidence of lower profits and tens of thousands of workers, losing their jobs.

Banks were especially weak on The Tokyo Stock Exchange as Asahi Bank shed about 6.69 percent of its value, falling to 335 yen per share, Bank of Tokyo-Mitsubishi gave up 0.26 percent of its market capitalisation, dropping back to 1,152 yen, Sakura Bank lost 1.79 percent of its value, falling to 660 yen, Sanwa Bank stayed unchanged at 840 yen, Sumitomo Bank shed 1.93 percent of its value, ending the day at 1,115 yen per share, and Tokai Bank ended the day at 513 yen per share, a loss of about 1.35 percent, compared with the previous Friday's closing level.

In electronics, it was a mixed bag, with Rohm Company Ltd, a specialist chipmaker, and Kyocera Corporation, a ceramics chipmaker, among other things, both making hefty gains.

Rohm put on 5.65 percent, rising to 18,310 yen per share, while Kyocera's share price rose about 4.73 percent to end the day at 9,750 yen per share.

But that was, just about, where the ball stopped because most of the other electronic counters either rose, fractionally, or held onto previous levels.

Telecommunications were, definitely, out of favour as Japan Telecom lost 6 percent of its market capitalisation, falling to 1.88 yen per share, while Nippon Telegraph and Telephone (NTT) gave up 2.14 percent of its value, falling to 733,000 yen.

NTT's mobile subsidiary, NTT DoCoMo, lost 4.64 percent of its value, closing the day at 1.85 million yen per share.

Japanese investors, clearly, did not know where to go in order to find the honey pot.

This was the way that things looked in other Asian markets, last Monday:

Indonesia	Closed
Japan	Plus 0.49 percent
Malaysia	Plus 0.42 percent
The Philippines	Plus 1.23 percent
Singapore	Minus 0.38 percent
South Korea	Plus 1.06 percent
Taiwan	Plus 2.00 percent
Thailand	Minus 1.90 percent

## Tuesday

Buoyed by what appeared to be a return of the bull to Wall Street, the 2 largest and most-important stock markets in Asia roared back to life.

Japan's premier stock market, The Tokyo Stock Exchange, saw its blue-chip index, the Nikkei-225, gain nearly 3 percent, while on Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index put on 1.31 percent, jumping to 14,321.05 points.

Once again, however, the Total Turnover on the largest stock market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was very low, at \$HK8.62 billion, a far cry from the \$HK36-billion turnovers of the bull phase of 1998.

China Mobile (Hongkong) Ltd (Code: 941) and HSBC Holdings plc (Code: 5) were the leaders on the Ten Most Actives, with the aggregate turnovers, representing about 24.71 percent of the entire volume of activity of the day.

China Mobile, the largest company in terms of market capitalisation, had investors scrambling as about 31.57 million of its shares were switched, with its share price, fluctuating between a low of \$HK37.90 and a high of \$HK38.90.

It ended the day at \$HK38.40 per share, a gain of another 1.32 percent, compared with Monday's closing price.

As for HSBC Holdings, its share price was *'flat'* as investors refused to chase the scrip to higher levels. It closed the day at \$HK102.50, unchanged from Monday's level.

Mr Li Ka Shing's 2 major, publicly listed investments in the HKSAR were the third and fourth most active counters, with the share price of Cheung Kong (Holdings) Ltd (Code: 1), gaining 4.21 percent, rising to \$HK92.75, while Hutchison Whampoa Ltd (Code: 13) saw its share price gain 1.70 percent, ending the day at \$HK89.50.

The cash value of the Li Ka Shing companies represented about 13.81 percent of the Total Turnover.

The HKSAR stock markets, of course, were experiencing a knee-jerk reaction to what had taken place on Wall Street on Monday, New York time.

The New York Stock Exchange had seen its Dow Jones Industrial Average rise 95.99 points, about 0.92 percent, to end the first day of trading, last week, at 10,562.30 points.

Perhaps, more important, however, was the rise in the value of the NASDAQ Composite Index, which gained about 1.19 percent to 2,142.93 points.

Investors on the largest bourse in the world, probably tired of all the negative news from hi-tech companies, insofar as earnings for this year were concerned, returned to Internet-related counters as well as manufacturers of equipment and accessories 'to feed' the hi-tech industry with a vengeance.

There were brokers in the US, who talked of NASDAQ companies, being oversold.

Amazon.com, which in the previous week had been under intense selling pressure, saw its share price bounce back with a 26-percent gain, rising to \$US12.63 per share (about \$HK98).

The story about this company was that it was in talks with the world's biggest retailer, Wal-Mart.

It was reported that the 2 companies were considering a strategic alliance whereby Amazon.com would open kiosks in Wal-Mart's 4,500 shops and it would become Wal-Mart's e-commerce 'arm'.

This made some sense because, as far as Wal-Mart was concerned, such a deal would be a cheap way into Internet sales.

Aside from Amazon.com, all of the big names on The New York Stock Exchange benefitted from the return to favour of hi-techs and Internet-related counters, as Cisco Systems, Sun Microsystems, Dell Computer Corporation, JDS Uniphase and Microsoft Corporation saw their respective share prices go screaming higher.

This activity did not go unnoticed in the HKSAR as investors were quick to try to board the new (bull) bus, but it was hoped that this bus was a bull, and not a bull with 4 other letters, tagged on as a suffix to the bull.

The HKSAR Government was due to announce its Budget on Wednesday, but the consensus was that there would be no shocks.

The ratio of gainers to losers was about 1.78:One – which looked like the real thing.

The following are the double-digit movers of last Tuesday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139		13.33	0.026
Beijing North Star Company Ltd	588	15.79		1.32
City e-Solutions Ltd	557	10.00		0.44
Companion Building Material International Holdings Ltd	2948	10.20		0.054
Computer and Technologies Holdings Ltd	46	14.50		3.75
Dan Form Holdings Company Ltd	271		10.94	0.285
e-Kong Group Ltd	524	15.15		0.38
Founder Holdings Ltd	418	10.53		2.10
Fourseas.com Ltd	755		13.04	0.02
Hikari Tsushin International Ltd	603	33.61		0.159
ICG Asia Ltd	715	10.94		0.355
ING Beijing Investment Company Ltd	1062	11.05		0.191
iRegent Group Ltd	575	13.73		0.29
Luen Cheong Tai International Holdings Ltd	1190	10.77		0.144
MAE Holdings Ltd	851	13.89		0.041
Ngai Hing Hong Company Ltd	1047	10.77		0.36
renren Media Ltd	59	11.11		0.02
Skynet (International Group) Holdings Ltd	577	13.64		0.025
Softbank Investment International (Strategic) Ltd	648	24.66		0.91
South East Group Ltd	726	10.53		0.021

Stone Electronic Technology Ltd	409	13.89		1.23
SunCorp Technologies Ltd	1063	26.19		0.053
Technology Venture Holdings Ltd	61	11.31		1.87
Tomorrow International Holdings Ltd	760	15.58		0.178
Tonic Industries Holdings Ltd	978	11.69		0.43
Vanda Systems and Communications Holdings Ltd	757	11.22		1.09
Victory Group Ltd	1139	10.00		0.022
Vision Tech International Holdings Ltd	922	11.54		0.29
Wah Fu International Holdings Ltd	952	11.63		0.048
Yanion International Holdings Ltd	82	13.41		0.93
Yeebo (International Holdings) Ltd	259		14.04	0.49
Yue Fung International Group Holdings Ltd	965	13.46		0.059
Zhu Kuan Development Company Ltd	908	12.33		0.41

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index cracked 6 days of losses, rising 1.52 percent to end the session at 292.68 points.

The Total Turnover, at about \$HK209 million, was the highest in more than a month.

The ratio of gainers to losers was 2.36:One.

But, again, it was not all peaches and cream for investors, as one counter gave up nearly 84 percent of its market value.

The counter was Smartech Digital Manufacturing Holdings Ltd (Code: 8068), which was the most-active counter of the day.

Investors knocked down Smartech Digital's share price to 4 cents per share after 690.07 million shares changed hands.

The dollar value of the trades in this company's shares accounted for about 23.52 percent of the Total Turnover. While the official company announcement was bland (as usual), stating that it did not know the reason that the share price had dropped as much as it did, there were reports, unconfirmed, that shares, previously pledged to financial institutions, might have to be sold – if they, already, had not been sold – in order to shore up a breach in the company's finances.

Thus far, no GEM-listed company has gone to the wall.

But the excitement from Smartech Digital did nothing to dampen the ardour of investors on this speculative marketplace.

The following are the other double-digit movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Beida Jade Bird Universe Sci-Tech Company Ltd	8095	10.83		1.74
Grandmass Enterprise Solution Ltd	8108		11.24	0.079
Systek Information Technology(Holdings) Ltd	8103		12.07	0.255
tom.com Ltd	8001	13.10		2.375

In Japan, there appeared to be a tracking of US NASDAQ stocks as trading on The Tokyo Stock Exchange was brisk.

The Nikkei-225 gained 2.97 percent, rising to 12,687.74 yen, as Japanese investors invaded the premier Japanese stock market, all seemingly intent on getting in on the mini-boom – if that was what it was.

Hi-tech and consumer electronics manufacturers were in demand as investors ploughed straight into them, regardless of fundamentals, as the following illustrates:

Advantest	Up 6.22 percent to 12,800 yen
Casio	Up 5.30 percent to 795 yen
Fujitsu	Up 5.27 percent to 1,537 yen
JVC	Up 6.72 percent to 715 yen
Konica	Up 10.15 percent to 738 yen
Kyocera	Up 8 percent to 10,530 yen
Mitsubishi Electric	Up 6.31 percent to 657 yen
Nikon	Up 7.91 percent to 1,405 yen
Olympus	Up 9.08 percent to 1,574 yen
Pioneer	Up 9.62 percent to 3,020 yen
Rohm	Up 5.19 percent to 19,260 yen
Sanyo Electrical	Up 6.45 percent to 693 yen
Sharp	Up 4.15 percent to 1,457 yen

On the negative side of the ledger, Moody's Investors Service said that it had determined that there could be medium-term earnings and cash-flow problems.

It cut its Senior Unsecured Debt Ratings on Mitsubishi Motor Corporation and Mazda Motor Corporation from Ba1 to Ba3.

The share price of Mitsubishi Motor was unfazed by the pronouncement and, in fact, it rose 3.33 percent to 341 yen per share.

As for the share price of Mazda Motor, it stayed firm at 293 yen per share.

In telecommunications, Nippon Telegraph and Telephone (NTT) and its mobile unit, NTT DoCoMo, both made impressive gains, with NTT, putting on 4.09 percent to rise to 763,000 yen while NTT DoCoMo gained 4.86 percent, rising to 1.94 million yen per share.

Japan Telecom, a close rival to NTT, managed a 2.13-percent improvement as its share price rose to 1.92 million yen per share.

The 2 major, Internet investment companies, Hikari Tsushin and Softbank, both ran with the pack as Hikari Tsushin's share price rose nearly 16 percent to end the day at 2,205 yen per share, while Softbank's share price scooted up 10.31 percent to 5,350 yen per share.

Both companies are heavily invested in companies, listed on the US NASDAQ.

A number of bourses were closed, last Tuesday, for a Muslim holiday, but this was how the other Asian markets fared:

Indonesia	Plus 1.27 percent
Japan	Plus 2.97 percent
Malaysia	Closed
The Philippines	Minus 0.31 percent
Singapore	Closed
South Korea	Plus 0.49 percent
Taiwan	Plus 0.45 percent

Thailand	Minus 0.14 percent
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## Wednesday

For a change, domestic issues took precedence over all else in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Wednesday: It was Budget Day.

In the morning session, to 12:30 pm, prior to the HKSAR's Financial Secretary, Mr Donald Tsang Yam Kuen, letting loose his Budget proposals for the 2001 Fiscal Year, the Hang Seng Index, the *'barometer'* of the Main Board, hardly moved.

By the luncheon bell, it stood at 14,326.33 points, just 5.28 points higher than Tuesday's closing level.

In the afternoon session, as word of the Budget proposals became known, the Hang Seng Index went down the slippery slope, losing 143.69 points, equal to a retreat of about one percent on Tuesday's close.

The same 4 counters hugged the Ten Most Actives, with China Mobile (Hongkong) Ltd (Code: 941), one of the PRC's largest mobile telephone operators, being in the Number One Spot, followed by Hutchison Whampoa Ltd (Code: 13) in Number Two, which, in turn was followed by HSBC Holdings plc (Code: 5) in the Number Three position, which counter just edged out Cheung Kong (Holdings) Ltd (Code: 1), which was relegated to the Number Four slot.

China Mobile ended the day at \$HK37.10 per share, for a 3.39-percent loss on the day, while Hutchison Whampoa stayed firm at \$HK89.50 as did HSBC Holdings, which was last traded at \$HK102.50 per share.

As for Cheung Kong, Mr Li Ka Shing's flagship company, it gave up 0.27 percent of its value to close the day at \$HK92.50 per share.

These 4 counters represented about 32.74 percent of the Total Turnover of about \$HK7.85 billion.

Losers were ahead of gainers by the ratio of 1.59:One, with about 62 percent of all counters, either holding onto Tuesday's closing levels or neglected by investors.

After the market closed and the full extent of the Budget was known, it was clear that that which had been feared had come to pass: The HKSAR was suffering a deficit of about \$HK11.40 billion.

No salaries and profits tax increases were proposed.

Such increases, some economists and would-be economists had feared, might be among the actions that the HKSAR could take in order to balance Government spending against Government income.

If anything, the Budget was somewhat of a disappointment in that there were no proposals to lift the HKSAR economy out of its doldrums, where it has been, just about, since the PRC Government assumed sovereignty over the 416 square miles, which constitute the territory.

The quiet trading conditions in the HKSAR contrasted against a rather bullish sentiment in the US where, on The New York Stock Exchange, the Dow Jones Industrial Average gained 28.92 points, about 0.27 percent, to end last Tuesday's session (New York time) at 10,591.22.

The NASDAQ Composite Index, on the other hand, put on a display of strength, gaining about 2.87 percent to end the day at 2,204.43 points.

There was no special news to stimulate the world's largest and most powerful stock market, but a number of US stockbrokers, seemingly, changed their tunes, telling the world that now was the time to get stuck into US equities.



It was only one week prior that the words to the song were vastly different.

Back in the HKSAR, it was announced by Sing Tao Holdings Ltd (Code: 233) that it had sharpened its axe, cutting out 23 more of its technical and marketing workers, and that it would be reducing its workforce from 61 workers to 21 workers.

There was little else of importance that influenced trading on The Stock Exchange of Hongkong Ltd, last Wednesday, as the number of double-digit movers started to dry up, considerably:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
C.P. Pokphand Company Ltd	43	25.00		0.30
China DigiContent Company Ltd	1197	15.38		0.015
Companion Building Material International Holdings Ltd	2948		11.11	0.048
Daido Group Ltd	544		10.68	0.092
Far East Technology International Ltd	36	10.00		0.33
Fourseas.com Ltd	755	20.00		0.024
Gemzboh Holdings Ltd	1192		11.27	0.063
Guangdong Tannery Ltd	1058		13.04	0.14
Hikari Tsushin International Ltd	603		11.95	0.14
Joyce Boutique Holdings Ltd	647		14.44	0.16
MAE Holdings Ltd	851	17.07		0.048
Shun Cheong Holdings Ltd	650		16.27	0.247
Sinocan Holdings Ltd	1095		13.24	0.059
South China Holdings Ltd	265	10.00		2.20
Top Form International Ltd	333	15.00		0.138
Victory City International Holdings Ltd	539	13.46		0.295
Yeebo (International Holdings) Ltd	259	20.41		0.59

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, Tuesday's gains were almost completely wiped out as The Growth Enterprise Index slipped back to 288.38 points, down about 1.47 percent, compared with Tuesday's close.

There was just one counter that made any move of materiality, the counter, being 36.com Holdings Ltd (Code: 8036), whose share price rose 39.29 percent to 3.90 cents on a turnover of just 900,000 shares.

36.com Holdings was listed on July 18, 2000 at 36 cents per share so that, as at last Wednesday's closing price, it had lost about 89 percent of its market capitalisation.

The Total Turnover on this market was \$HK176.32 million, with the ratio of losers to gainers, being about 2.36:One.

Panda-Recruit Ltd (Code: 8073) announced that it had made a \$HK21-million loss for the 2000 Financial Year, ended December 31, 2000. This result compared with a Net Profit Attributable to Shareholders of about \$HK4.55 million for 1999.

There was no trading in the shares of this company, last Wednesday.

On Asia's largest stock market, The Tokyo Stock Exchange, the Nikkei-225 made a gain of 36.15 yen, closing the day at 12,723.89 yen.

The market was following the movements of Wall Street, with gains on hi-tech and Internet-related issues, being very much in evidence.

Some of the big gainers on the electronics sector of the market included:

Fujitsu	Up 3.77 percent to 1,595 yen
Matsushita Electric Works	Up 3.23 percent to 1,280 yen
OKI Electrical Industries	Up 3.82 percent to 558 yen
Rohm	Up 4.05 percent to 20,040 yen
Sanyo Electrical	Up 7.07 percent to 742 yen
Sharp	Up 3.29 percent to 1,505 yen
Toshiba Corporation	Up 3.50 percent to 681 yen

Banks were, generally, mixed with little movement for most.

In telecommunications, Nippon Telegraph and Telephone (NTT) gained 2.23 percent, rising to 780,000 yen, but it was outshone by its mobile unit, NTT DoCoMo, the share price of which scooted up 3.61 percent to end the day at 2.01 million yen per share.

Japan Telecom, however, the main rival to NTT, outpaced the NTT group with a gain of about 3.65 percent, rising to 1.99 million yen per share.

As for securities companies, it appeared that they had been restored to favour as Daiwa Securities regained 3.75 percent of its market capitalisation, rising to 1,079 yen per share, while Nikko Securities gained 3.34 percent, making a move up to 835 yen per share. Nomura Securities appeared to lag behind with a gain of 2.59 percent as investors marked up its share price to 2,180 yen.

There was no special news to stimulate trading in The Land of The Rising Sun and the political situation continued to simmer as investors waited to learn when the Prime Minister would step down from office.

And this was how the situation looked in other Asian stock markets, last Wednesday:

Indonesia	Minus 0.22 percent
Japan	Plus 0.28 percent
Malaysia	Minus 0.62 percent
The Philippines	Minus 0.47 percent
Singapore	Plus 0.56 percent
South Korea	Plus 0.09 percent
Taiwan	Plus 2.52 percent
Thailand	Plus 2.18 percent

### **Thursday**

Share prices drifted for the most part throughout Asia, last Thursday, with the exception of South Korea's Seoul Kopsi Index, which gained the best part of 2 percent due to suggestions of mergers of some of the largest financial institutions in that country.

But most of the major bourses in the world's most populous area saw their respective indices hardly move.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), The Stock Exchange of Hongkong Ltd was especially quiet.

The Hang Seng Index, the '*thermometer*' of the Main Board, gained 0.22 percent to end the day at 14,208.95 after falling 0.62 percent in the morning session, to 12:30 pm.

The recovery in the 90-minute afternoon session went almost unnoticed, however, since the Total Turnover shrank to about \$HK6.23 billion.

The same quartet of blue chips hugged the Ten Most Actives, led by China Mobile (Hongkong) Ltd (Code: 941), and followed by HSBC Holdings plc (Code: 5).

The Li Ka Shing duo came next in line, with Hutchison Whampoa Ltd (Code: 13), taking the Number 3 position, and Cheung Kong (Holdings) Ltd (Code: 1) brought up the rear.

China Mobile ended the day at \$HK37.40 per share, up about 0.81 percent on Wednesday's close. HSBC Holdings put on a show of strength, gaining about 0.98 percent to \$HK103.50 per share, while Hutchison Whampoa went in the reverse direction, losing 0.84 percent of its value, to \$HK88.75 per share.

Cheung Kong, Mr Li Ka Shing's flagship company, listed on The Stock Exchange of Hongkong Ltd, regained some of its value, closing at \$HK92.75 per share, a gain of about 0.27 per cent on the day.

The quartet of leading counters accounted for 34.67 percent of the Total Turnover of the day.

What was happening in the HKSAR was that the full extent of the Budget (see Wednesday's report) had been digested – and there was mixed emotions as to what it, all, meant.

What was only too clear was that the HKSAR Government was spending more than it was earning.

And that spelled inflation.

Clearly, also, things in the PRC's southern-most enclave were not good, financially.

There were fears that things could easily get worse, too.

The sluggish moves of the index of the Main Board of The Stock Exchange of Hongkong Ltd, the worst performing market outside of Japan, this year, was on the back of strength in the world's largest bourse, located in New York.

There, The New York Stock Exchange continued its run as its Dow Jones Industrial Average gained another 1.30 percent, rising to 10,729.60 points.

The broader-based NASDAQ Composite Index, laden as it is with oodles of hi-tech and Internet-related counters, gained just 19.47 points, about 0.88 percent, rising to 2,223.90 points.

The end-of-the-day tally, however, was pot-marked by losers; and, it was noted that the NASDAQ was in negative territory for most of the day.

Investors on the US stock markets are relying on the US Federal Reserve to cut interest rates by at least 50 basis points when it meets on Tuesday, March 20.

Trading in the shares of Yahoo Incorporated was halted, pending an announcement from the company.

After the market closed, Yahoo announced that there was likely to be a large reduction in earnings for this year.

The Internet media company was trading at a one-year low of about \$US21 per share (about \$HK163), prior to its announcement.

Investors on Wall Street have become somewhat accustomed to hearing bad news from many companies.

But Yahoo!

In the HKSAR, the news about Yahoo tended to remind investors in Asia's second, most-important market just how fragile is many of its companies.

The ratio of loser to gainers, last Thursday, was about 1.44:One with about 68 percent of all counters, seeing no trading, at all, or just hanging onto Wednesday's closing levels.

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Ananda Wing On Travel (Holdings) Ltd	1189	14.29		0.072
Can Do Holdings Ltd	172		60.13	0.315
China DigiContent Company Ltd	1197	20.00		0.018
Continental Holdings Ltd	513		11.67	0.53
Cosmos Machinery Enterprises Ltd	118	18.31		0.42
Fu Hui Holdings Ltd	639	15.00		0.092
Grand Hotel Holdings Ltd "B"	196	12.24		0.11
ITC Corporation Ltd	372	15.94		0.80
K & P International Holdings Ltd	675		12.50	0.175
Kin Don Holdings Ltd	208	11.76		0.038
Paul Y. -ITC Construction Holdings Ltd	498	17.39		0.405
Rockapetta Holdings Ltd	1003	36.67		0.41
Ta Fu International Holdings Ltd	1041	22.03		0.144
Tem Fat Hing Fung (Holdings) Ltd	421	42.55		0.108
Tingyi (Cayman Islands) Holdings Corporation	322	11.11		1.30

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was more bad news for investors on this speculative marketplace.

It was announced that AcrossAsia Multimedia Ltd (Code: 8061) had dropped an 'egg' in its Financial Year, ended December 31, 2000.

The company announced a \$HK232.26-million Operating Loss for the 2000 Year, compared with an Operating Loss of about \$HK44.84 million for the like period in 1999.

The Bottom Line was a Loss Attributable to Shareholders of about \$HK171.84 million in 2000 against a Profit Attributable to Shareholders of about \$HK4.15 million for 1999.

No shares in this company were traded, last Thursday, with sellers, lining up to unload stock at \$HK3.05 per share. Needless to say, there were no takers.

AcrossAsia was the second shock announcement of companies, listed on The GEM, in 2 successive days. (Please see Wednesday's report in respect of Panda-Recruit Ltd (Code: 8073)

The Growth Enterprise continued to lose ground, last Thursday, falling back to 287.36 points on a Total Turnover of about \$HK114.55 million.

Losers outpaced gainers by the ratio of about 1.40:One with 55 percent of the market, seeing no action, at all.

There were 4, double-digit movers on the day, all major losers:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
36.com Holdings Ltd	8036		17.95	0.032
CASH on-line Ltd	8122		17.42	0.109
Fortune Tele.com Holdings Ltd	8040		16.67	0.40

Trasy Gold EX Ltd	8063		51.95	0.111
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In Japan, the world collapsed, it appeared to many Japanese investors.

Japan's sun had fallen out of the sky.

Japan's Finance Minister, Mr Kiichi Miyazawa, warned the country that its finances were nearing total collapse.

He warned that urgent measures must be taken, immediately, including, but not limited to, fiscal reform in order to reduce the Japanese Government's debt burden.

And Japan is the second, largest economy in the world, mind you.

His comments drove the Japanese yen to its lowest level in the previous 19 months: 120.04 yen = \$US1.

The Tokyo Stock Exchange, after hearing the Finance Minister's report to the Diet, collapsed, wiping out most of the earlier gains.

The Nikkei-225 Index ended the day at 12,650.56 yen, down 0.58 percent, compared with Wednesday's closing level.

But that was not everything: The Japanese Government, also, announced data that showed that orders for Japanese manufactured machinery had fallen in January by about 11.80 percent, compared with the December 2000 data.

And the yen-US dollar rate fell another yen as speculation heightened that the Government of The Land of The Rising Sun would have to take drastic action – or the Emperor might lose his kimono.

Technology counters were hit, to some extent, on The Tokyo Stock Exchange as investors considered that the financial/political problems, concerning Japan, were insurmountable, in the short term, at least.

However, by and large, gains and losses were held to within one percent, or 2 percent, at the most.

One other piece of news came from The Tokyo District Court where it was determined that Credit Suisse Financial Products had been more than a little naughty.

The Court fined Credit Suisse \$US333,490 (about \$HK2.60 million).

It determined that the Swiss banking institution had obstructed a Japanese Government inspection of its books.

This was the first time that a non-Japanese bank had been convicted of criminal charges.

This is how things looked in other parts of Asia as the sun set, last Thursday:

Indonesia	Minus 0.58 percent
Japan	Minus 0.58 percent
Malaysia	Minus 0.75 percent
The Philippines	Minus 0.89 percent
Singapore	Minus 0.29 percent
South Korea	Plus 1.87 percent
Taiwan	Minus 1.14 percent
Thailand	Minus 1.50 percent

## Friday

Share prices retreated on major stock markets of Asia, last Friday, as investors in the most populous area of the world reeled from what was taking place in the US, and especially on Wall Street.

On Thursday, New York time, investors marked down the NASDAQ Composite Index to 2,168.73 points, a loss of 55.19 points, or about 2.48 percent, as somewhat frightening news about major hi-tech companies, in addition to the Internet media companies, circulated trading floors.

While the Dow Jones Industrial Average was up by about 1.20 percent to 10,858.25 points at the close of trading, last Thursday, New York time, the gains on the blue-chip index was due, in the main, to investors, looking for defensive plays.

The bombshell from Intel Corporation came late last Thursday's session when it was announced from San Francisco, California, that Intel would cut out about 5,000 jobs from its plants and that it was expecting third quarter sales to be off about 25 percent, compared with the like period in 2000.

Intel is the world's Number One producer of semiconductors so that such an announcement was considered ominous.

The share price of Intel in after-hours trading fell about 7 percent to \$US30.69 (about \$HK240).

Yahoo Incorporated (please see Thursday's report) was another Internet-related company that got it in the neck as this company's share price closed down 15.48 percent to \$US17.69 (about \$HK138).

And, then, another blow: Cisco System Incorporated, once considered the fastest, growing computer networking system, announced that it was letting go about 8,000 of its staff.

The news was made, unofficially, in California, but Wall Street knew of it long before the official announcement on Thursday night (New York time).

The job cuts were due to lower sales as the economic downturn in the US started to bite.

The share price of Cisco System fell nearly 10 percent to about \$US20.62 (about \$HK161).

Recovery in the US market, according to many pundits in the Land of the Free and the Home of the Grave, appeared to rest on the shoulders of the US Federal Reserve when it meets on Tuesday, March 20.

All this, and more, was being chewed by investors on Asia's second largest stock market – but they appeared to be unsure as to what to do about the situation.

The Stock Exchange of Hongkong Ltd grew exceedingly quiet as the Main Board's Hang Seng Index shed one tenth of a percentage point to end the week at 14,194.35 points.

The Total Turnover shrank even further to about \$HK5.26 billion, a sure-shot sign of uncertainty in a marketplace.

There is a saying that goes along the lines that, if a market cannot rise, then it, most assuredly, will fall: It never stands still.

And that was a very real fear, last Friday, as investors went home.

Counters that lost ground overpowered those that made advances by the ratio of about 1.93:One. About 66 percent of all counters, either held onto Thursday's closing levels or saw their shares not traded at all.

China Mobile (Hongkong) Ltd (Code: 941) continued to be the most-active counter as about 16.45 million of its scrip changed hands, with its share price, gaining a little more than one half of a percent point, rising to \$HK37.60.

But most share prices of the bluest of the blue chips were unaffected by trading, with most of them either gaining or losing less than a percentage point.

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

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Ananda Wing On Travel (Holdings) Ltd	1189	23.61		0.089
Bestway International Holdings Ltd	718		16.00	0.021
Can Do Holdings Ltd	172		11.11	0.28
Companion Building Material International Holdings Ltd	2948		17.39	0.038
Daido Group Ltd	544		10.20	0.088
First Sign International Holdings Ltd	933	13.25		0.188
Gemzboh Holdings Ltd	1192		10.34	0.052
GR Investment Holdings Ltd	310	12.90		0.07
New Rank City Development Ltd	456	12.60		1.43
Rockapetta Holdings Ltd	1003	12.20		0.46
Sino Golf Holdings Ltd	361	15.38		0.60
Sinocan Holdings Ltd	1095		10.94	0.057
Skynet (International Group) Holdings Ltd	577		14.29	0.024
South East Group Ltd	726		13.64	0.019
SunCorp Technologies Ltd	1063	10.00		0.055
Swank International Manufacturing Company Ltd	663		14.29	0.066
Wonson International Holdings Ltd	651		13.04	0.02

On The Growth Enterprise Market (The GEM), losing counters were ahead of gaining ones by the ratio of about 2.55: One, with exactly 50 percent of all counters, seeing no action at all.

The Growth Enterprise Index shed another 1.54 percent, falling to 282.94 points on a Total Turnover of about \$HK192.92 million.

All of the double-digit movers were in full reverse gear as the following table illustrates:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Grandmass Enterprise Solution Ltd	8108		12.66	0.069
Pine Technology Holdings Ltd	8013		10.42	0.43
Smartech Digital Manufacturing Holdings Ltd	8068		13.16	0.033
Trasy Gold EX Ltd	8063		44.14	0.062

The only positive aspect about this market was newly listed iLink Holdings Ltd (Code: 8107), whose share price rose to \$HK1.41 on a volume of activity of about 29 million shares.

The company was listed at \$HK1.28 per share on the last day of February. (Please see [TARGET Intelligence Report, Volume III, Number 44, published on March 7, 2001](#) for full analysis of this Internet-related company, which is a spin-off of Pacific Century CyberWorks Ltd (Code: 8, Main Board, The Stock Exchange of Hongkong Ltd))

The GEM, of course, was reeling from what was taking place on Wall Street, with very real fears that Friday, in New York, would see further and larger losses on the largest bourse in the world.

In Japan, the situation was very different, again.

The Tokyo Stock Exchange was deathly quiet as the market waited to learn when Prime Minister Yoshiro Mori would step down.

There had been unconfirmed reports that he would be announcing his retirement by Friday.

But Friday came and went – and he was still in power.

The market was inundated with one batch of news after another, and all the news appeared to be of a negative character.

The first, and most important piece of news for most investors, was a plan, put forward by the ruling coalition, which advocated tax breaks and a move by the Government of Prime Minister Mori to establish a fund, which could be used to purchase scrip of banks in trouble.

The coalition's proposals were in direct response to last Thursday's statements by Japan's Finance Minister, Mr Kiichi Miyazawa, who claimed that the world's second, largest economy was on the brink of collapse.

The Tokyo Stock Market appeared to be unimpressed by the proposals, evidenced by the cool reception that it received.

Then, from Washington, the US, came news that Toyota Motor Company was recalling 53,061 models of its motor cars because there were fears of a mechanical problem.

Toyota's share price was unaffected by the report and, actually, rose to 4,130 yen on the news, a gain of about 1.47 percent on Thursday's closing level.

Losing shares were ahead of gaining ones by the ratio of about 1.70:One.

The quiet trading conditions appeared to augur in bad tidings as Japanese investors talking of a meltdown in the coming week.

This was how other parts of Asia ended the week of March 9, 2001:

Indonesia	Minus 3.25 percent
Japan	Minus 0.18 percent
Malaysia	Minus 0.17 percent
The Philippines	Minus 0.07 percent
Singapore	Minus 0.36 percent
South Korea	Minus 2.33 percent
Taiwan	Minus 0.08 percent
Thailand	Plus 1.74 percent

-- E N D --



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