

**INVESTORS AT A LOSS :  
STOCK MARKETS INDICATE NO DIRECTION  
U.S. GOVERNMENT FIGHTS FOR THE RELEASE OF AIRMEN**

The world gasped!

The Number Two Son of the richest man who ever lived, Mr Li Ka Shing, admitted, openly, that he had '*done wrong*' in allowing himself to be described as a graduate of the illustrious US university, Stanford.

Mr Richard Li Tzar Kai told the world that he had permitted the perpetration of falsehoods in respect of his non-existent, university academic qualifications.

But Mr Richard Li is, still, facing a probe by US and Singaporean Authorities with regard to falsehoods, published in official documents, lodged with the US and Singaporean stock exchanges.

He said he had no regrets about not finishing his education.

Strangely, at least for some people, Mr Richard Li's abject admission – he is not a liar, Dad had told the media, the previous week – did not have any effect on the share price of the company that he, personally, controls in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC): Pacific Century CyberWorks Ltd (Code: 8, Main Board, The Stock Exchange of Hongkong Ltd).

That was because the shares of this company were suspended from trading, pending some kind of announcement from the company.

But in spite of the absence of Pacific Century CyberWorks, the Main Board's Hang Seng Index still lost about 0.26 percent, falling to 12,727.30 points on the dismally low Total Turnover of about \$HK6.95 billion.

The pattern of trading was precipitantly ominous: The market looked set for another major fall.

In the 90-minute afternoon session, the Hang Seng Index had gained exactly 0.54 points, a sure-shot sign that the market was stuck – and a market in such a condition, any market, that is, is, more often than not, ready for a major correction.

Hutchison Whampao Ltd (Code: 13) and Cheung Kong (Holdings) Ltd (Code: 1), both companies controlled by the mogul of all moguls, Mr Li Ka Shing, both made gains, with Hutchison Whampoa, tacking on 1.23 percent to its market capitalisation, rising to \$HK82.50 per share, while Cheung Kong gained 0.61 percent, ending the session at \$HK82.25 per share.

Hutchison Whampoa and Cheung Kong were the 2, most-active counters of the day with their combined turnovers, accounting for about 13.53 percent of the Total Turnover.

China Mobile (Hongkong) Ltd (Code: 841), said to be the second largest, mobile telephone operator in the PRC (who knows the truth), saw its share price drift lower, ending the day at \$HK34, a loss, compared with the previous Friday's closing level, of 0.87 percent.

It was in third place in the Ten Most Actives.

Gainers and losers were nearly equal at 1.04:One, with about 64 percent of all the counters, listed on The Stock Exchange of Hongkong Ltd, either grimly holdings onto their previous Friday's levels, or seeing no investor action in their counters.

The stock markets of Asia were waiting to see what would happen when Wall Street reopened for business on Monday, New York time, because there was more than a small concern over the US Naval reconnaissance aeroplane's detention on Hainan Island, the territory of the PRC Government.

The US Navy's EP-3E Aries II aeroplane had had a mid-air collision with a PRC Air Force fighter in international airspace (it was claimed by the US Government) on Saturday, March 31, forcing the US Naval aeroplane to land on Hainan Island.

The Chinese Government, on Monday, Hongkong time, was refusing to allow the 24, US Naval crew members to have any contact with US Government officials; and, the US Government had stationed 3 destroyers in the South China Sea ... just in case they were needed.

The diplomatic standoff between the US Government and the PRC Government was upstaging all else, last Monday, in spite of the fact that there had been gains on The New York Stock Exchange on Friday, March 30.

On Friday, March 30, the Dow Jones Industrial Average, the guide to trading in respect of 30 blue chips, listed on The New York Stock Exchange, had risen by about 0.81 percent to 9,878.78.

The NASDAQ Composite Index had risen by about 1.09 percent to 1,840.36 points in what was termed, '*an unconvincing performance*'.

That meant that the largest stock market in the world could move in either direction when it reopened for business on Monday, April 2, New York time.

What were frightening about the US stock market and the US economy were daily reports of financial failures.

On Friday, March 30, it was reported that NorthPoint Communications, a provider of fast Internet access with more than 100,000 subscribers, was unable to continue, having run out of money to pay the milkman.

The US giant, AT&T, promptly paid \$US135 million for some of the assets of NorthPoint, but AT&T wanted nothing to do with NorthPoint's customers.

Bankruptcies are always worrying because of their potential domino effects.

All this was noted in Asia, no doubt.

But the US-PRC political confrontation took centre stage, last Monday, in Exchange Square, Hongkong.

The following are the double-digit, gainers and losers of last Monday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139		24.24	0.025
Anhui Conch Cement Company Ltd	914	10.09		1.20
Beiren Printing Machinery Holdings Ltd	187	10.74		1.65
CASIL Telecommunications Holdings Ltd	1185	10.13		0.435
CATIC International Holdings Ltd	232	11.94		0.375
Cheuk Nang Technology (Holdings) Ltd	131		13.51	0.032
China Everbright International Ltd	257	11.76		0.475
China Online (Bermuda) Ltd	383	11.84		0.085
China Resources Logic Ltd	1193	23.91		0.57
CNT Group Ltd	701	11.32		0.295
Companion Building Material International Holdings Ltd (New)	432		12.50	0.042
Dongfang Electrical Machinery Company Ltd	1072	13.41		0.93
e-New Media Company Ltd	128	42.17		0.59

eBiz.hk.com Ltd	384	21.52		0.192
Egana Jewellery and Pearls Ltd	926		13.04	0.20
Evergo China Holdings Ltd	631		10.87	0.082
Fortuna International Holdings Ltd	530		10.00	0.045
G-Prop (Holdings) Ltd	286		32.35	0.023
Gemzboh Holdings Ltd	1192	12.90		0.035
Harbin Power Equipment Company Ltd	1133	17.54		0.67
Kwong Hing International Holdings (Bermuda) Ltd	1131	17.50		0.047
LifeTec Group Ltd	1180		11.86	0.26
Luoyang Glass Company Ltd	1108	12.90		1.05
Millennium Group Ltd	260		14.42	0.089
Northeast Electrical T&T Machinery Manufacturing Company Ltd	42	20.63		0.76
Northern International Holdings Ltd	736		11.54	0.023
O2New Technology Ltd	94		11.39	0.07
Oriental Metals (Holdings) Company Ltd	1208	12.12		0.37
Peace Mark (Holdings) Ltd	304	10.26		0.043
Poly Investments Holdings Ltd	263	12.73		0.31
Prosper e-Vision Ltd	979	16.13		0.108
Shanghai International Shanghai Growth Investment Ltd	770	11.11		3.50
Shenzhen International Holdings Ltd	152	11.27		0.395
Singamas Container Holdings Ltd	716	13.21		0.30
Sino InfoTech Holdings Ltd	205	10.00		0.099
South China Industries Ltd	413	12.12		0.37
Wah Fu International Holdings Ltd	952		16.28	0.036
Welback Holdings Ltd	491		12.82	0.034
Wing Lee Holdings Ltd	876	20.83		0.29
Wonson International Holdings Ltd	651		13.64	0.019
Yunnan Enterprises Holdings Ltd	455	10.00		0.44

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, buyers got the better of sellers as The Growth Enterprise Index rose 1.61 percent to hit 261.03 points on a Total Turnover of about \$HK105.82 million.

There was no special news from GEM companies as the market limped along, following the previous week's losses.

It was doubtful that this speculative marketplace would be able to hang onto its gains for too long a period of time.

The ratio of gainers to losers was about 1.40:One, with about 60 percent of all the counters, either not being traded, at all, or hanging onto the previous Friday's closing levels.

There were 4, double-digit movers:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
China Agrotech Holdings Ltd	8011	15.00		0.92
Fortune Tele.com Holdings Ltd	8040		10.11	0.40
L.P. Lammas International Ltd	8029		17.44	0.071
Techwayson Holdings Ltd	8098	15.15		0.57

In Japan, the yen stood at a 30-month low of 126.25 yen to the US dollar.

This gave a boost to trading on The Tokyo Stock Exchange since a cheaper yen, vis-à-vis other 'hard' currencies, means that 'Japan Incorporated' obtains a de facto advantage in respect of its exports of Japanese-produced goods.

The Nikkei-225, a guide to trading on The Tokyo Stock Exchange, lost about 0.48 percent of its value, falling to 12,937.86 yen, following a report from The Bank of Japan, a report which, clearly, pointed to a very dismal situation in the world's second largest economy.

The so-called TANKAN Survey, a quarterly survey of The Bank of Japan, indicated that, for the month of March, for the first time in the previous 9 quarters, business sentiment was weakening in The Land of The Rising Sun.

The bottom line was that the Japanese economy was falling back into recession.

Officially, the TANKAN Survey's Index was a minus 5, down from December's plus 10.

On the stock markets of Japan, of which The Tokyo Stock Market is the most active, banks were the stocks to watch as some of them saw large movements in their share prices, mostly in negative territory, as the following illustrates:

Ashikaga Bank	Down 8.57 percent to 192 yen per share
Bank of Fukuoka	Down 5.14 percent to 517 yen per share
Bank of Yokohama	Down 3.09 percent to 470 yen per share
Daiwa Bank	Down 4.99 percent to 362 yen per share
Hachijuni Bank	Up 4.62 percent to 612 yen per share
Hokuriku Bank	Down 5.91 percent to 223 yen per share
Juroku Bank	Down 4.59 percent to 478 yen per share
Suruga Bank	Down 6.30 percent to 773 yen per share

Motors were, generally, strong, thanks to the weakening Japanese yen.

Mazda Motor gained 6.23 percent of its market capitalisation, rising to 324 yen per share, Nissan Motor Company put on 5.19 percent, with its share price, hitting 831 yen, while Suzuki Motor followed suit with a gain of 6.08 percent, rising to 1,465 yen per share.

Yamaha Motor rose the least, adding 3.52 percent to its value, ending the day at 911 yen per share.

But, other than these pockets of interest, the market drifted, aimlessly.

Japanese investors, like the rest of the world, were watching to see what would happen between the US Government and the PRC Government over the US Naval aeroplane incident.

This is how other parts of Asia saw the situation, last Monday:

Indonesia	Minus 1.58 percent
Japan	Minus 0.48 percent
Malaysia	Plus 0.50 percent
The Philippines	Minus 0.51 percent
Singapore	Minus 1.51 percent
South Korea	Minus 1.53 percent
Taiwan	Minus 3.28 percent
Thailand	Minus 0.63 percent

**Tuesday**

The tension between the US Government and the Government of the People's Republic of China (PRC) tightened as the US Navy's EP-3E Aries II aeroplane continued to stand, idle, on the tarmac of the Hainan Island military airport, with the 24 US Naval Airmen, held in PRC Government custody.

It had all the hallmarks of the beginning of a very ugly international incident. (Please see Monday's report)

Stock markets, round the world, woke up to the potential of trouble, on an international scale, as the US President George W. Bush started to make noises.

On The Stock Exchange of Hongkong Ltd, investors unloaded scrip, pulling down the Main Board's Hang Seng Index by 1.12 percent, compared with Monday's closing level.

The Total Turnover was not dissimilar to Monday's, at about \$HK7 billion, with the same, single counter, Pacific Century CyberWorks Ltd (Code: 8), being the counter to watch.

This Li Ka Shing company, controlled by the Number Two Son of the most powerful man in the Hongkong Special Administrative Region (HKSAR) of the PRC – and, perhaps, the world – Mr Richard Li Tzar Kai, was the object of widespread selling as more than 324.08 million Pacific Century CyberWorks's shares were traded.

On confirmation that Mr Richard Li had '*learned my lesson*' and that he would, no longer, allow people to believe about him, that which was not true, like permitting reports to state that he had been awarded a non-existent degree from Stanford University, Pacific Century's shareholders went on a selling spree, dumping the shares of the company that had fallen a very long way from grace.

By the end of the day, the share price of Pacific Century CyberWorks, after hitting a low of \$HK2.70, settled back to \$HK2.725, a loss of 11.38 percent, compared with Monday's closing price.

The activity on this counter accounted for about 12.86 percent of the Total Turnover of the day.

Other than the furore, concerning Mr Richard Li, the 20-month low in the share price of Pacific Century CyberWorks was touched off by London-based Cable and Wireless plc, stating that it wanted, very much, to sell its 14.70-percent stake in the Li Ka Shing company.

(Some people are never happy with their lot)

Cable and Wireless said that it would dump its shares via a convertible bond issue.

Pacific Century CyberWorks had, in vain, been looking for somebody – just about anybody – to take up the Cable and Wireless shares.

But there were no takers.

(One wonders as to the reason)

As the bard once said:

*Ne'er a tear, shed in sorrow,  
Ne'er a tear, for the morrow;  
Ne'er a time, so sad,  
Ne'er a crime, so bad.*

One would think, on talking to people in and around Exchange Square, Hongkong, that the world revolved around the Li Ka Shing Camp.

In fact, it did not because Mr Li Ka Shing and his bevy of companies was fast losing their once-perceived magic, as investors worried about much more important things.

China Mobile (Hongkong) Ltd (Code: 941), the second, most-active counter of the day, was caught up in the selling on The Stock Exchange of Hongkong Ltd as its share price was shot down to \$HK32, a one-day loss of 3.24 percent.

In the first quarter of this year, to April 3, this company's share price had lost about 37 percent of its market capitalisation.

Only Pacific Century CyberWorks could top that loss as its share price had shed a good 49 percent of its value since the start of the year.

The ratio of losers to gainers was 3.14:One, with more than 60 percent of all the counters, either not having their shares traded, or just staying firmly at Monday's closing levels.

In view of the lowish Total Turnover and the wide gap between losers and gainers, it did appear that the market was very much in the selling mode, and this would be manifested as the week wore on.

Wednesday would tell that tale.

In the US, investors became more and more agitated over the attitude of Beijing, the Capital City of the PRC, in respect of the US Naval airmen, held virtual hostage on Hainan Island.

Wall Street suffered as a direct result.

The New York Stock Exchange came alive ... with sellers, lining up to dump stock.

By the close of last Monday's session (New York time), the Dow Jones Industrial Average, the blue-chip index of The New York Stock Exchange, had lost a good 110.85 points, about 1.02 percent, falling back to 9,777.93.

As for the NASDAQ Composite Index, it lost 57.29 points, or about 3.11 percent, dropping to 1,782.97.

It was the lowest level for NASDAQ in 30 months of trading.

But the diplomatic row between the US and the PRC was only part of the reason for the sell-off.

Companies continued to warn of lower earnings for this quarter and that quarter.

That took its toll of share prices, to be sure.

Compaq Computer announced that it was to axe 700 jobs in Scotland in another of its cost-cutting measures.

American Express announced that its first-quarter profits were likely to be down about 8 percent on the like quarter in 2000.

But nothing could have been more important to the markets of the world than the potentially problematic political posturing (forgive the alliteration), relating the Hainan Island detention of 24 US Naval airmen.

The HKSAR, double-digit movers of last Tuesday included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139	16.00		0.029
21CN CyberNet Corporation Ltd	241		11.69	0.34
Asia Resources Transportation Holdings Ltd	899		16.22	0.031
China Everbright Technology Ltd	256		10.53	0.425
eBiz.hk.com Ltd	384	18.23		0.227
Egana Jewellery and Pearls Ltd	926	10.00		0.22

Goldwiz Holdings Ltd	586	11.76		0.285
HiNet Holdings Ltd	155		10.20	0.044
Jingwei Textile Machinery Company Ltd	350		10.30	1.48
Mansion Holdings Ltd	547	20.00		0.06
New World China Land Ltd	917	10.81		3.075
Northeast Electrical T&T Machinery Manufacturing Company Ltd	42		10.53	0.68
Orient Power Holdings Ltd	615		10.00	0.315
Pacific Century CyberWorks Ltd	8		11.38	2.725
renren Media Ltd	59		16.67	0.015
Ryoden Development Ltd	745	13.33		0.425
Shenyin Wanguo (Hongkong) Ltd	218		10.78	0.91
Silver Grant International Industries Ltd	171		12.07	0.51
SiS International Holdings Ltd	529		10.71	0.50
South China Information and Technology Ltd	175	17.86		0.66
Sun Television Cybernetworks Holdings Ltd	307		17.04	0.112
SunCorp Technologies Ltd	1063	16.22		0.043
Ta Fu International Holdings Ltd	1041		10.87	0.041
Wah Tak Fung Holdings Ltd	297	28.57		0.045
Wing Lee Holdings Ltd	876		13.79	0.25

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, as widely expected, investors followed the way of the Main Board and NASDAQ... and sold scrip.

The Growth Enterprise Index gave up 1.71 percent of its value, falling back to 256.58 points (TARGET is tired of stating that it was another record low).

The Total Turnover dropped to \$HK80.98 million as the ratio of losers to gainers widened to 3.50:One.

Neolink Cyber Technology (Holdings) Ltd (Code: 8116) was the most active share of the day as investors 'played' the stock, the share price of which ended the day, down 6 percent to \$HK1.41.

The volume of activity in this counter represented about 20.81 percent of the Total Turnover.

Chengdu Top Sci-Tech Company Ltd (Code: 8135) was right behind Neolink Cyber Technology as about 20.84 million Chengdu Top Sci-Tech shares changed hands, with the share price, losing 6.17 percent to fall to 76 cents.

Chengdu Top Sci-Tech was listed on The GEM on March 26 at 72 cents per share so that it was fast catching up to its Offer Price.

There was only one double-digit mover – and the direction was south.

Qianlong Technology International Holdings Ltd (Code: 8015) gave up 20.29 percent of its market value, falling to 55 cents per share on a volume of just 8,000 shares (no error, here, folks).

In Japan, short-covering was said to be been the 'crutch' for that marketplace, which happens to be the largest in Asia.

The Nikkei-225, the blue-chip guide to trading on The Tokyo Stock Exchange, rose 186.61 yen to 13,124.47 yen as the ratio of gainers to losers rose to 4.13:One.

The Japanese Government was debating an emergency package to assist the most important economy in Asia and the second largest economy in the world.

Investors on The Tokyo Stock Exchange waited to see what the morrow would bring.

Banks were the counters to watch as many of them made a sparkling show:

Bank of Fukuoka	Up 4.45 percent to 540 yen per share
Bank of Kyoto	Up 2.65 percent to 504 yen per share
Daishi Bank	Up 9.12 percent to 395 yen per share
Gunma Bank	Up 10.48 percent to 580 yen per share
Hokkoku Bank	Up 5.79 percent to 467 yen per share
Hyakujushi Bank	Up 8.33 percent to 650 yen per share
Iyo Bank	Up 9.01 percent to 714 yen per share
Joyo Bank	Up 3.37 percent to 424 yen per share
Juroku Bank	Up 9.24 percent to 520 yen per share

But, other than banks and select securities companies, the market was in a waiting phase.

This was how other parts of Asia saw the situation, last Tuesday night, 4 days after the Chinese Government detained 24 US Naval airmen on Hainan Island:

Indonesia	Minus 0.63 percent
Japan	Plus 1.44 percent
Malaysia	Minus 2.70 percent
The Philippines	Plus 0.92 percent
Singapore	Minus 0.29 percent
South Korea	Minus 2.32 percent
Taiwan	Minus 2.87 percent
Thailand	Minus 1.56 percent

### **Wednesday**

Political posturing by the US Government and the Government of the People's Republic of Government (PRC) over the US Navy's EP-3E Aries II aeroplane and the 24 US hostages (that was the way that the US Government was labelling the PRC Government's detention of its airmen) took its toll of stock markets, around the world, last Wednesday. (Please see Monday and Tuesday's reports apropos this topic)

In the Hongkong Special Administrative Region (HKSAR) of the PRC, the Hang Seng Index, the '*barometer*' of trading on the Main Board of The Stock Exchange of Hongkong Ltd, lost 520.51 points, or about 4.14 percent, falling back to 12,063.71 points.

Most of the losses were achieved in the 150-minute morning session with the 90-minute afternoon session, seeing the Hang Seng Index move down only 33.14 points.

Once again, the Total Turnover was relatively low, at about \$HK7.84 billion, an almost definite sign that the lower stock prices were biting deeply into many investors' pockets.

A low Total Turnover on a fast-falling market usually means that investors are being forced to cough up with cash in order to cover open positions.

In order to accomplish this, sales of scrip, even at much reduced prices to the buying-in costs, are required.

The situation on The Stock Exchange of Hongkong Ltd, where the Hang Seng Index had hit a 23-month low, was touched off by response, internationally, to the Hainan Island incident.



US President George W. Bush had warned the PRC Government of the grave consequences of that Government's action over the detention of 24 US airmen.

Meanwhile, 3 US destroyers stood poised for action in the South China Sea.

The situation was becoming increasingly hairy.

But President Bush looked like a whimp to the rest of the world as he tried, in vain, to look as though he were a hard-nose.

Investors on the world's largest bourse, The New York Stock Exchange, could not take yet another potential calamity, coming on the heels of losses and layoffs of staff in the world's largest, single economy.

The Dow Jones Industrial Average, the blue-chip index of The New York Stock Exchange, lost 292.22 points, about 2.99 percent, falling back to 9,485.71 points.

But, on the NASDAQ, the situation was even worse as its Composite Index gave up 109.98 points, about 6.17 percent, dropping like a stone in a still pond to 1,672.71 points.

It was the lowest level for the NASDAQ since October 20, 1998.

Politics aside, US investment bank, Morgan Stanley announced that it would be sacking 1,000 of its stockbrokers, equal to about 7 percent of its entire team.

The giant investment bank has to cut about \$US1 billion off its annual payroll.

Morgan Stanley is the third largest securities company in the US.

Merrill Lynch and Company, the largest securities company in the US, announced that it would, also, be cutting back its investment-banking workforce by about 6 percent, or about 150 employees.

From Citigroup, it was announced that it would follow suit and lay off some of its workers.

A spokesman for Citigroup would not be more definitive than that.

Citigroup is the largest financial services group in the US.

But one of the most shocking pieces of news to rock Wall Street was the declaration by W.R. Grace and Company that it was filing for protection from its creditors – Chapter 11 of the Bankruptcy Laws of the United States.

W.R. Grace listed assets, valued at about \$US2.51 billion, but said that it had liabilities of about \$US2.57 billion.

All these matters were not lost on Asian investors, who sold, and sold, and sold.

China Mobile (Hongkong) Ltd, said to be the largest and best mobile telecommunications company in the PRC, saw its share price lose 9.73 percent of its value, falling to \$HK29.70.

The closing level was just 10 cents off the low of the day and represented a loss since the beginning of the year of about 42 percent.

China Mobile's counter's turnover represented about 10.59 percent of the entire volume of activity for the day on The Stock Exchange of Hongkong Ltd. It was the most-active counter.

In the Number Two slot of the Ten Most Actives was Cheung Kong (Holdings) Ltd (Code: 1) with investors, marking down Mr Li Ka Shing's flagship company by 2.42 percent to \$HK80.50 per share.

Hutchison Whampoa Ltd (Code: 13) came in in third place on the Ten Most Actives with investors, unloading stock in this conglomerate, which is, also, controlled by Mr Li Ka Shing.

Continued selling pressure forced down its share price by 3.69 percent to \$HK78.25, which was the lowest level of the day.

The third, most important Li Ka Shing company, Pacific Century CyberWorks Ltd (Code: 8), was in fifth position on the Most Active board, with about 145.80 million shares, being traded.

Its share price fell another 4.59 percent to another new low of \$HK2.60.

Between the 3 Li Ka Sing companies, they represented, in terms of their combined turnovers, of about 25.51 percent of the Total Turnover of the day.

Not less than 23 counters suffered double-digit losses while just 6 counters enjoyed double-digit gains.

Losers were ahead of gainers by the wide margin of 5.72:One, with about 57 percent of all the companies, listed on the HKSAR's premier stock market, either seeing no trades, or just hanging onto Tuesday's closing levels.

Here is the tally for the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
21CN CyberNet Corporation Ltd	241		11.76	0.30
Alpha General (Holdings) Ltd	73		86.67	0.026
Anex International (Holdings) Ltd	723		17.04	0.112
Asia Resources Transportation Holdings Ltd	899	12.90		0.035
Cheuk Nang Technology (Holdings) Ltd	131	19.35		0.037
Cheung Tai Hong Holdings Ltd	199		21.05	0.06
Chevalier Construction Holdings Ltd	579		10.53	0.17
China Online (Bermuda) Ltd	383		10.13	0.071
City Telecom (Hongkong) Ltd	1137		13.89	0.465
Climax International Company Ltd	439		21.43	0.055
Guangzhou Shipyard International Company Ltd	317		10.67	0.67
Guoco Group Ltd	53	13.17		27.50
ICG Asia Ltd	715	12.98		0.248
Kwong Hing International Holdings (Bermuda) Ltd	1131		14.89	0.04
LifeTec Group Ltd	1180		20.50	0.19
Mandarin Recourses Corporation Ltd	70		10.19	0.97
Oriental Metals (Holdings) Company Ltd	1208		10.96	0.325
renren Media Ltd	59	13.33		0.017
Sen Hong Resources Holdings Ltd	76		11.67	0.053
Simsen International Corporation Ltd	993		11.11	0.024
Skynet (International Group) Holdings Ltd	577		10.53	0.017
South East Group Ltd	76		14.29	0.018
Sun Television Cybernetworks Holdings Ltd	307		14.29	0.096
SunCorp Technologies Ltd	1063	20.93		0.052
Ta Fu International Holdings Ltd	1041		36.59	0.026
Technology Venture Holdings Ltd	61		15.00	1.02
Vision Tech International Holdings Ltd	922		10.71	0.25
WellNet Holdings Ltd	24		43.86	0.32
Wing Lee Holdings Ltd	876		10.80	0.223

On The Growth Enterprise Market, The GEM, investors seemed to pay little attention to the goings on on the HKSAR's speculative marketplace.

The Growth Enterprise Index hit another new low of 255.63 points, off about 0.37 percent, compared with Tuesday's close.

There were 4, double-digit movers of the day, all of which lost substantial ground:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CyberM International (Holdings) Ltd	8017		16.67	0.25
Intcera High Tech Group Ltd	8041		11.43	0.93
iSteelAsia.com Ltd	8080		13.98	0.228
Smartech Digital Manufacturing Holdings Ltd	8068		10.34	0.026

Neolink Cyber Technology (Holdings) Ltd (Code: 8116) was the biggest gainer of the day as its share price recovered 8.51 percent of its value, closing the day at \$HK1.53.

The ratio of losers to gainers was 4.50:One.

As investors in the HKSAR went home on the eve of the Ching Ming (one-day) holiday, a festive holiday to honour and to commemorate loved ones lost, the air at Exchange Square was depressing – for good and valid reason.

In Tokyo, The Tokyo Stock Exchange rose – the only positive gain of any major stock market in Asia.

The Nikkei-225 scored a gain of 118.31 yen, equal to 0.90 percent, rising to 13,242.78 yen.

Banks and securities companies were the biggest gainers due to the Japanese Government's determination to assist in putting the world's second largest economy back on track.

But most counters just limped along, hardly moving at all.

The release of the Japanese Government's emergency economic package was delayed until Friday instead of Wednesday due to a lack of consensus in the Diet (the Japanese Parliament).

What was announced, however, was that the Japanese Government would loosen its purse strings to buy up \$US342-billion worth of Japanese listed shares from the open market.

It has been estimated that Japanese banks are holding onto about \$US253-billion worth of non-performing loans.

Some of the biggest gainers included:

Asahi Bank	Up 6.19 percent to 360 yen per share
Chiba Bank	Up 2.74 percent to 450 yen per share
Daiwa Securities	Up 5.33 percent to 1,285 yen per share
Group	Up 1.96 percent to 728 yen per share
Iyo Bank	Up 3.31 percent to 937 yen per share
Nikko Securities	Up 3.14 percent to 460 yen per share
Nomura Securities	

Electronics were, generally, weak, due to the fallout on Wall Street.

What was clear was that investors on Asia's most important bourse were tired of waiting for their government to take action to kick-start the most important economy in Asia, and, perhaps, the most important economy in the world, outside of the US.

This was how things looked in other Asian stock markets, last Wednesday:

Indonesia	Minus 1.41 percent
Japan	Plus 0.90 percent
Malaysia	Minus 6.14 percent
The Philippines	Minus 0.01 percent
Singapore	Minus 1.35 percent
South Korea	Minus 1.90 percent
Taiwan	Minus 0.75 percent
Thailand	Minus 2.24 percent

### **Thursday**

The stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), South Korea and Taiwan were all closed, last Thursday, due to the Ching Ming holiday, a holiday, aimed at commemorating and honouring departed loved ones.

That left only The Tokyo Stock Exchange, the premier Asian stock market, to set the tone, so to speak, for Friday's trading.

The Tokyo Stock Exchange, of course, is guided, these days, by parochial matters, at home, Wall Street's antics, and, lastly, the general global economic situation – in that order, too.

On the currency markets, the Japanese yen strengthened against most other Asian currencies, and especially against the US dollar, in one of the biggest, one-day gains in about a year.

Last Thursday's trading session saw a rise of about 1.40 yen against the US dollar, hitting 125.60 yen.

On The Tokyo Stock Exchange, the Nikkei-225 gained 138.60 yen, rising to 13,381.38 yen, a gain of about 1.05 percent. Trading was moderate.

The gains in Tokyo were due to a number of factors, the most important of which, no doubt, was what was happening on the largest stock market in the world: The New York Stock Exchange.

In New York, last Wednesday, the Dow Jones Industrial Average, the guide to trading, gauged by 30 blue chips, rose 29.71 points, about 0.31 percent, ending the choppy session at 9,515.42 points.

But the tech-laden, NASDAQ Composite Index shed 34.20 points, about 2.04 percent, falling to 1,638.80 points, adding to Tuesday's loss of 6.17 percent.

The US-PRC Governments' standoff in respect of the Hainan Island situation (see earlier reports on this situation) continued to worry the market, with the PRC Government, demanding an apology from the US Government as a pre-condition to the release of the 24 US Naval airmen.

The National Association of Purchasing Management (NAPM) announced its monthly non-manufacturing index, measuring the service sector of the US economy.

The Index indicated a fall of about 50.30 points in March, down from 51.70 points in February.

The statistics were considered weaker than had been previously expected.

The DuPont Company announced that it would be cutting its workforce by about 4,000 jobs, adding to the gloom and doom in the US labour market.

But one thing about the US stock markets was that there appeared to be uncertainty as to the direction, short-term.

That usually indicates that any hint of a turn of the economic screw could push the key indices up or down, rather violently.

One would have to wait and watch.

Certainly, Tokyo was waiting, and watching, anxiously, because Japan is very dependent on the US marketplace for a great deal of the daily bread (actually, the Japanese prefer to eat rice to bread).

A boost to the Japanese stock market came when it was announced that Prime Minister Yoshiro Mori would tender his resignation and that the Prime Minister's Liberal Democratic Party (the LDP) would hold an election to replace Mr Mori as its President.

This was slated to take place this month, it was reported.

The market was, also, awaiting news in respect of the emergency economic plans, being drawn up by the coalition Government of Prime Minister Mori.

The emergency measures were supposed to have been announced last Wednesday, but they were delayed because a consensus could not be reached.

Gains and losses on The Tokyo Stock Exchange were held to within narrow ranges, by and large, as investors opted to wait to see whether or not there would be an official Government announcement in respect of the emergency measures.

This was how other parts of Asia fared, last Thursday:

Indonesia	Minus 1.34 percent
Japan	Plus 1.05 percent
Malaysia	Minus 0.42 percent
The Philippines	Plus 0.59 percent
Singapore	Plus 3.38 percent
South Korea	Closed
Taiwan	Closed
Thailand	Plus 1.02 percent

## **Friday**

Four of Asia's stock exchanges were closed, last Friday, as Chinese people in the most populous area of the world celebrated and honoured their departed loved ones in the holiday, known as Ching Ming.

The Stock Exchange of Hongkong Ltd and The Tokyo Stock Exchange were, very much, in evidence, however, as investors took their cues from Wall Street's boomlet of last Thursday, New York time.

On The New York Stock Exchange, last Thursday, the Dow Jones Industrial Average posted its second, largest gain in history: Up 402.63 points, about 4.23 percent, to 9,918.05 points.

On the NASDAQ, its Composite Index made the third, largest percentage gain in history: Up 146.20 points, about 8.92 percent, to 1,785 points, exactly.

There was little to no reason for the euphoria on Wall Street and many people knew, full well, that it could be a suckers' rally: A rally that would be short lived, one day or 2 days, followed by a resounded thud as the market hit a new bottom.

Such a suckers' rally is common in a bear market and sophisticated investors were not being lulled into a false sense of security due to a flash in the pan on the world's largest stock market.

Investors in the HKSAR seemed to follow Wall Street, last Friday, following the one-day holiday of Thursday, and sent up the Hang Seng Index, the '*barometer*' of The Stock Exchange of Hongkong Ltd, by about 2.68 percent to 12,386.61 points.

The Total Turnover stayed low, at about \$HK8.70 billion, with trading in one counter, representing about 13.79 percent of the entire volume of activity for the day.

The counter was China Mobile (Hongkong) Ltd (Code: 941), one of the largest and most powerful, State-run, mobile telecommunications companies in the People's Republic of China (PRC).

Investors pushed the share price of this company to \$HK33.20 before it fell back to \$HK33, representing a gain of 11.11 percent over Wednesday's closing price.

While China Mobile was top of the pops on the Ten Most Actives, with a serious gain in its share price, the Li Ka Shing group of companies did not fare well, at all.

Hutchison Whampoa Ltd (Code: 13), the second, most-active counter of the day, lost 0.32 percent of its value, falling to \$HK78 after about 7.49 million of its shares were traded.

Cheung Kong (Holdings) Ltd (Code: 1), the flagship company of the Great Man, shed about 0.62 percent of its market capitalisation, falling back to \$HK80 per share. It was the fourth, most-active counter of the day.

And Pacific Century CyberWorks Ltd (Code:8), the telecommunications and Internet-investment company of Mr Li Ka Shing's slightly educated son, Mr Richard Li Tzar Kai, lost 2.88 percent of its value, falling to \$HK2.525 per share, a new historic low.

Pacific Century CyberWorks was the seventh, most-active counter of the day.

The ratio of gainers to losers was about 1.54:One, with about 63 percent of all the counters, either hanging onto Wednesday's closing levels, or having no trading in their shares.

As with the New York Stock Exchange, there was no valid reason for the boomlet in the Hongkong Special Administrative Region (HKSAR).

If anything, there were good and valid reasons for stock prices to crash.

The HKSAR Government's Census and Statistics Department announced that retail sales in February had hit an 8-year low.

Thus were dashed all hopes for a return to confidence of the consumer in the 416 square miles that constitute the HKSAR.

The following is TARGET's list of double-digit movers of last Friday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139		13.79	0.025
Alpha General (Holdings) Ltd	73	11.54		0.029
Anex International Holdings Ltd	723		46.43	0.06
Anhui Expressway Company Ltd	995	14.29		1.12
Asia Resources Transportation Holdings Ltd	899	14.29		0.04
Can Do Holdings Ltd	172		19.17	0.156
CCT Multimedia Holdings Ltd	1169	10.56		0.178
Chengdu PTIC Telecommunications Cable Company Ltd	1202	10.26		0.86
China Mobile (Hongkong) Ltd	941	11.11		33.00
Chongqing Iron and Steel Company Ltd	1053	16.44		0.85
Cosmos Machinery Enterprises Ltd	118	18.52		0.48
Fourseas.com Ltd	755		11.76	0.015
Gemzboh Holdings Ltd	1192	14.29		0.03
Global China Technology Group Ltd	1105		10.64	0.42
Great Wall Cybertech Ltd	689		20.35	0.09
Harbin Power Equipment Company Ltd	1133	10.34		0.64
i100 Ltd	616		10.00	0.36
Kunming Machine Tool Company Ltd	300	11.41		2.05
Learning Concepts Holdings Ltd	680		11.11	0.08
Luoyang Glass Company Ltd	1108	11.96		1.03
Magician Industries (Holdings) Ltd	526	11.36		0.098
Oriental Explorer Holdings Ltd	430		13.21	0.046
RNA Holdings Ltd	501	32.45		0.20
Shenzhen Expressway Company Ltd	548	11.20		1.39
Sichuan Expressway Company Ltd	107	14.29		0.80
Sun Hung Kai and Company Ltd	86		11.86	1.04
Sun Television Cybernetworks Holdings Ltd	307	13.54		0.109
Ta Fu International Holdings Ltd	1041		11.54	0.023
Tianjin Capital Environmental Protection Company Ltd	1065	12.95		1.57
USI Holdings Ltd	369		18.37	0.80
Vision Tech International Holdings Ltd	922	10.00		0.275
Wah Tak Fung Holdings Ltd	297	21.43		0.051
Wing Lee Holdings Ltd	876		10.76	0.199
Zida Computer Technologies Ltd	859	17.86		0.33

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, there were few smiling faces as The Growth Enterprise Index fell just 0.02 percent in what was described as a see-saw market.

In the morning session to 12:30 pm, The Growth Enterprise Index was registering a gain of just below one percent, to 258.02 points.

But, the 90-minute afternoon session saw a fast erosion of earlier gains as The Growth Enterprise Index fell back to 255.57 points, which was just 0.06 points lower than Wednesday's closing level.

The Total Turnover was about \$HK85.17 million, with trading in the shares of Neolink Cyber Technology (Holdings) Ltd (Code: 8116), representing nearly 29 percent of that figure.

The share price of Neolink Cyber Technology hit a new high of \$HK1.64 before falling back to \$HK1.62. The closing price represented a gain over Wednesday's close of about 5.84 percent.

There was only one, double-digit mover of the day: Proactive Technology Holdings Ltd (Code: 8089).

This company's share price rose 11.54 percent to hit 29 cents on a turnover of just 200,000 shares.

The ratio of gainers to losers was 2.21:One.

In The Land of The Rising Sun, the Government of Prime Minister Yoshiro Mori, in what may well be its swan song, announced that a consensus had been reached in respect of a package of emergency measures, aimed at trying to turn the economy round.

The Japanese Government's package includes a 2-year limit on banks with non-performing loans, disposing of them.

Japanese banks will be urged to sell some of their shareholdings in other companies.

(As a defensive measure, it is common for banks in Japan hold sizeable chunks of shares in their customers' companies.)

Also, The Bank of Japan will keep interest rates, very low (currently, the interest rate is, effectively, zero).

On The Tokyo Stock Exchange, the news of the emergency measures was met with skepticism or, at best, uncertainty.

The Nikkei-225 hardly moved for most of the day, but ended the week at 13,383.76 yen, a gain of just 0.02 percent over Thursday's close.

With the largest bourse in Asia at a 16-year low, it was felt that the Japanese Government had to come to the aid of the premier stock market.

But there had been a very embarrassing wait for the emergency measures to be announced, thus taking the icing off the economic cake, so to speak.

Losers outnumbered gainers by the ratio of about 1.09:One.

A very negative piece of news came from Japan's fifth largest producer of vehicles, Mazda Motor Corporation.

The company announced that it expected a record-breaking loss for the Financial Year, ended March 31, 2001.

Down came the share price of Mazda by 6.15 percent to 305 yen.

It set the trend for other motors, as Nissan Motor Company gave up 2.46 percent of its value, falling to 831 yen, and Yamaha Motor shed 1.16 percent of its value, falling back to 934 yen per share.

There was little to tickle the imagination of investors in Japan since, with the spate of sad tidings, all rushing out of Japanese '*darlings*', investors were perplexed, not knowing where it would all end.

This is the way that things looked in Asia, last Friday, April 7, 2001:

Indonesia	Plus 0.52 percent
Japan	Plus 0.02 percent
Malaysia	Minus 2.42 percent
The Philippines	Closed
Singapore	Minus 0.40 percent



South Korea	Closed
Taiwan	Closed
Thailand	Closed

-- E N D --

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