

**ASIA MARKS TIME AS THE U.S. ECONOMY SHIVERS AND SHAKES**

Fractional movements marked the opening of Asia's stock markets, last Monday, with not one of the major bourses, moving one percent or more.

The most populous area of the world was waiting to see what would happen on Wall Street when it opened on Tuesday, Asian time.

The previous Friday, on The New York Stock Exchange, there was a great deal of uncertainty as the Dow Jones Industrial Average rose 78.86 points, or about 0.72 percent, ending the week at 10,990.80.

The closing figures meant that the Dow had been flat for all of the week, ended June 1.

As for the NASDAQ, its Composite Index ended down about 4.50 percent for the week, at 2,149.45, in spite of the Composite Index, gaining about 1.85 percent on Friday, June 1.

The US Labour Department had announced, on that Friday, that the unemployment rate had fallen in May to about 4.40 percent of the workforce.

But, it also announced that the manufacturing sector of the US economy had shed about 124,000 jobs in May, bringing up the total losses to about 470,000 job losses since the beginning of the year.

Also, on that Friday, it was announced by the National Association of Purchasing Management that manufacturing in the US remained very sluggish.

It was the tenth consecutive month of contraction in the manufacturing sector of the US economy.

That would appear to be *'food'* for thought for the US Federal Reserve to digest when next it makes a determination insofar as short-term interest rates are concerned.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index rise, exactly, one half of one percent, ending the day at 13,207.49.

The 66.11-point rise was on the back of a Total Turnover of about \$HK11.88 billion, a volume of activity which had to be considered relatively high, relative, that is, to the Hang Seng Index's movement, throughout the day.

Digital China Holdings Ltd (Code: 861), a spin-off of Legend Holdings Ltd (Code: 992), made a reasonable entrance on its first day of trading as investors spent about \$HK281.60 million in trading about 64.05 million shares in this distribution company of Legend's products, plus printers and plotters, notebook computers, etc.

Its share price fluctuated between a low of \$HK4 per share and a high of \$HK4.75 per share, ending the day at \$HK4.675, a gain of about 16.88 percent over the Offer Price of \$HK3.68 per share.

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

(Please see [TARGET Intelligence Report, Volume III, Number 96](#), published on May 25 for full analysis of this company)

The Ten Most Active counters represented only 24.74 percent of the Total Turnover, a statistic that appeared to indicate that HKSAR investors were not concentrating too much on just blue chips, but were trading a much

wider range of the scrip.

This suggestion was borne out by the fact that, though the Hang Seng Index hardly moved, throughout the day, there were 63, double-digit movers, of which only 2, double-digit movers lost ground.

Those counters, which lost substantial ground, were Interform Ceramics Technologies Ltd (Code: 1060), down 17.31 percent to 4.30 cents per share, and Mandarin Resources Corporation Ltd (Code: 70), the share price of which shed 37.50 percent, falling to 12 cents per share.

The ratio of gainers to losers, last Monday, was about 1.78:One.

News wise, it was announced that America Online, part of AOL Time Warner, the world's largest Internet Service Provider (ISP), would unload about 70 members of its HKSAR staff establishment, representing about 15 percent of the staff load at its joint venture with Chinadot.com Corporation.

Also, Sina.com, another PRC Internet Service Provider, listed on the NASDAQ, which was hoping to go the same way as China.com, announced that it was to lay off about 15 percent of its staff in a cost-cutting exercise.

That means that another 94 workers would be hitting the streets, looking for jobs.

Also, Sina.com's Founder and Chief Executive Officer, Mr Wang Zhi Dong, had thrown in his towel and had left the company.

Northeast Electrical Transmission and Transformation Machinery Manufacturing Company Ltd (Code: 42) saw its share price rise 4.58 percent to \$HK1.60 in spite of having been sued for about \$HK326 million by a consortium of banks and a couple of finance companies.

The company had not made any announcement, last Monday, about the situation, even though the claim against it represented about 30-odd percent of its Turnover for the past Financial Year.

(Please see [TARGET Intelligence Report, Volume III, Number 102](#), published on June 4 for full details of this situation)

The fears in Asia, in respect of ISPs, followed on from the financial failure of PSINet on Friday, June 1, when it filed for protection from its creditors, known in the parlance as filing Chapter 11, were only too real: They could not be denied.

Canadian Nortel Networks Incorporated is the largest unsecured creditor of PSINet and stands to lose about \$US100 million if there is no payback at the end of the day.

From the Persian Gulf, there was a bit of a problem as Iraq turned off its oil taps, causing the price of crude oil to rise to a 4-month high.

In Asia, last Monday, the price of Brent Crude Oil rose to \$US29.50 per barrel for July delivery.

However, this situation was expected to be reversed when the 11-member Organisation of Petroleum Exporting Countries (OPEC) sat later in the week to decide what to do.

Iraq is a pariah to most of the free world, and even the most unfriendly of its Arab neighbours, unfriendly, that is, to the West, do not agree with its antics.

Iraq had been exporting about 2.20 million barrels of oil, daily, and the slack, created by the turning off of its oil taps, was expected to be taken up by one or other of OPEC's members, all of whom desire a stable, not unstable, oil price, internationally.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Growth Enterprise Index gained 1.27 percent, rising to 289.18 points on a Total Turnover of about \$HK636.74 million.

Gainers were ahead of losers by the ratio of about 2.29:One.

There were a total of 8, double-digit movers, of which number, 2 of them lost ground:

| Name of Company                                | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--|------|--------------|--------------|----------------------|
| 36.com Holdings Ltd                            | 8036 | 11.11        |              | 0.06                 |
| China Medical Science Ltd                      | 8120 | 32.00        |              | 0.99                 |
| iSteelAsia.com Ltd                             | 8080 |              | 10.00        | 0.18                 |
| Proactive Technology Holdings Ltd              | 8089 |              | 14.86        | 0.315                |
| Qianlong Technology International Holdings Ltd | 8015 | 15.91        |              | 1.02                 |
| Soluteck Holdings Ltd                          | 8111 | 18.00        |              | 0.59                 |
| Techwayson Holdings Ltd                        | 8098 | 12.50        |              | 2.025                |
| Trasy Gold EX Ltd                              | 8063 | 18.75        |              | 0.057                |

There was no special news from this market.

In Japan, the premier stock exchange of The Land of The Rising Sun saw its Nikkei-225 Average rise 50.51 yen to 13,312.35 yen.

Trading was very quiet on The Tokyo Stock Exchange since most of the bad news had been announced in the previous weeks, especially in respect of the situation in Japan's major banks.

The ratio of gainers to losers was about 1.27:One.

There was some concern over Iraq's decision to halt its exports of oil, and further fears from exporters in regard to the strengthening yen vis-à-vis the US dollar.

Japan's largest oil refinery, Nippon Mitsubishi Oil Corporation, saw its share price rise about 5 percent to 777 yen.

Japan Energy Corporation, another refiner, saw its share price gain about 2.77 percent to end the day at 297 yen.

Ishii Iron Works Company, the largest producer of oil tanks in Japan, benefitted from the Iraqi decision as its share price rose 18.55 percent to hit 377 yen.

But these share-price movements were considered just short-term gains – not much more than flashes in the oil pan of the world.

On Monday, the yen strengthened to below 119 yen to the US dollar.

As the yen strengthens against major currencies, so '*Japan Incorporated*' sees its profits erode.

And this was the way that things looked in other parts of Asia, last Monday night:

|                 |                    |
|-----------------|--------------------|
| Indonesia       | Closed             |
| Japan           | Plus 0.38 percent  |
| Malaysia        | Closed             |
| The Philippines | Minus 0.26 percent |
| Singapore       | Plus 0.99 percent  |

|             |                    |
|-------------|--------------------|
| South Korea | Plus 0.63 percent  |
| Taiwan      | Minus 0.58 percent |
| Thailand    | Plus 0.61 percent  |

## Tuesday

Northeast Electrical Transmission and Transformation Machinery Manufacturing Company Ltd (Code: 42, Main Board, The Stock Exchange of Hongkong Ltd) announced, 5 days after the event, that it had been sued in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) for about \$HK326.42 million – and it was unable to meet its financial commitments as they fell due.

This is the classic definition of insolvency, actually.

(TARGET had already published this fact, which was contained in [TARGET Intelligence Report, Volume III, Number 102](#)).

The share price of Northeast Electrical dropped 15.63 percent to \$HK1.35 on a volume of 30.96 million shares.

While everybody and his cat were unloading shares in this loser, the Hang Seng Index, the main guide to trading on The Stock Exchange of Hongkong Ltd, was screaming higher.

The Hang Seng Index ended the day, up 1.85 percent to 13,451.87 points on a Total Turnover of about \$HK14.78 billion.

It was noted, however, that nearly 203 points of the 244.38-point gain of the day came in the 90-minute afternoon session.

The ratio of gainers to losers was about 1.32: One with about 41 percent of all the counters, either seeing no activity, at all, or holding onto Monday's closing levels.

The gains of the Main Board of the premier HKSAR stock market were the largest in Asia, last Tuesday.

There were a total of 34, double-digit movers of the day, of which number, 7, double-digit movers lost substantial ground:

| Name of Company                          | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--|------|--------------|--------------|----------------------|
| Ananda Wing On Travel (Holdings) Ltd     | 1189 | 19.05        |              | 0.075                |
| B-Tech (Holdings) Ltd                    | 412  |              | 15.38        | 0.011                |
| China Apollo Holdings Ltd                | 512  | 13.89        |              | 0.41                 |
| China Elegance International Fashion Ltd | 476  | 28.57        |              | 0.018                |
| China Investments Holdings Ltd           | 132  | 33.87        |              | 0.415                |
| Ching Hing (Holdings) Ltd                | 692  | 10.81        |              | 0.41                 |
| Chinney Alliance Group Ltd               | 385  | 17.74        |              | 0.073                |
| Climax International Company Ltd         | 439  |              | 13.33        | 0.052                |
| Fortuna International Holdings Ltd       | 530  |              | 11.11        | 0.04                 |
| Gemzboh Holdings Ltd                     | 1192 | 25.29        |              | 0.109                |
| Graneagle Holdings Ltd                   | 147  | 12.50        |              | 0.018                |
| Guangdong Brewery Holdings Ltd           | 124  | 11.67        |              | 0.67                 |
| Guangzhou Investment Company Ltd         | 123  | 10.34        |              | 0.96                 |
| Hanson Eastern (Holdings) Ltd            | 279  | 12.78        |              | 0.203                |
| Interchina Holdings Company Ltd          | 202  | 11.11        |              | 0.60                 |
| Interform Ceramics Technologies Ltd      | 1060 |              | 18.60        | 0.035                |
| Karce International Holdings Company Ltd | 1159 | 16.67        |              | 0.35                 |

|  |      |       |       |       |
|--|------|-------|-------|-------|
| Karrie International Holdings Ltd  | 184  | 10.77 |       | 0.36  |
| Lai Sun Garment (International) Ltd  | 191  | 14.66 |       | 0.219 |
| Luen Cheong Tai International Holdings Ltd   | 1190 | 12.20 |       | 0.138 |
| Magnificent Estates Ltd  | 201  | 13.64 |       | 0.05  |
| MUI Hongkong Ltd   | 542  | 13.68 |       | 0.108 |
| Northeast Electrical Transmission and Transformation Machinery Manufacturing Company Ltd | 42   |       | 15.63 | 1.35  |
| Paladin Ltd  | 495  | 11.32 |       | 0.118 |
| Pudong Development Holdings Ltd  | 258  | 14.74 |       | 1.09  |
| Shangdong Xinhua Pharmaceutical Company Ltd  | 719  | 10.16 |       | 3.525 |
| Skynet (International Group) Holdings Ltd  | 577  | 14.63 |       | 0.047 |
| Soundwill International Ltd  | 342  | 12.24 |       | 0.11  |
| South East Group Ltd   | 726  | 33.33 |       | 0.036 |
| Swank International Manufacturing Company Ltd  | 663  |       | 12.00 | 0.066 |
| Tomorrow International Holdings Ltd  | 760  | 21.40 |       | 0.295 |
| UDL Holdings Ltd   | 620  | 12.31 |       | 0.073 |
| Vanda Systems & Communications Holdings Ltd  | 757  | 10.66 |       | 1.35  |
| Victory Group Ltd  | 1139 | 11.76 |       | 0.038 |
| Wonson International Holdings Ltd  | 651  |       | 13.33 | 0.039 |

In truth, there appeared to be no good and valid reasons for the gains in many share prices in the HKSAR, last Tuesday, because, in the US, Wall Street was, clearly, undecided, during trading on The New York Stock Exchange, last Monday, New York time.

On the world's largest stock market, the Dow Jones Industrial Average gained about 0.65 percent, rising above the 11,000-mark to end the session at 11,061.98 points.

As for the NASDAQ Composite Index, it hardly moved, ending the day at 2,155.97 points, an improvement of about 0.30 percent, compared with the previous Friday's close.

The HKSAR market appeared to take the view that, if the world's largest bourse refused to drop, then it must rise – which is contrary to the generally accepted logic that it is a market that cannot rise that will, definitely, fall.

Time will tell, once again, what version is the true one.

The most active counter of the day was HSBC Holdings plc (Code: 5), the share price of which gained 1.03 percent, rising to \$HK97.75.

The volume of activity in this major international bank, the largest in terms of assets in Europe, was about \$HK478.87 million.

Once again, it was clear that investors were looking, not just at blue chips, but much further afield.

It was not too long ago that the Ten Most Actives accounted for 50 percent or more, on average, of the volume of share trading in the HKSAR

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, MRC Holdings Ltd (Code: 8070), an electronic headhunter (of sorts), saw its share price, on its first day of trading, rise from a low of 48.50 cents per share to a high of 73 cents per share, ending the day at 60 cents per share.

The shares were Placed at 39 cents each, but there were only 36 million shares of them in the float.

Totally, about 146.46 million, MRC shares were traded, representing 16.20 percent of the Total Turnover of about \$HK516.71 million.

(For an analysis of this company, please see [TARGET Intelligence Report, Volume III, Number 101](#), published on June 1, 2001)

The Growth Enterprise Index, actually, lost 0.68 percent of its value, falling to 287.21 points, last Tuesday, but, nevertheless, there were 9 double-digit movers, of which 5 of them made substantial gains.

Declining issues outnumbered advancing ones by the ratio of 1.40:One.

The double-digit movers included:

| Name of Company                                | Code | Increase (%) | Decrease (%) | Closing Price (SHK) |
|--|------|--------------|--------------|---------------------|
| 36.com Holdings Ltd                            | 8036 | 11.67        |              | 0.067               |
| Asian Information Resources Holdings Ltd       | 8025 |              | 25.00        | 0.135               |
| ePro Ltd                                       | 8086 | 11.54        |              | 0.29                |
| First Mobile Group Holdings Ltd                | 8110 |              | 10.26        | 0.70                |
| Proactive Technology Holdings Ltd              | 8089 | 20.63        |              | 0.38                |
| Qianlong Technology International Holdings Ltd | 8015 | 12.75        |              | 1.15                |
| Rojam Entertainment Holdings Ltd               | 8075 |              | 10.75        | 0.83                |
| Smartech Digital Manufacturing Holdings Ltd    | 8068 |              | 12.50        | 0.056               |
| Soluteck Holdings Ltd                          | 8111 | 15.25        |              | 0.68                |

There were no GEM-listed company announcements of any earth-shattering importance, last Tuesday.

Unlike the HKSAR, The Tokyo Stock Exchange was in reverse gear, last Tuesday, with the Nikkei-225 Average, losing 130.35 yen, ending the day at 13,182 yen.

Losing issues were ahead of gaining ones by the ratio of about 1.65:One.

Hazama Corporation, a struggling construction company, announced that it would be issuing 8.20-billion yen worth of new shares, to be flogged to 194 companies and individuals.

Some of the takers of these new shares include Dai-Ichi Kangyo Bank, Mitsubishi Trust and Banking Corporation, and Asahi Mutual Life Insurance Company.

Hazama needs a fresh injection of cash as operating capital.

Crayfish Company, an ISP (**I**nternet **S**ervice **P**rovider) company, said that it had decided to terminate its agreement with Synconix Technologies Incorporated, a Tokyo-based hardware and software provider.

Hikari Tsushin Incorporated owns 50 percent of the Issued and Fully Paid-Up Share Capital of Crayfish, but its management is at loggerheads with management of Crayfish.

Other than these 2 tidbits of information, there was little to report in respect of this market, the largest in Asia.

The following is how other parts of Asia viewed their respective situations, last Tuesday night:

|                 |                    |
|-----------------|--------------------|
| Indonesia       | Minus 0.01 percent |
| Japan           | Minus 0.98 percent |
| Malaysia        | Minus 0.68 percent |
| The Philippines | Minus 0.98 percent |
| Singapore       | Plus 0.51 percent  |
| South Korea     | Minus 2.17 percent |
| Taiwan          | Plus 1.60 percent  |

|          |                    |
|----------|--------------------|
| Thailand | Minus 1.22 percent |
|----------|--------------------|

## **Wednesday**

It appeared only too obvious, last Wednesday, that Iraq's actions of turning off its oil taps to the world was having no impact on anybody – other than, potentially, to the 15.58 million human inhabitants of Iraq, of course.

An announcement of the very healthy US stockpiles of crude oil stopped any price escalation as oil prices retreated in short order, falling below \$US28 per barrel.

Iraq, which is credited with daily legal exports of crude oil, amounting to about 2.20 million barrels, representing about 5 percent of the world's crude oil supplies, suspended its exports, following the United Nations's determination to extend the oil-for-food programme for one month instead of the usual 6 months.

At the same time as the US stockpiles of crude oil were announced, the Organisation of Petroleum Exporting Nations (OPEC) reached a decision that it would delay, for another month, its decision as to what it wanted to do about Iraq.

Iraq, it appeared, was making more enemies; even a number of its Arab neighbours were turning their backs on the Regime of Saddam Hussein.

On The New York Stock Exchange, last Tuesday, investors pushed the Dow Jones Industrial Average up 114.32 points, about 1.03 percent, to 11,175.84 points.

Tuesday's gains added to Monday's rise of 0.65 percent, and the gains seemed to put US investors into a somewhat cheerful mood.

On the NASDAQ, its Composite Index added 3.61 percent to its value, rising to 2,233.70 points.

But the gains on the biggest stock market of the world looked fragile as bleak announcements poured out of the US.

The US Labour Department announced that the productivity of US workers had declined about 1.20 percent in the first quarter of 2001.

This, The Labour Department commented, was the sharpest drop since 1993.

Higher labour costs – which is the result of lower worker productivity, of course – squeezed profit margins in that quarter.

The US Commerce Department announced that new orders for US-produced goods and services, also, fell sharply in the same period.

It noted the weak demand for new, US motor cars and computers.

From the private sector, it was announced that Lucent Technologies Incorporated, the US telecommunication equipment maker, announced that it would be laying off more than 10,000 of its employees.

It would accomplish this feat by offering early retirement to its workers.

The results of the plan would be to cut its workforce by about 10 percent.

Then, from Hewlett-Packard came a warning: There would be a downturn in earnings for the entire year.

For the quarter, ended July 31, the company said that it expected revenues to be off by about 5 percent, compared with the like period in 2000.

Investors in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) could hardly ignore all the negative news, coming from the US, but, nevertheless, the gambling instinct was too strong for many, who closed their eyes and bought into stocks and shares on The Stock Exchange of Hongkong Ltd.

As a result, the Main Board's Hang Seng Index rose about 0.92 percent, ending the day at 13,576.01 points.

The Total Turnover, at about \$HK11.75 billion, indicated that some people were starting to be a little more cautious of the situation on the second largest stock market in Asia.

In spite of the Hang Seng Index's rise, losing counters were ahead of gaining ones by the ratio of 1.16: One.

The leading counter of the day was China Mobile (Hongkong) Ltd (Code: 941) as investors traded about 15.11 million of this company's scrip.

The share price of this company, one of the largest mobile telecommunications companies in the PRC, was held to a \$HK1.10 bandwidth, the entire day, ending the session at \$HK39.90, a gain of about 2.31 percent, compared with Tuesday's closing level.

There were 29, double-digit movers, of which number, 9, double-digit movers were in negative territory the entire day:

| Name of Company                               | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|---|------|--------------|--------------|----------------------|
| Berjaya Holdings (Hongkong) Ltd               | 288  | 13.93        |              | 0.139                |
| China Apollo Holdings Ltd                     | 512  |              | 23.12        | 0.315                |
| China Elegance International Fashion Ltd      | 476  | 11.11        |              | 2.55                 |
| CNT Group Ltd                                 | 701  | 13.46        |              | 0.295                |
| Corasia Group Ltd                             | 875  | 20.41        |              | 0.295                |
| Dailywin Group Ltd                            | 897  |              | 30.23        | 0.30                 |
| Digital World Holdings Ltd                    | 109  | 21.43        |              | 0.34                 |
| Fortuna International Holdings Ltd            | 530  | 17.50        |              | 0.047                |
| Fu Hui Holdings Ltd                           | 639  |              | 12.65        | 0.214                |
| G-Prop (Holdings) Ltd                         | 286  |              | 11.54        | 0.69                 |
| Golden Dragon Group (Holdings) Ltd            | 329  |              | 11.40        | 1.27                 |
| Honko International Holdings Ltd              | 673  | 98.57        |              | 0.139                |
| Hopson Development Holdings Ltd               | 754  | 23.44        |              | 1.58                 |
| Interform Ceramics Technologies Ltd           | 1060 | 40.00        |              | 0.049                |
| Karce International Holdings Company Ltd      | 1159 | 38.57        |              | 0.485                |
| Lai Fung Holdings Ltd                         | 1125 |              | 15.14        | 0.185                |
| Millennium Sense Holdings Ltd                 | 724  | 10.45        |              | 0.37                 |
| Min Xin Holdings Ltd                          | 724  | 11.11        |              | 1.10                 |
| Paladin Ltd                                   | 495  | 18.64        |              | 0.14                 |
| Peking Apparel International Group Ltd        | 761  |              | 10.81        | 0.33                 |
| Qingling Motors Company Ltd                   | 1122 |              | 10.20        | 2.20                 |
| Simsen International Corporation Ltd          | 993  | 30.00        |              | 0.078                |
| Sound International Ltd                       | 342  | 10.91        |              | 0.122                |
| Sun Man Tai Holdings Company Ltd              | 433  | 22.22        |              | 0.33                 |
| Swank International Manufacturing Company Ltd | 663  | 12.12        |              | 0.074                |
| Telecom Plus Holdings Ltd                     | 1013 | 13.41        |              | 0.465                |
| Tomorrow International Holdings Ltd           | 760  |              | 15.93        | 0.248                |
| Tse Sui Luen Jewellery (International) Ltd    | 417  |              | 10.40        | 0.155                |
| Wonson International Holdings Ltd             | 651  | 10.26        |              | 0.043                |

There was little news of any importance in the HKSAR, news, that is, that could have affected trading on The Stock Exchange of Hongkong Ltd.



On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – it was announced that The Securities and Futures Commission (SFC) was investigating dealings in the shares of Neolink Cyber Technology (Holding) Ltd (Code: 8116) in order to determine whether or not there had been any hanky panky.

The SFC had discovered that about 90 percent of the Issued and Fully Paid-Up Share Capital of the company had changed hands between just 10 parties on Wednesday, May 30.

Trading in the shares of Neolink Cyber had been suspended on Monday, June 4.

Trading on The GEM, however, was not affected by the announcement; The Growth Enterprise Index lost about 0.51 percent of its value, falling back to 285.76 points.

The Total Turnover of the day was about \$HK625.96 million.

Greencool Technology Holdings Ltd (Code: 8056) was the dominant stock of the day as about 103.10 million of this company's scrip changed hands with the share price, fluctuating between \$HK3.05 and \$HK3.275, ending the day at \$HK3.075.

The closing level represented a one-day loss of about 3.91 percent.

The value of the trades in this counter represented about 51.28 percent of the entire volume of activity for the day.

Greencool Technology's Chairman announced that he had been unloading some of his holdings in the company.

The ratio of losers to gainers was 1.48:One, with only 2 counters, seeing double-digit movements.

Those 2 counters were Asian Information Resources (Holdings) Ltd (Code: 8025) and First Mobile Group Holdings Ltd (Code: 8110).

Both of these counters bucked the general trend, as Asian Information's share price rose 15.56 percent to 15.60 cents, while First Mobile's share price gained 12.86 percent, ending the day at 79 cents.

On The Tokyo Stock Exchange, The Nikkei-225 Average edged down 7.16 yen to 13,174.84 yen in what was described as a fragile market.

Losing counters were ahead of gaining ones by the ratio of about 1.31: One.

Japanese investors, more savvy than their HKSAR counterparts, were waiting to see what would happen in New York since that market, logically, should have been under pressure, considering what was taking place in the US economy.

There appeared to be little reason for any signs of bullishness, Japanese investors reasoned.

It was announced by The Japan Automobile Importers Association that sales of imported vehicles in the month of May had increased by 3.80 percent, compared with May's imports, one year earlier.

Of the May tally, motor vehicles, produced by foreign manufacturers, accounted for 19,244 of all imports of motor vehicles, which represented an increase of about 9.10 percent, compared with the like period in 2000.

However, motor vehicles, produced by Japanese motor-vehicle manufacturers, located outside Japan, fell back about 41.40 percent in May 2001, compared with the level of such imports in May 2000.

The Tokyo Stock Exchange witnessed most share prices, moving just fractionally, one way or the other.

The following is how the rest of Asia fared last Wednesday:

|                 |                    |
|-----------------|--------------------|
| Indonesia       | Plus 0.29 percent  |
| Japan           | Minus 0.05 percent |
| Malaysia        | Minus 0.58 percent |
| The Philippines | Minus 0.23 percent |
| Singapore       | Plus 0.27 percent  |
| South Korea     | Closed             |
| Taiwan          | Plus 3.07 percent  |
| Thailand        | Minus 0.10 percent |

### **Thursday**

Asia was marked by lacklustre trading conditions, by and large, with major markets, seeing their respective indices, moving just fractionally.

Uncertainty about what was taking place on the world's largest bourse, The New York Stock Exchange, was the cause for the quiet trading conditions.

As expected, the 2 major markets on Wall Street, The New York Stock Exchange and the NASDAQ, went into reverse gear, last Wednesday, as The Dow Jones Industrial Average shed about 0.94 percent, ending the session at 11,070.24 points, while the NASDAQ's Composite Index gave up about 0.71 percent of its value, falling to 2,217.73 points.

The NASDAQ had risen on Tuesday, New York time, so that profit-taking was expected, but it was noted, by market watchers, that there had been a swing in late trading of about 4 percent, from plus 77.73 points to negative nearly 16 points.

It was only too clear that the NASDAQ could not hold onto its gains.

Reuters, the global news and information provider, announced that it was cutting its staff by 500 workers, and was, also, planning to close down its Internet service: Reuterspace.

Just one week earlier, it has sacked 50 staff members.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gained about 0.94 percent, rising to 13,703.43 points, with all of the gains, coming in late trading, during the 90-minute, afternoon session.

The Total Turnover was down to about \$HK10.10 billion, with gainers ahead of losers by the ratio of about 1.61: One.

There were 47, double-digit gainers and 6, double-digit losers.

The double-digit losers included:

| Name of Company                     | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|-------------------------------------|------|--------------|--------------|----------------------|
| Fujikon Industrial Holdings Ltd     | 927  |              | 12.35        | 0.71                 |
| Gemzboh Holdings Ltd                | 1192 |              | 18.92        | 0.09                 |
| Guangdong Building Industries Ltd   | 818  |              | 11.72        | 1.28                 |
| Honko International Holdings Ltd    | 673  |              | 46.04        | 0.075                |
| Interform Ceramics Technologies Ltd | 1060 |              | 16.33        | 0.041                |
| KG NextVision Company Ltd           | 516  |              | 12.31        | 0.228                |

There were reports that Regal Hotels International Holdings Ltd (Code: 78) was out to unload its 5 hotels, all of which are in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), for about \$HK9 billion.

The suggestion had been doing the rounds for some time because this Lo Yuk Sui company had been strapped for cash for many a year.

Trading in the shares of the company was suspended.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Total Turnover shrank to about \$HK253.46 million, down about \$HK372.50 million, compared with Wednesday's volume of trading, or a reduction of about 59.50 percent.

The Growth Enterprise Index gained about 1.74 percent, rising to 290.74 points, but the ratio of gainers to losers was tight, at about 1.14: One.

Greencool Technology Holdings Ltd (Code: 8056) was, again, the most-active counter of the day as investors '*played*' the counter to the extent of 13,308,000 shares, representing a value of about \$HK39.73 million, or about 15.68 percent of the Total Turnover.

The share price of this refrigerant company closed the day at \$HK3.10, up about 0.81 percent on Wednesday's last trade.

It had been announced that the Chairman of this company had been unloading part of his interest in the company that he founded. (Please see Wednesday's report)

There were 6 double-digit movers on this market:

| Name of Company                         | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|---|------|--------------|--------------|----------------------|
| AcrossAsia Multimedia Ltd               | 8061 | 14.21        |              | 2.25                 |
| Computech Holdings Ltd                  | 8081 |              | 14.91        | 0.485                |
| CyberM International (Holdings) Ltd     | 8017 | 25.00        |              | 0.40                 |
| Digital Hongkong.com Ltd                | 8007 | 103.17       |              | 0.64                 |
| Neolink Cyber Technology (Holdings) Ltd | 8116 |              | 20.56        | 1.43                 |
| Trasy Gold EX Ltd                       | 8063 |              | 16.07        | 0.047                |

In Japan, on The Tokyo Stock Exchange, it was a similar story as in the rest of Asia, as the largest Asian bourse saw its Nikkei-225 Average claw back 102.67 yen, or about 0.78 percent, to end the day at 13,277.51 yen.

While banks stayed under selling pressure, there was a bit of a fillip when it was announced, officially, that private sector machinery orders had risen by about 6.30 percent, seasonally adjusted, in the month of May, compared with the April statistic.

It was the first time in the previous 8 months that things had looked a little better for the Japanese economy ... assuming that a relatively small improvement in orders for new machinery may be taken as an improvement in the world's second-largest economy.

Regardless, Japanese investors saw it as a positive sign and, though still cautious, bought into the market.

In banks, the world's largest banker, Mizuho Holdings Incorporated, lost about 4 percent of its market capitalisation, falling to 588,000 yen per share.

Japanese-domiciled banks are known to holding trillions of yen of non-performing loans, with some banks, in reality, teetering on insolvency.

Losses of the nature of Mizuho Holdings tended to depress the market, generally.

What exacerbated the situation was a report from Japan's Ministry of Finance in respect of capital spending.

It was reported that, in the first quarter of this year, capital spending had waned and, for the second quarter, business sentiment continued to be depressed.

With a few exceptions, share prices fluctuated a point or so, either way.

Nissan Motor Company announced that it planned to start providing core engines to its French *'partner'*, Renault SA.

Renault owns 36.80 percent of Nissan.

The announcement did nothing for Nissan's share price, which gave up one yen per share to 810 yen.

In spite of the quiet market conditions, gainers outnumbered losers by the ratio of about 1.84: One.

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

|                 |                    |
|-----------------|--------------------|
| Indonesia       | Plus 0.09 percent  |
| Japan           | Plus 0.78 percent  |
| Malaysia        | Plus 0.54 percent  |
| The Philippines | Plus 1.23 percent  |
| Singapore       | Plus 0.28 percent  |
| South Korea     | Plus 0.58 percent  |
| Taiwan          | Minus 1.29 percent |
| Thailand        | Minus 0.78 percent |

## **Friday**

Share prices on all of Asia's major bourses rose, last Friday, but there appeared to be no valid rime of reason for the gains.

Asian investors looked at Wall Street and, since the largest stock market in the world was rising, last Thursday, or had the appearance of being about to rise, investors must have thought: For what reason should we not join in the fun?

On The New York Stock Exchange, last Thursday, New York time, the Dow Jones Industrial Average turned, mid-stream in the trading day, wiping out a 105.60-point deficit, to end the day at 11,090.67 points, a one-day improvement of about 0.18 percent.

On The NASDAQ, the Composite Index closed up 46.11 points, about 2.08 percent, rising to 2,263.84 points.

But during trading, the market did not know the bad news -- and neither did Asia: The unemployment level in the US had hit the highest level for more than 8 years.

For the week, ended June 2, The US Labour Department reported that 432,000 people had reported to be seeking work.

This statistic represented a gain of about 13,000 more people, out of work, comparing the week of June 2 with the week, ended May 26.

Not since September 1992 had there been so many Americans, pounding the streets, looking for employment.

But that was not all.

The US Commerce Department announced, after The New York Stock Market had closed for the day, that wholesale inventories grew by 0.30 percent in April, to a seasonally adjusted figure of \$US302.68 billion.

Then, adding to the gloom, it was reported that retail sales in the US had been disappointing for the month of May.

Had Asia known of these statistics, perhaps the seeming euphoria in the world's most populous area would have been moderated.

On The Stock Exchange of Hongkong Ltd, The Hang Seng Index, the guide to trading on the Main Board, gained 0.77 percent, rising to 13,808.89 points.

The Total Turnover was about \$HK14.20 billion, with China Mobile (Hongkong) Ltd (Code: 941), accounting for about 7.96 percent of that figure.

China Mobile, the most-active counter of the day, had investors in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) hopping, as the share price of this PRC telecommunications provider rose 3.21 percent, ending the week at \$HK41.80, just off the high of \$HK42 per share.

China Unicom Ltd (Code: 762), the fourth, most-active counter of the day, followed suit, it, too, being one of the largest, mobile telecommunications companies in the PRC, as investors traded about 35.83 million shares in this company.

By the closing bell, China Unicom's share price had hit \$HK13.35, a gain of about 2.69 percent, compared with Thursday's closing price.

The Li Ka Shing group of companies, however, did not fare well on the last day of trading, as Cheung Kong (Holdings) Ltd (Code: 1) saw its share price lose about 0.82 percent, falling to \$HK90.25, while Hutchison Whampoa Ltd (Code: 13) gave up 0.28 percent of its market capitalisation, falling back to \$HK87.75 per share.

The ratio of gainers to losers was about 1.58:One so that it was clear that investors did not want to get too involved with counters, controlled by Mr Li Ka Shing.

One of Mr Li Ka Shing's worst losers, in terms of its share price and lack of profits, Pacific Century CyberWorks Ltd (Code: 8), announced that PCC Skyhorse, a Chinese-language content provider of the company's Network of the World (NOW), would sack about 25 percent of its workforce.

While the actual number of workers, hitting the headline, was only 30 in number, investors recalled that it was only in the month of May that the company had sacked 12 of its employees.

Thus far, PCC Skyhorse, which was reputed to have cost Pacific Century CyberWorks about \$HK2.69 billion, is a dead loser.

There were a total of 37, double-digit movers, of which number, only 4 counters were in negative territory:

| Name of Company                      | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|--------------------------------------|------|--------------|--------------|----------------------|
| 401.com Ltd                          | 401  | 30.00        |              | 0.013                |
| Ananda Wing On Travel (Holdings) Ltd | 1189 | 10.62        |              | 0.125                |

|  |      |       |       |       |
|--|------|-------|-------|-------|
| B-Tech (Holdings) Ltd                                  | 412  | 16.67 |       | 0.014 |
| Berjaya Holdings (Hongkong) Ltd                        | 288  |       | 10.42 | 0.129 |
| Bestway International Holdings Ltd                     | 718  | 20.69 |       | 0.035 |
| Buildmore International Ltd                            | 108  | 15.38 |       | 0.60  |
| Capital Automation Holdings Ltd                        | 493  | 18.92 |       | 0.44  |
| CATIC Shenzhen Holdings Ltd                            | 161  | 14.89 |       | 2.70  |
| China Elegance International Fashion Ltd               | 476  |       | 10.53 | 0.017 |
| Companion Building Material International Holdings Ltd | 432  | 18.29 |       | 0.097 |
| Cosmos Machinery Enterprises Ltd                       | 118  | 10.23 |       | 0.485 |
| E-LIFE International Ltd                               | 370  | 20.61 |       | 0.199 |
| Easyknit International Holdings Ltd                    | 1218 | 20.90 |       | 0.295 |
| Extrawell Pharmaceutical Holdings Ltd                  | 858  | 26.67 |       | 0.57  |
| Fortuna International Holdings Ltd                     | 530  | 11.63 |       | 0.048 |
| Fu Hui Holdings Ltd                                    | 639  | 11.11 |       | 0.23  |
| Gemzboh Holdings Ltd                                   | 1192 | 11.11 |       | 0.10  |
| GR Investment Holdings Ltd                             | 310  | 20.88 |       | 0.11  |
| Guangdong Building Industries Ltd                      | 818  |       | 14.06 | 1.10  |
| Guangnan (Holdings) Ltd                                | 1203 | 15.00 |       | 0.345 |
| INNOMAXX Biotechnology Group Ltd                       | 340  | 10.00 |       | 0.33  |
| MAE Holdings Ltd                                       | 851  | 12.50 |       | 0.063 |
| MUI Hongkong Ltd                                       | 542  | 27.55 |       | 0.125 |
| Nam Fong International Holdings Ltd                    | 1176 | 26.47 |       | 0.172 |
| netalone.com Ltd                                       | 336  | 10.87 |       | 0.255 |
| New Rank City Development Ltd                          | 456  | 11.85 |       | 1.51  |
| Northern International Holdings Ltd                    | 736  | 10.34 |       | 0.032 |
| Orient Resources Group Company Ltd                     | 467  | 39.13 |       | 0.224 |
| Paladin Ltd  | 495  | 23.53 |       | 0.21  |
| Pearl Oriental Cyberforce Ltd                          | 988  | 12.00 |       | 0.028 |
| QPL International Holdings Ltd                         | 243  | 11.59 |       | 3.85  |
| Singapore Hongkong Properties Investment Ltd           | 245  | 20.00 |       | 0.012 |
| Silver Grant International Industries Ltd              | 171  | 12.75 |       | 1.15  |
| Singamas Container Holdings Ltd                        | 716  |       | 10.00 | 0.36  |
| Wang On Group Ltd                                      | 1222 | 10.87 |       | 0.255 |
| Welback Holdings Ltd                                   | 491  | 11.54 |       | 0.029 |

On The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index gained about 0.16 percent, ending the week at 2,941.19 points.

The Total Turnover was about \$HK490.07 million, with about gainers outnumbering losers by the ratio of about 1.68: One.

The most-active counter of the day was AcrossAsia Multimedia Ltd (Code: 8061) as investors traded about 43.37 million shares in this company, whose share price gave up 6.67 percent of its value, falling to \$HK2.10.

Trading in this one counter represented about 19.49 percent of the Total Turnover.

There were a total of 9, double-digit movers of the day:

| Name of Company                     | Code | Increase (%) | Decrease (%) | Closing Price (\$HK) |
|-------------------------------------|------|--------------|--------------|----------------------|
| 36.com Holdings Ltd                 | 8036 |              | 11.59        | 0.061                |
| CASH on-line Ltd                    | 8122 |              | 11.29        | 0.11                 |
| CyberM International (Holdings) Ltd | 8017 | 25.00        |              | 0.50                 |
| First Mobile Group Holdings Ltd     | 8110 |              | 11.25        | 0.71                 |
| Grandmass Enterprise Solution Ltd   | 8108 | 18.18        |              | 0.13                 |
| hkcyber.com (Holdings) Ltd          | 8118 | 22.62        |              | 0.103                |
| L.P. Lamas International Ltd        | 8029 | 20.00        |              | 0.138                |

|                   |      |       |  |       |
|-------------------|------|-------|--|-------|
| Panda-Recruit Ltd | 8073 | 10.00 |  | 0.11  |
| Trasy Gold EX Ltd | 8063 | 10.64 |  | 0.052 |

There were no GEM company announcements, last Friday.

In Japan, the Government announced, yet again, the all was not well in The Land of The Rising Sun.

It reported that the economy was continuing to weaken, according to Mr Heizo Takenaka, Economics Minister.

Spending on capital goods rose by 2.50 percent in the first quarter of 2001, compared with the like quarter in 2000, a decided reduction in spending on capital goods for the last quarter of 2000.

The announcement came after trading had ceased on The Tokyo Stock Exchange so that Japanese investors were trading *'in the dark'*, so to speak.

The *'barometer'* of trading on Asia's largest bourse, the Nikkei-225 Average, ended the week on the positive note of 13,430.22 yen, a gain of about 152.71 yen, or about 1.15 percent.

Electronics and telecommunications led the way, following on from trading in New York.

The largest chipmaker in Japan, Toshiba Corporation, saw its share price rise about 2.40 percent, ending the week at 685 yen per share, and Hitachi Ltd gained a similar amount, rising to 1,290 yen per share.

Kyocera Corporation's share price, Kyocera, being the world's largest producer of ceramic and specialised chips, gained about 4.50 percent, rising to 12,170 yen.

In telecommunications, it was the turn of Japan Telecom to rise about 5.51 percent to end the week at 2.87 million yen per share.

KDDI, one of the biggest companies in telecommunications in Japan, saw its share price rise about 3.33 percent to 620,000 yen.

NTT DoCoMo, easily the largest mobile telecommunications company in Japan, stayed firm at 2.25 yen per share.

All of Asia's major stock markets were in positive territory, last Friday:

|                 |                   |
|-----------------|-------------------|
| Indonesia       | Plus 0.21 percent |
| Japan           | Plus 1.15 percent |
| Malaysia        | Plus 1.51 percent |
| The Philippines | Plus 0.27 percent |
| Singapore       | Plus 1.41 percent |
| South Korea     | Plus 3.43 percent |
| Taiwan          | Plus 1.42 percent |
| Thailand        | Plus 1.38 percent |

-- E N D --

*If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com) or [targnews@hkstar.com](mailto:targnews@hkstar.com). TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*

 [Site Meter](#)