

ASIAN STOCK MARKET INDICES FALL INVESTORS GET MAULED

The big news of the day was the announcement that AOL Time Warner had formed a \$US200-million, joint-venture company with publicly listed Legend Holdings Ltd (Code: 992, Main Board, The Stock Exchange of Hongkong Ltd).

The new, joint venture will develop interactive services for the mass market in the People's Republic of China (PRC).

AOL Time Warner will have 49 percent of the new venture and Legend will take up 51 percent.

Legend, the majority of its shares, being owned by the PRC Government, has about 39 percent of the Personal Computer market in the PRC.

Whether or not the joint venture will reap rewards is the question that many analysts were pondering, last Monday, on the opening of trading.

The share price of Legend did not move, during last Monday's trading session on The Stock Exchange of Hongkong Ltd, remaining flat at the previous Friday's rate of \$HK5.65.

Investors on the second largest stock market in Asia, if they had counted on the AOL-Legend announcement to stimulate trading, were sadly disappointed as the Main Board's Hang Seng Index gave up about 0.97 percent of its value, falling back to 13,675.49 points.

The Total Turnover fell to about \$HK12.22 billion.

Legend Holdings was conspicuously absent from the list of the Ten Most Actives, which was headed by the PRC's giants of the telecommunications industry: China Mobile (Hongkong) Ltd (Code: 941); and, China Unicom Ltd (Code: 762).

China Mobile, the most-active counter of the day, saw about 16.62 million of its shares traded as its share price gave up about 0.48 percent, compared with the previous Friday's close, falling to \$HK41.60.

China Unicom, on the other hand, was able to buck the general trend as its share price gained about 1.50 percent, running up to \$HK13.55.

The volume of trading in these 2 counters, at about \$HK1.13 billion, represented about 9.25 percent of the Total Turnover of the day.

The '*barometer*' of trading on Main Board, The Hang Seng Index, was following on from Wall Street's trend, the previous Friday (June 8).

Sagging corporate profits have caused many a US investor to be more than a little cautious; and, the previous Friday's trading appeared to be proof of this fact.

The New York Stock Exchange's Dow Jones Industrial Average lost about 1.03 percent of its value, on Friday, June 8, dropping to 10,977 points.

But, on the NASDAQ, its Composite Index upstaged the Dow with a loss of about 2.16 percent as investors marked down the NASDAQ Composite Index to 2,215.10 points.

Announcements from some of the 'biggies' in the business of manufacturing network equipment helped bring down the Composite Index: Juniper Networks announced weaker prospects for the remainder of the year.

This announcement was smartly followed by an official statement from Intel Corporation, whose management said that the prospects of more poor sales for its chips, this year, were an almost certainty, in spite of the fact that it was likely to be able to meet previous profit/sales estimates.

In the Hongkong Special Administrative Region (HKSAR) of the PRC, investors were concerned – and rightly so, too – that New York's bearishness would spill over into trading for the coming week.

The ratio of losers to gainers was about 1.12:One with about 38 percent of all the counters, either hanging onto their previous closes or seeing no action in their counters – as was the case in Legend Holdings.

There were a total of 67, double-digit movers of the day, of which number, 17, double-digit movers went south.

The biggest gainer of the day was Pricerite Group Ltd (Code: 996), whose share price rose 83.33 percent to hit 77 cents by the close of trading – which was off its high of 84 cents per share.

The biggest loser was Mirabell International Holdings Ltd (Code: 1179), whose share price lost 18.60 percent of its value, falling back to \$HK1.05.

For investors on this market, it was duly noted that most of the 133.40-point losses came in the 90-minute afternoon session.

Century City International Holdings Ltd (Code: 355) confirmed TARGET's report of the previous week: It would be trying to sell its 5 hotels in the HKSAR.

TARGET was told that the price, being asked, was about \$HK9 billion.

The Regal Hotels Group, the main property assets of Century City, has a history of losing money.

Tem Fat Hing Fung (Holdings) Ltd (Code: 661), now controlled by the Li Ka Shing Camp, announced this it could face a Winding-Up Petition due to an acknowledged debt, amounting to about \$HK357 million, which it cannot pay out of existing funds.

Its share price fell about 12.90 percent on the announcement, ending the day at about 2.07 cents per share.

(Please see TARGET Intelligence Report, Volume III, Number 84, published on May 5, the third story, headlined: [**'DOES MR RAYMOND CHAN FAT CHU HAVE SOME EXPLAINING TO DO?'**](#))

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was a different story, completely, to the Main Board as The Growth Enterprise Index put on about 1.53 percent, ending the day at 295.65 points.

In spite of the Index, gaining ground, losers outnumbered gainers by the ratio of about 1.19:One.

There were only 3 double-digit movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Grandmass Enterprise Solution Ltd	8108		15.38	0.11
Techwayson Holdings Ltd	8098	17.37		1.96
Wah Sang Gas Holding Ltd	8035	15.09		9.15

The most active share of the day was Wah Sang Gas with investors, trading about 7.44 million shares in this supplier of natural gas in the PRC.

The volume of activity in this counter represented about 13.54 percent of the Total Turnover of about \$HK479.23 million.

There was no special news from this market.

In Tokyo, Finance Minister Masajuro Shiokawa was quoted as saying: *'It (the Japanese economy) seems everything has weakened slightly. I'm a bit worried.'*

The statements of the Finance Minister came on the back of fears that the second largest economy in the world was slipping back into recession ... its fourth retreat to such levels in the past decade.

Between January and March, this year, the **Gross Domestic Product (GDP)** of The Land of The Rising Sun (GDP: The total value of goods and services, produced in a country, minus net income from investments in other countries) dropped by about 0.20 percent, compared with the last quarter of 2000 – October through to December 31, 2000.

The Tokyo Stock Exchange appeared to take note of the situation as the Nikkei-225 Average shed 203.74 yen to 13,226.48 yen.

Even though the Nikkei-225 was off by about 1.52 percent, gainers outpaced losers by the ratio of about 1.04:One.

On foreign exchange markets, the value of the Japanese yen vis-à-vis the US dollar dropped to 121.54 yen, that is about 0.89 percent in one afternoon's trading session.

As if that were not enough, it was announced by Aiwa Company that it would be shutting down its Singapore operations by the end of the year.

Aiwa Singapore, presently, employs about 290 workers. Aiwa Company is owned as to about 50.60 percent by Sony Corporation.

Earlier this year, Aiwa dumped 720 of its workers in Japan and announced that it would be closing down 4 of its plants in the next year or so.

That announcement appeared to set the stage for losses in electronics on the largest stock market in Asia:

Advantest	Down 7.35 percent to 11,970 yen per share
Alps Electric	Down 4.77 percent to 1,259 yen per share
Casio Computer	Down 2.23 percent to 747 yen per share
Fujitsu Computer	Down 2.45 percent to 1,436 yen per share
Furukawa Electric	Down 3.59 percent to 1,236 yen per share
Kyocera Corporation	Down 2.88 percent to 11,820 yen per share
Mitsubishi Electric	Down 4.07 percent to 636 yen per share
NEC Corporation	Down 2.59 percent to 1,842 yen per share
Rohm Company	Down 3.08 percent to 21,430 yen per share
Toshiba Corporation	Down 3.27 percent to 663 yen per share

Other than the losses in electronics, the market had no other discernable direction as prices just drifted.

In other Asian markets, this was the situation:

Indonesia	Plus 1.42 percent
Japan	Minus 1.52 percent

Malaysia	Plus 1.66 percent
The Philippines	Plus 1.79 percent
Singapore	Minus 1.26 percent
South Korea	Minus 2.18 percent
Taiwan	Plus 0.86 percent
Thailand	Plus 0.68 percent

Tuesday

Share prices retreated on a broad front, last Tuesday: Investors in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were more than a little nervous about the financial situation, internationally.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gave up 148.81 points, dropping to 13,526.68 points, a one-day loss of about 1.09 percent.

All but 7.29 points of the loss came in the morning session, with the 90-minute afternoon session, being deathly quiet.

The Total Turnover fell to \$HK11.94 billion, with about 7.71 percent of that figure, being accounted for by trading in the shares of HSBC Holdings plc (Code: 5), the biggest bank in Europe in terms of assets under its control.

But HSBC Holdings's share price collapsed as investors marked down this giant banking group by 2.30 percent, to \$HK95.50 per share, just off the low of the day of \$HK95.25 per share.

About 9.58 million, HSBC Holdings's shares were traded.

The ratio of losers to gainers on the second largest bourse in Asia was 1.83:One.

Investors in Asia, generally, were disenchanted with a number of things that were happening, some of a parochial nature and some, harbouring a decided international flavour.

On Wall Street on the first day of trading for last week, The New York Stock Exchange's indices looked ready to fall, and fall big time.

The Dow Jones Industrial Average fell 54.13 points, about 0.50 percent, to 10,922.87 points.

The 30-share, blue-chip index looked suspiciously as though it was ready to run to much lower levels because there was so much negative news, flowing out of Corporate America.

On the NASDAQ, the Composite Index lost 1.99 percent of its value as investors pushed it down to 2,171.01 points.

Advanced Semiconductor Engineering Incorporated announced that it expected revenues to fall by between 20 percent and 25 percent in its second quarter of the year.

Advanced Semiconductor is the world's biggest semiconductor testing company. It is based in Taiwan.

The American stock markets are waiting for the Tuesday, June 26 meeting of the US Federal Reserve, at which time, consideration will be given to cutting US, short-term interest rates, for the sixth time this year.

Investors in the HKSAR watch Wall Street, very closely, because what affects the US affects the world – and doubly, too, in many cases.

There were exactly 34, double-digit movers on the Main Board, with 8 of those double-digit movers, losing considerable ground:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139	17.75		0.04
Berjaya Holdings (Hongkong) Ltd	288		16.15	0.109
Bestway International Holdings Ltd	718		10.53	0.034
China Development Corporation Ltd	487		10.96	0.13
China Elegance International Fashion Ltd	476	23.53		0.021
China Investments Holdings Ltd	132	12.77		0.53
China Sci-Tech Holdings Ltd	985	19.42		0.123
China Star Entertainment Ltd	326	10.29		0.225
China United Holdings Ltd	273	14.29		0.016
E. Bon Holdings Ltd	599		13.04	1.00
Everbest Century Holdings Ltd	578	23.53		0.042
Extrawell Pharmaceutical Holdings Ltd	858	17.54		0.67
First Pacific Company Ltd	142	12.05		1.86
Fortuna International Holdings Ltd	530	36.36		0.06
Great Wall Cybertech Ltd	689	15.82		0.205
Guangdong Investment Ltd	270	17.39		1.08
GZITIC Hualing Holdings Ltd	382	12.70		0.71
INNOMAXX Biotechnology Group Ltd	340	18.57		0.415
ITC Corporation Ltd	372	15.71		0.81
KEL Holdings Ltd	681	11.36		0.245
Kin Don Holdings Ltd	208	26.67		0.076
Luen Cheong Tai International Holdings Ltd	1190	10.94		0.142
New Rank City Development Ltd	456	12.42		1.72
Orient Resources Group Company Ltd	467		13.79	0.25
Prime Investments Holdings Ltd	721		10.53	1.02
Qualipak International Holdings Ltd	1224	12.12		0.148
Shun Cheong Holdings Ltd	650		10.74	0.241
Sinocan Holdings Ltd	1095	10.00		0.077
South China Online Ltd	619	10.24		0.183
Sun Man Tai Holdings Company Ltd	433	25.00		0.475
Tem Fat Hing Fung (Holdings) Ltd	661		18.52	0.022
Wang On Group Ltd	1222	25.42		0.37
Wonson International Holdings Ltd	651	24.32		0.046
Yugang International Ltd	613	17.78		0.106

On The Growth Enterprise Market (The GEM) of The Stock Exchange, prices came down with a bang.

The Growth Enterprise Index lost about 2.59 percent of its value, falling to 287.98 points.

Declining issues were ahead of advancing ones by the ratio of 2.76:One.

The volume of activity was about \$HK398.22 million, with trading in the top 5 counters, representing about 57.22 percent of the Total Turnover.

AcrossAsia Multimedia Ltd (Code: 8061) was the most active share of the day with investors, trading 41.39 million shares, amounting to a dollar value of about \$HK90.96 million.

AcrossAsia gave up 4.55 percent of its market capitalisation, falling to \$HK2.10 by the close, the low of the day.

There were, exactly, 3 double-digit movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CASH on-line Ltd	8135	14.55		0.126
Grandmass Enterprise Solution Ltd	8108	17.27		0.129
Neolink Cyber Technology (Holding) Ltd	8116		12.08	1.31

ITE (Holdings) Ltd (Code: 8092) announced its annual results for its Financial Year, ended March 31, 2001.

The company reported a 1,040.39-percent increase in its Bottom Line, Year-on-Year – from the 2000 figure of about \$HK1.43 million to the 2001 figure of about \$HK16.26 million.

The share price of ITE did not move on the announcement: It closed the day, unchanged, at \$HK1.08 on a volume of 460,000 shares traded.

On The Tokyo Stock Exchange, Japanese investors had to take a bit of a *'bath'* as the Nikkei-225 Average came off 386.38 yen, about 2.92 percent, falling to 12,840.10 yen.

Japan is concerned about the prospects of it, slipping back into a recession. (Please see Monday's report)

Losses were widespread and were right across the board.

Some of the largest losses in electronics included:

Advantest	Down 3.09 percent to 11,600 yen per share
Casio Computer	Down 2.28 percent to 730 yen per share
Furukawa Electric	Down 5.58 percent to 1,167 yen per share
Matsushita Electric Industries	Down 3.04 percent to 2,070 yen per share
Mitsubishi Electric	Down 3.93 percent to 611 yen per share
NEC Corporation	Down 2.23 percent to 1,801 yen per share
Nikon Corporation	Down 4.03 percent to 1,261 yen per share
Pioneer	Down 3.39 percent to 3,700 yen per share
Rohm Company	Down 6.21 percent to 20,100 yen per share
Sharp Corporation	Down 3.32 percent to 1,600 yen per share
Sony Corporation	Down 4.14 percent to 8,800 yen per share
Sumitomo Electric	Down 2.64 percent to 1,478 yen per share
Toshiba Corporation	Down 3.92 percent to 637 yen per share

In banks, these were the major losers:

Asahi Bank	Down 4.27 percent to 269 yen per share
Chiba Bank	Down 3.39 percent to 485 yen per share
Chugoku Bank	Down 2.32 percent to 801 yen per share
Daishi Bank	Down 3.33 percent to 377 yen per share
Gunma Bank	Down 4.40 percent to 543 yen per share
Hachijuni Bank	Down 2.28 percent to 600 yen per share
Hokuriku Bank	Down 4.25 percent to 220 yen per share
Joyo Bank	Down 3.69 percent to 365 yen per share
Mitsubishi Tokyo Financial	Down 4.59 percent to 1.04 million yen per share
Mizuho Holdings	Down 8.10 percent to 533,000 yen per share
Shizuoka Bank	Down 2.85 percent to 990 yen per share

Suruga Bank	Down 4.70 percent to 913 yen per share
UFJ Holdings	Down 6.79 percent to 618,000 yen per share

In telecommunications, the 3 largest carriers all suffered substantial losses:

Japan Telecom	Down 4 percent to 2.64 million yen per share
KDDI	Down 8.87 percent to 565,000 yen per share
NTT DoCoMo	Down 5.94 percent to 2.06 million yen per share

Asia was jittery about near-term prospects, with all eyes on the US.

This was how things looked, last Tuesday night:

Indonesia	Plus 3.11 percent
Japan	Minus 2.92 percent
Malaysia	Plus 1.34 percent
The Philippines	Closed
Singapore	Minus 0.45 percent
South Korea	Minus 0.18 percent
Taiwan	Minus 0.10 percent
Thailand	Minus 0.06 percent

Wednesday

XS-Media closed its doors for good, last Wednesday: It had run out of money.

The company had a website, which attempted to sell advertising space through the Internet.

The entity was just 7 months old and had gone through \$US5 million (about \$HK39 million).

And so another 40-odd people in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) found themselves, pounding the pavement, looking for alternate employment.

And investors in the HKSAR became more concerned, not so much at the failed dot.com company's failure, but the general situation in the territory where more than just a handful of companies are suspect.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index ended the day, down 3.37 points, compared with Tuesday's close, at 13,523.31 points.

Even though the Hang Seng Index was only off about 0.03 percent, losing counters outstripped gaining ones by the ratio of about 2.57:One on a Total Turnover of about \$HK13.80 billion.

Such type of activity is, normally, a prelude to a rapidly falling stock market.

The 2, most-active counters were China Mobile (Hongkong) Ltd (Code: 941) and HSBC Holdings plc (Code: 5).

China Mobile's share price regained 1.40 percent of its market capitalisation, rising to \$HK42.70, while HSBC Holdings's share price lost 1.57 percent of its value, falling back to \$HK94: The gains in the share price of China

Mobile were completely negated by the losses in the share price of HSBC Holdings.

The aggregate trades of these 2 heavyweights represented about 14.28 percent of the entire volume of activity for the day, at about \$HK1.97 billion.

A big factor that was affecting trading, not just in the HKSAR, but in Asia, in general, was a report from Finland where the world's largest producer of mobile telephones announced that its profits were due to fall much lower, this year, than had been thought possible, earlier in the year.

Nokia surprised Wall Street with its prognostications, stating that profits could fall about 25 percent lower than the company had thought possible, from earnings per share of about 0.20 euros to about 0.15 euros.

Economic uncertainty, worldwide, had knocked the stuffing out of the Finnish producer, it appeared.

The share price of Nokia in Europe dropped more than 20 percent, wiping out about 37 billion euros from its market capitalisation, equal to a thumping of about \$HK241 billion.

On The New York Stock Exchange, American Depository Receipts of Nokia gave up about 19 percent of their value on the news since it is well known that Nokia controls about 35 percent of the world's sales of handheld mobile telephones.

The Dow Jones Industrial Average had to surrender about 133 points, about 1.23 percent of its value on the news.

But, just before the close of trading, an announcement from Bank of New York's President, Mr William McDonough, who is, also, an official of the US Federal Reserve, put some starch, back into the marketplace.

As a result, the Dow ended the day at 10,948.38 points, up about 0.24 percent, compared with Tuesday's closing level.

The swing, during the day, was dramatic, but, perhaps, unconvincing, nevertheless.

Investors would only know the truth on Wednesday in the US.

The most sophisticated investors prepared for the worst.

On the NASDAQ, its Composite Index fell about 65.70 points, during the height of last Tuesday's session in New York, equal to a loss of about 3.03 percent.

But, like the antics on The New York Stock Exchange, the NASDAQ saw a dramatic swing, back to centre, as the Composite Index regained all by 0.83 points of its earlier losses, ending the day at 2,169.95 points, a loss of just 0.04 percent, compared with the close on Tuesday, New York time.

Investors in the HKSAR took careful note of what was happening in New York; many of them decided to sit on their hands rather than take a punt.

One aspect of trading, last Wednesday in the HKSAR, was an announcement from the Government of the PRC about alleged illegal '*gambling*' activities on both the Main Board and The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

'*Red Chips*' – PRC corporate entities, listed on The Stock Exchange of Hongkong Ltd – were down, considerably, on the news since the PRC Government does not suffer its citizens, breaking the law, gladly.

And it shoots crooks and snooks ... with impunity.

Since February, this year, the PRC Government alleges that about \$HK50 billion had been used to speculate on red chips.

A crackdown is on the cards, it seems.

There were a total of 30, double-digit movers, last Wednesday, with 10 of them, losing a substantial portion of their market capitalisations:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asean Resources Holdings Ltd	22	18.03		0.72
Asia Tele-Net and Technology Corporation Ltd	679	16.22		0.086
Boto International Holdings Ltd	585	14.04		0.325
China Apollo Holdings Ltd	512		11.69	0.34
China Cyberworld Ltd	298	41.18		0.48
China Investments Holdings Ltd	132	32.08		0.70
Dong Jian Tech.Com Holdings Ltd	649	13.46		0.59
Easyknit International Holdings Ltd	1219		10.53	0.255
Everest International Investments Ltd	204		18.36	0.249
Fortuna International Holdings Ltd	530	11.67		0.067
Fourseas.com Ltd	755	37.14		0.048
FT Holdings International Ltd	559	12.16		0.415
Global Food Culture Group Ltd	970	33.09		0.185
Great Wall Technology Company Ltd	74		10.77	2.90
Hop Hing Holdings Ltd	47	31.48		0.355
IFTA Pacific Holdings Ltd	371		10.26	0.35
imGo Ltd	67	10.00		0.77
KEL Holdings Ltd	681	12.24		0.275
Northern International Holdings Ltd	736	16.67		0.035
renren Media Ltd	59	10.53		0.042
Shougang Concord International Enterprises Company Ltd	697		11.82	0.485
Skynet (International Group) Holdings Ltd	577		10.00	0.045
Star Bio-Tech (Holdings) Ltd	1051		14.29	0.012
Star East Holdings Ltd	198	15.00		0.23
Sun Television Cybernetworks Holdings Ltd	307		11.98	0.147
U-RIGHT International Holdings Ltd	627	14.44		1.03
UDL Holdings Ltd	620	20.00		0.108
Wang On Group Ltd	1222	16.22		0.43
Welback Holdings Ltd	491		10.71	0.025
Winfoong International Ltd	63	15.76		0.235

On The GEM, it was another bloodbath for investors as The Growth Enterprise Index gave up another 2.11 percent of its value, falling to 281.90 points.

In just 2 trading days, The GEM has given up 4.70 percent of its value.

And it looked as though it could fall a lot further before any sustained recovery was possible.

The Total Turnover was about \$HK289.84 million; losers outnumbered gainers by the ratio of 3.40:One.

There were just 4, double-digit movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
36.com Holdings Ltd	8036		11.32	0.047
CASH on-line Ltd	8122	15.87		0.146

ITE (Holdings) Ltd	8092	12.04		1.21
Jiangsu Nandasoft Company Ltd	8045		11.76	1.50

STAREAST Net.com Corporation (Code: 8010) announced its results for the Financial Year, ended March 31, 2001, indicating another major loss situation.

The company stated that it had lost about \$HK174.26 million, which compared with a Loss Attributable to Shareholders of nearly \$HK80 million for the previous Year.

The share price of STAREAST was unchanged at 95 cents: There was no trading in this counter._

This company was listed on The GEM on May 23, 2000 at \$HK1.18 per share.

In The Land of The Rising Sun, the announcement from Nokia knocked trading on the head, so to speak, as share prices in telecommunication counters and electronics fell in very short order.

However, most of the losses were not pronounced, as had been the case on Tuesday's session.

The Nikkei-225 ended the session, down 16.65 yen at 12,823.45 yen, a fractional loss, without question, but the Nikkei's loss belied the true situation.

In addition to the Nokia news, it was announced that quite a number of Japanese industrial plants were lying idle and that fewer goods were being churned out in those plants that were operational.

Production in Japan was down about 2 percent in April, compared with March, the Ministry of Economy, Trade and Industry announced.

Japan Telecom, one of the 3 largest mobile telecommunications companies in Japan, saw its share price fall about 2.65 percent to 2.57 million yen per share, but the Nippon Telegraph and Telephone (NTT) group of companies saw very little movement in their share prices (NTT is the largest mobile telephone carrier in Japan).

In the electronics sector of the market, while Advantest lost about 2.67 percent of its value and NEC Corporation gave up 3.39 percent of its market capitalisation, most other electronics held firm.

But sentiment in Japan was, most decidedly, negative, last Wednesday night.

This was how other areas of Asia viewed the situation, last Wednesday, following the conclusion of trading on the major bourses:

Indonesia	Plus 0.01 percent
Japan	Minus 0.13 percent
Malaysia	Plus 0.95 percent
The Philippines	Plus 1.87 percent
Singapore	Plus 1.05 percent
South Korea	Plus 1.14 percent
Taiwan	Minus 1.07 percent
Thailand	Plus 3.42 percent

Thursday

Another dot.com company closed its doors, last Thursday – and the stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) shuddered some more.

This time it was CMGI's turn to close its Internet advertising company, AdForce, an agency that it purchased just one year prior at a cost of about \$US500 million (about \$HK3.90 billion).

It was, also, reported that AdSociety, controlled by publicly listed Pacific Century CyberWorks Ltd (Code: 8, Main Board, The Stock Exchange of Hongkong Ltd), had signed a contract with AdForce for use of AdForce's advertising serving technology.

Nobody had been told just how much Pacific Century CyberWorks had paid for its exclusive contract with AdForce, but it was widely suggested that it was not boppers.

With one company after another, closing its doors, with The New York Stock Exchange in full reverse gear, with publicly listed companies, announcing losses, or much lower profits, it was hardly surprising that investors in the HKSAR were under pressure to sell scrip – or suffer the consequences.

On The New York Stock Exchange, last Wednesday, the Dow Jones Industrial Average had dropped 76.62 points, about 0.70 percent, hitting 10,871.76 by the close of trading.

The NASDAQ saw its Composite Index give up 2.23 percent, falling to 2,121.63 points.

The US stock markets were treated to another company, announcing its problems, as Polaroid, the film and camera maker, said that it would sack 2,000 of its workers, representing about one quarter of its workforce.

In February, Polaroid sacked 950 of its workers.

The company has been plagued by debt for some time, necessitating the sale of its headquarters building in Massachusetts, last year.

It was just 5 years ago that Polaroid's share price was about \$US45.

Today, it is closer to \$US4 per share.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gave up 2.03 percent of its value, falling to 13,248.89 points.

China Mobile (Hongkong) Ltd (Code: 941) and HSBC Holdings plc (Code: 5), once again, took the Number One and Number Two Slots in the Ten Most Actives, in the same order as in Wednesday's trading session.

But last Thursday saw both the leaders lose considerable ground, with China Mobile's share price, giving up 2.81 percent of its market capitalisation, falling to \$HK41.50 – on Wednesday, it had gained 1.40 percent – while HSBC Holdings's share price shed another 1.50 percent of its value, dropping back to \$HK93, adding to Wednesday's loss of 1.57 percent.

The aggregate value of the trades of these 2 heavyweights was about \$HK1.50 billion, or about 12.59 percent of the Total Turnover of about \$HK11.91 billion.

The ratio of loser to gainers expanded to 5.44:One, with only about 34 percent of the entire market, getting off scott-free – and that figure included those counters that were suspended.

There were a total of 93, double-digit movers (a record number), with only 6 of that number, registering gains.

The biggest loser of the day was China Investments Holdings Ltd (Code: 132), whose share price sank 32.86 percent to end the day at 47 cents.

Other red chips got hit in the bloodbath, but China Investments took it on the nose. (Please see Wednesday's report on the expected purge in respect of the red chips)

The Main Board's losses were bad, but the losses on The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd took a great many people by surprise: The losses on this market were even more.

The Growth Enterprise Index gave up about 4.40 percent of its value, ending the session at 269.50 points.

The Total Turnover fell to \$HK272.46 million.

Declining issues were ahead of advancing ones by the ratio of 12.40:One, a chasm between the losers and gainers that has not been seen for many a month.

There were a total of 17, double-digit movers, all of which were in negative territory.

The biggest loser of the day was Kingdee International Software Group Company Ltd (Code: 8133) as investors marked down its share price to \$HK2.50, a one-day loss of about 22.48 percent, compared with Wednesday's close.

China Medical Science Ltd (Code: 8120) announced its financial results for the period August 1, 2000 to April 30, 2001.

The company reported a Net Profit Attributable to Shareholders of about \$HK17.61 million.

In the like period – 1999 to 2000 – the company reported a \$HK1 Profit.

China Medical Science was listed on The GEM on March 28, 2001 at 65 cents per share.

It ended last Thursday's session at 75 cents per share, down 9.64 percent on Wednesday's close on a volume of 2.68 million shares.

In Japan, the country had to contend with a number of problems, those of a home-grown type and, of course, those created by the economic meltdown, internationally.

Firstly, the Japanese Government's Finance Ministry announced that the country's Current Account Surplus had fallen about 24.40 percent in April to 877.60 billion yen, year-on-year.

It was the fifth month in succession that there had been a fall in the Current Account Surplus.

In January, the Surplus fell nearly 60 percent.

Then, it was announced by Teikoku Databank, an independent research agency in Japan, that the number of bankruptcies in The Land of The Rising Sun had risen to 5.70 percent in May, to be the highest number of bankruptcies, recorded in any month, so far this year.

The number of entities that went belly up in May was 1,724.

The level of bankruptcies in May was 12.80 percent higher than for the same month in 2000.

Then, if that was not enough, problem loans in the country's 64 regional banks rose to about 10 trillion yen, a gain of nearly 18 percent, during fiscal 2000, The Association of Regional Banks announced.

The downturn in the economy was bearing its ghoulish fruit.

On The Tokyo Stock Exchange, the premier stock market in Japan, the Nikkei-225 edged up 23.21 yen, or about 0.18 percent, to 12,846.66 yen.

Banking counters hit a 30-month low as investors dumped bank stocks, fearing the worst.

It was official that the Japanese economy was in recession, and investors were struggling to look for a safe haven.

The largest bank in world, Mizuho Holdings, shed 2.83 percent of its value, falling to 515,000 yen per share. But, during the day, it had hit a low of 506,000 yen, an all-time low for the bank.

All of Japan's '*big four*' banks gave up ground.

On foreign exchange markets, the yen was under pressure.

The value of the yen against the US dollar fell to 122 yen.

The pressure was on the Japanese currency, with some people, suggesting that the yen-US dollar rate could climb higher to the 130-yen level.

In such a despondent atmosphere, Japanese investors wound their weary way to their homes.

This was how the situation looked on other Asian bourses, last Thursday night:

Indonesia	Minus 0.08 percent
Japan	Plus 0.18 percent
Malaysia	Plus 0.35 percent
The Philippines	Plus 0.78 percent
Singapore	Minus 0.38 percent
South Korea	Minus 0.05 percent
Taiwan	Minus 1.74 percent
Thailand	Minus 0.83 percent

Friday

It was official: The Government of the People's Republic of China (PRC) had launched a crackdown on illegal foreign exchange transactions. (Please see Wednesday's report on this subject)

The PRC Government's State Administration of Foreign Exchange said that it had issued a circular, ordering an immediate policing action of illegal foreign exchange transactions.

It has been estimated by this Government department that about \$HK20 billion has been spirited out of the PRC and into the Hongkong Special Administrative Region (HKSAR) where it has found its way into stocks and shares and, from there, into the US and Europe.

What the State Administration of Foreign Exchange is unlikely to admit, though, is how much of this estimated amount of money originated, directly or indirectly, from high-ranking, PRC Government officials, operating out of Beijing.

That announcement was enough to put the wind up the bottoms and skirts of many a stock-market speculator in the HKSAR: The Main Board of The Stock Exchange of Hongkong went into free-fall for a while.

In the morning session, the Hang Seng Index gave up 199.28 points, but recovered some of the early losses to end the week at 13,102.50 points, a one-day loss of about 1.11 percent.

The Total Turnover rose to about \$HK14.02 billion, with trading in one counter, accounting for about 7.28 percent of that figure.

That one counter was China Mobile (Hongkong) Ltd (Code: 941), one of the largest, mobile telecommunication companies in the PRC.

About 25.35 million, China Mobile shares changed hands, last Friday, as its share price drifted lower, ending the day at \$HK40.80, a one-day loss of about 1.69 percent.

In second place on the Ten Most Active list was Hutchison Whampoa Ltd (Code: 13) as investors marked down this Li Ka Shing conglomerate's share price to \$HK81.25 on a volume of about 8.45 million shares traded.

The closing level of Hutchison Whampoa represented a drop of 2.11 percent on Thursday's final price.

HSBC Holdings plc (Code: 5) was relegated to third position on the most-active list, but this banking giant's share price held firm at \$HK93.

The ratio of losers to gainers was about 1.71:One.

Aside from confirmation of the PRC Government's avowed intent to halt the flow of illegal foreign exchange transactions, investors in the HKSAR were, also, greatly influenced by what had taken place on Wall Street, last Thursday.

On The NASDAQ, last Thursday, New York time, hi-tech share prices plunged in the first hour of trading, with the Composite Index, giving up about 100 points.

That was a loss of about 4.71 percent, compared with Wednesday's close.

But bargain-basement buyers stepped in, later on in the day, to pick up what they thought were '*cheapies*', thus raising the stakes and pushing the Composite Index back to 2,044.04 points, which was still a loss of 77.59 points, or about 3.66 percent on Wednesday's closing level.

On The New York Stock Exchange, the Dow Jones Industrial Average was forced to surrender 181.49 points, equal to about 1.67 percent, driving down the blue-chip index to 10,690.13 points.

The losses of last Thursday meant that the NASDAQ Composite Index had given up about 20 percent of its value since January, this year.

One major factor, that brought down the indices of leading stock markets in the US, was an announcement that the \$US42-billion merger between General Electric and Honeywell International, both of which are constituent stocks of the Dow, was off.

Adding to the gloom was an announcement from GlaxoSmithKline, a giant in the manufacture and distribution of drugs, worldwide, that it was cutting out 2,175 jobs.

The sackings are a streamlining of the company's operations, following the merger of Glaxo Wellcome and SmithKline Beecham, a merger, which came about late last year.

More than 1,000 workers will be given '*pink slips*' in the United Kingdom, in the northwest, where the company produces asthma inhalers.

All that was bad enough, but, after the market closed in New York, Canadian '*sickie*', Nortel Networks Incorporated, announced that it had racked up a second-quarter loss of about \$US19.20 billion.

That was a record loss for any company, anywhere in the world, and in any century.

Making matters worse, the second-quarter loss extended the first quarter's profits' erosion of about \$US385 million.

The company, which manufactures telecommunication equipment and was Canada's largest corporate entity, prior to last Thursday's announcement, also, reported that it would be sacking 10,000 more people.

In April, it sacked 20,000 workers.

Investors in Asia could hardly close their eyes to what was happening in North America, especially when it affected the most powerful economy of the world.

There were 26, double-digit movers, last Friday, of which number, 9 double-digit movers were in the red:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Ananda Wing On (Holdings) Ltd	1189	11.97		0.159
Asia Resources Transportation Holdings Ltd	899	12.07		0.065
Buildmore International Ltd	108		11.86	0.52
Capital Automation Holdings Ltd	493		16.88	0.32
CCT Multimedia Holdings Ltd	1169	16.58		0.225
Century City International Holdings Ltd	355		11.61	0.099
China Apollo Holdings Ltd	512	10.34		0.32
China Bio-Medical Group Ltd	140	10.00		0.11
Elec and Eltek International Holdings Ltd	33	14.13		1.05
Easyknit International Holdings Ltd	1218	10.42		0.265
Everbest Century Holdings Ltd	578		11.11	0.04
First Tractor Company Ltd	38	11.68		1.53
Fourseas.com Ltd	755	25.00		0.05
Guangnan (Holdings) Ltd	1203	18.18		0.39
Guangzhou Pharmaceutical Company Ltd	874	13.27		3.20
IFTA Pacific Holdings Ltd	371		10.45	0.30
iQuorum Cybernet Ltd	472	10.00		0.033
Jingwei Textile Machinery Company Ltd	350	11.11		2.50
KEL Holdings Ltd	681		12.50	0.245
Northern International Holdings Ltd	736	11.43		0.039
renren Media Ltd	59		11.90	0.037
Shangdong Xinhua Pharmaceutical Company Ltd	719	11.21		3.225
Sun Man Tai Holdings Company Ltd	433		13.41	0.355
Tongda Group Holdings Ltd	698	10.00		1.32
Wang On Group Ltd	1222		10.96	0.325
Yanzhou Coal Mining Company Ltd	1171	11.63		3.60

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, 5 counters managed double-digit movements, of which only one of them was in negative territory:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Digital Hongkong.com Ltd	8007		18.31	0.58
Grandmass Enterprise Solution Ltd	8108	10.00		0.121
Kingdee International Software Group Company Ltd	8133	22.00		3.05
MRC Holdings Ltd	8070	18.42		0.45
Town Health International Holdings Company Ltd	8138	14.04		0.65

The Growth Enterprise Index gained about 0.39 percent, ending the week at 270.56 points on a Total Turnover of about \$HK297.84 million.

There were huge swings in some counters, and Phoenix Satellite Television Holdings Ltd (Code: 8002) was representative of such a situation.

Its share price swung from a low of \$HK1.15 to a high of \$HK1.50, a one-day movement of a little more than 30 percent in a period of just 4 hours of trading.

This Rupert Murdoch company ended the week at \$HK1.35 per share, almost unchanged from Thursday's close.

Losers edged out gainers by the slim margin of 1.06:One.

In Japan, the stock markets were very quiet, with the premier stock market in The Land of The Rising Sun, The Tokyo Stock Exchange, seeing its Nikkei-225 Average lose 56.28 yen, falling to 12,790.38 yen.

Japan was taking its knocks, just like all the other Asian bourses, as the shocking financial news of Nortel Networks and falling share prices on US stock markets shook the most populous part of the world.

It was reported that NTT DoCoMo Incorporated, Japan's largest mobile telecommunications company, was recalling about half of its trial mobile handsets due to communications and battery problems.

This was the second time that such a thing had taken place, the first time was in regard to the handsets of Sony Corporation and a software problem. That happened just 2 months ago.

The handsets, being recalled this time, amounting to about 1,400 units in all, were made by NEC Corporation: Forma N2001.

NTT DoCoMo is conducting trial runs on its first, high-speed cell phones.

The share price of NTT DoCoMo fell 1.44 percent to 2.06 million yen.

While there were a handful of large losers, such as Kyocera Corporation, which gave up about 3.06 percent of its value, falling to 11,400 yen, and Rohm Company, whose share price lost 4.60 percent of its market capitalisation, dropping back to 18,870 yen, most of the counters saw only fractional movements.

Tokyo had taken a pasting, earlier in the week, in any event, so that last Friday's market was more of a knee-jerk reaction than anything else.

Most and larger losses were expected in the coming week.

This was how other Asian stock markets closed out the week of June 16, 2001:

Indonesia	Plus 0.20 percent
Japan	Minus 0.44 percent
Malaysia	Minus 1.90 percent
The Philippines	Plus 0.35 percent
Singapore	Plus 0.98 percent
South Korea	Plus 0.85 percent
Taiwan	Plus 0.77 percent
Thailand	Plus 0.54 percent

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-- E N D --

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