

HE TALKS, BUT NOT MANY LISTEN ... AND BELIEVE

The stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) and Taiwan were closed, last Monday, in celebration of the Tung Ng Festival (Dragon Boat Festival).

That left only Japan, which sports the largest bourse in Asia, to go it alone: The HKSAR and Taiwan took to their water sports as an alternative to playing with stocks and shares.

On The Tokyo Stock Exchange, the Nikkei-225 Average lost 148.14 yen to end the first day of the week at 12,896.47 yen.

But it was somewhat surprising to many that this market should continue to be in reverse gear since the US Federal Reserve was scheduled to hold its Open Market Committee Meeting for last Tuesday, Washington time.

One would have thought that Japanese investors would have taken a speculative plunge in preparation for the 'good' news – an interest-rate cut in the largest economy of the world.

Dampening any prospective ardour for the purchases of shares on the markets of the second largest economy in the world were a couple of very damning reports about the Japanese economy.

The Finance Ministry reported, last Monday, that the overall state of the Japanese economy had weakened further in recent months, due to shrinking confidence and stagnant consumer spending.

The Finance Ministry compiled a report with the help of its 11 regional bureaus, a report which culminated in the determination that Japan's economy must be downgraded further than had hitherto been thought necessary.

The Ministry cited lower-than-expected investment in capital goods and a further deterioration in the labour market in Japan.

The Ministry's report was hard on the heels of a report, released by The Japan Chain Stores Association.

This Association stated that supermarket sales had dropped 4.90 percent in May, compared with the like May in 2000, to 1.32 trillion yen.

It was the thirtieth successive month of losses in this important segment of the Japanese economy.

Food sales, which account for about 53.30 percent of overall sales, were off 1.70 percent, while clothing sales, which account for about 17 percent of overall sales, were down about 9.10 percent, the Association's findings suggested.

The biggest losers on the premier Japanese stock market, last Monday, were telecommunications counters, the 3 biggest carriers, suffering a decided lack of investor confidence.

Japan Telecom, gave up 2.66 percent of its value, falling to 2.56 million yen per share, while KDDI shed 4.58 percent of its market capitalisation, dropping back to 563,000 yen per share.

Nippon Telegraph and Telephone (NTT) was the largest loser of the day as investors marked down this giant by 5.68 percent, to 648,000 yen per share.

Its subsidiary, NTT DoCoMo Incorporated, was forced to concede ground, also, resulting in this counter, having to settle for a 2.31-percent loss for the day at 2.11 million yen per share.

Banks were included in the biggest losers of the day, however, as TARGET's list indicates:

Asahi Bank	Down 5.36 percent to 265 yen per share
Daiwa Bank	Down 2.74 percent to 142 yen per share
Higo Bank	Down 2.47 percent to 435 yen per share
Hokuriku Bank	Down 2.16 percent to 227 yen per share
Shizuoka Bank	Down 2.80 percent to 1,005 yen per share
UFJ Holdings	Down 2.65 percent to 660,000 yen per share

But, although there were patches of substantial losses – electronics giant, Sony Corporation, gave up 3.57 percent of its value, falling to 8,380 yen per share – most counters were only fractionally off.

This was the way that other Asian markets saw the situation, last Monday:

Indonesia	Minus 0.42 percent
Japan	Minus 1.14 percent
Malaysia	Plus 0.43 percent
The Philippines	Minus 1.06 percent
Singapore	Minus 0.54 percent
South Korea	Minus 1.06 percent
Taiwan	Closed
Thailand	Plus 0.36 percent

Tuesday.

Share prices were hit hard on the 2 stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Tuesday, as one company after another reported drooping profits – and more bad news was sure to come.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index shed another 1.61 percent of its value, falling to 12,961.97 points, with the losses being, just about, equally split between the morning and afternoon session.

The Total Turnover was low, once again, at about \$HK7.76 billion, in what could only be described as a directionless market.

With the US Federal Reserve, scheduled to announce another, short-term interest rate on Tuesday, Washington time, investors on the second largest bourse in Asia were indicating little confidence in any short-term solution to the world's economic woes.

China Mobile (Hongkong) Ltd (Code: 941) continued to be top dog on the Ten Most Actives as investors traded about 12.62 million of this PRC-Government-controlled, telecommunications company, knocking down its share price by 3.84 percent to \$HK40.10.

HSBC Holdings plc (Code: 5), the largest banking institution in Europe, in terms of assets under its control, lost 1.07 percent of its market capitalisation as its share price fell to \$HK92.50 after about 4.30 million of its shares were traded.

The Li Ka Shing Camp was not spared the sell-off as Hutchison Whampoa Ltd (Code: 13) lost 1.25 percent of its value, falling to \$HK78.75 per share, just off the low for the year, Cheung Kong (Holdings) Ltd (Code: 1) shed 0.58 percent of its value, dropping back to \$HK85 per share, and Pacific Century CyberWorks Ltd (Code: 8) hit a low of the year at \$HK2.25 per share, a loss of 3.23 percent, compared with the previous Friday's closing level.

Losing counters outnumbered gaining ones by the ratio of nearly 2:One, with nearly 56 percent of all counters, either seeing no action, at all, or holding onto previous closes.

The HKSAR stock market *'players'* were more than a little concerned about what was happening, internationally, and these events were over-riding the expected interest-rate cut that were foretold by Washington and New York pundits.

On The New York Stock Exchange, last Monday, the 30, blue-chip index, The Dow Jones Industrial Average, gave up 101.31 points, about 0.96 percent, ending the day, on the eve of the Fed's meeting, so to speak, at 10,503.28 points.

The NASDAQ Composite Index went in the reverse direction, however, gaining 16.18 points, about 0.80 percent, rising to 2,051.02 points.

US investors, like their Asian counterparts, were more concerned about the lack of economic growth, internationally, and the seeming failure of 5, repeated 50-basis-point, interest-rate cuts in the US since the beginning of the year to stimulate the US economy than in making any fresh commitments.

Thus, selling was the order of the day on Wall Street since the previous actions of the Fed had failed to prop up equity markets – anywhere.

What was exacerbating the situation were repeated profits' warnings and repeated sackings of staff by major companies, in the US, in Euroland, and in Asia.

International Paper, for instance, announced last Monday that it would be sacking 3,000 workers, representing about 10 percent of its US workforce.

This was Phase One of the publicly listed company's moves to restructure, it stated.

International Paper's share price fell nearly 2 percent to \$US35.40 on The New York Stock Exchange, following the release of the news.

Compaq Computer Corporation announced, last Monday, that it would have to bite the proverbial bullet in view of the fact that it had lost its lead in the personal computer market to Dell Computer Corporation.

The company said that it aimed to cut costs by \$US200 million per quarter, saving \$US800 million this year.

The company, also, said that it would phase out its computer chips in favour of buying microprocessors, manufactured by Intel Corporation.

All these events did not sit well in Asia where, in addition to watching the world's largest economy groan and strain under the heavy weight of its problems, Asia had its own problems with which to contend.

There were 14, double-digit movers on The Main Board of The Stock Exchange of Hongkong Ltd, last Tuesday, with 6 of them, losing ground:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
Asia Resources Transportation Holdings Ltd	899		11.67	0.053
Buildmore International Ltd	108		13.79	0.50
China Elegance International Fashion Ltd	476	11.11		0.03
Companion Building Material International Holdings Ltd	432	12.94		0.096
E. Bon Holdings Ltd	599	12.50		0.90
IDT International Ltd	167		12.33	0.64
KEL Holdings Ltd	681	16.58		0.225
Medtech Group Company Ltd	1031		10.00	0.036
Peking Apparel International Group Ltd	761	10.71		0.62
Seapower Resources International Ltd	269		10.00	0.099
The Sincere Company Ltd	244		10.00	0.45
Skynet (International Group) Holdings Ltd	577	49.12		0.085
Telecom Plus Holdings Ltd	1013	15.66		0.48
Wo Kee Hong (Holdings) Ltd	720	11.11		0.09

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, there was only one, double-digit mover – and the share price of this company went south.

The lone, double-digit mover was Rojam Entertainment Holdings Ltd (Code: 8075) whose share price lost 10.94 percent of its value, falling to 57 cents per share.

Rojam, which went public on May 24, 2001 when it floated off shares at \$HK1 a throw, announced that its Net Profits Attributable to Shareholders for the Financial Year, ended March 31, 2001, had risen to about \$HK19.72 million, up from the previous Year when the company suffered a loss of about \$HK916,000.

The Profits of this company were boosted by a one-off Signing Bonus of about \$HK84.17 million.

(For full analysis of this company, please see [TARGET Intelligence Report, Volume III, Number 99](#), published on May 30, 2001)

Investors seemed to pay little attention to this company's share-price loss since The Growth Enterprise Index was in negative territory, all the trading day.

By the close of trading, The Growth Enterprise Index was off by about 0.73 percent to 271.68 points.

The Total Turnover on this market was about \$HK163.38 million as losers outpaced gainers by the ratio of about 1.84:One.

In Japan, The Tokyo Stock Exchange reversed its direction of Monday, sending The Nikkei-225 Average up by 82.35 yen to 12,978.82 yen, a one-day improvement of about 0.64 percent.

Caution appeared to be the operative word on Japan's premier stock market in spite of the fact that gainers led decliners by the ratio of 2.47:One.

Banks were all but sidelined on the market as Japanese investors thought it prudent to wait for the outcome of Tuesday's Fed meeting in Washington.

The market was directionless, with most counters either rising or falling, just fractionally.

In other parts of Asia, it was, pretty much the same situation with the exception of South Korea and Taiwan.

This was the situation in major Asian stock markets, last Tuesday night:

Indonesia	Plus 0.61 percent
Japan	Plus 0.64 percent
Malaysia	Plus 0.81 percent
The Philippines	Minus 0.08 percent
Singapore	Plus 0.15 percent
South Korea	Minus 1.56 percent
Taiwan	Minus 2.43 percent
Thailand	Plus 0.30 percent

Wednesday

Asia was waiting for the ‘word’ from Dr Alan Greenspan, the Chairman of the US Federal Reserve, last Wednesday, as nearly every major, Asian bourse, with the lone exception of Japan, moved just fractionally ... and mostly down.

Of the 9, major stock markets in Asia, 6 stock markets lost ground as investors determined that nothing special would come out of the Fed’s meeting, scheduled for Tuesday, Washington time.

On the Main Board of The Stock Exchange of Hongkong Ltd, the Hang Seng Index gained about 0.33 percent, rising 4.21 points above the 13,000 level on a volume of activity, amounting to about \$HK6.83 billion.

The low Total Turnover said it all: Investors did not know which way to turn.

What was worrying many investors in the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC) was a report from VTech Holdings Ltd (Code: 303), a report which stated that its losses were the worst in the past 27 years.

This company, said to be one of the world’s largest manufacturers of cordless telephones – whose life must, now, be limited, in any event – announced a Loss Attributable to Shareholders of about \$US215 million (about \$HK1.67 billion).

The company had sacked 4,500 workers in March, Chairman Alan Wong Chi Yun told the world.

The share price of VTech Holdings rose 2.80 percent to \$HK3.675 on the news.

Thursday’s market was expected to see this share price get it in the neck – again.

The ratio of loser to gainers was 1.41:One, with about 58 percent of all counters, holdings onto Tuesday’s levels, or seeing no trades in their respective scrip.

China Mobile (Hongkong) Ltd (Code: 941) continued to dominate the Ten Most Actives, with about 13.12 million of this company’s shares, changing hands, representing a dollar value of about \$HK529.62 million, or about 7.76 percent of the Total Turnover.

Hutchison Whampoa Ltd (Code: 13) was in second place on the Ten Most Actives as investors marked down this giant’s share price by another 0.63 percent to \$HK78.25 on a volume of about 6.50 million shares, traded.

HSBC Holdings plc (Code: 5) continued its share-price drop, losing another 0.27 percent of its market capitalisation, falling back to \$HK92.25 per share. It was the third, most-active counter of the day.

There were, exactly, 18, double-digit movers of the day with exactly one third of them, losing ground:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Tele-Net and Technology Corporation Ltd	679	11.49		0.097
CEC International Holdings Ltd	759	11.94		0.75
China Rich Holdings Ltd	1191		21.43	0.275
Ching Hing (Holdings) Ltd	692		17.39	0.285
Far East Consortium International Ltd	35	25.00		0.65
Far East Hotels and Entertainment Ltd	37	11.32		0.59
Far East Technology International Ltd	36	12.50		0.315
Guangnan (Holdings) Ltd	1203		15.25	0.25
HiNet Holdings Ltd	155	21.52		0.096
National Electronics Holdings Ltd	213	10.32		0.171
Online Credit International Ltd	185	13.79		0.099
Peking Apparel International Group Ltd	761	12.90		0.70
Perennial International Ltd	725	22.81		0.35
The Sincere Company Ltd	244		10.00	0.405
Suwa International Holdings Ltd	567		12.07	0.255
Tem Fat Hing Fung (Holdings) Ltd	661		14.29	0.018
Theme International Holdings Ltd	990	13.10		0.164
Trans-Ocean Investment and Technology Ltd	1207	14.75		0.70

On Wall Street, investors adopted, pretty much, a wait-and-see attitude, in view of the Fed's impending determination insofar as short-term, interest rates were concerned.

The New York Stock Exchange was akin to a roller-coaster ride as The Dow Jones Industrial Average, after losing more than 100 points, in early trading, regained some of the earlier losses, ending the day at 10,473.42 points, a fall of about 0.29 percent, compared with Monday's closing level.

The NASDAQ Composite Index rose another 13.78 points, about 0.67 percent, to 2,064.65 points, mirroring Monday's trading pattern.

Wall Street was hoping for a 50-basis-point cut in short-term interest rates, at least, but investors preferred to wait for Dr Alan Greenspan's pronouncements before taking the plunge with any new commitments.

Bad news continued to dog the stock markets of the world's largest economy, last week, as Alcatel, a major telecommunications company with a worldwide presence, announced that it would shut out all but 12 plants of its 130 plants.

The company, presently, employs about 110,000 workers, worldwide, and, presumably, most of them will be receiving their pink slips in due course.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, investors welcomed the newest addition to its rolls: Essex Bio-Technology Ltd (Code: 8151).

This is a company, which is grinding out 2 products, both designed to be applied on cuts and bruises on the human population in the People's Republic of China (PRC).

Essex, which Placed 102,654,000 shares at 50 cents per share, saw its share price rise to \$HK1.20, the high for the day, only to see profit-taking slice a chunk out of that premium, resulting in the share price, falling back to 99 cents.

Totally, about 89.38 million Essex shares were traded, representing a cash value of about \$HK94.34 million, or about 27.56 percent of the Total Turnover of about \$HK342.32 million.

(For a full analysis of this company, please see [TARGET Intelligence Report, Volume III, Number 118](#), published on June 27, 2001)

The Growth Enterprise Index hardly moved the entire trading day, ending the session at 271.77 points, just 0.09 percent higher than Tuesday's close.

There were 3, double-digit movers, all of which made substantial gains:.

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CASH on-line Ltd	8122	10.22		0.151
DigiTel Group Ltd	8030	10.61		0.73
Emperor Entertainment Group Ltd	8078	17.78		1.06

T S Telecom Technologies Ltd (Code: 8003) announced its results for the Financial Year, ended March 31, 2001, indicating that its fortunes had declined, most markedly.

The company reported a Profit Attributable to Shareholders of about \$HK2.10 million, which was about 95 percent lower than its \$HK40.34-million Net Profit, recorded in the 1999/2000 Year.

The share price of T S Telecom lost 4.76 percent of its value, falling to 60 cents by the close. Only 250,000 shares of this company changed hands.

T S Telecom Technologies was listed on The GEM in November 1999 when its shares were popped at \$HK1.50 a throw.

While The Growth Enterprise Index was, fractionally, higher, losers outstripped gainers by the ratio of about 1.26:One.

In Japan, share prices on The Tokyo Stock Exchange took a thrashing.

It was the only major Asian bourse to witness a movement of more than one percent.

The Nikkei-225 Average shed 149.84 yen, falling to 12,828.98 yen, a loss of about 1.15 percent on Tuesday's close.

The ratio of losers to gainers was a resounding 2.10:One – a sure-shot sign that investors were concerned about something major.

And there was plenty on which to chew, last Wednesday, as The Fiscal System Council (FSC) of Japan pronounced that the country's coffers would be required to inject about 11.26 trillion yen into 33 Japanese Government companies over the next 80 years in order to keep them afloat.

The FSC is an advisory panel to the Government's Finance Ministry and carries a lot of clout on such matters.

Then, the Ministry of Economy, Trade and Industry announced that consumer consumption remains '*dormant*' – Japan was in a recession, it reiterated.

Nationwide, retail sales had fallen 1.60 percent in May, compared with the like period in 2000, the Ministry stated.

Large departmental stores, it appears, were hit the hardest in May – about 3.20 percent.

It was the 37th consecutive month of falls in retail sales.

More bankruptcies were on the cards.

Even with a zero interest-rate platform, factored into the equation for retailers, they are unable to make the grade.

Investors in The Land of The Rising Sun have been hit with one economic broadside after another; last Wednesday's reports did nothing more than aggravate an already difficult situation.

Trading on the premier stock market of Japan was marked by some pretty material losses:

Electronics

Advantest	Down 5.59 percent to 10,470 yen per share
Kyocera Corporation	Down 2.17 percent to 10,810 yen per share
Nikon Corporation	Down 2.67 percent to 1,205 yen per share
Olympus Optical	Down 4.50 percent to 1,910 yen per share
Tokyo Electron	Down 4.14 percent to 7,170 yen per share

Motors

Daihatsu Motor	Down 1.23 percent to 725 yen per share
Honda Motor	Down 2.02 percent to 5,330 yen per share
Isuzu Motors	Down 6.36 percent to 265 yen per share
Mabuchi Motor	Down 2.52 percent to 12,000 yen per share
Suzuki Motor	Down 2 percent to 1,623 yen per share

Banks

Bank of Fukuoka	Down 2.20 percent to 528 yen per share
Hachijuni Bank	Down 3.08 percent to 630 yen per share
Higo Bank	Down 2.25 percent to 435 yen per share
Joyo Bank	Down 2.85 percent to 375 yen per share
UFJ Holdings	Down 3.38 percent to 672,000 yen per share

And this was the way that other Asian stock markets awaited the news from the good doctor of the US Federal Reserve Board:

Indonesia	Minus 0.52 percent
Japan	Minus 1.15 percent
Malaysia	Minus 0.77 percent
The Philippines	Minus 0.54 percent
Singapore	Minus 0.39 percent
South Korea	Minus 0.67 percent
Taiwan	Plus 0.84 percent
Thailand	Plus 0.76 percent

Thursday

Share prices continued their retreat on the 2 stock exchanges of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) as investors in the territory considered the effects of the pronouncements of the US Federal Reserve Board.

Dr Alan Greenspan, the Chairman of the Fed, cut short-term interest rates by 25 basis points, last Tuesday, Washington time, taking many people by surprise: A 50-basis-point cut, or even more, had widely been expected.

The Fed's announcement marked the sixth, interest-rate cut of the year – and the smallest, thus far.

While the cut left the Federal Funds Rate – equal to the nominal funds rate less core or expected inflation – at their lowest level in the past 7 years, at about 3.75 percent, the US '*Central Bank*' announced that it saw dark clouds on the US economic horizon.

The Fed will meet, once again, in late August and, by the '*smell*' of its statements, issued last Tuesday, investors were of the opinion that interest rates could be cut at that meeting, also.

What that must mean is that the largest economy in the world is still on its proverbial knees.

On Wall Street, last Wednesday, the news of the interest-rate cut was met with mixed emotions by investors, institutional and private.

Investors on The New York Stock Exchange sold some of their holdings, pushing down The Dow Jones Industrial Average by about 37.30 points, or about 0.36 percent. The Dow ended the day at 10,435.18 points.

As for the tech-laden NASDAQ, its Composite Index continued its rise, hitting 2,074.75 points by the close of trading, a one-day gain of about 0.49 percent.

The reaction on Wall Street to the Fed's move was expected, but, as everybody has come to learn, investors have extremely short memories: Thursday's trading on the world's largest market could well be different, again, to that of the initial knee-jerk reaction to Dr Alan Greenspan's determination.

In the HKSAR, some of the most damning reports about the economy shook many of the more learned economists in the territory.

The HKSAR Government's Census and Statistics Department put out an announcement, which stated that May's exports recorded the biggest decline in the past 23 months.

May's statistics indicated a drop of about 3.50 percent in domestic exports, compared with the May 2000 figure.

The indications were that more of the same was due in the coming months.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index gave up 1.36 percent of its value, falling to 12,827.82 points.

The fall in The Index was on a Total Turnover of about \$HK9.05 billion.

China Mobile (Hongkong) Ltd (Code: 941), Hutchison Whampoa Ltd (Code: 13) and HSBC Holdings plc (Code: 5) continued to be the 3 dominant counters on the Ten Most Active list.

China Mobile ended the day at \$HK40.10 per share, a fall of 1.47 percent over Wednesday's closing level, Hutchison Whampoa gave up another 0.96 percent of its value, falling to \$HK77.50 per share, and HSBC Holdings had to retreat another 1.08 percent, dropping back to \$HK91.25 per share.

Between these 3 high-flyers, investors traded about \$HK2.02-billion worth of scrip, representing about 22.32 percent of the entire volume of activity of the day.

A newcomer to the Ten Most Actives was Roadshow Holdings Ltd (Code: 888), a spin-off of The Kowloon Motor Bus Holdings Ltd (Code: 62), which engages in out-of-home media sales to audiences in vehicles – buses and the like.

On its first trading day, Roadshow's management saw about 145.94 million of its shares, change hands, with its share price, fluctuating between a low of \$HK2.60 and a high of \$HK2.90.

It ended the day at \$HK2.65 per share, a gain of 40 cents per share over the \$HK2.25 per share Offer price.

(For full analysis of this company, please see [TARGET Intelligence Report, Volume III, Number 116](#), published on Friday, June 22)

The ratio of losers to gainers on the Main Board widened to 4.29:One.

There were 19, double-digit movers of which number, 10 of them lost substantial ground:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capital Automation Holdings Ltd	493		10.81	0.33
China United Holdings Ltd	273	16.67		0.014
Dah Hwa International (Holdings) Ltd	600		19.05	0.136
DVN (Holdings) Ltd	500	11.11		3.25
Dynamic Holdings Ltd	29	16.26		1.43
Everbest Century Holdings Ltd	578	16.28		0.05
Graneagle Holdings Ltd	147		13.33	0.013
Guangnan (holdings) Ltd	1203		16.80	0.208
I-Wood International Holdings Ltd	162	25.64		0.49
Legend Holdings Ltd	992		10.55	4.45
Magnificent Estates Ltd	201		10.64	0.042
Man Sang International Ltd	938		20.61	0.131
netalone.com Ltd	336		14.00	0.215
Peking Apparel International Group Ltd	761	10.00		0.77
Tak Sing Alliance Holdings Ltd	126		13.79	0.25
Tongda Group Holdings Ltd	698	16.85		2.15
United Pacific Industries Ltd	176		15.38	0.55
Welback Holdings Ltd	491	10.87		0.051
Zida Computer Technologies Ltd	859	12.79		0.485

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, Era Information and Entertainment Ltd (Code: 8043) made its entrance into this speculative marketplace as investors traded about 38 million of this spin-off of its publicly listed parent, Era Communications Company Ltd, which is listed on Taiwan's bourse.

Era's share price hit a high of \$HK1.40, up from a low of \$HK1.20, before settling back to \$HK1.25, which was 15 cents better than the Placing price of \$HK1.10 per share.

The cash value of the trades in Era, at about \$HK48.79 million, represented about 19.09 percent of the Total Turnover of about \$HK255.61 million.

Era is in the business of distributing films in the HKSAR.

(For a full analysis of this company, please see [TARGET Intelligence Report, Volume III, Number 111](#), published on Friday, June 15, 2001)

But Era was one of the few gainers on this market, which saw the ratio of losers to gainers widen by the ratio of about 4.17:One, similar to the situation on the Main Board.

The Growth Enterprise Index lost 1.68 percent of its value, falling to 267.21 points by the close of trading.

Essex Bio-Technology Ltd (Code: 8151), which made its debut on The GEM on Wednesday, gave up 6.06 percent of its market capitalisation, falling back to 93 cents per share, just off the low of 92 cents.

tom.com Ltd (Code: 8001), Mr Li Ka Shing's little '*baby*', which is the subject of a \$HK72-million legal action in the HKSAR, lost 3.33 percent of its value, falling to \$HK2.175 per share.

(For details of [High Court Action Number 2875 of 2001](#), please see [TARGET Intelligence Report, Volume III, Number 119](#) of last Thursday)

There were just 3, double-digit movers, last Thursday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
DigiTel Group Ltd	8030		10.96	0.65
Emperor Entertainment Group Ltd	8078	16.98		1.24
Fortune Tele.com Holdings Ltd	8040		28.57	0.50

Japan was hit with another bombshell, last Thursday, as The Ministry of Economy, Trade and Industry announced that industrial output for May fell by about 1.20 percent, compared with April.

It was the third month in a row that industrial output had declined.

The drop in production in The Land of The Rising Sun was marked down to reduced output of mobile telephones and semiconductor manufacturing equipment, The Ministry stated.

On The Tokyo Stock Exchange, the news was not greeted with cheers as investors shot down the Nikkei-225 Stock Average by 149.10 yen to 12,679.88 yen, a one-day loss of about 1.16 percent.

The statistics, relating to Japan's industrial output, came on top of the 25-basis-point, interest-rate cut in the US.

Japanese investors, like many economists, worldwide, were of the opinion that the Fed had made an error.

The Bank of Japan held a meeting and decided to leave well enough alone: There would be no change in its monetary policy, at least, for the time being.

Select electronic counters were sold with gusto, as investors determined that the worst was, still, yet to come.

Some of the biggest losers in this sector of the market included:

Kyocera Corporation	Down 2.22 percent to 10,570 yen per share
Mitsubishi Electric	Down 2.41 percent to 608 yen per share
NEC Corporation	Down 2.33 percent to 1,678 yen per share
Nikon Corporation	Down 3.07 percent to 1,168 yen per share
Ricoh Corporation	Down 2.46 percent to 2,580 yen per share
Sumitomo Electric	Down 4.38 percent to 1,375 yen per share
TDK Corporation	Down 4.61 percent to 5,790 yen per share
Toshiba Corporation	Down 2.30 percent to 636 yen per share

While some banks came under fire, many managed to buck the general trend, as the following TARGET list illustrates:

Gainers

Bank of Fukuoka	Up 2.27 percent to 540 yen per share
Bank of Kyoto	Up 4.29 percent to 608 yen per share
Daiwa Bank	Up 3.85 percent to 162 yen per share
Mizuho Holdings	Up 5.26 percent to 580,000 yen per share

Losers

Chiba Bank	Down 3.08 percent to 440 yen per share
Hachijuni Bank	Down 3.97 percent to 605 yen per share

By and large, Asia was not happy with its lot with only one stock market, managing to make any kind of a positive statement:

Indonesia	Minus 1.75 percent
Japan	Minus 1.16 percent
Malaysia	Minus 0.62 percent
The Philippines	Minus 0.07 percent
Singapore	Plus 0.25 percent
South Korea	Minus 0.25 percent
Taiwan	Minus 1.18 percent
Thailand	Minus 0.20 percent

Friday

On the back of 2 unrelated events, stock prices in Asia took off in what appeared to be a mad race to pick up scrip before it went off (like an over-ripe plum), last Friday.

The 2 events were a boomlet on Wall Street and the success of Microsoft Corporation in overturning a lower court's determination to break up the monster, computer software company.

On The New York Stock Exchange, The Dow Jones Industrial Average surged 131.37 points, about 1.26 percent, to 10,566.21 points in heavy trading.

On the NASDAQ, its Composite Index did even better, rising 50.90 points, about 2.45 percent, to hit 2,125.64 at the close.

Some of Wall Street's pundits claimed that last Thursday's rally was a delayed reaction to the US Federal Reserve's decision to cut interest rates by 25 basis points on Tuesday, Washington time.

Some other '*experts*', however, claimed that the decision of the US Federal Appeal Court, which reversed a previous decision to break up Microsoft Corporation, ordering a new judge to make a determination as to the befitting punishment for Microsoft's infractions of Antitrust Legislation, was the reason for the change in US investor sentiment.

Whatever was the true reason, it was welcomed in Asia, and share prices rose in direct response to what was transpiring in the US.

The US ‘*pep pill*’, however, did not do too much for the share prices on the 2 stock markets of the Hongkong Special Administrative Region (HKSAR) of the People’s Republic of China (PRC) where investors have seen it, all, before.

On the Main Board of The Stock Exchange of Hongkong Ltd, The Hang Seng Index rose about 1.67 percent to end the week at 13,042.53 points.

The Total Turnover, however, remained low at about \$HK9.29 billion – hardly the volume that is indicative of the beginning of a bullish phase.

What lent a lot of credence to that proposition was the fact that trading on just one counter – the most active of the day – represented nearly 10 percent of the Total Turnover.

That counter was Dao Heng Bank Group Ltd (Code: 223), whose share price rose 1.21 percent to \$HK62.75 after investors traded about 14.75 million shares of this huge banking conglomerate.

Though The Index was up, the ratio of gainers to losers was narrow, at about 1.10:One, with about 51 percent of all counters, either holding onto Thursday’s closing levels, or seeing no trades, at all.

Hutchison Whampoa Ltd (Code: 13) and Cheung Kong (Holdings) Ltd (Code: 1), the 2, leading Li Ka Shing companies, were in the Number 3 and Number 4 positions, respectively, in the Ten Most Actives, with Hutchison Whampoa, gaining 1.61 percent to \$HK78.75 per share, while Cheung Kong gained 3.03 percent to hit \$HK85 per share by the close.

There were a total of 27, double-digit movers, last Friday, with 17 counters’ share prices, moving substantially higher, while 10 counters’ share prices were shot, full of holes:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
139 Holdings Ltd	139		11.43	0.031
Ananda Wing On Travel (Holdings) Ltd	1189	12.41		0.154
Century Legend (Holdings) Ltd	79		10.94	0.057
China United Holdings Ltd	273		14.29	0.012
Chinney Alliance Group Ltd	385	30.91		0.072
Companion Building Material International Holdings Ltd	432		21.88	0.075
Daiwa Associate Holdings Ltd	1037	10.61		0.73
Dynamic Holdings Ltd	29	11.89		1.60
Fortuna International Holdings Ltd	530	19.57		0.055
Fourseas.com Ltd	755		36.00	0.032
Fujikon Industrial Holdings Ltd	927	12.07		0.65
Harmony Asset Ltd	428	10.00		0.099
Hua Lien International (Holding) Company Ltd	969	12.50		0.27
I-Wood International Holdings Ltd	162	10.20		0.54
KG NextVision Company Ltd	516		10.45	0.197
Lamex Holdings Ltd	312	11.43		0.078
Man Sang International Ltd	938	16.79		0.153
Peking Apparel International Group Ltd	761		12.99	0.67
Perennial International Ltd	725	14.29		0.40
Qualipak International Holdings Ltd	1224	16.55		0.169
Seapower Resources International Ltd	269	13.46		0.118
Skynet (International Group) Holdings Ltd *	577		42.35	0.049
Sound International Ltd	342	20.19		0.125

TechCap Holdings Ltd	673	14.89		0.054
Winsan (China) Investment Group Company Ltd	85		19.33	0.242
Yue Fung International Group Holdings Ltd	965		10.53	0.085
Zida Computer Technologies Ltd	859	34.02		0.65

* Please see TARGET Intelligence Report, Volume III, Number 120, published on Friday, June 29, for the reason for this company's fall from grace.

There was no special news in the HKSAR that would have affected trading on the Main Board, or on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

Investors were preparing for the following Monday, July 2, which was a holiday for the 7 million human inhabitants.

It was declared a holiday on July 1, 1997 in order to commemorate the assumption of sovereignty by the Government of the PRC of the 416 square miles that constitute the territory, which used to be known as Hongkong, a British colony.

Since the PRC Government took over from the British, on July 1, 1997, Mr Tung Chee Hwa has been the Chief Executive, duly elected by popular vote of those whom the PRC Government determined should be allowed to vote for their man to lead the territory.

There is to be another '*election*' for the Chief Executive, this year, and everybody is wondering: Who will be the winner?

Will it be Mr Tung Chee Hwa, again?

Or will it be Mr Tung Chee Hwa?

Or, perhaps, Mr Tung Chee Hwa?

On The GEM, The Growth Enterprise Index hardly moved, the entire day, ending the week at 267.27 points, a one-day movement of plus 0.02 percent.

The Total Turnover on this speculative marketplace was about \$HK203.76 million, with only 2 counters, making any appreciable headway:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CyberM International (Holdings) Ltd	8017		10.53	0.34
Pine Technology Holdings Ltd	8013	16.67		0.70

The ratio of gainers to losers was 1.65:One.

There was no news from this market, which is fast becoming a bit of a yawn.

In Japan, it was a different story, completely.

The premier stock market of Japan, The Tokyo Stock Market, reached for higher ground as investors ploughed into their favourite stocks and shares, pushing up the Nikkei-225 Stock Average by 289.17 yen to end the week at 12,969.05 yen.

Gainers outpaced losers by the ratio of about 3.23:One.

It was said that short-covering in Microsoft stock was responsible for part of the upward movement.

Whatever was the reason, investors were happy to see the 2-day declining market turn round.

Electronics and hi-techs were the first recipients of the upward momentum of the market, but there were not that many big movers, with increases limited, by and large:

Advantest	Up 2.79 percent to 10,690 yen per share
Casio Computer	Up 2.25 percent to 725 yen per share
Fujitsu	Up 2.66 percent to 1,310 yen per share
Hitachi	Up 3.90 percent to 1,225 yen per share
Kyocera Corporation	Up 4.07 percent to 11,000 yen per share
OKI Electrical	Up 3.42 percent to 605 yen per share
Ricoh	Up 4.26 percent to 2,690 yen per share
Rohm	Up 3.20 percent to 19,350 yen per share
Sharp Corporation	Up 2.66 percent to 1,700 yen per share
Toshiba Corporation	Up 3.62 percent to 659 yen per share

In telecommunications, the big 4 companies, all made material gains:

Japan Telecom	Up 1.17 percent to 2.59 million yen per share
KDDI	Up 3.37 percent to 582,000 yen per share
Nippon Telegraph and Telephone (NTT)	Up 3.50 percent to 650,000 yen per share
NTT DoCoMo	Up 5.34 percent to 2.17 million yen per share

In late afternoon trading, the Japanese Government announced that the rate of unemployment in the country for the month of May had worsened further.

It, now, stands at a record high: 5.10 percent for males; and, 4.60 percent for females.

That means that about 3.48 million Japanese people are out of work, today.

Of that figure, 2.11 million are men, without a means to earn a crust, while 1.36 million women are pounding the pavement, looking for a method to be able to afford a new hat/kimono/husband.

With such a pronouncement from the Government, some people wondered as to the reason that the stock markets were going berserk.

This is the way that other Asian markets saw the situation on the last day of week, ended June 30, 2001:

Indonesia	Plus 2.13 percent
Japan	Plus 2.28 percent
Malaysia	Plus 1.03 percent
The Philippines	Minus 0.33 percent
Singapore	Plus 1.10 percent
South Korea	Plus 2.03 percent
Taiwan	Plus 2.41 percent
Thailand	Unchanged

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