

HOPE AND FAITH ARE WONDERFUL, AREN'T THEY ?

Hope and faith are wonderful attributes in man, but hope and faith rarely put food in one's stomach – unless one knows how to do the Jesus trick with the fishes and the bread.

However, hope and faith appeared to be all that was going for most of Asia, last Monday.

All of the major, Asian stock markets recorded positive figures by the close of trading, last Monday night, with the stock market of Taiwan, gaining the most as it recorded an increase of about 3.48 percent in its Taiwan Weighted Index over the previous Friday's close.

Most stock-market gains in other Asian centres, however, were of a fractional nature.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), there was sufficient negative news to put the fear of Heaven into investors, but the negative news was almost completely overlooked by most investors.

Which may well be to their peril.

Over the weekend, 2 securities companies had announced that they would be sacking at least 50 percent of their respective staff levels.

They were Asiabondportal.com and Boom Securities.

Asiabondportal.com is partially owned by the Government of Singapore and is about 3 months old. It will sack about 30 staff members, most of whom are involved in Information Technology (IT).

Boom Securities will sack an equal number of employees from its online brokerage arm.

Other securities firms were sure to follow suit.

Motorola, the technology giant and one of the largest manufacturers of mobile telephones in the world, announced that it would be closing its HKSAR microchip testing and assembly lines.

The company said that it would move such operations to the PRC and Malaysia.

The move will mean that the HKSAR will see another 800 people, looking for alternative employment, starting in a couple of months.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index rose about 1.63 percent, ending the first day of trading at 11,892.64 points.

All but 2.56 points of the 190.49-point gain of the day came in the morning session, which ended at 12:30 pm.

The Total Turnover rose to about \$HK9.34 billion as advancing counters edged out declining ones by the ratio of about 2.26:One.

There were a total of 37, double-digit movers of the day, of which number, 29, double-digit movers rose and 8, double-digit movers fell.

Vision Tech International Holdings Ltd (Code: 922) was, by far, the biggest gainer of the day as its share price rose 31.39 percent to 18 cents.

Interchina Holdings Company Ltd (Code: 202) saw its share price drop 27.89 percent to 63 cents per share to make it the biggest loser of the day.

The Ten Most Actives were:

China Mobile (Hongkong) Ltd (Code: 941)	Up 1.79 percent to \$HK28.40 per share
Hutchison Whampoa Ltd (Code: 13)	Up 2.27 percent to \$HK78.75 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Up 4.29 percent to \$HK85.00 per share
HSBC Holdings plc (Code: 5)	Up 0.26 percent to \$HK95.00 per share
Pacific Century CyberWorks Ltd (Code: 8)	Up 3.26 percent to \$HK2.37 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 4.92 percent to \$HK69.25 per share
Henderson Land Development Company Ltd (Code: 12)	Up 4.18 percent to \$HK37.40 per share
China Unicom Ltd (Code: 762)	Unchanged at \$HK8.90 per share
CLP Holdings Ltd (Code: 2)	Down 0.67 percent to \$HK29.55 per share
CNOOC Ltd (Code: 883)	Up 5.33 percent to \$HK7.90 per share

Some HKSAR stockbrokers were making public statements to the effect that the US economy was on the road to recovery and that the time to buy stocks and shares in Asia was now – while there was still time to get in on the ground floor.

One wonders whether or not such brokers have a divining wand, enabling them to make such pronouncements with such surety – while the world's leading economists find it difficult to locate the balm to sooth the US economic ailments.

While property prices in the HKSAR continue to decline, due to lack of demand, there were recommendations from some HKSAR brokerage houses to buy into property counters.

It was said that institutional buyers were standing in the market, loading up their portfolios with such stocks.

Giving some support for such a suggestion, brokers were pointing to the US where, the previous Friday, it was another good day as investors pushed up prices on Wall Street for the third consecutive session.

However, after The New York Stock Market closed for the week (ended January 4), AT&T announced that it would be laying off another 10,000 of its workers and setting aside about \$US1 billion to pay the bills.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, share prices continued to rise, with the Total Turnover, running up to about \$HK485.62 million.

Mr Li Ka Shing's tom.com Ltd (Code: 8001) continued to be the most-active counter as investors traded about 21.74 million shares in this investment company, which has yet to earn a cracker in profits.

tom.com's share price ended the session unchanged at \$HK4.33, however.

The value of trades in the shares of this company, at about \$HK94.37 million, represented about 19.43 percent of the Total Turnover.

tom.com was one of 2 favourites to make it to the Ten Most Actives: All the others were relatively new listings.

The Growth Enterprise Index ended the day up at 215.26 points, a one-day gain of about 0.71 percent.

The ratio of gainers to losers on The GEM was about 1.16:One.

The biggest movers of the day were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
iAsia Technology Ltd	8101		10.91	0.49
ITE (Holdings) Ltd	8092	10.05		0.23
L.P. Lammas International Ltd	8029	18.18		0.065
Smartech Digital Manufacturing Holdings Ltd	8068		10.00	0.018
Trasy Gold EX Ltd	8063	24.00		0.031
Xteam Software International Ltd	8178	16.13		0.72

In Japan, the 3 stock markets were influenced by placations from the Prime Minister, Mr Junichiro Koizumi, who, over the weekend, had promised to make certain that the second largest economy of the world would not be facing another financial crisis.

The Prime Minister hinted that more public money would be pumped into the system in order to avert a lack of confidence in the country's banking institutions.

He was reported to have stated: *'We (the Government of Japan) are preparing to take bold and flexible measures to prevent unnecessary financial confusion from occurring.'*

That was enough for some investors and brokers to buy into the banking and financial section of The Tokyo Stock Exchange.

Some of the major banks to move to higher levels included:

Asahi Bank*	Up 3.61 percent to 86 yen per share
Daiwa Bank Holdings*	Up 2.44 percent to 84 yen per share
Mitsubishi Tokyo Financial	Up 2.48 percent to 910,000 yen per share
Mizuho Holdings	Up 9.60 percent to 286,000 yen per share
Mitsui Banking	Up 2.80 percent to 581 yen per share
Sumitomo Mitsui Bank*	Up 2.83 percent to 581 yen per share
Sumitomo Trust and Bank*	Up 5.19 percent to 547 yen per share

UFJ Holdings

Up 7.90 percent to 313,000 yen
per share

* Among the most active counters of the day

Continuing weakness of the yen vis-à-vis the US dollar helped to push up some share prices, but only in select counters.

In late trading, last Monday, the yen-US-dollar rate was about 131 yen.

A sustained weak yen means that Japanese-produced goods find it easier to compete on the marketplaces of the world.

Tokyo's Nikkei-225 Stock Average finished last Monday's session at 10,942.36 yen, a gain of about 70.87 yen, compared with the previous Friday's closing level, which was the first day of trading of 2002.

In other parts of Asia, this was how investors saw the situation:

Indonesia	Plus 0.91 percent to 388.72
Japan	Plus 0.65 percent to 10,942.36
Malaysia	Plus 0.52 percent to 697.11
The Philippines	Plus 0.18 percent to 1,192.03
Singapore	Plus 1.03 percent to 1,695.95
South Korea	Plus 0.50 percent to 751.48
Taiwan	Plus 3.48 percent to 5,834.89
Thailand	Plus 0.62 percent to 317.69

Tuesday

Shares prices in Asia headed south, last Tuesday, reversing the trend of Monday, as it appeared the penny had dropped: Money talks; B.S. walks.

Investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) appeared to be looking at their lot and comparing it with the rest of Asia – and, then, coming to the realisation that things were not that good, after all.

And, in the US, things, also, were not, exactly, hunky-dory.

On Wall Street, last Monday, investors led a widespread retreat, by and large, as it became known that the US airline industry was continuing to suffer, albeit not as badly as in the month of November, last year.

On The New York Stock Exchange, the blue-chip, Dow Jones Industrial Average shed 62.69 points, about 0.61 percent, landing at 10,197.05 by the time the hammer came down, marking the end of the session.

On the NASDAQ, the Composite Index shed 1.08 percent, falling back to 2,037.12 points.

The winning streak had come to a halt.

Airline stocks were hit especially hard with America West, off 7.70 percent to \$US3.70 per share, and US Airways, down about 10 percent to \$US6.30 per share.

These 2 airlines are facing very difficult times; there have been suggestions that they could be among the first of their ilk to file for the protection of the Court.

On The Stock Exchange of Hongkong Ltd, investors knew that that which affects Wall Street goes double as far as investors of the 416-square-mile territory are concerned.

The Hang Seng Index, the guide to trading in blue chips on the Main Board, gave up about 1.51 percent of its value, falling back to 11,713.71 points.

The signs were, clearly, visible: The market was in full retreat.

The Total Turnover was about \$HK7.17 billion, with losers, outrunning gainers by the ratio of about 1.74:One.

The Ten Most Actives were:

China Mobile (Hongkong) Ltd (Code: 941)	Down 2.99 percent to \$HK27.55 per share
HSBC Holdings plc (Code: 5)	Down 2.37 percent to \$HK92.75 per share
Henderson Land Development Company Ltd (Code: 12)	Down 1.60 percent to \$HK6.15 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.27 percent to \$HK77.75 per share
Sun Hung Kai Properties Ltd (Code: 16)	Up 1.08 percent to \$HK70.00 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 1.76 percent to \$HK83.50 per share
China Unicom Ltd (Code: 762)	Down 2.81 percent to \$HK8.65 per share
Pacific Century CyberWorks Ltd (Code: 8)	Down 2.11 percent to \$HK2.32 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.29 percent to \$HK87.25 per share
Hongkong Exchanges and Clearing Ltd (Code: 388)	Up 3.19 percent to \$HK12.95 per share

The biggest gainers and losers for the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Ananda Wing On Travel (Holdings) Ltd	1189	10.87		0.051
Asia Resources Transportation Holdings Ltd	899		11.76	0.03
Benefun International Holdings Ltd	1130	30.68		0.115
Ceda Base Electronic (Group) Ltd	855	30.99		0.093
Century Legend (Holdings) Ltd	79	46.34		0.06
Cheuk Nang (Holdings) Ltd	131		11.11	0.024
China Sci-Tech Holdings Ltd	985		10.77	0.058
City Telecom (Hongkong) Ltd	1137	15.48		0.97
Cosmos Machinery Enterprises Ltd	118	13.21		0.30
Ecopro Hi-Tech Holdings Ltd	397	10.00		0.011
Fourseas.com Ltd	755		11.73	0.143

Greater China Sci-tech Holdings Ltd	431		12.77	0.041
Interchina Holdings Company Ltd	202	28.57		0.81
Mandarin Resources Corporation Ltd	70		16.31	0.118
Stelux Holdings International Ltd	84	10.22		0.151
Termbray Industries International (Holdings) Ltd	93	13.64		0.50
UDL Holdings Ltd	620		10.45	0.06
Vision Tech International Holdings Ltd	922		11.11	0.16
Yanion International Holdings Ltd	82		10.68	0.92

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, there was little action as The Growth Enterprise Index gained about 0.27 percent, rising to 215.85 points.

The Total Turnover was about \$HK392.24 million.

Although The Growth Enterprise Index was up a tad over one quarter of a percentage point, losers dominated trading by the ratio of about 1.85:One.

Mr Li Ka Shing's tom.com Ltd (Code: 8001) continued to be the high roller of the day, but its share price ended the session unchanged from Monday's close, at \$HK4.33.

Trading in this one counter represented about 22 percent of the entire volume of activity for the day.

The biggest movers were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Computech Holdings Ltd	8081		12.50	0.49
EVI Education Asia Ltd	8090	25.00		0.15
iAsia Technology Ltd	8101		12.24	0.43
Prosperity International Holdings (Hongkong) Ltd	8139		14.66	0.099
Q9 Technology Holdings Ltd	8129	14.29		0.20

In The Land of The Rising Sun, its 3 stock markets came off with a bang.

On the premier Japanese bourse, The Tokyo Stock Exchange, the blue-chip, Nikkei-225 Stock Average suffered a loss of about 246.76 yen, or about 2.26 percent, ending the day at 10,695.60 yen.

There were many reasons that could have been ascribed for the fall-off in share prices, but the truth of the matter was that there had been little reason for share prices to have risen in the previous 4 sessions.

The sell-off was most pronounced, with losers ahead of gainers by the resounding ratio of 6.21:One on the First Section of the market.

There were a number of interesting pieces of news, emanating from the premier Japanese stock market, last Wednesday, led by confirmation that struggling retailer, Daiei Incorporated, was to sell its security service to Carlyle Group LP for about \$US27.20 million.

Daiei owes about \$US17.50 billion and cannot find its way clear, even to service debt.

Daiei's share price rose 1.35 percent on the news to end the session at 75 yen.

Another retailer, Seibu Department Store Ltd, announced that it was selling 65 percent of Loft Company, a general merchandiser, for about \$US113 million.

Seibu has a joint venture in the HKSAR with the Dickson Poon Group of Companies – Dickson Group Holdings Ltd et al (Code: 313, Main Board, The Stock Exchange of Hongkong Ltd) – and that Pacific Place store is losing

money, also.

Seibu is not a listed company in Japan

Finally, it was announced by The Japan Automobile Dealers Association (JADA) that domestic sales of motor cars had dipped by about 0.90 percent in 2001, compared with total sales in 2000, to about 4.06 million units (excluding sales of mini-vehicles).

Of Japan's 11, motor-car manufacturers, Suzuki Motor Corporation, a producer of mini-vehicles, marked the biggest gains, percentage wise, with an increase, Year-on-Year, of about 31.10 percent. It sold, in total, 52.850 units in 2001, JADA reported.

But Toyota Motor Corporation, the country's largest manufacturer of motor cars, saw sales of its vehicles fall by about 2.90 percent, to about 1.70 million units.

Share prices of motor-vehicle manufacturers suffered as a direct result of the JADA report:

Daihatsu Motor	Down 1.57 percent to 500 yen per share
Hino Motors	Down 4.11 percent to 397 yen per share
Honda	Down 1.51 percent to 5,210 yen per share
Isuzu Motors*	Down 3.66 percent to 79 yen per share
Kawasaki Heavy Industries	Down 1.67 percent to 118 yen per share
Mazda	Down 5.47 percent to 242 yen per share
Mitsubishi Motors	Down 0.43 percent to 230 yen per share
Nissan Motor*	Down 1.55 percent to 698 yen per share
Suzuki Motor	Down 2.68 percent to 1,490 yen per share
Toyota Motor*	Unchanged at 3,430 yen per share
Yamaha Motor	Down 2.75 percent to 779 yen per share

* Among the most active counters of the day

Aside from motors, however, the market was marked by widespread despondency as Japanese investors took stock of the situation in the country – and did not appreciate it.

In other parts of Asia, the situation was, generally, gloomy, last Tuesday:

Indonesia	Minus 0.27 percent to 387.69
Japan	Minus 2.26 percent to 10,695.60

Malaysia	Minus 0.70 percent to 692.21
The Philippines	Minus 0.42 percent to 1,186.97
Singapore	Plus 0.48 percent to 1,704.02
South Korea	Minus 2.20 percent to 734.76
Taiwan	Minus 0.43 percent to 5,810.08
Thailand	Plus 0.30 percent to 318.64

Wednesday

As expected, more companies, internationally, are crawling out of the woodwork and are admitting to their troubles.

The bad news was flowing.

Last Tuesday in New York, it was the turn of the largest stockbrokerage house in the US, Merrill Lynch and Company Incorporated, which announced that it would sack another 9,000 of its staff.

The brokerage company, also, stated that it would take a charge of about \$US2.20 billion against its situation.

Japan reeled at the news. (See below)

Wall Street reeled at the news, also.

The Dow Jones Industrial Average, the blue-chip guide on The New York Stock Exchange, closed down 46.50 points, about 0.46 percent, ending the day at 10,150.55 points.

The NASDAQ's Composite Index, however, squeezed out a gain of about 18.63 points, rising to 2,055.73 points, an improvement of about 0.96 percent on Tuesday's close.

It was an odds-on favourite that the following day's trading would see losses in these 2 important indices.

On The Stock Exchange of Hongkong Ltd, its Main Board saw a paring of about 2.33 percent on the Hang Seng Index – as investors tried to scramble for cover.

Monday's platitudes, to the effect that things are improving in The Land of The Free and The Home of The Brave, were being replaced by other sounds ... such as groans and grunts.

Conspicuously absent from public speaking, last Wednesday, were those vocal stockbrokers of the HKSAR, those who were most loquacious on Monday, trying to talk the market up.

The Hang Seng Index finished the session at 11,440.72 points, a one-day loss of about 272.99 points.

More losses were an odds-on favourite for this market, also, when it opened on Thursday.

The Total Turnover was about \$HK10.39 billion, with declining issues, displacing advancing ones by the ratio of about 3.02:One.

Especially hurting investment sentiment was an announcement from the Government of the People's Republic of China (PRC) to the effect that it would break up the existing 2, publicly listed mobile telecommunications companies into 4 companies.

The 2 companies are China Mobile (Hongkong) Ltd (Code: 941) and China Unicom Ltd (Code: 762).

Mr Wu Ji Chun, the PRC Government's Minister of Information, said that 2 new mobile operators would be formed and would be launched in February.

Both China Mobile and China Unicom are constituent stocks of the Hang Seng Index; their respective weightings took their toll of The Index, last Wednesday, to be sure.

Investors on the Hongkong Special Administrative Region (HKSAR) of the PRC quickly piled out of China Mobile and China Unicom as the share prices of the Ten Most Actives indicate:

China Mobile (Hongkong) Ltd (Code: 941)	Down 7.80 percent to \$HK25.40 per share
HSBC Holdings plc (Code: 5)	Down 1.35 percent to \$HK91.50 per share
Hutchison Whampoa Ltd (Code: 13)	Down 0.32 percent to \$HK77.50 per share
China Unicom Ltd (Code: 762)	Down 4.05 percent to \$HK8.30 per share
Kingboard Chemical Holdings Ltd (Code: 148)*	Down 1.75 percent to \$HK5.60 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Unchanged at \$HK83.50 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.79 percent to \$HK68.75 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.86 percent to \$HK86.50 per share
Pacific Century CyberWorks Ltd (Code: 8)	Down 3.23 percent to \$HK2.25 per share
Hongkong Electric Holdings Ltd (Code: 6)	Down 1.24 percent to \$HK27.85 per share

** With regard to the inclusion of Kingboard Chemical in the Ten Most Actives – a most rare event – that was due to the company, announcing that it would Place 60 million shares at \$HK5.35 per share in order to raise about \$HK310 million. The money is to be used to retire debt and to finance future acquisitions, the company stated.*

The biggest movers on the Main Board were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Chi Cheung Investment Company Ltd	112		10.00	0.09
Chinney Alliance Group Ltd	385	16.13		0.036
City Telecom (Hongkong) Ltd	1137	10.31		1.07
Corasia Group Ltd	875	10.81		0.164
iRegent Group Ltd	575		11.88	0.141
Kwong Hing International Holdings (Bermuda) Ltd	1131		28.33	0.043
Medtech Group Company Ltd	1031		20.00	0.024
Next Media Ltd	282	10.26		1.29
Peking Apparel International Group Ltd	761		13.16	0.33
Playmates Interactive Entertainment Ltd	635	14.29		0.32
Prestige Properties Holdings Ltd	75	13.64		0.375
Swank International Manufacturing Company Ltd	663	16.13		0.072

Wing Lee Holdings Ltd	876		12.05	0.73
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On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, there was a loud thump: Share prices came down hard.

The Growth Enterprise Index lost about 2.13 percent of its value, falling back to 211.26 points on a Total Turnover of about \$HK432.70 million.

The ratio of losers to gainers was about 1.77: One.

While losses were, pretty much, across the board, it was noted that the most active counters, Medical China Ltd (Code: 8186) and tom.com Ltd (Code: 8001), took a large slice out of The Index.

Medical China, the most active counter of the day with a cash turnover of about \$HK92.87 million, lost about 6.49 percent of its value, falling back to 82 cents per share.

tom.com shed 4.62 percent of its market capitalisation, dropping to \$HK4.13 per share after about 18.14 million shares were traded.

Trading in these 2 counters represented about 39 percent of the Total Turnover of the day.

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
36.com Holdings Ltd	8036	15.79		0.022
Computech Holdings Ltd	8081	10.20		0.54
Golden Meditech Company Ltd	8180	11.76		1.33
Inworld Group Ltd	8100	15.49		0.41
ITE Holdings (Holdings) Ltd	8092	14.89		0.27
Jessica Publications Ltd	8137	18.75		0.57
Systek Information Technology (Holdings) Ltd	8103	26.67		0.095
Trasy Gold EX Ltd	8063		19.35	0.025

In Japan, banks took it on the nose as fears grew as to the likely fall-out from the Daiei Incorporated supermarket bust. (Please see Tuesday's report)

The Tokyo Stock Exchange's Nikkei-225 Stock Average lost only about one third of a percentage point, coming to rest at 10,663.98 yen, but a great deal of the losses could be attributed to losses in the share prices of certain banks, all of which are known lenders to Daiei.

The banks, Japanese investors were told, will have to forgive about \$US3 billion in Daiei's debts to them.

These banks are associated with Mizuho Holdings Incorporated, the world's largest bank in terms of assets under its control.

Banks that were hit hard included:

Asahi Bank*	Down 3.57 percent to 81 yen per share
Daiwa Bank Holding	Down 1.22 percent to 81 yen per share
Mitsubishi Tokyo Financial	Down 2.08 percent to 847,000 yen per share

Mizuho Holdings	Down 3.10 percent to 281,000 yen per share
Sumitomo Mitsui Bank*	Down 1.06 percent to 559 yen per share
Sumitomo Trust and Bank	Down 2.61 per cent to 523 yen per share

* Among the most active counters of the day

That was not the entire story, however, because *'Japan Incorporated'* was, also, hit with the Merrill Lynch news, and hit very hard.

Because Merrill Lynch will be closing down 20 of its retail outlets in The Land of The Rising Sun, it was announced.

Of the 1,700 current employees, obtaining their rice from Merrill Lynch, today, by the end of the year, they will be chopped down to just 500 workers.

Merrill Lynch has been in Japan since 1998 when it took over the bust Yamaichi Securities.

But it has never earned a cracker from its Japanese operations.

The value of the yen vis-à-vis the US dollar hit a 3-year low of 133.37 yen in early morning trades.

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

Indonesia	Plus 0.98 percent to 391.49
Japan	Minus 0.30 percent to 10,663.98
Malaysia	Plus 1.19 percent to 700.47
The Philippines	Minus 0.28 percent to 1,183.68
Singapore	Minus 1.05 percent to 1,686.20
South Korea	Plus 2.29 percent to 751.61
Taiwan	Plus 0.95 percent to 5,865.54
Thailand	Plus 0.19 percent to 319.24

Thursday

Wall Street, as had been well expected, shed more *'fat'*; Asia followed suit.

On The New York Stock Exchange, last Wednesday, the Dow Jones Industrial Average gave up 56.46 points, about 0.56 percent, ending the third day of the week at 10,094.09 points.

On The NASDAQ, its Composite Index had to surrender about 0.53 percent of its value, falling back to 2,044.89 points.

The Merrill Lynch report (Please see Tuesday's report) continued to do the rounds, and the reconfirmation of the \$US2.20-billion charge on fourth quarter earnings continued to worry investors.

Asia could care less about Merrill Lynch, but, as a major brokerage house in the US, the most populous area of the world did take note that this house was having a difficult time of it.

The question: Which brokerage house in Asia would have to follow a similar path to that of Merrill Lynch?

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), the call to sell stocks was heard from the Central Business District to the wilds of Yaumatei.

The Hang Seng Index, the '*barometer*' of trading on the Main Board of The Stock Exchange of Hongkong Ltd, was forced to give up about 1.61 percent of its value, ending the day at 11,256.07 points.

The Total Turnover of the day was about \$HK9.18 billion.

Ironically, while the Hang Seng Index was well in the red, so to speak, the number of shares to gain ground outnumbered those that lost ground by the ratio of about 1.10: One.

And the largest capitalised shares of all of the constituent stocks of the Hang Seng Index had their share prices shaved substantially.

The Ten Most Actives were:

HSBC Holdings plc (Code: 5)	Down 1.64 percent to \$HK90.00 per share
China Mobile (Hongkong) Ltd (Code: 941)	Down 4.33 percent to \$HK24.30 per share
Hutchison Whampoa Ltd (Code: 13)	Down 1.61 percent to \$HK76.25 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 2.40 percent to \$HK81.50 per share
China Unicom Ltd (Code: 762)	Down 3.01 percent to \$HK8.05 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 2.18 percent to \$HK67.25 per share
Hang Seng Bank Ltd (Code: 11)	Down 0.87 percent to \$HK85.75 per share
Li and Fung Ltd (Code: 494)	Up 4.39 percent to \$HK10.70 per share
Culturecom Holdings Ltd (Code: 343)	Up 24.36 percent to 49 cents per share
Pacific Century CyberWorks Ltd (Code: 8)	Up 2.22 percent to \$HK2.30 per share

HSBC Holdings had been under pressure for the previous fortnight over concerns about reneggers in Latin American, with exposure to Argentina's debts, high on the list of concerns.

International brokerage houses have been downgrading HSBC Holdings, the management of which has been mum over the situation.

HKSAR's investors, also, were concerned over the effects of the breakup of the existing 2, PRC mobile telecommunications companies into 4 companies. (Please see Wednesday's report)

As it is, both existing companies' share prices have never performed well since their respective listings in the HKSAR in spite of cracking profits from both companies.

There were a total of 29, double-digit movers on The Stock Exchange of Hongkong Ltd, last Thursday, with Hai Xia Holdings Ltd (Code: 384), being the biggest gainer as its share price rose 40 percent to 56 cents, while Berjaya Holdings (Hongkong) Ltd (Code: 288) was the biggest loser as its share price fell 17.48 percent to 11.80 cents.

As for The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, share prices on this speculative market tended to rebound, assisted strongly by the surfeit of new listings.

The Growth Enterprise Index put on about 2.07 percent, rising to 215.26 points on a Total Turnover of about \$HK339.68 million.

Advancing issues were ahead of declining ones by the ratio of about 1.48:One.

Mr Li Ka Shing's tom.com Ltd (Code: 8001) was the most-active counter of the day with its share price, rising 4.24 percent to \$HK4.30.

The value of the trades in this counter, at about \$HK81.40 million, was equal to nearly 24 percent of the entire volume of activity for the day.

There was little to stimulate trading on this bourse, the trading of which was dominated, to a great extent, by the most recent companies to join the GEM's ranks.

The biggest movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Hongkong.com Corporation	8006	16.22		0.43
International Capital Network Holdings Ltd	8004		10.71	0.50
Trasy Gold EX Ltd	8063	24.00		0.031
Xteam Software International Ltd	8178	19.18		0.87

Sales of technology shares pulled down the indices on Japan's premier stock market, The Tokyo Stock Exchange, last Thursday.

Tokyo's Nikkei-225 Stock Average lost about 125.55 yen, about 1.18 percent, ending the day at 10,538.43 yen.

Banks, generally, were weak, again:

Asahi Bank*	Down 2.47 percent to 79 yen per share
Daiwa Bank Holding	Unchanged at 81 yen per share
Mitsubishi Tokyo Financial	Down 1.77 percent to 832,000 yen per share
Mizuho Holdings	Up 3.60 percent to 291,000 yen per share
Sumitomo Mitsui Bank*	Down 2.86 percent to 543 yen per share
Sumitomo Trust and Bank	Up 0.38 percent to 525 yen per share
UFJ Holdings	Down 3.30 percent to 292,000 yen per share

* Among the most active counters of the day

Reports in respect of Daiei Incorporated, the latest company to admit to being in trouble, continued to dog the market, and although there were suggestions that it might be bailed out, eventually, it will still mean that Mizuho Holdings Incorporated, and banks under its wings, will have to bite the bullet, somewhere down the line.

The share price of Daiei actually rose about 4.76 percent, last Thursday, ending the day at 110 yen on the prospects of being bailed out.

While sellers lined up to unload technology issues, there were few extraordinary gains or losses: The market was very orderly in its downward drift.

Another concern of *'Japan Incorporated'* was the rapidly appreciating yen against *'hard'* currencies, such as the almighty US dollar.

Last Thursday, the exchange rate was 133 yen – which was a 39-month high.

While the yen was corrected upwards, later in the session, its fast erosion against the US dollar was sufficiently worrying for the Government of Japan to remark about the situation.

Should there be wide swings in the foreign-exchange market in the value of the yen against the currencies of its major trading partners – the US is the largest – then, it becomes increasingly difficult for importers and exporters to be able to lock in profit margins.

Further, since Japan imports a great deal of its essential requirements – oil, metals, etc – a fast-weakening yen plays havoc with Japanese manufacturers.

Japan's economy has been on the rocks for years so that many international players have lost a great deal of faith in the world's second largest economy.

In other parts of Asia, this was the situation, last Thursday night:

Indonesia	Plus 1.63 percent to 397.86
Japan	Minus 1.18 percent to 10,538.43
Malaysia	Plus 0.68 percent to 705.23
The Philippines	Plus 0.49 percent to 1,189.48
Singapore	Plus 1.19 percent to 1,706.21
South Korea	Minus 3.11 percent to 728.23
Taiwan	Plus 0.10 percent to 5,871.28
Thailand	Minus 0.13 percent to 318.83

Friday

Indices continued their retreat on major Asian stock markets, last Friday, with Taiwan's bourse, leading the retreat.

The Main Board of The Stock Exchange of Hongkong Ltd saw its Hang Seng Index shed about 0.80 percent, ending the week at 11,166.46 points.

It was the fourth straight day of losses for the Main Board.

The Total Turnover on Asia's second largest stock market was about \$HK8.28 billion, with the shares of the 2 telecommunications companies of the People's Republic of China (PRC), both being constituent stocks of the Hang Seng Index, being responsible for a fair amount of the losses.

The Ten Most Actives were:

China Mobile (Hongkong) Ltd (Code: 941)	Down 0.41 percent to \$HK24.20 per share
HSBC Holdings plc (Code: 5)	Unchanged at \$HK90.00 per share
Hutchison Whampoa Ltd (Code: 13)	Down 2.30 percent to \$HK74.50 per share
China Unicom Ltd (Code: 762)	Down 1.86 percent to \$HK7.90 per share
Cheung Kong (Holdings) Ltd (Code: 1)	Down 2.15 percent to \$HK79.75 per share
Johnson Electric Holdings Ltd (Code: 179)	Up 1.09 percent to \$HK9.25 per share
Sun Hung Kai Properties Ltd (Code: 16)	Down 1.86 percent to \$HK66.00 per share
Pacific Century CyberWorks Ltd (Code: 8)	Down 1.09 percent to \$HK2.27 per share
Li and Fung Ltd (Code: 494)	Up 0.47 percent to \$HK10.75 per share
Hang Seng Bank Ltd (Code: 11)	Up 0.87 percent to \$HK86.50 per share

There was no special news, affecting trading in the Hongkong Special Administrative Region (HKSAR) of the PRC; one cannot talk up the market, forever, can one?

In the same way, as has been proved on numerous occasions, vested-interest support for a stock market can only go so far.

The double-digit movers of the day included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Aluminum Holdings Ltd	930	15.09		0.61
Capital Automation Holdings Ltd	493		12.50	0.245
Cedar Base Electronic (Group) Ltd	855		12.90	0.081
Century City International Holdings Ltd	355	11.90		0.047
China Bio-Medical Group Ltd	140	10.53		0.021
Climax International Company Ltd	439		11.11	0.024
Dynamic (Holdings) Ltd	29	22.92		2.95
Everbest Century Holdings Ltd	578		15.63	0.027
Gay Giano International Group Ltd	686	10.61		0.295
Goldlion Holdings	533		10.11	0.40
GR Investment Holdings Ltd	310	10.00		0.099
Great Wall Cybertech Ltd	689	12.20		0.046
Hansion Construction Holdings Ltd	896		20.24	0.67
Haywood Investments Ltd	905		14.71	0.58
HiNet Holdings Ltd	155		16.67	0.028
Jusco Stores (Hongkong) Company Ltd	984	10.87		2.55

Ngai Hing Hong Company Ltd	1047	12.00		0.28
Regal Hotels International Holdings Ltd	78	15.29		0.196
Rockapetta Holdings Ltd	1003	12.00		0.56
Sen Hong Resources Holdings Ltd	76	10.96		0.405
Star Cruises Ltd	678	15.79		3.30
Starlight International Holdings Ltd	485	13.46		0.059
Suwa International Holdings Ltd	567	16.67		0.28
United Power Investment Ltd	674	10.34		0.32
Veeko International Holdings Ltd	1173	10.61		0.073

In New York, the world's largest stock market continued to lose ground, last Thursday.

The Dow Jones Industrial Average, the gauge of trading of blue chips on The New York Stock Exchange, lost 26.23 points, about 0.26 percent, coming to rest at 10,067.86 points.

As for the NASDAQ, its Composite Index just squeaked through with a gain of 0.11 percent over Wednesday's closing level to 2,047.24 points.

Although it had not been announced, officially, it was well known on Wall Street on Thursday that Ford Motor Company was about to axe some 20,000 of its workers, or more, and to close down at least 5, North American plants.

Ford, the second largest motor vehicle manufacturer in the world, was known to be suffering its first loss in a decade.

Foreign competition and improved products from its 2 rivals, General Motors and DaimlerChrysler, conspired to bring down the giant.

The official announcement came on Friday morning, New York time, confirming the unconfirmed reports of Thursday, New York time, but upping the number of people to be thrown out of work to about 35,000.

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – the list of losers grew as the bears eased out the bulls.

The ratio of losers to gainers was 1.11:One as The Growth Enterprise Index shed about 1.07 percent of its value.

The Total Turnover was about \$HK429.83 million with, once again, Mr Li Ka Shing's tom.com Ltd (Code: 8001), hugging the limelight.

However, last Friday, tom.com lost 4.07 percent of its market capitalisation, falling back to \$HK4.13 per share on a turnover of about 20.31 million shares.

Grandmass Enterprise Solution Ltd (Code: 8108), which was listed on The GEM on July 7, 2000, when it pitched its story in order to raise money by offering shares at 50 cents a pop, announced that it was going back to the money well again.

The company said that it wanted to raise another \$HK30 million.

Its share price was down to about 6.20 cents as at Monday, January 7, when the shares were suspended from trading.

The biggest movers of The GEM, last Friday, were:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Golden Meditech Company Ltd	8180	11.19		1.59

IIN International Ltd	8128	13.04		0.52
Infoserv Technology Corporation	8077		13.24	1.18
Q9 Technology Holdings Ltd	8129		10.09	0.196
Smartech Digital Manufacturing Holdings Ltd	8068	11.11		0.02
T S Telecom Technologies Ltd	8003	13.33		0.02
Timeless Software Ltd	8028	15.38		0.60
WLS Holdings Ltd	8021	14.55		0.63

It was the fourth consecutive day of losses for the 3 stock markets of Japan, last Friday, as investors saw nearly one percent shaved off the Nikkei-225 Stock Average, the key index of The Tokyo Stock Exchange.

The Nikkei-225 ended the week at 10,441.59 yen, with declining issues, outpacing advancing ones by the ratio of about 2.55: One.

If it was not one thing, it was another for poor, suffering Japan.

Kansai Electric Power Company, normally a solid utility company that rarely comes for the fore, announced that it would be sacking 3,000 of its workers, representing about 10 percent of the total workforce.

Kansai Electric's share price lost 1.58 percent on the news, falling back to 1,805 yen.

Banks continued to come under fire with some of the biggies, groaning under the weight of the heavy selling pressure:

Asahi Bank*	Unchanged at 79 yen per share
Daiwa Bank Holding	Down 2.47 percent to 79 yen per share
Mitsubishi Tokyo Financial	Down 3.85 percent to 800,000 yen per share
Sumitomo Mitsui Bank*	Down 5.34 percent to 514 yen per share
Sumitomo Trust and Bank	Down 3.05 per cent to 509 yen per share

* Among the most active counters of the day

The full extent of the amounts of money that most of Japan's banks will have to write off due to non-performing loans is, still, not fully known – and investors are concerned about the situation.

The Government of Japan has, also, not announced its package of measures to restructure the banking sector, comprehensively, and instead appears to be acting piecemeal as and when circumstances dictate.

There was nothing to recommend the largest stock market in Asia ... so it just drifted down, slowly.

Here is the way that other Asian markets looked, last Friday night:

Indonesia	Plus 2.41 percent to 411.77
Japan	Minus 0.92 percent to 10,441.59
Malaysia	Minus 0.28 percent to 703.04
The Philippines	Plus 0.18 percent to 1,191.60
Singapore	Minus 0.15 percent to 1,704.07

South Korea	Minus 0.12 percent to 727.36
Taiwan	Minus 3.13 percent to 5,687.59
Thailand	Plus 1.02 percent to 322.55

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