

Foxconn cut from Hong Kong's benchmark index

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Foxconn International, the world's biggest contract electronics supplier, has lost its blue-chip status after being dropped from Hong Kong's Hang Seng Index (HSI), an HSI official said Wednesday.

The Taiwanese technology giant's departure from the city's benchmark index comes as AIA, one of Asia's largest listed life insurers, and Hengan, a major Chinese producer of toilet tissue and nappies, were added to the Hang Seng.

The changes took effect Tuesday.

The move is another blow to Foxconn -- the world's largest maker of computer components which produces goods for Apple, Sony and Nokia -- which has come under pressure after a number of suicides and labour unrest at its Chinese plants.

"When deciding which companies are to be added to or dropped from the HSI, companies are evaluated on several factors, including their financial performance, their market capitalisation and turnover," the index spokesman told AFP, without commenting on the reasons Foxconn was dropped.

Foxconn shares have lost about 34 percent of their value in the past year, with the stock closing about two percent lower at HK\$3.82 (49 cents) on the wider exchange Wednesday.

In March, Foxconn said it swung to a net loss of \$218.3 million in 2010 on revenue of \$6.63 billion, about eight percent lower than in 2009.

The loss added to mounting woes at the Taipei-based firm over the past few years.

Three workers died and 15 others were hurt in a blast last month at the plant of a Foxconn subsidiary in southwestern Chinese city of Chengdu.

The incident led the firm to shut down all its workshops that polish electronic parts and products in China after an initial investigation showed it may have been caused by an explosion of combustible dust.

And last year at least 13 of its employees died in apparent suicides, which activists blamed on tough working conditions and led to calls for better treatment for its staff.

The company is not the first export-focused firm to be dropped from the Hang Seng Index.

Yue Yuen, a Taiwanese athletic and casual footwear manufacturer which makes shoes for brands including Nike, Puma, Adidas and Timberland was likewise removed from the index in June 2009.

Foxconn employs about one million workers in China, about half of them based in its main facility in the southern industrial boomtown of Shenzhen.

The company has been expanding its workforce in other parts of China as it seeks to scale back the size of its Shenzhen plant amid rising labour costs.

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