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Effective today, every Monday, TARGET will be publishing a lengthy and as comprehensive a review as possible of some of the most important events of the week. This report will include explanations and analyses of what those events mean on the world stage, and how they affected, and may continue to affect, stock markets and the economies of Asia.

ASIAN STOCK MARKETS SHIFT INTO REVERSE GEAR
WHY THE PRC GOVERNMENT CONCEDED TRADE GROUND

South Korea led the retreat of stock markets in Asia, last Monday, as every stock market in the most populous area of the world watched a fast erosion of values of some of the largest companies in the world.

In spite of the Government of the People's Republic of China (PRC), coming into an agreement over terms and conditions of its entry into the World Trade Organisation (WTO) with European Union trade negotiators, the previous week, and in spite of the suggestion that the PRC would have a permanent preferential trading status (now known as Permanent Normal Trade Relations) with the strongest economy in the world, the United States of America, the Hongkong Special Administrative Region (HKSAR) was not spared the stock-market bloodbath of last Monday.

The Hang Seng Index shed 2.31 percent of the previous Friday's value as the Index dropped like a rock in a well from the first sounds of the opening bell on The Stock Exchange of Hongkong Ltd.

During the morning session, the Index pierced the 14,000 level, briefly, but managed to keep its head over that psychological mark, ending the morning session at 14,061.46, down 416.80 points, or about 2.88 percent, compared with the previous Friday's closing.

For investors, who were sporting long positions, the afternoon session was a welcome relief, as short-sellers started to cover their positions, pushing up the Index to 14,140.73.

At the closing bell at 4 p.m., the Index was standing on a loss of 337.53 points, down 2.33 percent, compared with the close of Friday, May 19.

The Total Turnover was about $HK10.22 billion, surprisingly low, everything considered, and, perhaps, indicating that there were not that many people, willing to take a position in a market that was shedding a great deal of the emperor's clothes.

The low Total Turnover, coupled with the fast decline in share prices, also, appeared to indicate that some investors were in a great deal of a hurry to unload stock.

And this had to indicate that the worst had yet to follow if history is to repeat itself.

The ratio of losers to gainers was about 3.09:One.

But the HKSAR stock market was not the largest loser in Asia by a long shot: That position was held by South Korea, whose Seoul Stock Exchange saw its Composite Index fall 5.35 percent.

The principal reason for the fast slide in Asian markets was, in the main, due to what had happened on Wall Street, the previous Friday.

There, the NASDAQ Composite Index gave up just about 4.19 percent, falling to 3,390.40 points, while the Dow Jones Industrial Average shed about 1.40 percent of its value, falling to 10,626.85.

The US Federal Reserve's 50, basis-point increase in interest rates had touched off this run, coupled with some pretty frightening economic news, put out by the US Government, news which appeared to indicate that another bout of interest-rate increases was just around the corner.

Investors in the HKSAR were targeting telecommunications issues and Internet-related counters, especially start-up companies, such as Pacific Century CyberWorks Ltd (Code: 1186).

The 4 Most Active counters – Cheung Kong (Holdings) Ltd (Code: 1), Hutchison Whampoa Ltd (Code: 13), China Telecom (Hongkong) Ltd (Code: 941) and Pacific Century CyberWorks – accounted for about 40.41 percent of the Total Turnover.

Cheung Kong closed at $HK73.75 per share, up 50 cents, about 0.68 percent, Hutchison lost 3.42 percent of its market capitalisation, closing at $HK91.75, China Telecom shed 4.31 percent to close at $HK48.80 per share, and Pacific Century CyberWorks gave up 4.30 percent of its value to close at $HK14.45 per share.

In regard to Pacific Century CyberWorks, there were reports, last Monday, that the company was looking for more financing, at least $HK7 billion, the reports suggested.

While many counters did not make the headlines, investors, who got stuck into so-called Internet-related issues, got stung, very hard, last Monday.

Cheuk Nang Technologies Ltd (Code: 131) was an example of this pattern as investors dumped the stock, pulling down the price by about 7.89 percent to 7 cents per share.

China Cyberworld Ltd (Code: 298) was another Internet-related counter, which was hit hard, as its share price shed 8.22 percent to close at 67 cents.

And City Telecom (Hongkong) Ltd, formerly one of the stock market's *'darlings'*, fell 7.37 percent to hit $HK2.20 per share.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was, just about, the same story, as the Growth Enterprise Index fell 1.24 percent to 590.88 points.

On this market, the ratio of losers to gainers was 3.40:One.

The Total Turnover shrank to $HK95.88 million, with tom.com Ltd, leading the way down with a loss of 3.25 percent, falling to $HK5.95 per share, after hitting a low of $HK5.80 per share.

The Ten Most Active issues accounted for about 90.47 percent of the total volume of activity.

In Japan, it was, again, the same story, as the Nikkei-225 lost 472.16 yen, closing the day out at 16,386.01 yen.

It was an 11-month low for that marketplace.

The Tokyo Stock Exchange was weighed down, to a great extent, by the losses in the telecom sector, led by Nippon Telegraph and Telephone (NTT) and its mobile telephone subsidiary, NTT DoCoMo, both of which saw 7 percent knocked off their respective market capitalisations.

Security companies, also, got hit hard with Nomura Securities, off 7.30 percent, while Nikko Securities lost 8.40 percent.

Sony Corporation, the world's largest electronic consumer manufacturer, was not spared the paring of share prices as it lost a little more than 5 percent of its value, falling to 10,280 yen per share.

Softbank Corporation was down daily limit 2,000 yen to 16,600 yen, a fall of nearly 11 percent in a couple of hours of trading.

The ratio of losers to gainers on this market was 3.51:One, in line with what had taken place in the HKSAR.

One more disturbing bit of news that is bound to affect the values of Internet-related issues was another report that another Internet start-up company had gone to the wall.

This time it was Net.Imperative, a UK company which had only been in business for about 6 months and had gone through more than $HK16 million.

This company, unlike the UK Internet retailer, boo.com, which went belly up the previous week, with about 200 people, losing their jobs, was attempting to offer business news over the Internet.

Liquidators have been called in.

Add all this up and the prospects for Asian stock markets for the week of May 22 through to May 26 did not look too hopeful.

This is the way that Asia went to bed last Monday night:

Thailand	Minus 2.92 percent
Indonesia	Minus 1.89 percent
Malaysia	Minus 1.80 percent
The Philippines	Minus 4.50 percent
South Korea	Minus 5.35 percent
Singapore	Minus 3.14 percent
Taiwan	Minus 0.14 percent
Japan	Minus 2.80 percent

Tuesday

For the second day in the row, all of Asia's most important stock exchanges registered losses.

Nobody was spared the continuing meltdown of share prices in the populous area of the world, as Asia continued to take its cues from Wall Street where, once again, there had been widespread selling on The New York Stock Exchange.

On Monday, New York time, there was utter chaos on the world's largest stock market as the NASDAQ, first shed about 6.40 percent of its value, only to recover all but 0.80 percent of its losses by the close of trading.

It was not for the faint of heart, to be sure.

The NASDAQ ended the first day of trading for the week with a loss of about 26.19 points, closing at 3,364.21.

The Dow Jones Industrial Average, which is not as heavily laden with technology counters as is the NASDAQ, fell a similar amount as the NASDAQ, shedding 0.80 percent to end the session at 10,542.55.

But the Dow had been down by as much as 250 points, during the day. That was a drop and recovery of more than 3 percent.

Not since the meltdown of 1987 had US investors watched the share price of a giant, such as General Motors Corporation, be felled by as much as 11 percent in one day's trading.

General Motors is the largest motor-car manufacturer in the world and constitutes about 4 percent of the Dow.

And, it was clear by the close of trading in New York, last Monday night, that the worst was not over in that market, too.

The same old reasons were pulling down share prices: Interest rates in the US were at their highest levels since 1991 – and the Federal Reserve was promising more interest-rate increases within a couple of months … maybe.

On The Stock Exchange of Hongkong Ltd, the morning session saw the Hang Seng Index fall to the 14,000 level, yet again, losing 97.24 points by the time the luncheon bell sounded.

The afternoon session, however, saw investors plough back in, pushing up the Index by 213.69 points, bringing it back to 14,257.18 when the closing bell rang.

It was clear that, at the 14,000 level, there was strong resistance to selling.

But for how long would the resistance last?

The Total Turnover was about $HK9.22 billion with China Telecom (Hongkong) Ltd (Code: 941) and Cheung Kong (Holdings) Ltd (Code: 1), being held responsible for about 26.90 percent of the entire volume of activity.

China Telecom was one of the few companies which saw its share price rise any material amount, last Tuesday, as investors pushed up the price from a low of $HK47.20 per share to the closing level of $HK50.25 per share, a gain of about 2.97 percent, compared with Monday's close.

In view of the huge weighting of this counter on the Hang Seng Index, it must have been responsible in large part for the stock market's gains.

Cheung Kong was unchanged at $HK73.75 per share.

Most issues were either slightly up or marginally down for the most part, but there were some counters that received rough treatment from investors.

City Telecom (Hongkong) Ltd (Code: 1137) continued to lose ground as its share price fell 15 percent to $HK1.87.

Another big loser was Gemzboh Holdings Ltd (Code: 1192), the share price of which slipped about 20 percent to 20.40 cents.

And so it went on.

Losers were ahead of gainers by about 2.49:One in spite of the market, rising about 0.82 percent.

On The GEM – The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd – the Growth Enterprise Index fell 1.29 percent to 583.27 points.

The Total Turnover was $HK110.05 million with the ratio of losers to gainers widened to 4.34:One.

Losers included digitalHongkong.com (Code: 8007), down 3.85 percent to $HK1.25 per share, Hongkong.com Corporation (Code: 8006), down 7.74 percent to $HK1.43 per share, Proactive Technology Holdings Ltd (Code:

8089), down 7.14 percent to $HK1.30 per share, and Timeless Software Ltd, (Code: 8028) off 7.37 percent to $HK4.30 per share.

In Japan, The Tokyo Stock Exchange witnessed more losers than gainers as the Nikkei-225 shed another 67.28 yen, falling to 16,318.73 yen.

It was the fifth consecutive day of losses for this market and represented an 11-month low for Asia's largest stock market.

In spite of this, however, shares that went against the grain were ahead of losers by the ratio of 1.32:One.

Internet investor, Softbank Incorporated, ended the session with another loss situation, amounting to 7.23 percent, after falling daily limit 2,000 yen, equal to about 12 percent of its market capitalisation in early trading.

Sony Corporation had another poor day, shedding another 2.72 percent, hitting 10,000 yen.

More important was the thrashing that Nippon Telegraph and Telephone (NTT) was taking as it announced that its full year's earnings had tumbled 12.90-percent, Year-On-Year – and it predicted even lower earnings for the Current Financial Year, ending March 31, 2001.

As Japanese investors went to bed, last Tuesday night, it was apparent that more losses were bound to follow on Wednesday.

This was how the rest of Asia saw stock markets close, last Tuesday night:

Thailand	Minus 1.51 percent
Indonesia	Minus 0.85 percent
Malaysia	Minus 1.73 percent
The Philippines	Minus 0.53 percent
South Korea	Minus 1.71 percent
Singapore	Minus 1.25 percent
Taiwan	Minus 1.55 percent
Japan	Minus 0.41 percent

Wednesday

At the first sounds of the opening bell on The Stock Exchange of Hongkong Ltd, last Wednesday, sellers lined up in what appeared to be the beginnings of a chaotic market.

And it was just that: Chaos.

People were in such a hurry to unload parts of their portfolios that they seemed oblivious to the falling prices.

As a result, the Hang Seng Index fell below the 14,000 support level with a bang, and then, with vested interests, propping up the market, it regained some of its earlier losses, ending the morning session at 13,987.23.

That was a fall of 269.95 points, but there was much more to come.

At the end of the session, the Hang Seng Index stood at 13,933.98, representing a one-day fall of about 2.27 percent, compared with Tuesday's closing level.

The Total Turnover was, once more, very low at about $HK9.17 billion with the Ten Most Active issues accounting for 52.57 percent of the entire volume of activity for the day.

As expected, China Telecom (Hongkong) Ltd (Code: 941) was the big loser of the day, following closely on what had happened on The New York Stock Exchange on Tuesday, New York time.

Last Tuesday in New York, the NASDAQ fell completely out of bed, falling 5.90 percent, compared with Monday's closing level, to hit 3,164.55.

The NASDAQ's Composite Index's fall put it at its lowest point in the past half year, since November 10, 1999, in fact.

The Dow Jones Industrial Average was not unscathed, too, as it lost about one percent of its value to 10,422.27.

The NASDAQ, weighted down by Internet-related issues and hi-tech issues, had an immediate effect on trading in Asia, with Japan, starting off proceedings with a fall below the Nikkei-225's 16,000-yen level within the first few minutes of trading.

It was the first time in the past year that the premier index of the most important stock market in Japan had seen those low levels.

All Asian stock markets were in reverse gear, the lone exception, being the Philippines.

China Telecom, the most active counter on The Stock Exchange of Hongkong Ltd, saw a total of 20.80 million of its scrip change hands, with the share price, being pushed down to $HK47.90, a loss of 4.68 percent.

Cheung Kong (Holdings) Ltd (Code: 1) did not get off unscathed last Wednesday as its share price sank 1.69 percent to end the day at $HK72.50.

Another Li Ka Shing counter, Hutchison Whampoa Ltd (Code: 13), was felled to the extent of 2.21 percent, falling to $HK88.50 per share.

The largest bank in the HKSAR, HSBC Holdings plc (Code: 5), was shot down to the extent of 1.19 percent as the share price fell to $HK82.75.

City Telecom (Hongkong) Ltd (Code: 1137) continued its decline as it lost another 13.37 percent of its market capitalisation, falling to $HK1.62 per share.

In 2 days of trading, this counter had shed more than 28 percent of its market capitalisation.

The number of counters, which gave up 10 percent of more of their values, was too numerous to report, with brokers, shaking their heads in disbelief.

It was only last year that Hutchison Whampoa Ltd, for instance, was trading at $HK75 per share – and that was before it took a $HK116-billion profit for the sale of investments in Europe.

And last Wednesday, the price was hovering near the price of last year, prior to making a king's random from the sales of listed investments in Europe.

The ratio of losers to gainers was about 6.81:One.

On The GEM – The Growth Enterprise Market – the situation was even worse than on the Main Board as The Growth Enterprise Market fell 4.78 percent to 556.58.

The Total Turnover was about $HK114.41 million with the Ten Most Active issues, accounting to about 94.05 percent of that figure.

The most active counter was Sunevision Holdings Ltd (Code: 8008), which saw its share price fall 2.50 percent to $HK9.75.

A 14.14-percent loss was recorded in the share price of Vodatel Networks Holdings Ltd (Code: 8033) as its share price sank to $HK1.70.

Timeless Software Ltd (Code: 8028) and tom.com Ltd (Code: 8001) both watched fast erosions of their share prices, with Timeless, shedding 5.68 percent to hit $HK4.15, while tom.com fell 5.88 percent to $HK5.60 per share.

The ratio of losers to gainers on this market was 9.50:One.

In Japan, the Nikkei-225 lost 274.29 yen, falling to 16,044.44 yen, at a one-year low.

The run on Japanese companies was, again, touched off by what had taken place in New York where everybody and his cat could not unload hi-tech and Internet-related issues quick enough.

Sony Corporation was, once again, on the firing line, losing anther 5.10 percent of its value, falling to 9,490 yen, and NTT DoCoMo Incorporated continued its losing stream, shedding another 4.64 percent of its market value to hit 2.67 million yen.

Softbank Corporation, an Internet-investment company which is locked into many hi-tech companies, listed on the NASDAQ, was under pressure, also, losing 8.44 percent of its market capitalisation after it was felled 14,100 yen after touching a new low for this year of 13,420 yen.

What appeared to be happening on this market was that investors were getting more than a little leery of hi-tech issues and were switching back to bread-and-butter stocks.

With most of Asia, expecting the worst, this was how other Asian markets closed last Wednesday, on the eve of the US Congressional vote on whether or not to grant the People's Republic of China (PRC) permanent Normal Trade Relations (NTR):

Thailand	Minus 1.94 percent
Indonesia	Minus 0.47 percent
Malaysia	Minus 1.47 percent
The Philippines	Plus 1.01 percent
South Korea	Minus 0.71 percent
Singapore	Minus 1.78 percent
Taiwan	Minus 1.97 percent
Japan	Minus 1.68 percent

Thursday

There were 2 pieces of very important news to hit Asia, last Thursday: The US House of Representatives had voted in favour of granting the PRC permanent Normal Trade Relations (NTR); and, there was a near riot in Beijing where Beijing university students were protesting, following the rape and death of a female classmate.

Internationally, the more important of the 2 news events was, of course, the matter of the US House of Representatives's vote with regard to permanent NTR for the PRC.

What this will mean is that the US will export more to the most populous country in the world; this will translate into more jobs for Americans.

US motor-car manufacturers, financial services enterprises and telecommunication companies can be expected to pile into the PRC in order to take advantage of that *'virgin'* market's potential.

If the US House of Representatives had not voted for permanent NTR, the PRC, most likely, would have opened its doors to Europe – which is just about the same size as the US economy, in any event.

One must not forget that it was only one week prior that the PRC Government had come into an agreement with the 15-country European Union (EU) over terms and conditions for the EU to endorse the PRC's entry into the World Trade Organisation (WTO).

The granting of permanent NTR to the PRC means that the PRC must cut tariffs on US imports of motor vehicles to 25 percent (it presently ranges from 80 percent to 100 percent).

Also, US banks will be permitted to serve the country within 2 years, and the PRC must open up its telecommunication markets to US investments, permitting US interests to own up to 50 percent of PRC telecommunication providers within 2 years.

Tariffs will, also, be cut on imports into the PRC of farm products – corn, soybeans, cotton, etc.

How direct access to the PRC marketplace will affect the HKSAR, remains to be seen, but it is a sure bet that many HKSAR middlemen will be having a more difficult time from hereon in.

Over the years, the HKSAR has played a large role in facilitating trade between the outside world and the PRC. This will, now, slow to a trickle and, in due course, dry up, completely, one may expect.

Naturally, corporate US celebrated the passing of the permanent NTR – and the US stock markets reversed their courses.

But the spurt, put on as the NASDAQ Composite Index, which pulled back 3.40 percent of its 5 days of continuous losses, representing an aggregate fall of about 15 percent, to rise to 3,270.61, while the Dow Jones Industrial Average regained 1.10 percent to 10,535.35, could be short-lived because the same reasons that caused the US stock markets to head south still persisted.

US interest rates will rise and the Chairman of the US Federal Reserve, Dr Alan Greenspan, will make sure that they rise – unless the US economy cools down.

There are, always, optimists, who look for the opportunity to buy in when they perceive that the selling of shares has been oversold, and that was the way that many US brokers saw last Wednesday's trading on The New York Stock Exchange.

In the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), The Stock Exchange of Hongkong Ltd got off to a roaring start, shooting up more than 2 percent, almost at the opening of the market.

But it did not last long.

By the luncheon bell, signalling the end of the morning session, the Hang Seng Index stood at 14,015.12, having lost about three quarters of the earlier gains.

By the close of trading, the Hang Seng Index had lost all of its earlier gains, falling to 13,921.06, representing a fall of about 0.09 percent, compared with the close on Wednesday.

The Total Turnover was about $HK10.27 billion, of which figure, Cheung Kong (Holdings) Ltd (Code: 1) was responsible for 11.20 percent, while China Telecom (Hongkong) Ltd (Code: 941) was responsible for 10.62 percent.

Cheung Kong ended the day, unchanged at $HK72.50 per share, while China Telecom gained 2.30 percent to close at $HK49 per share.

Hutchison Whampoa Ltd (Code: 13), the third most-active issue, fared not as well as its *'parent'* company, Cheung Kong, and lost ground quickly as its share price fell nearly 3 percent to $HK86 per share – which was just about the low for the day.

Most of the Li Ka Shing *'camp followers'* was off their best – and it appeared that the coming day, Friday, more losses would be incurred.

There was no reason for the market to rise, all things considered, because the PRC's trade arrangements with the US Government, in fact, was just a permanent arrangement that was not unlike the annual renewal of the Most Favoured Trading Status, that had been in existence for the past 2 decades.

If anything, the PRC had conceded ground to the US in order to maintain the status quo.

Asian investors were looking to the West, to Wall Street, in fact, for their daily cues: And Wall Street was selling – and selling tech stocks with a vengeance.

In the HKSAR, one noted that so-called hi-tech and Internet related issues were under pressure for the entire day.

Some of these counters lost as much as 21 percent of their market values.

The ratio of losers to gainers, last Thursday, was 5.06:One.

On The Growth Enterprise Market (The GEM), The Growth Enterprise Index shed another 7.09 percent, falling to 517.13 points, with losers, outnumbering gainers by the margin of nearly 4:One.

The stuffing was being knocked out of the former hi-flyers on this market, with iSteelAsia.com Ltd (Code: 8080), off 15.45 percent to 46.50 cents, tom.com Ltd (Code: 8001), off 12.50 percent to $HK4.90, Syscan Technology Holdings Ltd (Code: 8083), down 9.86 percent to 32 cents, and Timeless Software Ltd (Code: 8028) down 6.02 percent to close at $HK3.90 per share.

The Total Turnover was $HK155.20 million which, considering that the market was in reverse gear, was not a good sign since it signaled that investors were letting go at any price, thus boosting the market's volume of activity.

The turnovers of just 2 of the most-active issues, tom.com and Sunevision, represented nearly $HK104 million, or about 67 percent of the Total Turnover.

In Japan, The Tokyo Stock Exchange had a bit of a reprieve as the Nikkei-225 managed to gain 203.38 yen to close at 16,247.82 yen in a market that saw gainers just edge out losers by the ratio of 1.33:One.

It was the first time that the Nikkei-225 had managed to make any headway in 7 straight sessions.

There was concern, also, that it would not be able to hold onto its gains, come Friday.

Like other bourses in Asia, Japan was taking its *'instructions'* from New York: If Wall Street makes gains, Asia will follow.

This appeared to make a great deal of sense because companies, such as the giant electronic consumer manufacturer, Sony Corporation, are owned as to about 60 percent by foreign interests.

And if these interests get strapped for cash, Sony gets an armful of old scrip.

Most of the gains were modest because the consensus was that the bottom of Japan's stock markets had not been reached – not by a long shot.

After Asia went to bed, last Thursday, it was announced in Washington that the US economy had grown at an annual rate of about 5.40 percent, annualising the first quarter's results.

Consumer spending, the US Government announced, was at the fastest pace in the past 15 years.

The Gross Domestic Product (GDP) in the first quarter had expanded by 5.40 percent, compared with a 7.30-percent growth rate in the fourth quarter of last year, the US Commerce Department explained.

More ammunition for the US Federal Reserve in making its interest-rate determinations next month, one must suppose.

Here is how other Asian markets braved out last Thursday:

Thailand	Minus 2.07 percent
Indonesia	Minus 0.31 percent
Malaysia	Minus 0.52 percent
The Philippines	Plus 0.55 percent
South Korea	Plus 3.64 percent
Singapore	Minus 0.21 percent
Taiwan	Minus 0.73 percent
Japan	Plus 1.27 percent

Friday

It was only too apparent that a number of the major investment houses in Europe and the US were sitting on huge caches of money.

And they were not willing to load up on scrip, anybody's scrip that may have seemed inexpensive to the average investor.

If these investment houses were not willing to commit themselves to new investments, or add to existing portfolios, even averaging out, it seemed to say a lot about investing, either in New York, or anywhere else on the globe.

With a big question mark, hanging over world's stock markets, many of the more experienced investors were waiting before considering any new investment commitments.

The New York Stock Exchange, last Thursday, was another example of chaotic selling as most US share prices took another tumble, with the Dow Jones Industrial Average, suffering the biggest single loss in the previous month.

The Dow ended the session at 10,323.92, representing a loss of about 2 percent, compared with the previous Wednesday's closing level.

The NASDAQ Composite Index fared equally, shedding 65.26 points, also about 2 percent, to close at 3,205.35.

The losses in both the Dow and the NASDAQ came after it appeared that Wall Street would extend last Wednesday's gains: It was not to be.

When The Stock Exchange of Hongkong Ltd opened for business, last Friday morning, it was on the back of knowing the sentiment of Wall Street.

And down came the Hang Seng Index to a new, half-yearly low.

Whoever had stated that the 14,000 level would be a resistance point looked sick, last Friday – because the Index pierced, not the 14,000 level, but the 13,800 level, too.

Once again, the Hongkong Special Administrative Region (HKSAR) was following New York … down, down, down.

And with good reason.

US investors, looking at huge losses in their own turf, looked to Asia to sell whatever they could to put a stopper in the Wall Street, stock-market chasm.

In early trading in the HKSAR, the ratio of losers to gainers was 7:One.

Confidence in scrip, listed on The Stock Exchange of Hongkong Ltd, had waned to a recent new low.

By the close of trading, the Index stood at 13,722.70 for a loss, compared with last Thursday's close, of about 1.42 percent.

Not since last December had the Index seen this level.

And it appeared only too clearly that it would sink further in the coming weeks unless something dramatic happened.

There is an old stock-market adage, which states that when a stock market is on the slippery slope down, the slightest jar could send it crashing down further, in a very big hurry.

At the same time, the explosion of an atom bomb will have little to no effect on a market's direction when it is in a bull phase.

And the HKSAR stock market was definitely a bear, last week, not a bull.

But, for a change, the Asian news was focused on South Korea, not due to a riot or its continuing trouble with its northern neighbour, but unconfirmed reports that one of the largest conglomerates in the territory was having financial problems.

The conglomerate was said to be the Hyundai Group, known internationally for its motor cars, which compete with Japan's Toyota, Honda and Nissan.

According to early reports, Hyundai was seeking bridging finance to stave off the wolves from the door.

With such a report, coupled with what was happening on Wall Street, and it was little wonder that Korean investors headed for the closest exit.

As a result, the Seoul Composite Index shed 6.13 percent in a day that resembled the bloodbath of 1987.

South Korea was the biggest loser in Asia, last Friday.

The HKSAR stock market witnessed considerable losses in the Li Ka Shing Camp as Hutchison Whampoa Ltd (Code: 13) lost 4.65 percent of its market capitalisation, falling to $HK82 per share, Cheung Kong (Holdings) Ltd (Code: 1) fell 2.76 percent of its market value to hit $HK70.50 per share, and Pacific Century CyberWorks Ltd (Code: 1186) fell 1.11 percent to $HK13.40 per share.

On a Total Turnover of about $HK9.91 billion – it was well noted that the daily volume was continuing to shrink – trading in the scrip of Cheung Kong, Hutchison and Pacific Century CyberWorks represented about 25 percent of the action for the day.

One of the reasons that there was a great deal of selling in the Li Ka Shing Camp had little to do with any statement, made by anybody, or the fact that it was not the flavour of the month, according to certain fund managers, it was simply that it was easy to raise cash in a hurry by dumping shares in this neck of the stock market *'wood'*.

There were quite a number of companies that saw their share prices felled a considerable amount, for no apparent and/or impending reason.

Cheong Ming (Holdings) Ltd (Code: 1196) fell 21.57 percent to $HK1.20 per share, Concord Land Development Company Ltd (Code: 1121) gave up 15.60 percent, dropping to 92 cents per share, Freight Links Express Holdings (Hongkong) Ltd (Code: 563) was shot down by 18 percent to 24.60 cents per share, Great China Holdings Ltd (Code:141) lost 30.67 percent to end the session at 52 cents per share, Karrie International Holdings Ltd (Code: 1050) fell by 32 percent to 34 cents per share, and Rivera (Holdings) Ltd (Code: 281) shed 24 percent to drop to 22.80 cents per share.

For many of the above-mentioned exceptionally large losers (and there were many others, too), there appeared to be no logic to the selling pressure on them, causing the share prices to fall to the extent that they did.

The only logic had to be that some people were starting to panic; and, they were willing to let go at any price – *'just give me cash'*.

The ratio of losers to gainers was about 4.80:One.

On The GEM, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, it was another day of falling prices as The Growth Enterprise Index fell another 4.64 percent to 493.15 points.

The Total Turnover was about $HK102.35 million with Sunevision Holdings Ltd (Code: 8008), shedding 9.19 percent of its market capitalisation to hit a new low of $HK8.40 per share, near the low for the day of $HK8.30 per share.

Trading in this one issue accounted for a little more than 30 percent of the Total Turnover.

But, for this company's shares, there is still a long way for its price to fall because, if Hutchison can lose 42 percent of its market capitalisation in a couple of months – and Hutchison is a very solid company, compared with Sunevision – then Sunevision's value must be much less than Hutchison's, in relative terms.

That, being the case, a price closer to $HK1 per share seems possible.

The biggest loser on this speculative market was techpacific.com Ltd (Code: 8088), the share price of which shed 11.46 percent of its value to close at 42.50 cents per share.

This company only went to the marketplace on April 5 this year when it pitched 300 million shares at $HK1.68 per share, raising about $HK500 million.

Between April and last Friday, therefore, investors, who jumped on this bandwagon, a company which is supposed to try to assist high-risk, hi-tech and Internet-related start-up companies, has seen their investments eroded by about 75 percent.

For a period of just 7 weeks, that is a lot to swallow.

The ratio of losers to gainers on The GEM was 2.60:One.

In Japan, it was back to normal – The Tokyo Stock Exchange benchmark index, the Nikkei-225 Composite, continued its decline after a bit of a respite on Thursday.

The Nikkei-225 ended the week at 16,008.14 yen, off 239.68 yen, or about 1.48 percent.

In the previous 7 days of trading on The Tokyo Stock Exchange, 6 of those days had witnessed declining prices.

Sony Corporation shed another 3.97 percent, falling to 9,680 yen, NEC Corporation fell 4.58 percent to 2,605 yen, Nissan Motor Company gave up another 2.60 percent, Honda Motor Company fell 5.40 percent … and so it went on.

Shares which lost ground outnumbered those which gained any ground by the ratio of about 2:One.

But the Total Turnover, in terms of the number of shares traded, on this market was down by about 18 percent, compared with Thursday volume: Japanese investors were not desperate, at least, not last Friday.

Softbank Corporation was one of the small bright spots in Japan, following its announcement that its net profits had sunk 77 percent in the past year. Its share price rose daily limit 2,000 yen on news that the Internet investor may be considering another Initial Public Offering. It closed at 18,100 yen, a gain of about 12.42 percent on the day.

All in all, it was a day of large losses for most hi-tech and Internet-related issues.

Here is what happened in other Asian stock markets at the week's close:

Thailand	Plus 1.01 percent
Indonesia	Minus 2.64 percent
Malaysia	Minus 1.87 percent
The Philippines	Plus 0.04 percent
South Korea	Minus 6.13 percent
Singapore	Minus 1.60 percent
Taiwan	Plus 1.44 percent
Japan	Minus 1.48 percent

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