THE WEEK OF TUNG BASHING AND TUNG LASHING

With strong suggestions, and a massive amount of evidence to substantiate the suggestions, of serious political unrest in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it was hardly any wonder that investors, holding long positions in portfolios, whose shares are listed on The Stock Exchange of Hongkong Ltd, began to have second thoughts about making any fresh commitments.

Over the previous weekend (July 1-July 2), thousands of people had spilled onto the streets of the HKSAR, voicing anger and frustration at the economy and the way in which the 416 square miles was being (mis?)administered by the HKSAR Government of Chief Executive Tung Chee Hwa.

Not since the events that led up to the June 4, 1989 Tiananmen Square Massacre in Beijing had there been so many processions of Hongkong people, venting their anger and frustration at their lot on the streets of the HKSAR.

These were not isolated incidents since there had been mini-riots in the HKSAR for some time, now: They just had not been sufficiently big enough to warrant, being noticed to the extent of the previous fortnight's protests.

And even the pro-Beijing Press of the HKSAR could not bury the protests, try as they might.

And in the Macau Special Administrative Region (MSAR), just 45 minutes away from the HKSAR, 300-plus workers took to the streets, demanding that that Government take definitive action to stimulate the economy of that little enclave, dedicated to the gods of gambling.

This incident was put down with a good dose of tear gas and billy clubs while, not uncharacteristically, the Chief Executive of the MSAR, Mr Edmund Ho Hau Wah, applauded and approved of the manner in which the riot was put down, saying that the use of force was *'necessary'*.

That Hang Seng Index, the *'barometer'* of trading on The Stock Exchange of Hongkong Ltd, lost 30.81 points last Monday to close out the day at 16,124.97 points on a Total Turnover of $HK8.29 billion.

The low Total Turnover said it all.

Many HKSAR stockbrokers pointed to interest-rate concerns as being the principal reason for the drop in the Hang Seng Index and the quiet trading pattern.

But they were wrong because the one thing that any free market cannot, under any conditions, tolerate is political uncertainty.

The fear of the unknown is much more pointed and is of much more concern to investors than what has happened, and what, through induction and deduction, is likely to happen.

The major difference between the HKSAR and its archrival for investments, Singapore, is politics: If there ever is unrest in the HKSAR, then European and US investment dollars will go, immediately and directly, to Singapore, first, if the investors do not have another Asian base of operations.

In fact, many companies, formerly operating in the HKSAR, have already relocated their plants to that totalitarian state, obliquely controlled by a man who holds no formal Singapore Government portfolio, but who still controls its politics: Mr Lee Kuan Yew.

While the Hang Seng Index registered just a smallish loss for the day, losers were far ahead of gainers by the ratio of 1.39:One.

The previous Friday, in New York, Wall Street had picked up steam, with the Dow Jones Industrial Average, gaining 49.85 points to 10,447.89 points, while the NASDAQ Composite Index rang up a gain of about 2.30 percent, to hit 3,996.11.

But last Monday, New York Time, The New York Stock Exchange was only open for half a day in order to allow Americans time off to celebrate the July 4 Celebrations.

That being the case, Asia was not be able to follow the antics of Wall Street until Wednesday morning, Hongkong time, in order to chart the course of Wall Street for the previous Tuesday, the first full day of trading for the week.

On Monday, July 3, in the HKSAR, this factor was considered seriously because the rest of the world is -- and has for some months, now -- watching Wall Street in order to take its cue from the largest and most important bourse in the world.

The most active counter on The Stock Exchange of Hongkong Ltd was that of Hongkong Exchanges and Clearing Ltd (Code: 388). It accounted for nearly 14 percent of the Total Turnover.

A total of about 101.76 million Hongkong Exchanges's shares changed hands, during the day, with the share price, moving to a new high of $HK11.65, up about 10.43 percent compared with the previous Friday's closing level.

The 10 Most Active issues represented about 60 percent of the entire volume of activity on The Stock Exchange of Hongkong Ltd.

New listing company, Millennium Sense Holdings Ltd (Code: 724), -- (please see TARGET Intelligence Report, Volume II, Number 120, published on June 28, 2000), a manufacturer of cigarette papers, primarily, fell to an avalanche of selling orders, as the share price fell to 92 cents per share, down from the Offer Price of $HK1 per share.

The biggest gainers for the day were: Burlingame International Company Ltd (Code: 202), up 10.53 percent to 42 cents per share; Denway Investment Ltd (Code: 203), up 14.44 percent to $HK1.03 per share; Goldlion Holdings Ltd (Code: 533), up 11.29 percent to 69 cents per share; and, Lung Kee (Bermuda) Holdings Ltd (Code: 255), up 12.18 percent to $HK1.75 per share.

But the losers were much more telling than the gainers: Capital Automation Holdings Ltd (Code: 493), down 12.68 percent to 62 cents per share; Cedar Base Electronic (Group) Ltd (Code: 855), down 20.25 percent to 63 cents per share; Guangdong Building Industries Ltd (Code: 818), down 13.79 percent to 30.50 cents per share; Hang Fung Gold Technology Ltd (Code: 870), down 12.06 percent to 21.50 cents per share; Honko International Holdings Ltd (Code: 673), down 16.67 percent to 14 cents per share; Kantone Holdings Ltd (Code: 1059), down 15.94 percent to 58 cents per share; and, Paladin Ltd (Code: 495), down 10.71 percent to 25 cents per share.

On The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index seemed to be following the antics of New York's NASDAQ, as The GEM's Index made a gain of about 1.56 percent, rising to 461.48 points.

The Total Turnover on this market was about $HK398 million.

Just 2 counters, Excel Technology International Holdings Ltd (Code: 8048) (please see TARGET Intelligence Report, Volume II, Number 1117, published on June 23, 2000) and Phoenix Satellite Television Holdings Ltd (Code: 8002) (please see TARGET Intelligence Report, Volume II, Number 120, published on June 28, 2000), accounted for about 69 percent of the Total Turnover.

Excel Technology watched a total of about 106.36 million of its shares change hands, with the price rising 2.13 percent to hit $HK1.44 per share by the close of trading. It had been as high as $HK1.52 per share.

In the case of Phoenix Satellite, it recovered from its listing debut malaise of the previous Friday, rising to $HK1.20 per share, a gain of about 11.11 percent on the day.

Only one company's share price rose, substantially, on The GEM. It was Fortune Tele.com Holdings Ltd (Code: 8040), which made a move, up 19.77 percent to $HK1.03 per share.

The ratio of gainers to losers was about 1.27:One.

In Japan, the Nikkei-225 continued to make headway in spite of everything, putting on 203.61 points to hit 17,614.66.

The positive mood in Japan's premier stock exchange was in anticipation of The Bank of Japan's *'Tankan Survey'*, a survey which plots business sentiment in that country.

It was widely expected that the results of the survey would indicate that Japan's economy was on the mend.

Such a result could lead to an end of the zero, interest-rate policy.

The report was scheduled for release last Tuesday morning, before the market opened in Tokyo.

The ratio of gainers to losers on The Tokyo Stock Exchange was a resounding 4:One.

And, once again, Nippon Telegraph and Telephone (NTT) hugged the headlines as the stock price of the largest telephone provider in Japan jumped 5.67 percent to 1.49 million yen.

Its mobile telephone unit, NTT DoCoMo, continued its rise of the previous week, gaining another 3.70 percent.

NTT has been in a running battle with the US Government over its virtual monopoly in The Land of the Rising Sun with regard to such things as telecommunication connection fees.

The US Government is demanding that NTT reduce the cost of connection fees.

Washington wants a 41-pecent reduction; NTT is countering with an offer to reduce the fees by 22.50 percent.

An interesting piece of news was announced last Monday with 3 rival, Japanese manufacturers of electronic products, agreeing to cooperate together to develop a common technology to be used in digital satellite television services.

The 3 companies are Sony Corporation (the largest manufacturer of electrical and electronic consumer items in the world), Matsushita Electric Industrial Company Ltd, and Toshiba Corporation.

These 3 companies account for about 50 percent of all television sets, manufactured and sold in Japan, a country with a population in excess of 110 million people.

All 3 companies watched as their share prices befitted by the release of the news: Sony, up about 4.40 percent to 10,340 yen; Matsushita Electric, up 2.40 percent to 2,815 yen; and, Toshiba, up 2.90 percent to 1,232 yen.

Another piece of news, released widely last Monday, but having been known, only vaguely, the previous Friday, was Japan's unemployment rate.

For May, the unemployment rate fell to 4.60 percent, an improvement of about 4.34-percentile points, compared with the April statistic.

It was, also, announced that average incomes in Japan had risen by about 0.70 percent in May, compared with one year earlier.

And that was, just about, the state of play last Monday:

Thailand	Minus 1.82 percent
Indonesia	Minus 2.74 percent
Malaysia	Minus 4.68 percent
The Philippines	Plus 0.11 percent
South Korea	Plus 1.70 percent
Singapore	Plus 1.36 percent
Taiwan	Plus 0.40 percent
Japan	Plus 1.17 percent

<u>Tuesday</u>

In the days when the British Administration was not seen as being the most popular of governments in the old Hongkong, back in 1967, anybody suspected of having pro-British thoughts were termed *'a British Running Dog'*.

It was convenient for the Government of the People's Republic of China (PRC) to have its Hongkong-domiciled patriots spout such phrases … and the PRC Government justified and condoned all kinds of irrational and illegal acts, perpetrated by Chinese patriots, living in Hongkong, including murder.

In the Hongkong of today, renamed the Hongkong Special Administrative Region (HKSAR) of the PRC, it is not necessary or reasonable to call anybody '*a British Running Dog'* -- because most of the British have left the 416 square miles.

But, Beijing still employs the same tactics as those of 23 years ago, one way or another.

Pro-Beijing advocate and said to be a top advisor to the Government of the PRC, being, among other things, a member of the National People's Congress, Ms Maria Tam Wai Chu, uttered a warning to all those who are unhappy with their lot under the Government of Mr Tung Chee Hwa.

Ms Tam said that the protestors of the past month were *'unreasonable'*, especially the multiple, unrehearsed and spontaneous protests, held on the third anniversary of the handover of Hongkong to the Government of the PRC.

She is reported to have stated: *'If we* (meaning, the HKSAR) *have more patriotic citizens, we will see less of these abnormal and unreasonable incidents. I'm worried that if people behave like this, they will scuttle Hong Kong.'*

(Please see TARGET Intelligence Report, Volume II, Number 125, published last Wednesday, July 5, for a full report on this matter)

Luckily, Ms Maria Tam, it appeared, was not considered too seriously so that the stock market of the HKSAR went its own way, without fearing the advent of the People's Liberation Army, marching down Queen's Road, Central.

The Stock Exchange of Hongkong Ltd saw its Hang Seng Index gain 110.79 points, about 0.69 percent, rising to 16,235.76 in quiet trading conditions.

The Total Turnover remained on the low side at $HK8.75 billion.

China Unicom Ltd (Code: 762) was the most active counter as more than 77.85 million of its scrip changed hands with the volume of activity in this counter, representing about 15.89 percent of the Total Turnover.

The share price of China Unicom rose nearly 10 percent to $HK18.30, near the intra-day's high of $HK18.40 per share.

The second most-active counter was Hongkong Exchanges and Clearing Ltd (Code: 388). Its volume of activity represented about 12 percent of the Total Turnover.

For no good reason, Hongkong Exchanges's share price rose another 1.72 percent to $HK12.40 percent.

It was only one week earlier that this company's shares were listed at the price of $HK3.88 per share.

The ratio of losers to gainers was, just about, equal at 1.02:One in spite of the Hang Seng Index, being in positive territory.

There was very little to stimulate the stock market of the HKSAR because, in the US, the Americans, having opened Wall Street for just a few hours, last Monday, were busy setting off fireworks to celebrate the July 4 Independence Day Holiday.

Last Monday's half-day session on The New York Stock Exchange saw the Dow Jones Industrial Average gain 112.78 points to hit 10,560.67 points while the tech-heavy NASDAQ Composite Index went to 3,991.92, a gain of about 0.65 percent, compared with the previous Friday's closing level.

Gainers on The Stock Exchange of Hongkong Ltd included: Beijing North Star Company Ltd (Code: 588), up 12 percent to 84 cents per share; Chen Hsong Holdings Ltd (Code: 57), up 13.14 percent to $HK1.55 per share; China Development Corporation Ltd (Code: 487), up 11.63 percent to 48 cents per share; China Resources Beijing Land Ltd (Code: 1109), up 10.89 percent to $HK1.12 per share; Dan Form Holdings Company Ltd (Code: 271) up 11.43 percent to 39 cents per share; Emperor (China Concepts) Investments Ltd (Code: 296), up 11.36 percent to 4.90 cents per share; Ocean Shores Group Ltd (Code: 764), up 10.17 percent to 65 cents per share; Styland Holdings Ltd (Code: 211), up 15.78 percent to 2.20 cents per share; SUNDAY Communications Ltd (Code: 866), up 16.49 percent to $HK1.13 per share; and, Winsan (China) Investment Group Company Ltd (Code: 85), up 14.29 percent to 56 cents per share.

The biggest losers included: Asia Standard International Group Ltd (Code: 129), down 22.35 percent to 86 cents per share; Fourseas.com Ltd (Code: 755), down 10.71 percent to 2.50 cents per share; Savoy Concepts Ltd (Code: 680), down 22.94 percent to 13.10 cents per share; and, Soundwill Holdings Ltd (Code: 878), down 10.11 percent to 18 cents per share.

On The Growth Enterprise Market, The GEM, The Growth Enterprise Index gained 0.24 percent to rise to 462.59 points on a Total Turnover of about $HK585.19 million.

The Total Turnover was boosted, considerably, by trading in the shares of Phoenix Satellite Television Holdings Ltd (Code: 8002) and Excel Technology International Holdings Ltd (Code: 8048).

The aggregate amount of money in investors *'playing'* these 2 counters amounted to about 65.61 percent of the Total Turnover.

Phoenix Satellite gained 1.67 percent to close at $HK1.22 per share while Excel Technology stayed firm at $HK1.44 per share.

Gainers and losers were, almost, neck to neck, last Tuesday.

The biggest gainer, and the only double-digit gainer, to boot, was Fortune Tele.com Holdings Ltd (Code: 8040), the price of which rose 29.13 percent to hit$HK1.33 per share.

There were some big losers, however, led by Asian Information Resources (Holdings) Ltd, the share price of which shed 20 percent, falling to 28 cents per share.

In Japan, The Bank of Japan's quarterly *'Tankan Survey'* was unleashed.

It showed that corporate Japan was positive about business prospects for the next 3 years.

But the report, released before the opening of The Tokyo Stock Exchange, did nothing to stimulate the trading of stocks and shares: The Nikkei-225 shed 144.51 yen, falling to 17,470.15 yen.

A bright spot in this stock market was a report from Honda Motor whose management reported that June vehicle sales had risen 16.10 percent in the US, year-on-year.

The share price of Honda jumped about 7.74 percent to 3,760 yen.

Electronics were firm while telecommunications continued to make waves, but gains were modest and nothing about which to write home to mom.

Nippon Telegraph and Telephone (NTT) continued to be watched, closely, following a report that its mobile telephone unit, NTT DoCoMo Incorporated, was in talks with KPN Mobile NV, the largest Dutch mobile telephone operator, with a view to forming a partnership.

The 2 giants of the mobile telecommunication industry intend to invest about $US2 billion (about $HK15.56 billion) in order to grab a large slice of the mobile telephone market in the United Kingdom and, perhaps, expand into the European Union.

Last Tuesday, it was just talk, with nobody, willing to be definitive about anything.

This is the way that things came to an end, last Tuesday, in Asia:

Thailand	Minus O.81 percent
Indonesia	Plus 1.07 percent
Malaysia	Plus 1.76 percent
The Philippines	Plus 0.21 percent
South Korea	Minus 2.00 percent
Singapore	Plus 0.80 percent
Taiwan	Minus 2.96 percent
Japan	Minus 0.82 percent

Wednesday

The most important piece of news, likely to affect business in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) in the near future, could not be found talking to officials or stockbrokers on The Stock Exchange of Hongkong Ltd, but in one of the HKSAR's highest courts: The Court of Appeal.

The HKSAR Government, in what could well be a landmark case, is maintaining that the HKSAR Courts must consider the way in which the National People's Congress (NPC) would consider a legal consideration -- and rule accordingly.

According to Mr Joseph Fok, for the Director of Immigration, who is seeking to have the Court of Appeal reverse a lower court ruling, a ruling which states that The Basic Law of the HKSAR gives the right of abode to a 2-year-old infant who was born in the HKSAR, the infant's mother, being in the HKSAR on a 2-way permit from the PRC proper, the final determination of this case could land in the lap of the NPC.

The learned justices, on hearing this submission, remarked that, if that were, in fact, correct, then it meant that justices of the HKSAR are appointed to do what they are told rather than act in accordance with the statute law, legal precedent, and/or The Basic Law of the HKSAR.

And, in another unrelated event in the HKSAR, last Wednesday, the Chief Executive, Mr Tung Chee Hwa, facing what must surely be a crisis *'at home'*, agreed to sit down to take tea with representatives of the HKSAR civil servants.

The alternative: The civil servants would take to the streets of the HKSAR to air their grievances.

The civil servants are not overawed by the Government's plans to implement certain reforms of the civil service. These reforms include streamlining disciplinary procedures, changes to existing promotion and appraisal systems, fringe benefits, and performance to be linked to pay.

It seems that the British Administrative *'machinery'* that worked for many a decade up to the handover of the HKSAR to the Government of the PRC on July 1, 1997, is now considered unacceptable to the Tung Chee Hwa Administration, which is determined to change it.

Mr Tung Chee Hwa has a reputation for being almost unapproachable so that the concessions that he made in talking to 4 members of the civil service, last Wednesday, have to be considered in the light of the present labour unrest.

On The Stock Exchange of Hongkong Ltd, it was business as usual since few people knew of the events that were unfolding in different parts of the 416 square miles that is the HKSAR.

The Hang Seng Index gained about 1.47 percent, rising to 16,474.27 on an increased Total Turnover that reached about $HK12.86 billion.

Gainers were only just ahead of losers, however, by the ratio of 1.06:One.

The news on the trading floor, which was driving the Hang Seng Index, was a suggestion that Hutchison Whampoa Ltd (Code: 13) was about to make another asset sale.

On Monday and Tuesday, in Tokyo and London, it was widely reported that the Japanese mobile telephone giant, NTT DoCoMo Incorporated, was in talks with KPN Mobile NV, the largest Dutch mobile telephone operator, with a view to forming a partnership (please see Tuesday's report).

Hutchinson Whampoa, part of Mr Li Ka Shing's corporate empire, is the holder of a third generation mobile telephone licence along with a Canadian company that owns about 10 percent of the Hutchison *'action'*.

It had been reported, but never confirmed, that NTT DoCoMo and KPN might try to get a 35-percent stake in this venture as an easy way into the greater European marketplace.

As a result of all the talk, Hutchison Whampoa was the second most active counter as about 10.56 million of its scrip changed hands, with its share price, rising about 4.39 percent to $HK107.

But it was China Unicom Ltd (Code: 762) which was the *'darling'* of the market, last Wednesday, as investors piled into the stock on the prospects that that which the Prospectus of the Company stated, on June 13, when the Company was floated, was not the end of the story.

A total of $HK1.64-billion worth of China Unicom scrip changed hands, with the share price rising to a high of $HK19.05 before being shaved down to $HK18.30 per share at the close.

It was the most active counter, representing about 12.75 percent of the Total Turnover.

Another interesting piece of news came from the HKSAR Government, which dished out 5 more pay-television licences.

The news sent the share price of i-Cable Communications Ltd (Code: 1097) straight down the plughole as it got a 3.25-percent haircut, falling to $HK2.975.

Cable and Wireless HKT Ltd (Code: 8), the sixth most active counter, lost another 2.07 percent of its market value, falling to $HK16.55 per share, near the low of the day, as about 37.87 million of its shares changed hands.

Pacific Century CyberWorks Ltd (Code: 1186), which owns Cable and Wireless HKT, now, fell similarly, as its share price was cut down by about 2.71 percent to $HK14.35 after about 37.55 million of its shares switched owners.

Pacific Century CyberWorks was the seventh most active counter.

The question about this company was how it was going to work off its massive, multi-billion-dollar debts without having sufficient recurrent income to justify its indebtedness, or even to service it.

Both Cable and Wireless HKT and Pacific Century CyberWorks, now that the takeover dust has settled, have to work out a way to make some money -- because neither one is doing very well.

The biggest winners, last Wednesday, were: Capital Automation Holdings Ltd (Code: 493), up 12.07 percent to 65 cents per share; Cheong Ming Holdings Ltd (Code: 1196), up 17.50 percent to $HK1.88 per share; City Telecom (Hongkong) Ltd (Code: 1137), up 11.28 percent to $HK1.48 per share; Fortuna International Holdings Ltd (Code: 530), up 16.41 percent to 8.30 cents per share; iQuorum Cybernet Ltd (Code: 472), up 11.11 percent to 6 cents per share; Quality Food International Ltd (Code: 735), up 18.18 percent to 78 cents per share; and, Wah Nam Group Ltd (Code: 159), up 10 percent to 3.30 cents per share.

There were only 2 double-digit losers, last Wednesday. They were City Chiu Chow (Holdings) Ltd (Code: 657), the share price of which fell 10.82 percent to 15.50 cents per share, and Corasia Group Ltd (Code: 875), whose share price tumbled 13.04 percent to 30 cents per share.

On The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index fell back about 3.03 percent to 448.59 points on a Total Turnover of $HK249.10 million.

Wednesday's losses wiped out, completely, the gains of Monday and Tuesday -- and then some.

Losers outnumbered gainers by the ratio of 1.8:One.

Phoenix Satellite Television Holdings Ltd (Code: 8002) and Excel Technology International Holdings Ltd (Code: 8048) stayed right in the limelight, being in the Number One Most Active slot and the Number Three Most Active slot, respectively.

Phoenix Satellite's Management witnessed a turnover in its stock of about $HK103.76 million while Excel Technology was about one third of that figure, at about $HK30.23 million.

The closing prices of Phoenix Satellite and Excel Technology were little changed from Tuesday's levels, with Phoenix Satellite, closing at $HK1.15 per share, while the closing price of Excel Technology was $HK1.39 per share.

The biggest loser on The GEM was Computech Holdings Ltd (Code: 8081), the share price of which shed about 7.95 percent to end the session at 81 cents per share.

The biggest gainer was Qianlong Technology International Holdings Ltd (Code: 8015) with its share price, making a gain of 8.15 percent to close out the day at $HK1.06 per share.

On The Tokyo Stock Exchange, Japanese investors were treated to a very quiet market, which had the Nikkei-225 down 34.20 yen at the close of trading, at 17,435.95 yen.

Losers outpaced gainers by the ratio of 2.19:One in a market that was beginning to realise that the end to zero interest rates, as had been suggested by the *'Tankan'* report (please see Tuesday's report on this subject) would hurt the pocketbook of many companies, not to mention higher consumer prices.

Selling was widespread as Softbank shed 10.50 percent of its market capitalisation, falling to 12,450 yen per share. This is a 9-month low for the stock.

Honda Motor continued its run, gaining another 6.10 percent to 3,980 yen (please see Tuesday's report on this subject).

New York was still closed when Asia was open so that investors in the most populous part of the world could not take their cue from Wall Street.

This is the way that things came to a halt, last Wednesday, in Asia:

Thailand	Plus 1.95 percent
Indonesia	Plus 0.63 percent
Malaysia	Plus 1.34 percent
The Philippines	Plus 0.07 percent
South Korea	Plus 1.45 percent
Singapore	Plus 0.38 percent
Taiwan	Plus 4.58 percent
Japan	Minus 0.20 percent

Thursday

The chickens came home to roost, last Thursday, as it became only too apparent that the international, hi-tech hype was not all that it was cracked up to be.

Last Wednesday, New York time, Wall Street watched as the NASDAQ Composite Index shed 3.23 percent of its value, falling to 3,863.10 in a day which made people realise, once again, that stock-market trading is a 2-way street: Up as well as down.

The Dow Jones Industrial Average fell, also, dropping to 10,483.60, a fall of nearly three quarters of one percent.

New York was reacting to earnings' reports, which did not delight the multitudes, at all.

In addition, more and more so-called, hi-tech companies are reporting disappointing financial and business results, as well as forecasting more gloom and doom in the intermediate term.

Investors on The Stock Exchange of Hongkong Ltd reacted to this in a very positive fashion: The Growth Enterprise Market's Index fell another 1.82 percent, to 440.42 points, while the Main Board's Hang Seng Index almost came to a standstill, with a 0.09 percent gain, to close at 16,489.59.

It was noted that, at the luncheon bell at 12:30 p.m., the Hang Seng Index was registering a gain of 124.89 points, compared with Wednesday's closing level, but nearly all the gains were eroded in the 90-minute afternoon session, leaving just 15.32 points in the black.

The Total Turnover on the Main Board stayed within $HK590 million of Wednesday's level, at $HK12.27 billion.

The only really bright spot in an otherwise dull market was Hutchison Whampoa Ltd (Code: 13), the share price of which rose to a high of $HK111.50 on continued suggestions that it was about to unload another of its assets, or at least, part of an asset (please see Tuesday and Wednesday's report on this matter).

A total of about 10.84 million Hutchison shares changed hands, representing about $HK1.18 billion, or about 9.62 percent of the Total Turnover.

The share price closed after a bout of profit taking brought it back to $HK108 per share.

While, in the Li Ka Shing Camp, Hutchison was a star performer, at the other end of the scale, Pacific Century CyberWorks Ltd (Code: 1186) shed 3.48 percent of its market value, dropping to $HK13.85 per share.

The share price of Cable and Wireless HKT Ltd (Code: 8), the largest telephone operator in the HKSAR and the object of Pacific Century CyberWorks's affections, having been merged with the Internet investment entity of Mr Li Ka Shing only one week prior, continued its fall, hitting a low of $HK16 per share, but settling at $HK16.35 at the close, a loss of about 1.21 percent on the day.

The Chief Executive of the HKSAR, Mr Tung Chee Hwa, made a statement to the effect that the Government had scrapped its plans to build 85,000 flats per year, following weeks of speculation that the Chief Executive had backtracked on his promises of 1997 when assuming control of the 416 square miles that constitute the HKSAR.

His statement -- he refused to answer any questions from the Press before or after his statement -- was generally thought to be at the insistence, obliquely, of certain HKSAR property moguls who, over the past month or so, have laid down the *'law'* to this *'puppet'* of the Beijing Government.

The ratio of losers to gainers was a resounding 2.59:One.

There were just 4 double-digit gainers: Ming Pao Enterprise Corporation Ltd (Code: 685), up 22.48 percent to $HK2.40 per share; Nam Hing Holdings Ltd (Code: 986), up 10 percent to 33 cents per share; Top Glory International Holdings Ltd (Code: 268), up 13.48 percent to 59 cents per share; and, Yau Lee Holdings Ltd (Code: 406), up 13.64 percent to 12.50 cents per share.

The double-digit losers outnumbered the double-digit gainers by the ratio of 2:One: CEC International Holdings Ltd (Code: 759), down 11.35 percent to $HK3.125; Chi Cheung Investment Company Ltd (Code: 112), down 23.53 percent to 10.40 cents per share; FT Holdings International Ltd (Code: 559), down 15 percent to 51 cents per share; i100 Ltd (Code: 616), down 12.28 percent to $HK1.50 per share; iQuorum Cybernet Ltd (Code: 472), down 16.67 percent to 5 cents per share; South East Asia Wood Industries Holdings Ltd (Code: 1205), down 28.62 percent to 23.30 cents per share; Wah Nam Group Ltd (Code: 159) down 12.12 percent to 2.90 cents per share; and Wing Lee Holdings Ltd (Code: 876), down 21.43 percent to 33 cents per share.

The GEM's ratio of losers to gainers was exactly 2:One, however, with the Total Turnover, falling to $HK204.76 million.

The 2 most active counters continued to be Excel Technology International Holdings Ltd (Code: 8048) and Phoenix Satellite Television Holdings Ltd (Code: 8002).

The aggregate turnovers of these counters amounted to about 48.84 percent of the Total Turnover.

The share price of both counters slid back, with Excel Technology, losing 5.76 percent of its value, falling to $HK1.31 per share, while Phoenix Satellite shed 2.61 percent of its value, coming to rest at $HK1.12 per share.

One final note about the HKSAR was that it was reported in The Hague that Hutchison had withdrawn from the Netherlands's auction for new wireless licences.

Suggestions were made that the bidding price of the new licence was about $HK75 billion; and that was just too rich, even for the likes of Mr Li Ka Shing.

In Japan, Japanese investors appeared to be shaken by the losses of Wall Street, as the Nikkei-225 fell 153.58 yen to 17,282.37 yen.

The world's second largest manufacturer of chips, NEC, got hit especially hard as its share price fell back to 3,200 yen, a loss of about 7.25 percent compared with its closing level on Wednesday.

Toshiba, NEC's running mate, so to speak, got hit by the same wave of selling as its share price shrank to 1,167 yen, a fall of about 6.49 percent in a matter of a few hours of trading.

Mitsubishi Electric, whose Management had announced on Wednesday that it was increasing its investments in semiconductors by about 150 billion yen, watched as its share price was felled to the extent of nearly 6 percent, falling to 1,107 yen.

But the biggest losers were in the hi-tech and Internet-related sector, led by Softbank, whose share price gave up a whopping 14.06 percent, falling to 10,700 yen.

As TARGET has mentioned before, Softbank is heavily invested in 8 companies, listed on the US NASDAQ and, since their share prices are being cut down to size, so Softbank suffers.

Hikari Tsushin, another Internet-related investor, did not get off unscathed as investors sold that stock, pushing down the price to 3,620 yen, a fall of about 12 percent, compared with Wednesday's closing price.

Hikari Tsushin has lost about 98.50 percent of its market value in a period of less than 9 months.

The ratio of losers to gainers was 1.48:One.

And in other Asian bourses, this was the story:

Thailand	Minus 1.37 percent
Indonesia	Plus 0.19 percent
Malaysia	Minus 0.37 percent
The Philippines	Plus 0.16 percent
South Korea	Plus 0.87 percent
Singapore	Minus 0.75 percent
Taiwan	Minus 1.57 percent
Japan	Minus 0.88 percent

Friday

Two pieces of important news shook the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), last Friday, one of which was of a political nature and one of which was of a financial nature.

The more important piece of news was, of course, the political disclosure which, once more, appeared to pound another nail into the coffin of the Chief Executive of the HKSAR, Mr Tung Chee Hwa.

It was reported by a prominent academic of The University of Hongkong, Mr Robert Chung Ting Yiu, Chair of the Social Sciences Research Centre, that Chief Executive Tung Chee Hwa had applied pressure on him and the Research Centre to try to stop it from polling public opinion as to the popularity or otherwise of the HKSAR, and of Mr Tung, in particular.

Mr Robert Chung is reported to have stated: *'Mr Tung did not like me polling his popularity or the Government's credibility…'*.

Mr Chung stated that, under the British rule of Hongkong (as the HKSAR was then called), he faced no pressure, but, now, things have changed; he feared that The University of Hongkong would suffer due to his department's findings about the HKSAR Government, the Chief Executive, and the fact that he refuses to cave in to political pressure from the highest levels of Government.

A spokesperson for the Chief Executive's Office described Mr Robert Chung's allegations as being totally groundless.

Somebody is uttering falsehoods, to be sure: Is it Mr Tung Chee Hwa; or, is it Mr Robert Chung?

If Mr Robert Chung is maliciously maligning the head of the HKSAR Government, one would think that Mr Tung Chee Hwa would consider seeking legal redress.

Time will tell.

The other piece of very startling news was a report about publicly Dickson Concepts (International) Ltd (Code: 113), and the small matter of a payment of about $HK130 million -- that went straight into the Chairman's pocket, it appears, clearly.

The Stock Exchange of Hongkong Ltd has reserved the right to take action against the publicly listed company.

The matter relates to a purported December 30, 1999 agreement between Dickson Concepts and the Chairman's private company, Dickson Management Consultancy (DMC), under which DMC was said to have agreed to provide consultancy and professional services to Dickson Cyber Concepts, Dickson's would-be, e-commerce spin-off which was destined to be listed on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd.

DMC was to receive a fixed fee of $HK130 million and, in addition, DMC could order Dickson Cyber Concepts to purchase $HK110-million worth of software and hardware from its chosen suppliers.

Dickson Concepts failed to disclose the beneficial ownership of DMC or even that the $HK130-million agreement existed.

It was only after officials of The Stock Exchange of Hongkong, on perusing the draft prospectus of Dickson Cyber Concepts, that the matter came to light and it was deemed that the existence of the contract and its beneficial ownership was a *'Related Transaction'*.

The $HK130-million consultancy fee represented about 4.38 percent of Dickson Concepts's Net Assets, as at December 30, 1999.

Dickson Concepts lost 1.43 percent of its value, falling to $HK6.90 per share.

Despite the furore, brought about by the allegations of Mr Robert Chung and the ever-emerging Dickson Concepts's scandal, trading on The Stock Exchange of Hongkong Ltd was unfazed and continued on its merry way.

The Hang Seng Index rose 2.06 percent to 16,829.96 points on a Total Turnover of about $HK11.87 billion.

The HKSAR, and most other parts of Asia, were following, closely, the antics of Wall Street where, on Thursday, the Dow Jones Industrial Average, the *'barometer'* of The New York Stock Exchange, hardly moved the entire trading day, eventually coming to rest at 10,481.47 points, up 2.13 points on the day.

The NASDAQ Composite Index, however, made a turnabout from Wednesday's downside track, gaining 2.52 percent to rise to 3,960.57 points as technology issues got a boost due, in part, to a revival of interest in the semiconductor sector of the market.

Gainers on The Stock Exchange of Hongkong Ltd outnumbered losers by the ratio of 1.28:One.

China Mobile (Hongkong) Ltd (Code: 941) was the most active counter as about 14.81 million shares changed hands with the share price, rising about 4.69 percent to close out the week at $HK72.50 after hitting a high of $HK73 per share.

The trades in this counter, alone, represented about 8.93 percent of the Total Turnover.

It was noted that the market had reversed Thursday's direction on a lower volume of activity: This was not representative of a bullish trend.

Confirmation that the HKSAR Government would not proceed with the 1997 promise of the Chief Executive, to build 85,000 homes for the poorer sector of the HKSAR society, was seen as bullish news for some, even though it would, most likely, eventually come back to haunt the Administration of Mr Tung Chee Hwa.

While the news may, in the short term, influence property prices to rise in the private sector, it is, indirectly, taking away the jobs of people in the poorer sector; and, must be considered inflationary in the long pull.

Property issues, such as Sun Hung Kai Properties Ltd (Code: 16), Cheung Kong (Holdings) Ltd (Code: 1), Henderson Land Development Company Ltd (Code: 12), all gained in last Friday's market.

But the big question was whether or not they would be able to hang onto those gains.

The biggest gainers included: Artfield Group Ltd (Code: 1229), up 16.10 percent to $HK1.37 per share; Asia Commercial Holdings Ltd (Code: 104), up 13.33 percent to 51 cents per share; Fu Hui Holdings Ltd (Code: 639), up 13.83 percent to 10.70 cents per share; Dong-Jun (Holdings) Ltd (Code: 412), up 10.53 percent to 2.10 cents per share; G-Prop (Holdings) Ltd (Code: 286), up 10.45 percent to 74 cents per share; Global Tech (Holdings) Ltd (Code: 143), up 10.36 percent to $HK10.65 per share; LifeTech Group Ltd (Code: 1180), up 11.11 percent to 15 cents per share; KTP Holdings Ltd (Code: 645), up 11.48 percent to 34 cents per share; and, Wah Yik Holdings Company Ltd (Code: 862), up 11.11 percent to 55 cents per share.

There were only 2 double-digit losers, last Friday: Ecopro Hi-Tech Holdings Ltd (Code: 397) and Yue Fung International Group Holdings Ltd (Code: 963).

Ecopro Hi-Tech shed 11.32 percent of its market value, falling to 4.70 cents per share while Yung Fung International lost 10.19 percent of its value, closing the day at 23.80 cents per share.

The GEM went along with The New York Stock Exchange's *'ride'*, gaining about 1.86 percent to end the week on a positive note of 448.59 points.

The Total Turnover was about $HK234.11 million, about $HK30 million higher than Thursday's volume.

New listing company, Intcera High Tech Group Ltd (Code: 8041), (please see TARGET's analysis of this company, published on June 30, 2000, in Volume II, Number 122) made its debut and Management of this manufacturer of ceramic blanks and ferrules watched as its share price went from a high of $HK1.80 per share to a low of $HK1.12 per share, settling at $HK1.16 at the close of trading.

A total of about 43.12 million Intcera shares changed hands. This represented about 53 percent of the number of Placing Shares issued, as stated in the Company's Prospectus, dated June 27.

The Placing Price was $HK1.78 per share.

Recently listed Phoenix Satellite Television Holdings Ltd (Code: 8002) and Excel Technology International Holdings Ltd (Code: 8048) continued to be right up there in the top slots, respectively, with the share price of Phoenix Satellite, gaining one cent, exactly, while Excel Technology's Management noted that its share price was shaved to the extent of about 5.34 percent to close at $HK1.24 per share.

The aggregate value of trading in the shares of Intcera, Phoenix Satellite and Excel Technology represented about 64 percent of the Total Turnover of The GEM.

The ratio of gainers to losers, regardless of the fact that The Growth Enterprise Index had registered a gain of about 1.86 percent, was 1.18:One.

The biggest loser of the day was Digitalhongkong.com whose share price lost 13.21 percent, falling to 92 cents per share.

In Japan, The Tokyo Stock Exchange reversed Thursday's course, as the Nikkei-225 rose 115.87 yen to 17,398.24 yen on the strength of Wall Street, primarily.

It was noted that the Nikkei-225 had been much higher, during the day, but it appeared that Japanese investors did not mind, taking a bit of fling … but not for too long, mind you.

Softbank, the Internet-related counter which is heavily invested in hi-tech issues, listed on the US NASDAQ, and which nearly gave a number of people heart attacks on Thursday when its share price shed 14.06 percent, came to the party as its share price regained some lost ground of late, rising 18.69 percent to hit 12,700 yen by the close of trading in Tokyo.

Sony Corporation, the largest manufacturer of consumer electronics in the world, gained 2.14 percent of its market capitalisation, rising to 10,980 yen per share.

Hikari Tsushin, the company which has lost about 98.50 percent of its market capitalisation in the past 9 months and whose share price shed 12 percent on Thursday, regained 9.12 percent of lost investor love to hit 3,950 yen at the close.

It was noted, yet again, that whereas the benchmark of a leading stock exchange was in positive territory, the ratio of losers to gainers was an overwhelming 1.04:One.

Japanese investors were wondering whether or not the new week would bring lower prices to Asia since one has grown skeptical of Wall Street's antics of late.

On such a note, this is how Asia licked its wounds, last Friday:

Thailand	Plus 1.40 percent
Indonesia	Minus 1.04 percent
Malaysia	Plus 0.59 percent
The Philippines	Plus 0.53 percent
South Korea	Plus 0.49 percent
Singapore	Plus 1.35 percent
Taiwan	Minus 1.40 percent

Japan	Plus 0.67 percent

-- END --

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