

**DOWN GOES ASIA ...**  
**AND DOWN ASIA IS LIKELY TO GO THIS WEEK, TOO**

Every major stock market in Asia fell fast and furiously, last Monday, with South Korea's Seoul Composite Index, leading the pack with a loss of about 5.77 percent.

There were a number of good reasons for the falls, from the point of view of investors, but, from a purely economic point of view, there was little justification to the degree of the falls.

The New York Stock Exchange had come under a great deal of pressure, the previous Friday, as the Dow Jones Industrial Average shed 110.31 points to hit 10,733.56, a loss of about 1.02 percent, compared with the previous Thursday close.

The NASDAQ Composite Index, heavy with hi-tech and Internet-related issues, fell 90.11 points, or about 2.15 percent, falling to 4,094.45.

Wall Street got the jitters, following a fall of nearly 54 percent in the market capitalisation of Agilent Technologies Incorporated, an equipment manufacturer of measuring and testing devices as well as being a spin-off company of computer manufacturer, Hewlett-Packard Company. Hewlett-Packard, itself, shed about 6.50 percent of its value, falling to \$HK123.375 per share, last Friday in New York.

Fears of the worst dogged Wall Street so that, when a major company starts on the slippery path, downwards, US investors and money managers, like a pack of frightened wild dogs, running from a perceived enemy, ran for cover, selling as they went.

Last Monday, 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 very slow start, with the Hang Seng Index falling 89.19 points in the morning session in relatively quiet trading.

But the 90-minute afternoon session was a different market, completely, to the 150-minute, morning session, as the Hang Seng Index fell nearly 171 points, bringing the Index down to 17,659.69, a fall of about 1.46 percent, compared with the previous close on Friday, July 21.

The Total Turnover was about \$HK15.36 billion which, considering that the market was on the way down, was not a particularly good sign.

It was ominous and made one think that there were a number of investors, running scared.

The fall in the afternoon session came on the heels of an announcement from Hutchison Whampoa Ltd (Code: 13), an announcement, one would have thought, that was very positive.

The announcement stated that VoiceStream Wireless Corporation, listed on the US NASDAQ, and Deutsche Telekom AG has agreed to a merger of interests with VoiceStream, agreeing to being gobbled up by its German senior.

Hutchison said that it owns 22 percent of VoiceStream's Common Stock, via subsidiaries, and that it had instructed the subsidiaries to vote in favour of the takeover.

If all goes well and VoiceStream obtains US-Government regulatory approval, by the first half of next year, Hutchison announced, it will get a cash payout of about \$HK12.45 billion and about 4.60 percent of the Enlarged Issued and Fully Paid-Up Share Capital of Deutsche Telekom.

For about a fortnight, prior to last Monday, there had been persistent rumours of a probable deal between VoiceStream and Deutsche Telekom, but, since there had been no confirmation, it was just that, another rumour.

But the announcement did nothing for the share price of Hutchison, in spite of the counter, being the most popular issue of the day.

A total of about 9.35 million Hutchison shares changed hands, last Monday, representing about 7.42 percent of the Total Turnover.

Hutchison's share price was locked into a price range of between \$HK118.50 and \$HK124 the entire day. It ended the session at \$HK119 per share, down about 3.64 percent, compared with the previous Friday price.

Last Monday's share price of Hutchison had already been factored into the equation with regard to Mr Li Ka Shing's Hutchison Whampoa Empire, and that was the reason for the fall in its share price.

However, that was not the case of the second, most-active counter: HSBC Holdings plc (Code 5).

HSBC Holdings is due to announce its Interim Results within this week, or next week at the latest, and speculation always grows just at about this time of the year.

There have been wild suggestions about this bank, one the largest in the world, that there would be a 35-percent increase in the 2000 Interim Profits, compared with the like period in 1999.

Its share price ended one percent higher at \$HK101 with more than 9.24 million shares, changing hands. Trading in this one counter represented about 6.09 percent of the Total Turnover.

There were some sizeable losers and gainers, last Monday, with telecom stocks, receiving the brunt of selling pressure.

China Mobile (Hongkong) Ltd (Code: 941), for instance, fell to selling pressure and lost about 4.53 percent of its value, ending the session at \$HK68.50 per share, as about 11.59 million of its shares, changed hands. It was the third most-active counter.

In spite of the market, being off 261.17 points, advancing shares outnumbered losing ones by the ratio of about 1.27:One.

Major gainers plus just 2 double-digit losers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Brilliance China Automotive Holdings Ltd	1114	16.28		2.50
CASIL Telecommunications Holdings Ltd	1185	14.86		0.85
CATIC International Holdings Ltd	232	40.74		0.38
Cedar Base Electronic (Group) Ltd	855	14.29		0.80
Chendu Telecommunications Cable Company Ltd	1202	13.56		0.67
China Aerospace International Holdings Ltd	31	12.21		1.47
China Eastern Airlines Corporation Ltd	670	20.00		1.62
China Everbright International Ltd	257	12.36		0.50
China Pharmaceutical Enterprise and Investment Corporation Ltd	1093	14.15		1.21
China Southern Airlines Company Ltd	1055	15.84		2.925
COSCO International Holdings Ltd	517	12.86		0.79
Daido Concrete (Hongkong) Ltd	544	13.86		0.115
Dong-Jun (Holdings) Ltd	412	10.53		0.021
Dongfang Electrical Machinery Company Ltd	1072	11.36		0.49
e-New Media Company Ltd	128	10.67		0.83
First Tractor Company Ltd	38	16.05		0.94

Fourseas.com Ltd	755	13.64		0.025
GITIC Enterprises Ltd	340	11.43		0.39
Guangnan (Holdings) Ltd	1203	10.17		0.325
Jilin Chemical Industrial Company Ltd	368	12.50		0.63
Mansion Holdings Ltd	547	15.38		0.09
Millennium Group Ltd	260		10.37	0.242
Min Xin Holdings Ltd	222	12.12		0.74
New World China Land Ltd	917	12.38		2.95
Northeast Electrical T&T Machinery Manufacturing Company Ltd	42	10.67		0.415
ONFEM Holdings Ltd	230	28.57		0.54
Oriental Metals (Holdings) Company Ltd	1208	24.14		0.54
Poly Investments Holdings Ltd	263	11.84		0.425
Qingling Motors Company Ltd	1122	10.77		1.44
Shenyin Wanguo (Hongkong) Ltd	218	25.93		0.68
Shougang Concord Century Holdings Ltd	103	21.95		0.25
Shougang Concord Grand (Group) Ltd	730	16.67		0.35
Shougang Concord International Enterprises Company Ltd	697	22.45		0.30
Truly International Holdings Ltd	732	10.84		2.30
Wa Fu International Holdings Ltd	952		10.30	0.148
Wiltec Holdings Ltd	1169	19.10		1.06
Yanzhou Coal Mining Company Ltd	1171	13.68		2.70
Zhu Kuan Development Company Ltd	908	11.32		0.59

On The GEM, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index ran up a winning session, gaining about 2.54 percent to hit 475.87 points.

The top dogs on this market were Mr Li Ka Shing's tom.com Ltd (Code: 8001) and Phoenix Satellite Television Holdings Ltd (Code: 8002).

The Total Turnover shot up to \$HK553.15 million, with the 2 leading lights, being responsible for about 76.45 percent of that figure.

The share price of tom.com rose 9.32 percent to \$HK6.45 while Phoenix Satellite gained 5.18 percent to \$HK1.42.

Gainers outpaced losers by the ratio of about 1.42:One.

There was no news about any GEM listing so that the trading on this market was, simply, gambling money, looking for a home.

The lone double-digit mover was Grandmass Enterprise Solution Ltd (Code: 8108), the share price of which rose 15.38 percent to hit 30 cents per share -- for no apparent reason.

In Japan, the market on the premier stock exchange was down, considerably.

The Tokyo Stock Exchange saw its Nikkei-225 lose 264.37 yen, falling to 16,547.12 yen, brought about, mainly, by what had taken place on Wall Street, the previous Friday.

The financial collapse of the departmental store operator, Sogo Company Ltd, the second largest bankruptcy in the history of Japan, was rekindled as investors started to wonder which company would be next in line for the knacker's yard.

Following on from Wall Street's NASDAQ's falls, Toshiba fell about 6.70 percent to 1,002 yen per share, Fujitsu was off about 3.13 percent to 3,100 yen, and Nippon Telegraph and Telephone (NTT) gave up about 2.92 percent to 1.33 million yen.

Softbank, the biggest Internet-investor company in Japan, with known major investments in 8, US-based NASDAQ companies, shed 5.49 percent of its value, coming down to 11,190 yen per share.

Its '*brother*' in arms, so to speak, Hikari Tsushin, gave up even more ground, falling to 5,320 yen, a fall of about 11.33 percent in one day's trading.

Losers were far ahead of gainers by the ratio of about 4.63:One.

On these dull and depressing notes, the stock markets of Asia closed for the day:

Thailand	Minus 4.10 percent
Indonesia	Minus 0.36 percent
Malaysia	Minus 0.99 percent
The Philippines	Minus 0.11 percent
South Korea	Minus 5.77 percent
Singapore	Minus 1.30 percent
Taiwan	Minus 1.26 percent
Japan	Minus 1.57 percent

## **Tuesday**

As soon as the opening bell rang on The Stock Exchange of Hongkong Ltd, the Hang Seng Index went down -- and stayed down for the entire session.

On a Total Turnover of about \$HK14.40 billion, share prices went tumbling, fast and furiously, led by the old favourite, Hutchison Whampoa Ltd (Code: 13), whose trading represented about 14.38 percent of the total volume of activity for the day.

In spite of the very bullish news about the intended sale of its 22-percent interest in VoiceStream Wireless Corporation of the US (please see Monday's report on this subject), in spite of Mr Li Ka Shing, Hutchison's Chairman, stating what a wonderful thing it was to make squillions and squillions of dollars, investors sold the Hutchison stock without a second thought.

As a direct result of the very weak market, taking its cue from Wall Street, yet again, the share price of Hutchison fell to \$HK114 after touching a low of \$HK112.50.

The 4-plus percent loss in the share price of Hutchison helped, enormously, drag down the Hang Seng Index, which ended the session, off 284.35 points, about 1.61 percent, to 17,375.34.

The ratio of losers to gainers was about 2.14:One.

In the US, it was reported that the growth in the sales of personal computers in the largest economy of the world had not reached the level of that which many pundits had anticipated.

This pushed down the NASDAQ Composite Index, yet again, as investors bailed out of hi-tech issues.

The NASDAQ ended the session on The New York Stock Exchange at 3,981.57 points, a loss of about 2.80 percent, compared with the previous Friday's level.

The NASDAQ's losses of last Tuesday added to the 2.15-percent losses of the previous Friday: It was not a good sign.

The Dow Jones Industrial Average was spared any major bloodbath, but it still fell about one half of one percent to 10,685.12.

There was some pretty substantial losses in the hi-tech sector of the New York stock market, with Dell Computer, one of the largest computer manufacturers in the world, shedding about 11.34 percent of its market capitalisation to hit \$US46.44 per share (about \$HK361).

The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) could not ignore Wall Street; it reacted, accordingly.

Telecommunication issues were a bit of a bugbear, as far as Asian investors were concerned, because, thus far, there had been a lot of hype about hi-tech companies' potential.

But only hype; little else.

China Mobile (Hongkong) Ltd (Code: 941) and China Unicom Ltd (Code: 762) were in the Number 4 Slot and the Number 5 Slot, respectively, on the Most Active issues, with China Mobile, losing 3.28 percent of its value, falling to \$HK66.25 per share, while the share price of China Unicom shed 2.74 percent to hit \$HK19.50.

A large proportion of last Tuesday's losses could be attributed to the declines in share prices of just a handful of counters, led by Mr Li Ka Shing's motley group.

Cheung Kong (Holdings) Ltd (Code: 1), Mr Li Ka Shing's flagship company on The Stock Exchange of Hongkong Ltd, was not spared as its share price fell to profit taking, dropping back to \$HK96.75, a fall of about 3.73 percent.

It was the third, most-active counter.

Trading in this issue accounted for about 6.25 percent of the Total Turnover.

One issue, which gained amidst a sea of determined sellers, was HSBC Holdings plc (Code: 5). This company's shares were the second, most-actively traded counter as about 11.49 million HSBC shares changed hands with the share price, moving up nearly one percent to \$HK102.

The turnover in this counter represented about 8.13 percent of the Total Turnover.

The following are the double-digit losers and gainers:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Akai Holdings Ltd	448	14.29		0.032
Capital Automation Holdings Ltd	493	26.79		0.71
CATIC International Holdings Ltd	232	39.47		0.53
Chengdu Telecommunications Cable Company Ltd	1202		10.45	0.60
China Southern Airlines Company Ltd	1055		11.11	2.60
Fourseas.com Ltd	755	12		0.028
Grand Field Group Holdings Ltd	115	16.67		0.238
iQuorum Cybernet Ltd	472	11.11		0.05
Kwong Hing International Holdings (Bermuda) Ltd	1131	13.60		0.142
Multifield International Holdings Ltd	898		13.16	0.33
Nam Fong International Holdings Ltd	1176	13.14		0.11
Sen Hong Resources Holdings Ltd	76	14.58		0.055
Southeast Asia Properties and Finance Ltd	252	12.38		2.50
Yanzhou Coal Mining Company Ltd	1171		12.04	2.375
Yeebo (International Holdings) Ltd	259	15.07		0.42

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was follow the Wall Street lead as The Growth Enterprise Index fell about 1.14 percent to 470.43 on a Total Turnover of about \$HK301.32 million.

Of late, there has been a rum bunch of newcomers to The GEM, and it was only too clear that investors were not altogether happy to punt on these dead losses.

The most active counter was Phoenix Satellite Television Holdings Ltd (Code: 8002), the share price of which rose to the record level of \$HK1.51 after 85.86 million shares changed hands.

This counter accounted for nearly 40 percent of the Total Turnover.

tom.com Ltd, Mr Li Ka Shing's would-be, hi-tech '*card*' was the second most-active counter, but its share price slid 7.75 percent to close the session at \$HK5.95.

The volume of activity on this counter represented about 27.23 percent of the Total Turnover.

There were 3 big gainers and just 2 big losers on this market: Computech Holdings Ltd (Code: 8081), off 10.53 percent to 51 cents per share; Far Eastern Polychem Industries Ltd (Code: 8012), up 21.79 percent to \$HK1.90 per share; Fortune Tele.com Holdings Ltd (Code: 8040), up 10.61 percent to \$HK1.46 per share; and, Grandmass Enterprise Solution Ltd (Code: 8108), down 10 percent to 27 cents per share.

As may be deduced, the direction of The Growth Enterprise Index was directed, to a great extent, by just 2 counters: Phoenix Satellite and tom.com.

The ratio of losers to gainers was, just about, 2:One.

Japan was extremely quiet.

The Nikkei-225, the benchmark of The Tokyo Stock Exchange, gained just 26.47 yen to close the day at 16,573.59 yen.

And, once again, Tokyo was taking its lead from Wall Street.

Trading in the shares of computer maker, Fujitsu, continued to see its share price fall as investors knocked down the price another 3.23 percent to hit 3,000 yen.

NEC tumbled 3.84 percent to 2,880 yen, and Softbank gave up a little more than 4 percent, falling to 10,740 yen.

Gainers and losers were fairly close at 1.06:One.

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

Thailand	Plus 0.84 percent
Indonesia	Minus 1.43 percent
Malaysia	Minus 0.37 percent
The Philippines	Plus 0.26 percent
South Korea	Minus 0.03 percent
Singapore	Minus 0.03 percent
Taiwan	Minus 2.03 percent
Japan	Plus 0.16 percent

## Wednesday

And the 'word' was good.

And the 'word' was Greenspan.

The world seemed to watch for what Dr Alan Greenspan, Chairman of the mighty US Federal Reserve, would say in Washington, last Tuesday (Washington time), about the forthcoming Open Market Committee Meeting, scheduled for August 22.

Dr Greenspan said that the Fed's determination would depend on what economic indicators suggested about the US economy, those economic indicators to be released in the next fortnight or so.

Dr Greenspan stated that the extent of the slowdown in the US economy was still unclear and that he and his team would wait to see what fresh evidence of the economic slowdown would be manifested in the forthcoming period to August 22.

He said: *'We will make a judgment as to whether or not further action or no action is the more appropriate policy for the purpose of creating a more balanced economy which has the capacity to continue this quite extraordinary 112-month expansion.'*

And the world took these statements to mean that everything, at this point in time, was good -- and, so, share prices moved higher.

On The Stock Exchange of Hongkong Ltd, the Hang Seng Index rose about 1.41 percent to 17,620.23 on a Total Turnover of about \$HK15.31 billion.

For the third day in a row, HSBC Holdings plc (Code: 5) was the most-actively traded counter as more than 26.77 million of its shares changed hands.

Trading on this one counter represented about 18.29 percent of the Total Turnover (please see Monday's report for more on this bank).

The share price of HSBC Holdings continued its run up, putting on another 2.94 percent to hit \$HK105 per share.

Its HKSAR subsidiary, Hang Seng Bank Ltd (Code: 11), went along with its parent's ride, tagging on 4.91 percent to its market capitalisation, running up to \$HK85.50 per share.

Hang Seng Bank was the eighth, most-active counter and trading in these shares represented about 2.47 percent of the Total Turnover.

Between HSBC Holdings and Hang Seng Bank, therefore, the volume of activity was accounted for to the extent of about 20.76 percent.

And investors waited for these banks' Interim Reports.

Another HKSAR bank, also, held investors' attention as it announced a bounce-back position, compared with the 1999 Financial Year.

The Bank of East Asia Ltd (Code: 23) announced a jump in its Interim Profits to June 30 of about 39 percent.

Chairman David Li Kwok Po announced that the Interim figure was about \$HK939.90 million, and that figure included a \$HK220-million Provision for Bad and Doubtful Debts.

Some people, naturally, were not happy with the Interim Results, claiming that the profit should have been higher.

The share price of The Bank of East Asia fell about 2.02 percent to \$HK19.45 on the news: Sell on news; buy in advance of the news.

The perceived on-again-off-again situation with regard to the sale of the 22-percent holding in VoiceStream Wireless Corporation, listed on the US NASDAQ, to Deutsche Telekom AG by publicly listed Hutchison Whampoa Ltd (Code: 13) was sufficient justification to sell the stock on Tuesday (please see Monday's report on this matter).

But on Wednesday, it was let caution go to the wind.

Trading in Hutchison's stock represented about 4.80 percent of the Total Turnover as about 6.36 million Hutchison shares changed hands, with the share price, recovering part of Tuesday's losses, to end the session at \$HK115.50.

There have been persistent reports that the US regulatory authorities might see fit to stop the German telecommunication's giant from gobbling up the eighth largest, US telephone operator, but the European Union has come out and declared that, should that take place, there will be trouble from Europe.

The ratio of gainers to losers was narrow at 1.16:One, indicating that Thursday's market could reverse Wednesday's gains.

The largest, double-digit gainers and losers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Standard International Group Ltd	129		11.48	0.54
Brilliance China Automotive Holdings Ltd	1114	10.89		2.80
Climax International Company Ltd	439		11.57	0.214
Companion Building Material International Holdings Ltd	432	25		0.03
Dongfang Electrical Machinery Company Ltd	1072	14.29		0.52
Grand Field Group Holdings Ltd	115	35.68		0.27
Guangzhou Shipyard International Company Ltd	317	10.87		0.51
Interform Ceramics Technologies Ltd	1060	10.44		0.201
Jilin Chemical Industrial Company Ltd	368	10.17		0.65
Jingwei Textile Machinery Company Ltd	350	12.90		1.05
Luoyang Glass Company Ltd	1108	15.15		0.57
Man Sang International Ltd	938	12.36		0.30
Mascotte Holdings Ltd	136	21.57		0.62
Midas Printing Group Ltd	1172	19.57		0.55
Nam Fong International Holdings Ltd	1176		13.64	0.095
New World China Land Ltd	917	11.50		3.15
Ocean-Land Group Ltd	217	18.97		0.345
Peking Apparel International Group Ltd	761	12.77		0.53
Road King Infrastructure Ltd	1098	14.47		4.35
Rockapetta Holdings Ltd	1003	11.54		0.29
Singapore Hongkong Properties Investment Ltd	245	15.79		0.022
Southeast Asia Properties and Finance Ltd	252		10	2.25
Tianjin Bohai Chemical Industry (Group) Company Ltd	1065	12.50		0.63
UDL Holdings Ltd	620		12.50	0.07
Wai Kee Holdings Ltd	610	11.32		0.59

On The GEM, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, the Growth Enterprise Index put on just one fifth of a percentage point, hitting 471.37 points on a Total Turnover of \$HK332.77 million.



Phoenix Satellite Television Holdings Ltd (Code: 8002) hit another record high, rising to \$HK1.65 per share after about 106.42 million shares changed hands.

The volume on this one issue accounted for about 50.31 percent of the Total Turnover.

The closing price of Phoenix Satellite, at \$HK1.65 per share, was the high point of the day, delighting, no doubt, a number of people who picked up the shares of this company, closer to the \$HK1 level, not more than one month ago.

The gains in this counter were the second largest on The GEM, representing 9.27 percent, day over day.

The biggest gainer, however, was Asian Information Resources (Holdings) Ltd (Code: 8025), the share price of which put on 13.33 percent, rising to 34 cents per share.

Mr Li Ka Shing's tom.com Ltd (Code: 8001) did not fare as well as Phoenix Satellite (perhaps it does not have the base of Rupert Murdoch's company?) with 10.97 million tom.com shares, changing hands, with the price, standing firm at \$HK5.95 per share.

The relatively quiet market did not lend itself for much speculation by the gamblers of the HKSAR.

The ratio of gainers to losers was 2.50:One, but one must remember that there were quite a number of counters, at least one third, in fact, that go completely unnoticed by the investing public, just about every day.

In The Land of the Rising Sun, the premier Japanese stock market was, once again, very quiet, with the Nikkei-225 Index, just drifting.

By the close of trading, the Nikkei-225 had registered a loss of just shy of 71 yen, falling to 16,502.61 yen.

The Japanese market follows Wall Street much more than do other Asian bourses, mainly because many Japanese conglomerates invest in counters, listed either on the Big Board of The New York Stock Exchange or the NASDAQ.

And the Dow Jones Industrial Average was up 0.14 percent to 10,699.97 points while the NASDAQ was up 1.21 percent to 4,029.57 points, last Tuesday, New York time.

That being the case, it was surprising to many investors in the Japanese market to find the Nikkei-225 off, at all.

The failure of departmental store operator, Sogo Company Ltd, still hung over the market as the black bird of death, causing many investors to stop to ponder which company would be next to seek protection from bankruptcy.

Aggravating the situation was a report from high-profile, hi-tech Sony Corporation, which announced that the second quarter Results were in red ink.

Sony announced that it lost about \$US809.60 million (about \$HK6.30 billion) for the 3-month period, ended June 30, 2000.

This result compared with a profit of about \$US1.69-billion Net Profit (about \$HK13.14 billion) for the like period in 1999.

The reasons for the losses, given by Sony, was one-off charges in respect of its US operations, but, for the most part, Japanese investors were not so much concerned about excuses; just the Bottom Line.

Sony ended the session at 10,710 yen, up 2.49 percent on the day, but there were signs that it would come under selling pressure on Thursday since the profits' announcement had been made very late in the day.

The ratio of losers to gainers was 1.44:One.

There were no other outstanding aspects to the Tokyo market.

This is the way that other Asian markets fared, last Wednesday:

Thailand	Minus 1.41 percent
Indonesia	Minus 0.60 percent
Malaysia	Minus 0.60 percent
The Philippines	Minus 0.22 percent
South Korea	Plus 0.84 percent
Singapore	Minus 0.91 percent
Taiwan	Plus 0.77 percent
Japan	Minus 0.43 percent

### **Thursday**

There was widespread selling on The Stock Exchange of Hongkong Ltd, last Thursday, sparked mainly by Wall Street and the statements of Dr Alan Greenspan on Tuesday in Washington (please see Wednesday's report).

The Hang Seng Index fell only 0.97 percent on a Total Turnover of about \$HK14.29 billion, but investors noted that declining share prices outshone rising ones by the ratio of about 2.22:One.

For the fourth consecutive day, HSBC Holdings plc (Code: 5) was the most active counter. Trading on this one issue accounted for about \$HK2.18 billion, or about 15.26 percent, of the Total Turnover.

The share price of HSBC Holdings held firm amid a wave of selling, closing the day at \$HK105, even.

The Bank of East Asia Ltd (Code: 23) was not as lucky as HSBC Holdings, however, and fell to heavy profit taking, ending the session at \$HK18.40 per share, in spite of recording an Interim Profit, indicating that the largest local bank has turned the corner (please see Wednesday's report).

The fall in the share price of The Bank of East Asia was on the back of a suggestion that it may take over the HKSAR retail banking infrastructure of Chase Manhattan Bank NA.

The question was as to how much would The Bank of East Asia be willing to pay for this American bank's retail operations.

Mr Li Ka Shing's mob of publicly listed entities was, right up there on the leader board, with Pacific Century CyberWorks Ltd (Code: 1186), being the second most active counter, only to be followed closely by Hutchison Whampoa Ltd (Code: 13).

Cheung Kong (Holdings) Ltd (Code: 1) was in sixth position and Cable and Wireless HKT Ltd (Code: 8) was right behind Mr Li Ka Shing's flagship company.

These 4 counters accounted for about 24.14 percent of the Total Turnover, at about \$HK3.45 billion.

Pacific Century CyberWorks ended the session at \$HK17.05 per share, up 8.90 percent, compared with Wednesday's close.

In contrast, the share price of Cheung Kong lost 2.58 percent to hit \$HK94.50, and Cable and Wireless HKT managed a gain of 2.55 percent to rise to \$HK18.10 per share.

The stock market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was struggling to come to grips with another bout of selling on The New York Stock Exchange on Wednesday, New York time.

On Wall Street, share prices fell very quickly as the Dow Jones Industrial Average hit its lowest level for the past month.

The Dow ended the session at 10,516.48, off about 1.71 percent compared with Tuesday's closing level.

The NASDAQ Composite Index shed 42.08 points, or about 1.04 percent, falling to 3,987.49 points.

Wall Street was taking Dr Greenspan's comments of Tuesday to heart; it was awaiting US economic data, especially that data which could influence the Fed's determination with regard to the future trend of interest rates.

The 170-point loss of the Hang Seng Index, with the Total Turnover, being relatively high, was, yet again, an ominous sign -- especially if Wall Street continued to have hypothermia over emerging economic trends in the largest economy of the world.

The biggest losers and gainers, last Thursday, included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Capital Automation Holdings Ltd	493	17.57		0.87
Companion Building Material International Holdings Ltd	432		13.33	0.026
Dickson Group Holdings Ltd	313	13.68		0.216
Earnest Investments Holdings Ltd	339	31.25		1.68
Fourseas.com Ltd	755		10	0.027
Medtech Group Company Ltd	1031	10.71		0.093
Peking Apparel International Group Ltd	761		10.38	0.475
Pioneer Industries International (Holdings) Ltd	224		12.24	0.86
Sound International Ltd	342	12.74		0.177
Whimsey Entertainment Company Ltd	1188	11.29		0.69

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Growth Enterprise Index put on 0.80 percent, rising to 475.15 points.

The Total Turnover was \$HK343.10 million, with trading in Rupert Murdoch's

Phoenix Satellite Television Holdings Ltd (Code: 8002), being responsible for about nearly 43 percent of that figure.

Phoenix Satellite's share price hit a new high of \$HK1.95 per share after 82.84 million shares changed owners. It closed at \$HK1.93 per share.

It was another new high for the stock.

Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095) had its debut and the \$HK11 Placement Price rose to \$HK12.60 per share in short order (for a complete analysis of this company, please see [TARGET Intelligence Report, Volume II, Number 140, published on July 26, 2000](#)).

The 13-plus percent increase in the share price of this counter was unjustified, according to the data, supplied in the Prospectus of the company, dated July 20, 2000.

But, there is 'one' born every minute, as the saying goes.

Losing issues outnumbered gainers by the ratio of about 2.86:One with 11 counters not seeing any activity.

The biggest losers on this market were Panda-Recruit Ltd (Code: 8073), down 8.65 percent, falling to 19 cents per share, and Neolink Cyber Technology (Holding) Ltd (Code: 8116), off 7.08 percent, falling to 39.50 cents per share.

In Japan, The Tokyo Stock Exchange was sellers, lined up, dumping everything in sight.

As a result, the Nikkei-225 shed 320.60 yen, or about 1.94 percent, falling to 16,182.01 yen.

There were a number of factors, influencing this market: The collapse of departmental store operator, Sogo Company Ltd; Wall Street's rapid decline; fears of bearish economic data, being made known in the US; and, the possibility of another US interest-rate hike in the latter part of August.

The premier Japanese stock market is having a rough time, to be sure, and, on the basis of a number of issues, the market's benchmark had fallen back to the October 1999 levels.

With lower prices for stocks and shares, and with the volume of activity, slowing down, it seemed only natural that the brokerage sector of the market would get it in the neck.

And it did.

The '*Big Three*' all fell out of bed as Daiwa Securities Corporation watched its share price fall 9.25 percent to 1,158 yen per share.

Nikko Securities Company was not far behind Daiwa, losing 9.07 percent of its market capitalisation, falling to 832 yen, while Japan's largest house, Nomura Securities, fell 7.42 percent to hit 1,972 yen at the close of trading.

Softbank, the largest Internet investor, listed on The Tokyo Stock Exchange, was not spared as its share price fell about 3.21 percent to close the day at 10,260 yen per share.

Sony Corporation, the largest consumer electronics company in the world, fell to sellers as its share price dropped to 10,360 yen, down 3.27 percent on the day (please see Wednesday report on this company).

Most other major, hi-tech stocks were hit hard and followed in Sony's footsteps, down the slippery slopes.

This was the way that other Asian stock markets fared last Thursday:

Thailand	Plus 0.96 percent
Indonesia	Plus 0.50 percent
Malaysia	Minus 0.88 percent
The Philippines	Minus 1.99 percent
South Korea	Minus 2.17 percent
Singapore	Minus 1.07 percent
Taiwan	Minus 0.07 percent
Japan	Minus 1.94 percent

## **Friday**

All of the major Asian stock markets went into reverse gear, last Friday, with the lone exception of Taiwan.

The sell-off, widely expected by stock-market gurus, followed a similar sell-off on The New York Stock Exchange.

On Wall Street, on Thursday, New York time, the Dow Jones Industrial Average gained 69.65 points, up about 0.66 percent, compared with Wednesday's closing level, coming to rest at 10,586.13.

But the tech-laden NASDAQ Composite Index shed 145.47 points, falling to 3,842.25, for the second consecutive day of losses.

And, by the looks of things, more losses appeared to be on the cards.

Technology issues were under fire as reports from companies, listed on the NASDAQ, continued to turn in unfavourable reports -- with no profits, or no improvement in profits, seen on the immediate financial horizons.

Even those companies, which are earning reasonable profits, such as select telecommunication companies, have sent out warnings that third quarter profits would not meet expectations.

In addition, there is widespread concern that the US Federal Reserve might be tempted to raise interest rates by another 25 basis points, at least, at its August 22 Open Market Committee Meeting.

On that sour note, a US Government report, published early last Friday morning, New York time, stated that the US economy is still growing at an unusually fast rate.

Gross Domestic Product (GDP) grew at a 5.20-percent rate in the second quarter of this year, which is a great deal higher than the forecast of about 3.70 percent.

It is without question that the Fed is taking note of matters of this nature because the biggest horror that could hit an economy is galloping inflation.

The Stock Exchange of Hongkong Ltd watched as the Hang Seng Index fell closer to the 16,000 level, shedding 266.16 points to end the week at 17,183.93 on a continued, relatively high volume of activity.

The Total Turnover was \$HK15.81 million, which could have indicated that some people were being caught in a position of having to meet margin calls.

The ratio of losers to gainers was a resounding 4.62:One.

HSBC Holdings Ltd (Code: 5) continued to hug the Number One Slot of the Ten Most Active issues and represented about 21.76 percent of the Total Turnover as a little more than 33.02 million HSBC shares changed owners.

The share price of this giant banking group fluctuated between a low of \$HK103 per share and a high of \$HK106 per share, ending the session at near the lowest level, at \$HK103.50.

The Li Ka Shing mob of companies, Pacific Century CyberWorks Ltd (Code: 1186), Hutchison Whampoa Ltd (Code: 13) and Cheung Kong (Holdings) Ltd (Code: 1), took the Number 2, Number 3 and Number 4 Slots, respectively.

The cash transactions, between these 3 counters, amounted to about \$HK3.37 billion, or about 23.59 percent of the total volume of activity on the market.

In aggregate, therefore, trades in the most active 4 counters on The Stock Exchange of Hongkong represented about 45.35 percent of the Total Turnover.

In short, the market's domination by a handful of counters indicates that the Hang Seng Index is not a very reliable '*barometer*' of trading on Asia's second, most-active bourse.

One matter, which appeared to have knocked some of the stuffing out of technology counters, was confirmed reports that certain, so-called hi-tech companies, listed on The Stock Exchange of Hongkong Ltd, had started sacking employees.

And the sackings were on a pretty high scale, as sacking go, that is.

It was confirmed that City Telecom (Hongkong) Ltd (Code: 1137), once a go-go telecommunications company, had sacked at least 215 workers within the past week; and, tom.com Ltd (Code: 8001 -- Growth Enterprise Market) had let go at least 80 technical workers, last Thursday.

The tom.com Ltd workers, that got the Order of the Boot, represented about 25 percent of the total workforce of tom.com in the HKSAR.

With regard to City Telecom, the number of workers, that have hit the streets from this company, represents about 33 percent of that company's total workforce in the HKSAR.

For hi-tech companies, looking for expansion, sacking 'key' employees cannot be considered a positive sign.

There were just 4 double-digit movers, last Friday, one gaining ground and the rest losing ground:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
CATIC International Holdings Ltd	232		11.36	0.39
China Development Corporation Ltd	487		16.67	0.30
PNF Food Holdings Ltd	702		10.08	1.07
Stelux Holdings International Ltd	84	25		0.35

On The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, there was a substantial sell-off on a relatively high volume -- a high volume of activity on a falling market is never a good thing.

Once again, Phoenix Satellite Television Holdings Ltd (Code: 8002) (for a complete analysis of this company, please see [TARGET Intelligence Report, Volume II, Number 120, published on June 28, 2000](#)) order was in the lead on the Ten Most Active board with about 64.18 million shares, changing hands, as the price fluctuated between a low of \$HK1.64 per share and a high of \$HK1.95 per share.

This Rupert Murdoch company ended the session near its low-water market at \$HK1.66 per share, after hogging about 31.90 percent of the \$HK353.49-million Total Turnover.

It was the biggest percentage loser of the day.

The Growth Enterprise Index was off about 2.99 percent to 460.94 points.

A newcomer to The GEM was 36.com Holdings Ltd (Code: 8351), a nothing-much company whose main assets includes a lot of people from the HKSAR, fronting it as one dresses up a not-so-green Christmas tree with tinsel and artificial snow.

This company has never done anything in its short history and, in TARGET's opinion, it is unlikely to succeed in anything much.

The company Offered and Placed a total of 280 million, \$HK0.0001 shares at a Premium of 35.9999 cents per share on July 18, amid a lot of fanfare to the extent to loyal patriots should support the bold move of the promoters.

Well, the share price fell to a low of 29 cents on its debut as about 61.12 million shares, changed hands. It was the third, most-active counter.

Although this market was off, considerably, the ratio of losers to gainers was about 1.67:One.

Another big loser on The GEM was Grandmass Enterprises Solution Ltd (Code: 8095), the share price of which shed 10.71 percent to hit 25 cents per share.

Grandmass, which only went on The GEM on July 7, has now lost 50 percent of its market capitalisation.

Not bad going for just 21 days.

In Japan, it was a bloodbath as the Nikkei-225, the '*barometer*' of The Tokyo Stock Exchange, lost 343.44 yen, ending the week on the very bearish note of 15,838.57 yen.

This is the first time since March 1999 that the Nikkei-225 has been below the 16,000 level.

Tokyo was hit, and hurt, by what was taking place on Wall Street.

Adding to the problems that hit the hi-tech sector of the Japanese market was the confirmation of a new scandal.

It appears, according to sketchy reports, that the Japanese Government's Chief Financial Regulator, Mr Kimitaka Kuze, had failed to inform his Government -- or anybody else for that matter -- of certain advisory fees that he received from Mitsubishi Trust and Banking -- over a 13-year period to 1996.

He claims to be innocent of any wrongdoing.

Time will tell.

Sony Corporation, widely accepted as being the stock to set the pace in the hi-tech sector, lost 1.74 percent of its value, falling to 10,180 yen.

Fujitsu, Japan's largest computer maker, got hit even harder as its share price was felled by 4.36 percent to 2,850 yen.

Softbank, the largest Internet-investment company on The Tokyo Stock Exchange, watched as its share price was cut down by 10.82 percent, falling to 9,150 yen.

In February, the share price of Softbank was about 66,000 yen: It has lost about 86 percent of its market capitalisation in just 5 months.

Also, not bad going.

The ratio of losers to gainers on this market was about 2.58:One.

And, on that very bearish note, Asia went to bed, last Friday night, wondering what the new week would bring:

Thailand	Minus 0.89 percent
Indonesia	Minus 0.08 percent
Malaysia	Minus 1.08 percent
The Philippines	Minus 0.82 percent
South Korea	Minus 4.81 percent
Singapore	Minus 0.88 percent
Taiwan	Plus 2.08 percent
Japan	Minus 2.12 percent

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