

### THE WEEK OF THE RIOTS AT THE IMMIGRATION DEPARTMENT

There was good news, and, there was bad news, at the start of the week of Monday, July 31, 2000.

The good news was that HSBC Holdings plc (Code: 5) did its *'thing'*, announcing a record-breaking Net Profit After Taxation and Minority Interests for the first 6 months of the 2000 Financial Year of about \$HK27.45 billion, an increase of about 31 percent over the 1999 Interim of about \$HK20.88 billion.

TARGET had expected that the Bottom Line could be as high as 35 percent better than the like 1999 period at the half-way stage, considering that HSBC had recorded some one-off gains, but other analysts had been looking for gains in the mid 20-percent range.

HSBC is the *'king'* of all the companies, listed on The Stock Exchange of Hongkong Ltd, and, traditionally, it sets the tone for trading.

But it was not to be, last Monday, for the bad news was that the Hang Seng Index shed nearly 2 percent of its value, falling to 16,840.98 on a volume of activity which was considerably lower than the average Total Turnovers of the previous week -- at least, 25 percent lower, in point of fact.

An interesting aspect to last Monday's trading pattern was that the Hang Seng Index moved only 1.64 points in the 90-minute afternoon session.

To say that the market was almost completely dead after the luncheon break would be an understatement of huge proportions.

Losers outpaced gainers by the ratio of about 2.09:One.

The stock market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) was wilting under the *'hot sun'* of the US where, once again, fears had surfaced that the US Federal Reserve might consider raising interest rates, for the seventh time in the past year, by another 25 basis points.

Wall Street had been in retreat, in the latter part of the previous week, and there was every reason to believe that there would be a further erosion of prices in the near future, give or take spurts of a buying frenzy, which would, probably, fizzle out in short order.

The Dow Jones Industrial Average had lost about 0.71 percent by the close of trading on The New York Stock Exchange, the previous Friday, but the tech-laden NASDAQ Composite Index had shed about 4.66 of its value, falling to 10,511.17 and 3,663, respectively.

Wall Street was worried -- and rightly so, too.

Further, the HKSAR had been hit by 2 major shocks, the previous Friday, when City Telecom (Hongkong) Ltd (Code: 1137) and tom.com Ltd (Code: 8001 -- The Growth Enterprise Market) both announced massive staff cuts, massive that is, relative to the number of staff, formerly employed by the 2 publicly listed companies.

(Please see last Wednesday's TARGET Intelligence Report for an analysis of this situation)

The telecommunications sector of the market took it on the nose, with clear suggestions that the losses in this area of the market had been responsible for nearly 25 percent of the total losses, as recorded on the Hang Seng Index.

HSBC Holdings, while it continued to hug the leading position on the Ten Most Active issues, accounting for about 12.26 percent of the Total Turnover, fell to sellers as the share price lost ground, gradually, during the day, falling to a low of \$HK100 per share, but regaining a little lost ground and ending the session at \$HK102.50 per share.

It was still, however, a loss of about one percent, compared with the previous Friday's closing level.

HSBC's 62-percent owned, HKSAR banking subsidiary, Hang Seng Bank Ltd (Code: 11), while it, too, reported a record Bottom Line for the first 6 months of the 2000 Year of about \$HK5.20 billion, up 21.90 percent on the comparable 1999 period, shed about 1.52 percent of its value, falling to \$HK80.75 per share.

Hutchison Whampoa Ltd (Code: 13) was the second most-active counter, but its share price fell under the weight of sellers, retreating 2.68 percent to close the day out at \$HK109 after hitting a low of \$HK107 per share.

Trading in this counter represented nearly 10 percent of the Total Turnover.

China Mobile (Hongkong) Ltd (Code: 941) lost about 3.11 percent of its market capitalisation, falling to \$HK62.25 per share on a volume of activity of about 13.69 million shares.

It was the third most-active counter.

The Ten Most Active issues accounted for about 57.49 percent of the Total Turnover.

The double-digit gainers and losers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Akai Holdings Ltd	448		10	0.027
Burlingame International Company Ltd	202	10		0.44
Capital Automation Holdings Ltd	493	10.84		0.92
CATIC International Holdings Ltd	232	19.23		0.465
China Southern Airlines Company Ltd	1055	10.53		2.625
Corasia Group Ltd	875	11.11		0.35
Dah Hwa International (Holdings) Ltd	600	15.38		0.27
Dickson Group Holdings Ltd	313		13.04	0.20
Fortuna International Holdings Ltd	530	10.84		0.092
Hopson Development Holdings Ltd	754		10	0.90
imGO Ltd	67		10.34	0.78
Kunming Machine Tool Company Ltd	300	13.21		0.60
Luoyang Glass Company Ltd	1108	15.38		0.60
Nam Hing Holdings Ltd	986		13.68	0.246
Perfect Treasure Holdings Ltd	1105	15.15		1.52
vLink Global Ltd	563		14.05	0.159
Wonson International Holdings Ltd	651		11.43	0.062

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, the Growth Enterprise Index shed 0.91 percent, falling to 456.77.

The Total Turnover on this market was about \$HK398.89 million as declining issues outnumbered inclining issues by the ratio of about 2.78:One.

Phoenix Satellite Television Holdings Ltd (Code: 8002) was, once again, the most active counter with about 70.41 million of its shares, changing hands. The price slumped to a low of \$HK1.52 per share, but regained all of its earlier losses, ending the session at \$HK1.81 per share, a gain of 9.04 percent on the day.

Trading in this one counter represented about 30 percent of the Total Turnover.

tom.com Ltd (Code: 8001) wilted away, following Management's confirmation, the previous Friday, that it would be axing about 27 percent of its total HKSAR workforce in an effort to save money (please see last Wednesday's TARGET Intelligence Report for more on this subject).

tom.com's share price lost 2.61 percent, falling to a low of \$HK5.25 per share, from which it never recovered, closing off the day out at \$HK5 per share.

It was the fourth most-active counter, accounting for about 10 percent of the Total Turnover.

36.com holdings Ltd (Code: 8351) was the biggest loser of the day as its share price shed 16.90 percent to close at 24.10 cents per share.

All in all, considering what had happened the previous Friday on The New York Stock Exchange, with the NASDAQ, coming completely unstuck, it was not a bad performance.

But only Tuesday's trading would tell the tale.

The 4 most active counters represented about 74.19 percent of the total volume of activity.

In Japan, the Nikkei-225 saw a fast erosion of values as the benchmark hit 15,727.49 yen, falling about 111.08 yen, compared with the previous Friday's close.

Japan was reacting to Wall Street, fearing that the worst was yet to come.

In the month of July, the Nikkei-225 had lost about 10 percent of its value -- and *'Japan Incorporated'* knew this fact.

Losers were ahead of gainers by the ratio of 3.44:One.

In spite of fears of further interest-rate increases, select issues bucked the general trend as Fujitsu, Japan's largest manufacturer of computers, put on 8.07 percent to 3,080 yen, and NEC rose about 7 percent to close the session at 2,920 yen.

The market *'played'* on blue chips, by and large, and more speculative counters were shunned for they were viewed as being the most vulnerable to Wall Street's price gyrations.

The premier Japanese bourse was, also, dogged by continuing suggestions of high Government officials, taking bribes.

This was the way that the populous area of the world perceived trading on major stock markets in the region, last Monday night:

Thailand	Minus 2.38 percent
Indonesia	Minus 1.33 percent
Malaysia	Minus 0.03 percent
The Philippines	Minus 1.39 percent
South Korea	Plus 1.92 percent
Singapore	Plus 0.60 percent
Taiwan	Minus 0.36 percent
Japan	Minus 0.70 percent

**Tuesday**

Last Tuesday, the Hang Seng Index lost about 53 percent of its morning's gains in the 90-minute afternoon session on The Stock Exchange of Hongkong Ltd, in what most analysts agreed was a totally unconvincing performance.

The Index ended the day at 16,897.45, up just 56.47 points, compared with Monday's close.

The Total Turnover was up to the previous week's levels, at about \$HK15.32 billion.

On Monday, New York time, The New York Stock Exchange saw a reversal of the previous Friday's large losses on the NASDAQ Composite Index, to the delight, no doubt, of many investors who had put all of their investment eggs in one particular type of basket.

The Dow Jones Industrial Average ended last Monday's session, up 10.81 points to 10,521.98, while the NASDAQ made spectacular gains, equal to about 2.84 percent, based on the previous Friday's closing level, rising to 3,766.99.

Wall Street's gains, like the gains, recorded on The Stock Exchange of Hongkong Ltd, were unconvincing as speculative fever was the main reason for the superficial improvement in share trading on the largest securities market in the world.

This was, especially, true of the NASDAQ.

The stock markets of the world are still awaiting the determination of the most powerful man on this planet, in terms of dollars and economic sense: Dr Alan Greenspan, Chairman, US Federal Reserve.

What he and his associates decide at the August 22 Open Market Committee Meeting of the Fed will direct the course of just about every stock market on the face of the globe.

On The Stock Exchange of Hongkong, HSBC Holdings plc, which produced dazzling financial results on Monday night (please see Monday's report), continued to be the shining light, with nearly \$HK1.70-billion worth of its shares, changing hands.

The share price gained about \$HK2.50 in early trading, but this was quickly eroded in the 90-minute afternoon session, leaving the share price unchanged from Monday's closing level of \$HK102.50.

There was no special news to stimulate trading in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) and so many investors turned their attention in the direction of PRC State-run companies whose shares are listed on The Stock Exchange of Hongkong Ltd.

Even from these entities, there was no news -- other than depressing prospects, by and large -- so that all the activity on these counters was, completely, speculative.

Mr Li Ka Shing's gambling '*wild card*', tom.com Ltd, listed on The GEM, The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, announced a loss for the first half of this Financial Year, amounting to just under \$HK194 million. This compares with a loss of just under \$HK7 million for the comparable period in 1999.

tom.com Ltd sacked 80 of its workers, just the previous Friday (please see last Wednesday's report on this subject). Now, the reasons for the sackings become only too apparent.

The Li Ka Shing mob on the Main Board did not fair well, last Tuesday, as Hutchison Whampoa Ltd (Code: 13), lost 0.46 percent to close at \$HK108.50, Pacific Century CyberWorks Ltd (Code: 1186), lost 0.31 percent, falling to \$HK16.30, and Cheung Kong (Holdings) Ltd (Code: 1), lost 0.27 percent, ending the session at \$HK91.75.

The ratio of gainers to losers was about 1.33:One.

The following is a list of the double-digit gainers and losers on the Main Board:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Brilliance China Automotive Holdings Ltd	1114	19.42		3.075
Denway Motors Ltd	203	10.40		1.38
e-Kong Group Ltd	524		10.68	0.92
Fourseas.com Ltd	755		10.71	0.025
Guangshen Railway Company Ltd	525	11.76		1.14
Hang Fung Gold Technology Ltd	870		13.17	0.145
Harbin Power Equipment Company Ltd	1133	11.11		0.50
Kin Dong Holdings Ltd	208		19.21	0.138
Lamex Holdings Ltd	312	10.48		0.116
Legend Holdings Ltd	992	13.07		9.95
Medtech Group Company Ltd	1031		13.33	0.078
Midas Printing Group Ltd	1172	22.64		0.65
Qingling Motors Company Ltd	1122	12.21		1.47
Renren Media Ltd	95		10.45	0.12
Sen Hong Resources Holdings Ltd	76	26.32		0.072
Shandong International Power Development Company Ltd	1071	10.45		1.48
Shanghai Petrochemical Company Ltd	338	10.24		1.40
Skyworth Digital Holdings Ltd	751		10.38	0.95
Suwa International Holdings Ltd	567		12.68	0.31
Yanzhao Coal Mining Company Ltd	1171	14.44		2.575
Zhejiang Expressway Company Ltd	576	10.81		1.64
Zhu Kuan Development Company Ltd	908	11.54		0.58
Zida Computer Technologies Ltd	859	27.69		0.83

On The GEM, Phoenix Satellite Television Holdings Ltd (Code: 8002), about the only quality company, listed on this speculative bourse, continued to be the most active counter as more than 70 million of its shares changed hands.

The share price of Phoenix Satellite hit a high of \$HK1.95 before settling back by the close of trading to \$HK1.77, a loss of about 2.21 percent, compared with Monday's closing price, but a swing, intra-day, of about 9.23 percent from the high point.

The Total Turnover on this market was \$HK392.27 million, of which figure, Phoenix Satellite accounted for about 33.52 percent.

tom.com Ltd was the third most-active counter, but its share price fell 4.46 percent to hit a low of \$HK5.30 per share before ending the session at just a mite above the low point, at \$HK5.35.

The Growth Enterprise Index gained about 0.64 percent, rising to 453.87 points, in what was described by most observers as being a somewhat '*dicky*' market.

So far, The GEM has proved to be the worst performing stock market in the world.

The ratio of gainers to losers was 1.67:One.

In Japan, The Tokyo Stock Market witnessed something of a rebound as the Nikkei-225 put on 372.18 yen, rising to 16,099.67 yen.

Japan was reacting to what had transpired on Wall Street, on Monday, New York time.

On this market, gainers were ahead of losers by the resounding ratio of 4.26:One.

While the saga of the financial collapse of Sogo Company Ltd, the second largest bankruptcy in the history of that country with a population of about 110-million human beings, was still affecting the market, somewhat, investors, especially, the most unsophisticated ones, have a tendency to have very short memories -- especially when the market appears to be turning round.

One little piece of news, which could spell billions of yen in the future, if all goes well, came from the largest mobile telephone operator in The Land of the Rising Sun: NTT DoCoMo.

The share price of NTT DoCoMo rose about 2.55 percent to 2.82 million yen, following confirmation that the company had cut a deal with America Online for the duo to develop, jointly, wireless Internet services in Japan.

As if that were not enough, Sony Corporation announced that it, too, had cut a deal with NTT DoCoMo, whereby that duo would cooperate with a view to having Sony's PlayStation video game console be compatible with NTT DoCoMo's Internet Access Cell Telephone Network.

The political turmoil in respect of suggestions that there had been a little skullduggery at the high levels of Japanese Government appeared to be fading into the background, with Japanese investors only concerned about the day, and the price of eggs.

This is the way that the markets of Asia came to a close, last Tuesday:

Thailand	Plus 3.80 percent
Indonesia	Minus 0.51 percent
Malaysia	Plus 0.72 percent
The Philippines	Minus 0.48 percent
South Korea	Plus 2.99 percent
Singapore	Plus 1.11 percent
Taiwan	Minus 1.61 percent
Japan	Plus 2.37 percent

### **Wednesday**

Another nail appeared to have been hammered into the coffin of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), following the confirmation that a company, claiming to be the largest Internet bookshop of the HKSAR, got ready to close its doors -- forever.

The company is Chinese Books Cyberstore, which has been trading for the past 3 years.

Another 100 workers will hit the streets as soon as plans are finalised for the Voluntary Liquidation of the venture. (please see last Wednesday's [TARGET Intelligence Report, Volume II, Number 145](#), for more on the subject of people, being thrown out of work)

But The Stock Exchange of Hongkong Ltd was having none of this muck as its Hang Seng Index rose 2.25 percent to 17,277.39 on a Total Turnover of about \$HK14.57 billion.

However, while the Main Board had all the appearances of being bullish, at least in the short term, on The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, it was a different story.

The Growth Enterprise Index shed 3.35 percent, falling to 438.66 points on a Total Turnover on that market of about \$HK331.77 million.

Both the Main Board and The GEM were playing tag with Wall Street where, on Tuesday, New York time, The New York Stock Exchange had witnessed a bit of tussle between the benchmark of the Big Board, the Dow Jones Industrial Average, and the '*barometer*' of the NASDAQ, its Composite Index.

The Dow had put on 84.97 points, rising to 10,606.95, a gain of about 0.81 percent, compared with Monday's close, but the NASDAQ had shed about 2.16 percent of its value, falling to 3,685.52.

It was noted that the NASDAQ had gained 104 points on Monday, only to lose about 78 percent of that figure by the close of trading, last Tuesday.

As at last Tuesday's closing level on Wall Street, the NASDAQ was just 22.52 points above its close of the previous Friday, equal to about 0.61 percent, when the NASDAQ enjoyed a 4.66-percent sell-off, following US investors, running for cover.

Therefore, logic would dictate that there were still some more sellers, waiting in the wings.

The HKSAR stock market was suffering a number of blows, notwithstanding the relatively weak economy of the territory, with news of the impending closure of Chinese Books Cyberstore; and, news from the HKSAR Government that appeared to indicate, quite definitely, that fewer and fewer HKSAR residents were willing to make fresh financial commitments.

The Hongkong Monetary Authority confirmed what every banker in the HKSAR had known for some time: Banks Loan-to-Deposit Ratio was at the lowest level in many a decade.

Banks have, for some time, now, been fighting for mortgage business, offering all kinds of inducements to prospective borrowers, but there have been few takers because the amount of disposable income is not what it was a few short years ago.

The exact Government figures were:

Hongkong dollar loans	\$HK628 trillion, negative 0.20 percent in June, compared with May
Hongkong dollar deposits	\$HK1,777 trillion, plus 2.70 percent in June, compared with May
Hongkong dollar, Loan-toDeposit Ratio	91.60 percent, negative 2.86 percentile points in June, compared with May

Prior to 1997, the Loan-to-Deposit Ratio was 110 percent.

So much for the Government of Chief Executive Tung Chee Hwa.

Investors on The Stock Exchange of Hongkong Ltd were clearly not aware of the importance of all that was taking place, economically, in the HKSAR.

They were only interested in switching into blue chip stocks, and out of so-called '*red chips*' -- PRC State-run companies.

For no clear and apparent reason, red chips have experienced a bit of a run, during the past month or so, but what had yet to sink in was that most of the prices of red chips, if not all of them, are still hundreds of miles away from their Offer Prices when they all went public on The Stock Exchange of Hongkong Ltd, just a few short years ago.

A red chip, whose price has risen even by as much as 100 percent in the past month, is likely to be trading at about 10 percent of the Offer Price when it was first listed in the HKSAR.

HSBC Holdings plc (Code: 5), which announced record profits the previous Monday, was still the object of affection of many investors as about \$HK2.14-million worth of its stock, changed hands.

Its share price ranged between a low of \$HK102.50 and a high of \$HK106, closing at \$HK105 for a 2.44-percent gain over Tuesday's close.

It was the most active counter, representing about 14.69 percent of the Total Turnover.

HSBC Holdings's HKSAR subsidiary, Hang Seng Bank Ltd (Code: 11), followed its *'parent'* with a 2.84-percent gain, rising to \$HK81.50 per share.

The Ten Most Active counters accounted for a little more than 50 percent of the Total Turnover.

One other little piece of news came from Midas Printing Group Ltd (Code: 1172) which announced that an independent third party may be buying into the company, or buying up the company.

The company was only taken over by one entity, nearly one year ago, and, now, it appears, it is up for grabs, again.

The share price of this company had already risen so that it was a certainty that the company's announcement was not news, but history.

Somebody knew something long before the official announcement was made, to be sure.

The following is a list of the double-digit gainers and losers:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Artfield Group Ltd	1229	12.42		1.72
COSCO International Holdings Ltd	517	17.11		0.89
Daiwa Associate Holdings Ltd	1037	15.38		0.75
DVB (Holdings) Ltd	500		10.18	2.875
e-Kong Group Ltd	524		13.04	0.80
Earnest Investments Holdings Ltd	339		12.50	1.33
Elegance International Holdings Ltd	907	21.43		1.19
Gemzboh Holdings Ltd	1192	18.28		0.10
i100 Ltd	616		10	0.72
iRegent.com Ltd	575	10.71		1.55
Medtec Group Company Ltd	1031	10.26		0.086
netalone.com Ltd	336		10.96	0.65
PCL Enterprises Holdings Ltd	1010	10.77		1.44
Prestige Properties Holdings Ltd	75	20		0.72
renren Media Ltd	59		14.17	0.103
Softbank Investment International (Strategic) Ltd	648		11.03	1.29
Tak Sing Alliance Holdings Ltd	126		11.11	0.24
Theme International Holdings Ltd	990		10.38	0.095
Tsingtao Brewery Company Ltd	168	11.11		2.10
Vanda Systems and Communications Holdings Ltd	757		11.06	1.89
vLink Global Ltd	563		10.32	0.139
Wah Fu International Holdings Ltd	952		10.61	0.118
Wai Kee Holdings Ltd	610		13.33	0.52

ePRO Ltd (Code: 8086) was the latest company to join the ranks of The GEM, last Wednesday, but its share price slipped from the Placement Price of 70 cents to 69 cents, after touching a low of 61 cents.

It was the sixth most-active counter on The GEM as about 20.99 million of its shares, changed hands.



The volume of activity on this counter represented about 16.67 percent of the 120 million shares, which were Placed. (for a complete analysis of this company, please see last Friday's [TARGET Intelligence Report, Volume II, Number 147](#))

The ratio of losers to gainers on this market was about 3.38:One.

tom.com Ltd, Mr Li Ka Shing's Internet company, was the second, most-active counter as investors were, clearly, unhappy at its first half losses (please see Tuesday's report).

The share price of this company fell to \$HK5, about 6.54 percent, after 11.91 million tom.com shares, changed hands.

Trading in this one counter represented about 18.12 percent of the Total Turnover.

The biggest loser on this market was 36.com Holdings Ltd (Code :8351) when, on a turnover of about 33.73 million shares, traded, the share price fell 22.22 percent to 18.90 cents per share.

This company was listed on Friday, July 28, at 36 cents per share.

It had, therefore, lost about 47.50 percent of its market value in a period of just 3 trading days.

Pity the poor fools who picked up these shares at the Issue Price!

In Japan, the Nikkei-225 regained a little bit more of its lost ground, rising 106.52 yen to 16,206.19 yen.

Even so, some hi-tech stocks took it on the nose, following on from Wall Street.

Toshiba's share price slid back about 2.14 percent to 960 yen, while NEC lost nearly 2 percent, falling to 2,950 yen.

The Japanese premier stock market was still suffering from revelations about the Government's top financial regulator, who admitted to accepting backhanders over a 6-year period.

He resigned the previous Sunday, but questions were being asked as to who else is dirty.

NTT DoCoMo still caught investors' attention as the deals with Sony and American Online were being weighed by the money crunchers in order to determine potential future benefits. (please see Tuesday's report on this subject)

Sony Corporation's share price rose about 3.60 percent on the news that its PlayStation would have a little Nippon (NTT) Clip-On.

This is the way that other Asian stock markets viewed the situation, last Wednesday:

Thailand	Plus 1.94 percent
Indonesia	Plus 0.16 percent
Malaysia	Minus 0.26 percent
The Philippines	Plus 0.17 percent
South Korea	Plus 0.17 percent
Singapore	Minus 0.39 percent
Taiwan	Minus 0.85 percent
Japan	Plus 0.66 percent

## Thursday

Investors of The Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) got a very rude awakening, last Wednesday night, when a riot broke out at Immigration Tower, Wanchai, as a group of about 50 PRC, Right-of-Abode Seekers went mad, setting fires at the Immigration Department, fires which injured 23 Government Immigration Officers as well as about half of the protesters.

The Stock Exchange of Hongkong Ltd was closed when the riot erupted, but its effects were, clearly, felt at the opening of the 2, HKSAR stock markets, the following morning.

Just about every broker was discussing this matter because, company profits may be important, but nothing can be more important than political stability.

And political stability is, now, a matter, which is being pondered.

In the HKSAR High Court, a Writ of Summons was filed by another batch of 1,100 Right-of-Abode Plaintiffs, wanting to overturn a determination of a lower court, allowing them to stay in the HKSAR -- even though they have no locus standi.

Few HKSAR people, in view of the rampage of last Wednesday night, had much sympathy with the riotous Right-of-Abode Seekers since illegal acts rarely endear people to such elements of society, especially when the illegal acts are of the killing kind.

Throughout most of last Thursday, the Hang Seng Index, the benchmark of The Stock Exchange of Hongkong Ltd, hardly moved.

The Index ended the session at 17,274.28, down just 0.018 percent, compared with Wednesday's closing level.

The Total Turnover was about \$HK11.93 billion, about 18.12 percent lower than the volume of activity on Wednesday's stock market.

The ratio of gainers to losers was, just about equal: 300:303.

Investors on the stock market of the HKSAR were confused by what was taking place, domestically, stacked up against what was happening, internationally.

The domestic problems included a somewhat faltering economy, a general lack of faith and acceptance in the Chief Executive, who has fallen from grace, the riots of Wednesday, albeit contained to a small area and by a small segment of people, losses in certain publicly listed companies, and the widespread sacking of technical staff in certain, high-profile companies.

The international problems were all, just about, centred on Wall Street and Dr Alan Greenspan, Chairman, US Federal Reserve.

On Wednesday, New York time, The New York Stock Exchange witnessed a rise in the Dow Jones Industrial Average of 80.58 points, about 0.76 percent, moving up to 10,687.53.

The NASDAQ Composite Index, however, went in the reverse direction, down 0.73 percent, to 3,658.46 points.

There is a belief that is fast emerging that, from hereon, the NASDAQ will continue to drift lower.

In the strongest economy of the world, investors, really, do not know what to think because that strong and amazing economy has ventured into completely unknown economic waters.

Never, in the history of the world, has there been a period of nearly one decade of unprecedented growth as has taken place in the US.

Investors appear to be latching on to any leaf in the wind, trying to interpret what it means in the over-all scheme of things.

An example of this was last Wednesday's report from the US Commerce Department with regard to new home sales.

According to the US Government, new home sales are now being pegged at about 829,000 units per annum.

This figure is said to have been much lower than had been expected, earlier.

In December 1997, new home sales, per annum, were about 793,000 units, about 4.54 percent lower than the 2000 figure, recently released.

What this means, if anything, is that the demand for new homes in the US is dropping at the rate of about 1.51 percent per annum.

So what?

What about the secondary market for homes?

What effect this statistic will have on the US Fed's determination, insofar as any further interest-rate move is concerned at the August 22 Open Market Committee Meeting, is still too early to tell.

The '*leaf hangers*' see the lower, new housing starts statistic as being bearish for interest-rate increases (which is bullish for equity markets), but one little economic statistic in the overall scheme of things, such as this one, may mean very little in the larger scheme of things.

There was no other news of any major importance in the HKSAR, last Thursday, as the market drifted, aimlessly, trying to digest the plethora of information, those of the homegrown variety and those with an international flavour.

The following is the list of double-digit gainers and losers, which tells the tale, in and of itself:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Commercial Holdings Ltd	104	10.53		0.42
CEC International Holdings Ltd	759	10.69		3.625
e-Kong Group Ltd	524	12.50		0.90
Ecopro High-Tech Holdings Ltd	397	14.29		0.04
Honko International Holdings Ltd	673	28.50		0.248
Hua Lien International (Holdings) Company Ltd	969	14		0.57
Jingwei Textile Machinery Company Ltd	350	17.88		1.32
Online Credit International Ltd	185		11.59	0.122
Quality Food International Ltd	735	11.76		0.76
Sinopec Kantons Holdings Ltd	934	18.64		0.82
Stelux Holdings International Ltd	84		20.59	0.27
Takson Holdings Ltd	918	19		1.19
Tianjin Bohai Chemical Industry (Group) Company Ltd	1065	11.48		0.68
Tingyi (Cayman Islands) Holdings Corporation	322	25.37		0.84
Tomorrow International Holdings Ltd	760		11.11	0.44
Yue Fung International Group Holdings Ltd	965		14.47	0.195

On The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, The Growth Enterprise Index put on 0.72 percent, rising to 441.83 points, on a Total Turnover of about \$HK296.60 million.

tom.com Ltd (Code: 8001), the Li Ka Shing '*wild*' card, surprised many people as its share price gained 4 percent, rising to \$HK5.20.

tom.com has, of course, been suffering from a distinct lack of investor confidence, following the company's announced losses for the first half of this year (please see Tuesday's report).

It was the second-most active counter as about 6.15 million of its shares, changed hands, with the price seesawing between a low of \$HK4.90 per share and a high of about \$HK5.25 per share.

The most-active counter was Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095), a company which was listed on Thursday, July 27.

The share price of this software company, aligned with Peking University, was offered at \$HK11 per share, but, since the previous Thursday, it had attained a great deal of fame -- for some unknown and unfathomable reason - - when its share price rose to \$HK15.60 per share, the high point of last Thursday's trading pattern.

The turnover in this counter amounted to about 50.79 percent of the Total Turnover of The GEM.

To say that this company's share price is much too high, considering all the facts, is an academic point because there are, clearly, willing sellers and willing buyers.

But, for a company, losing money on a daily basis, it is difficult to understand the reason that people are desirous of getting stuck into this company.

Again, like the Main Board, winners and losers were, just about, equal: 17:19.

The Japanese stock market was, again, another situation because Japan, though it has been plagued by one political scandal after another, it is, after all, Asia's most important single economy.

Aside from the oddball failure of companies, such as Sogo Company Ltd, most of the shares, listed on The Tokyo Stock Exchange, are fairly solid, with a few exceptions, of course.

Investors on The Tokyo Stock Exchange watched as its Nikkei-225 rose 391.75 yen, about 2.42 percent, to 15,814.44 yen.

The tally for this market was that, of the 4 trading days of last week, 3 days had seen the market spurt to higher levels with day witnessing one fractional loss.

Even so, major players, such as Sony and Pioneer, lost ground, last Thursday, in line with what was taking place on Wall Street in respect of the NASDAQ.

Sony hit 10,030 yen, down about 3.56 percent on the day, erasing all of its Wednesday's gains despite the tie-up with NTT DoCoMo.

The Tokyo market was said to be bracing itself for another sell-off, leading up the Fed's August 22 Meeting.

And this is the way that Asia viewed the events of that part of the world, last Thursday night:

Thailand	Plus 2.24 percent
Indonesia	Plus 0.32 percent
Malaysia	Plus 0.91 percent
The Philippines	Plus 1.65 percent
South Korea	Minus 0.86 percent
Singapore	Minus 1.01 percent
Taiwan	Minus 0.91 percent

Japan	Minus 2.42 percent
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## **Friday**

The riots of Wednesday night faded into the background as the Government of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) stepped in with tighter security for its Immigration Department.

Right-of Abode Seekers are unlikely to be given a second bite of the HKSAR Government's '*cherry*'.

Few HKSAR residents have much in the way of sympathy for riotous elements -- of any nationality.

The Stock Exchange of Hongkong was, once again, caught in a tug of war between those who maintained that an increase in interest rates was on the cards and those who were not certain.

As a result, the Hang Seng Index hardly moved, for the second day in a row.

The Index finished the session at 17,425.70, an increase of 151.42 points, or, in percentage terms, about 0.88 percent.

The Total Turnover was about \$HK12.16 billion, in line with Thursday's volume of activity.

On Wall Street, on Thursday, New York time, the Dow Jones Industrial Average registered a gain of 19.05 points, rising to 10,706.58 points, about 0.18 percent.

However, the NASDAQ Composite Index finished 2.77 percent higher at 3,759.88 points.

Investors on Wall Street are, today, more than a little perplexed about the situation on the NASDAQ since it is one day, up, followed by the next day, way down.

However, last Friday, it was down 137 points, in the first hour of trading, followed by a 238-point swing into positive territory before the close of trading.

Asian investors are getting more than a little tired of this tooting and froing and are beginning to realise that people will still continue to eat, no matter what the Internet does, or what magical software is created, and they will still sleep on mattresses, still use medicines: In short, the requirements of man have not changed due to the emergence of hi-tech industries.

Banks and property issues were the objects of many an Asian investor's attention on The Stock Exchange of Hongkong Ltd, as HSBC Holdings plc (Code: 5) grabbed back its Number 2 Slot on the Ten Most Active issues board.

A total of about 10.11 million HSBC shares changed hands, with the price, rising to \$HK105.50 per share, a gain of about 1.44 percent on the day.

In value terms, trading on this counter represented about \$HK1.06 billion, or about 8.72 percent of the Total Turnover.

The Number One Slot, however, was reserved for Mr Li Ka Shing's Pacific Century CyberWorks Ltd (Code: 1186), the share price of which rose to \$HK17.40, a gain of about 1.16 percent, compared with Thursday's closing level.

Trading on this counter represented about 9.87 percent of the Total Turnover.

Aside from high-profile companies, the market was quite quiet as Asian investors went about planning for the weekend.

The ratio of gainers to losers was about 1.11:One.

The double-digit gainers and losers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Standard International Group Ltd	129		10.17	0.53
ASM Pacific Technology Ltd	522		14.04	22.05
Burlingame International Company Ltd	202	25.58		0.54
China Insurance International Holdings Company Ltd	966	12.42		1.72
CIG-WH International (Holdings) Ltd	621	19.23		0.31
City Telecom (Hongkong) Ltd	1137	13.98		1.06
Gold Peak Industries (Holdings) Ltd	40	10.23		2.425
Paul Y.-ITC Construction Holdings Ltd	498	19.23		0.62
Playmates Interactive Entertainment Ltd	635	17.86		0.66
renren Media Ltd	59	18.52		0.128
Sen Hong Resources Holdings Ltd	76		10.81	0.066
Shougang Concord Grand (Group) Ltd	730	12.12		0.37
Tingyi (Cayman Islands) Holdings Corporation	322	10.71		0.93
Vision Tech International Holdings Ltd	922	34.74		0.64
Wah Yik Holdings Company Ltd	862	14.93		0.385

On The Growth Enterprise Market of The Stock Exchange of Hongkong Ltd, HKSAR investors took their cue from Wall Street and pushed up The Growth Enterprise Index by about 1.50 percent to 448.44 points.

The Total Turnover on this market was \$HK534.41 million with, once again, Beijing Beida Jade Bird Universal Sci-Tech Company Ltd (Code: 8095), being the most actively trading stock.

Trading on this one counter presented about 36.40 percent of the Total Turnover on The GEM.

The share price of Beijing Beida Jade Bird gained 4.98 percent, compared with Thursday's closing level, ending the week at \$HK16.20 per share.

The ratio of those counters that advanced, weighed against those counters that retreated, was 2.60:One.

In Japan, the big news was that land prices in The Land of The Rising Sun had fallen for the eighth consecutive year.

According to Japan's National Tax Administration, the average price of land in Japan has dropped another 7 percent to about \$HK10,417 per share metre (10.764 square feet).

Another indicator about the Japanese economy was news that imported vehicle sales fell about 6.80 percent in July 2000, compared with the comparable period in 1999.

It is clear that Japanese consumers have been tightening purse strings because imports are one of the best ways to determine the strength of any economy and the amount of disposable income in the pockets of consumers.

The Nikkei-225 lost 147.08 yen, falling to 15,667.36 yen, dashing any hopes for a rising stock market in Asia's most important economy.

Japan was still very concerned about Wall Street and the NASDAQ -- with valid reasons.

There was a widespread belief, last Friday, that Japan was in for a period of falling prices.

Some of the largest losers included Toshiba, the share price of which fell nearly 5 percent to 900 yen. It was the most heavily traded stock of the day.

NEC followed closely behind with a loss of about 4.63 percent, falling to 2,780 yen.

As at last Friday, statistics indicate that, since July 4, Toshiba had lost about 29 percent of its market capitalisation, while NEC had had 17 percent shaved off its value.

Softbank, a major player on Internet-related counters, listed on The New York Stock Exchange as well as in Japan, fell 5.78 percent to 7,820 yen.

The market capitalisation of this company has fallen 88 percent since February this year, as at last Friday's calculation.

On such a note, Asia licked its wounds and closed the doors of stock markets for the week, ended Friday, August 4, 2000:

Thailand	Plus 1.12 percent
Indonesia	Plus 0.44percent
Malaysia	Plus 0.63 percent
The Philippines	Plus 1.05 percent
South Korea	Minus 1.67 percent
Singapore	Plus 0.38 percent
Taiwan	Plus 1.02 percent
Japan	Minus 0.93 percent

***While TARGET makes every attempt to ensure accuracy of all data published,  
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