

**ASIA'S STOCK MARKETS TREMBLE :
TENSIONS IN THE MIDDLE EAST ESCALATE AS WALL STREET GOES
INTO FULL RETREAT; OIL PRICES HIT DECADE HIGHS**

Asia's major stock markets went into high reverse gear, last Monday, for 3 completely unrelated reasons: The continued bloodbath on Wall Street; the largest bankruptcy in the history of Japan; and, a near riot in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC).

All Asian, stock-market indices were in the red, last Monday, almost from the start of trading.

The Stock Exchange of Hongkong Ltd witnessed its Main Board's Hang Seng Index shed about 3.04 percent, falling to 15,693.50, while, on the speculative market, The Growth Enterprise Market (The GEM), it gave up 3.84 percent, with the Growth Enterprise Index, falling to 372.11 points.

Of the 3 unrelated events, probably the most important single reason was New York.

On Friday, October 6, stock prices fell fast and furiously on The New York Stock Exchange, with the NASDAQ Composite Index, falling to its lowest level since late May, this year.

The NASDAQ gave up 111.09 points, dropping back to 3,361.01.

The 3.20-percent loss of the previous Friday measures up against the May 26, 2000 level of 3,205.11.

While the NASDAQ measures the toings and froings of the hi-tech and Internet-related companies, old world stocks are measure by the Dow Jones Industrial Average -- and that was in negative territory, too, on October 6.

The Dow was off by 128.38 points, or about 1.20 percent, ending the session at 10,596.54 points on the day that saw the world's most important bourse maintain a cruel and ominous stance to its investors.

The main reasons: Investors were becoming increasingly disenchanted with profits (or the lack of profits) of their favourite companies, plus renewed fears that, perhaps, the US economy was not, really, quite out of the woods in respect of inflation.

In the HKSAR, there was an illegal procession as several hundred people decided to protest against the Public Order Ordinance on the grounds that it gives to the Authorities too much power and that it, in and of itself, can restrain the right of expression and the right of assembly.

The Public Order Ordinance requires organisers of protests, or other prospective assemblies, to give 7 days' notice in writing to the Police Force of their intentions in order for the Police to make a determination as to whether or not to issue a permit for the demonstration, thus making it legal in the eyes of the HKSAR Government.

This applies to sit-down protests of 49 people or more, or a procession, numbering in excess of 29 people.

The Public Order Ordinance has been in place for a number of years, but it was only last Monday that any concerted effort had been made to offer a challenge to it (please see last Wednesday's **TARGET** Intelligence Report, Volume II, Number 192: ['Law Is Rule; But Business Is Still Business'](#)).

Finally, the largest bankruptcy, ever, shook Japan when Chiyoda Mutual Life Insurance Company filed for protection from its creditors in the Tokyo District Court.

Chiyoda Mutual is the 12th largest life insurer in Japan.

It has reported debts of \$US26.90 billion (in excess of \$HK209 billion).

Last Monday was a public holiday in Japan so that The Tokyo Stock Exchange was not apprised of this situation.

Losses on that exchange were widely expected to hit Asia's most important stock exchange on Tuesday, last, when Japan came back from its holiday.

Share prices on The Stock Exchange of Hongkong Ltd fell right across the board with one, lone exception: MTR Corporation Ltd (Code: 66).

On a Total Turnover of about \$HK9.95 billion, trading in the shares of MTR accounted for about 15.68 percent of that figure as its share price ranged between a low of \$HK11.10 and a high of \$HK12.40.

MTR closed the previous Thursday (the previous Friday was the Chung Yeung Festival holiday) at \$HK11.60 per share so that the closing price of \$HK12.35 represented a gain of another 6.47 percent over the premium that investors gave the MTR shares at the Offer Price of \$HK9.38.

Since its launch on October 5, the share price of MTR had risen, as at last Monday, a total of 31.66 percent.

While MTR was the most-active counter, not far behind it was China Mobile (Hongkong) Ltd (Code: 941), one of the largest mobile telecommunications companies, operating in the PRC, today.

Unlike MTR, however, it lost a great deal of ground as its share price was shaved down by about 5.51 percent to end the day at \$HK55.75 on a volume of about 22.83 million shares, equal to a dollar value of about \$HK1.30 billion, or about 13.07 percent of the total volume of activity on the market.

And this was in spite of London-based Vodafone Group plc agreeing to back the company to the extent of about \$HK19.45 billion, allowing China Mobile to pick up 7 new mobile telephone networks from its PRC, State-run parent company, an acquisition which will cost upwards of \$HK255 billion.

And so the bloodbath went on, with even the mighty HSBC Holdings plc (Code: 5), not being immune to investors' scalpels as its share price lost about 1.79 percent of its value, falling to \$HK109.50 after about \$HK875.84-million worth of its shares changed hands.

The ratio of losers to gainers was about 5.50:One.

Other major gainers and losers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
401.com Ltd	401		14.29	0.018
Bestway International Holdings Ltd	718		11.67	0.053
China Apollo Holdings Ltd	512		11.22	0.095
China Investments Holdings Ltd	132	28.67		0.019
CIL Holdings Ltd	479		11.54	0.023
Denway Motors Ltd	203		11.11	1.12
Digital World Holdings Ltd	109	10.00		0.011
Graneagle Holdings Ltd	147		15.38	0.022
HiNet Holdings Ltd	155		12.24	0.208
Millennium Group Ltd	260		11.76	0.15
Nanjing Panda Electronic Company Ltd	553		10.97	1.38
SIS International Holdings Ltd	529		14.29	0.60
Skyworth Digital Holdings Ltd	751		10.00	0.54

Sun Man Tai Holdings Company Ltd	433		10.09	0.98
Sunway International Holdings Ltd	58		15.75	1.07
Takson Holdings Ltd	918		14.15	0.91
Yau Lee Holdings Ltd	406		10.42	0.086

The GEM took its knocks as the Li Ka Shing '*wild card*', tom.com Ltd (Code: 8001), shed more than 11.56 percent, falling to \$HK3.25 on trades of about 5.55 million shares, equal to a cash value of nearly 20 percent of the Total Turnover, which remained low at about \$HK93.55 million.

There were very few gainers on this speculative market as the ratio of losers to gainers was about 4.14:One.

The biggest losers was Sino Biopharmaceutical Ltd (Code: 8027), the share price of which hit a low of 70 cents after 2,156,000 shares changed hands.

The GEM caught the American hi-tech '*flu*' of The New York Stock Exchange where the NASDAQ had dropped through the floor of the world's largest marketplace for stocks and shares.

Other major GEM losers and gainers included:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
36.com Holdings Ltd	8036	11.43		0.078
T S Telecom Technology Ltd	8003		10.67	0.67
Yuxing InfoTech Holdings Ltd	8005		10.67	1.34

The following are the losses on other Asian markets, last Monday:

Thailand	Minus 2.39 percent
Indonesia	Minus 1.57 percent
Malaysia	Minus 0.64 percent
The Philippines	Minus 1.73 percent
South Korea	Minus 3.23 percent
Singapore	Minus 3.86 percent
Taiwan	Minus 2.25 percent
Japan	Closed

Tuesday

Oil prices rose as Jews and Arabs fought in the Middle East ... and the world wondered where and when it would all end.

The situation was taking its toll on the world's stock markets: Investors began to worry.

Japan reeled (as expected) when its stock markets opened for business, last Tuesday, for the first day of the week's trading, following the announcement of the failure of Chiyoda Mutual Life Insurance Company and its massive amount of debt, debt that is equal to the national budget of quite a number of African countries (please see Monday's report of this situation).

On Wall Street, on Monday, the Dow Jones Industrial Average lost 28.11 points, about 0.27 percent, falling to 10,568.43, while the NASDAQ Composite Index, also, shed a fraction, 0.17 percent, dropping back to 3,355.56.

Investors on The New York Stock Exchange were, and still are, terribly concerned about the profits of hi-tech and Internet-related issues, especially since, of late, there has been a queue of companies, all waiting to tell the world of their news -- all of it, being bad.

On The Stock Exchange of Hongkong Ltd, the Main Board's Hang Seng Index shed 0.89 percent, falling to 15,554.11 on a Total Turnover of about \$HK7.74 billion.

Losing issues were ahead of gaining ones by the ratio of 2.52:One.

The leading counter, last Tuesday, was, once again, MTR Corporation Ltd (Code: 66) as investors continued to trade in this stock, causing a total of about 89.61 million shares to change hands.

The share price ranged between a high of \$HK12.85 and a low of \$HK12.15, ending the day at \$HK12.25 for a loss of about 0.81 percent, compared with Monday's close.

The volume of activity in this lone counter, representing, in dollar terms, about \$HK1.12 billion, accounted for about 14.47 percent of the entire volume of activity for the day.

Regardless of its massive financial strength, HSBC Holdings plc (Code: 5), one of the largest banks in the world, could not buck the trend and succumbed to selling pressure, which forced down its share price by 0.46 percent, ending the day at \$HK109 after about 5.63 million HSBC Holdings's shares switched owners.

There was little news to stimulate trading on The Stock Exchange of Hongkong Ltd although Pacific Century CyberWorks Ltd (Code: 8) made a formal announcement to the effect that it had applied to the Listing Committee of The Stock Exchange to accept its proposed flotation of one of its offshoots on The Growth Enterprise Market (The GEM), later this year.

Pacific Century CyberWorks, the fourth, most-active counter of the day, saw a total of about 69 million of its stock change hands, with its price, ranging from a low of \$HK8.25 per share to a high of \$HK8.65 per share, ending the day at \$HK8.35, unchanged from Monday's closing level.

On the criminal front, the Chairman of publicly listed Hung Fung Group Holdings Ltd (Code: 1141) was arrested by The Independent Commission Against Corruption for alleged offenses, ranging from bribery to obtaining credit by deception.

Mr Chan Chun Hung had been arrested, it was confirmed, but charges had yet to be laid, last Tuesday.

On Thursday, October 5, the share price of Hung Fung Group slumped 56.26 percent to 1.70 cents for no apparent reason.

Last Tuesday, the situation became clear: The riddle was solved.

The following is a list of the major gainers and losers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Asia Orient Holdings Ltd	214		10.48	0.094
B-Tech (Holdings) Ltd	412	11.11		0.02
C.P. Pokphand Company Ltd	43		10.47	0.154
CCT Multimedia Holdings Ltd	1169		34.38	0.315
DVN (Holdings) Ltd	500		11.46	1.97
Dransfield Holdings Ltd	632	10.00		0.088
G-Prop (Holdings) Ltd	286	11.11		0.30
Kong Sun Holdings Ltd	295		15.22	0.39
Nanjing Panda Electronic Company Ltd	553	20.29		1.66
netalone.com Ltd	336		10.19	0.238

Pacific Plywood Holdings Ltd	767	15.12		0.099
Pam and Frank International Holdings Ltd	431	20.37		0.325
Shougang Concord Grand (Group) Ltd	730		10.34	0.26
Ta Fu International Holdings Ltd	1041		10.00	0.18
Takson Holdings Ltd	918		16.48	0.76
Wonson International Holdings Ltd	651	13.73		0.058
Yunnan Enterprises Holdings Ltd	455		10.00	0.54

On The GEM, The Growth Enterprise Index fell, fractionally, to 370.85 points on a Total Turnover of \$HK90.14 million.

Losers were ahead of gainers by the ratio of about 1.62: One.

The GEM stocks follow Wall Street's NASDAQ, very closely, these days, so that, with the largest market in the world, still in a rut, last Monday, New York time, it was difficult for the HKSAR, little GEM to respond, positively.

Not one of the companies, listed on The GEM, has yet to live up to the expectations of investors and, if anything, they have a record of disappointing results, sacking staff, and passing the begging bowl round for more sustenance.

The following is a list of The GEM's major gainers and losers of last Tuesday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
36.com Holdings Ltd	8036		25.64	0.058
Asian Information Resources (Holdings) Ltd	8025		12.86	0.305
Panda-Recruit Ltd	8073		10.57	0.11
Timeless Software Ltd	8028	15.83		1.39

In Japan, Monday's announcement with regard to Chiyoda Mutual Life shook up investors on The Tokyo Stock Exchange -- which quickly went into reverse gear.

The Nikkei-225 lost a little more than one percent of its value, falling to 15,827.72 yen.

Banking issues got it in the neck, especially Tokai Bank, which had attempted to assist Chiyoda Mutual with a rescue package.

Tokai Bank is likely to have to bite the bullet to the extent of about \$HK533 million over the matter, at least.

Its share price lost 1.30 percent, almost at the start of trading on The Tokyo Stock Exchange.

Asahi Bank, which, also, has ties with Chiyoda, saw its share price shaved down nearly 5 percent.

In the hi-tech sector of the market, it was, just about, all losers as Tokyo follows the NASDAQ, very closely, for its cue.

As the fighting between Jews and Arabs continued in the Middle East, and oil prices started to move higher in anticipation, rightly or wrongly, with regard to fears of interrupted oil supplies to the West, Asia caught a dose of Saint Vitus dance.

And this was the result:

Thailand	Minus 1.65 percent
Indonesia	Minus 0.59 percent

Malaysia	Plus 0.89 percent
The Philippines	Minus 2.40 percent
South Korea	Minus 0.14 percent
Singapore	Plus 1.41 percent
Taiwan	Closed
Japan	Minus 1.04 percent

Wednesday

Asian stock markets experienced quite a thumping, last Wednesday -- and for no seemingly, logical economic reason that one could ascribe to the pounding.

It was, just about, all due to investor-imagined fears, and a knee-jerk reaction to Wall Street's overnight losses.

But there was at least one piece of shocking news that must have had some negative impact on some Asian markets, albeit only in a minor way.

The shock came from Europe where it was announced that Boxman, a European online retailer of Compact Discs, had kicked the proverbial bucket.

It was seen by some as being the highest profile, Internet financial failure since the May financial failure of the clothing Internet retailer, Boo.com.

Boxman, just 3 years old, is in voluntary liquidation. It announced that it would be holding meetings with its creditors, soon.

On a very positive note, Washington signed into law a Bill that extended Permanent Normal Trade Relations with the People's Republic of China (PRC).

US President Bill Clinton, on signing the Bill, said that the US was taking a *'major step toward China's entry into the World Trade Organisation.'*

But, in the Hongkong Special Administrative Region (HKSAR), it was all gloom and doom in spite of the fact that nothing untoward had happened in the 24 hours preceding the losses of last Wednesday.

The Hang Seng Index, the *'barometer'* of the Main Board of The Stock Exchange of Hongkong Ltd, gave up another 2.75 percent of its value, falling to 15,127, exactly.

The 427.11-point fall came as the Total Turnover continued to be very low, at about \$HK8.10 billion.

Losing issues outpaced gaining issues by the wide margin of 5.60:One.

And, on The Growth Enterprise Market (The GEM), its Growth Enterprise Index hit a new low of 355.08, a fall of about 4.25 percent in one day.

As with the Main Board, losers were far ahead of gainers on this speculative market: 5.80:One.

Both markets were reacting to what had transpired on The New York Stock Exchange on Tuesday, New York time, when investors dragged down The Dow Jones Industrial Average by about 0.42 percent.

The Dow was shaved down to 10,524.40 as US investors prepared for a spate of poor corporate results for the third quarter.

It was, all, the same old story, but it was taking its toll of confidence on the largest bourse on this planet, to be sure.

On the hi-tech end of the New York market, the NASDAQ Composite Index took it right on the nose as it gave up another 3.43 percent of its value, falling to 3,240.54.

The previous Friday, October 6, there had been a lot of talk on the Street about the profits of Yahoo! Incorporated! and how its third quarter results were likely to be less than expected.

Well, Yahoo! Incorporated surprised its investors with better-than-expected results.

The top-of-the-line Internet company announced that, for the 3 months to September 30, 2000, it earned \$US47.60 million (about \$HK370.33 million), up about 328 percent compared with the comparable period in 1999.

Revenue in the quarter rose 90 percent, compared with the like period in 1999.

However, the company said that the number of advertisers had dropped from 3,675 to 3,450.

But it did nothing to allay the fears of US investors, who were determined to sell down the market.

Some of the high-flyers suffered substantial losses, with Lucent Technologies Incorporated, down 23 percent, and PacificCare Health Systems, off about 35 percent.

Wall Street had been watching an erosion of confidence since early September; some people were getting very concerned about the situation.

In such an atmosphere, Asia was bound to suffer.

A frightening aspect of trading on The Stock Exchange of Hongkong Ltd was that the market was falling very quickly on a low volume of activity.

The question, being asked last week: Would short covering start to be the next investor bugbear?

It must be assumed that quite a number of investors in the HKSAR purchased shares on margin.

And it must be equally assumed that these same investors would have to put up more money in order to cover open positions.

An example of such a situation was Pacific Century CyberWorks Ltd (Code: 8), the most active counter of Wednesday.

This Li Ka Shing company hit a low of \$HK7.80 per share, on Wednesday, ending the session at \$HK7.85, a fall of about 5.99 percent in one day.

In early January, trading in this counter hit a high of \$HK28.50 per share so that last Wednesday's low point represented an erosion of about 72.63 percent in 9 months.

HSBC Holdings plc (Code: 5) was not spared the sell-off, last Wednesday, as its share price fell about 4.13 percent to \$HK104.50 on a volume of activity in this counter of about \$HK873.03 million, or about 10.74 percent of the Total Turnover.

Pacific Century CyberWorks, whose turnover was about \$HK944.41 million, and HSBC Holdings represented about 22.35 percent of the Total Turnover.

And so the bloodbath went on as positive investor sentiment continued to wane.

The following is a list of some of the biggest losers of last Wednesday:.

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
401.com Ltd	401		10.53	0.017
Asia Orient Holdings Ltd	214		11.70	0.083
B-Tech (Holdings) Ltd	412		10.00	0.018
CIL Holdings Ltd	479		16.67	0.02
City e-Solutions Ltd	557		18.92	0.60
Deson Development International Holdings Ltd	262		13.75	0.069
eForce Holdings Ltd	943		27.88	0.15
ehealthcareasia Ltd	835		18.75	0.26
HiNet Holdings Ltd	155		11.33	0.18
iQuorum Cybernet Ltd	472		10.00	0.036
KG NextVision Company Ltd	516		27.06	0.62
Kong Sun Holdings Ltd	295		23.08	0.48
Medtech Group Company Ltd	1031		30.77	0.054
Nanjing Panda Electronic Company Ltd	553	15.66		1.92
Next Media Ltd	282		11.11	0.48
Rising Development Holdings Ltd	1004	10.34		0.32
Shenzhen International Holdings Ltd	152	10.86		0.405
Shun Ho Resources Holdings Ltd	253		10.71	0.25
Sun Man Tai Holdings Company Ltd	433		14.00	0.86
Swank International Manufacturing Company Ltd	663		12.50	0.07
Tianjin Bohai Chemical Industry (Group) Company Ltd	1065	11.43		0.78
Wah Tak Fung Holdings Ltd	297		10.89	0.09
Ying Wing Holdings Ltd	1104	11.11		2.00

GEM stocks were hit especially hard, led by Mr Li Ka Shing's *'wild card'*, tom.com Ltd (Code: 8001), whose share price hit a new low of \$HK2.85 as about 7.42 million of its shares changed hands, representing a dollar value of activity on this counter of about \$HK21.71 million.

With a Total Turnover for The GEM of about \$HK108.13 million, trading in the stock of tom.com accounted for about 20.08 percent of the entire volume of activity for the day.

tom.com Ltd, like its *'big brother'* on the Main Board, Pacific Century CyberWorks Ltd, has seen a steady slicing off of its market capitalisation.

In January this year, the share price of tom.com Ltd hit a high of \$HK15.35 so that last Wednesday's low represented a loss in the company's market capitalisation of about 81.43 percent.

HKSAR investors, who put their money into this counter, did so more in anticipation of the waving of the magical wand of Mr Li Ka Shing -- a wand which appears to have been sheathed for some months, now.

Many high-flying counters, which some investors thought were immune to large sell-offs, discovered that that was not the case.

Many counters hit new lows.

Again, it was a forgone conclusion that some of the share sales were due to force majeure situations as investors, caught in the vice of having open positions with no more money to cover, were forced to sell at any price in order to meet commitments.

However, as is often the case with regard to GEM stocks, many counters saw little activity, making it impossible to sell stock.

The following is a list of some of the largest losers and one, lone gainer:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
36.com Holdings Ltd	8036	41.38		0.082
Excel Technology International Holdings Ltd	8048		10.53	0.51
Fortune Tele.com Holdings Ltd	8040		13.19	0.79
Hongkong.com Corporation	8006		11.11	0.48
Sunevision Holdings Ltd	8008		15.98	4.075

In Japan, it was a wild and woolly affair as The Tokyo Stock Exchange followed Wall Street, down ... down ... down.

The Nikkei-225 hit a 19-month low of 15,513.57 yen, a fall of about 314.15 yen, or about 1.98 percent.

Losing issues were ahead of gaining issues by the ratio of about 2.45:One.

It was the same story: Japan was following the antics of NASDAQ as hi-tech and Internet-related counters took a pounding.

Fujitsu, one the largest personal computer manufacturers in The Land of The Rising Sun, lost 5.20 percent of its value, with chipmaker, NEC, shedding 5.30 percent of its value.

Tokyo Electron, a manufacturer of chip-making machinery, fell 6.10 percent in sympathy with its major customers, no doubt.

The rout on this market extended to Nippon Telegraph and Telephone (NTT) which, for no apparent reason, saw its share price lose another 5.10 percent.

NTT's mobile unit, NTT DoCoMo, the world's second, most-important mobile telecommunications company, was felled to the extent of about 1.80 percent.

Hikari Tsushin, which owns slices of at least 8 hi-tech companies, listed on the NASDAQ, got hit to the extent of about 11.30 percent as its investors scrambled for cover in the avalanche of selling pressure.

And so it went on throughout Asia with the lone exception of Malaysia where there was a recovery from an earlier bloodbath.

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

Thailand	Minus 2.48 percent
Indonesia	Minus 0.14 percent
Malaysia	Plus 0.42 percent
The Philippines	Minus 0.45 percent
South Korea	Minus 5.30 percent
Singapore	Minus 3.51 percent
Taiwan	Minus 2.72 percent
Japan	Minus 1.98 percent

Thursday

Share prices fell from the opening bell on The Stock Exchange of Hongkong Ltd, last Thursday, as the Hang Seng Index crashed through the 15,000 level with ease, in early trading._

However, bargain-hunters stepped in during the 90-minute afternoon session, pushing up The Index to 15,074.80 in a day that left investors in the second, most-important stock market in Asia, totally confused.

Fears abounded that there would be a worse fall-off on Friday.

The Total Turnover for the day continued to be very low at about \$HK9.36 billion, with about 59 percent of that figure, centred on the Ten Most Active list.

Once again, the stock markets of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were influenced by Wall Street where, on Wednesday, New York time, the Dow Jones Industrial Average fell 110.61 points, about 1.05 percent, to 10,413.79.

But, at one point in late morning trade, the Dow had been off nearly 158 points, or about 1.50 percent.

The hi-tech and Internet-related sector of The New York Stock Exchange, measured by the NASDAQ Composite Index, lost 72.05 points, about 2.22 percent, falling to 3,168.49.

An early rally fizzled out in New York with many US investors very concerned since there is, clearly, no discernable direction for the world's largest stock market.

When this happens, investors, normally, stay clear, refusing to make any new investment commitments -- and that could be an even worse scenario than a market that is perceived to be unstable.

And, to add to the market's problems, the escalating trouble in the East, between the Jews and the Arabs, worried the market even further.

War is never good for a stock market, any stock market.

Yahoo! Incorporated, which, on Tuesday announced better-than-expected earnings results for the quarter to September 30, was shot down to the extent of about 21 percent as investors worried about the company's future earnings' growth.

It ended the Wednesday session at \$US65.38 per share (about \$HK508.66).

In the HKSAR, the Chief Executive, Mr Tung Chee Hwa, delivered his Fourth Policy Address -- which turned out to be nothing more than a wet squib.

He appeared to be more concerned about retaining his position in the territory as its leader for another 5 years than doing much to help the 416-square miles of territory, that is known as the HKSAR.

Investors on The Stock Exchange of Hongkong Ltd were totally uninspired by the Chief Executive's utterings, even when he said that he would reconsider the manner in which he appoints his sycophants.

Most share prices were held in a narrow band, but there were a number that, once again, got pounded.

Pacific Century CyberWorks Ltd (Code: 8) was one of those issues that would, no doubt, have preferred not to have been the centre of so much attention as the company's share price sank to a new low of \$HK7.50 per share before recovering to end the day at \$HK7.65.

The volume of trading on this one counter amounted to nearly 10 percent of the Total Turnover.

The ratio of losers to gainers was about 2.62:One.

There was little news to stimulate trading, and the low volume of activity, plus the non-event of the Chief Executive's Policy Address caused many investors to go home early rather than waste their time.

The following is a list of some of the largest movers of the day:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (SHK)
139 Holdings Ltd	139		12.50	0.035
Asia Tele-Net and Technology Corporation Ltd	679	16.39		0.071
China DigiContent Company Ltd	1197		10.46	0.06
China Insurance International Holdings Company Ltd	966		10.40	1.12
CIL Holdings Ltd	479		10.00	0.018
City e-Solutions Ltd	557		16.67	0.50
Dan Form Holdings Company Ltd	271		11.76	0.30
Deson Development International Holdings Ltd	262	10.14		0.076
Ecopro Hi-Tech Holdings Ltd	397		10.00	0.018
eForce Holdings Ltd	943		13.33	0.13
GITIC Enterprises Ltd	340	11.40		0.34
The Graneagle Holdings Ltd	186		13.64	0.019
KG NextVision Company Ltd	516	12.90		0.70
Lamex Holdings Ltd	312		13.92	0.068
Millennium Sense Holdings Ltd	260		12.64	0.38
Northern International Holdings Ltd	735		14.29	0.03
Pacific Ports Company Ltd	659	10.42		0.53
Pearl Oriental Cyberforce Ltd	988		10.00	0.081
Raymond Industrial Ltd	229	20.00		0.96
renren Media Ltd	59		11.11	0.056
S.A.S. Dragon Holdings Ltd	1184		14.29	0.54
Sunway International Holdings Ltd	58		19.35	0.75
Ta Fu International Holdings Ltd	1041	12.90		0.21
United Pacific Industries Ltd	176		10.71	0.50
Ying Wing Holdings Ltd	1104	12.50		2.25

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, there was a mild recovery as The Growth Enterprise Index rebounded about 1.59 percent to 360.71 points.

The Total Turnover was slightly improved at \$HK142.52 million -- which is better than a kick in the head.

But it was clear that the gains were unlikely to be long lasting.

tom.com Ltd (Code: 8001), a Li Ka Shing Internet investor, was the most-active counter as about 11.59 million of its scrip changed hands.

The share price actually gained 14.53 percent to end the day at \$HK3.35 in a show that was, almost, completely, unexpected.

tom.com announced, in late trading on Wednesday, that it had signed a framework agreement to acquire a 49-percent interest in Kunming French Star Information Industry Company Ltd of the PRC.

Kunming French Star is said to be one of the largest outdoor media and advertising companies in the PRC.

tom.com will pay about \$HK263 million for its interest in this company.

Nobody appeared to be too interested in the acquisition, though.

Another piece of information, which may impact on some GEM counters, in due course, came from the PRC where the State Administration of Film, Radio and Television, the regulatory body in the PRC, announced that it had approved 5 new licences for foreign television stations.

Three of the HKSAR companies that were awarded the coveted licences were Television Broadcasts Ltd (Code: 511 -- Main Board), Sun Television Cyberworks Holdings Ltd (Code: 307 -- Main Board), and Phoenix Satellite Television Holdings Ltd (Code: 8002 -- The GEM).

Whether or not these licences will prove to be a boon or a burden, only time will tell.

Gainers and losers were, just about, equal, last Thursday.

The following are 2 of the biggest movers on The GEM:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
Grandmass Enterprise Solution Ltd	8108	13.24		0.154
Panda-Recruit Ltd	8073		11.43	0.093

In Japan, there was a slight interest in trading on The Tokyo Stock Exchange as the Nikkei-225 recovered from a selling spree that pushed it down by more than one percent, during early trading.

Following the pattern of Wall Street of Wednesday, investors sold the market, and, then, turned right round and recovered many of their positions.

As a result, the Nikkei-225 ended the session in positive territory at 15,550.64 yen after touching a 19-month low, during the day.

Most counters struggled to maintain their slippery footings in a very scary marketplace, as Japanese brokers described proceedings.

This is how the situation looked in other Asian bourses at the close of trading, last Thursday:

Thailand	Plus 2.85 percent
Indonesia	Minus 0.95 percent
Malaysia	Plus 3.31 percent
The Philippines	Minus 0.57 percent
South Korea	Minus 4.03 percent
Singapore	Plus 1.04 percent
Taiwan	Minus 3.90 percent
Japan	Plus 0.24 percent

Friday

Investors scrambled for cover, last Friday, as Main Board share prices fell, fast and furiously.

The Hang Seng Index lost another 2.62 percent, falling to 14,680.50 on a Total Turnover of about \$HK9.56 billion.

Few counters were saved the day's thumping as HSBC Holdings plc (Code: 5) gave up 1.91 percent, falling to \$HK102.50, Hutchison Whampoa Ltd (Code: 13) lost 2.01 percent, falling to \$HK97.75, China Mobile

(Hongkong) Ltd (Code: 941) fell 5.21 percent, dropping back to \$HK50, and Cheung Kong (Holdings) Ltd (Code: 1) fell back to \$HK89.25, a loss of 1.92 percent on the day.

And these were just 4 of the top losers on the Most Active list: Many other issues, not close to seeing the volume of activity as the leaders, saw their share prices shaved down much more.

The Ten Most Active counters accounted for about 64.54 percent of the total volume of activity.

The reasons for the sell-off were a combination of continued pressures, being felt on Wall Street, crude oil prices, rising, yet again, the very real prospects of a shooting war in the Middle East (which would push oil prices even higher) and US retail sales statistics.

Wall Street, on Thursday, New York time, suffered its fifth largest loss on record: The Dow Jones Industrial Average gave up about 3.60 percent, falling to 10,034.56 points.

Persistently higher crude oil prices, and one after another earning's warning, from Wall Street *'darlings'*, was the cause of many of last Thursday's losses.

Not to be outdone, it appeared, the NASDAQ Composite Index gave up about 3 percent of its value, falling to 3,070.68.

Hi-tech and Internet-related issues lost a great deal of their glamour as investors on the world's largest stock exchange saw share prices fall as much as 25 percent, first in one issue, and then another.

The price of crude oil had risen, during the first 4 days of last week, by an unheard of, and hardly believed, 20 percent – from about \$US30 per barrel to last Thursday's price on the New York Mercantile Exchange of more than \$US36.50 per barrel.

Oil prices were rising due to an escalation of tensions in Gaza and the West Bank where, as at last Thursday's total, more than 35 Palestinians lay death and at least half a dozen Israelis had been butchered by mobs of Arabs.

Israel, in retaliation for the lynching of 3 Israeli soldiers by Palestinians, had some of its helicopter gunships rocket offices of the Palestinian Authority President Yasser Arafat.

In Yemeni, the Capital City of Sanaa, a bomb exploded in the British Embassy.

This followed an apparent suicide attack on a US Navy destroyer, anchored in the Yemeni Port of Aden, the previous day.

At least, 18 US sailors were killed in the attack, some of them women.

The world was not too happy.

That was on the international front, but, closer to home, in the US, it was reported that US retail sales had made their largest gain in the past 7 months to September.

Sales were up about 0.90 percent in September, compared with a gain of 0.10 percent in August, the US Commerce Department stated.

People in the US are spending like crazy. That is the logical conclusion one must reach on analysis of the US Government's figures.

Which is not, particularly, a good sign since, whenever one spends more than one earns, it spells inflation.

The US Federal Reserve, clearly, was watching the situation.

Back in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), it was announced that Australia's Telstra Corporation had beaten down Mr Li Ka Shing's Pacific Century CyberWorks Ltd by about \$HK4.14 billion.

The long-awaited results of the negotiations between Pacific Century CyberWorks and Telstra were that Telstra demanded, outright, absolute control of the mobile telephone assets of Pacific Century CyberWorks.

Pacific Century CyberWorks accepted a reduced cash injection from Telstra, amounting to about \$HK28 billion, and conceded defeat.

Pacific Century CyberWorks, with a debt burden of more than \$HK222 billion, needs to find a way to reduce its commitments to creditor banks.

With Telstra, taking a 60-percent slice of HKT Mobile, instead of 40 percent, as per the original, tentative agreement, that has since been renegotiated, it would appear to indicate that Telstra trusts its staff more than the staff of Pacific Century CyberWorks.

That had to be the logical conclusion.

On The Stock Exchange of Hongkong Ltd, losers were ahead of gainers by the ratio of 6.78:One.

The following is a list of some of the largest losers of last Friday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price (\$HK)
401.com Ltd	401		11.11	0.016
Asia Satellite Telecommunications Holdings Ltd	1135		14.41	15.15
Beijing Yanhua Petrochemical Company Ltd	325		10.26	0.70
Bestway International Holdings Ltd	718		20.00	0.04
Can Do Holdings Ltd	172		12.00	0.88
CCT Multimedia Holdings Ltd	1169		12.28	0.26
China Apollo Holdings Ltd	512		12.63	0.083
China DigiContent Company Ltd	1197		13.33	0.052
China Southern Airlines Company Ltd	1055		11.36	1.58
CIL Holdings Ltd	479		22.22	0.014
Culturecom Holdings Ltd	343		10.77	0.58
e-Kong Group Ltd	524		10.17	0.53
E-LIFE International Ltd	370		20.00	0.096
eForce Holdings Ltd	943		30.77	0.09
Frankie Dominion International Ltd	704		10.71	0.25
Good Fellow Group Ltd	910		12.68	0.62
Graneagle Holdings Ltd	147		10.53	0.017
Guangdong Tannery Ltd	1058		15.15	0.152
Interchina Holdings Company Ltd	202		10.14	0.31
Jiangxi Copper Company Ltd	358		10.28	0.70
K.P.I. Company Ltd	605		21.59	0.138
Kin Dong Holdings Ltd	208		18.03	0.05
Lai Sun Development Company Ltd	488		12.11	0.265
Midas Printing Group Ltd	1172		12.50	0.35
Nam Hing Holdings Ltd	986		15.00	0.204
National Electronics Holdings Ltd	213		11.84	0.134
Northern International Holdings Ltd	736	13.33		0.034
ONFEM Holdings Ltd	230		11.59	0.305
Pearl Oriental Cyberforce Ltd	988		16.05	0.068
Proview International Holdings Ltd	334		10.98	0.73
QPL International Holdings Ltd	243		10.99	4.05
RNA Holdings Ltd	501		10.11	0.40

Sino-i.com Ltd	250		12.39	0.205
Softbank Investment International (Strategic) Ltd	648		10.00	0.63
Soundwill Holdings Ltd	878		10.13	0.071
Star Cyberpower Holdings Ltd	1051	10.53		0.021
Sun Man Tai Holdings Company Ltd	433	14.63		0.94
Suwa International Holdings Ltd	567		16.13	0.26
Tak Sing Alliance Holdings Ltd	126		12.80	0.218
vLink Global Ltd	563		11.01	0.097
Wah Fu International Holdings Ltd	952		12.16	0.065
Wireless InterNetworks Ltd	261		21.05	0.015
Yizheng Chemical Fibre Company Ltd	1033		11.38	1.33
Yugang International Ltd	613		10.98	0.073
Zida Computer Technologies Ltd	859		22.45	0.76

On The Growth Enterprise Market (The GEM), The Growth Enterprise Index fell to its lowest level of the year: 354.60 points.

The 1.69-percent loss on this market's index came as expected since one could not expect The GEM to go it alone, facing the large, share-price bloodbath in New York.

The ratio of losers to gainers was 5.17:One, with very few counters, being able to buck the trend.

In Japan, The Tokyo Stock Exchange suffered, but not as badly as some other Asian bourses.

The Nikkei-225 lost about 1.42 percent of its value, falling to 15,330.31 yen.

Even so, week-to-week, the Nikkei-225 had shed about 4.20 percent.

Another shockwave hit the Japanese stock market, last Friday, when it was reported that Inter-Lease, an affiliate of Nippon Shinpan, the largest consumer, credit-card company in The Land of the Rising Sun, would be seeking the protection of the District Court (a nice way to say that the company was on the bones of its arse).

Nippon Shinpan witnessed its share price fall by about 17 percent, in short order.

Nippon Shinpan said that it would be making provisions for losses in respect of Inter-Lease, and that it would be suffering a loss for this year of about \$HK10.11 billion.

Inter-Lease is unable to service its debts of about \$HK59 billion.

This financial failure will be the sixth biggest in Japan's history.

It seems that, when it rains in Japan, it pours sushi and sake, simultaneously.

In such a scenario for Asia and the world, it was difficult for stock markets to make any appreciable movement into positive territory.

Investors in Asia went home, last Friday, amid grave concerns for the immediate future of their holdings in stocks and shares:

Thailand	Minus 1.35 percent
Indonesia	Minus 0.05 percent
Malaysia	Plus 1.65 percent
The Philippines	Plus 0.37 percent
South Korea	Minus 1.89 percent

Singapore	Minus 0.29 percent
Taiwan	Plus 1.22 percent
Japan	Minus 1.42 percent

While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.

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