THE U.S. FEDERAL RESERVES SHOCKS THE WORLD Ö AND RICHARD LI TZAR KAI GETS THE SHOCK OF HIS LIFE

While, officially, the Hang Seng Index, the *ëbarometerí* of trading on The Stock Exchange of Hongkong Ltd, was off by about 2.95 percent to 12,606.45 points, it was, mainly, hi-tech counters and telecommunication entities that took the spanking.

Of the 46 counters that registered double-digit movements, 32 counters recorded double-digit gains.

It was a bustling stock market, in spite of official records, which tended to paint a rather sorry state of affairs.

But if one had thought, last Tuesday, that the stock markets of the Hongkong Special Administrative Region (HKSAR) of the Peopleís Republic of China (PRC) were on the slippery road, down, one would have been showing oneís ignorance -- in the extreme.

Investors in the HKSAR went after some of the old favourites, regardless of the advice of some HKSAR *ëexpertsí*.

The Hang Seng Index was pulled down, mostly, by investor pressure, being applied on counters, such as Pacific Century CyberWorks Ltd (Code: 8), China Unicom Ltd (Code: 762), QPL International Ltd (Code: 243), Hutchison Whampoa Ltd (Code: 13), and China Mobile (Hongkong) Ltd (Code: 941).

Pacific Century CyberWorks gave up 5.45 percent of its market capitalisation, falling to $HK2.60 per share, China Unicom lost 4.52 percent of its value, dropping down to $HK9.50 per share, QPL International was pulled back by 10.77 percent to $HK2.90 per share, Hutchison Whampoa had to give up 1.22 percent of its value, falling to $HK81.25 per share, and China Mobile shed 6.30 percent of its market capitalisation, retreating to $HK34.20 per share.

Losses in the big-ticket counters caused the Hang Seng Index to be more than a little lopsided.

The Total Turnover was only about $HK7.82 billion, hardly the volume of activity that one would consider, in HKSAR terms, as being reminiscent of a bear market.

The HKSAR stock markets were reacting to what had taken place on The New York Stock Exchange on Monday, New York time, where investors were continuing to be concerned about technology companies, those whose shares are listed on major US exchanges.

What touched off a bit of run on tech stocks in New York, last Monday, was an announcement from Cisco Systems Incorporated, a report which painted a very poor picture of the technology giant, once considered to be the best of the best in Silicon Valley, California.

Cisco Systems announced that sales for the third quarter of last year were lower by about 30 percent, compared with the second quarter.

In addition, the company announced that it would be sacking about 8,500 of its workers.

For the fourth quarter of last year, the company said that it expected earnings to be flat, or even down another 10 percent.

That put the cat among the pigeons: The share price of Cisco Systems lost about 7.60 percent, in short order.

Down went the NASDAQ Composite Index after the closing bell by about 2 percent ñ in addition to trading, during the day, trading which saw the NASDAQ lose nearly 3 percent of its value.

Investors in the most populous part of the world took in all the doom-laden news from the largest economy in the world, but, for many investors, it was, all, old hat.

It was a story that had been repeated, too many times, already: Investors were tired of the gloom and doom.

Many Asian markets had been closed for the 4-day Easter Holidays (from Friday, April 13 to Tuesday, April 17) so that what had happened on Wall Street, when Asia was on holiday, did not have such a dramatic effect, as many pundits had forecast.

The ratio of losers to gainers was about 1.66:One, with the Ten Most Actives, representing about 44 percent of the entire volume of activity.

The following is the long list of double-digit movers of last Tuesday:

Name of Company	Code	Increase (%)	Decrease (%)	Closing Price ($HK)
Anhui Conch Cement Company Ltd	914	13.18		1.48
Beiren Printing Machinery Holdings Ltd	187	13.16		2.15
CATIC Shenzhen Holdings Ltd	161	17.14		1.23
Chengdu PTIC Telecommunications Cable Company Ltd	1202	15.45		1.42
China Elegance International Fashion Ltd	476	25.00		0.015
Chinney Alliance Group Ltd	385		16.28	0.036
CNT Group Ltd	701		10.71	0.25
Dickson Concepts (International) Ltd	113	10.28		2.95
Dongfang Electrical Machinery Company Ltd	1072	14.02		1.22
e2-Capital (Holdings) Ltd	378		11.25	0.355
Easyknit International Holdings Ltd	1218	43.24		0.265
Fulbond Holdings Ltd	1041	10.71		0.031
G-Prop (Holdings) Ltd	286		10.71	0.025
Goldwiz Holdings Ltd	586	12.20		0.46
Guangdong Brewery Holdings Ltd	124	10.61		0.365
Guangdong Buildings Industries Ltd	818	11.11		0.70
Guangdong Investment Ltd	270	14.29		0.80
Guangnan (Holdings) Ltd	1203	28.33		0.154
Guangzhou Pharmaceutical Company Ltd	874	17.42		2.325
Guangzhou Shipyard International Company Ltd	317	17.98		1.05
Harbin Power Equipment Company Ltd	1133	13.16		0.86
The HKCB Bank Holding Company Ltd	655	15.24		3.025
ING Beijing Investment Company Ltd	1062	14.86		0.17
Interchina China Holdings Company Ltd	202	25.40		0.395
iQuorum Cybernet Ltd	472	12.00		0.028
Jingwei Textile Machinery Company Ltd	350	12.50		2.025
Karce International Holdings Company Ltd	1159		34.85	0.215
Lippo China Resources Ltd	156	16.10		0.137
Luen Cheong Tai International Holdings Ltd	1190		19.83	0.097
Mansion Holdings Ltd	547	13.33		0.068
Northern International Holdings Ltd	736		20.00	0.02
Ocean Shores Group Ltd	764	11.59		0.77
Pacific Plywood Holdings Ltd	767	18.97		0.069
QPL International Holdings Ltd	243		10.77	2.90
Quality Food International Ltd	735	10.71		0.093
Rising Development Holdings Ltd	1004		13.33	0.28
RNA Holdings Ltd	501		14.06	0.165
South East Asia Wood Industries Holdings Ltd	1205	19.90		0.235

Shandong Xinhua Pharmaceutical Company Ltd	719	12.35		2.275
Shenyang Public Utility Holdings Company Ltd	747	11.17		1.99
The Sincere Company Ltd	244	10.29		0.375
South East Group Ltd	726		10.00	0.018
Technology Venture Holdings Ltd	61		12.50	1.05
Tem Fat Hing Fung (Holdings) Ltd	661		16.22	0.031
Top Form International Ltd	333		12.00	0.11
vLink Global Ltd	563		14.29	0.036
Wah Tak Fung Holdings Ltd	297		15.94	0.058
Wing Shan International Ltd	570		13.25	0.36
Yunnan Enterprises Holdings Ltd	455	14.29		0.64

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, investors were in the mood to buy ñ and buy they did.

The Growth Enterprise Index gained about 0.89 percent, rising to 256.72 points on a Total Turnover of about $HK206.32 million.

There was no special news to endorse investor interest in GEM stocks and, if anything, good reason could have been given for not buying into this speculative market.

But, as TARGET has stated, many times in the past, one cannot fart against thunder.

The top stock of the day was Rupert Murdochís Phoenix Satellite Television Holdings Ltd (Code: 8002).

More than 30.48 million of this companyís shares were traded, with its share price, fluctuating between a low of $HK1.26 and a high of $HK1.39.

It ended the day at $HK1.35 per share, a gain of 5.47 percent, compared with the closing price on Thursday, April 12.

The volume of activity in this counter, at $HK40.48 million, represented about 19.62 percent of the Total Turnover for the day.

Gainers outnumbered losers by the ratio of about 1.38:One.

Of the 64 companies, listed on The GEM, 25 percent of them scored double-digit movements, as the following TARGET table illustrates:

Name of Company	**Code**	**Increase (%)**	**Decrease (%)**	**Closing Price ($HK)**
36.com Holdings Ltd	8036	16.67		0.035
Chengdu Top Sci-Tech Company Ltd	8135	42.16		1.45
China Medical Science Ltd	8120	34.07		0.61
Computech Holdings Ltd	8081		12.00	0.44
Fortune Tele.com Holdings Ltd	8040	35.15		0.50
Kingdee International Software Group Company Ltd	8133	19.17		1.43
Pine Technology Holdings Ltd	8013	32.64		0.445
Qianlong Technology International Holdings Ltd	8015	20.00		0.78
Shanghai Fudan Microelectronics Company Ltd	8102	29.87		2.00
Systek Information Technology (Holdings) Ltd	8103	20.53		0.229
Techwayson Holdings Ltd	8098	10.14		0.76
Trasy Gold EX Ltd	8063	10.53		0.021
Yuxing Infotech Holdings Ltd	8005	10.26		0.86

In Japan, the premier stock market went into decline, following on from Wall Streetís losses.

The Tokyo Stock Exchange saw its Nikkei-225 Index shed about 187.80 yen, falling to 13,067.09 yen.

Aside from the fears, felt internationally, due to the Cisco Systemsís announcement, there were other matters, down on the Japanese *ëfarmí*, matters which concerned the worldís second largest economy, very much.

It was announced that Daiwa Toshi Kanzai, a former, major dealer in mortgage-linked securities, based in Osaka, Japan, was to be shut down.

In addition, The Osaka District Court issued an Order under the Commercial Code (of Japan) in order to protect the assets of the entity so that investors would have something left of the fund of about 130 billion yen.

The executives of Daiwa Toshi Kanzai were being considered as possible suspects of fraud on investors.

That was bad enough, but then Japanís Central Bank, The Bank of Japan, announced that industrial production was rapidly declining ñ while Japanese investor sentiment was worsening.

And, then, adding insult to injury, so to speak, it was announced that the Japanese Government would impose a 200-day import curb on naganegi leeks, raw shiitake mushrooms and rushes.

The reason for the imposition of the curbs: The PRC was producing too many of these products, thereby *ëkillingí* the Japanese market for them.

And Japan claims to believe in free trade policies, too.

The Tokyo Stock Exchange had to digest all of these, and other, parochial matters, the stagflation of the economy, as well as put up with the rest of the world where everybody seemed to be wanting to cut back on expenses.

Toyota Motor Corporation announced that it had sold its stake in companies in the J-Phone Communications Company to Japan Telecom Company for 45 billion yen.

Toyota, the largest manufacturer of motor vehicles in the country, stated that it wanted to concentrate its efforts on its ties with KDDI, Japanís second largest telecommunications company.

Toyota owns about 13.30 percent of KDDI and is that companyís second largest shareholder.

Toyota lost 10 yen per share to close at 4,060 yen while KDDI lost 10,000 yen per share, about 2.44 percent, to end the day at 400,000 yen, exactly.

By and large, losses were contained, but some of the high-flyers did get hurt, especially in the electronics sector of the market, as the following indicates:

Advantest	Down 4.16 percent to 12,650 yen per share
Fujitsu	Down 2.71 percent to 1,581 yen per share
Furukawa Electric	Down 6.25 percent to 1,335 yen per share
Kyocera Corporation	Down 4.51 percent to 11,230 yen per share
Rohm Corporation	Down 2.84 percent to 19,820 yen per share

Aside from Japan, other parts of Asia, with the lone exception of South Korea, were all writing in stock market figures in red ink.

This was how the situation looked, last Tuesday, in Asia:

Indonesia	Minus 0.87 percent

Japan	Minus 1.42 percent
Malaysia	Minus 1.08 percent
The Philippines	Minus 1.25 percent
Singapore	Minus 1.70 percent
South Korea	Plus 1.11 percent
Taiwan	Minus 0.01 percent
Thailand	Minus 1.60 percent

Wednesday

The bulls were charging on The Stock Exchange of Hongkong Ltd, last Wednesday, as investors shrugged off Tuesdayís blues in favour of adopting a much more optimistic economic view of the international situation.

The Hongkong Special Administrative Region (HKSAR) of the Peopleís Republic of China (PRC) watches the US economy, very closely, because the US is, still, the HKSARís largest single market, be it for direct exports or for re-exports.

On Tuesday, on The New York Stock Exchange, while there was no suggestion of a change in economic sentiment, it appeared, at the same time, that the market was resisting, sliding to lower levels.

As a result, the NASDAQ Composite Index rose just 13.47 points, about 0.71 percent, to 1,923.04 points, while the 30-stock, blue-chip index of The New York Stock Exchange, the Dow Jones Industrial Average, gained 58.30 points, about 0.57 percent, to close the day at 10,216.86 points.

The smallish gains on both stock markets, the largest of their respective types in the world, came in the wake of some rather frightening corporate news.

But that did not seem to bother investors, too much, unlike, just a few weeks earlier, when such news would have knocked the stuffing out of the marketplace.

The Cisco Systemsís report was still being digested (please see Tuesdayís report), but, on Tuesday, New York time, other *ëbiggiesí* added to the gloom from corporate America.

Intel, the worldís largest producer of computer chips, reported a 64-percent reduction in its Bottom Line for the first quarter of this year.

While the company said that it was hoped that things would turn around in the second half of the year, the news, that first quarter Net Profits had sunk to about $US1.10 billion, down from the like period in the 2000 year when the company reported first quarter Net Profits of $US3.04 billion, struck a rather dull cord in investors.

Intelís sales, during the first quarter, had retreated about 16 percent in the period.

From The Eastman Kodak Company came more depressing news.

The film and paper company announced a 48-percent drop in first quarter profits, compared with the like period in 2000, to $US150 million.

The company said it planned to cut out about 3,500 jobs.

Then, from Texas Instruments, the worldís foremost manufacturer of computer chips for mobile telephones, came news that it would be laying off about 6 percent of its total workforce, equal to about 2,500 workers.

Texas Instrumentsís first quarter income fell 36 percent, compared with the first quarter of 2000, the company said.

And, if that was not enough, it was announced that PSINet, a leading Internet service provider in the US, was considering shutting up shop, for good.

The company had, early in the year, said that it was fast running out of cash.

During the 2000 Financial Year, the company lost about $US5 billion.

Things in the US were looking even worse for this Internet provider in the current year -- so it was thinking of calling it a day.

Investors in the HKSAR, however, were not concerned about the present situation in the worldís largest economy on the grounds that, the worse that it got, the more chance there was that the US Government/US Federal Reserve would come to the rescue.

If it did not, there would be dire consequences, internationally, to be sure.

With this attitude -- well grounded in fact -- investors on the second, largest bourse in Asia went on a buying spree.

It appeared to be: Shop until you drop.

The Total Turnover was only $HK9.73 billion, hardly the volume of activity, associated with a bull market, but the ratio of gainers to losers was a booming 3.28:One.

Which is reminiscent of a bull market.

It looked as though the market was set for a strong revival.

The Hang Seng Index shot up about 2.91 percent to 12,972.80 points, most of the gains, coming in the morning session to 12:30 pm.

Banks led the charge with Dao Heng Bank Group Ltd (Code: 223) and HSBC Holdings plc (Code: 5), being the 2 leaders on the Ten Most Active list, being in the Number 2 and Number 3 positions, respectively.

Dao Heng Bank saw a total of about 9.21 million of its shares change hands, equal to about $HK518.41 million, or about 5.34 percent of the Total Turnover.

It ended the day with a 0.89-percent gain to $HK56.50 per share.

As for HSBC Holdings, its share price gained 1.35 percent, rising to $HK94 per share after about 5.05 million of its shares were traded.

The Li Ka Shing-controlled company, Hutchison Whampoa Ltd (Code: 13), was the most active counter as investors spent about $HK617.94 million in trading in about 7.34 million of this conglomerateís scrip.

By the end of the day, its share price was $HK85.25, a one-day gain of about 4.92 percent.

There were so many double-digit movements in so many counters that TARGET declines to print them in our usual table format because it would take at least 5 pages to fit them all in.

The reason for the marketís speedy upward movement was, probably, due to the fact that, as far as Asia was concerned, the HKSAR stock market had been badly oversold: It did not warrant the thumping that it had received since the beginning of the year.

Meanwhile, homegrown corporate entities, other than dot.com companies, have not done as badly as many people had been forecasting, the Li Ka Shing mob, notwithstanding.

On The GEM ñ The Growth Enterprise Market ñ of The Stock Exchange of Hongkong Ltd, it was, like the Main Board, all systems *ëGo! Go! Go!í*

The Growth Enterprise Index regained another 3.74 percent of its value, rising to 266.31 points on a Total Turnover of about $HK282.99 million.

Once again, there appeared to be no particular reason for the seeming euphoria on this marketplace, but one noted that many counters had been oversold since the start of the year.

The ratio of gainers to losers on this market was about 4.20:One ñ the Mark of the Bull.

Greencool Technology Holdings Ltd (Code: 8056) was the lead counter as investors spent about $HK36.20 million in trading 17.13 million of this companyís scrip.

Greencool Technology, trading in which represented about 12.79 percent of the entire volume of activity, saw its share price rise to $HK2.10, a one-day gain of about 3.70 percent.

The biggest winner on The GEM was Syscan Technology Holdings Ltd (Code: 8083) as its share price rose exactly 50 percent, ending the day at 25.50 cents.

The second, biggest gainer of the day was Pine Technology Holdings Ltd (Code: 8013) whose share price scooted up 46.07 percent to 65 cents per share.

Of the 64 companies, listed on The GEM, just 9 counters were in negative territory, with 19 counters, experiencing double-digit movements, only one of which was negative.

In Japan, it was only too apparent that the bulls were charging.

The Tokyo Stock Exchange shrugged off the pessimism of the previous months as investors chased up share prices.

As a result, the Nikkei-225 gained about 4.40 percent, rising to 13,641.79 yen.

Electronics were at the forefront of the activity.

Japan was of the opinion that things had been sufficiently shaken out and, now, was the time to buy in.

In electronics, these were some of the largest gainers:

Advantest	Up 14.23 percent to 14,450 yen per share
Alps Electric	Up 5.59 percent to 1,285 yen per share
Casio Computer	Up 4.73 percent to 819 yen per share
Fujitsu	Up 5.12 percent to 1,662 yen per share
Furukawa Electric	Up 6 percent to 1,415 yen per share
Kyocera Corporation	Up 6.86 percent to 12,000 yen per share
NEC Corporation	Up 4.36 percent to 2,035 yen per share
Rohm	Up 5.35 percent to 20,880 yen per share
Sharp Corporation	Up 4.90 percent to 1,626 yen per share
Sony Corporation	Up 2.17 percent to 8,060 yen per share

There were just 3 major movers in the motor sector of this stock market:

Honda Motor	Up 4.20 percent to 4,960 yen per share
Mabuchi Motor	Up 7.14 percent to 12,010 yen per share
Suzuki Motor	Up 4.84 percent to 1,515 yen per share

The ratio of gainers to losers on the premier Japanese stock market was about 3.68:One.

Most Asia bourses were, relatively, quiet, aside from the HKSAR and Japan, although South Koreaís Seoul Composite Stock Price Index (the KOPSI) outperformed all other stock markets as the following indicates:

Indonesia	Minus 1.06 percent
Japan	Plus 4.40 percent
Malaysia	Minus 0.88 percent
The Philippines	Minus 0.68 percent
Singapore	Plus 2.51 percent
South Korea	Plus 5.06 percent
Taiwan	Plus 1.41 percent
Thailand	Plus 3.74 percent

Thursday

There was no question about it: The bulls were charging on Asiaís 2 largest stock markets, Japan and the Hongkong Special Administrative Region (HKSAR) of the Peopleís Republic of China (PRC).

On The Stock Exchange of Hongkong Ltd, the Hang Seng Index, the guide to trading on the Main Board, raced up with a one-day gain of about 4.44 percent, or about 576.15 points.

The Total Turnover was up to $HK17.75 billion, up in bullish territory, to be sure.

Without a sufficient volume of activity, it is impossible for any rally to be sustained on any market, anywhere in the world.

Once again, the lionís share of the gains came in the morning session as investors went chasing some of the former *ëdarlingsí* that had fallen out of favour, of late.

The reason for the continued rally on Asiaís largest bourses was a shock announcement from the US Federal Reserve that it would be cutting interest rates by another 50 basis points.

The Fedís announcement, made last Wednesday, New York time, surprised just about everybody in the securities industry of the US because the Fed is not scheduled to meet until May 15.

On that date, it was expected that interest rates would be cut.

But to cut rates in between scheduled Fed meetings must be an indication that something big is afoot.

That *ësomethingí* must be grave concern in US Government circles in respect of the economy and its domino effect on its trading partners.

The NASDAQ Composite Index gained 8.13 percent, rising to 2,079.62 points, while the blue-chip index of The New York Stock Exchange, the Dow Jones Industrial Average, put on 398.91 points, about 3.90 percent, recovering to 10,615.64 points.

Investors were embracing the Fedís decision, not caring, it appeared, the deeper implications of the move.

Investors, by and large, are pretty shallow in their thinking, in any case, but there were some noises, coming from the corridors of corporate America, noises that told the tale.

From Ford Motor Company came news that it had suffered a 41-percent drop in profits for the first quarter of 2001.

The second, largest manufacturer of motor vehicles stated that the reduced earnings were not the result of just US motor-car sales, but a drop in sales in other markets, too.

From the US Commerce Department came news that there were signs of abject weakness in the economy, exemplified by the US trade deficit.

The Fed, it would appear, was making more, and cheaper, short-term funds available to corporations in order to try to prime the US economic *ëpumpí*.

The May 15 meeting of the Fed, it was thought, might well see another interest-rate cut: The Fed is likely to opt to keep up the pressure and retain some kind of economic momentum going.

But, for the HKSAR, the interest-rate cut was seen as not meaning too much, all things considered, because the economic fundamentals in the territory had not changed.

The man-in-the-street did not have any more disposable income in his pocket; and, there appeared to be nothing to indicate that there would be more cash available for him to spend.

But speculators, nevertheless, were talking up the market, gambling how high it would reach in this rally.

HSBC Holdings plc (Code: 5) continued to be among the Ten Most Actives as investors bought and sold a little more than 16.30 million HSBC Holdingsís scrip.

But its share price was trapped within a $HK1.75 channel, resisting any more than a 4.79-percent rise, compared with the closing level of Wednesday. It ended the day at $HK98.50 per share.

Trading in this one counter, the leader of the day, represented about 9 percent of the entire volume of activity.

Mr Li Ka Shingís conglomerate, Hutchison Whampoa Ltd (Code: 13), was in second place, last Thursday, as investors pushed up its share price by about 5.28 percent to $HK89.75 per share.

Trading in this counter, at a volume of about $HK1.52 billion, represented about 8.56 percent of the Total Turnover.

In third place was China Mobile (Hongkong) Ltd (Code: 941) with about $HK1.37-billion worth of its scrip, changing hands during the day. This volume of activity represented about 7.72 percent of the Total Turnover.

China Mobileís share price ended the day at $HK38.90 for a gain of nearly 6 percent over Wednesdayís closing level.

The 3 leading counters, therefore, represented a little more than 25 percent of the entire volume of the day.

Once again, the number of double-digit movers was too numerous to put into a TARGET table, but the biggest movers were the 5 counters, listed below:

Kin Don Holdings Ltd (Code: 208) Luen Cheong Tai International Holdings Ltd (Code: 1190)	Up 41.03 percent to 5.50 cents per share Up 21.65 percent to 11.80 cents per share Up 22.50 percent to 9.80 cents per share

Multified International Holdings Ltd (Code: 898)	Up 28.57 percent to 4.50 cents per share
Nam Fong International Holdings Ltd (Code: 1176)	Up 26 percent to 12.60 cents per share
Sen Hong Resources Holdings Ltd (Code: 76)	

While speculators were having a wonderful time on The Stock Exchange of Hongkong Ltd, chasing up share prices, from SmarTone Telecommunications Holdings Ltd (Code: 315) came news that it was to cull 60 jobs.

The telecommunications company said that it had lost about $HK100 million in its broadband venture in the HKSAR.

Competition for the company, it seemed, was cutting into its Bottom Line; and, Management was unable to stand up to the challenge from rivals.

The ratio of gainers to losers on the Main Board of The Stock Exchange of Hongkong Ltd was about 1.98: One.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, it was another good day for investors as The Growth Enterprise Index gained another 1.94 percent, rising to 271.47 points on a Total Turnover of about $HK386.57 million.

There were 11, double-digit movers on this speculative marketplace, 2 of which recorded negative values:

L.P. Lamma International Ltd (Code: 8029)	Down 11.59 percent to 6.10 cents per share
Town Health International Holdings Company Ltd (Code: 8135)	Down 25.21 percent to 89 cents per share

The biggest gainer of the day was M21 Technology Ltd (Code: 8153) whose share price was pushed 54.43 percent higher to end the day at 61 cents per share.

There was no special news from any of the companies, listed on this market; it was just pure speculation on the part of Chinese punters that pushed the market to higher ground.

The ratio of gainers to losers closed to 1.65:One.

In Japan, it was, once again, hi-techs that gained, substantially, on the booming marketplace of The Tokyo Stock Exchange.

The Nikkei-225 tore up the book of economic sense and, as though everything were wonderful in The Land of The Rising Sun, the blue-chip gauge rose 226.49 yen to 13,868.28 yen, a gain of about 1.66 percent over Wednesdayís close.

The ratio of gainers to losers narrowed, compared to Wednesdayís statistics, to about 1.34:One.

There were 2 pieces of very positive news, coming from 2 different directions.

Departmental store chain, Takashimaya Company, announced that its Net Profits had risen, Year-on-Year, by about 29.40 percent.

Its Financial Year, ended February 28, 2001, saw Net Profits at about 8.32 billion yen (about $HK13.87 million).

Takashimayaís share price sank about 5 percent on the news to 897 yen.

From Sony Corporation came news that it was considering merging parts of its mobile telephone business with L.M. Ericsson Telephone Company of Sweden.

Ericsson, as it is more popularly known, is the worldís third largest mobile telephone manufacturer.

The idea of the 2 giants is for Sony and Ericsson to share the cost of developing terminal units in preparation for the coming generation of mobile telephone services, with Ericsson, making full use of its telecommunications expertise, while Sony would be able to add value to the system with its music and imaging transmitting know-how.

Sonyís share price rose to 9,250 yen, last Thursday, up about 3.24 percent, compared with Wednesdayís closing level.

Other major electronics to make material gains included:

Advantest	Up 4.78 percent to 15,140 yen per share
Alps Electric	Up 6.23 percent to 1,365 yen per share
Casio Computer	Up 4.15 percent to 855 yen per share
Fujitsu	Up 5.29 percent to 1,750 yen per share
Kyocera Corporation	Up 6.33 percent to 12,760 yen per share
NEC Corporation	Up 5.90 percent to 2,155 yen per share
Pioneer Electric	Up 4.57 percent to 3,660 yen per share
Rohm	Up 7.14 percent to 22,370 yen per share
Sharp Corporation	Up 4.12 percent to 1,693 yen per share

Other parts of Asia, also, joined in the fun, although the HKSAR and Japan led the way:

Indonesia	Minus 1.94 percent
Japan	Plus 1.66 percent
Malaysia	No Movement
The Philippines	Plus 0.20 percent
Singapore	Plus 2.49 percent
South Korea	Plus 4.32 percent
Taiwan	Plus 1.81 percent
Thailand	Plus 0.25 percent

Friday

The big news of the day was that the Number Two son of the richest man, who ever lived, and the man, who is most loved by investors, the world over, was sued for uttering falsehoods in respect of his non-existent, academic qualifications.

Mr Richard Li Tzar Kai, Mr Li Ka Shingís partially educated son, who had claimed to be a graduate of Stanford University, in the US, but, in fact, it transpired that he was a dropout from that illustrious school of higher learning, was sued in New York in a class action suit.

He is being accused of forming part of a bogus or deceptive scheme to seduce investors to buy into a company, listed on NASDAQ.

Mr Richard Li Tzar Kai is the Chairman of Pacific Century CyberWorks Ltd (Code: 8, Main Board, The Stock Exchange of Hongkong Ltd).

He has, already, admitted, his errors of judgment in not correcting erroneous Press reports in regard to his academic credentials ñ which are non-existence.

For the Li Family, this is a big loss of face.

But one had to remember that, as Mr Li Ka Shing has repeatedly said: *ëMy son* (Richard) *is not a liar!í*

The Richard Li Tzar Kai writ was the second, major shock for the stock markets of the Hongkong Special Administrative Region (HKSAR) of the Peopleís Republic of China (PRC), following on from the interest-rate cut in the US.

The New York lawsuit will mean little to investors in Asia, but it does say a lot for the tens of thousands of people, who trusted this young man, who was, once, the toast of the cocktail circuit.

The Main Board of the Stock Exchange of Hongkong Ltd lost about 0.74 percent of its value, snapping a 2-day winning streak.

The Total Turnover shrank back to about $HK9.76 billion in a session which, most likely, was simply investors, taking profits and running.

Losers were ahead of gainers by about 1.73:One, with about 49 percent of all counters, either seeing no movements in their shares, or holding onto Thursdayís closing levels.

HSBC Holdings plc (Code: 5) and China Mobile (Hongkong) Ltd (Code: 941) were, again, in the spotlight on the Ten Most Actives, with about 8.08 million HSBC Holdingsís shares, changing hands, and about 16.85 million China Mobileís shares, being traded.

HSBC Holdingsís share price ended the week at $HK99.25, a gain of 0.76 percent over Thursdayís close, while China Mobileís share price shed 2.57 percent of its value, falling back to $HK37.90 per share.

The aggregate value of trades in these 2 heavyweights (about $HK1.44 billion) represented about 14.75 percent of the Total Turnover of the day.

Hutchison Whampoa Ltd (Code: 13), the Li Ka Shing conglomerate, struggled against a sea of investors, all intent of dumping the stock. Its share price fell to $HK87.75, down about 2.23 percent on Thursdayís close.

Cheung Kong (Holdings) Ltd (Code: 1), Mr Li Ka Shingís flagship company, lost 1.71 percent of its market capitalisation, falling to $HK86 per share.

It was not a good day for the Li Ka Shing Camp.

News wise, The Hongkong Association of Banks announced that it would cut interest rates in the HKSAR by 50 basis points, effective the following Monday (today).

Mortgage rates in the territory stood at a 30-year low, it was announced.

And they continued to head lower.

It will take a couple of months before the effects of lower interest rates will be felt on the property market of the HKSAR ñ but it is almost a certainty that it will tempt people, back into bricks and mortar, eventually.

In New York, last Thursday, New York time, investors were still bullish about the most important stock market in the world as the NASDAQ Composite Index gained another 120.60 points, about 4.93 percent, while the Dow Jones Industrial Average put on another 0.74 percent, rising to 10,693.91 points.

It did look, last Thursday, however, that The New York Stock Exchange was beginning to run out of steam.

Hi-techs continued to be strong, spurred along by a report from the worldís largest computer software maker, Microsoft Corporation.

Microsoft announced gross income of about $HK6.46 billion for its quarter to March 31, 2001, up about 14 percent on the like period in 2000.

On the negative side of the ledger, it was announced that L.M. Ericsson Telephone Company would be sacking 12,000 of its workers.

The company had suffered a first-quarter loss. (Please see Thursdayís report in respect of this company and its talks with Sony Corporation)

Investors in the HKSAR saw what was happening on The New York Stock Exchange, but they, also, saw that, in order for Asia to benefit, long term, the US economy had to show signs of turning, away for its recessive economic curve.

Also, it was noted that unemployment in the HKSAR was on the rise and stood at 4.60 percent for the first quarter of the 2001 calendar year.

The biggest gainer on the Main Board of The Stock Exchange of Hongkong Ltd was Lippo China Resources Ltd Code: 156), whose share price rose 49.67 percent to 22.90 cents per share.

The biggest loser was Northeastern Electrical T&T Machinery Manufacturing Company Ltd (Code: 42), the share price of which shed 22.34 percent of its market capitalisation, falling back to 73 cents per share.

On The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, losers outnumbered gainers by the ratio of about 2.13:One.

It was a day that saw 13 double-digit movers ñ about 20 percent of the entire number of counters, listed on the market -- with only 3 counters, registering gains.

The biggest gainer of the day was Trasy Gold EX Ltd (Code: 8063) as its share price rose 30.43 percent to 3 cents per share after about 21.66 million shares changed hands.

The biggest loser of the day was Smartech Digital Manufacturing Holdings Ltd (Code: 8068) as 22 million shares of this company changed hands, with its share price, falling 17.14 percent to 2.90 cents.

The Growth Enterprise Index lost about 0.91 percent of its value, falling to 268.99 points on a Total Turnover of $HK337.45 million.

In Japan, the premier stock market, The Tokyo Stock Exchange, gave up ground as investors started to show signs of concern, following more and more reports from companies that are, clearly, struggling.

The Nikkei-225 lost 102.61 yen, about 0.74 percent, falling to 13,765.67 yen.

The ratio of losers to gainers was about 1.40:One.

Earnings reports from hi-techs were due in the following week; many investors preferred to wait before making fresh commitments.

Electronics took a beating, by and large, following reports from insiders that the worst, in regard to profits of some of the *ëdarlingsí*, would be made known within a fortnight.

But most of the losses were relatively minor, relative that is to the massive gains of earlier in the week.

TDK Corporation, however, was the exception as its share price fell 10.82 percent to 7,580 yen on a report that its earnings for the previous year were off by about 50 percent.

Compared to the markets of Wednesday and Thursday, The Tokyo Stock Exchange was very quiet.

And this is how things came to a close, last Friday, in the rest of Asia:

Indonesia	Minus 1.85 percent
Japan	Minus 0.74 percent
Malaysia	Plus 0.99 percent
The Philippines	Minus 0.02 percent
Singapore	Plus 0.62 percent
South Korea	Minus 1.25 percent
Taiwan	Minus 0.21 percent
Thailand	Minus 1.84 percent

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