

**MR INVESTOR:
THE DUST HAS NOT SETTLED,
BY A LONG SHOT**

Despite what was perceived to be better Interim Results for the 'prince' of publicly listed companies, listed on The Stock Exchange of Hongkong Ltd, the mighty HSBC Holdings plc, the Hang Seng Index appeared to refuse to rise to the occasion, ending the week at 13,167.06

The result for the 5 days of trading for the week, ended August 6, was a loss of about 20 points over the previous week's close of 13,186.86 points.

While many stockbrokers were, clearly, trying to talk up the market, early last week, with statements that went along the lines *'All things considered, the Hongkong Bank has done very nicely', 'Better than expected!' 'It confounds me how they are doing it'*, in the clear light of day, looking at the earnings' results of many companies, objectively, banks, property related companies, companies, which rely on the success of property companies for their daily bread, retailers et al are still struggling with the economic problems of Asia of the past few year.

As for the volume of activity, again it was nowhere near what would be required for the Hongkong stock market to be considered entering, or having entered, a bull phase.

In terms of daily volume, here is the order of things:

Monday	\$HK6.47 billion
Tuesday	\$HK5.39 billion
Wednesday	\$HK5.11 billion
Thursday	\$HK5.60 billion
Friday	\$HK5.45 billion

On Wednesday night, however, Standard Chartered Bank pricked the stock-market bubble with a report, widely reported on Thursday morning, which stated that the Pre-Tax Profit for this huge banking group, for the half year to June 30, 1999, was down about 34.85 percent, compared with the comparable period in 1998, to about \$HK3.40 billion.

The Chairman of Standard Chartered made no bones about the situation, blaming his bank's poor Results on the difficult economic situation in Asia for the period under review.

Mr Patrick Gillam's announced a Provision of nearly \$HK3 billion for bad and doubtful debts.

The Bottom Line for Standard Chartered Bank: A Profit of about \$HK2.31 billion.

On Monday night, August 2, Mr Vincent Cheng Hoi Chuen, Vice Chairman and Chief Executive Officer of Hang Seng Bank Ltd, made some interesting observations, some of which were reported in the inside pages of a somewhat popular, English, morning daily newspaper.

Mr Cheng said, among other things: *'I don't expect our business (Hang Seng Bank's business, that is) would have much change for the second half of the year as the economy is still flat.'*

But the backroom boys, pushing new issues and what-have-you, had a field day, last week, when it was announced that the latest offering from the Government of the People's Republic of China (PRC), Great Wall Technology Company Ltd, was 97 times over-subscribed.

The Chairman of Great Wall, Mr Wang Zhi, is reported to have stated, on hearing the wonderful news: *'Warm responses from both the retail and institutional investors reflected their confidence in Great Wall's fundamentals and prospects ...'*

(TARGET's analysis of this IPO may be found in TARGET Intelligence Report, Volume One, Number 64, published on Monday, August 2)

Meanwhile, across the Taiwan Strait, the harangue continues, with President Lee Teng Hui of Taiwan, keeping up the pressure on the Government of the PRC, claiming that Taiwan should be treated as a state, separate from the PRC.

So, Beijing launched a new long-range, ground-to-ground missile.

In the event that President Lee does attempt to make Taiwan independent of the PRC, war between Taiwan and the PRC is imminent, it appears.

On Thursday night, another bombshell hit home when Wing Hang Bank Ltd, another 'biggy', announced its 1999 Interim Results to June 30, 1999.

Wing Hang Bank announced that it had made a charge against bad and doubtful debts, equal to about \$HK216 million.

The Profit Attributable to Shareholders fell about 9 percent, compared with the comparable 1998 period, to about \$HK332.47 million.

The Chairman and Chief Executive Officer of Wing Hang Bank, Mr Patrick Fung, would only go on record to the extent as to say that he thought there could be a gradual return to growth in the Hongkong Special Administrative Region (HKSAR).

On a less important note was the fact that, on the day that Wing Hang Bank let go its bad news, Mr Sonny Yeung, Chairman of Emperor International Holding Ltd, announced that his company had suffered a \$HK479 million Loss Attributable to Shareholders for the Financial Year, ended March 31, 1999.

This compared with a Profit Attributable to Shareholders of about \$HK43 million for the previous Financial Year.

The securities and brokerage side of the Group was in the red and the restaurant side of the Group had to take a \$HK132-million 'bath'.

All in all, a pretty poor state of affairs.

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