

LOOK BACK IN ANGER

If it is true to say that absence makes the heart grow fonder, then something must be woefully wrong with this observer for, having to read the garbage, contained in various prospectuses of companies, domiciled in the People's Republic of China (PRC), all lusting after a slice of the Hongkong financial '*cake*', via going public on The Stock Exchange of Hongkong Ltd, one cannot help but be appalled at having discovered that many of the prognostications of yesteryear were spot on.

Tens of billions of dollars have been lost by Mr Mug Public!

The culprits are the former Government of Hongkong, under Governor Chris Patten, and the directors and chairman of The Hongkong Securities and Futures Commission (SFC) and The Stock Exchange of Hongkong Ltd.

One would have had to have been a complete and utter Cretan not to have realised, a few short years ago, that the PRC's business acumen was equal to the intelligence of the proverbial ant, plotting to rape an elephant, having fallen madly in love with the pachyderm

Even the tiniest accounting firms in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), and the biggest accounting firms/companies in the world, knew, a few short years ago, and still know, today, that many of the so-called accounting practices of most PRC corporate entities are sadly lacking, both in the following of accepted international accounting guidelines and the veracity of most of the statements, made by puppet directors of most PRC corporate entities, the majority of whom were/are stooges of the Government of the PRC.

While many of the public flotations in the HKSAR, during the past decade, were offshoots of poorly managed PRC, Government-regulated corporate entities, many of them had not a cracker in the bank.

That, clearly, was the primary reason that they sought a listing on The Stock Exchange of Hongkong Ltd.

Why did not the relevant Hongkong Authorities protect the ignorant and innocent HKSAR prospective investors, knowing full well of the situation?

Many of these PRC corporate entities, which are now showing losses in the tens of billions of dollars, with some, having to shut up shop, completely, never had a show in the world, not even from Day One.

These entities should never have been allowed to tantalise prospective investors with a public offering.

There never was any professional management expertise in these PRC entities, and the dressing up of the boards of directors was just that: Cosmetic treatment, applied over the decaying face of financially sick, PRC-Government, regulated corporate entities.

Mr John Crawford, the former senior partner of the accounting firm of Ernst and Young, was not above giggling, following the publication of the prospectus for Guangshan Railway Company Ltd.

In the final part of a TARGET financial analysis of Guangshan Railway, TARGET readers were informed that they would be better off taking the bus – because this train was going nowhere, fast

The former Executive Director of Enforcement for the SFC, Mr Gerry McMahon, when questioned, some years ago, as to the reason that certain PRC companies were being allowed to go public since, in many people's opinions, these PRC companies had the energy of an emaciated and spent lover, who had not the strength to

consider mounting the object of his affections, said something to the effect that there was nothing wrong with that type of company, seeking a listing in the HKSAR.

Mr Gerry McMahon said that The Stock Exchange of Hongkong was satisfied with the bona fides of the PRC companies, wanting to tap the capital market of HKSAR – and he, then, derided those critics for suggesting that many/most of the PRC companies should not be permitted to enter the HKSAR marketplace due to suggested inadequacies in proper management and sufficient financial muscle.

Alas, saturation advertising, write-ups in certain friendly media of the HKSAR, and extensive public relations, disseminated by paid liars, for the most part, ensured that these worthless corporate entities raised billions of dollars for the PRC coffers.

Many of these corporate entities, as most of the world, today, realises, have, since, gone by the book, having withered on the vine.

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