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### S. MEGGA TELECOMMUNICATIONS: KENG FONG SIN KEE OUT?

#### RAYMOND LEUNG OUT?...

#### CHINA TO THE RESCUE?

Publicly-listed Keng Fong Sin Kee Construction and Investment Ltd is believed to have disposed of its holdings in the electronics company, S.Megga Telecommunications Ltd, as has the estate of the former Chairman of the company, Mr Kong Tak Yan.

The purchaser is thought to be a shelf company controlled by the People's Republic of China, and it is further thought that this company will inject cash into S.Megga.

The name of the shelf company is believed to be Wide Earn Company Ltd.

There are also suggestions that Mr Raymond Leung, S.Megga's Managing Director, may well have parted with some, or all, of his shares in the company, turning them over to China.

It has been known for some time that Mr Leung has been courting various groups with an eye to securing some support for his company.

This was made more pressing by the fact that Keng Fong Sin Kee and Mr Kong had been keen to sell their shares, which together amount to 50 percent of the company (25 percent each), for some time.

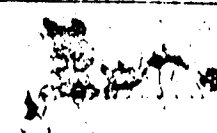
Mr Kong was known to have been looking for \$HK30 million for his shares, and the same for those of Keng Fong Sin Kee.

Of course, Mr Raymond Leung has told TARGET many times that his company is not for sale.

In addition to this, there have also been some murmurs of discontent from various bankers from whom S.Megga has borrowed money.

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Another unanswered question which is on the minds of many Hongkong investors is what is happening at Keng Fong Sin Kee.

There has, as yet, been no information forthcoming from the company about the change in management since the death of Mr Kong: A requirement of The Stock Exchange of Hongkong

Also, S.Megga was said to be the main earner for the public company, and the sale of Ken Fong Sin Kee's interests in the electronics company, allied with the death of Mr Kong, has had the punters wondering whether or not there is a future for the company.

The company has not looked much of a hot item for some time, if ever, and the announcement at the beginning of the year of the company's Interim Report for the 6 months ended September 30, 1987, seemed to indicate more of the same as Losses amounted to more than \$HK2.72 million compared to Losses of \$HK2.67 million for the comparable similar period the previous Year.

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**FORMER MAGISTRATE SUED: BUT WHAT NONSENSE IS THIS!**

The Attorney General (AG) has taken out a Writ in the High Court of Hongkong against a former magistrate in the vain hope 'of teasing out a smile on some cold face', or so it would appear.

Mr Geoffrey Watson is the Defendant in High Court Action Number 3161 of 1988.

The Statement of Claim attached to the Writ simply is an attempt by the Government to get back House Number 65, 5th Street, Hong Lok Yuen, Taipo, the house which Mr Watson has used since January 1983.

The AG hopes to collect \$HK16,290 per month as mesne profits from April 7, 1988 up to and including the date of delivering up of vacant possession of the said premises.

According to Mr Watson, he has not been served with the Writ.

Paragraph 4 of the Statement of Claim says: 'By a letter dated 14 August 1981, the Government offered to the Defendant an appointment as magistrate on agreement for 3 years which was accepted by the Defendant (hereinafter called "the first agreement"). The Defendant was formally appointed as magistrate with effect from 7 April 1982.'

February 7, had appointed the firm as the official agents of the building.  
But just 10 days later and the champagne went flat: Richard Ellis was out, and David Davies was in.

Now Mr Bond has decided that he will not sell any part of his new building and instead he will rent it out at about \$HK22 a square foot.

This will bring in about \$HK300 million a year, net, equal to about 16 percent of the \$HK1.9-billion purchase price for the 1.2 million square feet of commercial property on top of the Admiralty Station.

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\* 11 MAR 1987 \*

1/3/87

S. MEGGA SAYS: SORRY, MR KONG

The Keng Fong Sin Kee Construction and Investment Company Ltd holding in S. Megga Telecommunications Ltd will not change, despite recent reports to the contrary.

Reports suggesting that Mr Ray Man Leung, President of S. Megga, was attempting to buy Keng Fong's 25-percent shareholding appeared yesterday.

However, according to Mr Leung, he is satisfied with the current position with respect to Keng Fong and is only 'a little bit worried that Mr Kong (Chairman of Keng Fong Sin Kee) will be angry (at the false reports)'.

Readers will remember that TARGET has reported that publicly-listed Keng Fong Sin Kee is having financial difficulties.

However, Mr Leung was quick to refute claims that Keng Fong Sin Kee is any more than a shareholder in S. Megga.

Keng Fong Sin Kee's financial difficulties are, he says, no concern of S. Megga.

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THE BANK: FINALLY, A DECISION

Having told its customers that their accounts would be moved from the Ocean Centre Branch to the Harbour City Branch, The Hongkong and Shanghai Banking Corporation has had a change of heart.

When The Bank got its rent bill from The Wharf (Holdings) Ltd, Sir Y.K. Pao's company which owns and runs Ocean Centre, it decided that the time had come to stand up and leave, as was reported in yesterday's TARGET.

The Bank sent a letter to its clients informing them that, 'due to an unacceptably high increase in rent', its Ocean Centre Branch would be closing.

The Wharf Company apparently thought that having The Bank walk out would not be too good for its image, so The Wharf Company sent The Bank what an official of The Wharf Company described to TARGET as a 'very attractive package', and now The Bank has accepted the offer.

Late last night, The Bank took the decision, at the highest level, to stay put.

Now, presumably, it will have to send out another letter to its clients. This letter might well say: 'Due to a slightly less unacceptably high increase in the rent', The Ocean Centre Branch of the Bank will not, after all, be moving.

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10 MAR 1987

MEGGA'S LITTLE PURCHASE

According to the President and Managing Director of S. Megga Telecommunications Ltd, Mr Ray Man Leung, the Company has just moved into a new factory building in Kwaichung, purchased from Digital Equipment International Ltd.

The 13-storey, 220,000-square-foot building was purchased by S. Megga for \$HK44 million, and has been renamed to celebrate the grand event.

Once known as Digital Building, it is now called S. Megga Industrial Building.

Digital, a computer manufacturing company, has moved its base to Shatin, but nobody in the company was willing to discuss the reasons for the move.

One source close to Digital suggested that there had been a problem finding workers in Kwaichung, and that Digital hoped to solve this and other (unspecified) problems by moving to Shatin.

S. Megga is 25-percent owned by publicly-listed Keng Fong Sin Kee Construction and Investment Company Ltd, but is otherwise wholly independent from that company and its financial problems.

Mr Leung, of S. Megga, said that his business is currently very successful, and that his company has expanded in 8 years from employing a handful of workers in a 6,000-square-foot building to employing 1,500 workers in more than 200,000 square feet of factory space. Currently, S. Megga is occupying the whole of its new building, but Mr Leung suggested that he 'may have one or 2 associate companies' sharing the building in the near future'.

Megga makes micro chips and cordless telephones, among other things, and is engaged in research which, according to Mr Leung, is in the forefront of the international work now being done in this field.

\* \* \*

OCEAN CENTRE: IS THE BANK COMING OR GOING?

Life in Ocean Centre doesn't seem to agree with everyone, and The Hongkong and Shanghai Banking Corporation has decided that the rent is just too high.

On March 2, The Bank sent a letter to all its customers, informing them that 'due to an unacceptably high increase in the rent', The Bank would be leaving its office in Ocean Centre, and that all accounts held at that office would be transferred to the Harbour City Office.

However, when TARGET contacted the management of The Wharf (Holdings) Ltd, which runs Ocean Centre, we were told that The Bank was reconsidering its decision.

According to a Mr Charles Fung of the Management Office of Ocean Centre, The Wharf Company

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