

The Globe

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## 13 leftwing banks given 'a free hand' by Peking

THE Bank of China and its 12 sister banks here have been told in a directive from Peking that they can run their business by capitalist methods if management is confident that any such move will result in profit, several papers said today.

Quoting the Asian Wall Street Journal, the papers said that the directive, which reportedly came to the banks last week, authorised them to deal in shares, bonds, bullion and other commodities, foreign exchange and real estate.

However, informed sources said none of the China banks had so far taken advantage of the directive for fear of possible loss arising from new ventures, although one of them was said to be considering investing in the stock market and real estate.

Neither the Bank of China nor any of the other 12 banks would comment on whether they had received such a directive, some papers said.

The papers noted that the 13 China banks had a total of over 130 branch offices throughout Hong Kong and controlled about one-third of the total deposits here.

A few papers, including the Express in its front page lead, said the local stock market would see another boom, which would benefit the Hong Kong economy as a whole, if Chinese capital was put into it.

Most papers reported prominently on their financial pages that the stock market gained about eight points on the Hang Seng Index yesterday amid hectic trading.

The index broke the 580 barrier to stand at 582.67 when the market closed for the day and \$252.54 million worth of shares had changed hands. Analysts attributed the buoyant market to reports on the directive from Peking and other favourable political news.

In moderate coverage, Sing Tao Jih Pao and Sing Pao said civil aviation services between Hong Kong and Peking, Shanghai and Canton may begin on October 1.

Quoting reliable sources,

the papers said that the Chairman of Jardine Matheson, Mr. David Newbigging, was now in Peking, possibly for talks with top Chinese officials on civil aviation services between Hong Kong and China.

In an editorial, the Hong Kong Economic Journal said the recent investment here by left-wing organisations showed that China had taken a more flexible attitude towards trade to generate more profit for its "four modernisations" programme.

But the paper described as "misinformed" reports that China banks here had been authorised to deal in shares because, among other things, a bank of standing should not involve itself in any speculative activities.