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TO RUEHC/SECSTATE WASHDC 8780
INFO RUMJPG/AMEMBASSY BEIJING 6670
ZEN/AMCONSUL GUANGZHOU POUCH
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C O N F I D E N T I A L
LIMITED OFFICIAL USE HONG KONG 15377
E.O. 12356: N/A
TAGS: ECON, CH, HK
SUBJ: PRC'S EVERBRIGHT CORPORATION OFFICIALLY OPENS IN
- HONG KONG
REFS: A) HONG KONG 06610, B) BEIJING 05752,
- C) HONG KONG 09902
SUMMARY
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HK

1. EVERBRIGHT (VIOLIGHT), THE NEWLY ESTABLISHED "PRIVATE" PRC CORPORATION IN HONG KONG, OFFICIALLY OPENED HERE ON AUGUST 18. THE COMPANY'S PRESIDENT, WANG GUANGYING (BROTHER-IN-LAW OF THE LATE PRC PRESIDENT LIU SHAOJI), HOSTED A LARGE AND FLASHY RECEPTION IN THEIR NEW QUARTERS AND INVITED MOST OF HONG KONG. THE GUEST OF HONOR WAS NCNA CHIEF XU JIATUN, AND WANG'S OPENING SPEECH FEATURED NOT ONLY EVERBRIGHT'S ACTIVITIES BUT HIS CONFIDENCE IN HONG KONG'S STABILITY AS WELL. WANG MADE A POINT OF SAYING HE WILL BE DOING BUSINESS WITH COUNTRIES WHICH DO NOT HAVE DIPLOMATIC RELATIONS WITH CHINA. EVERBRIGHT HAS MADE A BIG SPLASH IN HONG KONG AND HAS IMPRESSED LOCAL BUSINESSMEN WITH ITS BUSINESSLIKE APPROACH. AS YET IT HAS DONE LITTLE ACTUAL BUSINESS, BUT THE PATENT COMPETITION WITH CHINA RESOURCES COMPANY IS STILL A FAVORITE TOPIC OF CONVERSATION.
END SUMMARY

2. ON AUGUST 18, WANG GUANGYING HOSTED A LARGE RECEPTION IN HONG KONG TO ANNOUNCE THE OFFICIAL OPENING OF THE EVERBRIGHT AND VIOLIGHT CORPORATIONS (ONE "UNLIMITED" AND ONE "LIMITED" - SEE PARA 11). THE RECEPTION WAS HELD IN THE COMPANY'S FLASHY NEW OFFICES ON THE 39TH FLOOR OF THE FAR EAST FINANCE CENTER, AND MOST OF HONG KONG WAS INVITED.

3. WANG'S OPENING SPEECH WAS GIVEN IN MANDARIN AND TRANSLATED INTO ENGLISH - NO CANTONESE. HE EMPHASIZED THE PRIVATE NATURE OF THE COMPANIES AND SAID THEY HAD ALREADY MADE PROGRESS IN CONTACTS AND

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CONFIDENTIAL

83 2003854

SCR

PAGE 002

NC 2003854

TOR: 271537Z AUG 83

BUSINESS NEGOTIATIONS. HE CLAIMED EVERBRIGHT INTENDED TO DO BUSINESS WITH ALL COUNTRIES, INCLUDING THOSE NOT HAVING DIPLOMATIC RELATIONS WITH CHINA. WANG NOTED THAT HE WAS ARRIVING AT A TIME OF "SERIOUS INSTABILITY" IN HONG KONG'S ECONOMY, BUT SAID HE HAD CONFIDENCE IN THE FUTURE. HE BELIEVED THAT CHINA WOULD NOT "CHANGE ITS BASIC ATTITUDE" TOWARDS HONG KONG IN THE DECADES AHEAD. THEREFORE THERE WAS AN OPPORTUNITY TO MAKE FORTUNES, AND HE PERSONALLY INTENDED TO SPEND THE REST OF HIS LIFE HERE. WANG BECAME PARTICULARLY ANIMATED WHEN TALKING ABOUT HONG KONG'S STABILITY AND HIS OWN STAKE HERE.

4. THE RECEPTION WAS LARGE. ABOUT ONE THOUSAND INVITATIONS WERE SENT OUT, AND THEN OPEN INVITATIONS WERE PRINTED IN THE PRO-PRC TA KONG PAO AND WEN HUI BAO NEWSPAPERS. MOST PROMINANT WAS NCNA CHIEF XU JIATUN WHO SHARED THE PODIUM WITH WANG. THERE WERE RELATIVELY FEW WESTERNERS. MOST OF THE MAJOR HONG KONG CHINESE FIGURES MADE THEIR APPEARANCES.

5. THE OFFICES WERE BEDECKED WITH FLORAL WREATHS NOT ONLY FROM WELL WISHERS IN HONG KONG, BUT FROM BEIJING AS WELL. THOSE FROM ZHAO ZIYANG, DENG YINGCHAO, WAN LI AND XI ZHONGXUN WERE FRONT AND CENTER. OTHER NAMES PROMINANTLY DISPLAYED WERE YANG SHANGKUN, YAO YILIN, GU MU, CHEN PIXIAN, HU QILI, BO YIBO, TIAN JIYUN, ZXANG JINGFU, ZHANG AIPING, SONG PING, HU JUEWEN, AND HU ZIAN. WE DID NOT SEE ANY FROM HU YAOBANG, OR FROM DENG XIAOPING.

ACCOMPLISHMENTS TO DATE:

6. WANG CLAIMS THAT EVERBRIGHT HAS STARTED BUSINESS NEGOTIATIONS FOR THIRTY PROJECTS WORTH MILLIONS OF DOLLARS. BEYOND THAT IT IS HARD TO GET DETAILS. WE KNOW HE HAS SENT A TEAM TO CHILE TO NEGOTIATE A PURCHASE OF 1,000 SECOND-HAND HEAVY TRUCKS. WE ARE TOLD NEGOTIATIONS WENT WELL, BUT THAT IS ALL. WE HAVE HEARD EVERBRIGHT ARRANGED SOME FERTILIZER SALES TO SHANGHAI AND TIANJIN; AND TALKED WITH THE LOCAL GENERAL MOTORS REPRESENTATIVE ABOUT A PLANT TO PRODUCE LIGHT TRUCKS IN CHINA. APPARENTLY GENERAL MOTORS WAS NOT INTERESTED AS IT WAS TO BE SOLELY FOR

LIMITED OFFICIAL USE SECTION 02 OF 02 HONG KONG 15377

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SUBJ: PRC'S EVERBRIGHT CORPORATION OFFICIAALLY OPENS IN

EXPORT LOCAL BUSINESSMEN TELL US THAT SO FAR EVERBRIGHT IS CONDUCTING ITSELF IN A REFRESHINGLY BUSINESSLIKE MANNER AND THAT ITS STAFF ARE WELL QUALIFIED AND SERIOUS.

COMMENT:

7. WANG'S RECEPTION WAS WELL ORCHESTRATED AND WELL-ATTENDED. HE HAS A REPUTATION FOR BEING RATHER SHOWY. THIS SHOW, PARTICULARLY HIS COMMENTS ABOUT HONG KONG'S FUTURE STABILITY AND PROSPERITY, SEEMED TO BE FOR HONG KONG AS A WHOLE AND NOT JUST FOR HIS POTENTIAL CLIENTS.

8. WANG HAS NOW OFFICIALLY SET UP SHOP IN THE FAR EAST FINANCE CENTER, WHERE HE PURCHASED (NOT RENTED) AN ENTIRE FLOOR FOR ABOUT 2.7 MILLION U.S. DOLLARS. THE NEW CHINA RESOURCES COMPANY (CRC) BUILDING HAS EXCESS SPACE AVAILABLE. HOWEVER, WANG HAS TOLD SOME

CONFIDENTIAL

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83 2003854

SCR

PAGE 003

NC 2003854

TOR: 271537Z AUG 83

IN HONG KONG THAT HE DOES NOT WANT TO BE ASSOCIATED WITH CRC, AND WOULD UNDER NO CIRCUMSTANCES ESTABLISH HIMSELF THERE. ONE REASON FOR THIS IS HIS DESIRE TO EMPHASIZE THE PRIVATE NATURE OF EVERBRIGHT. ALSO, THE BUILDING HE IS NOW IN IS CERTAINLY A MORE PRESTIGIOUS ADDRESS.

9. THE LATENT COMPETITION BETWEEN EVERBRIGHT AND CRC IS STILL A POPULAR TOPIC OF CONVERSATION HERE. CRC'S GENERAL MANAGER ZHANG JIANHUA ATTENDED THE RECEPTION, BUT DID LOOK DISTINCTLY UNCOMFORTABLE. SOME HAVE ASSERTED EVERBRIGHT IS BACKED BY ZHAO ZIYANG WHILE CRC IS BACKED BY HU YAOBANG, THEREBY TAKING THE COMPETITION TO HIGHER LEVELS. IT DOES APPEAR THAT WANG HAS THE BACKING OF ZHAO ZIYANG. WANG HAS TOLD US THAT HE HAS VERY CLOSE TIES TO ZHAO ZIYANG, AND PRESS REPORTS HAVE SUGGESTED HE HAS THE EQUIVALENT OF MINISTERIAL STATUS IN BEIJING. WE HAVE NO WAY, HOWEVER, OF CORROBORATING THE INCLUSION OF HU YAOBANG IN SUCH AN EQUATION.

10. WE ARE PARTICULARLY INTRIGUED BY TWO ASPECTS OF THE OPERATION: ITS APPARENTLY STRONG SUPPORT FROM BEIJING; AND ITS EXPRESSED DESIRE TO CONDUCT BUSINESS EVEN WITH COUNTRIES HAVING NO TIES TO CHINA. REGARDING THE LATTER WANG RECENTLY TOLD AN AMERICAN REPORTER THAT IN SEPTEMBER HE WOULD SURPRISE EVERYONE BY MAKING A BUSINESS TRIP TO A COUNTRY WITH WHICH CHINA DOES NOT HAVE RELATIONS.

11. REF C REFERS TO WANG'S COMPANY AS VIOLIGHT. HOWEVER, THERE ARE NOW ACTUALLY TWO COMPANIES OPERATING. VIOLIGHT IS REGISTERED AS A LIMITED LIABILITY COMPANY. PRESUMABLY MOST OF THE ACTUAL CONTRACT SIGNING WOULD BE DONE UNDER THIS NAME. EVERBRIGHT COULD NOT BE REGISTERED AS A LIMITED LIABILITY COMPANY AS THE NAME WAS ALREADY BEING USED BY ANOTHER COMPANY. IT CAN OPERATE AS AN "UNLIMITED" LIABILITY COMPANY. WANG SEEMS TO PREFER THE ORIGINAL NAME EVERBRIGHT, AND THAT IS THE NAME USED MOST IN HONG KONG. IN FUTURE WE WILL ALSO REFER TO THE COMPANY AS EVERBRIGHT. WILLIAMS

END OF MESSAGE

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