



DAILY INFORMATION BULLETIN

THURSDAY, February 1, 1973

CONTENTS

	<u>Page No.</u>
The Security Advisory Council has made recommendations on brokerage fees, placements, public offers and stock exchange membership	1
The Government is calling tenders for another 1,000 taxi licences	4
The disability and infirmity allowance scheme has been approved	5
A police vehicle pound is to be built in Ho Man Tin	7
The City Hall Low Block will remain open during the Lunar New Year holidays	8
Taxi drivers are warned against overcharging	9
The Governor tours Kowloon in connection with the Clean Hong Kong Campaign	10
Labour Department helps settled factory disputes	12
A new fire station is to be built at the Kai Tak Airport ...	13
The issue of export licences for certain textile products to Germany has been suspended	14

Thursday, February 1, 1973

- 1 -

SECURITIES ADVISORY COUNCIL PROPOSALS

On Brokerage Fees, Placements, Stock Exchange Membership

The Securities Advisory Council held their second meeting yesterday and submitted recommendations to the Financial Secretary which he approved. The Commissioner for Securities met the Chairmen of the four stock exchanges this morning and conveyed these proposals to them.

Brokerage Fees

The Council considers that it is advisable to have a recognized system of brokerage rates applicable to all exchanges. The Chairmen were therefore requested to agree on a common brokerage system, and to submit within a month the details of such a scheme to the Council for approval, together with details of how the stock exchanges intend to enforce the scheme among their members. The minimum brokerage rate will be $\frac{1}{2}$ per cent, with a minimum amount of \$25. Rebates will be allowable only to authorized clerks, authorized dealers and licensed banks.

Placements

The method of introducing a company to a stock exchange, known as a placement (or placing) is reasonable and acceptable in certain circumstances and with proper administrative arrangements. However, the use of this method in Hong Kong in recent months has been much criticized, and the Securities Advisory Council intend to carry out a study in the near future.

In the meantime, the Chairmen of the Exchanges were asked that placements should comply with the following:

- (a) that for assets amounting to at least 50 per cent of the issued capital there should be available accounts covering not less than three preceding years;

/(b) that

Thursday, February 1, 1973

- 2 -

(b) that the proportion of the equity placed should vary according to the paid up capital as follows:

<u>Paid up capital</u>	<u>Minimum proportion of equity to be placed</u>
Up to \$20 m.	45%
\$20 m. up to \$25 m.	40%
\$25 m. up to \$30 m.	35%
\$30 m. up to \$35 m.	30%
over \$35 m.	25%

Where arrangements for a placement are at such an advanced stage that the draft prospectus has already been received and approved by the appropriate listing Committee, the S.A.C. will be prepared to consider the case if supporting evidence is submitted forthwith.

Where a proportion of the shares in a placement is reserved for employees, the exchanges will stipulate as one of the provisions for listing that the company shall provide the Commissioner for Securities within 14 working days of the opening of dealings with a list giving the name of each member of the staff who has been allotted shares, the number of such shares, his private address, the capacity in which he is working for the company and the number of years of service with the company.

Public Offers

Where it is stated in a prospectus relating to a public offer that a proportion of the shares will be reserved for employees the procedure will be as for a placement.

The Chairmen were further requested to see that no part of a public offer should be set aside as a placement; but this requirement need not apply where prospectuses have already been printed.

/Stock

Thursday, February 1, 1973

- 3 -

Stock Exchanges Membership etc.

The Chairmen were asked to submit to the Commissioner before February 28 a list of members as on January 31, 1973 giving for each member:

- (a) his name, and aliases, if any;
- (b) the date on which he became a member of the exchange;
- (c) the name and principal address of his firm;
- (d) the address of any branch or subsidiary office through which his firm regularly deals in securities;
- (e) a list of his representatives (as defined below) as on January 31, 1973, giving for each representative:-
 - (i) his name, and aliases, if any;
 - (ii) the address at which he normally carries on the business of trading in securities;
 - (iii) the method by which he is remunerated;
 - (iv) his length of service with the member.

(A representative means a person in the direct employment of, or acting for, or by arrangement with a member of a stock exchange, and who performs for that member any of the functions of a dealer in securities (other than work ordinarily performed by an accountant, clerk or cashier) whether his remuneration is by way of salary, wages, commission or otherwise).

The Chairmen were also requested not to allow any increase in the number of members pending a further statement from the Council (due allowance being made for those cases where membership is in the final stages of being granted); and to advise the Commissioner whenever a seat changes hands.

After a friendly and constructive discussion there was mutual agreement on all the points raised, and the Chairmen assured the Commissioner of their continuing co-operation.

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/4

Thursday, February 1, 1973

- 4 -

GOVERNMENT OFFERS ANOTHER 1,000 TAXI LICENCES

To Meet Demand Of Travelling Public

The Government has invited tenders to register 1,000 more Hong Kong and Kowloon taxis.

The exact number of taxis for each side of the harbour will depend on the analysis of the tenders received.

Only new vehicles will be accepted for registration under these tenders.

This offer will bring the total number of taxis registered to 4,756.

In the last offer, a total of 3,772 tenders were received and the average premium offered for a Hong Kong taxi licence was \$111,813 and \$110,167 for a Kowloon one.

An applicant can tender for one or more taxis but he has to deposit with the Accountant General a sum of \$2,500 for each of the taxis included in his tender. The deposit will be returned to the tenderer if his bid fails.

Forms of tender and further particulars can be obtained from the Transport Department Headquarters at Blake Block, Queensway or from either of the Transport Department's Licensing Offices on the Rumsey Street Reclamation and in Pui Ching Road, Kowloon.

The tender closes at 12 noon on February 23, 1973.

- - - - 0 - - - -

/5

Thursday, February 1, 1973

- 5 -

DISABILITY AND INFIRMITY ALLOWANCE SCHEME APPROVED

Entirely New Development Of Social Security In Hong Kong From April 1

From April 1 this year, allowances for the severely disabled and the elderly infirm will be paid -- without a means test -- to those qualifying.

From that date, residents qualifying as severely disabled, or who are 75 and over, will be eligible for one of these allowances, regardless of other income, or financial resources.

The severe disability allowance will be \$110 a month, with the qualifying conditions limited to the claimant's having lived in Hong Kong for at least one year, and not being in residential care, such as a hospital or a nursing home.

A severely disabled person is defined as a resident severely physically injured, or blind, or suffering from a severe physically or mentally disabling condition.

The infirmity allowance will be half the rate of the disability allowance, or \$55 a month. It will go to any resident of 75 or over, calculated by Western reckoning, with the qualifying conditions limited to the claimant's having lived in Hong Kong for at least five years, not being in residential care at a hospital or a home for the aged, and not receiving a severe disability allowance.

The cost of the scheme is estimated at between \$30 and \$40 million a year. The allowances will be in addition to public assistance, so that residents already receiving public assistance, and who qualify either as severely disabled, or aged 75 and over, will receive the full benefits of the scheme.

/Implementation

Thursday, February 1, 1973

- 6 -

Implementation of the scheme after approval last night by the Finance Committee of the Legislative Council marks a major step forward in the progress towards a social security system tailored to meet Hong Kong's own needs.

While the scheme adopts some of the features of social security schemes elsewhere, it is, in effect, a "home-grown" product, with no exact equivalent.

It implements another major proposal in the draft white paper on social welfare development in Hong Kong, and the decision not to have a means test is a direct and positive response to the wishes of the community.

In his address to the Legislative Council on October 18, 1972, the Governor, Sir Murray MacLehose, asked for views on whether the allowances should be paid without a means test.

The answer, in the Legislative Council, in the press, and from the community at large in letters to the Social Welfare Department, was unanimously in favour of no means test.

Three Examples

- * An illustration of what the severe disability allowance means is the example of a blind person. If he is receiving \$135 a month from public assistance -- \$110 plus \$25 for rent -- he will get another \$110 a month for his severe disability, bringing his monthly income up from April 1 from \$135 to \$245.
- * A second illustration relates to a person who has lost, say, two legs, but can still work from a wheelchair and is earning \$200 a month. The earnings exclude him from public assistance, but not from the new scheme, so that his income from April 1 will be \$200 plus \$110, a total of \$310.
- * A widow of 76 in poor health, but not severely disabled, living with her son and his family is not eligible for public assistance because her son's income is above the public assistance level. But under the new scheme, she will get \$55 a month as an infirmity allowance.

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Thursday, February 1, 1973

- 7. -

It is expected that, in the long run, between 30,000 and 40,000 residents in both categories will benefit from the scheme. A publicity campaign will be launched to draw their attention to the scheme's existence.

The scheme will be operated by the Social Welfare Department. Details will be available later about how to claim, and how the claim will be decided.

It may not be possible to process all claims before April 1, but delayed payment on any claim made between now and then will be back-dated to April 1.

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POLICE VEHICLE POUND TO BE BUILT IN HO MAN TIN

A new Police vehicle pound will be built in Ho Man Tin to replace the existing one at Kai Tak Airport which will be demolished to make way for a multi-storey carpark.

It will be located at the junction of Fat Kwong Street and Sheung Shing Street and will serve as a centre for the detention of cars involved in accidents or in defective condition.

The vehicle pound will have space for about 260 cars.

Construction work will begin in March and take about six months to complete.

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/8

Thursday, February 1, 1973

- 8 -

CITY HALL LOW BLOCK OPEN OVER HOLIDAYS

The Low Block of the City Hall, the City Hall Restaurant, the Gavotte Restaurant and the Memorial Garden will remain open during the Lunar New Year holidays from February 3 to 6.

All public libraries, the Kowloon Park Study Room, the City Museum and Art Gallery and the Lei Cheng Uk Museum will be closed between February 3 and 5.

On February 6, the libraries at the City Hall, Yau Ma Tei, Waterloo Road, and Ping Shek will be open from 9 a.m. to 1 p.m. while the library in Aberdeen will be open from 1 p.m. to 5 p.m. The City Hall Museum and Art Gallery will be open from 1 p.m. to 6 p.m.

On Lunar New Year's Eve, February 2, all libraries and the City Museum and Art Gallery will be closed at 5 p.m. instead of 8 p.m. and 6 p.m. respectively.

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/9

Thursday, February 1, 1973

- 9 -

TAXI DRIVERS WARNED ON OVERCHARGING

Taxi drivers are reminded not to overcharge fares during the Lunar New Year period.

A spokesman for the Transport Department said today there were reports during last Lunar New Year that taxi drivers demanded "lucky money" from passengers.

Under the law, any person who commits such an offence will, in the case of first conviction, be liable to a fine of \$500 and three months' imprisonment.

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/10

Thursday, February 1, 1973

- 10 -

GOVERNOR VISITS VARIOUS DISTRICTS OF KOWLOON

In Connection With Clean Hong Kong Campaign

The Governor, Sir Murray MacLehose, walked through busy and crowded streets in various parts of Kowloon this (Thursday) afternoon to see for himself the results of the Clean Hong Kong Campaign.

It was the second such tour undertaken by Sir Murray this week. The first took place on Monday when he paid a visit to Central and Wan Chai districts on the island.

During his tour today, the Governor visited San Po Kong, Kowloon City, Mong Kok and Yau Ma Tei. He showed keen interest in the state of cleanliness in these areas before and after the launching of the drive to clean up Hong Kong.

In the course of his tour, Sir Murray also chatted with some of the residents to find out their opinion on the success of the drive.

The Governor, accompanied by Mr. J.M. Rowlands, Deputy Secretary for Home Affairs, began his tour in San Po Kong.

On arrival there, he was met by the City District Commissioner (Kowloon), Mr. James So, members of the San Po Kong Area Committee and other Government officers.

Sir Murray then proceeded to Yin Hing Street where he saw a piece of redeveloped Crown land. The site, which was previously used illegally as a dumping ground for junk and refuse, has now been turned into a turfed area.

His next stop was Ngan Hon Street, Kowloon City, where the Governor, accompanied by members of the Hok Yuen and Tai Wan Yuen Area Committees, saw the general environment in private streets.

/Continuing

Thursday, February 1, 1973

- 11 -

Continuing his tour, the Governor drove to the busy area of Mong Kok. There he was met by members of the Mong Kok South Area Committee and Government officers.

The party inspected a refuse collection point near a hawker and cooked food stall area at the junction of Soy Street and Sai Yee Street.

The last stop of the day was the Yau Ma Tei Market in Kansu Street.

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/12

Thursday, February 1, 1973

- 12 -

SPEEDY SETTLEMENT OF LABOUR DISPUTES

With the approach of Lunar New Year, officers of the Labour Relations Service of the Labour Department are making every effort to bring outstanding labour disputes to a speedy and mutually satisfactory settlement.

At the Kowloon Weaving and Dyeing Mill (1969) Ltd. in San Po Kong, workers approached the Labour Department for assistance on January 29 in their claim for severance pay.

Three conciliation meetings were subsequently arranged for the management and workers' representatives at the office of the Labour Relations Service at San Po Kong.

Agreement was reached on January 30. Payment of \$32,000 was made to 85 piece and daily-rated female workers on the following day.

At the Fortune Wigs Manufacturing Co. Ltd., in To Kwa Wan, the Labour Relations Service helped more than 250 workers recover a total of \$93,000 as arrears of wages earlier this month.

At the Tenta Electronics Ltd. in San Po Kong, with the help of the Labour Relations Service, 100 workers of the factory recovered their arrears of wages for the first half of January 1973.

Final payment was made at the office of the Labour Relations Service at San Po Kong on January 30. The total amount paid out was \$23,000.

In the meantime the Legal Aid Department is helping workers of the Fortune Wigs Manufacturing Co. Ltd. and the Tenta Electronics Ltd. in their claims for year-end double pay and wages in lieu of notice.

- - - - 0 - - - -

/ 13

Thursday, February 1, 1973

- 13 -

NEW AIRPORT FIRE STATION

A new fire station is to be built at Kai Tak Airport shortly to replace the existing one which came into operation 14 years ago.

Costing more than \$24 million to build, the station will be in Kowloon Bay within the southern boundary of the airport.

A government spokesman said that it was necessary to resite the present station to the west of the runway because it would be cut off from the rest of the airport by construction works on the airport tunnel road.

A feature of the two-storey station is that its central portion will be column-free so as to provide maximum space for fire appliances.

The spokesman pointed out that since the present station came into operation in 1959 the number of aircraft movements on the runway had tripled and that of helicopter movements had increased by 16 times.

Construction of the new station is expected to begin in March and will take about seven months to complete.

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/14

Thursday, February 1, 1973

- 14 -

RESTRAINT ON EXPORTS OF CERTAIN TEXTILE PRODUCTS

To Federal Republic Of Germany

The Commerce and Industry Department has, with immediate effect, temporarily suspended the issue of export licences to cover the shipment of certain woven polyester/cotton textile products to the Federal Republic of Germany.

The Director of Commerce and Industry announced today that this suspension covers woven garments containing both cotton and polyester where (a) the cotton content is 50 per cent or less, and (b) polyester comprises 50 per cent or more of the fibres other than cotton.

In both cases the percentages are measured by the weight of the fibre content.

The Director said that this action had been taken with the advice of the Textiles Advisory Board to enable the Department to introduce, as soon as possible, certain export control arrangements.

These arrangements were designed to remove the uncertainties which at present exist with regard to trade in these products with Germany.

The over-riding objective of this move is the maintenance of stable conditions for, and the orderly development of trade between Hong Kong and the Federal Republic of Germany.

He added details of the new export control arrangements will be announced shortly.

/The Department

Thursday, February 1, 1973

- 15 -

The Department of Commerce and Industry is in the process of inviting shippers to submit to the Department complete schedules of their exports of such garments during the 18 months' period from July 1, 1971 to December 31, 1972.

Returns should reach the Department before 4 p.m. on February 16, 1973.

Details are contained in a notice to exporters and trade associations and companies on the Commerce and Industry Department's mailing list will receive copies of the notice shortly.

Copies are also available from the Receptionist Counter on the Ground floor of the Fire Brigade Building.

Further information can be obtained from the following officer of the Commerce and Industry Department:

Mr. S.S. Tam - Assistant Trade Officer
Tel. No. 5-437122

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Release Time: 8.00 p.m.