



DAILY INFORMATION BULLETIN

Friday, September 28, 1973

CONTENTS

	<u>Page No.</u>
Heavy penalties proposed to protect investors and to curb market malpractices	1
New homes for villagers affected by High Island Scheme	5
Governor opens new Wong Tai Sin Temple	7
Sir Hugh Norman-Walker leaves on Sunday	10
Community Relief Trust Fund renamed to avoid confusion	11
Swimming gala for social welfare centres	12
Extension of Kennedy Town Seawall	13
Temporary parking area for Post Office	14
New Waterworks service centre in Sai Kung	14
Visiting MPs tour public housing estates	15
Hong Kong to attend meeting on human environment	16

Friday, September 28, 1973

- 1 -

HEAVY PENALTIES PROPOSED TO CURB MARKET MALPRACTICES

Basic Ground Rules Set Out To Regulate Trading In Securities

Tougher penalties, including \$1 million fines and seven years' imprisonment, will be introduced to protect investors against phoney dealings and to curb market malpractices, if proposed new legislation is accepted.

The measures are contained in the Securities Bill 1973 and in the Protection of Investors Bill, both of which are published in today's gazette for general information.

The Securities Bill sets out a general framework of basic principles within which all aspects of securities will be regulated, and introduces fines of \$50,000 and prison sentences of two years against offences relating to market ^{dodging} rigging, price ^{control} manipulation and false markets.

Based largely on the recommendations of the Companies Law Revision Committee's first report, published in 1971, the Securities Bill provides, among others, for:

- * The establishment of a Securities Commission, (to replace the present Securities Advisory Council), and the post of Commissioner for Securities with statutory powers to deal with problems arising from dealing in securities, whether on a stock market or outside. The Commission will have authority to lay down requirements to be followed by the stock exchanges.

/*The setting

Friday, September 28, 1973

- 2 -

- * The setting up of a Federation of Stock Exchanges to bring about greater uniformity of methods and to promote better trading practices. All four exchanges will belong to the Federation, but each will retain its own identity.
- * The registration of all dealers -- regardless of whether they are members of a stock exchange or not -- and all those who provide investment advice for payment, as well as their representatives.
- * The establishment of a compensation fund for each stock exchange to recompense clients who may suffer because a broker cannot make good what he owes them. Each exchange will be required to deposit \$50,000 for each member shortly after the bill is enacted and a further \$50,000 some months afterwards. These amounts can be varied by the Commission.

Another important part of the bill deals with the prevention of improper practices, including 'insider dealings' which is made a criminal offence -- as recommended in the second report of the Companies Law Revision Committee.

The bill also introduces restrictions on various forms of trading, such as the short selling of securities which will be an offence punishable by a fine of \$10,000 and six months' imprisonment; and hawking securities which will carry a \$5,000 fine. Option and forward trading are also forbidden. ^{closing}

Provision is made for inspections and investigations to be carried out where it is felt that such practices are occurring.

/The Investors

Friday, September 28, 1973

- 3 -

The Investors Bill seeks to provide greater protection to the investing public by making it an offence for anyone to induce investors through fraudulent and reckless means, to trade in securities or to take part in money-making schemes involving securities and other property.

A maximum penalty of a \$1 million fine and seven years' imprisonment is prescribed for this offence.

Advertisements which invite the public to participate in property schemes are also banned, and it will be an offence for a person to have in his possession a document containing such an advertisement, if he intends to use it.

People convicted on indictment for contravening the provision about advertising will be liable to a fine of \$500,000 and imprisonment for three years.

These provisions are based mostly on the United Kingdom Prevention of Fraud (Investments) Act of 1958.

Advertisement is widely defined, but the bill lists a number of exemptions, including the issue of prospectuses of companies, unit trusts and mutual funds, advertisements containing offers to the public made by registered dealers in securities, or by persons who buy and sell property -- other than securities -- in the course of their business.

Under the bill, it will also be an offence to advertise that a person is prepared to give investment advice or manage a portfolio for payment, unless he is properly registered. It will not be an offence, however, if there is no payment for the services.

/Commenting

Friday, September 28, 1973

- 4 -

Commenting on the Securities Bill, the Commissioner for Securities, Mr. James Selwyn, said a considerable amount of time and thought had gone into it. Many of the measures had been specially drafted for Hong Kong, although a lot of use had been made of legislation in U.K. and Australia.

"In effect, the bill seeks to establish in one Ordinance much of what has been built up in older markets by statute, precedent and convention over many years.

"With a subject which is not only complex, but constantly evolving, it is impossible to frame a bill to cover every contingency," he added, "but the legislation can be improved in the light of experience by suitable amendment, and provision is made in the bill so that this can be quickly done."

He emphasised that the government had no desire to become involved in the daily running of the exchanges "but rather to have them self-regulating so far as this is in the public interest."

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/5

Friday, September 28, 1973

- 5 -

NEW HOMES FOR DISPLACED VILLAGERS

More than \$50 million is being spent by the government on providing new homes and compensation for 96 families who will be displaced by the High Island water scheme.

Announcing this today, Mr. Clive Oxley, District Officer, Sai Kung, said that the affected villagers would be re-accommodated on a choice site at Sai Kung Town in a modern community complex specially designed to meet their specific needs.

Of the total sum involved, an estimated \$39 million is being used to provide new homes, shops, schools, seven ancestral halls and a burial ground.

In addition, \$12.6 million will be paid out as compensation for the loss of buildings, farmlands and crops.

The land at present occupied by the villagers is essential for development of the High Island water scheme which will provide 60,000 million gallons of water to meet Hong Kong's future needs.

Close consultation with the villagers has been in progress since the early planning stages of the scheme, and the importance of meeting a tight construction schedule has been strongly emphasised.

Resumption notices will be posted early next week as formal notice that the land involved will revert to the Crown on January 1 next year.

Special arrangements have been made to allow for the villagers to remove their ancestral temples to a new site near Sai Kung Town on a day which they have singled out as being particularly propitious.

/Compensation

Friday, September 28, 1973

- 6 -

Compensation terms are based on actual costs of similar nearby land and buildings. In cases of dispute, an independent arbitration board will be convened, a member of which can be nominated by the villagers.

Mr. Oxley said the ex-gratia compensation includes:-

- * properly planned housing, with essential community facilities with roads, sewers and water supply,
- * the basis for a source of income for this and future generations,
- * allowances for decoration and occupation (\$12,000 per shop or flat), maintenance (\$3,500 per person) and water.

Commenting on the actual value of the package to each family, Mr. Oxley said that, taking into account the free market value of the property being offered, the average family can look forward to receiving property or cash of the order of \$300,000-\$400,000.

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Note to Editors: A photograph showing the housing complex at the site on the Sai Kung reclamation area and an aerial photograph showing progress on the water scheme itself will be distributed separately in the G.I.S. press boxes this evening.

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/7

Friday, September 28, 1973

- 7 -

GOVERNOR OPENS WONG TAI SIN NEW TEMPLE

The Governor, Sir Murray MacLehose, said today that the great tradition of Chinese architecture is still alive and flourishing in Hong Kong.

One reassuring sign of this, he added, was the completion of the magnificent Wong Tai Sin New Temple in Lung Cheung Road.

Speaking at the opening of the new temple, Sir Murray said:

"The vast majority of the people of Hong Kong are Chinese by race and language. But there are few buildings in our city which are distinctively Chinese."

Referring to the Wong Tai Sin temple, he said: "It has ministered to the spiritual needs of the people of this part of Kowloon for over half a century.

"The population of the surrounding area has increased many times over during that period, and the temple and its grounds now provide a welcome oasis amongst the vast public housing estates which have sprung up in recent years."

The Governor pointed out that it was indicative of the importance of the temple as a local landmark that the whole district was now known as Wong Tai Sin.

The temple, built 52 years ago, has been renovated and expanded with private donations totalling \$4 million.

/Following

Friday, September 28, 1973

- 8 -

Following is the full text of the Governor's speech:

"It gives me very great pleasure indeed to be here today to open the splendid new temple building which we see before us.

"The vast majority of the people of Hong Kong are Chinese by race and language. But there are few buildings in our city which are distinctively Chinese.

"This is largely because the shortage of land has dictated that most recent development should be in the form of high-rise buildings, similar to those being constructed in many large cities throughout the world.

"The new Wong Tai Sin Temple is therefore a reassuring sign that the great tradition of Chinese architecture is still alive and flourishing.

"The completion of this magnificent new temple must be the cause of the greatest satisfaction to you, Mr. Chairman, and your Committee, to the architect and contractors, and to all who have played a part in its construction. I congratulate all those concerned on their achievement.

"The Wong Tai Sin temple has ministered to the spiritual needs of the people of this part of Kowloon for over half a century.

"The population of the surrounding area has increased many times over during that period, and the temple and its grounds now provide a welcome oasis amongst the vast public housing estates which have sprung up in recent years.

/"It is

Friday, September 28, 1973

- 9 -

"It is indicative of the importance of the temple as a local landmark that the whole district is now known as Wong Tai Sin.

"You have already reminded us, Mr. Wong, of the splendid record of service to the community by the Sik Sik Yuen, in addition to its purely religious functions.

"In the fields of medical services and relief the Yuen has made a very significant contribution to the welfare of the people of Hong Kong. In education too a valuable contribution has been made, both through the Yuen's own schools and through the support given to the schools operated by the Tung Wah Hospitals.

"Finally, may I thank you, Mr. Chairman, and your Committee, for inviting me here today to perform this opening ceremony of your new temple building. I wish you every success in the future for all your activities."

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/10

Friday, September 28, 1973

- 10 -

DEPARTURE OF COLONIAL SECRETARY

The Colonial Secretary, Sir Hugh Norman-Walker, will leave Hong Kong on Sunday (September 30) for Britain before taking up his new appointment as Lieutenant Governor of the Isle of Man.

He will be seen off by prominent residents and well-wishers at H.M.S. Tamar. The Police band will be in attendance.

Sir Hugh will cross the harbour in the "Lady Maurine". He is travelling to the United Kingdom by ship.

Sir Hugh has been Colonial Secretary of Hong Kong since he arrived in March 1969. He took over from Sir Michael Gass.

He will be succeeded as Colonial Secretary by Mr. Denys Roberts.

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Note to Editors: You are welcome to cover the farewell for the outgoing Colonial Secretary on Sunday. Your representatives are requested to assemble at the West Gate of H.M.S. Tamar at 5 p.m. G.I.S. officers will be present to assist the press. Sir Hugh is due to arrive at 5.30 p.m. and will board the "Lady Maurine" at 6 p.m.

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/11

Friday, September 28, 1973

- 11 -

COMMUNITY RELIEF TRUST FUND RENAMED

The name of the Community Relief Trust Fund is to be changed to Emergency Relief Fund.

A bill entitled the Community Relief Trust Fund (Amendment) Bill 1973 to make this effective will go before the Legislative Council shortly. The bill is published in today's Gazette for information.

In the past, confusion has arisen between the Community Chest of Hong Kong which holds an annual appeal for charitable and welfare purposes and the Community Relief Trust Fund for which special appeals have been made in respect of particular disasters or emergencies.

The proposed amendment is designed to avoid this confusion and to describe more accurately the purpose of the Fund.

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/12

Friday, September 28, 1973

- 12 -

INTER-CENTRE SWIMMING GALA

The Youth Representative Council of the Social Welfare Department has organised an Inter-Centre Swimming Gala on Sunday, September 30 from 9.30 a.m. to 5 p.m. at the Morrison Hill Swimming Pool.

The Council is a body made up of youth representatives from the Department's community, youth and social centres.

"It is the first time that the Council is running a swimming gala though it has the experience of running annual sports meeting each year," said Mr. Liu Kwong-yuen of Youth Work Unit in the Department.

"The Swimming Gala will promote co-operation among members of various units of the Group and Community Work Division," he said.

There will be 30 events, including an inter-centre staff invitation relay. Participating will be about 200 members from the community centres in Tsuen Wan; Wong Tai Sin; Tai Hang Tung; Kwun Tong and Western District as well as from the Sheung Shui Social Centre; Fanling Rotary Youth Centre; Library and Rural Mobile Service Unit and Youth Work Unit.

Miss Ko Siu-wah, Chairman of Children and Youth Division, Hong Kong Council of Social Service, will present prizes to winners at the end of the events.

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Note to Editors: You are cordially invited to cover the swimming gala on Sunday, September 30.

It will start from 9.30 a.m. with the prize-presentation to winners at 4.45 p.m.

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/13

Friday, September 28, 1973

- 13 -

EXTENSION OF KENNEDY TOWN SEAWALL

The seawall fronting the sand depot at Kennedy Town is to be extended westwards by 1,100 feet shortly.

The new seawall will enclose the second stage of the Kennedy Town reclamation.

Stage One of the Kennedy Town reclamation, on which stands an incinerator, a temporary bus terminus and sand depot, was completed a few years ago.

A spokesman for the Public Works Department said that there had been an increasing demand for land in the Kennedy Town area.

The new reclamation, he added, would provide about 3.6 acres of land for a bus and ferry concourse, a market, a new site for the sand depot and a section of a possible future waterfront road.

Construction of the seawall, estimated to cost about \$2.1 million, is expected to begin in December and will take about nine months to complete.

The works have been designed and construction will be supervised by the Port Works Division of the Civil Engineering Office, Public Works Department.

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/14

Friday, September 28, 1973

- 14 -

PARKING FACILITIES FOR POST OFFICE

A temporary parking area will be provided for the Post Office on the Central Reclamation within a few months.

The parking lot, for about 50 vehicles, will be situated to the seaward side of the present temporary parcels office.

A spokesman explained that the new facilities were required because spaces at the existing general post office had been taken over by roadworks.

He added that the site of the new general post office which had also been used for parking, would be closed for building work to proceed.

Work on the new parking area involves ground levelling and concrete surfacing, and the erection of chain link fences.

It is scheduled for completion in November this year.

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SAI KUNG WATERWORKS SERVICE CENTRE

A Waterworks depot will shortly be built in Sai Kung as a service centre to answer distribution and house service complaints from residents in the vicinity.

Located on a site opposite Po Lo Tse, the depot will be a single-storey building housing an office and living quarters for the resident foreman and a room for the workmen.

Construction is expected to start in November, and will take about four months to complete.

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/15

Friday, September 28, 1973

- 15 -

MPs SEE LIFE IN PUBLIC HOUSING ESTATES

The two visiting British Members of Parliament, Mr. Walter Clegg, and Mr. R.W. Elliott, spent this (Friday) morning in Kowloon seeing for themselves how life is like in public housing estates.

Accompanied by Mr. Frank Carroll, Director of Estates Management of Housing Department, the MPs saw the rehousing operation being carried out at Shek Kip Mei Estate and toured Ping Shek Estate.

They also had a detailed discussion with Mr. Donald Liao, Deputy Secretary for Housing, on public housing matters with particular reference to the Housing Authority's intention to provide better housing at a greater speed.

Mr. Clegg and Mr. Elliott were deeply impressed with the Shek Kip Mei Rehousing Scheme after seeing the contrasting living environment of the old Lower Shek Kip Mei Estate and the new Upper Pak Tin Estate.

The MPs showed great interest in the recreational facilities provided at Ping Shek Estate and were particularly impressed with the children's playground and basketball pitch there.

They remarked that they were surprised at the state of cleanliness maintained in the new public housing estates in view of the large number of people they accommodate.

Mr. Clegg and Mr. Elliott praised officers of the Housing Department for their enthusiasm and interest in their work.

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Note to Editors: A photograph taken during the Mps tour of Pak Tin Estate will be distributed separately in the G.I.S. press boxes this evening.

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/16

Friday, September 28, 1973

- 16 -

H.K. TO ATTEND MEETING ON HUMAN ENVIRONMENT IN BANGKOK

Hong Kong will be represented at the meeting of Representative of Countries and Inter Governmental Bodies active in the Field of Human Environment in the E.C.A.F.E. Region to be held next week in Bangkok by Mr. G. Barnes, Assistant Colonial Secretary, Environment Branch.

Mr. Barnes, who is also the Secretary of the Advisory Committee on Environmental Pollution on Land and Water, leaves by air tonight.

The meeting will begin on Tuesday (October 2) and end on Friday (October 5).

Commenting on the meeting, Mr. Barnes said that it was to discuss a draft Asian Plan of Action which was based on the resolutions made at the Stockholm Conference on the Human Environment in June, 1972.

However, he said, the meeting would also provide a very good opportunity to discuss the different methods of pollution control which were being employed in the Far East and to tell our regional neighbours what Hong Kong is trying to do in these fields.

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Release time: 8.00 p.m.