



DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES
BEACONSFIELD HOUSE, HONG KONG. TEL: 5-233191

FRIDAY, JUNE 7, 1985

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TAKEOVER OF OTB IS SAFEST COURSE OF ACTION, FS SAYS
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THE SAFEST COURSE OF ACTION WHICH COULD BE TAKEN BY THE GOVERNMENT WAS TO TAKE OVER THE OVERSEAS TRUST BANK LIMITED, GIVING COMPLETE PROTECTION FOR ALL DEPOSITORS AND CREDITORS, THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE, TOLD THE LEGISLATIVE COUNCIL THIS (FRIDAY) EVENING.

MOVING THE SECOND READING OF THE OVERSEAS TRUST BANK (ACQUISITION) BILL 1985, AT A SPECIAL SITTING OF THE COUNCIL, SIR JOHN SAID:

+WHAT THIS MEANS TO THE PUBLIC AND TO FINANCIAL INSTITUTIONS WHO HAVE DEPOSITS WITH THE OVERSEAS TRUST BANK LIMITED IS IN EFFECT THAT THEIR MONEY IS NOW HELD BY A BANK WHOLLY OWNED BY THE HONG KONG GOVERNMENT, SIMILAR TO THE HANG LUNG BANK.+

STATING THAT THERE WAS NO CAUSE FOR FURTHER ANXIETY, SIR JOHN ADDED: +IF THIS COUNCIL ACCEPT THIS BILL, THE OVERSEAS TRUST BANK WILL RE-OPEN FOR BUSINESS ON MONDAY UNDER NEW OWNERSHIP,+

SIR JOHN SAID THAT IT WAS GOVERNMENT'S FIRM VIEW THAT THE INTERESTS OF DEPOSITORS WITH BANKS LICENSED IN HONG KONG, THE INTEGRITY OF HONG KONG'S FINANCIAL SYSTEM AND ITS INTERNATIONAL REPUTATION HAD TO BE SAFEGUARDED.

IT WAS NOT POSSIBLE YET TO QUANTIFY WHAT THE COSTS WOULD BE TO THE EXCHANGE FUND, FROM WHICH EXPENSES WOULD BE MET. THE OVERSEAS TRUST BANK WAS SOMEWHAT LARGER THAN THE HANG LUNG BANK, BUT BY TAKING EARLY DECISIVE ACTION THE EVENTUAL COSTS TO PUBLIC MONEY WOULD BE MINIMISED, SIR JOHN SAID.

THE HONG KONG AND SHANGHAI BANK, HE SAID, HAD AGREED TO PROVIDE SENIOR FULL TIME MANAGEMENT AND AN EXECUTIVE DIRECTOR. THE CHAIRMAN WOULD BE THE SECRETARY FOR MONETARY AFFAIRS AND ADDITIONAL DIRECTORS WOULD BE APPOINTED. BUT THE GOVERNMENT WOULD, IN THE FIRST INSTANCE, CALL UPON THE SERVICES OF THOSE WHO WERE CURRENTLY DIRECTORS OF THE HANG LUNG BANK BECAUSE THERE WERE USEFUL EXPERIENCES TO BE DRAWN UPON. THE FUTURE STRUCTURE OF THE BANK WOULD REQUIRE A FULL STUDY.

IN HIS SPEECH, HE SAID THAT THE OVERSEAS TRUST BANK HAD NOTIFIED THE COMMISSIONER OF BANKING AT 4.30 PM ON THURSDAY, JUNE 6, THAT IT WAS INSOLVENT.

+AFTER CONSULTATION WITH ME, THE COMMISSIONER EXERCISED HIS POWERS OF CONTROL UNDER SECTION 13 (1) OF THE BANKING ORDINANCE AND HAS DIRECTED THE BANK AND ITS BOARD OF DIRECTORS TO DESIST FROM UNDERTAKING ANY BUSINESS WHATSOEVER IN ITS BRANCH OFFICES IN HONG KONG OR ELSEWHERE OVERSEAS UNTIL FURTHER NOTICE.

+IN EFFECT THE BANK'S OPERATIONS WERE FROZEN. SO WAS TRADING IN THE BANK'S SHARES ON VARIOUS STOCK EXCHANGES.

/THIS DEVELOPMENT

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THIS DEVELOPMENT FOLLOWED AN INTENSIVE EXAMINATION OF THE BANK'S BOOKS BY FOUR TEAMS OF EXAMINERS FROM THE COMMISSIONER'S OFFICE DURING THE PAST TWO MONTHS AND AN URGENT STUDY BY A MERCHANT BANKER. THERE HAD ALSO BEEN PROLONGED CONSULTATIONS WITH EXECUTIVES AND DIRECTORS OF THE BANK.

+THE RESULTS OF THE EXAMINATIONS INDICATED THAT THE BANK'S PROBLEM WENT BEYOND IMPRUDENT MANAGEMENT OR MISFORTUNE AND THAT THE EXTENT OF PROVISIONS WHICH OUGHT PRUDENTLY TO BE MADE IN RESPECT OF EXISTING BAD AND DOUBTFUL LOANS WAS SUCH THAT THE CAPITAL OF THE BANK WAS MORE THAN WHOLLY LOST,+ SIR JOHN SAID.

+ALTHOUGH BANKING SUPERVISION CAN ALWAYS BE IMPROVED UPON, THE PROBLEMS OF OVERSEAS TRUST BANK APPEAR TO HAVE ARISEN FROM CRIMINAL ACTIONS AND NOT FROM LACK OF PRUDENTIAL SUPERVISION BY THE BANKING COMMISSION.+

SIR JOHN SAID THAT THE BILL IS MODELLED ON THE HANG LUNG BANK ACQUISITION ORDINANCE. IT PROVIDES FOR THE ACQUISITION OF THE OVERSEAS TRUST BANK LIMITED BY THE GOVERNMENT AND THE SUBSEQUENT CARRYING ON OF ITS BUSINESS.

HE SPECIFICALLY DREW COUNCIL MEMBERS' ATTENTION TO CLAUSE 8 OF THE BILL WHICH ENABLES THE FINANCIAL SECRETARY, ON BEHALF OF THE GOVERNMENT, TO GUARANTEE THE DEBTS OF THE BANK.

+OBLIGATIONS UNDER THE GUARANTEE ARE CHARGED ON THE EXCHANGE FUND. IN THE ABSENCE OF SUCH A GUARANTEE THE NEWLY APPOINTED DIRECTORS COULD NOT CONTINUE TO OPERATE THE BANK, AS TO DO SO WOULD RESULT IN CONTRAVENTION OF THE BANKRUPTCY LAWS BECAUSE THE BANK IS INSOLVENT.

+PROVISION IS PROPERLY MADE IN THE BILL FOR POSSIBLE COMPENSATION. I SHALL BE VERY SURPRISED IF ANY IS DUE,+ SIR JOHN SAID.

SIR JOHN SAID THAT HE KNEW THAT THE STAFF OF THE BANK WOULD RESPOND ACCORDINGLY AND GIVE THEIR FULL SUPPORT TO THE NEW MANAGEMENT.

HE PAID TRIBUTE TO MANY OF HIS COLLEAGUES WHO HAD WORKED THROUGHOUT THE NIGHT SO THAT THIS MATTER COULD BE HANDLED EXPEDITIOUSLY.

HE THEN MOVED THAT THE DEBATE ON THE MOTION BE TAKEN.

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BILL PROVIDES FOR SHARE TRANSFER TO GOVERNMENT
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THE IMMEDIATE EFFECT OF THE OVERSEAS TRUST BANK (ACQUISITION) BILL 1985 IF PASSED WOULD BE TO ENABLE SHARES IN THE BANK TO BE TRANSFERRED AS A MATTER OF LAW FROM PREVIOUS SHARE-HOLDERS TO THE GOVERNMENT, OR MORE STRICTLY, TO THE COLONIAL TREASURER INCORPORATED, THE ATTORNEY GENERAL, THE HON MICHAEL THOMAS SAID IN THE LEGISLATIVE COUNCIL.

SPEAKING BRIEFLY ON THE BILL, FOLLOWING THE FINANCIAL SECRETARY, SIR JOHN BREMIDGE'S SPEECH, MR THOMAS SAID, THE SECOND EFFECT WAS TO ENABLE THE BANK ON MONDAY TO CONTINUE TO TRADE AND TO OVERCOME ITS PRESENT DIFFICULTY OF DECLARED INSOLVENCY, BY REASON OF THE GUARANTEES WHICH UNDER SECTION 8 THE FINANCIAL SECRETARY WAS EMPOWERED TO GIVE -- CHARGED ON AND ISSUED OUT OF THE EXCHANGE FUND.

+SO THE NATURE OF THE LEGISLATION IS FOUNDED ALMOST ENTIRELY EXCEPT THE SECTION 8, UPON THAT MODEL WHICH WAS BEFORE THIS COUNCIL SOME 20 MONTHS AGO WHEN THE HANG LUNG BANK WAS IN SIMILAR CIRCUMSTANCES TAKEN OVER, SO TO SPEAK, BY THE GOVERNMENT.

+THAT MODEL HAS BEEN FOUND SATISFACTORY BECAUSE NO EXPERIENCE OF THE BOARD OF THE HANG LUNG BANK POINTS TO THE NEED TO IMPROVE THE METHOD THAT WAS THEN CHOSEN AND TONIGHT WOULD BE REPEATED IF THIS BILL IS PASSED,+ HE SAID.

DRAWING ATTENTION TO THE MAIN SECTION OF THE BILL, MR THOMAS SAID SECTION 3 IS THE KEY TO THE TRANSFER OF ALL THE SHARES IN THE CAPITAL OF THE COMPANY +FROM WHOMSOEVER PRESENTLY HAVING THEM TO THE COLONIAL TREASURER INCORPORATED AND WITH IT ALL THE RIGHTS, PRIVILEGES AND ADVANTAGES AND ALL LIABILITIES AND OBLIGATIONS ARISING FROM HOLDING OF THOSE SHARES.+

AND SUBSECTION 3 PROVIDED FOR THE TRANSFER TO BE REGISTERED SO THAT THE COLONIAL TREASURER SHOULD BE THE REGISTERED OWNER OF THOSE SHARES, HE SAID.

HE SAID THAT SECTION 4 WAS A CONVENIENT SECTION TO INCLUDE BECAUSE IT MEANT THAT THE BANK WOULD CONTINUE TO OCCUPY ANY PREMISES WHICH IT DID NOT OWN AT PRESENT. AND IN THAT WAY, THERE WOULD BE NO INTERRUPTION IN THE BUSINESS OR THE ACTIVITIES OF THE BANK BY REASON OF THE FACT THAT THE SHAREHOLDING HAD ENTIRELY CHANGED.

+IT WOULD NOT, FOR EXAMPLE, BE OPEN TO ANY PREVIOUS DIRECTOR OR ANY PREVIOUS SHAREHOLDER TO DENY THE BANK THE USE OF PREMISES AFTER THE PASSING OF THIS BILL. THAT USE WOULD CONTINUE ON THE SAME TERMS AND CONDITIONS AS ENJOYED PREVIOUSLY,+ HE SAID.

+THEN, UNDER SECTION 5, THERE IS A DETERMINATION OF ANY RIGHT TO ACQUIRE SHARES, SO IF ANYONE OF ITS PRESENT CLIENTS HAD SOME RIGHT TO PURCHASE ANY SHARES IN THE COMPANY, THAT RIGHT WOULD DETERMINE, AND SO WOULD ANY RIGHT TO NOMINATE DIRECTORS OR EXERCISE CONTROL.

/+THEN UNDER

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+THEN UNDER SECTION 6, ONE PROVISION WHICH CAN BE EXERCISED BY THE FINANCIAL SECRETARY, ANY UNCOMMERCIAL DISPOSAL OF ASSETS BY THE BANK IN THE LAST 12 MONTHS, ANY DISPOSAL NOT MADE IN GOOD FAITH AND IN THE ORDINARY COURSE OF THE BUSINESS, COULD BE DISREGARDED AND A CLAIM COULD BE BROUGHT AGAINST THE DIRECTORS, MANAGERS AND OFFICERS OF THE BANK IN RESPECT OF ANY SUCH DISPOSAL, AND SIMILARLY UNDER SUBSECTION (3), ANY BURDENSOME TRANSACTIONS ENTERED INTO BY THE COMPANY OVER THE LAST 12 MONTHS SIMILARLY COULD BE SET ASIDE.

+SO THEN UNDER SECTION 7, DIRECTORS ARE TO BE APPOINTED. THE SECRETARY FOR MONETARY AFFAIRS UNDER SUBSECTION (2) BECOMES THE CHAIRMAN AS SOON AS THIS BILL IS PASSED AND THE FINANCIAL SECRETARY HAS THE POWER TO APPOINT OTHER PERSONS TO ACT AS DIRECTORS OF THE COMPANY,+ MR THOMAS SAID.

UNDER SECTION 8, MR THOMAS SAID, WAS THE PROVISION FOR THE GUARANTEE — A CRUCIAL PROVISION TO ENABLE THE BANK TO CONTINUE IN BUSINESS ON MONDAY MORNING.

UNDER SECTION 9, THERE WAS PROVISION FOR CLAIMS FOR COMPENSATION. +WHETHER OR NOT THOSE WILL PROVE TO BE VALUABLE CLAIMS IS QUITE A DIFFERENT THING. BUT IT WOULD BE IN MY SUBMISSION QUITE WRONG FOR THIS GOVERNMENT TO BE CONFISCATING ANY ASSETS WITHOUT ANY RIGHT TO CLAIM COMPENSATION, IF INDEED THOSE ASSETS HAVE A VALUE. AND THE METHOD IN WHICH THE COMPENSATION WILL BE ASSESSED WILL BE PROVIDED IN REGULATIONS WHICH THE GOVERNMENT, THROUGH THE FINANCIAL SECRETARY, HAS POWER TO MAKE TO GOVERN THE METHOD OF ASSESSING COMPENSATION, THE BASIS ON WHICH COMPENSATION SHOULD BE CALCULATED AND THE LIKE.

+SO SECTION 10 GIVES THE FINANCIAL SECRETARY POWER TO MAKE REGULATIONS PROVIDING FOR THE MANAGEMENT AND CONTROL OF THE COMPANY, SO HE WOULD, AS IT WERE THE SHAREHOLDER, BE IN A POSITION TO DIRECT THE MANNER IN WHICH THE BANK CARRIES ON ITS BUSINESS.

+SIMILARLY, UNDER SECTION 11, THE GOVERNOR HAS A POWER TO GIVE DIRECTIONS TO THE DIRECTORS OF THE COMPANY SO THAT IT CAN BE CERTAIN THAT THEY EXERCISE THEIR POWERS IN THE PUBLIC INTEREST.

+AND LASTLY, UNDER SECTION 12, BECAUSE THE BILL ITSELF DOES THINGS WHICH ARE IN PARTICULAR RESPECT INCONSISTENT WITH THE COMPANIES ORDINANCE OR THE BANKING ORDINANCE OR THE DEPOSIT-TAKING COMPANIES ORDINANCE, OR INDEED THE MEMORANDUM OR ARTICLES OF ASSOCIATION OF THE COMPANY, IT IS PROVIDED THAT THE PROVISION OF THIS ORDINANCE OVER-RIDE THOSE.

+SO IT IS THIS ORDINANCE WHICH HAS THE EFFECT OF TRANSFERRING THOSE SHARES, INSTALLING THE DIRECTORS AND ENSURING THAT THIS CORPORATION IS PROPERLY CONSTITUTED TO CARRY ON BUSINESS COME MONDAY MORNING,+ HE SAID.

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'ACTION ON BANK TAKEN WITH GREAT DIFFICULTY'
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THE COURSE OF ACTION TAKEN BY THE GOVERNMENT, THE EXECUTIVE COUNCIL AND THE LEGISLATIVE COUNCIL ON THE OVERSEAS TRUST BANK LIMITED WAS ONE THAT HAD BEEN REACHED +WITH A VERY GREAT DEAL OF DIFFICULTY AFTER VERY CONSIDERABLE HEART-SEARCHING,+ THE FINANCIAL SECRETARY, THE HON SIR JOHN BREMRIDGE, SAID TODAY.

IN HIS SUMMING UP, GIVEN IMPROMPTU, ON THE DEBATE ON THE OVERSEAS TRUST BANK (ACQUISITION) BILL 1985, SIR JOHN SAID: +WHETHER WE ARE RIGHT OR NOT, I DO NOT KNOW. NO ONE IN THIS CHAMBER KNOWS. BUT I DO KNOW THAT FOR MY PART, I WOULD NOT HAVE ACCEPTED THE RISK FOR HONG KONG OF TAKING ANOTHER COURSE.+

SIR JOHN ALSO SAID: +AS THIS COUNCIL MOVES FORWARD WITH A GREATER DEGREE OF POLITICALISATION, IT'S AMONG THE LESS EXTRAORDINARY MEASURES TO HEAR SENIOR GOVERNMENT SERVANTS SPEAKING WHOLLY IMPROMPTU WITHOUT NOTES OR NOT MANY NOTES AND CERTAINLY WITHOUT PREPARED SPEECHES. I SHALL DO MY BEST. FIRST OF ALL, I WOULD LIKE TO THANK MEMBERS FOR THEIR GENERAL UNDERSTANDING. I MUST SAY I APPROACHED THIS BILL WITH TOTAL DISTASTE. I ADVOCATE ITS ADOPTION PURELY BECAUSE ALL OTHER MEASURES SEEM WORSE. I CAN'T SEE ANYTHING ELSE THAT WOULDN'T SEEM WORSE.

+NEVERTHELESS WHAT IS NOT QUANTIFIABLE IS WHAT WOULD HAPPEN TO HK'S STATUS AS AN INTERNATIONAL FINANCIAL CENTRE AND ON THE PERCEIVED INTEGRITY OF THE LOCAL INTERBANK MARKET IF WE DO NOT TAKE SUCH ACTIONS. CONFIDENCE IN THE HK DOLLAR IS ALSO AT STAKE. AND I NEED NOT TELL YOU HOW HARDLY WON THAT CONFIDENCE IS. THE WORST SCENARIO POSSIBLE COULD INCLUDE THE BREAKDOWN OF THE INTERBANK MARKET WITH A VERY SERIOUS KNOCK-ON EFFECT ON LOCAL BANKS.

+I AM GRATEFUL FOR DR FANG'S COMMENTS. I AM EXTREMELY SORRY THAT WE HAVE TO ACT IN SUCH A HASTY MANNER. BUT I AM SURE THAT HE AND THE OTHER MEMBERS KNOW WHY. HE SEEKS ASSURANCES AND I WILL DO MY BEST TO GIVE THEM.

+MR CHEN HAS SPOKEN PERSUASIVELY OF THE SYSTEM IN HK BASED ON FREE ENTERPRISE, BASED ON PEOPLE LOOKING AFTER THEMSELVES, BASED ON THE FACT THAT WE DO NOT BAIL OUT LAME DUCKS. I DO NOT DISAGREE WITH HIM. I MUST HOWEVER COMMENT THAT TO SOME EXTENT THAT AND AS I HAVE SAID IT IS AN UNQUANTIFIABLE EXTENT. BANKS ARE NOT LIKE OTHER BUSINESSES. MR CHEN AND I WOULD LIKE TO TREAT THEM AS THEY WERE, AS IF THEY WERE OTHER BUSINESS. NOTHING COULD HAVE GIVEN ME GREATER PLEASURE THAT TO SEE THIS WRETCHED BANK BE PUT INTO INSOLVENCY. BUT I AM PERSUADED THAT THE RISKS ON THE BEHALF OF HONG KONG AS A MAJOR WORLD FINANCIAL CENTRE ARE SIMPLY NOT WORTH TAKING. THEY ARE TRULY UNQUANTIFIABLE RISKS.

/+MISS DUNN

+MISS DUNN HAS SPOKEN MOST KINDLY, I AM GRATEFUL TO HER COMMENTS ON THE SPEED WHICH WE HAVE APPROACHED THIS BILL. IT WAS THE SPEED WHICH I MUST SAY WHICH I FOUND MOST DISTASTEFUL. WE HAVEN'T REALLY HAD TIME TO THINK THINGS UP PROPERLY. WE CERTAINLY HAVEN'T HAD TIME TO THINK WHAT WE'RE GOING TO DO WITH THE BANK WHEN WE OWN IT. I THINK PEOPLE KNOW WHAT HAS BEEN HAPPENING IN HONG KONG TODAY, WHAT PEOPLE HAVE BEEN SAYING AND THE WORRIES OF LITTLE MEN. I ENTIRELY SHARE HER VIEWS ON THE NEED TO MAKE SURE THAT JUSTICE TAKES DUE EFFECT ON ALL CRIMINALS. I CERTAINLY SHALL REMIND MY COLLEAGUE THE ATTORNEY GENERAL OF THE VIRTUES OF A CRIMINAL ACTION IN THE COURT. IT DID SEEM APPROPRIATE THAT WE SHOULD MAKE A TOKEN PROVISION FOR SHAREHOLDER CLAIMING COMPENSATION. IT IS NOT OUR FASHION IN HONG KONG NOW AND IT WILL BE NOT IN THE FUTURE, TO SEQUESTER PEOPLE'S PROPERTIES OR PROPERTY OR MONEY WITHOUT ALLOWING THEM A CHANCE TO CLAIM.

+NOW I SAY YET AGAIN THAT, IF INDEED THERE IS ANY CLAIM THAT IS FAIRLY PUT, I FOR ONE, WILL BE EXTREMELY SURPRISED. TO ME, NOT THE LEAST SATISFACTORY OUTCOME OF THIS WHOLE BUSINESS AND PERHAPS SOME WOULD SAY ABOUT THE ONLY SATISFACTORY OUTCOME IS THAT SHAREHOLDERS THEMSELVES ARE NOT BEING BAILED OUT. AND THEY WOULD INDEED HAVE LOST AT LEAST \$1.6 BILLION. WHAT WE ARE PROTECTING IS THE GOOD NAME OF HONG KONG AND THE TRUST OF DEPOSITORS IN OUR BANKING SYSTEM HERE. THERE IS OF COURSE ABSOLUTELY NO COMMITMENT TO FURTHER BAILS OUT.

+MISS DUNN IS QUITE RIGHT TO WARN OTHER BANKS IN HONG KONG THAT THIS BILL OFFERS NO COMFORT FOR THEM FOR THE FUTURE. SELF-RELIANCE IS A PRINCIPLE OF HONG KONG'S LIFE. BANKS WHO LEND TO BANKERS IN PARTICULAR MUST BE PRUDENT AND CAUTIOUS, ADDRESSING THE RISKS AS THEY ARE SEEKING AND EARNING THEIR REWARDS. THE COMMISSIONER OF BANKING WILL NOT HESITATE TO EXAMINE HIS POWERS TO CONTROL BANKS WHICH CANNOT MANAGE THEIR AFFAIRS PRUDENTLY AND IN ACCORDANCE WITH THE REQUIREMENTS OF THE LAW.

+I AM NOT SURPRISED AT MR LEE'S COMMENTS WHICH I THOUGHT IN ALL THE CIRCUMSTANCES, WERE EXTREMELY CHARITABLE. HONG KONG'S REPUTATION AS A FINANCIAL CENTRE IS OF MAXIMUM IMPORTANCE TO US. I AM PARTICULARLY SENSITIVE TO HIS COMMENTS, WHICH AGAIN I THOUGHT WERE ENTIRELY DESERVED ON THE NEED TO STRENGTHEN BANKING SUPERVISION. I SHALL BE LEAVING THIS CHAMBER TO FACE THE PRESS AND I HAVE NO DOUBT THIS IS AN AREA WHICH WILL BE VIGOROUSLY PURSUED. BUT I MUST AGAIN REPEAT, THAT IT IS ONE THING TO SUPERVISE THE ACTIONS OF BANK MANAGERS ACTING IMPRUDENTLY OR INCAUTIOUSLY. IT IS QUITE ANOTHER MATTER TO SEEK TO CATCH WHAT OCCUR TO US TO HAVE BEEN MAJOR ACTS OF CRIMINALITY. OF COURSE THIS IS AN AREA IN WHICH THE BANKING COMMISSIONER WILL SEEK TO STRENGTHEN HIS STAFF. BUT I THINK ONE MUST ACCEPT THAT IT WOULD BE MOST UNWISE, MOST FOOLISH FOR ME TO SAY IT, THAT WE WILL CATCH ALL CRIMINALS IN THE FUTURE. WE SHALL CERTAINLY DO OUR BEST.

/+MR STEPHEN

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+MR STEPHEN CHEONG COMMENTED SENSIBLY AND WISELY AGAIN ON THE POSSIBLE ADVERSE EFFECTS, PARTICULARLY IN OUR FINANCIAL AREAS. HONG KONG IS PART OF THE HONG KONG-NEW YORK-LONDON-ZURICH AXIS. ONE OF THE PROBLEMS WE HAD IN ADDRESSING THIS ISSUE IS TO SEEK TO BE CLEARER IN OUR OWN MIND WHAT OUR DUTY IS TO INTERNATIONAL BANKING AS A WHOLE. HONG KONG IS PART OF THE INTERNATIONAL BANKING COMMUNITY AND WE CANNOT SEEK TO GO OFF ON A COURSE OF SELF-INTEREST ON OUR OWN, WITHOUT CONSIDERING AT THE SAME TIME WHAT OUR OVERALL RESPONSIBILITIES ARE. I ENTIRELY SHARE HIS VIEW AGAIN OF THE NEED TO DEVELOP BETTER SUPERVISION. I ENTIRELY AGREE WITH HIS MESSAGE WHICH HE AND OTHERS HAVE MADE QUITE CLEAR TO-NIGHT THAT WE SHOULD MAKE IT PERFECTLY PLAIN TO OTHER BANKS IN HONG KONG WHO MAY RUN INTO TROUBLE THAT IF THEY SEEK TO BE BAILED OUT WITH GOVERNMENT -- THAT IS THE PEOPLE OF HONG KONG'S FUNDS THEY HAD BETTER HAVE ANOTHER THOUGHT.

+I WOULD LIKE TO THINK THIS IS THE LAST CASE OF THIS SORT THAT WILL ARISE. I SHARE HIS VIEWS ON THE NEED TO DETECT SUCH PROBLEMS EARLIER. OBVIOUSLY THIS IS A COURSE OF EXCELLENCE. WE WILL ACCEPT THE PROBLEMS FACED BY THE BANKING COMMISSIONER WHEN HE WAS ONLY INFORMED BY THE CHAIRMAN OF THIS BANK THAT IT WAS INSOLVENT AT 4.30 PM LAST NIGHT.

+I TAKE MR CHEONG'S POINT ABOUT SELF REGULATIONS, I TAKE HIS POINT ABOUT SQUABBLES IN THE BANKING INDUSTRY. HE WILL AGREE THAT WE MUST AS I HAVE PROMISED SEVERAL TIMES GO FORWARD TOWARDS NEW LEGISLATION AS A PROCESS OF CONSULTATION.

+WE MUST CONSULT, WE HAVE CONSULTED. WE HAD A VERY IMPORTANT MEETING OF THE BANKING ADVISORY COMMITTEE ONLY ON WEDNESDAY THIS WEEK. BUT I SAY TO YOU AND I SAY TO THE BANKS IN HONG KONG THAT CONSULTATION HAS TO COME TO AN END SOME TIME.

+WE HAVE CONSULTED AND WE ARE SHORTLY GOING TO HAVE TO MAKE OUR MINDS UP AND THEN INTRODUCE A BILL TO EXECUTIVE COUNCIL AND HOPE THAT THEY WILL AGREE THAT WE MAY INTRODUCE IT INTO THIS COUNCIL.

+HAVE NO DOUBT THAT I AND THE BANKING COMMISSIONER ARE SET ON GETTING TO GRIPS WITH THIS QUESTION OF BETTER BANKING SUPERVISION AS QUICKLY AS POSSIBLE.

+BUT THERE ARE 141 BANKS, 33 LICENSED DEPOSIT-TAKING COMPANIES, ABOUT 330 REGISTERED DEPOSIT-TAKING COMPANIES AND 114 BANK REPRESENTATIVE OFFICES. I THINK IT IS A FAIR POINT TO SAY THAT THE SQUABBLING THAT GOES ON IS NOT ON THE WHOLE LIKELY TO END UP IN SWEET REASON.

+THIS IS WHY I SAY AFTER THE PROCESS OF CONSULTATION HAS STOPPED THE GOVERNMENT IS GOING TO HAVE TO TAKE ACTION, AND I AM VERY PLEASED TO NOTE THE FEELINGS IN THIS COUNCIL AND TO SENSE THAT I WON'T HAVE ANY DIFFICULTY IN SECURING YOUR AGREEMENT.

/+MRS CHOW

+MRS CHOW COMMENTS IT IS ONLY 20 MONTHS SINCE THE HANG LUNG BILL, I AGREE. OF COURSE THE HANG LUNG BANK BILL WAS INTRODUCED IN SLIGHTLY DIFFERENT CIRCUMSTANCES. WE HAD A DEPLORABLE SITUATION WITH REGARD TO THE HONG KONG DOLLAR. THE PRESENCE OF POLITICAL LACK OF CONFIDENCE WAS PERFECTLY OBVIOUS. AND AT THAT TIME WE HAD NO OPTION. I AGREE THAT AT THIS TIME WE DID HAVE OPTIONS AND I THINK ONLY FOOLISH PEOPLE WOULD BELIEVE THAT IT HAS BEEN EASY TO ADOPT THE COURSE WE HAVE. THERE ARE OTHER ARGUMENTS WHICH WERE VERY PERSUASIVE INDEED. I REPEAT WHAT I SAID EARLIER: I THINK WHAT WE HAVE DONE IS CHOOSE THE LESS BAD COURSE. I CERTAINLY DON'T THINK IT IS A VERY GOOD COURSE. I AM SORRY THAT WE CANNOT QUANTIFY WITH A GREAT DEAL OF EXACTNESS THE COST TO THE EXCHANGE FUND. BUT IF WE HAD ALLOWED THIS BANK TO GO INTO LIQUIDATION IT HAS BEEN ESTIMATED VERY ROUGHLY THAT CREDITORS MIGHT HAVE RECOVERED ONLY ABOUT 70 PER CENT OF THEIR CLAIMS. IT HAS BEEN ACCEPTED THAT ALL SHAREHOLDERS FUNDS WOULD HAVE BEEN LOST.

+ON THAT BASIS, SIR, I ESTIMATE THAT THE CONTRIBUTION FROM THE EXCHANGE FUND THAT MAY BE NEEDED TO HELP THIS BANK IS SOMETHING LIKE \$2 BILLION. GIVEN GOOD MANAGEMENT, THE FINAL FIGURE MAY BE LESS. I NEED HARDLY REPEAT THAT IT IS NOT THE GOVERNMENT'S INTENTION ANY MORE THAT IT WAS THE INTENTION WITH THE HANG LUNG BANK TO HANG ON TO DISTRESSED BANKS. I SHALL PERSONALLY BE DELIGHTED TO SEE THE BACK OF THEM AND I AM SURE THE MEMBERS OF THIS COUNCIL WHO SERVE ON THE BOARD AND WILL CERTAINLY SHORTLY SERVE ON THE BOARD OF THIS BANK WILL ALSO BE DELIGHTED TO SEE US GET OUT. THE ONLY POINT IS THIS REPRESENTS AGAIN THE MONEY OF THE CITIZENS OF HONG KONG AND IT IS ONLY INTELLIGENT TO MAKE SURE THAT WHEN WE DO SELL THE BANK WE GET OUR TIMING RIGHT SO THAT WE CAN SECURE AS MUCH COMPENSATION AS WE CAN.

MRS FAN AGAIN REFERRED TO THE HANG LUNG CASE. WE THOUGHT AT THE TIME IT WAS A ONE OFF, WE WERE WRONG. SHE ASKED AGAIN TO PROMISE THERE WILL BE NO SIMILAR BILLS, OF COURSE I CANNOT. BUT WHAT I CAN SAY, AND I ECHO ONLY THE WORDS OF MANY OF MY COLLEAGUES: IF ANY BANK THINKS IN FUTURE IT GETS INTO TROUBLE IT'S GOING TO GET AN EASY PASSAGE EITHER FROM THE EXECUTIVE COUNCIL OR THIS COUNCIL, IT IS SERIOUSLY MISJUDGING NOT ONLY THE MOOD OF THIS CHAMBER BUT WOULD GUESS THE MOOD OF THE PUBLIC AS WELL.

MR CHAM, PERFECTLY CORRECTLY, POINTED TO THE SQUEEZE THAT COULD HAVE HAPPENED IN HONG KONG. I MUST CONFESS FRANKLY THAT THIS TO ME IS ALL PERSUASIVE. IF WE HADN'T TAKEN THIS COURSE I DO NOT KNOW WHAT WOULD HAVE HAPPENED AS EARLY AS NEXT WEEK FOR A LOT OF OUR SMALLER BANKS.

/NOW THIS

NOW THIS QUESTION OF INSOLVENCY, COMPENSATION FUNDS AND DEPOSIT INSURANCE, IS NOT QUITE SO EASY AS IT SOUNDS. I THINK MR CHAM, WHO'S EXTREMELY KNOWLEDGEABLE IN THIS AREA, KNOWS THAT WHILE THERE MAY BE SQUABBLES AMONG ALL THE BANKS IN HONG KONG, THERE IS NO SQUABBLE SO BITTER OR DEEP-SEATED AS THAT BETWEEN THOSE WHO WANT DEPOSIT INSURANCE AND THOSE WHO DO NOT. THERE TENDS TO BE AN ARGUMENT, OF COURSE, BETWEEN THE BIG AND THE POWERFUL AND THE SMALL AND NOT SO POWERFUL, BECAUSE SUCH INSURANCE WOULD NORMALLY NOT BE PAID TO THE SMALL BUT BE PAID TO THE BIG. AND THE BIG, WITH SOME REASON, THINK THAT A SYSTEM OF INSURANCE OF THIS NATURE MIGHT PERSUADE THE SMALLER BANKS TO BE EVEN LESS PRUDENT THAN THEY ARE NOW, TO BE PERHAPS, A LITTLE UNWISE AND OFFERING TOO HIGH DEPOSIT RATES, TO TAKE RISKS BECAUSE THEY KNOW THAT DEPOSITS WERE INSURED.

NOW, I AM NOT FOR A MINUTE ACCEPTING THAT ARGUMENT.

ALL I AM SAYING IS THAT THERE ARE TWO ARGUMENTS. AND I THINK YOU ALL KNOW THAT THE COMMISSIONER OF BANKING IS SET, WITH THE GOVERNMENT, ON IMPROVING THE WHOLE SUPERVISORY LEGISLATION. ONE OF THE AREAS IN WHICH HE IS LOOKING IS THIS QUESTION OF DEPOSIT INSURANCE AND I DON'T THINK IT WOULD BE SENSIBLE FOR ME TO PROCEED ANY FURTHER IN THESE COMMENTS BECAUSE WE HAVEN'T FINISHED EXAMINING THE ARGUMENTS ON BOTH SIDES. BUT THAT THERE ARE ARGUMENTS ON BOTH SIDES, I'M AFRAID WE MUST ACCEPT.

MR CARL TONG AS AN EXPERIENCED CHARTERED ACCOUNTANT ASKS A SERIES OF VERY DIFFICULT QUESTIONS. HE WILL NOT EXPECT ME TO ANSWER THEM. ALL I CAN SAY IS THAT I AM PERHAPS MORE DISTRESSED THAN HE IS. I AGREE IN AN IDEAL WORLD WE WOULD HAVE SPOTTED THIS TROUBLE EARLIER. I AGREE THERE SHOULD HAVE BEEN TELL-TALE SIGNS, BUT IF I MAY REMIND HIM OF WHAT I SAID IN MY SPEECH, WE'RE NOT TALKING SO MUCH, IN FACT WE'RE NOT TALKING AT ALL, ABOUT MANAGEMENT INADEQUACY: WE'RE TALKING HERE ABOUT A MANAGEMENT THAT SEEMED TO US DELIBERATELY TO SET OUT ON A SERIES OF ABSOLUTELY TOTALLY DISGRACEFUL CRIMINAL ACTIONS.

I DON'T SEE HOW YOU CAN CATCH THEM WHEN THEY'RE BEING DONE= YOU CATCH THEM AFTERWARDS. THERE MUST BE A DEGREE OF TRUST, GIVEN BY THE GOVERNMENT, BY THE COMMUNITY IN SENIOR OFFICERS OF BANKS, AND IF YOU'RE A VERY SENIOR OFFICER OF A VERY BIG BANK AND YOU'VE GOT THERE DESPITE THE FACT THAT YOU'VE SHOWN CRIMINAL TENDENCIES, I'M AFRAID IT IS VERY POSSIBLE TO LEAVE HONG KONG AND DEPART FOR OTHER PLACES WHERE THERE ARE NO EXTRADITION TREATIES WITH HUNDREDS OF MILLIONS OF DOLLARS. THIS IS A FACT OF LIFE. I DON'T THINK IT HAPPENS VERY OFTEN. AS FAR AS WE KNOW, IT HAS HAPPENED ONLY TWICE IN HONG KONG, AND I CANNOT POSSIBLY GUARANTEE IT WON'T HAPPEN AGAIN.

/NOW, SIR

NOW, SIR I'M CONCLUDING MY SPEECH, GIVEN IMPROMPTU: IF I'VE LEFT OUT ANY POINTS I'M SORRY. I WOULD LIKE TO SAY, IN SUMMING UP, THAT THIS COURSE OF ACTION WHICH THE GOVERNMENT, THE EXECUTIVE COUNCIL AND THIS CHAMBER ITSELF, IS ONE THAT WE'VE REACHED WITH A GREAT DEAL OF DIFFICULTY AFTER VERY CONSIDERABLE HEART-SEARCHING AND A VERY REAL BALANCING OF THE RISKS. WHETHER WE ARE RIGHT OR NOT, I DO NOT KNOW. NO ONE IN THIS CHAMBER KNOWS. BUT I DO KNOW THAT, FOR MY PART, I WOULD NOT HAVE ACCEPTED THE RISKS FOR HONG KONG OF TAKING ANOTHER COURSE.+

THE BILL THEN WENT THROUGH THE COMMITTEE STAGE AND THIRD READING AND WAS PASSED INTO LAW.

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DECISION TO TAKE OVER OTB THE RIGHT MOVE

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THE DECISION BY THE GOVERNMENT TO TAKE OVER THE OVERSEAS TRUST BANK LIMITED WAS THE RIGHT ONE IN ALL THE CIRCUMSTANCES, THE DEPUTY TO THE GOVERNOR, SIR PHILIP HADDON-CAVE, SAID THIS (FRIDAY) EVENING.

SPEAKING TO REPORTERS AFTER THE LEGISLATIVE COUNCIL MEETING DURING WHICH THE OVERSEAS TRUST BANK (ACQUISITION) BILL 1985 WAS PASSED, SIR PHILIP SAID IT WAS NOT AN EASY DECISION TO TAKE.

+BUT THE COURSE HAS BEEN ADOPTED, I AM SURE IT IS THE RIGHT ONE IN THE INTEREST OF THE BANKING INDUSTRY AS A WHOLE, AND HAVING REGARD TO THE FACT THAT HONG KONG IS AN INTERNATIONAL FINANCIAL CENTRE,+ HE SAID.

+REMEMBER THE OTB IS AN INTERNATIONAL BANK. IT HAS 43 BRANCHES IN HONG KONG BUT FIVE OR SIX BRANCHES OVERSEAS. SO WE HAVE AN OBLIGATION BEYOND HONG KONG'S BOUNDARIES.+

ASKED WHETHER REFORMS WERE IN HAND TO IMPROVE THE SYSTEM OF SUPERVISION, SIR PHILIP POINTED OUT THAT REFORMS WERE IN HAND ALL THE TIME.

+WE LIVE IN A DYNAMIC WORLD. THE BANKING ORDINANCE HAS BEEN AMENDED MANY, MANY TIMES SINCE 1964.

+CIRCUMSTANCES CHANGE AND NEW REQUIREMENTS EMERGE, SO WE WILL RESPOND WITH AMENDMENTS TO THE LAW. THIS IS THE PROCESS,+ HE SAID.

SIR PHILIP ADDED THAT A GOOD SYSTEM OF PRUDENTIAL SUPERVISION WOULD ENSURE THAT THE BANKING INDUSTRY WAS OPERATED IN ACCORDANCE WITH SOUND BANKING PRINCIPLES.

/+WE HAVE

+WE HAVE A GOOD SYSTEM OF PRUDENTIAL SUPERVISION IN PLACE, BUT IT IS VERY DIFFICULT TO STOP PEOPLE BEHAVING IN A CRIMINAL WAY,+ HE SAID.

ASKED WHETHER HE HAD ANY ADVICE TO DEPOSITORS IN HIS SECOND LAST DAY AS CHIEF SECRETARY, SIR PHILIP SAID THE HONG KONG DOLLAR WAS A VERY SOUND CURRENCY.

+IT IS A SOUND CURRENCY WITH WHICH TO PLACE ONE'S SAVINGS,+ HE SAID.

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UNOFFICIALS GIVE SUPPORT -- WITH RESERVATIONS
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NINE UNOFFICIAL MEMBERS OF THE LEGISLATIVE COUNCIL YESTERDAY (FRIDAY) GAVE THEIR SUPPORT TO THE OVERSEAS TRUST BANK (ACQUISITION) BILL 1985 -- BUT SEVERAL HAD RESERVATIONS.

DR THE HON HARRY FANG SAID THE BILL HAD COME TO MEMBERS AT VERY SHORT NOTICE, AND NATURALLY MOST WERE NOT HAPPY THAT THE GOVERNMENT HAD BEEN FORCED TO TAKE THIS ACTION.

+MY COLLEAGUES WILL BE EXPRESSING THEIR RESERVATIONS AND SEEKING CERTAIN ASSURANCES BEFORE WE CAN SUPPORT THE BILL,+ HE SAID.

THE HON S.L. CHEN SAID IF WE WERE TO DEFEND THE PRINCIPLE OF FREE ENTERPRISE WHICH HAD LONG BEEN THE MAJOR DRIVING FORCE THAT MADE HONG KONG TICK, THEN MEMBERS MUST NECESSARILY HAVE SOME RESERVATIONS IN THE PROPOSED GOVERNMENT RESCUE ACTION.

+IN OTHER WORDS, JUST AS THE GOVERNMENT WOULD NOT INTERVENE, LET ALONE RESCUE, ANY COMPANY WHICH GETS INTO TROUBLE, IT IS ARGUABLE THAT THERE IS NO REASON FOR THE GOVERNMENT TO USE PUBLIC FUNDS TO RESCUE ONE PARTICULAR BANK,+ HE SAID.

INDEED, HAD THE BANK BECOME INSOLVENT AS A RESULT OF MISMANAGEMENT, HE WOULD HAVE HAD NO HESITATION IN URGING THE GOVERNMENT TO LET THE BANK, LIKE ANY OTHER COMMERCIAL ORGANISATIONS IN HONG KONG, FACE THE NATURAL COMMERCIAL CONSEQUENCES OF BANKRUPTCY OR LIQUIDATION.

HOWEVER, THE PROBLEM OF OVERSEAS TRUST BANK WAS DUE TO CRIMINAL ACTS ON THE PART OF THE SENIOR EXECUTIVES OF THE BANK AND MR CHEN SUPPORTED THE BILL IN THE INTEREST OF DEPOSITORS AND CREDITORS AND IN ENSURING MINIMAL DISRUPTION TO HONG KONG'S BANKING BUSINESS.

THE HON LYDIA DUNN COMMENDED GOVERNMENT'S SWIFT ACTION TO SAFEGUARD THE INTERESTS OF DEPOSITORS AND HONG KONG'S REPUTATION AS A FINANCIAL CENTRE OF INTERNATIONAL STANDING.

/SHE SAID

SHE SAID SHE HOPED JUSTICE WOULD BE BROUGHT TO BEAR ON THE CRIMINALS CONCERNED AND SHE PARTICULARLY HOPED THAT THE BANK'S SHAREHOLDERS WOULD NOT BE GIVEN ANY COMPENSATION FOR THE GOVERNMENT'S TAKEOVER OF THE BANK.

ACKNOWLEDGING THAT THE COURSE OF ACTION WHICH THE BILL PROPOSED WAS NECESSARY, MISS DUNN SAID THE GOVERNMENT MUST NOT BE SEEN TO HAVE ANY IMPLICIT COMMITMENT TO BAIL OUT ANY BANK AT THE EXPENSE OF PUBLIC MONEY.

+THE FINANCIAL COMMUNITY WILL BE WELL ADVISED TO EXERCISE PRUDENCE AND DISCRETION IN THEIR BUSINESS DEALINGS AND I WOULD LIKE AN ASSURANCE THAT THE GOVERNMENT WILL MAKE IT CLEAR THAT IT WILL NOT LIGHTLY COME TO THE RESCUE OF OTHER BANKS WHICH GET INTO TROUBLE,+ SHE SAID.

THE HON ALLEN LEE SAID IF THERE WERE ANY DOUBTS IN THE INTERNATIONAL COMMUNITY AS TO OUR CREDIBILITY IN FINANCIAL CIRCLES WE MUST PUT THEM TO BED. WE MUST ALSO STRENGTHEN OUR BANKING SUPERVISION AND ESTABLISH A SYSTEM THAT THE GENERAL PUBLIC CONFIDENTLY FELT PROTECTED IT.

+IT IS THE INTEREST OF THE GENERAL PUBLIC THAT I AM THINKING ABOUT IN SUPPORTING THIS BILL,+ HE SAID.

STATING THAT HE CAME VERY CLOSE TO OPPOSING THE BILL, THE HON STEPHEN CHEONG SAID THE BALANCE WAS ONLY TIPPED BY THE POSSIBLE ADVERSE EFFECTS ON HONG KONG'S INTERNATIONAL IMAGE AS A FINANCIAL CENTRE.

+GIVEN THE INTERTWINED TRANSCONTINENTAL RELATIONSHIP THAT EXISTS NOWADAYS BETWEEN HONG KONG, NEW YORK, LONDON AND ZURICH,+ HE SAID, +ANY SIGNS OF POSSIBLE COLLAPSE AND HONG KONG'S IMAGE WILL BE IRREVOCABLY DAMAGED AND THIS WILL DEFINITELY NOT BE GOOD FOR HONG KONG LONG-TERM INTERESTS.+

MR CHEONG SPOKE OF SQUABBLES IN THE BANKING INDUSTRY AND SAID HE HOPED THESE WOULD NOW CEASE. +WE CERTAINLY HOPE THAT THE INDUSTRY WILL NOW REGULATE ITSELF A LOT BETTER THAN HAS BEEN SHOWN IN THE PAST,+ HE TOLD THE COUNCIL.

THE HON MRS SELINA CHOW SAID SHE COULD NOT AGREE WITH THE FINANCIAL SECRETARY THAT THERE WAS NO CAUSE FOR FURTHER ANXIETY. +FOR IT WAS ONLY 20 MONTHS AGO WHEN WE WERE ASKED IN THIS VERY CHAMBER TO PASS THE HANG LUNG BANK (ACQUISITION) BILL AND HERE WE ARE FACED WITH A SIMILAR DECISION ALTHOUGH THE CAUSES MAY BE DIFFERENT.+

WHAT SEEMED TO HER TO BE THE MAIN CAUSE OF ANXIETY THIS TIME WAS THAT THE GOVERNMENT STATED THAT IT COULD NOT QUANTIFY WHAT THE COSTS WOULD BE TO THE EXCHANGE FUND FROM WHICH EXPENSES WOULD BE MET.

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+IN OTHER WORDS, WE DO NOT KNOW AT THIS POINT TO WHAT EXTENT WE ARE COMMITTING PUBLIC FUNDS IN ORDER TO FACILITATE THIS ACQUISITION,+ SHE DECLARED.

RECALLING THE HANG LUNG BANK ACQUISITION, MRS CHOW ASKED WHAT HAD THE GOVERNMENT DONE TO PREVENT THIS RECURRENCE, WHAT WOULD THE GOVERNMENT DO TO PREVENT ANOTHER OR OTHER RECURRENCES IN THE FUTURE?

SUPPORTING THE BILL +RELUCTANTLY+, MRS CHOW SAID THE GOVERNMENT MUST GIVE ITS ASSURANCE AND FIRM COMMITMENT THAT IT WOULD DO ITS UTMOST TO PREVENT FURTHER RECURRENCE OF TODAY'S SCENARIO.

THE HON RITA FAN ALSO RECALLED THE ACQUISITION OF THE HANG LUNG BANK 20 MONTHS AGO AND SAID ONE WOULD HAVE EXPECTED THAT A LESSON HAD BEEN LEARNT AND APPROPRIATE STEPS TAKEN TO PREVENT SIMILAR RECURRENCE IN FUTURE.

+REGRETTABLY, THIS IS NOT TO BE,+ SHE SAID. +TODAY, WE ARE ONCE AGAIN FACED WITH THE DILEMMA OF CHOOSING THE LESSER OF THE EVILS.+

SHE SAID SHE COULD NOT ENVISAGE LENDING HER SUPPORT TO ANOTHER ACQUISITION OF THIS NATURE IN THE FUTURE BECAUSE SUCH A MOVE COULD EASILY TURN INTO AN OPEN-ENDED COMMITMENT BY THE TAXPAYER.

THE HON KIM CHAM DESCRIBED THE ACQUISITION AS A +NEEDED MEASURE+.

REFERRING TO RECENT EFFORTS TO IMPROVE BANKING SUPERVISION, MR CHAM PRAISED THE COMMISSIONER OF BANKING, MR ROBERT FELL, AND SAID HE WAS CONFIDENT OF HIS ABILITY TO BRING ABOUT SOME IMPROVEMENTS.

HE QUESTIONED WHY THE EXCHANGE FUND SHOULD BE REQUIRED TO BEAR SUCH MISHAPS ALONE AND SAID HE WAS OF THE VIEW THAT INDUSTRY, TOGETHER WITH THE BANKING COMMISSIONER'S OFFICE, SHOULD BE ASKED TO EXAMINE THE VIABILITY OF OTHER METHODS SUCH AS DEPOSIT INSURANCE SCHEMES TO RESTORE DEPOSITORS' CONFIDENCE AND TO SHARE THE FINANCIAL EFFECTS OF SUCH GRAVE CONSEQUENCES.

THE HON CARL TONG SAID HE SUPPORTED THE BILL BECAUSE HE BELIEVED IT IMPERATIVE THAT PROMPT ACTION BE TAKEN TO PREVENT ANY DAMAGE TO HONG KONG'S REPUTATION AS A LEADING FINANCIAL CENTRE AND MORE IMPORTANTLY TO PROTECT THE INTERESTS OF ALL DEPOSITORS.

HE ASKED, HOWEVER, HOW IT WAS THAT AFTER CLOSE TO TWO MONTHS OF EXAMINATIONS BY OUR BANK EXAMINERS ACTION WAS APPARENTLY ONLY TAKEN AT THE 11TH HOUR WHEN THE CHAIRMAN OF THE BANK WROTE TO ADVISE THE AUTHORITIES OF THE BANK'S INSOLVENCY?

/REFERRING TO

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REFERRING TO THE ACQUISITION OF THE HANG LUNG BANK AND NOW THE OVERSEAS TRUST BANK, MR TONG SAID WE COULD NOT POSSIBLY BAIL OUT ALL LAME DUCK BANKS AS THEY WENT LAME AND SURELY THE SYSTEM OF SAFEGUARDS MUST BE CHANGED.

HE ALSO ASKED: +WERE THERE ANY OTHER EARLY WARNING SIGNALS WHICH COULD HAVE BEEN MADE BUT WHICH WERE NOT MADE?+ WHAT WERE THE TELL-TALE SIGNS, IF ANY, REVEALED IN THE BANK'S FINANCIAL STATEMENTS PUBLISHED TO DATE?

+IN SPITE OF THESE QUESTIONS THE PROPOSED ACTION MUST BE RIGHT FOR THE REASONS I HAVE GIVEN,+ HE SAID. +HOWEVER, THE COSTS WILL HAVE TO BE ACCOUNTED FOR LATER.+

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SPECIAL LEGCO SITTING
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ON THE ADVICE OF THE EXECUTIVE COUNCIL, AN OVERSEAS TRUST BANK (ACQUISITION) BILL 1985 WILL BE INTRODUCED INTO THE LEGISLATIVE COUNCIL FOR ALL THREE READINGS AT A SPECIAL SITTING THIS EVENING AT 6 O'CLOCK.

AFTER CONSIDERING ALTERNATIVE COURSES OF ACTION WHICH THE GOVERNMENT COULD TAKE TO OVERCOME PROBLEMS CAUSED BY THE INSOLVENCY OF THE OVERSEAS TRUST BANK, THE EXECUTIVE COUNCIL HAS RECOMMENDED THAT THE INTEREST OF DEPOSITORS AND CREDITORS SHOULD BE SAFEGUARDED AND THAT THERE SHOULD BE MINIMAL DISRUPTION TO THE NORMAL OPERATION OF BANKING BUSINESS IN HONG KONG.

THE BILL THEREFORE PROVIDES FOR THE ACQUISITION OF THE OVERSEAS TRUST BANK BY THE GOVERNMENT AND THE SUBSEQUENT CARRYING ON OF ITS BUSINESS.

ITS PROVISIONS ARE MODELLED ON THE HANG LUNG BANK (ACQUISITION) ORDINANCE AND ENABLE THE FINANCIAL SECRETARY TO GUARANTEE THE DEBTS OF THE BANK, CHARGING ALL OBLIGATIONS UNDER THE GUARANTEE TO THE EXCHANGE FUND.

IF THE LEGISLATIVE COUNCIL PASSES THE BILL, THE BANK WILL REOPEN ON MONDAY MORNING IN THE OWNERSHIP OF THE GOVERNMENT. ALL DEPOSITS WILL BE SAFEGUARDED.

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FS TO GIVE PRESS CONFERENCE

THE FINANCIAL SECRETARY, SIR JOHN BREMRIDGE, WILL GIVE A PRESS CONFERENCE AT 7 PM TODAY (FRIDAY) IN THE GIS PRESS CONFERENCE ROOM AFTER THE LEGISLATIVE COUNCIL MEETING.

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GOVERNOR RETURNING TOMORROW

THE GOVERNOR, SIR EDWARD YOUDE, WILL RETURN TO HONG KONG FROM LONDON TOMORROW (SATURDAY).

HE WILL BE ARRIVING ON FLIGHT CX200, ETA 9.05 AM.

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FCO OFFICIAL COMING ON VISIT

THE PERMANENT UNDER-SECRETARY OF STATE OF THE FOREIGN AND COMMONWEALTH OFFICE, SIR ANTONY ACLAND, WILL ARRIVE IN HONG KONG TOMORROW (SATURDAY) FOR A FOUR-DAY VISIT.

SIR ANTONY IS EXPECTED TO ARRIVE ON FLIGHT BA 3 AT ABOUT 4.25 PM. IMMEDIATELY AFTER ARRIVAL, HE WILL BOARD A HELICOPTER AT THE AIRPORT FOR FANLING LODGE WHERE HE WILL JOIN THE GOVERNOR AND LADY YOUDE FOR THE WEEKEND.

HIS PROGRAMME FOR SUNDAY INCLUDES A HELICOPTER FAMILIARISATION TOUR AND A BOAT TRIP.

ON MONDAY (JUNE 10) MORNING, SIR ANTONY WILL GET A SERIES OF BRIEFINGS BY SENIOR GOVERNMENT OFFICERS ON THE LATEST SITUATION IN HONG KONG. HE WILL ALSO HOLD DISCUSSIONS WITH OFFICIALS OF THE BRITISH TRADE COMMISSION, AND HAVE LUNCH WITH UMEICO.

IN THE AFTERNOON, SIR ANTONY WILL GO TO THE CHEUNG SHA WAN COMMUNITY CENTRE TO ATTEND A TEA RECEPTION GIVEN BY MEMBERS OF THE SHAM SHUI PO DISTRICT BOARD. HE WILL THEN JOIN A MEETING OF THE DISTRICT BOARD IN THE SAME BUILDING.

SIR ANTONY WILL THEN PROCEED ON A TOUR OF LEI CHENG UK ESTATE AND MEI FOO SUN CHUEN.

ON TUESDAY (JUNE 11) MORNING, SIR ANTONY WILL ATTEND A MEETING OF THE EXECUTIVE COUNCIL. HE WILL LEAVE HONG KONG FOR SHANGHAI ON BOARD FLIGHT CX 300 AT ABOUT 4 PM IN THE AFTERNOON.

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BILL CLARIFIES RIGHT TO ORDER MARINE REHEARINGS
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THE GOVERNMENT IS INTRODUCING A BILL TO MAKE CLEAR THAT A MARINE COURT CAN BE REOPENED TO INVESTIGATE CASES INVOLVING CASUALTIES AT SEA.

A GOVERNMENT SPOKESMAN EXPLAINED THAT UNDER THE MERCHANT SHIPPING ORDINANCE, A MARINE COURT MAY BE APPOINTED IN EITHER OF TWO CIRCUMSTANCES: TO INVESTIGATE CASUALTIES AFFECTING SHIPS, OR INQUIRE INTO CHARGES OF INCOMPETENCY OR MISCONDUCT OF THE MASTER OR SHIP OFFICERS.

A REHEARING HOWEVER, MAY ONLY BE HELD WHEN THERE HAS BEEN INVESTIGATION INTO THE CONDUCT OF A HOLDER OF CERTIFICATE OF COMPETENCY.

IN MOST CASES WHERE THE MARINE COURT WAS APPOINTED TO INVESTIGATE CASUALTIES, THE QUESTION OF COMPETENCY OF THE MASTER AND OFFICERS WOULD BECOME RELEVANT.

+HOWEVER, EVEN WHERE A CASE IS EXCLUSIVELY CONCERNED WITH MATTERS WHICH DO NOT RELATE TO THE QUESTION OF COMPETENCY, IT SEEMS LOGICAL THAT THE GOVERNOR SHOULD HAVE THE POWER TO ORDER A REHEARING IF THERE IS NEW AND IMPORTANT EVIDENCE,+ THE SPOKESMAN SAID.

THE MERCHANT SHIPPING (AMENDMENT) BILL 1985 WILL BE SUBMITTED TO THE LEGISLATIVE COUNCIL ON WEDNESDAY (JUNE 12). ITS SECOND READING DEBATE IS EXPECTED TO BE RESUMED ON JUNE 26.

ANYONE WHO WISHES TO COMMENT ON ITS PROVISIONS MAY WRITE TO UMELCO, AT SWIRE HOUSE, 12TH FLOOR, CHATER ROAD, OR TO THE SECRETARY FOR ECONOMIC SERVICES AT THE CENTRAL GOVERNMENT OFFICES, LOWER ALBERT ROAD, HONG KONG.

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MOVE TO BOOST HK'S ARBITRATION STATUS
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THE GOVERNMENT IS PROPOSING NEW LEGISLATION TO IMPROVE THE EXISTING LAW WHICH DEALS WITH THE ENFORCEMENT OF JUDGMENTS FOR THE PAYMENT OF MONEY IN COURTS OUTSIDE HONG KONG.

THE PROPOSALS, CONTAINED IN THE FOREIGN JUDGMENTS (RESTRICTION ON RECOGNITION AND ENFORCEMENT) BILL 1985 PUBLISHED IN THE GAZETTE TODAY, WILL ASSIST HONG KONG'S DEVELOPMENT AS AN INTERNATIONAL CENTRE FOR ARBITRATION.

A GOVERNMENT SPOKESMAN EXPLAINED THAT UNDER THE EXISTING LAW, A PARTY WHO HAS ACCEPTED ARBITRATION AS A MEANS OF SETTLING DISPUTES COULD ASK FOR ENFORCEMENT OF A JUDGMENT OBTAINED ELSEWHERE, IN BREACH OF THE RELEVANT ARBITRATION CLAUSE.

/IT COULD

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IT COULD ALSO BE INFERRED, IF THE DEFENDING PARTY APPEARS BEFORE A FOREIGN TRIBUNAL MERELY TO POINT TO THE ARBITRATION CLAUSE, THAT HE HAS VOLUNTARILY SUBMITTED TO ITS JURISDICTION. FURTHERMORE, A PARTY WHO HAS OBTAINED A FOREIGN JUDGMENT CAN START PROCEEDINGS AFRESH ON THE SAME ISSUES IN HONG KONG.

THESE UNSATISFACTORY ASPECTS OF THE LAW WILL BE RECTIFIED BY THE BILL, WHICH WILL BE INTRODUCED INTO THE LEGISLATIVE COUNCIL ON WEDNESDAY (JUNE 12). ITS SECOND READING DEBATE IS EXPECTED TO BE RESUMED ON JUNE 26.

PUBLIC COMMENTS MAY BE SENT TO UMELCO, AT SWIRE HOUSE, 12TH FLOOR, CHATER ROAD, OR TO THE ATTORNEY GENERAL'S CHAMBERS, AT THE CENTRAL GOVERNMENT OFFICES, LOWER ALBERT ROAD, HONG KONG.

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PROTECTIONISM THREATENS LIBERALISATION

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HONG KONG SUPPORTS EFFORTS TO STRENGTHEN THE MULTILATERAL TRADING SYSTEM BY FURTHER LIBERALISATION, THE DIRECTOR OF TRADE, MR HAMISH MACLEOD, TOLD A GATT COUNCIL MEETING IN GENEVA YESTERDAY.

BUT HE WARNED THAT NEW PROTECTIONIST MEASURES COULD UNDERMINE NEGOTIATIONS.

SAYING THAT THESE WERE EARLY DAYS TO TAKE ANY DEFINITIVE OR DETAILED VIEWS ON THE LAUNCHING OF SUCH TALKS, MR MACLEOD NOTED THAT THIS WAS THE FIRST COUNCIL MEETING TO HAVE THE SUBJECT FORMALLY ON THE AGENDA SO THAT VARIOUS IDEAS COULD BE AIRED.

+I DO NOT THINK ANY OF US HERE WOULD DISAGREE WITH THE BROAD AIM OF STRENGTHENING THE MULTILATERAL TRADING SYSTEM BY FURTHER LIBERALISATION, IT ALSO SEEMS TO US ENTIRELY REASONABLE TO STRESS THAT ANY MOVES IN THIS DIRECTION SHOULD NOT BE ALLOWED TO BECOME AN EXCUSE FOR SWEEPING THE RESULTS OF THE 1982 GATT MINISTERIAL MEETING ASIDE.+

AMONG THE RESULTS OF THAT MEETING WERE PROPOSALS FOR THE LIBERALISATION OF THE INTERNATIONAL TEXTILE TRADE, FOR THE PROVISION OF SAFEGUARDS AND FOR THE SETTLEMENT OF DISPUTES.

HONG KONG, MR MACLEOD SAID, FULLY SUPPORTED THE COMMUNIQUE ISSUED AFTER A WORKSHOP IN MEXICO CITY IN APRIL THIS YEAR ATTENDED BY DEVELOPING EXPORTERS OF TEXTILES AND CLOTHING.

/+IN THAT

+IN THAT COMMUNIQUE, THE PARTICIPANTS IN THE WORKSHOP REAFFIRMED THEIR STRONG COMMITMENT TO THE OBJECTIVE OF FULL APPLICATION OF THE NORMAL RULES AND PRINCIPLES OF THE MULTILATERAL TRADING SYSTEM. THEY REGARDED A CATEGORICAL AND UNCONDITIONAL COMMITMENT BY THE IMPORTING COUNTRIES TO APPLY SUCH RULES AND PRINCIPLES AS CONSTITUTING THE FIRST STEP FOR MEANINGFUL WORK ON TEXTILES AND CLOTHING IN THE FUTURE.+ HE SAID.

+ACTIONS MUST BE DIRECTED TO A SIGNIFICANT AND SUBSTANTIAL LIBERALISATION. PARTICIPANTS ALSO REITERATED THEIR DETERMINATION TO CONTINUE TO WORK IN A CONSTRUCTIVE AND POSITIVE MANNER IN THE DISCUSSIONS OF THE GATT WORKING PARTY ON TEXTILES AND CLOTHING, ESTABLISHED BY THE COUNCIL PURSUANT TO THE MINISTERIAL DECLARATION OF 1982.+

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CUSTOMS DETERMINED TO WIPE OUT COUNTERFEITING
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THE CUSTOMS AND EXCISE DEPARTMENT IS DETERMINED TO ENFORCE THE LAW ON INTELLECTUAL AND INDUSTRIAL PROPERTY RIGHTS AND TO ROOT OUT THE UNSCRUPULOUS FEW ENGAGED IN COMMITTING COPYRIGHT AND COUNTERFEITING OFFENCES.

THIS WAS SAID TODAY (FRIDAY) BY THE COMMISSIONER OF CUSTOMS AND EXCISE, MR HARNAM GREWAL, AT A PRESENTATION CEREMONY.

REPRESENTATIVES OF THREE PUBLISHERS' ASSOCIATIONS - THE BOOK DEVELOPMENT COUNCIL OF THE BRITISH PUBLISHERS ASSOCIATION, THE ASSOCIATION OF AMERICAN PUBLISHERS AND THE ANGLO-CHINESE TEXTBOOK PUBLISHERS ORGANISATION LTD - PRESENTED A PLAQUE AND TWO BANNERS TO THE COMMISSIONER IN RECOGNITION OF CUSTOMS EFFORTS TO ERADICATE PIRACY OF LITERARY WORKS IN HONG KONG.

SPEAKING AT THE CEREMONY, MR GREWAL SAID: +BY THE EARLY 1980'S PIRACY OF LITERARY WORKS HAD BEEN BROUGHT UNDER CONTROL FOLLOWING THE SUCCESSFUL INTERDICTION OF 12 ILLEGAL PRINTING CENTRES AND THE SEIZURE OF INFRINGING BOOKS VALUED AT \$1.8 MILLION.

+HOWEVER, IN MID-1984, A NEW TREND BECAME APPARENT WHEREBY INFRINGEMENT OF COPYRIGHT IN LITERARY WORKS WAS AGAIN TAKING PLACE ON A FAIRLY LARGE SCALE, THIS TIME THE CULPRITS BEING PHOTOCOPYING ESTABLISHMENTS.+

IN RESPONSE TO THE SITUATION, AN OPERATION WAS LAUNCHED IN SEPTEMBER LAST YEAR AGAINST THESE ESTABLISHMENTS. AS A RESULT, 27 ESTABLISHMENTS OFFERING PHOTOCOPYING SERVICES WERE RAIDED, MORE THAN A MILLION DOLLARS WORTH OF INFRINGING BOOKS AND EQUIPMENT WERE SEIZED AND 61 PERSONS WERE ARRESTED.

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IN ORDER TO WIPE OUT THIS ILLEGAL ACTIVITY, ANOTHER LARGE-SCALE OPERATION WAS MOUNTED LAST MONTH. FORTY-TWO SHOPS WERE RAIDED ON THIS OCCASION, 17 ARRESTS WERE MADE AND INFRINGED BOOKS AND EQUIPMENT VALUED AT \$135 000 SEIZED.

MR GREWAL SAID: +HOW THIS WILL AFFECT THE FUTURE HAS YET TO BE SEEN BUT I CAN ASSURE THAT THE CUSTOMS AND EXCISE DEPARTMENT WILL CONTINUE TO ENFORCE THE LAW TO THE BEST OF ITS ABILITY.+

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BUSY PUBLIC WORKS PROGRAMME FOR THIS YEAR
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WORK WILL START THIS FINANCIAL YEAR ON \$4 900 MILLION WORTH OF NEW PUBLIC WORKS PROJECTS.

THE FIGURE WAS GIVEN BY THE SECRETARY FOR LANDS AND WORKS, MR NICKY CHAN, AT THE 13TH ANNUAL DINNER OF THE CHARTERED INSTITUTE OF BUILDING THIS (FRIDAY) EVENING.

MR CHAN SAID THAT THE GOVERNMENT WAS CONTINUING TO PRESS AHEAD WITH ITS AMBITIOUS PROGRAMME OF PUBLIC WORKS AND ITS STRATEGIC DEVELOPMENT PLANS WHICH ALREADY EXTENDED BEYOND 1997.

THE APPROVED BUDGET FOR THIS FINANCIAL YEAR SHOWED A TOTAL EXPENDITURE ON NEW PROJECTS, AND THOSE ALREADY UNDER-WAY, OF ABOUT \$5 900 MILLION (EXCLUDING LAND COSTS).

HE SAID THAT EXPENDITURE ON BUILDING WORKS ALONE WILL AMOUNT TO \$1 700 MILLION.

MAJOR PROJECTS WHICH ARE IN HAND OR CAN BE EXPECTED TO START SOON INCLUDE:

- * MAJOR IMPROVEMENTS TO BUILDINGS AND FACILITIES AT KAI TAK AIRPORT;
- * NEW HEADQUARTERS BUILDINGS FOR THE POLICE AND FIRE SERVICES;
- * A NEW DISTRICT COURT AND CENTRAL MAGISTRACY (TO BE LOCATED IN WAN CHAI) AS WELL AS NEW MAGISTRACIES AT SHA TIN AND TUEN MUN; AND
- * MAJOR GOVERNMENT OFFICES/BUILDINGS AT CONNAUGHT ROAD, HARBOUR BUILDING, QUEENSWAY AND ON THE WANCHAI RECLAMATION.

/HE ADDED

HE ADDED THAT FUNDS PROVIDED IN THE ESTIMATES ALSO INCLUDED MORE THAN \$120 MILLION FOR NEW PRIMARY SCHOOLS AND \$73 MILLION FOR NEW SECONDARY SCHOOLS - MAINLY FOR THE GROWING POPULATIONS OF THE NEW TOWNS.

MORE THAN \$300 MILLION HAD BEEN PROVIDED FOR NEW GOVERNMENT BUILDINGS, CLINICS AND MEDICAL TEACHING FACILITIES WITH LARGE-SCALE EXPENDITURE ENVISAGED ON THE NEW TUEN MUN REGIONAL HOSPITAL AND ON EXTENSIONS AND IMPROVEMENTS TO QUEEN MARY HOSPITAL.

MR CHAN SAID: +ANOTHER SUM OF MORE THAN \$350 MILLION IS BUDGETED FOR NEW CULTURAL, RECREATIONAL AND AMENITY ITEMS. THIS INCLUDES EXPENDITURE ON MAJOR CULTURAL FACILITIES IN TSIM SHA TSUI, SHA TIN AND TUEN MUN AND ON LARGE PARKS, OPEN AIR AMENITIES AND FACILITIES FOR ACTIVE SPORTS IN THE NEW TOWNS OF TSUEN WAN, SHA TIN AND TUEN MUN.+

PREDICTING GOOD TIMES AHEAD FOR THE BUILDING INDUSTRY MR CHAN SAID: +WITH THE SINO-BRITISH AGREEMENT NOW RATIFIED AND IN FORCE, THE WAY AHEAD FOR HONG KONG IS NOW CLEAR. WITH A RENEWED FEELING OF CONFIDENCE NOW SWEEPING THROUGH THE TERRITORY; LAND SALES AND PRICES SHARPLY UP; CONSTRUCTION OUTPUT OF RESIDENTIAL BUILDINGS HAS RISEN FURTHER IN THE FOURTH QUARTER OF 1984.

+THE VALUE, AT \$1 672 MILLION, WAS THE HIGHEST QUARTERLY FIGURE RECORDED. WHEN COMPARING THE WHOLE YEAR OF 1984 WITH 1983, CONSTRUCTION OUTPUT OF RESIDENTIAL BUILDINGS ROSE ALMOST 18 PER CENT.

+THE CLOSER LINKS WITH CHINA WHICH WILL BE FORGED IN THE NEAR FUTURE SHOULD RESULT IN EVEN GREATER JOB OPPORTUNITIES FOR YOUR MEMBERS,+ MR CHAN TOLD THE INSTITUTE.

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TUEN MUN - A NEW TOWN TO BE PROUD OF
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TUEN MUN IS PROGRESSING TOWARDS AN IDEAL SELF-CONTAINED NEW TOWN, OFFERING ITS INHABITANTS A BETTER LIVING ENVIRONMENT THAN IS POSSIBLE IN THE OLD AND CROWDED URBAN AREAS, TUEN MUN DISTRICT OFFICER, MR RICKY FUNG, SAID TODAY (FRIDAY).

SPEAKING AT A LUNCHEON MEETING OF THE LION'S CLUB OF HONG KONG EAST, HE SAID THAT WITH A LARGE POPULATION PROMPTED BY LARGE-SCALE MIGRATION FROM THE URBAN AREAS, THE DEVELOPMENT OF THE NEW TOWN HAD ITS SHARE OF TEETHING PROBLEMS.

+LOCAL GROUPS, FORMED MAINLY BY NEW RESIDENTS, HAVE NOT BEEN RETICENT IN POINTING OUT DEFICIENCIES IN PLANNING OR IN THE PROVISION OF SERVICES, PARTICULARLY IN AREAS OF TRANSPORT, EDUCATION AND MEDICAL SERVICES,+ MR FUNG SAID.

/+THROUGH THE

+THROUGH THE EFFORTS OF THE DISTRICT BOARD, THE TRANSPORT DEPARTMENT AND THE BUS COMPANY, THE SITUATION ON PUBLIC TRANSPORT IS MUCH BETTER NOW THAN A FEW YEARS AGO, AND THE LIGHT RAIL TRANSIT SYSTEM, WHICH WILL BE BUILT LATER THIS YEAR, WILL ALSO PROVIDE A FAST AND POLLUTION-FREE INTERNAL TRANSPORT SYSTEM LINKING YUEN LONG.

+THE ROAD SYSTEM, CHARACTERISED BY FLYOVERS AND PEDESTRIAN FOOTBRIDGES, LOOKS VERY GENEROUS BY HONG KONG STANDARDS, AND WILL SURELY PROVIDE EXCELLENT LINKS FOR GOODS VEHICLES AND PRIVATE MOTORISTS FOR MANY YEARS TO COME,+ HE ADDED.

TURNING TO MEDICAL FACILITIES IN THE DISTRICT, MR FUNG NOTED THAT TUEN MUN WILL HAVE A 1 600-BED, FULLY AIR-CONDITIONED REGIONAL HOSPITAL, COMPLETE WITH THE LATEST EQUIPMENT AND FACILITIES IN THREE YEARS' TIME.

+A CHILDREN'S DENTAL CLINIC IS BEING BUILT, AND, AT PRESENT, THERE ARE TWO PUBLIC CLINICS PROVIDING BASIC HEALTH CARE,+ HE CONTINUED.

MR FUNG SAID THAT WITH A FAST-GROWING AND YOUNG POPULATION, THERE WILL INEVITABLY BE PROBLEMS IN PROVIDING ENOUGH SCHOOL PLACES.

HOWEVER, HE POINTED OUT THAT SINCE THE MID-70S THE GOVERNMENT HAD PROVIDED 22 PRIMARY SCHOOLS, 13 SECONDARY SCHOOLS AND THREE PRE-VOCATIONAL SCHOOLS CATERING FOR ABOUT 60 000 CHILDREN. A TECHNICAL INSTITUTE IS NOW UNDER CONSTRUCTION.

+JOBS IN TUEN MUN ARE PROVIDED MOSTLY BY INDUSTRIES, AND HAVE ABOUT 3 000 FACTORIES AND WORKSHOPS, PRODUCING A WIDE RANGE OF GOODS.

+IN 1980, ABOUT 26 PER CENT OF THE NEW TOWN WORKFORCE WAS EMPLOYED LOCALLY, AND BY 1984 THIS HAD INCREASED TO OVER 40 PER CENT,+ MR FUNG SAID.

TURNING TO RECREATION, HE SAID: +THIS YEAR, THE FIRST PHASE OF THE TUEN MUN TOWN PARK WILL BE OPENED, AND CURRENTLY UNDER CONSTRUCTION ARE A SECOND MAJOR RECREATION AREA AT BUTTERFLY BEACH, A SWIMMING POOL COMPLEX, TWO INDOOR GAMES HALLS AND A LARGE AUDITORIUM.

+THE NEW TOWN CENTRE, COMPRISING MAJOR CIVIC FACILITIES AS WELL AS A PRESTIGIOUS COMMERCIAL AND RESIDENTIAL DEVELOPMENT, WHICH INCLUDES SOUTHEAST ASIA'S LARGEST DEPARTMENT STORE, WILL PROVIDE A NEW FOCUS TO THE NEW TOWN,+ HE SAID.

FRIDAY, JUNE 7, 1985

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PAYMENT FROM TAVA FUND FOR VICTIMS

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THE SOCIAL WELFARE DEPARTMENT HAS AUTHORISED INITIAL PAYMENT AMOUNTING TO \$14 500 FROM THE TRAFFIC ACCIDENTS VICTIMS ASSISTANCE (TAVA) FUND FOR NINE OF 35 PEOPLE INJURED IN TWO SEPARATE ACCIDENTS THAT OCCURRED ON MAY 31 IN THE NEW TERRITORIES.

TWO MINI-BUSES AND A LORRY WERE INVOLVED IN THE FIRST ACCIDENT WHICH OCCURRED ON CASTLE PEAK ROAD NEAR TSING LUNG TAU. A DOUBLE-DECKER BUS WAS INVOLVED IN THE SECOND ACCIDENT ON TAI PO ROAD NEAR TAI PO NEW TOWN.

THE DEPARTMENT'S TAVA SECTION HAS CONTACTED ALL THE VICTIMS. OF THE REMAINING 26 INJURED, 17 ARE HAVING THEIR CASES PROCESSED WHILE SIX HAVE DECLINED ASSISTANCE AND THREE DID NOT QUALIFY.

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FINAL WEEK OF DB VIEWS ON ERP

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THE TAI PO DISTRICT BOARD TO MEET ON MONDAY (JUNE 10) WILL HEAD THE LAST BATCH OF SIX DISTRICT BOARDS TO COMMENT ON THE ELECTRONIC ROAD PRICING SYSTEM NEXT WEEK.

FIVE OTHER DBS IN SHAM SHUI PO, EASTERN, ISLANDS, TUEN MUN AND SAI KUNG WILL ALSO SUBMIT THEIR VIEWS TO THE TRANSPORT BRANCH DURING THIS LAST ROUND OF CONSULTATION WHICH BEGAN LATE LAST MONTH.

AT THE TAI PO DISTRICT BOARD MEETING ON MONDAY, MEMBERS WILL ALSO DISCUSS THE LEGISLATIVE COUNCIL (POWERS AND PRIVILEGES) BILL 1985 AND THE EXTENSION OF THE TAXI BOUNDARY TO THE SHA TIN KCR STATION AND KAU TO.

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HANDICAPPED TEAMS PRAISED FOR SPORTS VICTORIES

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THE SECRETARY FOR MUNICIPAL SERVICES, MR GRAHAM BARNES TODAY (FRIDAY) CONGRATULATED MEMBERS OF THE HONG KONG MENTALLY-HANDICAPPED ICE SKATING TEAM AND THE JUNIOR WHEELCHAIR SPORTS TEAM ON THEIR +REMARKABLE ACHIEVEMENTS+ IN OVERSEAS EVENTS.

ADDRESSING THE TEAMS AT A RECEPTION AT THE MUNICIPAL SERVICES BRANCH, HARBOUR CENTRE, MR BARNES SAID HE WAS PROUD TO HAVE THEM AS REPRESENTATIVES OF HONG KONG.

THEIR SUCCESSES WERE THE RESULT OF LONG, HARD TRAINING TO BUILD UP STRENGTH AND STAMINA, AND TO IMPROVE SKILLS, HE SAID.

+I KNOW THAT THE ICE-SKATING TEAM TRAINED VERY HARD FOR THE 1985 INTERNATIONAL WINTER SPECIAL OLYMPICS IN WHICH SEVERAL THOUSAND COMPETITORS FROM MANY COUNTRIES TOOK PART.

+FOR THE SMALL HONG KONG TEAM TO RETURN WITH FIVE MEDALS IS A JUST REWARD FOR THEIR EFFORTS,+ HE SAID.

SIX MENTALLY-HANDICAPPED ATHLETES COMPETED IN SPEED SKATING AND FIGURE SKATING IN THE GAMES IN UTAH, THE UNITED STATES, IN MARCH AND GAINED ONE GOLD, TWO SILVER AND TWO BRONZE MEDALS. IT WAS THE FIRST TIME HONG KONG HAD SENT A TEAM TO THE GAMES.

FIFTY U.S. STATES, AUSTRALIA, CANADA, GERMANY, ITALY, JAPAN, THE UNITED KINGDOM AND YUGOSLAVIA TOOK PART.

TURNING TO THE JUNIOR WHEELCHAIR TEAM, MR BARNES SAID HE WAS PARTICULARLY IMPRESSED BY THEIR PERFORMANCE BECAUSE EVERY MEMBER HAD MANAGED TO WIN A GOLD MEDAL, THOUGH THEY WERE COMPETING AGAINST WELL-BUILT AND STRONG AUSTRALIAN COUNTERPARTS.

THE TEAM HAD TAKEN PART IN THE THIRD AUSTRALIA NATIONAL JUNIOR WHEELCHAIR GAMES IN MELBOURNE LAST MONTH AND RETURNED WITH 19 MEDALS - SEVEN GOLD, EIGHT SILVER AND FOUR BRONZE.

MR BARNES ALSO COMMENDED THE HONG KONG SPORTS ASSOCIATION FOR THE PHYSICALLY-HANDICAPPED AND SPORTS ASSOCIATION FOR THE MENTALLY-HANDICAPPED FOR THEIR CONTRIBUTION TO THE SUCCESS.

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UC BEACHES TAKE ON A CLEANER LOOK

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A TOTAL OF 26 LITTERBUGS WERE CAUGHT RED-HANDED BY THE URBAN SERVICES DEPARTMENT ANTI-LITTER PATROLS AT URBAN COUNCIL BEACHES ON HONG KONG ISLAND LAST WEEKEND WHEN A DRIVE FOR CLEANER BEACHES GOT UNDER WAY.

THE USD LAUNCHED A BLITZ ON LITTERERS AND NOISE-MAKERS LAST SATURDAY (JUNE 1) FOLLOWING AN ORGY OF LITTER LEFT BY CROWDS FLOCKING TO THE BEACHES DURING LAST MONTH'S EXCEPTIONALLY HOT AND DRY WEATHER.

A USD SPOKESMAN SAID TODAY: +ALREADY THE STEPPED-UP LAW ENFORCEMENT ACTION OF THE DEPARTMENT'S ANTI-LITTER PATROLS HAS BEGUN TO TAKE EFFECT AND OUR BEACHES, REPULSE BAY IN PARTICULAR, HAVE TAKEN ON A MUCH CLEANER LOOK AGAIN. PART OF THE CREDIT MUST OF COURSE GO TO OUR CLEANSING STAFF WHO WORK SO HARD TO KEEP OUR BEACHES CLEAN.

+OF THE 26 SUMMONSES ISSUED LAST WEEKEND, 20 WERE TAKEN OUT AGAINST LITTERERS AT REPULSE BAY.+

THE CURRENT DRIVE IS SPEARHEADED NOT ONLY AGAINST LITTERERS, BUT ALSO AT NOISE-MAKERS. SO FAR THIS YEAR, ONLY ONE NOISE-MAKER HAS BEEN PROSECUTED COMPARED WITH THREE LAST YEAR.

THE SPOKESMAN SAID ANTI-LITTER AND ANTI-NOISE PATROLS WILL BE STRENGTHENED DURING WEEKENDS AND PUBLIC HOLIDAYS THROUGHOUT THE SWIMMING SEASON TO ENSURE THE BEACHES ARE CLEAN AND RELATIVELY QUIET.

+AS AN ADDITIONAL MEASURE TO KEEP OUR BEACHES CLEAN, AN AUXILIARY LITTER WARDENS' SCHEME WILL BE INTRODUCED FROM NEXT MONTH TO THE END OF AUGUST,+ HE SAID.

+ABOUT 80 POST-SECONDARY STUDENTS ARE EXPECTED TO PARTICIPATE IN THE SCHEME. THEY WILL BE DIVIDED INTO FOUR TEAMS, EACH OF WHICH WILL BE HEADED BY A SENIOR FOREMAN AND A FOREMAN.

+THE TEAMS WILL BE STATIONED AT REPULSE BAY, DEEP WATER BAY, SHEK O AND STANLEY MAIN BEACHES.

+THE AUXILIARY WARDENS WILL TAKE ON AN ADVISORY AND DEMONSTRATING ROLE BY PERSUADING THE PUBLIC NOT TO LITTER.

+FROM PAST EXPERIENCE, THE AUXILIARY WARDENS HAVE SUCCEEDED IN SETTING A GOOD EXAMPLE TO BEACHGOERS AND WE EXPECT THE SCHEME TO BE SUCCESSFUL AGAIN THIS YEAR,+ THE SPOKESMAN ADDED.

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700 000 NEW PLANTS FOR NON-URBAN AREAS
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THE REGIONAL SERVICES DEPARTMENT WILL PLANT SOME 700 000 TREES, SHRUBS, CLIMBERS, GROUND COVERS AND SEASONAL FLOWERS IN THE NON-URBAN AREAS DURING THE CURRENT PLANTING SEASON.

THIS IS 100 000 MORE THAN THE NUMBER PLANTED LAST YEAR IN VARIOUS PARKS, PLAYGROUNDS, AMENITY PLOTS, SITTING-OUT AREAS AND ROADSIDE HEDGES MANAGED BY THE RSD.

TO MARK THE BEGINNING OF THIS YEAR'S PLANTING PROGRAMME, THE RSD HELD A TREE-PLANTING CEREMONY IN TSUEN WAN DISTRICT TODAY (FRIDAY). SIMILAR CEREMONIES WILL BE HELD IN THE OTHER EIGHT NON-URBAN DISTRICTS IN THE NEXT FEW WEEKS.

THE TSUEN WAN TREE PLANTING DAY, AIMED AT AROUSING PUBLIC AWARENESS OF THE IMPORTANCE OF BEAUTIFYING THE ENVIRONMENT WITH PLANTS AND VEGETATION, WAS HELD AT AN OPEN SPACE AT THE JUNCTION OF CHEUNG PEI SHAN ROAD AND ROUTE TWISK.

SPEAKING AT THE CEREMONY, THE CHAIRMAN OF THE ENVIRONMENTAL AND TRANSPORT AFFAIRS COMMITTEE OF THE TSUEN WAN DISTRICT BOARD, MR HO TSE-PING, SAID THE PLANTING OF TREES NOT ONLY COULD BEAUTIFY THE ENVIRONMENT, BUT ALSO MINIMISE NOISE AND DUST NUISANCE.

+WHEN PLANTED ON SLOPES, TREES COULD MINIMISE THE CHANCES OF LANDSLIP AS THEY CAN REGULATE THE WATER CONTENT IN THE SUBSOIL,+ MR HO SAID.

HE ADDED THAT TREE PLANTING WAS OF SIGNIFICANT IMPORTANCE TO A NEW TOWN LIKE TSUEN WAN WHERE RAPID DEVELOPMENT IN THE LAST FEW YEARS HAS CONVERTED THE NEW TOWN INTO A +CONCRETE JUNGLE+.

TO IMPROVE THE SITUATION, MR HO SAID, ALL CONCERNED DEPARTMENTS INCLUDING THE RSD WILL CONTINUE TO ADD MORE PLANTS AND VEGETATION TO CREATE A GREENER ENVIRONMENT IN THE NEW TOWN.

MR HO LATER PLANTED A YOUNG TREE TO MARK THE EVENT. HE WAS ACCOMPANIED BY THE CHAIRMAN OF THE TSUEN WAN DISTRICT BOARD, MR CHOW HAU-CHEN, AND THE TSUEN WAN DISTRICT LEISURE MANAGER, MR WONG SIU-FAI, AND THE TSUEN WAN DISTRICT HYGIENE SUPERINTENDENT, MR WILLIAM KWONG.

ALSO TAKING PART WERE MEMBERS OF THE COMMUNITY YOUTH CLUB WHO PLANTED 100 TREES OF VARIOUS SPECIES, INCLUDING MELALEUCA LEUCADENDRON, GREVILLEA ROBUSTA, LIQUIDAMBAR FORMOSANA AND TERMINALIA CATAPPA.

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FRIDAY, JUNE 7, 1985

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TSUEN WAN OUTLINE ZONING PLAN AMENDED
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A 3.2-HECTARE SITE TO THE SOUTH OF TSUEN WAN ADVENTIST HOSPITAL HAS BEEN REZONED FOR MORE COMPREHENSIVE DEVELOPMENT - FOR RESIDENTIAL USE, OPEN SPACE AND A PRIMARY SCHOOL.

THE TOWN PLANNING BOARD TODAY (FRIDAY) ANNOUNCED THE AMENDMENT TO THE DRAFT TSUEN WAN OUTLINE ZONING PLAN FROM 'OPEN SPACE' AND 'RESIDENTIAL (GROUP A)' TO 'OTHER SPECIFIED USES' (ANNOTATED 'COMPREHENSIVE REDEVELOPMENT AREA').

THE AMENDED PLAN CAN BE INSPECTED AT THE TOWN PLANNING DIVISION, FOURTH FLOOR, MURRAY BUILDING, GARDEN ROAD; THE DISTRICT OFFICE (CENTRAL AND WESTERN) ENQUIRY SUB-OFFICE, CENTRAL GOVERNMENT OFFICES, WEST WING ENTRANCE; AND THE DISTRICT OFFICE (TSUEN WAN), SECOND FLOOR, FOU WAH CENTRE, 210 CASTLE PEAK ROAD, TSUEN WAN, NEW TERRITORIES.

ANY PERSON AFFECTED BY THE AMENDMENT OF THE PLAN SHOULD WRITE TO THE SECRETARY, TOWN PLANNING BOARD, C/O LANDS DEPARTMENT MURRAY BUILDING, GARDEN ROAD BEFORE JUNE 27.

THE DRAFT AMENDMENT PLAN IS ON SALE AT THE SURVEY DIVISION OF THE LANDS DEPARTMENT, FIFTH FLOOR, MURRAY BUILDING AND KOWLOON MAP SALES SECTION, 382 NATHAN ROAD, AT \$10 PER UNCOLOURED COPY AND \$60 PER COLOURED COPY.

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FIREMEN COMMENDED FOR SAVING GIRL
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SIX OFFICERS OF THE WONG TAI SIN FIRE STATION WERE COMMENDED TODAY BY THE CHIEF FIRE OFFICER OF THE KOWLOON FIRE COMMAND, MR M. KINGDOM, FOR THEIR EFFORTS WHICH RESULTED IN THE RESCUE OF A GIRL FROM A FIRE LAST YEAR.

THE SIX OFFICERS, WEARING BREATHING APPARATUS, HAD GONE INTO THE BURNING FLAT IN PO KONG LANE, TSZ WAN SHAN, KOWLOON, IN MAY LAST YEAR TO LOOK FOR PERSONS WHO MIGHT BE TRAPPED AND FOUND THE UNCONSCIOUS GIRL.

THE SIX ARE SENIOR STATION OFFICER CHAN TAT-WAH, STATION OFFICER NG YUNG-SHING, SENIOR FIREMAN LIU KUN-MING AND FIREMEN CHO SHU-HING, MA SHEK-SHU AND LI SHIU-FU.

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FRIDAY, JUNE 7, 1985

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NEW ROAD PLANNED FOR TUEN MUN
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THE NEW TERRITORIES DEVELOPMENT DEPARTMENT PROPOSES TO CONSTRUCT A 200-METRE ROAD IN TUEN MUN TO PROVIDE PEDESTRIAN AND VEHICULAR ACCESS TO NEARBY RESIDENTIAL AND INDUSTRIAL DEVELOPMENTS.

THE PROJECT INVOLVES THE CONSTRUCTION OF A SINGLE TWO-LANE CARRIAGEWAY TO CONNECT WITH TSING WUN ROAD. THIS WILL BE AN EXTENSION OF THE EXISTING ROAD TO THE WEST OF TUEN MUN KAU HUI.

ANCILLARY WORKS INCLUDING FOOTWAYS AND STREET FACILITIES WILL ALSO BE PROVIDED.

AS PART OF THE PROJECT A SECTION OF TIN HAU ROAD WILL HAVE TO BE CLOSED TO FACILITATE THE DEVELOPMENT OF AN AMUSEMENT PARK.

A PLAN SHOWING THE PROPOSED WORKS CAN BE SEEN AT THE CENTRAL AND WESTERN DISTRICT OFFICE, CENTRAL ENQUIRY SUB-OFFICE, CENTRAL GOVERNMENT OFFICES, WEST WING, MAIN ENTRANCE LOBBY, HONG KONG; AT THE TUEN MUN DISTRICT LANDS OFFICE AND THE TUEN MUN DISTRICT OFFICE, TUEN MUN DISTRICT OFFICE BUILDING, CASTLE PEAK ROAD, TUEN MUN.

OBJECTIONS TO THE PROPOSAL MUST BE SENT IN WRITING TO THE SECRETARY FOR LANDS AND WORKS NOT LATER THAN AUGUST 6.

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FANLING POOL TO CLOSE FOR CARNIVAL
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THE REGIONAL SERVICES DEPARTMENT ANNOUNCED TODAY (FRIDAY) THAT THE FANLING SWIMMING POOL WILL BE CLOSED FOR TWO SESSIONS NEXT SATURDAY (JUNE 15) FROM NOON TO 6 PM.

THE CLOSURE IS TO MAKE WAY FOR A WATER CARNIVAL TO BE HELD AS PART OF THE QUEEN'S BIRTHDAY CELEBRATION.

THE MORNING SESSIONS, 7 AM TO 9.15 AM AND 9.30 AM TO 11.45 AM, AND THE EVENING SESSION, 6.45 PM TO 9 PM, WILL NOT BE AFFECTED.

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PROHIBITED ZONE IN SHEK WU HUI
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THE SECTION OF SAN FUNG AVENUE BETWEEN LUNG SUM AVENUE AND THE KCR RAILWAY TRACK WILL BE DESIGNATED A PROHIBITED ZONE FROM 10 AM ON MONDAY (JUNE 10). NO MOTOR VEHICLES WILL BE ALLOWED TO ENTER THIS AREA.

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