



DAILY INFORMATION BULLETIN

MONDAY, AUGUST 18, 1975

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TAKEOVER CODE APPROVED

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THE SECURITIES COMMISSION HAS APPROVED A CODE ON TAKEOVERS AND MERGERS FOR HONG KONG WHICH HAS BEEN DRAWN UP AFTER DISCUSSIONS WITH UNDERWRITERS, MERCHANT BANKS, THE HONG KONG FEDERATION OF STOCK EXCHANGES AND OTHERS.

THE CODE, TO PROVIDE GUIDELINES FOR COMPANIES AND THEIR ADVISERS WHO CONTEMPLATE OR BECOME INVOLVED IN TAKEOVERS AND MERGERS, WAS FINALLY AGREED AT A MEETING HELD LAST THURSDAY (AUGUST 14).

ANNOUNCING APPROVAL OF THE CODE TODAY A SPOKESMAN FOR THE SECURITIES COMMISSION SAID THAT IT WILL BE ADMINISTERED BY A COMMITTEE CONSISTING OF ONE OFFICIAL AND TWO UNOFFICIAL MEMBERS OF THE SECURITIES COMMISSION, ONE REPRESENTATIVE FROM THE HONG KONG FEDERATION OF STOCK EXCHANGES AND TWO OTHERS REPRESENTING FINANCIAL INSTITUTIONS.

THE COMMITTEE WILL APPOINT A SECRETARY WHO WILL NORMALLY BE A MEMBER OF THE STAFF OF THE OFFICE OF THE COMMISSIONER FOR SECURITIES.

COMMITTEE MEMBERS WILL HOLD OFFICE FOR ONE YEAR, BUT MAY BE RE-ELECTED. AS A BODY IT WILL HAVE THE POWER TO CO-OPT MEMBERS TO ASSIST IN SPECIFIC CASES.

THE CHAIRMAN OF THE COMMITTEE FOR THE FIRST YEAR ENDING AUGUST 31, 1976, IS MR. JAMES SELWYN, THE COMMISSIONER FOR SECURITIES. THE MEMBERS ARE: MR. J.L. BOYER AND MR. C.H. WONG, BOTH MEMBERS OF THE SECURITIES COMMISSION= MR. RONALD LI, CHAIRMAN OF THE HONG KONG FEDERATION OF STOCK EXCHANGES= A REPRESENTATIVE OF JARDINE FLEMING AND CO. LTD= AND A REPRESENTATIVE OF SCHRODERS AND CHARTERED LTD.

IN CASE ONE OF THE LAST TWO COMPANIES IS INVOLVED IN A TAKEOVER BID WHICH IS TO BE DISCUSSED BY THE COMMITTEE, EACH OF THEIR REPRESENTATIVES WILL HAVE AN ALTERNATE FROM ANOTHER FINANCE HOUSE OR INSTITUTION, ONE OF WHOM WOULD BE ASKED TO ATTEND THE MEETING.

THE SPOKESMAN SAID THAT GENERALLY SPEAKING A TAKEOVER OCCURS WHEN A COMPANY ACQUIRES THE CONTROL OF ANOTHER COMPANY BY MEANS OF A SPECIFIC OFFER ADDRESSED TO THE GENERAL BODY OF SHAREHOLDERS OF THAT COMPANY. IF A COMPANY OR PERSON GAINS CONTROL BY BUYING SHARES ON A STOCK EXCHANGE IN THE ORDINARY COURSE OF BUSINESS IT IS NOT CONSIDERED TO BE A TAKEOVER IN THIS SENSE, AND MOST OF THE REGULATIONS IN THE CODE WOULD NOT APPLY.

/+A MERGER

+A MERGER IS A RATHER VAGUE TERM AND IS SOMETIMES USED FOR A TAKEOVER, BUT USUALLY IT REFERS TO AN ARRANGEMENT BY WHICH THE ASSETS OF TWO COMPANIES ARE ACQUIRED BY ANOTHER COMPANY, USUALLY NEWLY FORMED, WHOSE SHAREHOLDERS ARE THOSE OF THE TWO ORIGINAL COMPANIES. IN EITHER CASE AN OFFER IS MADE FOR THE SHARES OF AT LEAST ONE OF THE COMPANIES INVOLVED= AND THE CODE WILL APPLY EQUALLY TO TAKEOVERS AND MERGERS,+ HE SAID.

THE SPOKESMAN SAID TAKEOVERS OCCUR IN MOST COUNTRIES IN THE ORDINARY COURSE OF COMMERCIAL AND INDUSTRIAL DEVELOPMENT AND THEY ARE AN ESSENTIAL FEATURE OF ECONOMIC GROWTH. THIS APPLIES PARTICULARLY IN HONG KONG WHERE THERE ARE MANY SMALL FIRMS WHICH NEED TO BE CONSOLIDATED INTO MORE SUBSTANTIAL UNITS.

+SO TAKEOVERS ARE FREQUENTLY DESIRABLE, BUT OF COURSE EACH PARTICULAR CASE HAS TO BE JUDGED ON ITS MERITS,+ THE SPOKESMAN ADDED.

IN THE PROCESS OF CARRYING THROUGH TAKEOVERS THERE MAY BE ABUSES WHICH WORK TO THE DETRIMENT OF SHAREHOLDERS AND RUN COUNTER TO GOOD COMMERCIAL PRACTICE, SO IT IS ADVISABLE TO REGULATE THEM= AND THE COMPANIES LAW REVISION COMMITTEE MADE A RECOMMENDATION TO THIS EFFECT IN THEIR FIRST REPORT PUBLISHED IN JUNE 1971.

IN PARTICULAR, THE SHAREHOLDERS OF THE COMPANY BEING TAKEN OVER MUST BE TREATED FAIRLY AND MUST BE GIVEN ALL RELEVANT INFORMATION NEEDED TO MAKE A BALANCED JUDGMENT ON THE TAKEOVER OFFER, AND TIME TO CONSIDER THIS INFORMATION.

HOWEVER, THE FACT THAT A TAKEOVER BID ABIDES BY THE CODE DOES NOT IN ANY WAY IMPLY THAT THE PROPOSAL IS FINANCIALLY SOUND OR OTHERWISE DESIRABLE. THE DECISION TO ACCEPT OR REJECT AN OFFER MUST BE TAKEN BY THE SHAREHOLDERS THEMSELVES IN THE LIGHT OF THE INFORMATION GIVEN TO THEM, ASSISTED IF THEY WISH BY PROFESSIONAL ADVISERS, THE SPOKESMAN EMPHASISED.

THE CODE ITSELF DOES NOT HAVE THE FORCE OF LAW, BUT THERE IS EVERY REASON TO EXPECT THAT IT WILL RECEIVE THE FULL SUPPORT OF ALL THOSE PROFESSIONALLY CONCERNED WITH TAKEOVERS.

HE SAID IT HAS BEEN DECIDED TO TRY TO OPERATE IT ON A VOLUNTARY BASIS BECAUSE THE CONDITIONS IN WHICH TAKEOVERS OCCUR, AND THE DETAILS OF THE PROPOSALS VARY SO MUCH THAT LEGISLATION WOULD HAVE TO BE COMPLEX IF IT WERE TO BE COMPREHENSIVE.

+MOREOVER, A NON-STATUTORY CODE WILL BE EASIER TO AMEND OR EXTEND IN THE LIGHT OF EXPERIENCE. THIS WILL BE USEFUL BECAUSE ALTHOUGH EXPERIENCE IS AVAILABLE FROM VARIOUS OVERSEAS CENTRES, THE BACKGROUND IN HONG KONG IS DIFFERENT IN SEVERAL IMPORTANT RESPECTS, AND THE COMMITTEE WILL BE BREAKING NEW GROUND.+

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THE SPOKESMAN POINTED OUT THAT IN LONDON THERE IS A LITTLE LEGISLATION RELATING TO TAKEOVERS BUT MOST OF THE PRACTICAL GUIDANCE IS PROVIDED BY THE CITY CODE WHICH WAS FIRST PUBLISHED IN MARCH 1958 AND HAS BEEN REVISED SEVERAL TIMES.

IT IS MOSTLY CONCERNED WITH PROCEDURE AND THE CONDUCT OF THE PARTIES INVOLVED. IT IS NOT STATUTORY BUT IT REPRESENTS THE COLLECTIVE OPINION OF THOSE PROFESSIONALLY CONCERNED- AND THE LONDON STOCK EXCHANGE REQUIRES QUOTED COMPANIES TO COMPLY WITH IT.

+BEING THUS BACKED BY THE AUTHORITY AND PRESTIGE OF THE CITY, IT CANNOT BE LIGHTLY DISREGARDED, AND IN PRACTICE IT HAS PROVED EFFECTIVE,+ HE SAID.

THE PRESENT CODE FOR HONG KONG INCORPORATES A LOT OF THE CITY CODE, BUT MOSTLY WITH SUBSTANTIAL AMENDMENTS TO SUIT LOCAL CONDITIONS. IT ALSO INCLUDES SOME OF THE U.K. STATUTORY PROVISIONS REGARDING THE INFORMATION TO BE PROVIDED AND WILL BE AMENDED OR EXTENDED FROM TIME TO TIME BY THE COMMITTEE IN THE LIGHT OF EXPERIENCE.

AS IN THE CITY CODE, THE EARLY SECTIONS (SECTIONS 11 TO 19) ARE CONCERNED WITH GENERAL PRINCIPLES WHICH ARE OF UNIVERSAL APPLICATION AND MAKE FOR GOOD COMMERCIAL BEHAVIOUR, WHILE THOSE FROM SECTION 20 ONWARDS ARE MORE DIRECTED TO SPECIFIC GUIDANCE IN PRACTICE.

IT IS NOT INTENDED THAT ALL TAKEOVER PROPOSALS SHOULD BE SUBMITTED TO THE COMMITTEE BEFORE THEY ARE MADE BUT IF THE SPONSORS ARE IN ANY DOUBT ABOUT THE INTERPRETATION OF ANY OF THE PROVISIONS, THE COMMITTEE IS READY TO GIVE ITS VIEWS.

IF THERE APPEARS TO HAVE BEEN A BREACH OF THE CODE, THOSE CONCERNED WILL BE INVITED TO PRESENT THEIR CASE. IF THE COMMITTEE DECIDES THAT THERE HAS BEEN A BREACH IT CAN MAKE A PUBLIC STATEMENT, AND IT CAN ALSO LODGE A COMPLAINT AGAINST THE OFFENDER WITH THE SECURITIES COMMISSION.

PRINTED COPIES OF THE CODE WILL BE AVAILABLE SHORTLY FROM THE GOVERNMENT PUBLICATIONS CENTRE, STAR FERRY CONCOURSE, HONG KONG.

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H.K. SEEKING IMMEDIATE CONSULTATION WITH EEC
ON TEXTILE QUOTA PROBLEM

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FOLLOWING A MEETING OF THE TEXTILES ADVISORY BOARD THIS AFTERNOON, THE ACTING DIRECTOR OF COMMERCE AND INDUSTRY, MR. JIMMY MCGREGOR, ANNOUNCED THAT IMMEDIATE CONSULTATIONS ARE BEING SOUGHT WITH THE EUROPEAN ECONOMIC COMMISSION ABOUT THE DIFFICULTIES THAT ARE BEING EXPERIENCED IN IMPLEMENTING THE RECENTLY CONCLUDED TEXTILES AGREEMENT BETWEEN THE E.E.C. AND HONG KONG.

THESE DIFFICULTIES ARISE FROM THE FACT THAT HONG KONG'S QUOTA RIGHTS UNDER THE AGREEMENT ARE NOT SUFFICIENT IN A NUMBER OF CATEGORIES TO MEET ORDERS ALREADY CONTRACTED BEFORE JULY 18, 1975 FOR DELIVERY OVER THE NEXT FEW MONTHS.

MR. MCGREGOR SAID THAT MR. LAWRIE MILLS AND MR. BRIAN CHAU ARE LEAVING FOR EUROPE LATER THIS EVENING AND WILL BE JOINED BY MR. DAVID JORDAN, THE SUBSTANTIVE DIRECTOR OF THE DEPARTMENT WHO IS PRESENTLY ON LEAVE.

+MEANWHILE+, MR. MCGREGOR ADDED, +I HAVE DECIDED, ON ADVICE FROM TEXTAB, TO INCREASE THE QUANTITIES AVAILABLE FOR SHIPMENT BETWEEN NOW AND THE END OF THE YEAR IN A NUMBER OF CATEGORIES AND TO ISSUE INCREASED PRELIMINARY QUOTAS WITHIN THE NEXT FEW DAYS.

+I HAVE ALSO DECIDED TO PERMIT THE EXPORT OF 50 PER CENT OF THE OUTSTANDING BALANCES OF ALL EXPORT REGISTRATIONS EXCEPT THOSE IN THREE CATEGORIES. THIS WILL TAKE IMMEDIATE EFFECT. IT MAY BE POSSIBLE TO INCREASE THE PROPORTION AT A LATER STAGE.

+I HAVE ALSO GIVEN AN ASSURANCE TO THE TRADE THAT THE FINAL QUOTAS FOR 1975 WILL BE ISSUED BY AUGUST 31 AND THAT THE 1976 QUOTAS WILL BE NOTIFIED TO QUOTA HOLDERS AS SOON AS POSSIBLE THEREAFTER.

+I AM ALSO TODAY RELEASING DETAILED INFORMATION ON THE QUANTITIES AVAILABLE FOR SHIPMENT IN ALL CATEGORIES UNTIL THE END OF 1975 AND IN 1976 AND 1977, AND THE CRITERIA WHICH HAVE BEEN APPLIED TO THE CALCULATION AND THE ISSUE OF THE EEC QUOTAS.

+THESE MEASURES WILL, I AM SURE, REDUCE THE PRESENT UNCERTAINTY IN THE TRADE AND IMPROVE THE SHIPMENT POSITION IN THE CATEGORIES WHICH HAVE BEEN MOST AFFECTED,+ MR. MCGREGOR SAID.

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ALL 205 REDUNDANT PRIMARY TEACHERS FOUND JOBS
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THE EDUCATION DEPARTMENT'S PLACEMENT SERVICE HAS FOUND ALTERNATIVE TEACHING POSTS FOR ALL 205 REDUNDANT AIDED PRIMARY TEACHERS.

THIS PLACEMENT OPERATION BEGAN ON JUNE 2 AND WAS COMPLETED ON AUGUST 15.

THE ASSISTANT DIRECTOR OF EDUCATION (PRIMARY), MR. LAM TAT-LAU SAID TODAY : +I HAVE ADVISED THE SUPERVISORS OF AIDED PRIMARY SCHOOLS TO PROCEED WITH APPOINTING TRAINED TEACHERS, INCLUDING RECENT GRADUATES OF THE COLLEGES OF EDUCATION TO ANY OUTSTANDING VACANCIES.+

MR. LAM SAID THAT FOLLOWING THE COMPLETION OF THE PLACEMENT EXERCISE, THE NUMBER OF FULL-TIME TEACHING POSTS IN THE AIDED PRIMARY SECTOR STOOD AT 382 AT PRESENT.

IN ADDITION, THERE WERE PART-TIME PRIMARY VACANCIES EQUIVALENT TO 32.5 FULL-TIME POSTS.

MR. LAM EXPRESSED HIS APPRECIATION TO THE SPONSORS OF THE AIDED PRIMARY SCHOOLS FOR THEIR CO-OPERATION AND PATIENCE IN MAKING THE PLACEMENT SERVICE A SUCCESS.

AN UP-TO-DATE LIST OF OUTSTANDING VACANCIES IN AIDED PRIMARY SCHOOLS IS BEING PREPARED FOR DISPLAY ON THE NOTICE BOARDS OF THE COLLEGES OF EDUCATION FOR THE INFORMATION OF GRADUATES.

MEANWHILE, REPORTS FROM PRINCIPALS OF THE COLLEGES OF EDUCATION SHOWED THAT NEARLY 100 GRADUATES HAVE BEEN APPOINTED TO TEACHING POSTS IN AIDED SECONDARY SCHOOLS.

IT WILL BE RECALLED THAT IN THE REPLY TO REPRESENTATIVES OF THE STUDENT UNIONS OF THE COLLEGES OF EDUCATION IN MAY, THE EDUCATION DEPARTMENT HAD ANTICIPATED THAT THERE WOULD BE AT LEAST 350 VACANCIES IN AIDED PRIMARY SCHOOLS AND ABOUT 100 IN AIDED SECONDARY SCHOOLS.

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NEW FEATURE TO LOTTERY

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TWO NOVEL COMPETITIONS HAVE BEEN ORGANISED BY COMMERCIAL RADIO IN CONJUNCTION WITH THE SEVENTH GOVERNMENT LOTTERY THIS YEAR.

IN ADDITION TO STRIKING IT RICH, THOSE WHO BUY LOTTERY TICKETS HAVE A CHANCE OF WINNING AND DINING WITH FOUR OF THE RADIO STATION'S ATTRACTIVE ARTISTES AT A LAVISH DINNER PARTY, AND RECEIVE A VALUABLE PRIZE DONATED BY THE STATION.

IN THE FIRST COMPETITION, THE 40 PEOPLE WHO BUY THE HIGHEST NUMBER OF TICKETS AND REPORT THEIR PURCHASE TO THE STATION WILL BE INVITED TO A DINNER WITH THE FOUR ARTISTES — MISS YAN WAI-YEE, MISS WONG KAR-MAN, MISS CHAN MO-YIN AND MISS MOK PUI-MAN.

IN THE SECOND, MEMBERS OF THE PUBLIC ARE INVITED TO GUESS THE TOTAL NUMBER OF TICKETS SOLD IN THE LOTTERY. THE 50 CLOSEST ENTRIES WILL EACH RECEIVE A VALUABLE PRIZE FROM THE STATION.

ENTRIES FOR BOTH COMPETITIONS CLOSE AT 12 NOON ON AUGUST 28.

THE WINNING NUMBERS OF THE LOTTERY WILL BE DRAWN AT THE CITY HALL THEATRE ON AUGUST 30 BY THE FOUR ARTISTES FROM COMMERCIAL RADIO.

SPEAKING AT A PRESS CONFERENCE TODAY TO LAUNCH THE SEVENTH LOTTERY, MR. KAI-YIN CHAU, CHAIRMAN OF THE GOVERNMENT LOTTERIES MANAGEMENT COMMITTEE, NOTED THAT TICKET SALES HAD BEEN INCREASING STEADILY AND HE WAS CONFIDENT THAT SALES WOULD IMPROVE FURTHER.

+WITH THESE TWO NEW COMPETITIONS AND THE DOUBLING OF THE NUMBER OF CONSOLATION PRIZES FROM 106 TO 212, I AM CONFIDENT THAT SALES FIGURES WILL CONTINUE TO RISE,+ HE SAID.

TICKETS FOR THE LOTTERY ARE NOW ON SALE AT \$2 EACH AT ALL ROYAL HONG KONG JOCKEY CLUB SELLING BOOTHS AND THE HEAD AND BRANCH OFFICES OF MAJOR BANKS.

THE FOUR COMMERCIAL RADIO ARTISTES WILL ALSO TAKE PART IN A LOTTERY SALES DRIVE AT STATUE SQUARE ON AUGUST 26 BETWEEN 5 P.M. AND 6 P.M.

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RESERVOIRS 98.4 PER CENT FULL

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A TOTAL OF 66,246 MILLION GALLONS OF WATER WERE IN STORE IN ALL RESERVOIRS AT 9 A.M. THIS (MONDAY) MORNING, REPRESENTING 98.4 PER CENT OF THE FULL STORAGE CAPACITY OF 67,300 MILLION GALLONS.

ON THE SAME DAY LAST YEAR, THE TOTAL STORAGE WAS ONLY 39,276 MILLION GALLONS.

PLOVER COVE, HONG KONG'S BIGGEST RESERVOIR, HELD 50,420 MILLION GALLONS, REPRESENTING 99.8 PER CENT OF ITS FULL STORAGE CAPACITY. AT THIS TIME LAST YEAR, IT HELD 30,964 MILLION GALLONS.

TOTAL RAINFALL SO FAR THIS YEAR STANDS AT 2211.8 MM (87.08 IN). THE MEAN AVERAGE RAINFALL THIS YEAR IS 1566.8 MM (61.69 IN).

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DANGEROUS BUILDINGS

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THE BUILDING AUTHORITY TODAY (MONDAY) DECLARED NO. 8 WILMER STREET, HONG KONG TO BE IN A DANGEROUS CONDITION AND NO. 10 LIABLE TO BECOME DANGEROUS, AND ORDERED THEIR DEMOLITION.

IN A STATEMENT ISSUED THIS MORNING, THE PRINCIPAL GOVERNMENT BUILDING SURVEYOR SAID THAT THESE PRE-WAR BUILDINGS HAD BEEN UNDER OBSERVATION FOR SOME TIME.

+RECENT ROUTINE INSPECTION RESULTED IN AN EMERGENCY CLOSURE BEING MADE ON PART OF THE TOP FLOOR OF NO. 8, DUE TO RAPID DETERIORATION OF THE REAR WALLS.

+DETAILED INSPECTION REVEALED THAT THE PARTY WALL WITH NO. 10 IS SEVERELY FRACTURED AND BULGED, AND MANY OF THE FLOOR AND ROOF TIMBERS ARE DECAYED,+ HE SAID.

THESE CONDITIONS COULD GIVE RISE TO A COLLAPSE INVOLVING NO. 10 BECAUSE OF THE CONDITION OF THE PARTY WALL.

ACCORDINGLY NOTICES OF INTENTION TO APPLY FOR CLOSURE ORDERS IN VICTORIA DISTRICT COURT AT 9.30 A.M. ON SEPTEMBER 16, 1975 WERE POSTED TODAY.

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