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THURSDAY, MAY 6, 1993

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GOVERNOR CONCLUDES VISIT TO WASHINGTON

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THE GOVERNOR, THE RT HON CHRISTOPHER PATTEN, YESTERDAY (WEDNESDAY) CONCLUDED HIS VISIT TO WASHINGTON D C.

SPEAKING AT A PRESS BRIEFING, HE DESCRIBED HIS VISIT AS A GREAT SUCCESS. MR PATTEN SAID:

"WE HAVE ENSURED THAT THE INTERESTS OF HONG KONG ARE ON THE UNITED STATES' AGENDA. THE ADMINISTRATION AND THE CONGRESS NOW UNDERSTAND HOW IMPORTANT MFN RENEWAL IS TO HONG KONG.

"I THINK IT WOULD BE IMPOSSIBLE TO CONCEIVE OF HOW WE COULD HAVE BEEN BETTER RECEIVED BY THE ADMINISTRATION, THE SENATE AND THE HOUSE OF REPRESENTATIVES.

"I AM VERY GRATEFUL THAT SO MANY PEOPLE HAVE BEEN PREPARED TO GIVE UP THEIR TIME TO DISCUSS HONG KONG AND HONG KONG'S CONCERNS."

MR PATTEN BEGAN THE THIRD DAY OF HIS VISIT TO WASHINGTON WITH A PRESS BRIEFING. HE THEN MET REPRESENTATIVE TOM FOLEY, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.

THIS WAS FOLLOWED BY A MEETING WITH THE NATIONAL ECONOMIC ADVISOR, MR ROBERT RUBIN, AT THE WHITE HOUSE AND THEN A MEETING WITH EX-CONGRESSMAN MR STEPHEN SOLARZ.

MR PATTEN LED A LUNCH-TIME DISCUSSION AT THE BROOKINGS INSTITUTION WHICH WAS CHAIRED BY DR HARRY HARDING AND ATTENDED BY, AMONG OTHERS, CONGRESSWOMAN NANCY PELOSI AND CONGRESSMAN JOHN PORTER.

IN THE AFTERNOON, MR PATTEN MET CONGRESSMAN LEE HAMILTON, CHAIRMAN OF THE HOUSE FOREIGN AFFAIRS COMMITTEE AND THEN BRIEFED THE COMMITTEE.

THE MEETING WAS CHAIRED BY CONGRESSMAN GARY ACKERMAN. THE GOVERNOR THEN ADDRESSED THE EAST ASIAN AND PACIFIC AFFAIRS SUB-COMMITTEE OF THE SENATE FOREIGN RELATIONS COMMITTEE.

A GOVERNMENT SPOKESMAN SAID THE VERY HIGH ATTENDANCE AT BOTH MEETINGS WAS A CLEAR EXPRESSION OF INTEREST AND SUPPORT FOR HONG KONG ON CAPITOL HILL.

MR PATTEN CONCLUDED HIS THIRD DAY IN WASHINGTON WITH A MEETING WITH SENATOR BILL BRADLEY.

HE WILL THEN TRAVEL TO NEW YORK TODAY (THURSDAY) FOR A TWO-DAY VISIT.

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## EXCO DECIDES TO IMPLEMENT BN(O) CONVERSION PROGRAMME

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THE EXECUTIVE COUNCIL, HAVING CONSIDERED CAREFULLY THE VIEWS OF THE LEGISLATIVE COUNCIL SUB-COMMITTEE ON NATIONALITY, HAS DECIDED TO GO AHEAD WITH A PHASED PROGRAMME FOR REGISTERING BRITISH DEPENDENT TERRITORIES CITIZENS (BDTCS) AS BRITISH NATIONALS (OVERSEAS) (BN(O)'S) AND FOR ISSUING THEM WITH PASSPORTS.

AT A MEETING TODAY (THURSDAY) WITH THE SUB-COMMITTEE, THE ACTING SECRETARY FOR SECURITY, MR KEN WOODHOUSE, EMPHASISED THE NEED TO IMPLEMENT THE PHASED PROGRAMME AND REASSURED MEMBERS THAT THE ADMINISTRATION WOULD LAUNCH AN INTENSIVE PUBLICITY CAMPAIGN TO DRAW THE ATTENTION OF ELIGIBLE BDTCS TO THE TIMETABLE AND THE CUT-OFF DATES APPLICABLE TO RESPECTIVE AGE GROUPS.

HE STRESSED THAT THE ACQUISITION OF THE BN(O) STATUS WOULD BE ABSOLUTELY VOLUNTARY.

"ONLY THOSE WHO WISH TO CONTINUE TO TRAVEL ON A BRITISH PASSPORT BEYOND 1997 AND DO NOT ALREADY HAVE A BN(O) PASSPORT NEED APPLY," HE SAID.

AT THE REQUEST OF THE SUB-COMMITTEE, THE ADMINISTRATION HAD CONSULTED EXCO ONCE AGAIN ON TUESDAY (MAY 4) ON THIS SUBJECT.

"EXCO HAS DIRECTED THAT THE ADMINISTRATION SHOULD ASK THE BRITISH GOVERNMENT TO PROCEED WITH THE INTRODUCTION OF THE ORDER IN COUNCIL TO PARLIAMENT, IMPOSING CUT-OFF DATES FOR APPLICATION FOR REGISTRATION OF BDTCS AS BN(O)'S AND FOR REGISTRATION OR NATURALISATION AS BDTCS AND ALLOWING A DISCRETION TO APPROVE LATE APPLICATIONS," MR WOODHOUSE SAID.

THE ORDER WILL CONTAIN PROVISIONS FOR ACCEPTING APPLICATIONS FROM PEOPLE WHO ARE PREVENTED FROM APPLYING ON TIME BY SPECIAL CIRCUMSTANCES, SUCH AS HOSPITALISATION DURING AN APPLICANT'S PHASE; BUT SIMPLY WANTING MORE TIME TO CONSIDER WOULD NOT BE REGARDED AS A VALID REASON.

MR WOODHOUSE SAID THE ADMINISTRATION HAD CAREFULLY RECONSIDERED THE SUB-COMMITTEE'S CONCERNS AND DOUBTS.

"OUR VIEW REMAINS THAT THE PHASED PROGRAMME IS THE ONLY WAY TO GUARANTEE THAT ALL BDTCS WHO WANT A BN(O) CAN SECURE ONE.

"IF THE PROGRAMME WAS TO BE WITHDRAWN, ONLY PEOPLE WHO WOULD SUFFER ARE THOSE BDTCS WHO WISH TO OBTAIN A BN(O) PASSPORT BUT FAIL TO DO SO BECAUSE THEIR APPLICATIONS COULD NOT BE PROCESSED IN TIME BEFORE THE CHANGE OF SOVEREIGNTY," HE SAID.

MR WOODHOUSE POINTED OUT THAT, BECAUSE OF THE LARGE NUMBERS INVOLVED (POSSIBLY 3.4 MILLION APPLICANTS), THE RIGHT TO DELAY APPLYING FOR REGISTRATION AS A BN(O) RIGHT UP TO JUNE 30, 1997 COULD NOT IN PRACTICE BE GRANTED.

"LARGE NUMBERS OF APPLICATIONS SUBMITTED IN THE LAST FEW WEEKS OR MONTHS PRIOR TO THE CHANGE OF SOVEREIGNTY COULD NOT BE PROCESSED BY JUNE 30, 1997. THE PHASED PROGRAMME GIVES ALL BDTCS A FAIR AND EQUAL CHANCE AND REASONABLE TIME TO SUBMIT APPLICATIONS AND A GUARANTEE THAT THEY WILL RECEIVE THEIR BN(O) STATUS," HE SAID.

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HE ALSO POINTED OUT THAT THE ADMINISTRATION DID NOT AGREE THAT THE PHASED PROGRAMME DEPRIVED BDTCS OF ANY RIGHTS; ADDING THAT IT WAS ONLY THE BDTCS PASSPORT THAT REGISTERED BN(O)'S HAD TO GIVE UP AND THAT THEY RETAINED ALL OTHER RIGHTS AS BDTCS UNTIL JUNE 30, 1997.

MR WOODHOUSE EXPLAINED THAT THE BN(O) PASSPORT WAS EQUIVALENT TO THE BDTCS PASSPORT IN ALL BUT ONE MINOR RESPECT; AUSTRIA ALLOWED BDTCS PASSPORT HOLDERS VISA-FREE ENTRY, BUT NOT BN(O) PASSPORT HOLDERS.

"BDTCS STAND TO LOSE NOTHING IN HAVING TO APPLY EARLY FOR REGISTRATION AS A BN(O) AND TO RECEIVE THE BN(O) PASSPORT. THERE IS NO VALID REASON FOR WANTING TO HOLD THE BDTCS PASSPORT TO THE LAST MOMENT," HE SAID.

"TO ALL PRACTICAL PURPOSES, THE TWO PASSPORTS ARE THE SAME."

THE UNDERSTANDING REACHED BETWEEN THE UNITED KINGDOM AND THE CHINESE GOVERNMENTS IN THE EXCHANGE OF MEMORANDA ANNEXED TO THE JOINT DECLARATION STATES THAT ALL BDTCS WHO WISH TO USE BN(O) PASSPORTS AFTER JUNE 30, 1997 HAVE TO BE IN POSSESSION OF THE PASSPORT BY THAT DATE.

THE TERMS OF THE UNITED KINGDOM MEMORANDUM LINK RETENTION OF THE BN(O) STATUS POST 1997 TO THE HOLDING OF A BN(O) PASSPORT.

"IT IS LEGALLY PERMISSIBLE TO ALLOW BN(O)'S TO APPLY AND REGISTER AND TO COLLECT THEIR PASSPORTS SOME TIME NEARER TO JUNE 30 1997, BUT THIS WOULD CREATE SERIOUS PRACTICAL DIFFICULTIES.

"WE WOULD EITHER HAVE TO INTRODUCE ANOTHER PHASED PROGRAMME FOR COLLECTION OR LEAVE REGISTERED BN(O) FREE TO COLLECT THEIR PASSPORTS AT ANY TIME BEFORE JULY 1, 1997."

MR WOODHOUSE SAID, THEREFORE, THAT THE REGISTRATION OF STATUS SHOULD NOT BE SEPARATED FROM THE ISSUING OF THE PASSPORT AND BOTH HAVE TO BE COMPLETED BEFORE JULY 1, 1997.

"IT WAS ALWAYS THE ADMINISTRATION'S INTENTION WHEN DRAFTING THE HONG KONG ACT 1985 TO HAVE CUT-OFF DATES FOR BN(O) REGISTRATION. CUT-OFF DATES WERE NOT INCLUDED IN THE HONG KONG (BRITISH NATIONALITY) ORDER 1986 SIMPLY BECAUSE THEY WERE NOT THEN IMMINENTLY NECESSARY," MR WOODHOUSE SAID.

HE FURTHER POINTED OUT THAT IF NOTHING WAS DONE, IT WAS LIKELY THAT MANY BDTCS WHOSE PASSPORTS EXPIRED IN 1996 OR 1997 AND MANY WHO DID NOT HOLD A PASSPORT NOW WOULD NOT APPLY FOR A BN(O) PASSPORT UNTIL THE LAST MINUTE.

"THE PHASED PROGRAMME IS SIMPLY A MEANS OF PREVENTING THIS AND ENSURING THAT ALL BDTCS WHO WISH TO BECOME BN(O)'S CAN ALL DO SO," HE SAID.

BEFORE AND DURING THE CONVERSION EXERCISE, INTENSIVE PUBLICITY WILL BE ORGANISED TO INFORM THE PUBLIC ABOUT DETAILS OF THE CUT-OFF DATES FOR BN(O) REGISTRATION AND OF THE ADMINISTRATIVE CALL-UP TIMETABLE.

PUBLICITY WILL INCLUDE INFORMATION LEAFLETS, BOOKLETS, TV AND RADIO APIS (ANNOUNCEMENTS IN THE PUBLIC INTEREST), POSTERS, PRESS ADVERTISEMENTS, AND TELEPHONE RECORDED MESSAGES.

RENT CONTROLS TO BE EXTENDED TO 1996  
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THE PROPOSED DEADLINE FOR PHASING OUT RENT CONTROL WILL BE EXTENDED FOR A FURTHER TWO YEARS AND WILL NOW LAPSE ON DECEMBER 31, 1996 INSTEAD OF DECEMBER 31, 1994, A GOVERNMENT SPOKESMAN ANNOUNCED TODAY (THURSDAY).

TWO OTHER AMENDMENTS - TO REDUCE THE LEVEL OF MINIMUM RENTS WITH A PARALLEL PROPOSAL TO INCREASE COMPENSATION TO TENANTS DISPOSSESSED BY REDEVELOPMENT - WILL ALSO BE PROPOSED FOR INCLUSION INTO THE LANDLORD AND TENANT (CONSOLIDATION) (AMENDMENT) BILL 1992.

THE ANNUAL PERMITTED INCREASES TO THE MINIMUM RENT (CURRENTLY 70 PER CENT OF THE PREVAILING MARKET RENT) WILL BE SET AT FIVE PERCENTAGE POINTS, AS OPPOSED TO AN EARLIER PROPOSAL OF 7.5.

THE RECOMMENDED 'COMPENSATION MULTIPLIER' MEANWHILE WILL RISE FROM 1.3 TO 1.7 OF THE CURRENT RATEABLE VALUE OF THE PREMISES.

THE PROPOSALS FOLLOWED FULL CONSULTATIONS WITH THE EXECUTIVE COUNCIL, THE SPOKESMAN SAID.

"PUBLIC AND LEGISLATORS' EXPRESSED CONCERN ON THE ISSUE WERE ALSO THOROUGHLY TAKEN INTO ACCOUNT."

HE ALSO CONFIRMED THAT A DETAILED SURVEY OF THE AFFECTED TENANTS HAD BEEN CARRIED OUT BEFORE THE DECISIONS WERE REACHED.

THE EXHAUSTIVE AND CAREFUL CONSULTATION EXERCISE, HE STRESSED, WAS TO ENSURE THAT THE PROPOSED ADJUSTMENTS WOULD RESULT IN MODEST AND AFFORDABLE INCREASES.

INDEED, IN MONEY TERMS, HE POINTED OUT THAT THE BULK OF THE POORER TENANTS, PARTICULARLY THOSE OCCUPYING BEDSPACES, WOULD NOT BE AFFECTED BY THE DECONTROL AS THE MAJORITY WERE ALREADY PAYING MARKET RENTS.

FOR THOSE STILL UNDER THE CONTROL SCHEME, ADDITIONAL INCREASES WILL BE VERY SMALL - AVERAGING ONLY ABOUT \$17 A MONTH IN 1994 AND NONE IN 1993.

SIMILARLY, INCREASES FOR THOSE LIVING IN SELF-CONTAINED FLATS, THE LARGEST CATEGORY OF AFFECTED TENANTS, WOULD ALSO NOT BE LARGE AND WILL AVERAGE ABOUT \$136 IN 1993 AND \$251 IN 1994.

HE CONFIRMED THAT CONTROLS AT PRESENT AFFECTED SOME 33,000 PREMISES AND ABOUT 150,000 PEOPLE, BUT EMPHASISED THAT THESE NUMBERS WERE DIMINISHING STEADILY.

AS REGARDS THE ENHANCED STATUTORY COMPENSATION, THE SPOKESMAN ESTIMATED THAT THE HIGHER MULTIPLIER WOULD ENABLE A DISPLACED TENANT TO RENT SIMILAR ACCOMMODATION FOR MORE THAN EIGHT MONTHS.

"THE NEW STATUTORY RATE WOULD ALSO MORE THAN DOUBLE THE EXISTING PAYMENT TO ABOUT \$85,000 FOR A 600 SQ FT FLAT," HE ADDED.

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HE ALSO GAVE HIS ASSURANCE THAT SHOULD ABRUPT CHANGES IN THE MARKET OCCUR, THE AMENDED LEGISLATION WILL CONTAIN "SAFEGUARDS" TO ALLOW FOR THE SIZE OF PERMITTED INCREASES AND THEIR IMPLEMENTATION DATES TO BE ADJUSTED READILY BY A SIMPLE RESOLUTION OF THE LEGISLATIVE COUNCIL.

A SIMILAR MECHANISM WILL ALSO BE AVAILABLE FOR THE MULTIPLIER FOR STATUTORY COMPENSATION.

FURTHERMORE, TENANTS WILL STILL ENJOY SECURITY OF TENURE EVEN AFTER 1996 PROVIDED THEY ARE WILLING TO PAY MARKET RENTS.

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ATTENTION NEWS EDITORS:

PRINCIPAL VALUER OF THE RATING AND VALUATION DEPARTMENT, MR P L WAN; AND PRINCIPAL ASSISTANT SECRETARY (NEW TERRITORIES), MR JIM MICHIE; WILL BE AVAILABLE TO ANSWER FOLLOW-UP ENQUIRIES ON THIS SUBJECT AT 4 PM TODAY (THURSDAY) AT THE NEWS AND PUBLICITY DIVISION, CNTA HEADQUARTERS, SOUTHOEN CENTRE, 30TH FLOOR, WAN CHAI.

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#### COMPENSATION TO SENIOR EXECUTIVES

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A GOVERNMENT SPOKESMAN SAID TODAY (THURSDAY):

"LEGAL ADVICE HAS BEEN TAKEN CONCERNING PRACTICE IN THE PRIVATE SECTOR OVER THE DISCLOSURE OF COMPENSATION PAID TO SENIOR EXECUTIVES. THIS ISSUE HAS BEEN DISCUSSED TODAY BY THE BOARD OF THE PROVISIONAL AIRPORT AUTHORITY IN RELATION TO THE DEPARTURE OF MR RICHARD ALLEN FROM HIS POST AS THE PAA'S CHIEF EXECUTIVE OFFICER. THE FINANCIAL SECRETARY WILL MAKE A STATEMENT TO THE LEGISLATIVE COUNCIL NEXT WEDNESDAY IN THE LIGHT OF THIS DISCUSSION."

THE SPOKESMAN SAID THAT SIR DAVID FORD, IN HIS CAPACITY AS CHAIRMAN OF FINANCE COMMITTEE, HAD TODAY WRITTEN TO THE HON ALBERT CHAN WAI-YIP. HE WAS RESPONDING TO A REQUEST FOR A REVIEW OF THE DECISION TAKEN ON MAY 4 BY SIR DAVID REGARDING THE ACCEPTABILITY FOR DISCUSSION OF MR CHAN'S MOTION CALLING FOR THE CHAIRMAN OF THE PAA TO GIVE EVIDENCE TO THE COMMITTEE.

THE TEXT OF SIR DAVID'S LETTER SAYS: "THANK YOU FOR YOUR LETTER OF 5 MAY. AS YOU HAVE STATED IN YOUR LETTER, THE MAIN FUNCTION OF THE FINANCE COMMITTEE ARE AS SET OUT IN THE PUBLIC FINANCE ORDINANCE AND STANDING ORDER 60, AND IN ESSENCE INVOLVE CONSIDERATION OF PROPOSALS FOR PUBLIC EXPENDITURE. YOUR MOTION DATED THE 30 APRIL IS NOT CONCERNED WITH ANY PROPOSALS FOR PUBLIC EXPENDITURE. THE MOTION IS THEREFORE OUT OF ORDER AND I CONFIRM MY PREVIOUS RULING."

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INSURANCE COMPANIES (AMENDMENT) BILL 1993  
TO BE GAZETTED TOMORROW

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THE GOVERNMENT IS PROPOSING LEGISLATIVE AMENDMENTS TO THREE AREAS IN THE INSURANCE COMPANIES ORDINANCE, A GOVERNMENT SPOKESMAN SAID TODAY (THURSDAY).

THE INSURANCE COMPANIES (AMENDMENT) BILL 1993 TO BE GAZETTED TOMORROW (FRIDAY) SEEKS TO DELEGATE TO THE INSURANCE AUTHORITY CERTAIN MINOR POWERS PRESENTLY EXERCISED BY THE GOVERNOR IN COUNCIL, TO REQUIRE INSURERS TO GIVE NOTIFICATION OF CESSATION OF PLACE OF BUSINESS IN HONG KONG, OR OF COMMENCEMENT OF LIQUIDATION OR SIMILAR PROCEEDINGS, AND TO PROVIDE FOR ENHANCED LEVELS OF SOLVENCY MARGIN FOR LONG-TERM INSURERS.

EXPLAINING THE BACKGROUND TO THE PROPOSED DELEGATION OF POWERS TO THE INSURANCE AUTHORITY, THE SPOKESMAN SAID SECTION (6)(1)(C) OF THE INSURANCE COMPANIES ORDINANCE PROVIDES THAT AN ASSOCIATION OF UNDERWRITERS INTENDING TO CARRY ON ANY CLASS OF INSURANCE BUSINESS IN OR FROM HONG KONG, WITH THE ONLY EXCEPTION OF LLOYD'S, MIGHT BE APPROVED ONLY BY THE GOVERNOR IN COUNCIL.

SECTION 8 OF THE ORDINANCE SETS OUT THE CRITERIA FOR AUTHORISATION OF INSURERS TO CONDUCT INSURANCE BUSINESSES IN HONG KONG BY THE INSURANCE AUTHORITY.

"THE CRITERIA WHEREBY THE AUTHORITY MAY AUTHORISE A COMPANY TO CARRY ON INSURANCE BUSINESS WOULD APPLY TO AN ASSOCIATION OF UNDERWRITERS NO LESS THAN TO A COMPANY," THE SPOKESMAN SAID.

"AS THE LEVEL OF RESPONSIBILITY REQUIRED FOR AUTHORISATION UNDER THESE TWO SECTIONS IS COMPARABLE, IT IS PROPOSED THAT THE POWER TO APPROVE UNDER SECTION 6 WOULD BE TRANSFERRED TO THE INSURANCE AUTHORITY BY CLAUSE 3 OF THE BILL," HE SAID.

SECTION 19(1) OF THE ORDINANCE EMPOWERS THE GOVERNOR IN COUNCIL TO PRESCRIBE CERTAIN AGREEMENTS OR ARRANGEMENTS AS UNDESIRABLE AND REQUIRE SPECIFIC INFORMATION FROM AN INSURER ENTERING INTO SUCH "PRESCRIBED" AGREEMENTS OR ARRANGEMENTS WITHIN SUCH PERIOD AS HE MAY PRESCRIBE.

"AS SUCH DUTIES ALSO FALL WELL WITHIN THE COMPETENCE OF THE AUTHORITY, WE HAVE PROPOSED THAT THE GOVERNOR IN COUNCIL'S POWERS IN SECTION 19 BE TRANSFERRED TO THE INSURANCE AUTHORITY BY CLAUSE 8 OF THE BILL," THE SPOKESMAN SAID.

ON THE NOTIFICATION OF CESSATION OF PLACE OF BUSINESS AND OF LIQUIDATION OR SIMILAR PROCEEDINGS, THE SPOKESMAN SAID AT PRESENT AN INSURER INCORPORATED OUTSIDE HONG KONG IS NOT REQUIRED TO NOTIFY THE INSURANCE AUTHORITY WHEN IT EITHER CLOSES ITS PLACE OF BUSINESS IN HONG KONG OR BECOMES SUBJECT TO LIQUIDATION OR SIMILAR PROCEEDINGS.

"ALTHOUGH SUCH RETURNS ARE REQUIRED UNDER THE COMPANIES ORDINANCE, THE PRESENT ARRANGEMENTS WHEREBY THE AUTHORITY IS NOTIFIED OF THESE EVENTS THROUGH THE COMPANIES REGISTRY ARE INADEQUATE TO ALLOW THE AUTHORITY TO TAKE TIMELY ACTION IN RESPECT OF AILING INSURERS," HE SAID.

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"CLAUSE 17 WOULD THUS IMPOSE A REQUIREMENT ON THE OVERSEAS INSURER TO NOTIFY THE AUTHORITY DIRECTLY WHEN IT PROPOSES TO CLOSE ITS PLACE OF BUSINESS IN HONG KONG," THE SPOKESMAN SAID.

"FURTHER AMENDMENTS HAVE BEEN PROPOSED TO WIDEN THE REQUIREMENT TO COVER OTHER EVENTS INDICATIVE OF AN INSURER'S INSOLVENCY," HE ADDED.

CURRENTLY THE INSURANCE COMPANIES ORDINANCE DOES NOT PROVIDE FOR THE AUTHORITY TO BE NOTIFIED OF INSOLVENCY AND LIQUIDATION PROCEEDINGS TAKEN AGAINST AN INSURER INCORPORATED OUTSIDE HONG KONG OR SIMILAR PROCEEDINGS, SUCH AS THE ENFORCEMENT OF A JUDGEMENT FOR PAYMENT, AGAINST AN INSURER INCORPORATED EITHER WITHIN OR OUTSIDE HONG KONG.

"THIS IS UNSATISFACTORY AS SUCH PROCEEDINGS MAY ADVERSELY AFFECT THE INTERESTS OF HONG KONG POLICY HOLDERS, BECAUSE THE INSURER'S ASSETS IN HONG KONG MAY BE AT RISK OR, IN THE CASE OF AN OVERSEAS INSURER, MAY BE SEIZED BY AN OVERSEAS LIQUIDATOR FOR THE BENEFIT OF PREFERENTIAL CREDITORS OVERSEAS," THE SPOKESMAN SAID.

"LEGISLATIVE AMENDMENTS TO REQUIRE EARLY NOTIFICATION OF THESE EVENTS ARE THEREFORE NECESSARY TO ENABLE THE AUTHORITY TO TAKE ACTION FOR THE BETTER PROTECTION OF HONG KONG POLICY HOLDERS," HE SAID.

REGARDING THE PROPOSED CHANGES TO THE SOLVENCY MARGIN, THE SPOKESMAN SAID UNDER SECTION 10(2) OF THE ORDINANCE, A LONG TERM INSURER WAS REQUIRED TO MAINTAIN A MINIMUM SOLVENCY MARGIN, THAT WAS A MINIMUM EXCESS OF ASSETS OVER LIABILITIES, OF HK\$2 MILLION.

"THIS MINIMUM, SET IN 1983, IS TOO LOW TO PROTECT POLICY HOLDERS AGAINST THE RISK THAT THE INSURER MAY BE UNABLE TO MEET ITS OBLIGATIONS IN FULL," THE SPOKESMAN EXPLAINED.

TO ENABLE THE AUTHORITY TO RECEIVE EARLY WARNING AND REQUIRE CORRECTIVE ACTION WHEN AN INSURER'S ASSETS APPROACH THE STATUTORY MINIMUM, CLAUSES 4, 9 AND 10 OF THE BILL WOULD ADJUST THE AMOUNTS OF SOLVENCY MARGIN MAINTAINED BY AN INSURER IN RESPECT OF ITS LONG TERM BUSINESS BY REFERENCE TO AN AMOUNT TO BE PRESCRIBED BY REGULATIONS, THE SPOKESMAN SAID.

THE PROPOSED PROVISIONS WOULD REQUIRE THE INSURER TO SUBMIT FOR APPROVAL BY THE INSURANCE AUTHORITY, AND GIVE EFFECT TO, A FINANCIAL PLAN OR SHORT-TERM SCHEME, WHERE THAT INSURER HAS FAILED TO MAINTAIN THE NEW SPECIFIED LEVELS OF SOLVENCY MARGIN.

"THE PROPOSED AMENDMENTS RELATING TO THE NEW SOLVENCY MARGINS ARE SIMILAR TO PRACTICES IN OVERSEAS JURISDICTIONS AND ARE WELL UNDERSTOOD BY THE INSURANCE INDUSTRY," THE SPOKESMAN ADDED.

THE BILL WILL BE INTRODUCED INTO THE LEGISLATIVE COUNCIL ON MAY 19.

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AG SPEAKS ON ALTERNATIVE DISPUTE RESOLUTION

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CONSUMERS OF LEGAL SERVICES ARE NOW LOOKING FOR MEANS TO FILL SOME OF THE GAPS IN THE FORMAL LEGAL SYSTEM IN ORDER TO AVOID SOME OF THE PROBLEMS OF DELAY, FORMALITY, PUBLICITY AND EXPENSE, AND THEY THEREFORE TURNED TO AN INCREASINGLY SOPHISTICATED ALTERNATIVE DISPUTE RESOLUTION SYSTEM, THE ATTORNEY GENERAL, MR JEREMY MATHEWS, SAID.

MODERATING A DISCUSSION SESSION ON ALTERNATIVE DISPUTE RESOLUTION AT THE 10TH COMMONWEALTH LAW CONFERENCE HELD IN CYPRUS TODAY (THURSDAY), MR MATHEWS SAID:

"THIS IS A WELCOME AND NECESSARY PROCESS BUT WE MUST NOT LOSE SIGHT OF THE REASONS WHY OUR SOPHISTICATED FORMAL SYSTEMS DEVELOPED IN THE FIRST PLACE.

"THERE IS OFTEN A NEED FOR CERTAINTY, A DEGREE OF FORMALITY, FOR CLEAR RULES AND INDEED FOR COMPULSION AND SUPERVISION."

HE SAID IT WAS NOT ONLY DESIRABLE BUT INEVITABLE THAT, HAVING MOVED APART, ALTERNATIVE DISPUTE RESOLUTION AND THE FORMAL STATE SYSTEMS SHOULD MOVE BACK TOGETHER AGAIN WITH EACH LENDING ITS STRENGTH TO THE OTHER.

HONG KONG'S EXPERIENCE, HE SAID, SHOWED THAT AMONGST THE CONSUMERS OF LEGAL SERVICES THERE WAS A STRONG DEMAND FOR A RETURN TO MEANS OF SETTLING LEGAL DISPUTES THAT WERE QUICK, FINAL AND CHEAP, WHICH WERE LACKING IN MOST FORMAL LEGAL SYSTEMS.

MR MATHEWS NOTED THAT THE RAPID GROWTH OF THE LEGAL SYSTEM IN HONG KONG OVER THE LAST 15 YEARS HAD BEEN BOTH A REFLECTION OF AND A REQUIREMENT FOR ITS RAPID ECONOMIC GROWTH.

"IT ALSO REMAINS ONE OF THE REASONS WHY HONG KONG IS STILL THE LOCATION OF CHOICE FOR INTERNATIONAL BUSINESS SEEKING TO GET A Foothold IN THE FAR EAST.

"AN HONEST AND RELIABLE LEGAL SYSTEM GIVES CONTRACTING PARTIES THE ASSURANCE THAT THEIR AGREEMENTS WILL BE HONoured BECAUSE THEY KNOW THAT IF THEY ARE NOT THEY WILL HAVE A READY REMEDY," HE SAID.

"HONG KONG IS WHERE IT IS TODAY WITH ITS DEVELOPMENT OF ALTERNATIVE DISPUTE RESOLUTION AS A CONSEQUENCE OF ITS RAPID ECONOMIC DEVELOPMENT," HE ADDED.

MR MATHEWS DESCRIBED HOW HONG KONG HAVING ONCE, BY FORCE OF NECESSITY DEALT WITH ITS DISPUTES BY ALTERNATIVE DISPUTE RESOLUTION, THEN MOVED ON TO DEVELOP AN ADVANCED AND EXPENSIVE LEGAL SYSTEM AND HAD NOW COME FULL CIRCLE AND WAS LOOKING TO SEE HOW ALTERNATIVE DISPUTE RESOLUTION COULD SUPPLEMENT AND HELP AN EFFECTIVE LEGAL SYSTEM.

HE NOTED THAT IN 1985 THE GOVERNMENT BEGAN A TRIAL SCHEME FOR MEDIATION OF CONSTRUCTION DISPUTES AND IN 1990 PROVISION FOR MEDIATION WAS INTRODUCED INTO ALL SUBSTANTIAL GOVERNMENT CONSTRUCTION CONTRACTS.

IN 1990 HONG KONG ADOPTED THE MODAL LAW OF THE UNITED NATIONS COMMISSION ON INTERNATIONAL TRADE LAW FOR ITS INTERNATIONAL ARBITRATIONS.

"IT IS MY CLEAR FEELING FROM MY DISCUSSIONS WITH THE LEGAL AND COMMERCIAL COMMUNITY IN HONG KONG THAT ALTERNATIVE DISPUTE RESOLUTION IS BECOMING A MORE AND MORE IMPORTANT ELEMENT OF OUR SYSTEM," HE SAID.

ONE INDICATOR WAS THE INCREASED WORKLOAD OF THE HONG KONG INTERNATIONAL ARBITRATION CENTRE.

"SIGNIFICANTLY BOTH HONG KONG AND OTHER PARTIES ENTERING COMMERCIAL AGREEMENTS WITH CHINESE ORGANISATIONS ARE NOW REGULARLY SPECIFYING THE CENTRE'S RULES IN THEIR ARBITRATION CLAUSES.

"THIS CAN ONLY BE DONE BY AGREEMENT AND SHOWS THE WAY IN WHICH HONG KONG ARBITRATION IS BECOMING AN ESSENTIAL ELEMENT OF CHINA TRADE," MR MATHEWS SAID.

HE SAID ANOTHER INDICATOR WAS THAT HONG KONG GOVERNMENT DEPARTMENTS WERE NOW REGULARLY USING MEDIATION AS A MEANS TO RESOLVE CONSTRUCTION DISPUTES.

NOTING DEVELOPMENTS IN ALTERNATIVE DISPUTE RESOLUTION WITHIN THE COMMONWEALTH AND THE UNITED STATES AS EVIDENCE OF A BROAD TREND OR SEARCH FOR MEANS TO ACHIEVE RESOLUTION OF DISPUTES, HE SAID:

"WHAT WE HAVE IS NOT MERELY A COLLECTION OF MEANS OF ALTERNATIVE DISPUTE RESOLUTION BUT WHAT CAN BE BETTER DESCRIBED AS AN ALTERNATIVE DISPUTE RESOLUTION SYSTEM.

"THIS IS NOT FAR FROM BEING AN ALTERNATIVE JUDICIAL SYSTEM RUN PRIVATELY AND BEYOND THE DIRECT CONTROL OF THE COURTS."

BECAUSE MANY OF THE MEANS OF ALTERNATIVE DISPUTE RESOLUTION HAD DEVELOPED OUTSIDE THE CONTEXT OF THE ARBITRATION LEGISLATION, HE SAID PARTIES DID NOT ALWAYS HAVE SOME OF THE IMPORTANT PROTECTIONS.

"RATHER THAN SEE THE NECESSARY CHECKS AND BALANCES GRADUALLY INTRODUCED BY A COMBINATION OF AD HOC LEGISLATIVE AND JUDICIAL INTERVENTION, WE SHOULD RECOGNISE THE MERITS OF THESE ALTERNATIVE METHODS BUT ALSO THE LIMITATIONS OF AN ALTERNATIVE SYSTEM AND MAKE SURE THAT AS THEY DEVELOP THESE NEW METHODS THEY ARE INTEGRATED INTO THE EXISTING SYSTEM SO THAT WE CAN HAVE THE BEST OF BOTH WORLDS."

THE FINAL PRODUCT OF SUCH A PROCESS WOULD BE SOMETHING WHICH MIGHT BE BEST DESCRIBED AS A DISPUTE RESOLUTION SYSTEM, HE SAID.

"IT WOULD COMPRISE A BALANCED MIXTURE OF ALTERNATIVE DISPUTE RESOLUTION REMEDIES WITH THE REMEDIES OF THE PUBLIC LAW.

"THE PUBLIC LAW WOULD SUPPORT ALTERNATIVE DISPUTE RESOLUTION WITHOUT INTERFERING WITH ITS ESSENTIALLY PRIVATE NATURE. AND IN A VERY REAL SENSE ALTERNATIVE DISPUTE RESOLUTION WOULD SUPPORT THE LEGAL SYSTEM," MR MATHEWS SAID.

QUALITY IMPROVEMENT VITAL TO BUSINESSES

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THE GOVERNMENT FIRMLY BELIEVES THAT THE QUEST FOR IMPROVED QUALITY WILL PROVE TO BE A DECISIVE FACTOR IN DETERMINING THE FUTURE SUCCESS OF HONG KONG'S BUSINESSES.

THIS WAS STATED BY THE ACTING DIRECTOR-GENERAL OF INDUSTRY, MR RICKY FUNG, WHEN PRESENTING THE ISO 9002 CERTIFICATE TO MAXTOR (HONG KONG) LIMITED AT A CEREMONY TODAY (THURSDAY).

MR FUNG SAID IN THE BUSINESS WORLD OF THE 1990'S, QUALITY WAS A WEAPON RATHER THAN A PROBLEM TO BE SOLVED.

"THE INTRODUCTION OF A WELL STRUCTURED QUALITY MANAGEMENT SYSTEM AS AN INTEGRAL PART OF A COMPANY'S BUSINESS PLAN CAN HELP REDUCE COSTS, IMPROVE OUTPUT, ENSURE CONSISTENCY OF HIGH PRODUCT QUALITY AND SECURE MARKETS," HE SAID.

NOTING THAT CERTIFICATION WAS NOT EASY TO ACHIEVE, MR FUNG SAID IT WOULD BE READILY ATTAINABLE PROVIDED THE COMPANY WAS COMMITTED TO QUALITY IMPROVEMENT.

TOP MANAGEMENT HAD A CRUCIAL ROLE TO PLAY IN THIS PROCESS, AND IT HAD TO BE BACKED BY THE COMMITMENT AND SUPPORT OF THE STAFF, HE ADDED.

MR FUNG PRAISED MAXTOR (HONG KONG) FOR ITS FORWARD-LOOKING ATTITUDE IN THIS REGARD.

THE COMPANY'S DEDICATION TO QUALITY UNDERLINED THE CONTINUED SUCCESS OF HONG KONG'S MANUFACTURING INDUSTRIES IN THE FACE OF THE CHANGING STRUCTURE OF THE ECONOMY AND AN INCREASINGLY COMPETITIVE INTERNATIONAL MARKET, HE SAID.

HE POINTED OUT THAT THE EXPANSION OF HONG KONG'S MANUFACTURING INDUSTRIES INTO SOUTHERN CHINA HAD NOT, CONTRARY TO MISINFORMED PERCEPTION, DIMINISHED HONG KONG'S ROLE AS A REGIONAL MANUFACTURING CENTRE.

THE SHIFT HAD INSTEAD ENABLED HONG KONG'S OWN INDUSTRIAL STRUCTURE TO BECOME MORE STREAMLINED AND EFFICIENT, HE SAID.

"THIS IS ACHIEVED BY GREATER AUTOMATION, GREATER PRODUCTIVITY, AND HIGHER VALUE-ADDED AND HIGHER TECHNOLOGY PRODUCTION."

THE OFFICIAL STATISTICS TESTIFY TO THESE POINTS. FOR EXAMPLE, LABOUR PRODUCTIVITY INCREASED BY 18 PER CENT AND RETAINED IMPORT OF INDUSTRIAL MACHINERY AND EQUIPMENT BY 11 PER CENT IN 1992 OVER 1991, MR FUNG SAID.

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GRADING OF BEACH WATER QUALITY

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THE ENVIRONMENTAL PROTECTION DEPARTMENT TODAY (THURSDAY) ANNOUNCED GRADES ON THE BACTERIOLOGICAL WATER QUALITY OF ALL BATHING BEACHES IN HONG KONG.

THE PURPOSE IS TO INFORM SWIMMERS AND THE GENERAL PUBLIC ABOUT THE STATE OF BACTERIOLOGICAL POLLUTION AT VARIOUS BEACHES.

A SPOKESMAN FOR THE DEPARTMENT SAID THE GRADING WOULD BE ANNOUNCED BIWEEKLY DURING THE BATHING SEASON TO COINCIDE WITH THE FREQUENCY AT WHICH BEACH WATERS WAS USUALLY SAMPLED.

THE GRADING IS BASED ON THE MOST RECENT E.COLI DATA OBTAINED BY THE DEPARTMENT IN ITS ROUTINE MONITORING PROGRAMME.

AS WITH LAST YEAR, THE GRADING ALSO INCLUDES AN ESTIMATE OF THE RISK OF SUFFERING SOME MINOR SKIN OR GASTROINTESTINAL COMPLAINTS AS A RESULT OF SWIMMING AT A BEACH THAT HAS SOME DEGREE OF POLLUTION.

THE ESTIMATE IS BASED ON A LARGE BODY OF STATISTICAL INFORMATION GATHERED IN HONG KONG IN RECENT BATHING SEASONS.

THE GRADING OF SOME BEACHES MAY VARY DURING SUMMER. THIS REPRESENTS A NATURAL FLUCTUATION IN THE BACTERIOLOGICAL QUALITY OF BATHING WATER IN MOST CASES, AS RAIN AND TIDES BRING MORE OR LESS POLLUTION TO THE BEACHES.

HOWEVER, THE GRADES GIVE A GOOD GENERAL PICTURE OF THE WATER QUALITY AT BATHING BEACHES AT THE TIME OF REPORTING AND FORM THE BEST AVAILABLE FORECAST FOR THE IMMEDIATE FUTURE.

"BEACHES WITH HIGHLY DEVELOPED HINTERLANDS ARE LIKELY TO BE MORE POLLUTED THAN THE GRADES SUGGEST DURING AND AFTER HEAVY RAIN.

"BATHERS SHOULD AVOID SUCH BEACHES FOR TWO OR THREE DAYS AFTER A STORM, LONGER IF THE WEATHER REMAINS OVERCAST OR LESS IF THERE IS STRONG SUNSHINE." THE SPOKESMAN SAID.

THE SYSTEM FOR GRADING BEACH WATER QUALITY IS AS FOLLOWS:

- \* GRADE "1" INDICATES THAT THE WATER QUALITY IS GOOD. THE E. COLI COUNT IS NO MORE THAN 24 PER 100 MILLILITERS AT EACH BEACH SO GRADED, AND THE EXPECTED RISK OF MINOR ILLNESS TO SWIMMERS IS UNDETECTABLE.
- \* GRADE "2" INDICATES THAT THE WATER QUALITY IS FAIR. THE E. COLI COUNT IS NO MORE THAN 180 PER 100 MILLILITERS AT EACH BEACH SO GRADED, AND THE EXPECTED HEALTH RISK IS NO MORE THAN 10 CASES OF MINOR ILLNESS PER 1,000 SWIMMERS.
- \* GRADE "3" INDICATES THAT THE WATER QUALITY IS POOR. THE E. COLI COUNT IS NO MORE THAN 610 PER 100 MILLILITERS AT EACH BEACH SO GRADED, AND THE EXPECTED HEALTH RISK IS NO MORE THAN 15 CASES OF MINOR ILLNESS PER 1,000 SWIMMERS.

/\* GRADE "4" .....

\* GRADE "4" INDICATES THAT THE WATER QUALITY IS VERY POOR. THE E. COLI COUNT IS MORE THAN 610 PER 100 MILLILITERS AT EACH BEACH SO GRADED, AND THE EXPECTED HEALTH RISK IS MORE THAN 15 CASES OF MINOR ILLNESS PER 1,000 SWIMMERS.

THE DECISION ON WHETHER OR NOT TO CLOSE A BEACH TO SWIMMERS IS BASED ON A JUDGEMENT OF WHAT DEGREE OF POLLUTION IS ACCEPTABLE.

NORMALLY, THE CLOSURE OF A BEACH WOULD ONLY BE CONSIDERED BY THE URBAN COUNCIL OR REGIONAL COUNCIL IF A GRADE "4" OCCURRED REPEATEDLY, SO THAT THE AVERAGE HEALTH RISK OVER THE BATHING SEASON EXCEED 15 CASES PER 1,000 SWIMMERS.

AT PRESENT, TWO BATHING BEACHES - CASTLE PEAK AND OLD CAFETERIA - HAVE BEEN DECLARED UNSUITABLE FOR SWIMMING BASED ON THE WATER QUALITY DURING PAST SEASONS.

THEY ARE POLLUTED BY FAECAL WASTE. THE PUBLIC ARE ADVISED NOT TO SWIM THERE.

IN ADDITION, ROCKY BAY BEACH HAS BEEN CLOSED FOR SWIMMING BY THE URBAN COUNCIL. THESE THREE BEACHES ARE IDENTIFIED BY AN "X" IN THE FOLLOWING LIST.

THE GRADES ON THE BACTERIOLOGICAL WATER QUALITY OF VARIOUS BEACHES IN HONG KONG TODAY ARE:

BEACH -----	PREVIOUS GRADING ----- (AS AT 22.4.93)	PRESENT GRADING ----- (AS AT 6.5.93)
HONG KONG SOUTH -----		
BIG WAVE BAY	2	3
CHUNG HOM KOK	1	1
DEEP WATER BAY	1	1
HAIRPIN	1	2
MIDDLE BAY	1	1
REPULSE BAY	1	1
SHEK O	1	2
SOUTH BAY	1	1
ST STEPHEN'S	1	2
TURTLE COVE	1	1
STANLEY MAIN	2	2
ROCKY BAY	X	X
TO TEI WAN*	1	1
TUEN MUN DISTRICT -----		
OLD CAFETERIA	X	X
NEW CAFETERIA	2	3
CASTLE PEAK	X	X
KADOORIE	2	2
BUTTERFLY	2	2

## SAI KUNG DISTRICT

CAMPERS	1	1
CLEAR WATER BAY 1ST BEACH	1	1
CLEAR WATER BAY 2ND BEACH	1	1
HAP MUN BAY	1	1
KIU TSUI	1	1
PAK SHA CHAU	1	1
SILVERSTRAND	2	2
TRIO (HEBE HAVEN)	1	1

## ISLANDS DISTRICT

CHEUNG SHA UPPER	1	1
CHEUNG SHA LOWER	1	1
DISCOVERY BAY*	2	2
HUNG SHING YEH	1	1
KWUN YAM WAN	1	2
TONG FUK	1	1
LO SO SHING	1	1
PUI O	1	1
SILVERMINE BAY	2	2
TUNG WAN, CHEUNG CHAU	2	2
TUNG O*	1	2

## TSUEN WAN DISTRICT

ANGLERS'	3	3
APPROACH	3	3
CASAM	2	3
GEMINI	3	3
HOI MEI WAN	3	3
LIDO	2	3
TING KAU	3	3
TUNG WAN, MA WAN	2	2

NOTE : "X" THE BEACH HAS BEEN CLOSED FOR SWIMMING  
\* NON-GAZETTED BEACH

THE FOLLOWING BEACHES HAVE CHANGED GRADING ON THIS OCCASION:

HAIRPIN, SHEK O, ST STEPHEN'S, KWUN YAM WAN AND TUNG O FROM "1" TO "2"; BIG WAVE BAY, NEW CAFETERIA, CASAM AND LIDO FROM "2" TO "3".

THE CHANGES ARE WITHIN THE NORMAL RANGE OF FLUCTUATION OF THE BACTERIOLOGICAL WATER QUALITY OF THESE BEACHES.

NOTE TO EDITORS:

FOR FURTHER ENQUIRIES, PLEASE CONTACT DR M J BROOM, PRINCIPAL ENVIRONMENTAL PROTECTION OFFICER ON 835 1234.

THURSDAY, MAY 6, 1993

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209 VM'S GO HOME  
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A GROUP OF 209 VIETNAMESE MIGRANTS TODAY (THURSDAY) RETURNED TO VIETNAM UNDER THE UNHCR'S VOLUNTARY REPATRIATION PROGRAMME.

COMPRISING 89 MEN, 50 WOMEN, 39 BOYS AND 31 GIRLS, THEY WERE THE 151ST BATCH TO GO BACK UNDER THE PROGRAMME.

THIS GROUP BROUGHT TO 2,527 THE TOTAL NUMBER OF VIETNAMESE MIGRANTS WHO HAVE RETURNED VOLUNTARILY THIS YEAR, AND TO 28,839 THE TOTAL NUMBER OF RETURNEES SINCE THE PROGRAMME STARTED IN MARCH 1989.

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HONG KONG GOVERNMENT EXCHANGE FUND  
MONEY MARKET OPERATIONS  
\* \* \* \* \*

	\$ MILLION
	-----
OPENING BALANCE IN THE ACCOUNT	1,540
REVERSAL OF LAF	+610
BALANCE AFTER REVERSAL OF LAF	2,150
NET INJECTION/WITHDRAWAL TODAY	NIL
EFFECT OF LAF TODAY	-380
CLOSING BALANCE IN THE ACCOUNT	1,770
LAF RATE 2.00 BID/4.00 OFFER	TWI 111.7 *+0.0* 6.5.93

HONG KONG GOVERNMENT EXCHANGE FUND

EF BILLS

HONG KONG GOVERNMENT BONDS

TERMS	YIELD	TERM	ISSUE	COUPON	PRICE	YIELD
1 WEEK	2.34 PCT	12 MONTHS	2405	5.50	102.49	3.06
1 MONTH	2.57 PCT	15 MONTHS	2408	4.375	101.46	3.23
3 MONTHS	2.73 PCT	18 MONTHS	2411	4.625	101.81	3.43
6 MONTHS	2.87 PCT	21 MONTHS	2502	4.75	101.94	3.64
12 MONTHS	3.04 PCT					

TOTAL TURNOVER OF BILLS AND BONDS - 6,247 MN

CLOSED 6 MAY 1993

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