



DAILY INFORMATION BULLETIN

ISSUED BY GOVERNMENT INFORMATION SERVICES
BEACONSFIELD HOUSE, HONG KONG. TEL.: 5-8428777

THURSDAY, JUNE 2, 1988

<u>CONTENTS</u>	<u>PAGE NO.</u>
FS REAFFIRMS GOVT'S COMMITMENT TO MAINTAINING HK'S STATUS ...	1
SECURITIES REVIEW COMMITTEE SETS OBJECTIVE FOR HK	2
PUBLIC SHOULD TAKE HEED OF SECURITIES COMMISSION'S ACHIEVEMENTS: FS	7
EXCO ENDORSES BILL ON FUTURES EXCHANGE AGM	9
PROVISIONS OF NOISE CONTROL BILL 1988 EXPLAINED	10
EMSD SEWAGE PLANTS HELP CONTROL POLLUTION	12
REGIONAL SECRETARY SEES TAI PO DEVELOPMENTS	13
ACAN CHAIRMAN CALLS FOR GREATER EFFORTS AGAINST NARCOTICS ...	14
FULL RANGE OF SERVICES TO HELP BATTERED WOMEN	15
GRADING OF BEACH WATER QUALITY ANNOUNCED	16
PAYMENT OF EX-GRATIA ALLOWANCE TO LIVESTOCK FARMERS	21
PROVISIONAL RESULTS OF MARCH RETAIL SALES SURVEY	22
SAI KUNG TO HOLD CIVIC EDUCATION PARADE	27
COMMERCIAL SUBJECTS HELP DEVELOP PERSONAL SKILLS	28
ILLEGAL STRUCTURES IN KWUN TONG TO BE DEMOLISHED	29
URBAN CLEARWAY RESTRICTIONS IN SHA TIN	29
URBAN CLEARWAY RESTRICTIONS IN NEW TERRITORIES	30
WATER CUT IN KWAI CHUNG	30

THURSDAY, JUNE 2, 1988

- 1 -

FS REAFFIRMS GOVT'S COMMITMENT TO MAINTAINING HK'S STATUS

* * * * *

THE FINANCIAL SECRETARY, MR PIERS JACOBS, TODAY (THURSDAY) REITERATED THE GOVERNMENT'S FIRM COMMITMENT TO MAINTAINING HONG KONG'S STATUS AS AN INTERNATIONAL FINANCIAL CENTRE.

IN HIS STATEMENT ISSUED AFTER THE PUBLICATION OF THE REPORT OF THE SECURITIES REVIEW COMMITTEE, MR JACOBS SAID THE GOVERNMENT WELCOMED THE REPORT AND WOULD PROCEED QUICKLY WITH THE EXAMINATION OF THE COMMITTEE'S RECOMMENDATIONS.

HE ADDED THAT A SPECIAL TEAM, MADE UP OF OFFICERS FROM THE MONETARY AFFAIRS BRANCH AND THE LEGAL DEPARTMENT, HAD BEEN SET UP FOR THIS PURPOSE.

THE FOLLOWING IS THE FINANCIAL SECRETARY'S STATEMENT ON THE REPORT OF THE SECURITIES REVIEW COMMITTEE:

"THE REPORT OF THE SECURITIES REVIEW COMMITTEE HAS BEEN PUBLISHED TODAY. THE GOVERNMENT WELCOMES THIS REPORT.

THE COMMITTEE HAS IDENTIFIED VARIOUS WAYS IN WHICH THE MANAGEMENT AND OPERATION OF OUR SECURITIES INDUSTRY CAN BE IMPROVED. I BELIEVE THE REPORT WILL SERVE AS A VALUABLE AND ESSENTIAL BLUEPRINT FOR FUTURE DEVELOPMENTS. I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK THE COMMITTEE AND ITS CHAIRMAN, MR IAN HAY DAVISON, FOR THEIR HARD WORK AND CONSTRUCTIVE RECOMMENDATIONS.

I WOULD ALSO LIKE TO REITERATE THE GOVERNMENT'S FIRM COMMITMENT TO MAINTAINING HONG KONG'S STATUS AS AN INTERNATIONAL FINANCIAL CENTRE. WE WILL PROCEED QUICKLY WITH OUR EXAMINATION OF THE COMMITTEE'S RECOMMENDATIONS AND, AFTER WE HAVE CONSIDERED VIEWS EXPRESSED ON THE REPORT AND AFTER CONSULTATION WITH INTERESTED PARTIES, WE WILL SEEK THE APPROVAL OF THE EXECUTIVE COUNCIL ON SPECIFIC PROPOSALS AS SOON AS IS PRACTICABLE. FOR THIS PURPOSE, A SPECIAL TEAM, CONSISTING OF OFFICERS OF THE MONETARY AFFAIRS BRANCH AND THE LEGAL DEPARTMENT, HAS BEEN SET UP TO DEAL WITH THE RECOMMENDATIONS OF THE COMMITTEE.

LASTLY, I WISH TO EMPHASISE THAT THE SECURITIES REVIEW COMMITTEE CONSULTED WIDELY, BOTH LOCALLY AND OVERSEAS, BEFORE FORMULATING THEIR PROPOSALS. INTERESTED PARTIES AND THE GENERAL PUBLIC WILL NOW HAVE THE OPPORTUNITY TO EXPRESS THEIR VIEWS ON THE FINDINGS AND RECOMMENDATIONS CONTAINED IN THE REPORT. ANY ONE WHO WISHES TO COMMENT ON THE FINDINGS OF THE REPORT SHOULD WRITE TO THE SECRETARY FOR MONETARY AFFAIRS BY JULY 4, 1988."

- - - - 0 - - - -

THURSDAY, JUNE 2, 1988

- 2 -

SECURITIES REVIEW COMMITTEE SETS OBJECTIVE FOR HK

* * * * *

HONG KONG SHOULD AIM TO BECOME THE PRE-EMINENT CAPITAL MARKET OF SOUTHEAST ASIA AND SHOULD WORK TOWARDS THE PROGRESSIVE INTERNATIONALISATION OF ITS SECURITIES MARKETS BY STRENGTHENING ITS SYSTEMS AND REGULATORY ARRANGEMENTS.

THIS WAS THE MAIN OBJECTIVE SET FOR HONG KONG'S SECURITIES INDUSTRY BY THE SECURITIES REVIEW COMMITTEE IN ITS REPORT ON "THE OPERATION AND REGULATION OF THE HONG KONG SECURITIES INDUSTRY" PUBLISHED TODAY (THURSDAY).

THE COMMITTEE, CHAIRED BY MR IAN HAY DAVISON AND COMPRISING MR S.L. CHEN, MR LAU WAH-SUM, MR PETER POON, MR CHARLES SOO AND MR PHILIP TOSE, WAS APPOINTED ON NOVEMBER 16 LAST YEAR TO REVIEW THE CONSTITUTION, POWERS, MANAGEMENT AND OPERATION OF THE HONG KONG STOCK AND FUTURES EXCHANGES AND THEIR REGULATORY BODIES.

IN ITS REPORT, THE COMMITTEE URGED HONG KONG TO CAPITALISE ON THE INTERNATIONAL INTEREST IN ITS MARKETS AND TO STRENGTHEN ITS SYSTEMS AND CONTROLS TO MINIMISE THE RISKS INVOLVED.

HONG KONG HAS EXCELLENT ECONOMIC FUNDAMENTALS AND SHOULD BUILD ON THESE IN DEVELOPING ITS SECURITIES MARKETS, THE COMMITTEE SAID.

THE COMMITTEE FELT THAT REFORMS WERE ESSENTIAL TO ACHIEVE THIS, AND RECOMMENDED THAT HONG KONG SHOULD AIM FOR FOUR THINGS:

- * SYSTEMIC STABILITY SO THAT RISKS ARE MANAGED WELL;
- * ORDERLY AND SMOOTH FUNCTIONING MARKETS SO THAT ALL THE SYSTEMS OPERATE PROPERLY;
- * FAIR MARKETS SO THAT THERE IS ADEQUATE DISCLOSURE TO ENABLE ALL PARTIES TO DEAL ON AN EQUAL FOOTING; AND WITH ALL THESE
- * ADEQUATE PROTECTION FOR INVESTORS.

THE COMMITTEE STRESSED THAT THE CONCEPT OF EFFECTIVE RISK MANAGEMENT WAS ABSOLUTELY FUNDAMENTAL IN MEETING THESE OBJECTIVES. ALTHOUGH REFORM PROPOSALS WERE BASED ON SELF-REGULATION, THE COMMITTEE FELT THAT THERE MUST BE EFFECTIVE CHECKS AND BALANCES AT EVERY LEVEL OF THE SYSTEM. FOUR BASIC REQUIREMENTS WERE LAID DOWN IN THE REPORT:

- * A TWO-TIER SUPERVISION SYSTEM WITH THE EXCHANGES REGULATING THEIR OWN AFFAIRS UNDER THE WATCHFUL EYE OF A SINGLE STATUTORY BODY;
- * THE STATUTORY SUPERVISOR SHOULD BE DETACHED FROM THE GOVERNMENT SO THAT IF THE SUPERVISOR FAILS, THEN AND ONLY THEN, SHOULD THE GOVERNMENT STEP IN;

/* INDEPENDENT MEMBERS

- * INDEPENDENT MEMBERS SHOULD BE INCLUDED ON THE BOARDS OF ALL EXCHANGES AND CLEARING HOUSES TO STRENGTHEN THE INTEGRITY OF THE MARKET BODIES; AND
- * INDEPENDENT, WELL-PAID, AND QUALIFIED STAFF SHOULD BE PUT IN THE EXCHANGES TO ENSURE THE INTEGRITY OF THE SELF-REGULATORY SYSTEM.

THE REPORT PUT FORWARD SOME 160 SPECIFIC RECOMMENDATIONS COVERING THE CONSTITUTION AND MANAGEMENT OF THE STOCK AND FUTURES EXCHANGES, THE OPERATIONS OF THE MARKETS, THE RISK MANAGEMENT STRUCTURE, TRADING CONTROLS AND SURVEILLANCE OF THE FUTURES EXCHANGE AND THE RECONSTITUTION AND AMALGAMATION OF SECURITIES AND COMMODITIES TRADING COMMISSIONS AND THE OFFICE OF THE COMMISSIONER FOR SECURITIES.

SPECIFIC RECOMMENDATIONS WERE ALSO PUT FORWARD IN RESPECT OF THE REGULATION OF INTERMEDIARIES, THE MARKETING OF NEW ISSUES, AND THE CONTINUING OBLIGATIONS OF LISTED COMPANIES.

THE REPORT, WHICH WAS COMPILED AFTER WIDE CONSULTATIONS BOTH LOCALLY AND INTERNATIONALLY, IS NOW ON SALE AT \$55 PER COPY AT THE GOVERNMENT PUBLICATIONS CENTRE, GPO BUILDING, CONNAUGHT PLACE, CENTRAL.

FOLLOWING IS THE TEXT OF A STATEMENT BY MR DAVISON, THE COMMITTEE CHAIRMAN, AT TODAY'S PRESS CONFERENCE MARKING THE PUBLICATION OF THE REPORT:

"LAST THURSDAY, MAY 26, MY COMMITTEE FORMALLY DELIVERED ITS REPORT ON "THE OPERATION AND REGULATION OF THE HONG KONG SECURITIES INDUSTRY" TO THE GOVERNOR. WE WERE APPOINTED BY THE GOVERNOR ON NOVEMBER 16, 1987 JUST FOUR WEEKS AFTER THE OCTOBER CRASH. AT THE TIME WE AGREED TO DO OUR BEST TO REPORT IN SIX MONTHS. WE FAILED - BUT WE ARE ONLY 10 DAYS LATE.

OUR TERMS OF REFERENCE - SET OUT AT THE BEGINNING OF CHAPTER II OF THE REPORT - CALL ON US TO REVIEW THE CONSTITUTION, POWERS, MANAGEMENT AND OPERATIONS OF THE HONG KONG STOCK AND FUTURES EXCHANGES, THE SECURITIES AND COMMODITIES TRADING COMMISSIONS AND THE OFFICE OF THE COMMISSIONER FOR SECURITIES. WE WERE TO PREPARE A BLUEPRINT FOR THE FUTURE RATHER THAN TO ALLOCATE BLAME FOR THE PAST.

THE BASIS FOR OUR REPORT WAS FIRSTLY THE EVENTS OF THE CRASH, THE CLOSURE AND THE SUBSEQUENT RESCUE OF THE FUTURES EXCHANGE. THESE EVENTS ARE SUMMARISED IN APPENDIX 1. SECOND, 115 WRITTEN SUBMISSIONS FROM INTERESTED PARTIES AND A LONG SERIES OF MEETINGS AND DISCUSSIONS WITH MEMBERS OF THE HONG KONG FINANCIAL COMMUNITY. THE PARTIES ARE IDENTIFIED IN APPENDICES 6 AND 7. THIRDLY, CONVERSATIONS AND CORRESPONDENCE WITH A WHOLE HOST OF OVERSEAS EXCHANGES AND REGULATORS, ESPECIALLY THOSE IN NEW YORK, CHICAGO AND LONDON. AND FINALLY A LOT OF THOUGHT, RESEARCH AND DEBATE IN WHICH THE COMMITTEE HAS BEEN GREATLY HELPED BY OUR STAFF WHOSE EFFORTS WE ACKNOWLEDGE AT PARA. 2.27.

CHAPTER I PROVIDES A BRIEF AND COMPREHENSIVE OVERVIEW OF OUR REPORT. OUR PRINCIPAL CONCLUSIONS ABOUT THE STATE OF AFFAIRS THAT OBTAINED IN HONG KONG BEFORE OCTOBER 19 LAST YEAR ARE SET OUT IN PARAS. 1.6 AND 1.7. AS WE SAY IN PARA. 1.6.".....THE CONCEPT OF SELF-REGULATION AND MARKET SELF-DISCIPLINE HAD FAILED TO DEVELOP IN HONG KONG. WHAT IS EQUALLY UNFORTUNATE IS THAT, FACED WITH THIS, THE SUPERVISORY BODIES CHARGED WITH OVERSEEING THE MARKETS HAD LOST EFFECTIVE CONTROL." WE CONSIDER THAT ALL PARTIES MUST BEAR SOME RESPONSIBILITY FOR THIS STATE OF AFFAIRS: THERE WERE STRUCTURAL AND OPERATIONAL DEFECTS WITH THE TWO EXCHANGES, THE TWO COMMISSIONS AND THE OFFICE OF THE COMMISSIONER FOR SECURITIES. THESE ARE SUMMARISED IN PARA. 1.7.

IN CHAPTER III WE SET OUT OUR STRATEGY AND OBJECTIVES. WE POINT OUT THAT, IN INTERNATIONAL TERMS, THE HONG KONG STOCK MARKET IS A FRINGE MARKET - SMALL IN TERMS OF MARKET CAPITALISATION, WITH A NARROW RANGE OF LISTED COMPANIES, AN INADEQUATE SETTLEMENT SYSTEM AND LACKING REGULATION. OTHER FINANCIAL SECTORS IN HONG KONG - NOTABLY GOLD TRADING, BANKING AND FUND MANAGEMENT - ARE MORE SIGNIFICANT.

WE SUMMARISE OUR MAIN OBJECTIVES FOR HONG KONG IN PARAS. 3.11 AND 3.12 -

"... WE ACCEPT THAT BECOMING A CORNER OF THE SO-CALLED "GLOBAL MARKETPLACE" CARRIES RISKS, BUT WE BELIEVE OCTOBER DEMONSTRATES THAT THESE PROBABLY CANNOT NOW BE AVOIDED IN ANY CASE. HONG KONG MUST ACT TO CAPITALISE ON THE INTERNATIONAL INTEREST IN ITS MARKETS WHILE MINIMISING THE RISKS BY STRENGTHENING ITS SYSTEMS AND CONTROLS. WE BELIEVE, THEREFORE, THAT HONG KONG SHOULD AIM TO BECOME THE PRE-EMINENT CAPITAL MARKET IN SOUTHEAST ASIA AND TO THAT END, SHOULD SEE THE PROGRESSIVE INTERNATIONALISATION OF ITS SECURITIES MARKETS AS AN IMPORTANT STRATEGIC OBJECTIVES; BY INTERNATIONALISATION WE MEAN THE USE OF HONG KONG'S MARKETS BY ISSUERS, INVESTORS AND INTERMEDIARIES FROM OUTSIDE THE TERRITORY."

HONG KONG HAS EXCELLENT ECONOMIC FUNDAMENTALS - IT SHOULD BUILD ON THESE IN DEVELOPING ITS STOCK MARKETS.

IF THIS IS TO HAPPEN REFORMS ARE ESSENTIAL. WE BELIEVE THAT HONG KONG SHOULD AIM FOR FOUR THINGS: SYSTEMIC STABILITY (SO THAT RISKS ARE MANAGED WELL), ORDERLY AND SMOOTH FUNCTIONING MARKETS (SO THAT ALL THE SYSTEMS OPERATE PROPERLY), FAIR MARKETS (SO THAT THERE IS ADEQUATE DISCLOSURE TO ENABLE ALL PARTIES TO DEAL ON AN EQUAL FOOTING), AND, WITH ALL THESE, ADEQUATE PROTECTION FOR INVESTORS.

IN THIS THE CONCEPT OF EFFECTIVE RISK MANAGEMENT IS ABSOLUTELY FUNDAMENTAL. IT WAS THIS THAT FAILED IN OCTOBER THREATENING THE SYSTEMIC STABILITY OF THE STOCK AND FUTURES MARKETS.

/WE HAVE

WE HAVE BASED OUR REFORM PROPOSALS ON SELF-REGULATION BUT AS WE SAY IN PARA. 3.24 "WE APPRECIATE THAT SO-CALLED SELF-REGULATION MAY APPEAR TO HAVE FAILED IN HONG KONG. NEVERTHELESS, WE CONTINUE TO RECOMMEND A PRACTITIONER-BASED SYSTEM AS THE BEST AVAILABLE TO MEET OUR OBJECTIVES FOR HONG KONG. WE DO SO BECAUSE WE WISH ABOVE ALL TO AVOID THE DANGER OF STRAIGHT-JACKETING THE SECURITIES MARKETS BY A STRICT STATUTORY REGIME WHICH MIGHT ALL TOO EASILY LEAD TO INSENSITIVE OR HEAVY HANDED OVER-REGULATION. LAISSEZ-FAIRE HAS SERVED HONG KONG TOO WELL FOR IT TO BE ABANDONED ALTOGETHER JUST BECAUSE IT HAS BEEN INEPTLY USED AND GROSSLY ABUSED."

BUT IN VIEW OF HONG KONG'S EXPERIENCES OF INSIDER REGULATION WE BELIEVE THAT THERE MUST BE EFFECTIVE CHECKS AND BALANCES. IN OUR REPORT WE LAY DOWN FOUR REQUIREMENTS -

- (1) A TWO TIER SYSTEM OF SUPERVISION WITH THE EXCHANGES REGULATING THEIR OWN AFFAIRS UNDER THE WATCHFUL EYE OF A SINGLE STATUTORY BODY.
- (2) THE STATUTORY SUPERVISOR SHOULD BE DETACHED FROM THE GOVERNMENT SO THAT IF THE SUPERVISOR FAILS THEN AND ONLY THEN SHOULD GOVERNMENT STEP IN.
- (3) THE INTEGRITY OF THE MARKET BODIES MUST BE UNDOUBTED AND WE PROPOSE THE INCLUSION OF INDEPENDENT MEMBERS ON THE BOARDS OF ALL EXCHANGES AND CLEARING HOUSES.
- (4) FINALLY, BUT MOST IMPORTANT DETACHED INDEPENDENT WELL PAID AND QUALIFIED STAFF IN THE EXCHANGES ARE ESSENTIAL TO ENSURE THE INTEGRITY OF THE SELF-REGULATORY SYSTEM.

APPLYING THESE PRECEPTS WE SUMMARISE OUR MAIN RECOMMENDATIONS IN PARA. 1.9 OF THE REPORT:

- (1) WE PROPOSE "A FUNDAMENTAL REVISION OF THE INTERNAL CONSTITUTION OF BOTH THE EXCHANGES; IN PARTICULAR, IN THE CASE OF THE STOCK EXCHANGE, THERE SHOULD BE PROPER REPRESENTATION ON THE GOVERNING BODY FOR INDIVIDUAL AND CORPORATE MEMBERS, COMBINED WITH AN INDEPENDENT ELEMENT TO ENSURE THAT THE EXCHANGE IS PROPERLY GOVERNED AND WORKS IN THE INTERESTS OF ALL MEMBERS AND USERS." WE RECOMMEND A COUNCIL OF 22 : 16 BROKERS OF WHICH 4 MUST BE CORPORATE MEMBERS AND 4 INDIVIDUAL; 5 INDEPENDENT NON-BROKERS; AND THE CHIEF EXECUTIVE. MORE DETAILS ARE SET OUT IN CHAPTER IV FOR THE STOCK EXCHANGE AND IN THE LATTER HALF OF CHAPTER VI FOR THE FUTURES EXCHANGE.

/(2) WE PROPOSE

- (2) WE PROPOSE "THE DEVELOPMENT OF A STAFF OF PROFESSIONAL, INDEPENDENT EXECUTIVES IN THE TWO EXCHANGES, WITH THE EXCHANGE GOVERNING BODIES SETTING POLICY AND THE EXECUTIVES IMPLEMENTING IT." WE DEVELOP THIS THINKING IN CHAPTERS IV AND VI. AT THIS POINT I THINK IT IS APPROPRIATE TO RECOGNISE THE CONSIDERABLE STEPS TAKEN BY THE NEW MANAGEMENT OF THE STOCK EXCHANGE UNDER MR ROBERT FELL AND OF THE FUTURES EXCHANGE UNDER MR WILFRID NEWTON AND MR PHILLIP THORPE IN CARRYING OUT IMPORTANT REFORMS WHILE WE HAVE BEEN AT WORK.
- (3) WE PROPOSE "AN EXTENSION OF THE STOCK EXCHANGE SETTLEMENT PERIOD TO THREE DAYS WHICH SHOULD BE STRICTLY ENFORCED AND THE EARLY DEVELOPMENT OF A CENTRAL CLEARING SYSTEM." IT WAS THIS RECOMMENDATION WHICH PROBABLY GAVE US THE MOST DIFFICULTY. WE DISCUSS THE MATTER AT GREAT LENGTH IN CHAPTER V. SETTLEMENT IS FUNDAMENTAL TO THE SYSTEMIC STABILITY OF A MARKET. A FULL RECOGNITION OF THE RISKS INVOLVED IS VITAL. SUCH RECOGNITION WAS NOT ALWAYS PRESENT IN HONG KONG BEFORE OCTOBER.
- (4) WE PROPOSE "THE CONTINUATION OF THE HONG KONG FUTURES EXCHANGE AND ITS STOCK INDEX CONTRACT BUT WITH THE CLEARING AND GUARANTEE SYSTEM BEING RESTRUCTURED TO STRENGTHEN THE RISK MANAGEMENT ARRANGEMENTS; IN PARTICULAR, THE CLEARING HOUSE SHOULD BECOME PART OF THE EXCHANGE AND THE GUARANTEE SHOULD BE BACKED BY A CLEARING MEMBERS' FUND." A KEY QUESTION WAS WHETHER OR NOT THE HONG KONG FUTURES EXCHANGE AND THE HANG SENG INDEX FUTURES CONTRACT SHOULD CONTINUE. WE CONCLUDE IN THE FIRST PART OF CHAPTER VI THAT IT SHOULD BUT SOME REFORMS ARE ESSENTIAL AND OTHERS ARE DESIRABLE. THEY ARE REVIEWED IN DETAIL IN CHAPTERS VII AND VIII.
- (5) TURNING TO THE STATUTORY AUTHORITY WE PROPOSE "REPLACING THE TWO COMMISSIONS AND THE COMMISSIONER'S OFFICE WITH A SINGLE INDEPENDENT STATUTORY BODY OUTSIDE THE CIVIL SERVICE. IT SHOULD BE HEADED AND STAFFED BY FULL TIME REGULATORS AND FUNDED LARGELY BY THE MARKET. (WE SUGGEST THAT THE COMMISSION CONSIST OF 4 FULL-TIME MEMBERS AND 3 PART-TIME.) IT SHOULD BE CHARGED WITH ENSURING THE INTEGRITY OF MARKETS AND THE PROTECTION OF INVESTORS. IN PARTICULAR, IT SHOULD ENSURE THAT THE EXCHANGES PROPERLY REGULATE THEIR MARKETS AND SHOULD HAVE EXTENSIVE RESERVE POWERS TO INTERVENE IF THEY FALL DOWN ON THE JOB." THE ARGUMENTS FOR THIS PROPOSAL ARE DEBATED AT LENGTH IN CHAPTER IX. OUR PRINCIPAL REASONS FOR MOVING THE COMMISSION OUTSIDE THE CIVIL SERVICE ARE TWO : TO ENABLE IT TO PAY SALARY SCALES APPROPRIATE TO ATTRACT MARKET PRACTITIONERS WITH EXPERTISE IN SECURITIES MARKETS; AND TO PROTECT THE GOVERNMENT. AS WE SAY IN PARA. 3.33 "IF THE SUPERVISOR FAILS THEN, AND ONLY THEN, SHOULD THE GOVERNMENT STEP IN; GOVERNMENT SHOULD BE INSULATED FROM DAY-TO-DAY MARKET CRISES LEST THE AUTHORITY OF GOVERNMENT BE UNNECESSARILY DAMAGED."

IN THE REST OF THE REPORT WE ADDRESS CERTAIN OTHER MAJOR ISSUES ESPECIALLY -

- (1) LISTING ARRANGEMENTS FOR NEW SHARES. CHAPTERS V AND XI. WE RECOMMEND THAT SOLE RESPONSIBILITY FOR APPROVING LISTING DOCUMENTS BE TRANSFERRED TO A REFORMED STOCK EXCHANGE LISTING DEPARTMENT.
- (2) LICENSING - RATHER THAN REGISTRATION - OF SECURITIES INTERMEDIARIES SO THAT ALL WILL HAVE TO SHOW THAT THEY ARE FIT AND PROPER PERSONS AND PASS TESTS OF HONESTY, COMPETENCE AND SOLVENCY. AS TO THE LATTER WE DO NOT RECOMMEND A SIGNIFICANT INCREASE IN CAPITAL REQUIREMENTS. SEE CHAPTER X.
- (3) WE DISCUSS THE OBLIGATIONS OF LISTED COMPANIES, PARTICULARLY WITH REGARD TO ACCOUNTING AND DISCLOSURE IN CHAPTER XII.
- (4) FINALLY IN CHAPTER XIII WE ADDRESS A NUMBER OF OTHER AREAS WHICH ALTHOUGH EXTREMELY IMPORTANT, WE WERE UNABLE TO RESOLVE IN THE LIMITED TIME AT OUR DISPOSAL. HERE WE MAKE RECOMMENDATIONS FOR FURTHER EXAMINATION AND STUDY.

BEARING IN MIND THAT MY COMMITTEE HAS NOW BEEN DISCHARGED WE THINK IT ESSENTIAL THAT WE PUT ALL OUR ARGUMENTS FORWARD. AFTER ALL WE ONLY HAVE ONE BITE AT THE CHERRY. THE REPORT IS THEREFORE LENGTHY AND I HOPE FULLY ARGUED. IT IS NOW UP TO THE AUTHORITIES AND THE SECURITIES MARKETS TO IMPLEMENT OUR PLANS AND I AM SURE THAT THEY WILL.

LET ME CLOSE ON A POSITIVE NOTE BY THANKING MY COMMITTEE, ITS STAFF AND THE HONG KONG SECURITIES INDUSTRY FOR MAKING MY TASK EASY. HARD WORK IS NEVER UNPLEASANT WHEN CARRIED OUT IN A SPIRIT OF HELPFUL CO-OPERATION."

- - - - 0 - - - -

/ PUBLIC SHOULD TAKE HEED OF SECURITIES COMMISSION'S ACHIEVEMENTS: FS

* * * * *

THE COMMUNITY SHOULD LOOK AT THE VERY SOLID ACHIEVEMENTS OF THE SECURITIES COMMISSION AND THE OFFICE OF THE COMMISSIONER, THE FINANCIAL SECRETARY, MR PIERS JACOBS, SAID TODAY (THURSDAY).

ANSWERING QUESTIONS FROM THE MEDIA AT THE GOVERNMENT SECRETARIAT AFTER GIVING THE GOVERNMENT RESPONSE TO THE SECURITIES REVIEW COMMITTEE REPORT, MR JACOBS SAID HE THOUGHT ON THE WHOLE, THEY HAD PERFORMED VERY WELL BUT "WE ARE NOW REACHING A POINT WHERE WE HAVE TO MOVE ON TO THE NEXT STAGE".

/"THEY WERE

"THEY WERE STRUCTURES, ORGANISATIONS THAT WERE SET UP A LONG TIME AGO IN A VERY DIFFERENT CONTEXT. AND I WOULD PREFER THAT THIS COMMUNITY SHOULD LOOK AT THEIR VERY SOLID ACHIEVEMENTS.

"AS FAR AS THE COMMISSION, THE COMMISSIONER'S OFFICE, THE BRANCH AND INDEED MY OWN OFFICE ARE CONCERNED, I THINK YOU HAVE TO REMEMBER A NUMBER OF FACTORS.

"FIRST OF ALL, THE SECURITIES COMMISSION AND THE COMMISSIONER'S OFFICE CAME INTO BEING IN THE EARLY 1970'S. THE STRUCTURE OF THAT OFFICE, THE STRUCTURE OF THE COMMISSION, WAS SETTLED QUITE A LONG TIME AGO.

"THINGS HAVE MOVED ON AMAZINGLY SINCE THOSE DAYS. THEREFORE WHEN I SAY THINGS HAVE MOVED ON, OBVIOUSLY THE STRUCTURES HAVE BEEN TESTED."

HE ALSO ASKED THE PUBLIC TO REMEMBER, IN LOOKING AT THE COMMISSION AND THE COMMISSIONER'S OFFICE, ALL THE AMAZING ACHIEVEMENTS THAT THEY HAD TO THEIR CREDIT.

"WHEN THEY WERE SET UP, THE STOCK EXCHANGES OF HONG KONG, THE STOCK MARKETS OF HONG KONG, WERE FRAGMENTED AND DARE I SAY VERY DISORDERLY," HE SAID.

"WHAT THE COMMISSION MANAGED TO ACHIEVE, WHAT THE COMMISSIONER'S OFFICE MANAGED TO ACHIEVE, WAS A VERY MUCH BETTER SECURITIES MARKET FOR HONG KONG.

"THEY HAVE VERY MANY ACHIEVEMENTS TO THEIR NAME. I THINK REALLY THIS COMMUNITY NEEDS TO REMEMBER THAT BEFORE STARTING TO CRITICISE."

ASKED IF WORK WOULD BE NORMAL IN THE COMMISSIONER'S OFFICE IN THE INTERIM, MR JACOBS STRESSED THAT HE HAD NOT THE SLIGHTEST DOUBT THAT THEY WOULD WORK NORMALLY AND INDEED VERY WELL.

ASKED ABOUT THE FUTURE OF THE STAFF, MR JACOBS SAID: "THAT AGAIN IS SOMETHING THAT WE'LL HAVE TO TACKLE LATER ON. BUT AS MR DAVISON HAS MADE CLEAR IN HIS REPORT, MANY OF THE STAFF IN THE COMMISSIONER'S OFFICE, ON THE ASSUMPTION OF THE SET UP OF A NEW BODY, COULD WELL BE ABSORBED INTO THE NEW BODY.

"BUT I THINK WE ARE LOOKING A BIT TOO FAR AHEAD AT THE MOMENT. CERTAINLY THESE THINGS CAN EASILY BE ACCOMMODATED."

AS FOR HIS PERSONAL VIEWS ABOUT THE COMMITTEE'S RECOMMENDATIONS, MR JACOBS REITERATED THAT THE REPORT WAS CERTAINLY A VALUABLE BLUEPRINT.

"IT POINTS THE WAY FORWARD. I THINK MANY OF THE RECOMMENDATIONS WILL BE RECOMMENDATIONS THAT I WILL BE ABLE TO COMMEND TO THE EXECUTIVE COUNCIL BUT WE DO NEED TO CONSIDER THEM IN SOME DETAIL.

/"AND OF

"AND OF COURSE WE DO NEED TO HAVE SOME RESPONSE FROM INTERESTED PARTIES AND THE PUBLIC AT LARGE."

HE NOTED THAT IT WAS MADE QUITE CLEAR WHEN THE GOVERNMENT SET UP THE COMMITTEE THAT IT WOULD BE FORWARD LOOKING.

"WE DIDN'T WANT IT TO LOOK INTO THE PAST. WE DIDN'T WANT TO TRY AND APPORTION BLAME. AND IT HASN'T DONE SO.

"AND OBVIOUSLY IT HAS HAD TO EXPRESS CERTAIN VIEWS ON CERTAIN ASPECTS OF WHAT WAS GOING ON PRIOR TO THE APPOINTMENT OF THE COMMITTEE."

IN REPLY TO A QUESTION ON WHETHER THERE WERE ANY PARTS IN THE REPORT THAT SHOULD BE IMPLEMENTED IMMEDIATELY, MR JACOBS SAID AN IMPLEMENTING TEAM HAD BEEN SET UP AND WOULD BE GOING THROUGH THE REPORT.

"IF THERE ARE SOME RECOMMENDATIONS THAT WE CAN DEAL WITH QUICKLY AND EASILY AND NEED TO BE DEALT WITH QUICKLY, YES, THEN WE CAN PICK THEM UP."

ON WHETHER THE ONE-MONTH CONSULTATION PERIOD WAS ADEQUATE, MR JACOBS SAID THIS WAS ADEQUATE, ADDING THAT MR DAVISON AND HIS COMMITTEE HAD CONSULTED INTERESTED PARTIES THROUGHOUT THE COURSE OF PREPARING THEIR REPORT.

"ACTUALLY A LOT OF PEOPLE ALREADY HAVE HAD THE OPPORTUNITY OF EXPRESSING VARIOUS VIEWS AND GIVING INFORMATION TO THE COMMITTEE," HE SAID.

- - - - 0 - - - -

EXCO ENDORSES BILL ON FUTURES EXCHANGE AGM

* * * * *

THE EXECUTIVE COUNCIL HAS ENDORSED A BILL THAT SEEKS TO ENABLE THE GOVERNMENT-APPOINTED DIRECTORS OF THE HONG KONG FUTURES EXCHANGE LIMITED (HKFE) TO STAY ON UNTIL THE END OF MARCH NEXT YEAR TO ALLOW MORE TIME FOR PROCESSING THE RECOMMENDATIONS OF THE SECURITIES REVIEW COMMITTEE (SRC).

A GOVERNMENT SPOKESMAN SAID TODAY (THURSDAY) THAT THE HONG KONG FUTURES EXCHANGE LIMITED (TEMPORARY PROVISIONS) BILL 1988 WOULD EMPOWER THE FUTURES EXCHANGE TO DELAY HOLDING ITS 1988 ANNUAL GENERAL MEETING FOR SIX MONTHS WITH PROVISION FOR A FURTHER EXTENSION OF THREE MONTHS UPON RESOLUTION OF THE LEGISLATIVE COUNCIL.

THE PROPOSED LEGISLATIVE AMENDMENT IS AN INTERIM MEASURE AIMED AT FACILITATING THE EXAMINATION AND POSSIBLE IMPLEMENTATION OF THE SRC RECOMMENDATIONS.

THURSDAY, JUNE 2, 1988

- 10 -

THE SPOKESMAN EXPLAINED THAT PURSUANT TO THE COMPANIES ORDINANCE, THE HONG KONG FUTURES EXCHANGE LIMITED WAS REQUIRED TO HOLD ITS NEXT ANNUAL GENERAL MEETING BY SEPTEMBER 30, 1988 WHEN THE FOUR GOVERNMENT-APPOINTED DIRECTORS WOULD CEASE TO HOLD OFFICE.

"THE HKFE NORMALLY HOLDS ITS ANNUAL GENERAL MEETING IN SEPTEMBER EACH YEAR. ITS LAST FINANCIAL YEAR ENDED ON DECEMBER 31, 1987. UNDER SECTION 122 OF THE COMPANIES ORDINANCE, ITS ACCOUNTS AND BALANCE SHEET MUST BE LAID BEFORE AN ANNUAL GENERAL MEETING WITHIN NINE MONTHS FROM THAT DAY," HE SAID.

UNLESS THE HKFE'S NEXT ANNUAL GENERAL MEETING WERE POSTPONED, THE GOVERNMENT-APPOINTED DIRECTORS, INCLUDING THE PRESENT CHAIRMAN AND THE EXECUTIVE VICE-CHAIRMAN, WOULD CEASE TO HOLD OFFICE.

IT WAS IMPORTANT THAT THE PRESENT BOARD OF DIRECTORS WAS RETAINED FOR THE TIME BEING, THE SPOKESMAN ADDED.

THE BILL WILL BE PUBLISHED IN THE GAZETTE ON JUNE 10 THIS YEAR AND IS EXPECTED TO BE INTRODUCED INTO THE LEGISLATIVE COUNCIL FOR FIRST READING ON JUNE 22.

MEMBERS OF THE PUBLIC WHO WISH TO COMMENT ON THE BILL MAY WRITE TO THE SECRETARY FOR MONETARY AFFAIRS, ADMIRALTY CENTRE, TOWER 11, 24TH FLOOR, 18 HARCOURT ROAD, HONG KONG OR TO OMELCO, 8 JACKSON ROAD, HONG KONG.

- - - - 0 - - - -

PROVISIONS OF NOISE CONTROL BILL 1988 EXPLAINED

* * * * *

A BILL WHICH CONSOLIDATES EXISTING LAW RELATING TO THE CONTROL OF NOISE AND EXPANDS THE SCOPE OF CONTROL, PARTICULARLY WITH REGARD TO NOISE FROM MANUFACTURING AND CONSTRUCTION ACTIVITIES, WILL BE INTRODUCED INTO THE LEGISLATIVE COUNCIL ON WEDNESDAY, JUNE 8.

THIS WAS ANNOUNCED BY THE SECRETARY FOR HEALTH AND WELFARE, MR JOHN CHAMBERS, TODAY (THURSDAY) AT A PRESS CONFERENCE TO EXPLAIN THE PROVISIONS OF THE NOISE CONTROL BILL 1988 WHICH WILL BE GAZETTED TOMORROW.

SPECIFICALLY, THE BILL DEALS WITH THE FOLLOWING FORMS OF NOISE:

- (A) NOISE FROM DOMESTIC PREMISES AND PUBLIC PLACES (GENERAL NEIGHBOURHOOD NOISE);
- (B) CONSTRUCTION NOISE AND PILING;

/(C) NOISE FROM

THURSDAY, JUNE 2, 1988

- 11 -

(C) NOISE FROM INDUSTRIAL OR COMMERCIAL PREMISES; AND

(D) NOISE FROM INDIVIDUAL ITEMS OF PLANT OR EQUIPMENT.

THE NOISE CONTROL BILL WAS FIRST PUBLISHED FOR PUBLIC COMMENT IN MARCH 1987 AND AMENDED AFTER A COMPREHENSIVE CONSULTATION EXERCISE.

MR CHAMBERS EXPLAINED THAT AT PRESENT, THERE WAS NO COMPREHENSIVE LEGISLATION FOR THE CONTROL OF NOISE POLLUTION WHICH WAS A SOURCE OF GREAT NUISANCE IN HONG KONG.

"GENERAL NEIGHBOURHOOD NOISE PROVISIONS NOW CONTAINED IN THE SUMMARY OFFENCES ORDINANCE HAVE BEEN ABSORBED INTO THE BILL LARGELY UNCHANGED AND WILL CONTINUE TO BE ENFORCED BY THE POLICE," HE SAID.

WITH REGARD TO CONSTRUCTION NOISE, THE PERMIT SYSTEM FOR WORK AT NIGHT AND ON HOLIDAYS WILL BE RETAINED. HOWEVER, THE SCHEME OF CONTROL WILL BE EXTENDED TO COVER PRESCRIBED CONSTRUCTION WORK WHICH MAY NOT NECESSARILY REQUIRE THE USE OF POWERED MECHANICAL EQUIPMENT.

IN RESPECT OF NOISE FROM PILING, THE BILL RECOGNISES THE IMPORTANT DISTINCTION BETWEEN PERCUSSIVE AND NON-PERCUSSIVE PILING.

"IT IS PROPOSED THAT RESTRICTIONS ON QUIET NON-PERCUSSIVE PILING, SUCH AS HAND-DUG CAISSONS, SHOULD BE RELAXED WHILE CONTROL OF NOISY PERCUSSIVE PILING SHOULD BE TIGHTENED," MR CHAMBERS SAID.

THE CURRENT PROHIBITION ON SUCH WORK DURING THE RESTRICTED HOURS WILL BE RETAINED. IN ADDITION, PERCUSSIVE PILING WILL IN FUTURE REQUIRE A PERMIT DURING THE DAY TIME HOURS.

"SUCH A PERMIT MAY LIMIT NOISY PERCUSSIVE PILING TO CERTAIN HOURS OF THE DAY WHERE NOISE SENSITIVE BUILDINGS, SUCH AS SCHOOLS OR RESIDENTIAL BUILDINGS, ARE IN CLOSE PROXIMITY AND WHERE QUIETER PILING METHODS ARE NOT PROPOSED," MR CHAMBERS ADDED.

IN CONNECTION WITH THE PERMIT SYSTEM, THE BILL INTRODUCES THE CONCEPT OF TECHNICAL MEMORANDA WHICH WILL BE ISSUED BY THE SECRETARY FOR HEALTH AND WELFARE ON THE ADVICE OF THE DIRECTOR OF ENVIRONMENTAL PROTECTION.

THE MEMORANDA CONTAIN THE TECHNICAL PRINCIPLES TO BE APPLIED IN DETERMINING WHETHER OR NOT A PERMIT SHOULD BE ISSUED AND WHAT CONDITIONS SHOULD BE INCLUDED.

THE BILL ALSO INTRODUCES CONTROLS ON NOISE FROM COMMERCIAL AND INDUSTRIAL PREMISES.

IT IS INTENDED THAT NOISE ABATEMENT NOTICES WILL BE SERVED IF THE NOISE EMITTED IS CAUSING A NUISANCE TO ANY PERSON, OR IF IT DOES NOT COMPLY WITH TECHNICAL CRITERIA SET OUT IN THE RELEVANT TECHNICAL MEMORANDUM.

/THESE NOTICES

THURSDAY, JUNE 2, 1988

- 12 -

THESE NOTICES WILL REQUIRE OWNERS OR OCCUPIERS TO BRING THEIR NOISE EMISSIONS INTO A STATE OF COMPLIANCE BY A CERTAIN DATE AND NON-COMPLIANCE WILL BE AN OFFENCE.

VARIOUS NEW POWERS ARE INCORPORATED IN THE BILL TO ENABLE THE CONTROL OF NOISE FROM INDIVIDUAL ITEMS OF PLANT OR MACHINERY, SUCH AS GENERATORS AND COMPRESSORS, ALTHOUGH THESE PROVISIONS WOULD ONLY BE USED WHEN TECHNICAL OR ADMINISTRATIVE DIFFICULTIES MADE OTHER FORMS OF CONTROL INAPPROPRIATE.

TO ENSURE THAT THE PROVISIONS OF THE BILL WILL BE ENFORCED IN A FAIR AND REASONABLE MANNER, AN APPEAL BOARD WILL BE APPOINTED.

"APPEALS CAN BE MADE AGAINST THE SERVICE OF NOISE ABATEMENT NOTICES, THE REFUSAL TO ISSUE PILING PERMITS OR AGAINST THE CONDITIONS OF SUCH A PERMIT," MR CHAMBERS SAID.

THE PROVISIONS OF THE BILL WILL BE ENFORCED BY A NOISE CONTROL AUTHORITY APPOINTED BY THE GOVERNOR. THE DIRECTOR OF ENVIRONMENTAL PROTECTION WILL BE THE AUTHORITY FOR THIS PURPOSE.

- - - - 0 - - - -

EMSD SEWAGE PLANTS HELP CONTROL POLLUTION

* * * * *

THE GOVERNMENT ATTACHES GREAT IMPORTANCE TO CONTROLLING WATER POLLUTION IN THE TERRITORY, THE GOVERNOR, SIR DAVID WILSON, SAID TODAY (THURSDAY) AT THE END OF A TOUR OF SEWAGE TREATMENT FACILITIES OPERATED BY THE ELECTRICAL AND MECHANICAL SERVICES DEPARTMENT.

DURING THE VISIT, SIR DAVID WAS BRIEFED BY THE DIRECTOR OF ELECTRICAL AND MECHANICAL SERVICES, MR GRAHAM OSBORNE, ON THE WORKINGS OF THE SHA TIN SEWAGE TREATMENT PLANT AND PUMPING STATION AS WELL AS THE RECENTLY-COMPLETED WAN CHAI (WEST) SEWAGE SCREENING PLANT.

HE WAS TOLD THAT 27 SEWAGE TREATMENT PLANTS AND SEWAGE PUMPING STATIONS ARE NOW UNDER VARIOUS STAGES OF PLANNING AND CONSTRUCTION AT A TOTAL COST OF \$3,000 MILLION.

THE NEW FACILITIES, MOST OF WHICH ARE EXPECTED TO BE PUT INTO OPERATION WITHIN THE NEXT THREE YEARS, WILL GREATLY IMPROVE THE QUALITY OF TREATED EFFLUENTS BEFORE DISCHARGING THEM INTO THE SEA.

THE GOVERNOR NOTED WITH INTEREST THE MASSIVE AND INTRICATE UNDERGROUND SEWERAGE SYSTEM AND THE HUGE AMOUNT OF RAW SEWAGE - ONE MILLION TONNES - DEALT WITH DAILY BY THE TREATMENT WORKS AND PLANTS.

SIR DAVID WAS TOLD THAT EMSD AT PRESENT OPERATES AROUND THE CLOCK 27 SEWAGE TREATMENT WORKS OF ALL TYPES, 31 SEWAGE PUMPING STATIONS TO FEED THE TREATMENT WORKS AS WELL AS 26 SEPTIC TANKS FOR REMOTE LOCATIONS NOT SERVED BY A SEWERAGE NETWORK.

/SIR DAVID

SIR DAVID WAS ALSO TOLD THAT A DETAILED STUDY TO INVESTIGATE THE ENGINEERING FEASIBILITY OF PUMPING SEWAGE EFFLUENT FROM SHA TIN TO KAI TAK NULLAH WILL BE COMPLETED NEXT MONTH.

IMPLEMENTATION OF THIS SCHEME IS EXPECTED TO RESULT IN A SIGNIFICANT IMPROVEMENT IN THE WATER QUALITY OF TOLO HARBOUR.

- - - - 0 - - - -

REGIONAL SECRETARY SEES TAI PO DEVELOPMENTS

* * * * *

THE REGIONAL SECRETARY FOR THE NEW TERRITORIES, MR MICHAEL SUEN, TODAY (THURSDAY) VISITED TAI PO TO SEE FOR HIMSELF THE LATEST DEVELOPMENTS IN THE DISTRICT.

ON ARRIVAL AT THE TAI PO DISTRICT OFFICE IN TING KOK ROAD, MR SUEN WAS MET BY THE DISTRICT OFFICER, MR JOHN BURRETT, AND SENIOR STAFF OF THE OFFICE.

THE PARTY PROCEEDED TO THE ROOFTOP OF WANG YAN HOUSE IN KWONG FUK ESTATE, WHERE MR BURRETT BRIEFED THE REGIONAL SECRETARY ON TAI PO NEW TOWN DEVELOPMENT.

MR SUEN WAS TOLD THE NEW TOWN NOW HAD A POPULATION OF AROUND 156,000 PEOPLE AND THERE WERE PLANS TO DEVELOP THE AREA TO ACCOMMODATE 294,000 PEOPLE BY THE END OF THE 1990'S.

THE PARTY THEN WENT TO TA TIT YAN VILLAGE TO GET A BETTER UNDERSTANDING OF THE QUESTION OF PROVIDING VEHICULAR ACCESS FOR REMOTE VILLAGES.

THE REGIONAL SECRETARY SAW THE EXTENT OF POLLUTION IN THE LAM TSUEN RIVER IN ITS UPPER, MIDDLE AND LOWER COURSES -- IN THE LAM TSUEN VALLEY, AT SHUI WAI AND KWONG FUK BRIDGE RESPECTIVELY.

MR SUEN THEN HAD LUNCH WITH LEADING RESIDENTS. THE LUNCH WAS HOSTED BY THE DISTRICT OFFICER.

AFTER LUNCH, HE CALLED AT THE OFFICES OF THE TAI PO AND SAI KUNG NORTH RURAL COMMITTEES TO MEET THE CHAIRMEN AND MEMBERS OF THE EXECUTIVE COMMITTEES.

THE PARTY THEN PROCEEDED TO THE SHUEN WAN TEMPORARY HOUSING AREA TO VIEW THE MARICULTURE ZONES AT YIM TIN TSAI.

ON THE WAY TO THE TEMPORARY HOUSING AREA, THEY PASSED PLUMMER VILLAGE WHICH WILL BE REMOVED BY A NON-DEVELOPMENT CLEARANCE LATER THIS YEAR.

MR SUEN'S VISIT CONCLUDED WITH A TEA RECEPTION AT THE TAI PO DISTRICT BOARD SECRETARIAT, WHERE HE MET MEMBERS OF THE BOARD.

- - - - 0 - - - -

THURSDAY, JUNE 2, 1988

- 14 -

ACAN CHAIRMAN CALLS FOR GREATER EFFORTS AGAINST NARCOTICS

* * * * *

THE CHAIRMAN OF THE ACTION COMMITTEE AGAINST NARCOTICS (ACAN), DR GERALD CHOA, TODAY (THURSDAY) CALLED FOR INTENSIFIED EFFORTS TO BE MADE IN THE FIGHT AGAINST DRUG ABUSE IN HONG KONG.

DR CHOA SAID THAT ALTHOUGH LAST YEAR SAW SOME POSITIVE SIGNS IN THE FIGHT AGAINST DRUG ABUSE, THERE WERE INDICATIONS OF ANOTHER LARGE OPIUM HARVEST IN THE "GOLDEN TRIANGLE" THIS YEAR, AND HONG KONG COULD EXPECT TRAFFICKERS OF HEROIN TO REMAIN ACTIVE.

DR CHOA WAS SPEAKING AT THE DESTRUCTION OF SEIZED DRUGS AT THE KENNEDY TOWN INCINERATION PLANT. ALTOGETHER, 1,024 KILOGRAMS OF ILLICIT DRUGS WERE BURNT. THEIR VALUE WAS PUT AT ABOUT \$662 MILLION.

THE DRUGS, MAINLY HEROIN BASE AND CANNABIS, WERE PART OF SEIZURES MADE BY THE POLICE AND THE CUSTOMS AND EXCISE SERVICE OVER THE PAST FIVE YEARS, AND IN PARTICULAR, SEIZURES RESULTING FROM THREE MAJOR INVESTIGATIONS INTO DRUG TRAFFICKING SYNDICATES. THESE ALONE NETTED MORE THAN 1,000 KILOGRAMS OF DANGEROUS DRUGS.

BURNING OF SEIZED DRUGS IS CARRIED OUT REGULARLY UNDER STRICT SECURITY, AND IN PRIVATE, UPON THE COMPLETION OF TRIALS OF CASES IN COURT.

DR CHOA POINTED OUT THAT THE BURNING TODAY, HOWEVER, WAS HELD IN PUBLIC FOR TWO REASONS.

"FIRST, OUR INTENTION IS TO IMPRESS ON OUR COMMUNITY, ONCE MORE, THE EVER-PRESENT MENACE WHICH DRUG TRAFFICKING AND ABUSE PRESENT, ESPECIALLY TO ITS YOUNG MEMBERS," HE SAID.

"OUR SECOND OBJECTIVE IS TO DEMONSTRATE OUR THANKS TO, AND OUR CONFIDENCE IN, THE ROYAL HONG KONG POLICE FORCE AND THE CUSTOMS AND EXCISE SERVICE.

"THESE TWO FINE SERVICES REPRESENT OUR FIRST LINE OF DEFENCE AGAINST THOSE WHO SEEK ILLEGAL PROFIT AT THE EXPENSE OF THE HEALTH AND THE FUTURE, NOT ONLY OF THOSE WHO ARE ADDICTED TO DRUGS, BUT OF THEIR FAMILIES AND FRIENDS, AND OF THOSE IN THE YOUNGER AGE GROUPS WHO ARE MOST AT RISK OF BECOMING ADDICTS.

"BUT, UNDER OUR FREE PORT AND FREE EXCHANGE SYSTEMS, BOTH THE POLICE AND THE CUSTOMS SERVICE LABOUR UNDER TREMENDOUS DIFFICULTIES.

"WE ALL RECOGNISE THE PROBLEMS THEY FACE IN LOOKING FOR DRUGS IN THE 47 MILLION TONS OF INCOMING CARGO WHICH ARRIVES HERE EVERY YEAR, THE 21 MILLION INCOMING PASSENGERS AND THE 128,000 INCOMING SHIPS AND AIRCRAFT.

/"YET, AGAINST

"YET, AGAINST THESE ODDS, OUR TWO SERVICES HAVE ACHIEVED SUCCESSES WHICH, OVER THE YEARS, HAVE EARNED FOR THEM BOTH AN INTERNATIONAL REPUTATION FOR OUTSTANDING EXPERTISE, COMPETENCE AND DEDICATION."

DR CHOA APPEALED TO MEMBERS OF THE PUBLIC TO REPORT TO THE POLICE AND THE CUSTOMS SERVICE ANY SUSPICIONS THEY MIGHT HAVE, OR ACTIVITIES WHICH MIGHT COME TO THEIR NOTICE, IN RELATION TO THE IMPORT, MANUFACTURE AND DISTRIBUTION OF DANGEROUS DRUGS.

"OUR LAW ENFORCEMENT AGENCIES CAN DO WITH, AND DESERVE, ALL HELP WE CAN GIVE THEM," HE SAID.

GUESTS WITNESSING THE DESTRUCTION OF THE DRUGS INCLUDED MR YEUNG PO-KWAN, MR J.P. LEE, MR PAO PING-WING AND MRS PEGGY MIU LEE, WHO ARE MEMBERS OF ACAN; THE COMMISSIONER OF POLICE, MR RAYMON ANNING; THE DEPUTY COMMISSIONER OF CUSTOMS AND EXCISE, MR TONG KANG-CING; AND THE COMMISSIONER FOR NARCOTICS, MR GARETH MULLOY.

- - - - 0 - - - -

FULL RANGE OF SERVICES TO HELP BATTERED WOMEN

* * * * *

THE GOVERNMENT IS VERY CONCERNED ABOUT THE PROBLEMS CAUSED BY DOMESTIC VIOLENCE AND HAS BEEN RENDERING VARIOUS SERVICES TO HELP THE VICTIMS, THE DIRECTOR OF SOCIAL WELFARE, MRS ELIZABETH WONG, SAID TODAY (THURSDAY).

SPEAKING AT THE ANNUAL GENERAL MEETING OF HARMONY HOUSE - A SHELTER FOR BATTERED WOMEN - HELD AT THE DUKE OF WINDSOR SOCIAL SERVICE BUILDING IN WAN CHAI, MRS WONG POINTED OUT THAT BATTERING OF A SPOUSE WAS THE MOST COMMON FORM OF DOMESTIC VIOLENCE.

SHE NOTED THAT UNLIKE IN THE PAST WHEN DOMESTIC PROBLEMS WERE KEPT STRICTLY WITHIN THE FAMILY, PEOPLE HAD BECOME MORE OPEN-MINDED BECAUSE OF RAPID SOCIAL DEVELOPMENTS AND THE INTERACTION OF CHINESE AND WESTERN CULTURES AND CONSEQUENTIALLY HAD BECOME MORE WILLING TO REPORT ABUSE CASES AND SEEK ASSISTANCE.

"ACCORDING TO THE SOCIAL WELFARE DEPARTMENT'S STATISTICS, THERE WERE 844 BATTERED SPOUSE CASES IN 1985 AND 824 IN 1986.

"LAST YEAR'S FIGURE OF 750 REPORTED CASES WAS SLIGHTLY LOWER THAN THOSE IN THE PREVIOUS TWO YEARS AND I HOPE THAT THIS NUMBER WILL CONTINUE TO DECREASE," MRS WONG SAID.

NOTING THAT OVER 90 PER CENT OF THE VICTIMS OF THE BATTERED SPOUSE CASES HANDLED BY THE DEPARTMENT WERE WOMEN, SHE SAID THAT THE GOVERNMENT PROVIDED A WHOLE RANGE OF SERVICES TO HELP THEM REGAIN STRENGTH AND CONFIDENCE AND TO IMPROVE THEIR CONDITIONS.

/"THERE ARE

"THERE ARE FAMILY SERVICES, SOCIAL SECURITY AND MEDICAL SOCIAL SERVICE UNITS IN ALL GOVERNMENT HOSPITALS AND CLINICS TO PROVIDE THEM ASSISTANCE SUCH AS COUNSELLING, FINANCIAL SUPPORT, EMPLOYMENT, HOME HELP, CHILD CARE, EDUCATION AND LEGAL AID ACCORDING TO THE NEEDS OF INDIVIDUAL CASES," SHE SAID.

"THERE ARE ALSO TWO SHELTERS FOR WOMEN - THE WAI ON CENTRE OPERATED BY THE DEPARTMENT AND HARMONY HOUSE.

"APART FROM PROVIDING TEMPORARY RESIDENTIAL SERVICES FOR BATTERED WOMEN, THERE ARE SOCIAL WORKERS IN THESE HOMES TO PROVIDE COUNSELLING SERVICE TO COMFORT THE CLIENTS AND TO HELP SOLVE THEIR IMMEDIATE PROBLEMS.

"SERVICES ARE ALSO PROVIDED FOR THE CHILDREN BROUGHT ALONG TO THE HOMES BY THESE WOMEN AS THEY MAY HAVE HEALTH, BEHAVIOUR OR EMOTIONAL PROBLEMS DUE TO THE EXPOSURE TO VIOLENCE IN THEIR EARLY DEVELOPMENTAL STAGES," SHE ADDED.

MRS WONG SAID THAT IN ADDITION TO DIRECT SERVICES, THE GOVERNMENT ALSO ATTACHED IMPORTANCE TO FAMILY LIFE EDUCATION, THROUGH WHICH THE PUBLIC'S UNDERSTANDING OF INTER-PERSONAL RELATIONSHIP COULD BE ENHANCED IN ORDER TO ACHIEVE A HARMONIOUS FAMILY LIFE.

"FAMILY LIFE EDUCATION ENABLES YOUNG PEOPLE TO ADAPT TO FAMILY LIFE, TO TAKE UP RESPONSIBILITY TOWARDS THEIR FAMILIES AND MARRIAGES AND TO COPE WITH FAMILY PROBLEMS, WHICH WILL IN TURN REDUCE DOMESTIC VIOLENCE," SHE SAID.

"HOWEVER, GOVERNMENT EFFORTS ALONE ARE INADEQUATE TO TACKLE THE PROBLEM OF DOMESTIC VIOLENCE AND I AM GLAD TO SEE THAT MANY VOLUNTARY AGENCIES HAVE ALSO CONTRIBUTED IN THIS FIELD," SHE ADDED.

SHE COMMENDED THE CONTRIBUTIONS OF HARMONY HOUSE, WHICH HAD SERVED SOME 900 WOMEN AND THEIR CHILDREN SINCE ITS ESTABLISHMENT THREE YEARS AGO.

- - - - 0 - - - -

GRADING OF BEACH WATER QUALITY ANNOUNCED

* * * * *

THE ENVIRONMENTAL PROTECTION DEPARTMENT (EPD) TODAY (THURSDAY) ANNOUNCED FOR THE SECOND TIME GRADES ON THE BACTERIAL WATER QUALITY OF ALL BATHING BEACHES IN HONG KONG.

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

/AN EPD

THURSDAY, JUNE 2, 1988

- 17 -

AN EPD SPOKESMAN SAID THE GRADING IS BASED ON THE E. COLI DATA OBTAINED BY EPD IN ITS ROUTINE BEACH WATER QUALITY MONITORING PROGRAMME. THE E. COLI DATA USED FOR GRADING ARE BASED ON THE MEDIAN VALUES OF THE MOST RECENT FIVE RESULTS, OBTAINED OVER A PERIOD OF TWO AND A HALF MONTHS ACCORDING TO THE USUAL SAMPLING FREQUENCY.

THE GRADES FOR SOME BEACHES MAY FLUCTUATE. THIS REPRESENTS A NATURAL FLUCTUATION IN THE BACTERIAL QUALITY OF THE BEACHES IN MOST CASES, AS RAIN AND TIDES BRING MORE OR LESS POLLUTION TO THE SWIMMING AREAS.

NEVERTHELESS THE GRADES GIVE A GOOD GENERAL PICTURE OF THE BACTERIAL WATER QUALITY OF BEACHES, AND FORM THE BEST AVAILABLE FORECAST OF BEACH WATER QUALITY IN THE IMMEDIATE FUTURE.

THE SYSTEM OF GRADING BEACH WATER QUALITY IS AS FOLLOWS:

"A" GRADE INDICATES THE MEDIAN E. COLI COUNT IS BETWEEN 0-99 PER 100 MILLILITRES, AND THE WATER QUALITY IS GOOD.

"B" GRADE INDICATES THE MEDIAN E. COLI COUNT IS BETWEEN 100-999 PER 100 MILLILITRES, AND THE WATER QUALITY IS ACCEPTABLE.

"C" GRADE INDICATES THE MEDIAN E. COLI COUNT IS 1,000 OR MORE PER 100 MILLILITRES, AND THE WATER QUALITY IS POOR.

THE DECISION WHETHER OR NOT TO CLOSE A BEACH TO SWIMMERS IS BASED ON A JUDGEMENT OF WHAT DEGREE OF POLLUTION IS ACCEPTABLE. NORMALLY, A RECOMMENDATION ON CLOSURE WOULD ONLY BE CONSIDERED BY THE URBAN OR THE REGIONAL COUNCIL IF A "C" GRADING OCCURRED REPEATEDLY.

SIMILARLY, A RECOMMENDATION TO REOPEN A CLOSED BEACH WOULD ONLY BE CONSIDERED IF A "B" GRADE OR BETTER WERE CONSISTENTLY OBTAINED.

AT PRESENT, FIVE BATHING BEACHES HAVE BEEN DECLARED UNSUITABLE FOR SWIMMING PURPOSES, BASED ON THE WATER QUALITY DURING PAST SEASONS.

THESE BEACHES ARE ANGLERS', CASTLE PEAK, SILVERMINE BAY, OLD CAFETERIA AND ROCKY BAY. THEY ARE POLLUTED BY FAECAL WASTES AND FAILED TO ACHIEVE CONSISTENTLY THE WORLD HEALTH ORGANISATION AND HONG KONG STANDARDS. THE PUBLIC ARE ADVISED NOT TO SWIM IN THESE FIVE BEACHES. THEY ARE IDENTIFIED BY AN "X" IN THE FOLLOWING TABLE.

THE GRADES ON THE BACTERIAL WATER QUALITY OF VARIOUS BEACHES IN HONG KONG AS AT TODAY AND TWO WEEKS AGO ARE LISTED BELOW:

/BEACH

THURSDAY, JUNE 2, 1988

- 18 -

BEACH -----	LAST GRADING ----- (AS AT 19.5.88)	PRESENT GRADING ----- (AS AT 2.6.88)
HONG KONG SOUTH -----		
BIG WAVE BAY	B	B
CHUNG HOM KOK	B	B
DEEP WATER BAY	A	A
HAIRPIN	B	C
MIDDLE BAY	C	B
REPULSE BAY	B	B
SHEK O	A	B
SOUTH BAY	A	A
ST. STEPHEN'S	B	B
TURTLE COVE	A	A
STANLEY MAIN	B	C
ROCKY BAY, SHEK O	X	X
TO TEI WAN*	A	A
ISLAND DISTRICT -----		
CHEUNG SHA UPPER	A	A
CHEUNG SHA LOWER	A	B
DISCOVERY BAY*	A	A
HUNG SHING YEH	A	A
KWUN YAM WAN	A	A
TONG FUK	A	A
LO SO SHING	A	A

/PUI O

PUI O	A	A
SILVERMINE BAY	X	X
TUNG WAN, CHEUNG CHAU	A	A
TUNG O*	A	A

SAI KUNG DISTRICT

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

TSUEN WAN DISTRICT

ANGLERS'	X	X
APPROACH	B	B
CASAM	B	B
GEMINI	B	B
HOI MEI WAN	B	B
LIDO	B	B
TING KAU	C	C
TUNG WAN, MA WAN	A	A

TUEN MUN DISTRICT

OLD CAFETERIA	X	X
---------------	---	---

NEW CAFETERIA	B	A
CASTLE PEAK	X	X
KADOORIE BEACH	B	B
BUTTERFLY	B	B

NOTE: "X" THE BEACH HAS BEEN DECLARED UNSUITABLE FOR SWIMMING.

* NON-GAZETTED BEACHES.

THE FOLLOWING BEACHES HAVE CHANGED GRADING ON THIS OCCASION:

SHEK O AND CHEUNG SHA LOWER, FROM "A" TO "B";
AND NEW CAFETERIA, FROM "B" TO "A".

THE CHANGE FROM "A" TO "B" OR VICE VERSA IS CONSIDERED TO BE WITHIN THE NORMAL RANGE OF FLUCTUATION OF THE BACTERIAL WATER QUALITY OF THESE BEACHES.

HAIRPIN AND STANLEY MAIN, FROM "B" TO "C".

THE WATER QUALITY OF HAIRPIN BEACH HAS BEEN ACCEPTABLE IN PREVIOUS YEARS. THE BEACH IS OCCASIONALLY POLLUTED BY SEPTIC TANK EFFLUENT DISCHARGED FROM THE BUILDINGS IN ITS HINTERLAND

STANLEY MAIN BEACH IS AFFECTED BY SEWAGE DISCHARGED FROM A NEARBY SUBMARINE OUTFALL AND BY POLLUTED WATER FROM TWO STORMWATER DRAINS RUNNING INTO THE BEACH. ITS CHANGE OF GRADING FROM "B" TO "C" IS WITHIN THE NORMAL RANGE OF FLUCTUATION OF THE BACTERIAL WATER QUALITY OF THIS BEACH.

MIDDLE BAY, FROM "C" TO "B".

THIS IS WITHIN THE NORMAL RANGE OF FLUCTUATION OF THE WATER QUALITY OF THE BEACH. THE BEACH IS AFFECTED BY A STORMWATER DRAIN DISCHARGING IMPROPERLY TREATED SEWAGE EFFLUENT FROM THE NEARBY BUILDINGS.

- - - - -

NOTE TO EDITORS:

FURTHER ENQUIRIES MAY BE MADE TO MR PAUL HOLMES, PRINCIPAL ENVIRONMENTAL PROTECTION OFFICER (WATER POLICY) OF THE EPD, ON 3-7211044.

- - - - 0 - - - -

THURSDAY, JUNE 2, 1988

- 21 -

PAYMENT OF EX-GRATIA ALLOWANCE TO LIVESTOCK FARMERS
* * * * *

THE ENVIRONMENTAL PROTECTION DEPARTMENT (EPD) IS ARRANGING PAYMENT OF EX-GRATIA ALLOWANCE TO LIVESTOCK FARMERS IN THE PROHIBITION AREAS AND CONTROL AREAS.

OF THE 826 LIVESTOCK FARMS IN THE PROHIBITION AREAS, 580 FARM OPERATORS HAVE REPLIED TO EPD CONFIRMING THEIR INTENTION TO CEASE OPERATION AND ACCEPT EX-GRATIA ALLOWANCE.

SO FAR 17 FARM OPERATORS HAVE RECEIVED PAYMENT FOR EX-GRATIA ALLOWANCE UNDER THE LIVESTOCK WASTE CONTROL SCHEME, AND ANOTHER SEVEN CHEQUES FOR PAYMENT OF EX-GRATIA ALLOWANCE ARE AWAITING COLLECTION.

MEANWHILE, EPD HAS EXPEDITED THE PROCESSING OF APPLICATIONS FOR EX-GRATIA ALLOWANCE AND CAPITAL GRANTS AND LOANS FROM THE AFFECTED FARMERS IN THE CONTROL AREAS.

THE PROCESSING OF THE FIRST BATCH OF APPLICATIONS FOR EX-GRATIA ALLOWANCE FROM THE THREE CONTROL AREAS HAS NOW BEEN COMPLETED; THE FIRST TWO CHEQUES FOR PAYMENT OF EX-GRATIA ALLOWANCE ARE READY FOR COLLECTION.

UP TO NOW, EIGHT FARM OPERATORS HAVE APPLIED FOR CAPITAL GRANTS AND LOANS AND PROCESSING OF THESE APPLICATIONS IS UNDERWAY.

LIVESTOCK FARMERS IN THE PROHIBITION AREAS WHO HAVE NOT YET RESPONDED TO THE OFFER OF EX-GRATIA ALLOWANCE BY EPD ARE ADVISED TO DO SO AS SOON AS POSSIBLE SO THAT EARLY PAYMENT CAN BE MADE TO THE FARM OPERATORS CONCERNED.

FARM OPERATORS IN THE THREE CONTROL AREAS ARE ALSO ADVISED TO APPLY FOR CAPITAL GRANTS AND LOANS OR EX-GRATIA ALLOWANCE AS SOON AS POSSIBLE.

FARMERS WHO HAVE QUERIES MAY CONTACT EPD ON 3-7801165 OR 3-7801126.

STARTING FROM JUNE 24 THIS YEAR, THE KEEPING OF LIVESTOCK IN THE LIVESTOCK WASTE PROHIBITION AREAS IN THE URBAN AREA AND NEW TOWNS WILL BE BANNED.

CONTROLS IN RELATION TO THE COLLECTION, STORAGE, TREATMENT AND DISPOSAL OF LIVESTOCK WASTE IN THE FIRST THREE CONTROL AREAS -- TOLO HARBOUR AND TOLO CHANNEL CATCHMENT, MUI WO AND ANGLER'S BEACH AREAS -- WILL ALSO TAKE EFFECT FROM THE SAME DATE.

- - - - 0 - - - -

THURSDAY, JUNE 2, 1988

- 22 -

PROVISIONAL RESULTS OF MARCH RETAIL SALES SURVEY

* * * *

THE VALUE OF TOTAL RETAIL SALES IN MARCH 1988, ESTIMATED AT \$7,885 MILLION, WAS 21 PER CENT HIGHER THAN IN MARCH 1987 WHILST THEIR VOLUME WAS 11 PER CENT HIGHER, ACCORDING TO THE PROVISIONAL RESULTS OF A SURVEY RELEASED TODAY (THURSDAY) BY THE CENSUS AND STATISTICS DEPARTMENT.

COMPARING MARCH 1988 WITH MARCH 1987, RETAIL SALES OF FOODSTUFFS, ALCOHOLIC DRINKS AND TOBACCO INCREASED BY 4 PER CENT IN VALUE BUT DROPPED BY 5 PER CENT IN VOLUME. FUELS WENT DOWN BY 4 PER CENT IN SALES VALUE AND 8 PER CENT IN SALES VOLUME.

ON THE SAME BASIS OF COMPARISON, RETAIL SALES OF "OTHER CONSUMER GOODS" AND CONSUMER DURABLES ROSE BY 35 PER CENT AND 24 PER CENT RESPECTIVELY IN VALUE AND 25 PER CENT AND 15 PER CENT RESPECTIVELY IN VOLUME.

CLOTHING, FOOTWEAR AND ALLIED PRODUCTS INCREASED BY 8 PER CENT IN SALES VALUE BUT FELL BY 2 PER CENT IN SALES VOLUME.

ANALYSED BY SELECTED TRADES, SALES BY DEPARTMENT STORES ROSE SUBSTANTIALLY BY 60 PER CENT IN VALUE AND 46 PER CENT IN VOLUME. MOTOR VEHICLES AND PARTS RECORDED INCREASES OF 31 PER CENT IN SALES VALUE AND 18 PER CENT IN SALES VOLUME.

CONSUMER DURABLES OTHER THAN MOTOR VEHICLES AND PARTS WENT UP BY 21 PER CENT IN SALES VALUE AND 14 PER CENT IN SALES VOLUME. SUPERMARKETS SALES ROSE BY 12 PER CENT IN VALUE AND 4 PER CENT IN VOLUME.

COMPARING THE FIRST QUARTER OF 1988 WITH THE SAME QUARTER OF 1987, TOTAL RETAIL SALES INCREASED BY 24 PER CENT IN VALUE AND 14 PER CENT IN VOLUME.

ANALYSED BY MAJOR TRADE GROUPS, SALES OF FOODSTUFFS, ALCOHOLIC DRINKS AND TOBACCO INCREASED BY 9 PER CENT IN VALUE AND 1 PER CENT IN VOLUME. FUELS REGISTERED INCREASES OF 8 PER CENT IN SALES VALUE AND 3 PER CENT IN SALES VOLUME.

ON THE SAME BASIS OF COMPARISON, RETAIL SALES OF CLOTHING, FOOTWEAR AND ALLIED PRODUCTS AND "OTHER CONSUMER GOODS" ROSE BY 34 PER CENT AND 31 PER CENT RESPECTIVELY IN VALUE WHILST THEIR CORRESPONDING INCREASES IN VOLUME WERE 22 PER CENT AND 21 PER CENT.

CONSUMER DURABLES INCREASED BY 27 PER CENT IN SALES VALUE AND 18 PER CENT IN SALES VOLUME.

/ANALYSED BY

ANALYSED BY SELECTED TRADES, SALES BY DEPARTMENT STORES WENT UP BY 54 PER CENT IN VALUE AND 41 PER CENT IN VOLUME, WHILE THE CORRESPONDING INCREASES FOR SUPERMARKETS WERE 15 PER CENT AND 8 PER CENT.

MOTOR VEHICLES AND PARTS HAD INCREASES OF 44 PER CENT IN SALES VALUE AND 31 PER CENT IN SALES VOLUME. CONSUMER DURABLES OTHER THAN MOTOR VEHICLES AND PARTS INCREASED BY 20 PER CENT IN SALES VALUE AND 13 PER CENT IN SALES VOLUME.

WHEN COMPARED WITH FEBRUARY 1988, AND BEARING IN MIND THAT THIS COMPARISON IS AFFECTED BY THE HIGH LEVEL OF CONSUMER EXPENDITURE DURING THE LUNAR NEW YEAR PERIOD IN FEBRUARY, TOTAL RETAIL SALES FOR MARCH 1988 DECREASED BY 7 PER CENT IN BOTH VALUE AND VOLUME TERMS.

FUELS DROPPED BY 2 PER CENT IN SALES VALUE AND 3 PER CENT IN SALES VOLUME. FOODSTUFFS, ALCOHOLIC DRINKS AND TOBACCO WENT DOWN BY 11 PER CENT IN BOTH SALES VALUE AND VOLUME.

ON THE SAME BASIS OF COMPARISON, RETAIL SALES OF "OTHER CONSUMER GOODS" FELL BY 1 PER CENT IN VALUE AND 2 PER CENT IN VOLUME. CONSUMER DURABLES RECORDED DECREASES OF 4 PER CENT IN BOTH SALES VALUE AND VOLUME.

CLOTHING, FOOTWEAR AND ALLIED PRODUCTS DROPPED BY 26 PER CENT IN SALES VALUE AND 27 PER CENT IN SALES VOLUME.

ANALYSED BY SELECTED TRADES, CONSUMER DURABLES OTHER THAN MOTOR VEHICLES AND PARTS INCREASED BY 1 PER CENT IN SALES VALUE AND REMAINED ALMOST UNCHANGED IN SALES VOLUME.

MOTOR VEHICLES AND PARTS WENT DOWN BY 14 PER CENT IN BOTH SALES VALUE AND VOLUME.

SALES BY DEPARTMENT STORES AND SUPERMARKETS DECREASED BY 14 PER CENT AND 19 PER CENT RESPECTIVELY IN VALUE AND 16 PER CENT AND 21 PER CENT RESPECTIVELY IN VOLUME.

TABLE 1 PRESENTS THE REVISED TOTAL RETAIL SALES FIGURE FOR FEBRUARY 1988 AND THE PROVISIONAL FIGURE FOR MARCH 1988.

TABLE 2 SHOWS THE VALUE AND VOLUME INDEXES OF RETAIL SALES IN FEBRUARY AND MARCH 1988 (A) FOR ALL RETAIL TRADES, (B) BY MAJOR TRADE GROUPS AND (C) BY SELECTED TRADES (WHICH FORM PART OF THE RELEVANT MAJOR TRADE GROUPS), WITH AVERAGE RETAIL SALES FROM OCTOBER 1984 TO SEPTEMBER 1985 TAKEN AS 100.

COMPARISONS OF MARCH 1988 RESULTS WITH THOSE FOR FEBRUARY 1988 AND WITH THOSE FOR MARCH 1987 AND COMPARISONS OF RETAIL SALES IN THE FIRST QUARTER OF 1988 WITH THE SAME QUARTER OF 1987 ARE ALSO GIVEN.

GRAPHS 1 AND 2 DEPICT, RESPECTIVELY, THE MOVEMENTS OF THE VALUE AND VOLUME INDEXES OF TOTAL RETAIL SALES FROM SEPTEMBER 1986 TO MARCH 1988 AND THE SEASONALLY ADJUSTED INDEXES AND TRENDS FROM SEPTEMBER 1986 TO FEBRUARY 1988.

AS SHOWN IN GRAPH 1, THE VALUE INDEX OF TOTAL RETAIL SALES USUALLY RISES SUBSTANTIALLY IN DECEMBER DUE TO CHRISTMAS AND IN JANUARY OR FEBRUARY DUE TO THE LUNAR NEW YEAR, BUT DROPS SIGNIFICANTLY IN THE MONTH FOLLOWING THAT IN WHICH THE LUNAR NEW YEAR FALLS.

THE SEASONALLY ADJUSTED SALES VALUE INDEX AND TREND HAVE GENERALLY FOLLOWED A SMOOTHER UPWARD COURSE OVER THE YEARS.

THE VOLUME INDEX OF TOTAL RETAIL SALES, AS DEPICTED IN GRAPH 2, SHOWS A PATTERN OF MOVEMENTS SIMILAR TO THAT OF THE VALUE INDEX.

HOWEVER, THE SEASONALLY ADJUSTED SALES VOLUME INDEX AND TREND RISE MORE SLOWLY THAN THE SEASONALLY ADJUSTED INDEX AND TREND FOR SALES VALUE, MAINLY DUE TO THE EFFECT OF PRICE INCREASES.

THE REPORT CONTAINING THE ANALYSIS OF THE MARCH 1988 SURVEY RESULTS IS NOW ON SALE AT THE GOVERNMENT PUBLICATION SALES CENTRE, GENERAL POST OFFICE BUILDING, CONNAUGHT PLACE, AT \$1 PER COPY.

ENQUIRIES ABOUT THE SURVEY RESULTS MAY BE DIRECTED TO THE WHOLESALE AND RETAIL TRADE STATISTICS SECTION OF THE CENSUS AND STATISTICS DEPARTMENT ON 5-8234941.

/TABLE 1

TABLE 1 : TOTAL RETAIL SALES

Total Retail Sales for March 1988 (Provisional Figure) = HK\$7,985 million
for February 1988 (Revised Figure) = HK\$8,437 million

TABLE 2 : VALUE AND VOLUME INDEXES OF RETAIL SALES
FOR FEBRUARY 1988 AND MARCH 1988

(Monthly average of Oct. 84 - Sept. 85 = 100)

Item	Index of Retail Sales	February	March	March 1988		March 1988		Jan. - Mar. 1988	
		1988	1988	compared with February 1988	compared with March 1987	compared with Jan. - Mar. 1987	Points	%	Points
		(Revised figures)	(Provisional figures)	Points	%	Points	%	Points	%
(A) FOR ALL RETAIL TRADES									
	Value	151	141	-10	-7	24	21	28	24
	Volume	130	121	-10	-7	12	11	16	14
(B) BY MAJOR TRADE GROUPS									
Foodstuffs, alcoholic drinks and tobacco	Value	132	117	-14	-11	5	4	10	9
	Volume	117	104	-13	-11	-6	-5	1	1
Fuels	Value	95	93	-2	-2	-4	-4	7	8
	Volume	103	100	-3	-3	-8	-8	3	3
Clothing, footwear and allied products	Value	184	136	-48	-26	10	8	43	34
	Volume	157	114	-43	-27	-2	-2	25	22
Consumer durables	Value	152	145	-6	-4	28	24	31	27
	Volume	125	120	-6	-4	16	15	18	18
Other consumer goods	Value	162	161	-1	-1	42	35	37	31
	Volume	138	136	-2	-2	27	25	23	21
(C) BY SELECTED TRADES									
(see note 1 below)									
Supermarkets	Value	176	142	-34	-19	15	12	21	15
	Volume	158	125	-33	-21	5	4	10	8
Motor vehicles and parts	Value	226	195	-31	-14	46	31	63	44
	Volume	165	141	-24	-14	21	18	36	31
Consumer durables other than motor vehicles and parts	Value	129	130	1	1	23	21	21	20
	Volume	113	113	1	1	14	14	13	13
Department stores	Value	190	164	-26	-14	61	60	63	54
	Volume	164	138	-26	-16	43	46	44	41

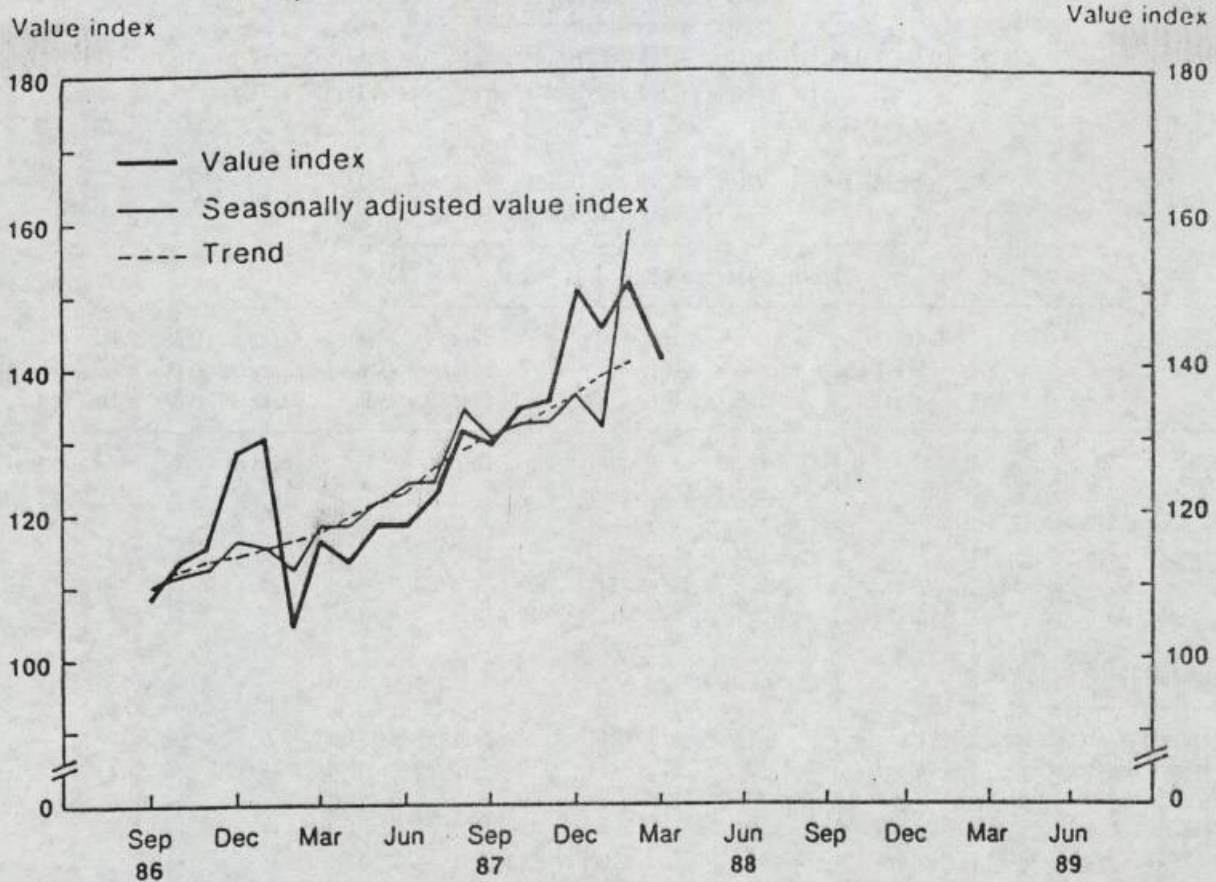
NOTES : 1. In order to analyse the sales of certain trades WITHIN major trade groups, the value and volume indexes in respect of the following selected trades are compiled :

- "Supermarkets" - a trade in the "Foodstuffs, alcoholic drinks and tobacco" group.
- "Motor vehicles and parts" - a trade in the "Consumer durables" group.
- "Consumer durables other than motor vehicles and parts" - a trade in the "Consumer durables" group.
- "Department stores" - a trade in the "Other consumer goods" group.

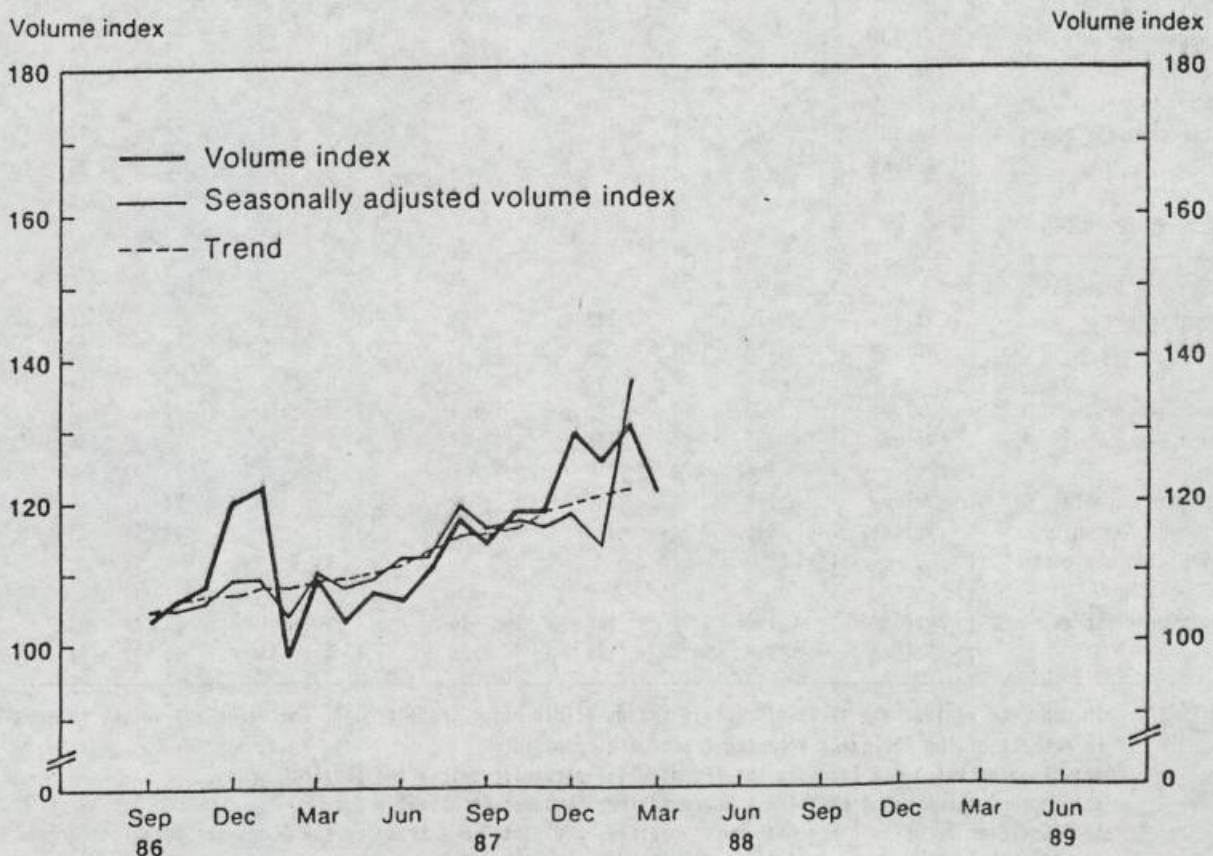
2. Figures denoting changes are derived from the unrounded index figures.

3. "1" denotes change of less than 0.5.

Graph 1: Value Indexes of Total Retail Sales



Graph 2: Volume Indexes of Total Retail Sales



Notes: (1) Monthly average of Oct. 84 - Sept. 85 = 100
 (2) The seasonally adjusted value and volume indexes and Henderson trends are compiled using the X-11 variant seasonal adjustment program of the U.S. Bureau of the Census

THURSDAY, JUNE 2, 1988

- 27 -

SAI KUNG TO HOLD CIVIC EDUCATION PARADE

* * * * *

THE SAI KUNG DISTRICT CIVIC EDUCATION PARADE WILL BE HELD AT THE SAI KUNG JOCKEY CLUB TOWN HALL ON SATURDAY (JUNE 4), AFTER A BRIEF CEREMONY TO MARK THE CLOSE OF THE DISTRICT'S CIVIC EDUCATION CAMPAIGN.

SPONSORED BY THE SAI KUNG DISTRICT BOARD, THE PARADE IS JOINTLY ORGANISED BY THE SAI KUNG DISTRICT CIVIC EDUCATION PROMOTION COMMITTEE AND THE REGIONAL OFFICE (KOWLOON EAST/SAI KUNG) OF THE INDEPENDENT COMMISSION AGAINST CORRUPTION.

THE PROGRAMME WILL INCLUDE SINGING, DRAMA AND A QUIZ COMPETITION WHICH WILL TEST PARTICIPANTS' KNOWLEDGE ON ANTI-CORRUPTION LEGISLATION, COMMUNITY AFFAIRS AND CIVIC EDUCATION.

THE SAI KUNG DISTRICT OFFICER, MR CHRISTOPHER MUNN, AND THE DISTRICT BOARD CHAIRMAN, MR WILLIAM WAN, WILL OFFICIATE AT THE PARADE AND CLOSING CEREMONY.

AFTER THE CLOSING CEREMONY, A TWO-DAY EXHIBITION ON THE DISTRICT'S COMMUNITY REPORTERS SCHEME WILL BEGIN AT THE TOWN HALL. YOUNGSTERS, WHO ACTED AS REPORTERS BETWEEN MARCH AND MAY THIS YEAR, WILL EXHIBIT THEIR REPORTS ON VARIOUS SUBJECTS IN THE DISTRICT.

- - - - -

NOTE TO EDITORS:

YOU ARE INVITED TO COVER THE SAI KUNG DISTRICT CIVIC EDUCATION CAMPAIGN'S CLOSING CEREMONY AND THE VARIOUS ACTIVITIES WHICH WILL START AT 2.30 PM ON SATURDAY (JUNE 4) AT THE SAI KUNG JOCKEY CLUB TOWN HALL, PO TUNG ROAD, SAI KUNG TOWN.

- - - - 0 - - - -

/28

COMMERCIAL SUBJECTS HELP DEVELOP PERSONAL SKILLS
* * * * *

COMMERCIAL SUBJECTS IN SCHOOL COULD SERVE AS AN EFFECTIVE TOOL TO HELP STUDENTS DEVELOP INTELLECTUAL AND PERSONAL SKILLS IF PROPERLY TAUGHT, THE ASSISTANT DIRECTOR OF EDUCATION (CHIEF INSPECTOR OF SCHOOLS), MR SO FAI-CHO, SAID TODAY (THURSDAY).

SPEAKING AT THE PRIZE PRESENTATION CEREMONY OF THE SIXTH COMMERCIAL SUBJECTS PROJECT COMPETITION AT THE ROYAL GARDEN HOTEL, MR SO SAID THE COMPETITION, JOINTLY ORGANISED BY THE CHINESE GOLD AND SILVER EXCHANGE SOCIETY AND THE EDUCATION DEPARTMENT, HAD BEEN DESIGNED WITH THE AIM OF ENCOURAGING TEACHERS TO USE A MORE LIVELY APPROACH IN THEIR TEACHING.

TEACHING METHODS IN COMMERCIAL SUBJECTS WERE INTENDED TO ENCOURAGE STUDENTS TO WORK INDEPENDENTLY, TO COLLECT INFORMATION, CLASSIFY IT, AND TO MAKE INFERENCES FROM FACTS, MR SO SAID.

TO ACHIEVE SUCH A GOAL, STUDENTS WOULD BE INVOLVED IN A VARIETY OF LEARNING ACTIVITIES SUCH AS PROJECT WORK AND GROUP WORK, WHICH WOULD HELP THEM DEVELOP INDUCTIVE THINKING, AND PROBLEM SOLVING, COMMUNICATION AND THE OTHER LEARNING SKILLS REQUIRED, HE SAID.

MR SO SAID THE INCLUSION OF COMMERCIAL SUBJECTS AT SENIOR SECONDARY LEVEL GAVE STUDENTS AN EARLY OPPORTUNITY TO FOLLOW A COURSE OF TRAINING WHICH WOULD SUBSEQUENTLY PREPARE THEM MORE READILY FOR THE WORKING WORLD.

STUDENTS RECEIVED A GENERAL PREPARATION FOR LIFE AS WELL AS A SPECIFIC TRAINING FOR COMMERCE WHILE THEY CONTINUED WITH THEIR GENERAL EDUCATION.

"IT ALSO PROVIDES THEM WITH SOME UNDERSTANDING OF THE COMMERCIAL ACTIVITIES OF HONG KONG WHICH WOULD EVENTUALLY HELP THEM BECOME MORE INFORMATIVE, PROGRESSIVE AND RESPONSIBLE MEMBERS OF THE COMMUNITY," HE SAID.

AS A RESULT, THE NUMBER OF SCHOOLS OFFERING COMMERCIAL SUBJECTS AT THE SENIOR SECONDARY LEVEL WAS NOW INCREASING RAPIDLY AND THE NUMBER OF CANDIDATES ENTERING FOR THE HONG KONG CERTIFICATE OF EDUCATION EXAMINATION IN COMMERCE ROSE FROM 691 STUDENTS IN 1978 TO 10,693 IN 1988.

PAYING TRIBUTE TO THE CHINESE GOLD AND SILVER EXCHANGE SOCIETY FOR THE PROMOTION AND SPONSORSHIP OF THE COMPETITION, MR SO SAID THE AIM WAS TO STIMULATE INTEREST AMONG SECONDARY STUDENTS IN VARIOUS COMMERCIAL ACTIVITIES.

THIS YEAR'S COMPETITION ATTRACTED 215 ENTRIES FROM 1076 STUDENTS OF 35 SCHOOLS. THE FIRST AND THE THIRD OF THE OVERALL PRIZES WENT TO THE CCC ROTARY PREVOCATIONAL SCHOOL WHILE STUDENTS OF THE CHRISTIAN ALLIANCE CHENG WING GEE COLLEGE WON THE SECOND OVERALL PRIZE.

THURSDAY, JUNE 2, 1988

- 29 -

ILLEGAL STRUCTURES IN KWUN TONG TO BE DEMOLISHED

* * *

THE BUILDING AUTHORITY IS SEEKING THE CLOSURE OF ILLEGAL STRUCTURES ON THE ROOFS OF THE THIRD FLOOR OF 2-8A YAN OI COURT, KWUN TONG, KOWLOON, SO THAT THEY CAN BE DEMOLISHED WITHOUT DANGER TO THE OCCUPIERS OR TO THE PUBLIC.

THIS FOLLOWS THE OWNERS' FAILURE TO COMPLY WITH ORDERS ISSUED UNDER THE BUILDINGS ORDINANCE BETWEEN 1985 AND 1987 REQUIRING THE DEMOLITION OF THE ILLEGAL STRUCTURES.

NOTICE OF INTENTION TO APPLY FOR CLOSURE ORDERS FROM THE SHA TIN DISTRICT COURT ON SEPTEMBER 7 THIS YEAR WAS POSTED ON THE STRUCTURES TODAY (THURSDAY).

IT IS EXPECTED THAT DEMOLITION WILL START ONCE THE CLOSURE ORDERS ARE OBTAINED.

- - - - 0 - - - -

URBAN CLEARWAY RESTRICTIONS IN SHA TIN

* * * * *

TWO ROAD SECTIONS IN SHA TIN WILL BE MADE URBAN CLEARWAYS FROM 10 AM TOMORROW (FRIDAY) TO IMPROVE TRAFFIC FLOW.

THE SECTION OF NGAN SHING STREET FROM ITS JUNCTION WITH SIU LEK YUEN ROAD TO A POINT ABOUT 60 METRES WEST OF THE ACCESS ROAD TO YUE TIN COURT WILL BECOME A PEAK-HOUR (7 AM TO 10 AM AND 4 PM TO 7 PM) DAILY URBAN CLEARWAY.

IN ADDITION, THE UNNAMED ROAD EAST OF TUNG LO WAN PLAYGROUND BETWEEN ITS JUNCTION WITH TAI PO ROAD NEAR THE PETROL STATION AT TUNG LO WAN AND ITS JUNCTION WITH SHING CHUEN ROAD WILL BE MADE AN URBAN CLEARWAY OPERATING ROUND THE CLOCK.

NO VEHICLES WILL BE ALLOWED TO STOP WITHIN THESE URBAN CLEARWAYS FOR PASSENGERS OR GOODS.

- - - - 0 - - - -

/30

THURSDAY, JUNE 2, 1988

- 30 -

URBAN CLEARWAY RESTRICTIONS IN NEW TERRITORIES
* * * * *

SECTIONS OF SHA TSUI ROAD IN TSUEN WAN AND KWAI FOO ROAD IN KWAI CHUNG WILL BE MADE URBAN CLEARWAYS FROM 10 AM ON SATURDAY (JUNE 4) TO IMPROVE TRAFFIC FLOW.

IN TSUEN WAN, THE WESTBOUND CARRIAGEWAY OF SHA TSUI ROAD, FROM A POINT ABOUT 30 METRES WEST OF ITS JUNCTION WITH WO TIK STREET TO ITS JUNCTION WITH TAI HO ROAD ROUNDABOUT, WILL BECOME AN URBAN CLEARWAY OPERATING ROUND THE CLOCK.

IN KWAI CHUNG, THE WESTBOUND CARRIAGEWAY OF KWAI FOO ROAD, BETWEEN ITS JUNCTION WITH KWAI CHUNG ROAD AND A POINT ABOUT 30 METRES WEST OF ITS JUNCTION WITH KWAI YAN ROAD, WILL BE DESIGNATED A PUBLIC LIGHT BUS RESTRICTED ZONE OPERATING DAILY FROM 7 AM TO MIDNIGHT.

- - - - 0 - - - -

WATER CUT IN KWAI CHUNG
* * * * *

FRESH WATER SUPPLY TO CERTAIN PREMISES IN KWAI CHUNG WILL BE CUT OFF OR REDUCED IN PRESSURE FROM 9 PM ON FRIDAY (JUNE 3) TO 8 AM THE NEXT DAY FOR MAINS WORK.

THE AREA AFFECTED BY THE CUT IS BOUNDED BY KWAI CHUNG ROAD, LAI KING HILL ROAD, JUNCTION STREET, LAI CHO ROAD AND CASTLE PEAK ROAD.

THE AREA WITH REDUCED PRESSURE IS BOUNDED BY CONTAINER PORT ROAD, KWAI TAI ROAD, KWAI YUE STREET, WING SHUN STREET, TEXACO ROAD, KWAI FUK ROAD, SHING FUK STREET, KWAI SHING CIRCUIT, KWAI HING ROAD, WO TONG TSUI STREET, CASTLE PEAK ROAD, LAI CHO ROAD, JUNCTION STREET, LAI KING HILL ROAD, KWAI CHUNG ROAD AND TSUEN WAN ROAD, INCLUDING THE CONTAINER TERMINAL AND ALL BLOCKS OF MEI FOO SUN TSUEN TO THE SOUTH OF KWAI CHUNG ROAD.

- - - - 0 - - - -