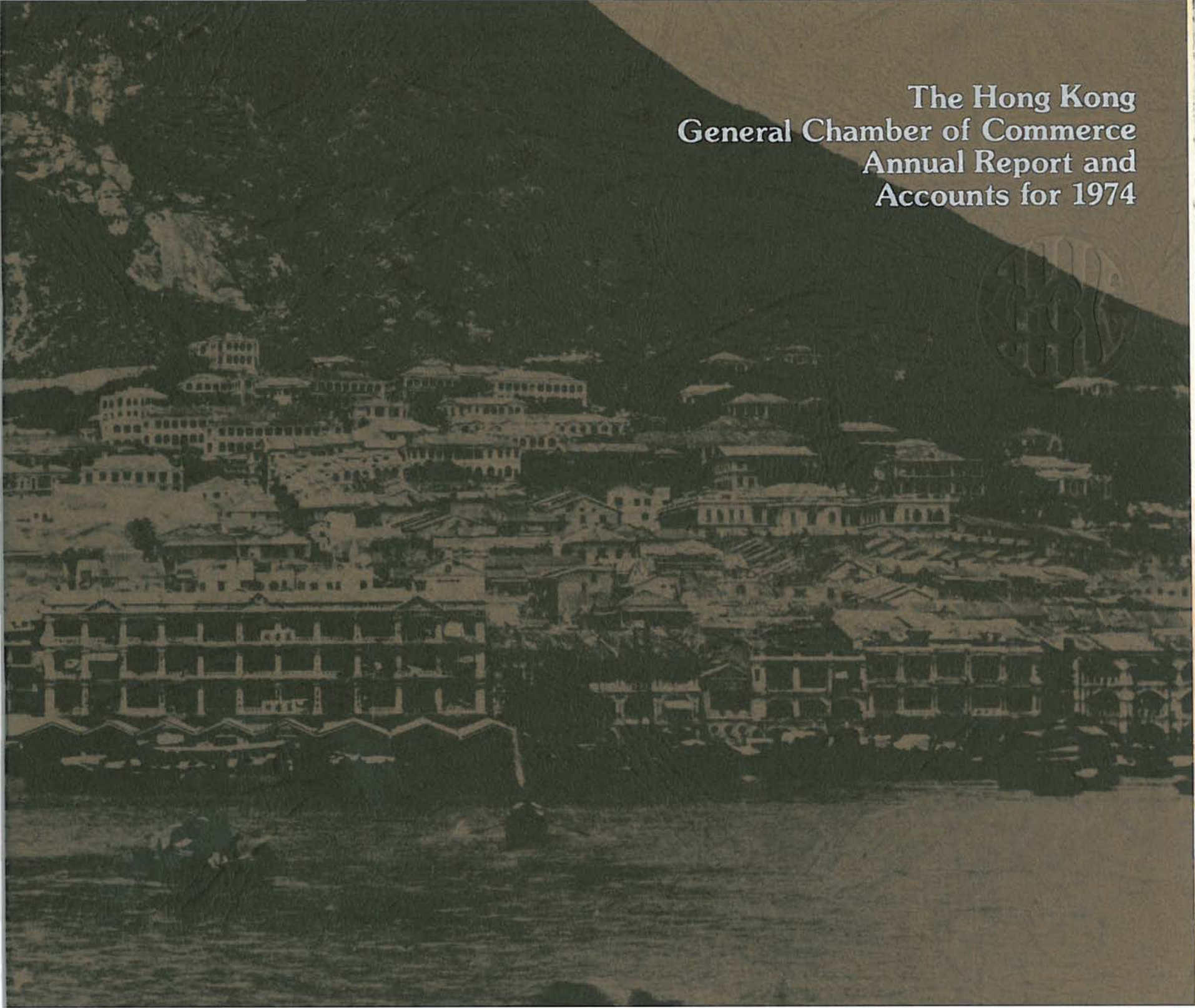


The Hong Kong
General Chamber of Commerce
Annual Report and
Accounts for 1974





Inside Cover:
Queen's Road Premises of The Hong Kong Club, Venue of
The Inaugural Meeting of The Chamber, May 29, 1861.

This and all other photographs used in the Report are
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Urban Council, Hong Kong.

General Committee

H.P. Foxon
(Chairman)

L.W. Gordon
(Vice-Chairman)

Hon. T.K. Ann, OBE

Hon. J.H. Bremridge

Hon. Sir Sik-nin Chau, CBE

Hon. Sir Douglas Clague, CBE, MC

Sir Lawrence Kadoorie, CBE,

Officier Leg. d'Honneur

Hon. Sir Yuet-keung Kan, CBE, LL.D.

H. Keswick

J.L. Marden, MA

H.W.L. Paul

F.W.P. Bentley
res. November, 1974

N.A. Rigg

G.R. Ross, CBE

Hon. G.M. Sayer

Dennis H.S. Ting

Hon. P.G. Williams, OBE

DIRECTOR

J.B. Kite, OBE

BANKERS

The Hongkong and Shanghai Banking
Corporation

TREASURERS

Lowe, Bingham & Matthews

Chamber Council

H.P. Foxon
(Chairman)

L. W. Gordon
(Vice-Chairman)

Hon. T.K. Ann, OBE

Hon. J. H. Bremridge

Hon. Sir Sik-nin Chau, CBE

Dr. the Hon. S.Y. Chung CBE

Hon. Sir Douglas Clague, CBE, MC

H. M. G. Forsgate, OBE

Hon. Sir Sidney Gordon, CBE

M. Jebson

Sir Lawrence Kadoorie, CBE,

Officier Leg. d'Honneur

Hon. Sir Yuet-keung Kan, CBE, LL. D.

H. Keswick

K.S. Lo, OBE

J. MacKenzie

J.L. Marden, MA

D.L. Millar

H.W.L. Paul

F.W.P. Bentley
res. November 1974

N.A. Rigg

G.R. Ross, CBE

A. de O. Sales, CBE

Hon. G. M. Sayer

Dennis H.S. Ting

Hon. P.G. Williams, OBE

J. Wolf

Chairman's Statement

The spread and escalation of hostilities in Indo-China, the danger of renewed warfare in the Middle East and an increasing tendency for dissident groups in several countries to resort to armed violence continue to present daunting obstacles in the way of world peace. Compounding these problems, the cartel-type action by the Organisation of Petroleum Exporting Countries brought about in 1974 the most severe economic dislocation since the 1930's.


From the point of view of OPEC, their action has undoubtedly been successful in the short term, having produced in 1974 a revenue of US\$110 billion. US\$50 billion was spent on internal construction and investment leaving US\$60 billion surplus, 60 per cent of which is provided by only four countries with a population of 40 million out of a total OPEC population of 250 million. Bargaining power is thus unevenly spread and the solidarity of the Organisation appears to be based as much on political as on economic factors. There are welcome signs of dialogue rather than confrontation with oil importing countries, whose measures to conserve energy and plans to recycle surplus petro-dollars could lead to prices returning to more realistic and sustain-

able levels. This would be in the long term interest of OPEC members themselves since their propensity to deposit funds short term with a few large banks and other private financial institutions has restricted the ability of the banking system to utilise these funds.

The effect on Hong Kong of the oil supply and price crises was severe, since having no local supply or refining capacity, we are entirely dependent on regular and frequent supplies of imported oil. We are also at the end of a long haul from the Middle East and our present storage capacity is limited to a relatively low level of commercial reserve stocks. To deal with the supply crisis Government appointed committees on policy and distribution, imposed mandatory restrictions on the use of electricity and mounted a campaign for voluntary fuel savings in order to ensure supplies for industry, ship bunkering and essential services, and to stretch the life expectancy of stocks available within Hong Kong. In the event there was little interruption in deliveries and stocks remained normal. The four-fold increase in oil prices compelled the electricity and oil distribution companies to increase charges and the price rationing effect was sufficient to cause a fall in oil consumption, enabling the mandatory restrictions on electricity use to be lifted. At the height of the crisis the Chinese authorities went out of their way to alleviate our predicament and we are

fortunate in being able to look to China to meet an increasing proportion of our future requirements.

The sudden drastic increase in the price of oil and the resulting balance of payments problems has compelled oil importing countries to face up to the problem of cost-push inflation. Most developed market economies have tended to apply, or perhaps mis-apply, Keynesian theory in financing expenditure by creating money, in the belief that this is a necessary and effective method of securing full employment. This has led to the politically expedient doctrine that as long as unemployment exists a government deficit is justified and that "moderate" inflation is a small price to pay for full employment. But the insidious consequence of inflation is that it draws workers into jobs which depend on continuing or even accelerating inflation, resulting in a situation of rising instability in which every attempt to slow down inflation leads to so much unemployment that politicians have little choice but to resume inflation. The precarious position that many countries have reached is the consequence not of the market economy itself but of mistaken monetary and fiscal policies. Hong Kong has avoided these mistakes because,



in an economy almost completely dependent on foreign trade, the scope for independent economic management other than on an internal scale, is severely limited. The Hong Kong Government has consistently held to the view that self-equilibrating mechanisms inherent in our free market economy provide the most effective means for advancing welfare under expansionary conditions and for minimising the damage to it under recessionary conditions.

Government however has not been indifferent or inactive. One has only to look at labour and social welfare legislation in recent years for evidence of this. In 1974 over HK\$80 million was paid out in public assistance to over 200,000 people, one in 20 of our population. This is four times the total paid out in 1973. The increase in public assistance applications last year and further applications expected in 1975 is less a reflection of economic recession and unemployment than of a growing public awareness of the family assistance scheme and the fact that revisions in the scale of benefits have widened the scope of eligibility.

In the Hong Kong commercial scene Government has to ward off protectionist and discriminatory threats to our exports, to assist in increasing productivity, up-

grading and diversifying our products and markets, and raising the level and quality of industrial investment. To these must now be added the increasingly complex task of managing the official reserves since the ending in December 1974 of the UK guarantee system on official overseas sterling balances. The co-ordinated work of the Department of Commerce and Industry, the Productivity and Trade Development Councils and the Export Credit Insurance Corporation is of vital importance. A land sales policy designed to encourage investment in the higher technology and land intensive industries; efforts to increase two way trade with the more protected markets; and the strengthening of our overseas commercial representation are examples of constructive long term measures, which alert and enterprising traders and manufacturers can quickly follow up.

Two sets of negotiations vital for the future of our manufacturing and trading are to take place in 1975, namely with the European Economic Community under the Multi-Fibre Agreement, and the GATT Multilateral Trade Negotiations continuing the "Tokyo round", which earlier this year adopted a declaration on the scope and aims of the negotiations and called for greater liberalisation of world trade through negotiations on tariff and non-tariff barriers. The main focus of interest

will be on three major participants, the United States, EEC and Japan, three of our main trading partners. We can expect both sets of negotiations to be difficult and protracted. Early indications are that some EEC countries may seek curbs on imports of clothing, particularly knitwear, to meet increasing pressure from their domestic producers to combat the threat of slump in home markets. It is to be hoped that the negotiations will establish that before controls are imposed, evidence of actual market disruption is to be produced. Although they may serve temporarily to ease the pressure of competition or even remove it, both tariff and non-tariff barriers, often euphemistically described as "orderly marketing arrangements", only add to domestic demand, increase inflationary pressures and release domestic enterprises from the need to achieve increases in productivity, thus reducing their own international competitiveness.

The EEC Scheme of Generalised Preferences for 1975 still discriminates against Hong Kong. Our textiles continue to be excluded, while some of our competitors remain as beneficiaries. Although Hong Kong may derive some very slight

Chairman's Statement (Cont'd)

benefit from the admissibility of rubber and plastic footwear, in the case of other manufactured products, the EEC, with the exemplary exception of UK, has introduced a further element of discrimination in respect of several products. The Council of Ministers of the EEC has undertaken to review the position of Hong Kong when the Community's scheme for 1976 is drawn up and we trust that the declaration made earlier this year by the Foreign and Commonwealth Secretary will result in the British Government achieving a substantial improvement. We welcome the action taken by Japan in 1974 to reduce further the exclusion list applicable to Hong Kong and we look forward to early and complete removal of the element of discrimination which still exists.

The strengthening of the Hong Kong dollar, following Government's decision in November to discontinue the alignment with the US dollar, caused difficulties for traders whose orders and contracts were denominated in foreign currencies. Many of our trading Members had learned from previous experience and had heeded advice to contract in Hong Kong dollars or to use the facilities available on the forward exchange market. However,

sharp movements in exchange rates made at times the task of obtaining forward cover a costly practice. Fortunately, the HK Government's decision to avoid a fixed parity, together with action by the commercial banks, put a brake on the flow of surplus funds and prevented exchange rates from reaching a level that would have been seriously detrimental to our export prices.

Because of the tight money situation in 1974, banks were increasingly selective in the granting of loans. Nevertheless, deposits increased by over 20 per cent. A substantial percentage of loans appears to have been devoted to capital investment, including the purchase of new equipment by industry, bringing promise of improved productivity in manufacturing.

In 1974 over 20 merchant banks and finance companies commenced business in Hong Kong and the number of bank representative offices increased by 14 to a total of 64, reflecting Hong Kong's growing stature as a financial centre. While this continuing development is to be welcomed, events in the USA and Europe have pointed to the dangers of permitting unfettered activity in the fringe banking system. We therefore support the Financial Secretary's proposal, reached after consultation with merchant banks and finance houses, to introduce

a Deposit Taking Companies Bill in order to prevent the erosion of the deposit base and to safe-guard the position of the licensed banks, whose operations are already strictly controlled under the Banking Ordinance.

The importance of maintaining internal and international confidence in Hong Kong as a capital market was recognised by the enactment of a Securities Ordinance which set up a Commission with strong powers to police share dealings. A federation of stock exchanges was instituted and charged with the provision of training and the introduction of professional qualifications by way of examination.

If convincing proof were needed that Hong Kong now ranks among the world's financial centres it would be the fact that during 1974, local interest rates, for just about the first time in history, had to move in line with those obtaining in other world centres. In past years, a variety of factors, including of course the scale of local transactions and their minor role in the world economy, has tended to insulate the Colony from trends operating elsewhere. The prime rate was however increased several times during 1974 and stood at 12

per cent for most of the latter part of the year. Fortunately, the banking system coped with this problem without serious dislocation and before the end of the year the Exchange Banks Association was able to announce an easing in prime rate to 10½ per cent, and then to 9 per cent early this year.

Through the good offices of our member firm, China Resources Company and the China Merchants Steam Navigation Company, the Director and I were honoured to lead two separate groups of Hong Kong businessmen on a visit to China. Arrangements made by China Travel Service were most efficient. We met with a welcome everywhere and were able to see for ourselves the great progress that has been achieved and to learn of plans for future development. Such visits provide the best means for improving mutual understanding and goodwill as well as for making and consolidating business contacts and relationships.

An important event at the beginning of 1975 was the Fourth National People's Congress in Peking. The Congress approved a new Constitution, set ambitious targets for further development in agriculture, industry, science and

technology, and endorsed the appointment of a strong team of experienced administrators to head the various ministries and commissions. A series of one, five and ten year plans will allow full scope for the local initiative of farm and factory enterprises.

Although the 1974 trade figures by value are well up over the previous year, those for the last quarter of 1974 speak for themselves. Imports were down by 17 per cent reflecting a running down of inventories by manufacturers, and exports were down by 13 per cent confirming declining demand from our major import markets, particularly the United States. For the year as a whole the value of exports was up by some 18 per cent but volume was down by about two per cent over 1973. The divergence between value and volume is not wholly due to inflation. It also reflects successful efforts to move into higher quality products. Consensus of Chamber Council opinion is that the situation is likely to get worse before getting better but counter-recessionary measures, especially in USA and West Germany, are expected to result in a gradual improvement about the third quarter of this year. Taking the longer view, Hong Kong is well-placed to benefit from its central situation in an area where half of the world's population lives and which is likely to see the

greatest rate of growth over the next decade. No serious bankruptcies or financial disasters have followed in the wake of the recession and our terms of trade have started to improve.

1975, the year of the Hare, will continue to tax Hong Kong's skills, ingenuity and ability to react quickly to changing economic circumstances. Our capacity for survival has been tested and proved in many past vicissitudes. And present circumstances have certainly not shaken HK's confidence in the future, hence, for instance, the decision of Government to proceed with the construction of the mass transit railway despite the abrupt withdrawal of the Japanese consortium. A modified scheme will now permit the maximum use of local resources and enterprise. This, together with the industrial re-equipment already referred to, suggests that HK in itself abounds with confidence. Our present economic difficulties have highlighted the need for co-operation and realism in the task of achieving declared goals in housing, education and social welfare. These must remain and, provided we build on the foundation of a strong and viable economy, they can be achieved.

Chamber Review

Though costs continued to rise, income during the first half-year was more buoyant than had been expected and the year finished with a surplus of income over expenditure amounting to some \$180,000, instead of the deficit which had been anticipated. During the latter part of the year, actual income from Certification Fees, which had risen above the forecast level during the mid-year, came much closer to the estimates, this trend reflecting the advent of recession in Hong Kong's main markets.

The Chamber Council met quarterly and at each of these meetings a wide-ranging discussion has been held on the general economic situation in the Colony. As in the previous year, the Chairman has after each such discussion passed on the comments of members to the Colonial Secretary and this expression of the Chamber's measured comment on the Hong Kong scene has, we understand, proved helpful to Government. For the September meeting the Chamber staff conducted a quick survey to get the views of members on various

questions of priorities for Government expenditure and possible options open to Government for avoiding deficit financing. The replies received showed a high degree of unanimity among members on the need for expenditure priority to be given to Housing, Education and Medical Services. These and other comments were passed to the Financial Secretary as the Chamber's contribution to the public debate for which he had called in a speech which he had made to the Hong Kong Society of Accountants.

The Government *Green Paper* on Education was discussed at the March meeting and many of the Chamber's recommendations were embodied in the final White Paper on *Secondary Education in the Next Decade*. At the December meeting, Government policy concerning industrial land and industrial estates was debated at length, as a result of which Government was advised of the Chamber's view that the private sector must be brought into consultation at all stages, including the policy forming stage.

The Home Affairs Committee, of which Mr. J. L. Marden took over the Chairmanship in April, met six times. In effect, the Home Affairs Committee has often acted as a preliminary sounding

board on subjects that have later been considered by the full Council. These attempts to establish the parameters of a subject within the Home Affairs Committee has thus helped the Council to focus its views on the essential aspects of each topic considered. In addition, the Committee has taken a look at Government's public relations effort, and traffic in Hong Kong, and particularly the Mid-Levels Bus Priority Scheme.

The Industrial Affairs Committee has met six times discussing such subjects as: the supply of industrial raw materials, electricity rates, the Polytechnic industrial consultancy service and Government's industrial land policy.

Members will be glad to know that the Shipping Committee has retained its character as one of the Chamber's most active Committees, meeting five times and helping to form Colony policy on a variety of subjects. The dangers arising from oil-pollution have several times engaged the attention of the Committee, and deep consideration was given to the liability of agents for the misdemeanours

of ships for whom they are acting and responsible. Pilotage questions were also discussed and arrangements were made at the request of the Committee for the Director to attend the Tokyo *Seatrade Conference* in October. It is planned to organise a similar Conference in Hong Kong during the Autumn of 1975. Regrettably, not much progress was made by Government on the proposals for the establishment of a separate, autonomous Hong Kong Register of Shipping, although it is difficult to isolate the cause for delay.

The Secretary, R. T. Griffiths, has, throughout the year, been Deputy Chairman of the Hong Kong Trade Facilitation Committee, which organised a highly successful seminar in Hong Kong during the first part of November. This seminar attracted participants from Europe and the USA as well as from the region, and the International Chamber of Commerce Secretary-General, Mr. Carl-henrik Winqvist, was among those who came.

During his visit Mr. Winqvist had talks with the Chamber on other matters

of mutual interest, including the possibility of a Shipping Conference to coincide with the projected *Seatrade Conference*.

Other distinguished visitors received by the Chamber during the year included four Members of Parliament from the Labour Party and two from the Conservatives; Lord Limerick, a Council member of the London Chamber of Commerce; Sir John Addis, KCMG, retiring Ambassador from Peking; Mr. P. Georgion, the Commercial Attache for Greece in Tokyo; and Sr. Julio Faesler, the Director General of the Mexican Institute of Foreign Trade.

Numerous Chambers of Commerce delegations and honorary officers also visited the Chamber, including visitors from the Beirut, Durban, Washington, Halifax, Glasgow, Fukuoka and other Chambers in Japan. We were also able to meet Mr. C. B. Burgess, CMG, OBE, the newly appointed Minister (Hong Kong Commercial Affairs) in the EEC, who visited the Colony for two weeks on taking up his appointment. He was accompanied by Mr. S. A. Webb-Johnson who had just joined the Government London Office and Mr. P.A.S. Wise, the latest recruit to the Hong Kong Office in Geneva. Mr. E. S. Bush, the Secretary of the Hong Kong Association in London also came for a familiarisation visit and Mr. P. S. Marshall of the Sino-British

Trade Council spent some time in the Colony on his way back from the Kwangchow Fair.

The Chamber continued to administer the *Good Citizen Award Fund* and close liaison was maintained with the Police Public Relations Bureau. Two major public presentations of awards were made, in the Wong Tai Sin and Wan Chai areas respectively. Participating in these functions were guest stars from HKTVB's *Enjoy Yourself Tonight* team at Wong Tai Sin, and RHK TV's *Below Lion Rock* team in Wan Chai. The increased flow of nominations for *Good Citizen Awards*, together with the fact that the majority of candidates have taken action that has led to an arrest being made, is heartening evidence that the Fight Crime Campaign is now achieving considerable support from the ordinary citizens of Hong Kong.

MEMBERSHIP

During 1974, 137 new firms were enrolled as Members, and 357 resignations were received. At the end of the year Chamber Membership therefore stood at 1,908.

It is always difficult to ascertain the precise reasons for resignations from the Chamber, but a number of factors

are involved. Many of the resignations were of small trading firms whose main purpose in joining the Chamber was to take advantage of the reduced certificate of origin fees offered to Members, and the increase in Membership subscription fees at the beginning of the year, from \$600 to \$1,000, undoubtedly made the Chamber a less viable proposition for these companies. As usual, a number of resignations occurred as a result of closures, re-organisation of companies, mergers, declining business and so on.

A new and updated Card Index of all Members, classified by location and nature of business, was compiled. This showed that nearly 70 per cent of Membership is situated on Hong Kong Island, over 28 per cent in Kowloon, and about 2 per cent in the New Territories.

At present, importers/exporters account for 63 per cent, manufacturers 25 per cent, commercial services (including banking, insurance, real estate and investment) 6 per cent, and transportation (shipping, airlines, etc.) 4 per cent of total Membership.

The recruitment of new Members continued, and over 1,200 companies

were approached about Membership of the Chamber. In addition to the 137 new Members actually enrolled, another 100 firms are currently interested in becoming Members of the Chamber.

During the year the Chamber's Assistant Secretary — Membership, W. S. Chan, called on more than 550 Members to inform them of the Chamber's activities and facilities. Suggestions or requests for guidance were referred to the appropriate Departments.

In anticipation of a continuing decline in revenue from certification, the Chamber will in future have to rely increasingly on revenue from Membership. The Membership Department will be stepping up efforts to recruit new Members in 1975, and will be assisted in this by the other Departments.

INTERNATIONAL TRADE DEPARTMENT

The diversification of Hong Kong's export markets has been a healthy and developing trend in recent years. In the present difficult conditions, Arab states

and some parts of Africa are still thought to offer potential.

Another market which is believed to offer particular potential for Hong Kong is Eastern Europe. During the year the Chamber, in conjunction with the Trade Development Council, stepped up its trade promotion in the area. In September the Chairman of the East European Area Committee, Mr. John MacKenzie led a delegation to the German Democratic Republic to attend the Leipzig International Trade Fair, and this was followed by a group to the Budapest and Poznan fairs led by Mr. E. U. Lyen. Accompanying both these groups was Assistant Manager Clement Tsang.

A joint Chamber-TDC business group visited Nigeria, Kenya and South Africa in May/June, concluding more than \$5½ million worth of business. The Chamber was again represented by Clement Tsang.

The Chamber also organised Hong Kong's participation at the Berlin Trade Fair, *Partners for Progress*, in August, for which the Chamber is Honorary Representative in Hong Kong for the Fair Authorities.

As usual, the Department's Manager, S. L. Chung, attended the twice-yearly trade fairs in Kwangchow. He was accompanied to the Autumn fair by Assistant Manager Philip Choy.

The Chamber's twelve area sections were active during the year, playing host to many visiting trade delegations from the various areas, as well as VIP visitors from all over the world. They held consultations with consular and trade officials from many of our leading trade partners and also produced regular Area Newsletters. In short, the area sections, together with their respective Area Committees, spearheaded the Department's contribution towards promoting Hong Kong's trade with the world. At the end of the year, 843 companies were members of the various area sections. The twelve sections are: the United Kingdom; Europe; East Europe; Africa; Arab; North America; Central America; South America; Australia, New Zealand

and the S. W. Pacific; Japan, Taiwan and Korea; South East Asia; and China.

The Department continued its programme of business lunches and talks by prominent personalities in trade and commerce. Speakers included the Executive Director of the TDC, Mr. Len Dunning, and the Chief of the Commercial and Economic Section of the United States Consulate-General in Hong Kong, Mr. Norman Getsinger.

The Department's Trade Enquiries service, under the supervision of Dennis Yeung, handled over 15,000 enquiries from all over the world, of which some 65 per cent were received directly by the Chamber and 35 per cent via the TDC.

As part of its service to Members the Department issued or endorsed more than 600 letters of introduction to Chambers of Commerce and other trade organisations overseas for Members making business trips abroad.

During the year nearly 250 trade complaints against non-members were received, and these were forwarded to the Commerce and Industry Department. Ten complaints were also received from Member companies against overseas firms, and overseas Chambers were asked to assist with these cases. During

the year the Chamber made arrangements for a commercial arbitration case, the Secretary, R. T. Griffiths, acting as the Arbitrator.

Other services provided by the International Trade Department included the publication of *Operation Contact*, which resulted in over 1,100 appointments for Members to meet visiting businessmen, and the production of monthly trade statistics and analyses prepared by the Statistics Section, under Miss Veronica Loo.

The Department's Manager, S. L. Chung, was helped by the three Assistant Managers, Clement Tsang, F. M. Castro and Philip Choy.

CERTIFICATION

In confirmation of the now all too well-established trend, the Department recorded a further decrease in the number of certificates processed. In 1974 a total of 126,499 certificates of origin was issued by the Department. This represents a decrease of 13.6 per cent over the 1973 total of 146,501.

However, in order to help keep down exporters' costs it was decided that fees should remain at \$10 for Members

and \$15 for non-members, and there was therefore a corresponding decrease in revenue from certificates of origin.

The reasons for this continued decline are twofold and are beyond the Chamber's control. Firstly, an increasing number of importing countries is insisting that Government be the issuing authority for certificates of origin covering shipments made under the Generalised Preference Scheme. Secondly, the latter half of 1974 saw a slowdown in the volume of HK's exports, and this was reflected in a steady fall off in the number of certificates being issued by the Department.

The Department continued its usual high rate of consignment checking throughout the year. Of all consignments shipped under the Chamber's Certificates of Origin, an average of more than 12 per cent was subjected to inspection, with a staff of 9 inspectors being fully employed on this work.

The Chamber has been designated the sole issuing body for ATA Carnets in Hong Kong, and the Department started to issue these carnets in August. The Carnet is a document which simplifies customs clearance for businessmen travelling overseas who need to carry products for sampling or display purposes.

As always, the Department cooperated closely with the other issuing authorities and with the Certification Coordination Committee, on which the Chamber is represented together with the other authorities. The Committee met a number of times during the year.

Responsible for all Chamber certification is the Manager of the Department, A. C. C. Stewart. The Kowloon office, in Mongkok, continued under the supervision of the Assistant Manager of the Department, W. K. F. Wang.

PUBLIC RELATIONS

The Chamber's public relations activities continued successfully throughout the year despite the continued rise in costs of bought-out services such as printing. Much of the success in containing costs can be attributed to the somewhat more 'commercial' approach being taken by the PR Department, whereby several activities now operate on a self-financing basis. Thus, for example, the Chamber's monthly magazine, *The Bulletin*, met its printing

costs out of the sale of advertising space. The Public Relations Committee, which met regularly during the year under the Chairmanship of Mr. Nigel Rigg, devoted considerable thought to budgeting for the Chamber's PR activities, and their time and efforts have met with much success.

The new method of mailing Circulars, the *Operation Contact*, and Area Newsletters etc. on a once-a-week-only basis has also contributed to the containment of costs. For the eleven months up to November the Chamber's bills for stationery and mailing were running at about the same level as during the equivalent period in 1973, despite an increase of some 10 per cent in stationery prices this year.

The Department also afforded regular editorial assistance in the

preparation of Area Newsletters and the *Operation Contact*, and it is hoped that Members find these easy to follow and to select from them items that are of immediate interest.

The Membership opinion polling system was brought into play not only for the regular *Business Confidence Survey*, introduced in 1973, but also as a contribution to the Financial Secretary's plea for a public debate on the extent to which planned Government spending should go ahead, and how this spending should be financed. The results of these surveys have been satisfactory, in that they have produced sufficient evidence to act as soundings for the General Committee, but the level of response from the Membership, although statistically adequate, has been somewhat disappointing. It is planned to carry out further survey work during 1975, and efforts will be made to encourage a more wholehearted response from the Membership.

Outside of the items mentioned, the Department's major successes during the year were probably the *Hong Kong*

for New Arrivals course and the *Hong Kong Diary*. Both these appeared to operate in a seller's market, which, while it made life easier for the Chamber, did unfortunately lead to some disappointment among Member firms, especially in the case of the *Diary*. Because the Chamber is unable to stand the financial strain of ordering diaries for stock in the hope that sales might result, Members are urged to take advantage of the ordering period, which lasts for at least one month, and which is extensively publicised by Circular.

The Bulletin appeared to maintain its position as an established business magazine, and it is gratifying to report that comments have been received referring to the 'balanced views' and 'clear presentation' of leading articles.

The Department continued to work closely with the Information Services Department, the Trade Development Council and the Tourist Association, and regular meetings were held with these organisations in order to consider and plan overseas publicity. One outcome of this has been a mutual approach to overseas advertising, where, in chosen media, the four organisations pool resources so as to put over on a large scale a 'sales message' for Hong Kong, its trade, its economy and the viability of its future.

Good relations were maintained with both Chinese and English language media, and the Chairman has given a series of Meet-the-Media luncheon parties, which have been attended by journalists at both senior and working reporter level.

Plans for 1975 include an attempt to work more closely with Area Committees, in order both to keep the commercial community better informed of their work and at the same time to help these Committees achieve their various objectives. A new slide show devoted to explaining the work and organisation of the Chamber, is now at an advanced stage and is due for its premiere early in the new year.

The Department continued under the management of Harry Garlick, assisted by Miss Glynis Djeng and by Michael Parker, who joined the Department in May.

Balance Sheet

As at 31st December, 1974

1973		HK\$
	General Fund	
\$ 1,055,447	As at 31st December, 1973	\$974,729.88
<u>(80,717)</u>	Add: Excess of Income over Expenditure for the year	<u>130,829.52</u>
<u>\$ 974,730</u>		\$1,105,559.40
	Reserves	
<u>\$ 200,000</u>	Trade Promotion	200,000.00
<u>\$ 45,000</u>	Staff Hospital and Surgical Expenses Fund	45,000.00
<u>\$ 59,491</u>	Staff Superannuation Reserve	47,123.22
	Current Liabilities, Provisions And Receipts in Advance	
\$ 25,350	Leave Passages	\$ 35,781.19
773,000	Subscriptions for 1975 Received in Advance	690,000.00
<u>67,582</u>	Creditors	<u>91,713.02</u>
<u>\$ 865,932</u>		817,494.21
	Notes:	
	1. These Accounts do not include the Assets and Liabilities of the Staff Provident Fund for which the Chamber acts as Trustees.	
	2. U.S. Dollar balances have been converted at the following rate of exchange in the above Balance Sheet: US\$1 = HK\$4.90	
	H.P. Foxon — Chairman	
	L.W. Gordon — Vice Chairman	
	R.T. Griffiths — Secretary	
	Lowe, Bingham and Matthews Chartered Accountants Certified Public Accountants	
	— Treasurers	
<u><u>\$2,145,153</u></u>		<u><u>HK\$2,215,176.83</u></u>

1973				HK\$
	Fixed Assets			
	Property — R.B.L. No. 588			
	At cost less amounts written off			
	per last Account	\$ 4,760.00		
\$ 4,760	Less: Amount written off during year	714.00		\$4,046.00
	Motor Car — At cost less amounts written			
	off per last Account to 31st December, 1973	\$ 2,420.00		
	Less: Amount written off during year	151.00		
		\$ 2,269.00		
2,420	Less: Cost of Sale	2,269.00		—
	Furniture and Fittings — At cost less			
	amounts written off			
		Office	Staff	
		Quarters		
	As at 31st December, 1973	\$158,170.00	\$ 26,270.00	
	Additions during year	—	3,182.75	
		\$158,170.00	29,452.75	
	Less: Amounts written off			
	during year	31,634.00	\$ 5,890.75	
184,440		\$126,536.00	\$ 23,562.00	150,098.00
\$ 191,620				\$ 154,144.00

Investment

\$ 141,180	\$157,000 Hong Kong Government 3½%			
7,730	Rehabilitation Loan 1973/78 at cost	\$ 141,180.22		
\$ 133,450	Less: Provision for Diminution in Value	7,730.00		
	(Market Value as at 31st December, 1974 —			133,450.22
	\$133,450)			

Current Assets

\$ 36,167	Stock on Hand — Stationery and Supplies	\$ 38,857.15		
174,868	as certified by the Director	169,160.64		
	Debtors and Prepayments			
1,557,199	Bank and Cash Balances	1,649,516.77		
43,230	Deposits	62,508.05		
8,619	Current Account	7,540.00		
\$1,820,083	Cash on Hand			
				1,927,582.61
<u>\$2,145,153</u>				<u>HK\$2,215,176.83</u>

Auditors' Report to the Members of The Hong Kong General Chamber of Commerce

We have examined the above Balance Sheet and have obtained all the information and explanations we have required. In our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of The Hong Kong General Chamber of Commerce's affairs as at 31st December, 1974 according to the best of our information and the explanations given to us and as shown by the books of the Chamber.

Hong Kong, 27th February, 1975

Signed **Peat, Marwick, Mitchell & Company**
Chartered Accountants
Certified Public Accountants

Income and Expenditure Account

For the year ended 31st December, 1974

1973	EXPENDITURE	HK\$
	Staff	
\$1,481,246	Salaries and Bonuses	\$1,629,150.69
166,221	Contribution to Staff Provident Fund	199,840.23
236,213	Staff Quarters' Rental/Expenses	234,555.61
34,956	Medical Expenses	63,170.55
80,604	Leave Passages	107,836.10
8,399	Training	5,502.00
—	Recruiting	485.00
<u>\$2,007,639</u>		<u>\$2,240,540.18</u>
	Office	
\$ 451,683	Rent, Light and Telephone	\$521,416.85
134,969	Printing and Stationery	155,069.12
58,200	Postages	50,226.08
4,645	Telegrams and Telex	2,441.08
22,771	Sundry Expenses	20,503.85
32,173	Maintenance, Repairs and Cleaning	36,203.40
850	Structural Alterations	1,330.00
16,008	Books and Newspapers	17,385.48
12,448	Local Travelling	12,839.75
—	Management Internal Course Expenses	1,110.00
<u>\$ 733,747</u>		<u>818,525.61</u>
<u>\$ 6,964</u>		<u>7,022.30</u>
	Insurance Services	
\$ 2,000	Audit Fee	\$ 3,000.00
24,000	Treasurers' Fees	24,000.00
2,300	Legal Fee	5,510.00
41,000	Management Consultants' Fee	17,536.00
<u>\$ 69,300</u>		<u>50,046.00</u>
<u>\$ 47,767</u>	Depreciation on Property, Motor Car and Furniture and Fittings	<u>38,389.75</u>
	Subscriptions and Educational Donations	
\$ 19,668	Subscriptions to Trade Associations	\$ 24,271.30
13,700	Scholarships and Other Donations	14,822.40
<u>\$ 33,368</u>		<u>39,093.70</u>
\$ 85,540	Exchange Loss	\$ 29,240.16
67,147	Publications	61,303.43
13,758	Advertising	12,398.21
131,850	Trade Promotion Expenses	148,773.00
<u>\$ 298,295</u>		<u>251,714.80</u>
<u>\$ —</u>	Loss on Sale of Motor Car	<u>1,719.00</u>
<u>—</u>	Profits Tax paid on Interest — 1973/75	\$ 10,341.00
	Provision for 1975/76	11,467.00
<u>\$ —</u>		<u>\$ 21,808.00</u>
	Less: Interest Tax Recoverable 1973/76	15,877.80
	Balance — Excess of Income over Expenditure for the year	5,930.20
<u>\$ (80,717)</u>		<u>130,829.52</u>
<u>\$3,116,363</u>		<u>HK\$3,583,811.06</u>

1973	INCOME	HK\$
\$1,237,600	Members' Subscriptions	\$1,839,950.00
1,768,140	Fees	1,581,035.00
93,353	Interest	162,826.06
17,270	Provision for Diminution in value of Investment written back	—

\$3,116,363

HK\$3,583,811.06

Committees

Arbitration

Hon. P.G. Williams
G.H.P. Pritchard
E.J.S. Tsu

Certification

H. Keswick
A.C.W. Blaauw
O.E. Julebin
J.R. Wimbush

Home Affairs

J.L. Marden
H.M.G. Forsgate
N.A. Rigg

J.H.W. Salmon
Jack C. Tang
Dennis H.S. Ting

Hong Kong for New Arrivals Course

G.P.T. Carpenter
Stephen Chou
T.K. Ho
J.F. Holmes
M.J. Pridham

Industrial Affairs

Dennis H.S. Ting
Payson Cha
H.L. Ho
J. Peacock
J.L. Soong
H.T. Woo

International Trade

L.W. Gordon
Henry S.H. Fung
L.A. Heming
J.B.M. Litmaath
J. MacKenzie
D.K. Newbigging

G.H.P. Pritchard
A.C.W. Blaauw
E.U. Lyen
S.H. Sung
I.G. Daniel
D.A. Crawford
C.W. Dalrymple
S. Bennema
res. November 1974

D.P. Inglis
N.A.S. Mills
J.J.G. Brown
A. Gopi

Legal

P.A.L. Vine
I.R.A. MacCallum
B.S. McElney
G.E.S. Stevenson
J.R. Wimbush

Public Relations

N.A. Rigg
D.A. Adkins
Stephen Chou
Shum Choi Sang
R.J. Warren

Shipping

D.K. Newbigging
Frank Chao
R.M. Hall
W.R. Large
J.P. Lawson
Simon Lee
C.L. Pan
J.P. Richardson
H.M. Roos

Taxation

L.W. Gordon
J.C. Hodson
Thomas Le C. Kuen
Brian Osborne
M.K. Tan

Through Transportation

R.C. Tucker
D.A. Crawford
P.C.S. Deveson
Frank C.H. Jen
A.J.D. Lygo
G.G. Snowden
G.E.S. Stevenson

Area Committees

North America

I.G. Daniel
C.D. Beale
Geoffrey Archer
S.C.J. Beckett
A.C.W. Blaauw
Robert Choa
Colin Jekyll
J.P. Lawson
Henry Tseng
Y.K. Wong
R.N. Earman
res. May 1974
Y.C. Wong
res. July 1974

Central America

D.A. Crawford
L.L. Pomeroy
H.D.R. Edwards
Moti Karamchand
G.B. Mahubani
Ch. H. Mathieu
W.J.J. Cozijnsen
res. July 1974
V.K. Parekh
Richard Wang
C.D.L. Williams

South America

C.W. Dairymple
S. Bennema
res. November 1974
A.M. Blackstock
Ho Man
G.B. Mahubani
Patrick O'Brien
D.K. Patel
H.M. Roos
G.G. Snowden
D.D. Walker

United Kingdom

G.H.P. Pritchard
E.J.S. Tsu
Henry Chan
S. Perry
P.S. Crosby
res. December 1974
D.L. Ford
W. Haskamp
D.J.B. Middlemass
S.G. Smallwood
K.C. Tam
Mrs. M. Williams

Europe

A.C.W. Blaauw
T. Gebauer
B. Geissler
W. Haskamp
L. Kneer
E.U. Lyen
H.P. Southwell
Thomas Szu-Tu
J.B.M. Litmaath
res. September 1974

East Europe

J. MacKenzie
E.J.S. Tsu
S.F. Fairchild
E.U. Lyen
S.H. Miller
M. Milliken
O.J. Nicholl
L.T. Tao
Henry Woo

Africa

E.U. Lyen
J.F. Holmes
K.K. Chu
M.N. Master
N.P. Pavn
res. April 1974
H.M. Roos
S.J. Shroff
S.H. Sung
K. Wong

Arab

S.H. Sung
Omer A.K. Al-Aidaros
Mrs. V. Boogerman
P. Brownbridge
T. Dayaram
Andrew Ko
N.P. Pavri
G.P. Rai

South East Asia

A. Gopi
Lim Kee-Chin
P.F. Brys
T.W. Sham
res. July 1974
J. Chang
R.J. Guthrie
S. Hartanto
P.A. Hirst
J.C. Swift
Miss Dora Wu

China

J.J.G. Brown
W.M. Sulke
J.L. Boyer
J.W.F. Chandler
N. Horn
Y.C. Huang
D.P. Inglis
H. Luehrs
H.M. Roos
W. Russell
M.J. Simpson

Japan, Taiwan & Korea

N.A.S. Mills
Y. Kitahora
K.S. Hyun
Simon Lee
M. Okuzumi
H. Yoshizawa
res. June 1974
M.J. Simpson
R. Sundin
Wong Po Yan

Australia, New Zealand & S.W. Pacific

D.P. Inglis
Henry S.H. Fung
P.I. Archer
Henry Chan
T. English
R.A. Fuller
E.S. Lawrence
J.G. Hunt
res. October 1974
C.K. Liang
S. Bennema
res. August 1974
R. Wang

