



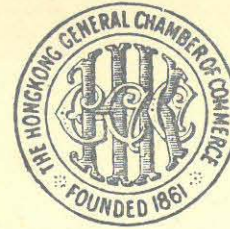
Hong Kong
General Chamber of Commerce

Report
For The Year
1939



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General Chamber of Commerce

Report
For The Year
1939



HONG KONG

General Chamber of Commerce

REPORT

FOR THE YEAR

1939.

CONTENTS.

Report of the General Committee.

Accidents in Working Cargo, Prevention of	12
Accounts of the Chamber	16-19
Air Services	36-38
Boiler Regulations	47-50
Codes, prohibition of	10
Crew Accommodation on Ships	34-35
Crown Leases, Renewal Terms	61-80
Dangerous Goods Regulations	39-44
Finances of the Chamber	15
Food Price Control	11
France, Tariff rates for Hong Kong goods	14
Freight Increases	9
Government Stores, Purchase of	51-53
Haiphong, Congestion at	11
Imperial Preference:—	
Proposed "Knitted & Finished" Requirement ..	20
Empire Content in Hats	21
United Kingdom Customs Requirements	22
Subsidiary Certificates for Yarn	20 & 23
Income Tax Discussions	54-60
Malayan Import Restrictions	27
Membership	15
Merchandise Marks Act	13
Refrigerating Plant, proposed Regulations	45-46
Rubber Footwear:—	
Limitation of Imports into United Kingdom ..	24-26
Sanitary Conditions on River Steamers	30-33
Shipping Survey Regulations:—	
Hospitals on Coasters	28-29
Singapore Import Restrictions	27
Singapore Mails	14
Telegraphic Censorship	10
Transshipment Cargo, responsibility for condition of ..	12
War Risk Insurance: Responsibility for Payment of,	9

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CONTENTS.—(Continued.)

General Matter.

Committee of the Chamber	5-6
Trade of Hong Kong in 1939	81-94
Hong Kong Shipping & Freight in 1939	95-97
Chamber, Annual Meeting of	98-101
Hong Kong, Colony & Port of	i-xii
Chamber's Library	xiii-xvii
Shipping Statistics for 1938 and 1939	xviii
Export Statistics	xix-xxiii
Exchange & Bullion Quotations during 1939	xxiv
Silver, Bar, Prices of	xxv
Stock Exchange Tariffs	xxvi-xxvii
Holidays in 1940	xxviii
Officers of Chamber from date of formation	xxix-xxx
Chamber's Representatives on Legislative Council	xxxi-xxxii
List of Members	xxxiii-xxxv
Business Directory	xxxvi-xl

COMMITTEES, 1939-1940.

General Committee.

Mr. T. E. Pearce, (*Chairman*)

Mr. J. K. Bousfield, (<i>Vice Chairman</i>)	Mr. A. W. Hughes,
The Hon. Mr. J. J. Paterson, /Mr. D. F. Landale,	Mr. C. C. Roberts, /Mr. W. H. Lock,
The Hon. Mr. S. H. Dodwell,	Mr. G. Miskin /Mr. C. Blaker,
The Hon. Mr. A. L. Shields,	Mr. K. S. Morrison,
Sir Vandeleur Grayburn, Kt. /Mr. D. C. Edmondston,	Mr. G. W. Sewell,
Mr. R. D. Gillespie, /Mr. G. F. R. Jackson,	Mr. H. V. Wilkinson, D.S.O.,
	<i>Co-opted:</i>
	Major R. C. Giles, R.N.
	Captain C. R. Boxer.

Correspondence Committee.

The Chairman,
The Vice-Chairman,
Sir Vandeleur Grayburn.

Legal Sub-Committee.

Mr. H. J. Armstrong,
Mr. D. H. Blake,
Mr. G. G. N. Tinson.

Arbitration Committee.

The Chairman,
The Vice Chairman,
Mr. G. W. Sewell.

Finance Sub-Committee.

The Chairman,
The Vice Chairman,
Sir Vandeleur Grayburn.

Import Sub-Committee.

Mr. K. S. Morrison, (*Chairman*)
Mr. P. S. Cassidy,
Mr. Fung Kong On,
Mr. J. Harrop,
Mr. A. K. Mackenzie,
Mr. P. M. Morrison,
Mr. G. W. Sewell.

Insurance Sub-Committee.

Mr. N. P. Fox,
Mr. Leigh Garner,
Mr. W. R. Mansfield,
Mr. S. H. Piercy,
Mr. H. R. Sturt,
Mr. R. H. Wild.

Shipping Sub-Committee.

Mr. S. T. Williamson, (<i>Chairman</i>)	Mr. L. E. N. Ryan,
Mr. T. G. S. Alexander,	Mr. P. Tod,
Mr. D. Forbes,	Mr. A. H. Veltman,
Capt. R. Henderson,	Mr. T. B. Wilson,
Mr. F. R. Lamb,	Major R. C. Giles, R.N.
Mr. C. M. Manners, O.B.E.,	

COMMITTEES, 1939-1940.—(Continued).

Export Sub-Committee.

Mr. S. M. Churn, (*Chairman*)
Mr. A. C. I. Bowker,
Mr. H. T. Buxton,

Mr. G. P. Charlton,
Mr. H. S. Dinsdale,
Mr. A. K. Mackenzie.

Technical (Shipping) Sub-Committee.

Mr. A. W. Black,
Mr. D. B. Bone,
Mr. A. Crawford,
Mr. J. W. Lawson,
Mr. A. MacIndoe,
Mr. T. S. Morrison,
Mr. A. E. Pearson.

Imperial Preference Sub-Committee.

Mr. P. S. Cassidy, (*Chairman*)
Mr. F. L. Ball,
Mr. A. C. I. Bowker,
Mr. H. S. Dinsdale,
Mr. A. K. Mackenzie,
Mr. J. Webster.

ACCOUNTANT'S ADVISORY COMMITTEE.

Mr. E. M. Bryden,
Mr. S. Grove,
Mr. Thomas Le C. Kuen,
Mr. T. A. Martin,
Mr. D. L. Prophet,
Mr. S. H. Ross,
Mr. J. M. Tan.

Rice Sub-Committee.

Mr. F. E. A. Remedios, (*Chairman*)
Mr. E. L. Groome,
Mr. M. A. Williams.

Trade Marks Sub-Committee.

Mr. H. J. Armstrong,
Mr. D. F. Landale,
Mr. G. G. N. Tinson.

Secretary:

Mr. M. F. Key, O.B.E.

Assistant Secretary:

Mr. E. R. Price.

Treasurers:

Messrs. Lowe, Bingham and Matthews.

Hong Kong General Chamber of Commerce

Report for the Year 1939.

Long-continued international tension in Europe has culminated in war. Poland was invaded by Germany on September 1, and, in accordance with guarantees given to Poland, the British Empire and France are once more at war with Germany, in defence of freedom and against military domination. When Germany has been defeated, the world will have to devote itself once more to the difficult problem of making a just peace and reaching an understanding between the nations which shall implement the plain man's desire to live in amity.

Locally the European war has complicated the difficulties brought about by the Sino-Japanese hostilities, which have dragged on inconclusively for nearly three years. To the belligerents in Europe the "economic front" is of great importance. Canada and Hong Kong occupy a special position in relation to the British Empire's monetary system. Canada's currency is linked to the gold dollar: Hong Kong remains outside the sterling bloc in order to leave her great entrepot trade free from currency restrictions. Consequently, Hong Kong's trade with the other countries of the Empire has suffered hindrances, but Colonial Governments have recently been asked by the Secretary of State to admit articles domestically produced in Hong Kong on the same basis as imports from the United Kingdom and other sterling countries.

As noted elsewhere in this Report, one result of the war has been to restrict imports of rubber footwear into the United Kingdom from Hong Kong. This manufacturing industry has been rapidly developing in recent years and has received a stimulus from war conditions. The principal reason given for restriction is the need for economy in United Kingdom purchases from overseas. The question of restriction and quotas is still under discussion with the appropriate authorities.

The effect of the European war upon the work of the Chamber of Commerce has been to increase its volume very greatly. Since the beginning of September the Chamber has collaborated with many Government Departments handling war-time problems: e.g., the

Custodian of Enemy Property, the Department of Economic Warfare, the Imports & Exports Department, the Censors of Mails, the Shipping Control Advisory Board, the Food Controller and the Prices Advisory Board, and the Colonial Secretary's Office on many questions.

Under the Articles of Association of the Chamber (paragraph 10) which provide that any member who is a subject of a nation between which and Great Britain a state of war exists shall *ipso facto* cease to be a member, all German firms were struck off the membership list in September. It is gratifying to report, however, that—thanks to wider appreciation of the necessity and usefulness of the Chamber—the accession of new members in recent months more than makes good the deficiency.

In order to make a contribution towards the cost of the war, the Hong Kong Government introduced an income tax measure into the Legislative Council. Although the principle of making a war contribution from the Colony was heartily approved, it was generally felt that an income tax is emphatically not a method of taxation suited to local conditions. Ultimately the Bill was withdrawn and the whole question was referred to a War Taxation Committee which recommended proposals in line with those which the General Committee of the Chamber considered suitable. A War Revenue Bill was then introduced into the Legislative Council and referred to the Standing Law Committee. The Legal Sub-Committee of the Chamber (with the collaboration of Mr. E. M. Bryden, who was a member of the War Taxation Committee) has carefully examined the Bill in detail and made recommendations with a view to clarifying its provisions. It is believed that the Bill—which is to be enacted for the war period only—will raise an adequate war contribution without undue interference with the Colony's trade.

During the year, the Special Committee on Crown Leases has done a great deal of valuable work. Their report is printed in full elsewhere in this volume. Tentative proposals for labour legislation have been carefully considered by another Special Committee. The Imperial Preference Sub-Committee and the Accountants' Advisory Committee have again had a busy year. The principal questions before them have been: the proof of Empire content in goods made from Empire cotton yarn, and negotiations with the United Kingdom Customs in regard to admission to preference of various classes of Hongkong manufactured goods. The long delays which have occurred in obtaining rulings from the Custom House, London, have seriously hampered the work of both Committees and have been a great obstacle to trade. It is a matter

for regret that the United Kingdom Customs authorities—unlike the Hong Kong Government and the Colonial Office—seem unable to realise the services which this Chamber can render in facilitating the smooth working of the complicated Imperial Preference regulations.

Once again the staff of the Chamber has experienced a year of great pressure of work. The General Committee appreciates the competent service rendered.

Responsibility for Increased Charges Arising Out of War.

Following the outbreak of war in Europe, merchants in Hong Kong were very much concerned as to their position, under existing contracts, in regard to increased freight charges, deviation charges and increased war risk insurance. They requested the Chamber to consider the desirability of concerted action by exporters with a view to passing on such charges to buyers. The Import & Export Sub-Committee of the Chamber was advised that, in the absence of any specific provision to the contrary, a seller is legally liable under a c.i.f. contract for any additional insurance and freight charges. In view of this ruling the sub-committees recommended that no action be taken by the Chamber other than to advise enquirers that the matter was one for individual negotiation and that future contracts should stipulate that all freight and war risk insurance charges over the prevailing rate were for buyers' account. At the same time it was noted that merchants in other countries were suggesting to importers here that they should pay the extra charges and it was considered reasonable that Hong Kong exporters should put forward the same contention. It was also reported that, in the rubber footwear trade, all United Kingdom importers had agreed to meet the extra charges.

Representations Regarding Freight Increases.

On behalf of exporters, representations were made to the New York Freight Bureau and Trans-Pacific Freight Bureau regarding an announcement on September 11 that freight rates on cargo to North American ports were increased by 50 per cent., such increase to be effective immediately. The Chamber's letter referred to the fact that Conference lines operating between the Far East and Europe had been content to charge an increase of 20 per cent. for voyages passing through several danger zones. It was submitted that a 50 per cent. increase was entirely unjustified in respect of carryings to the Pacific and the western seaboard of the Atlantic, where risks were remote. The Chamber strongly urged that such an enormous increase was contrary to public

policy and would undermine the efforts of the local government to restrain profiteering by retail traders.

The Conferences, on September 14, notified that an increased rate of 20 per cent. had been substituted for the increase of 50 per cent. originally announced. Notification was later given of a further increase of 15 per cent., effective February 19, 1940.

Telegraphic Censorship.

The prohibition of use of codes in telegraphic messages which followed the outbreak of hostilities in Europe, led to representations by merchants as to the codes which would be of most use to them in the event of a limited number of such being eventually permitted as was the case towards the end of 1914. The Chamber of Commerce in October made representations to the Hong Kong Government, the London Chamber of Commerce and the China Association, London, drawing attention to the fact that the limitation of text of telegrams to plain language involved a serious extra charge upon commerce, and asking for early relaxation to permit the use of a few of the most popular codes such as Acme and Bentley. It was also intimated that requests had been received from shipping interests for use of Boe's Shipping Code to be permitted.

It was notified on November 29 that the use of the following commercial codes would be authorized as from December 7 (the date was subsequently postponed to January 1, 1940): Bentley's Complete Phrase Code, Bentley's Second Phrase Code, A.B.C. 6th Edition and Petersen's 3rd Edition.

On December 8, it was intimated to the Chief Censor that the Chamber supported the petition addressed to him by many Hong Kong firms pressing for inclusion of the Acme Code in the list of approved codes the use of which was to be permitted. The Chamber's letter stated that this code, by reason of its comprehensive list of commodity headings, is particularly useful to exporters. The Chief Censor, in reply, intimated that the representations had been referred to the Hong Kong Government with a view to representations being made to London. As from April 15, 1940 use of the "Acme Commodity and Phraseology Code" (but not the "Supplement" thereto) was authorised.

The method of working the cable censorship and questions arising therefrom were also the subject of discussion between the Chamber and the Chief Censor. Circulars were issued to members conveying suggestions with a view to facilitating co-operation between firms and the Censorship Office and reducing as far as possible the inconveniences to the business community which are inseparable from censorship.

Food Price Control.

With a view to controlling prices of foodstuffs, and preventing profiteering, regulations were introduced by Government (effective as from September 8) making it an offence to sell by retail any food imported into Hong Kong, except from China or Macao, at a price more than 10 per cent. above the retail price for such food prevailing in Hong Kong on August 31. Two local stores were prosecuted and fined for contravention of these regulations. As from October 5 the percentage increase permitted was raised to 15 per cent. in the case of goods originating from non-sterling countries. This step was rendered necessary by the depreciation of sterling in terms of gold currencies. By notification dated October 20, control was restricted to certain listed articles, regarded as essential items of goods. It was intimated that it was considered unnecessary to control articles which are in the nature of luxuries because the public could exercise price control for themselves by refraining from purchasing and by using substitutes. In regard to the listed articles, the rule regarding 10 or 15 per cent. permitted increases was retained, but it was stated that if it was shown that landed costs of any of these articles had increased to such an extent that the percentage increase would still leave the retailer to sell at a loss, the Prices Board would fix maximum retail prices for these articles and notify them in the *Gazette*. Later on, as landed costs rose further, or fell, adjusted maximum retail prices would be announced. It was also intimated that the Prices Board would always be prepared to consider representations from members of the Public who might consider that the maximum prices permitted were excessive owing to change in circumstances. Evidence of increased landed costs was at first submitted to the Prices Board through the Chamber of Commerce and the Food Controller but, later, merchants submitted such evidence direct to the Food Controller, amended maximum prices being notified from time to time in the *Gazette*.

Congestion at Haiphong.

On April 5 the Chamber addressed an enquiry to the Haiphong Chamber regarding reports of congestion at Haiphong as a result of the very large movement of cargo from Hong Kong to the interior of China via Haiphong. The Haiphong Chamber was asked for information as to the position, particularly as to the prospects of any improvement, together with an indication whether it was thought that the Hong Kong Chamber could take any steps to assist in a solution of the problem.

The Haiphong Chamber replied that congestion was mainly attributable to the limited carrying capacity of the railway (5,000 tons a month) although it was hoped that this would eventually be

increased to 8,000—9,000 tons a month when rolling stock arrived which had been ordered from Europe but not delivered on account of the political situation. Reference was also made to construction of new warehouses, shortly nearing completion, and to the utilisation of open spaces for storage of non-perishable goods.

The Haiphong Chamber also asked that shipping companies in Hong Kong be informed that, in permitting ships access to wharves and facilities for discharge of cargo, the following was the order of precedence observed: (1) ships of French lines calling regularly at Haiphong; (2) ships of lines including Haiphong as a frequent port of call; (3) ships of lines which do not include Haiphong as a frequent port of call; also that shipping companies be informed that all ships must have two manifests, one for goods destined for consumption or use in Indo-China and one for goods passing through Indo-China in transit. In regard to transit goods the Haiphong Chamber stated it was important to note that if the consignee or his representative was not present to receive the goods on discharge, they would be re-loaded on the incoming vessel and returned to the original port of shipment.

The above information was conveyed to shipping companies by circular dated May 1.

Transshipment Cargo: Responsibility for Condition of.

On October 6, shipping companies were circulated to the effect that the attention of the Chamber had been drawn to the prevailing practice, on the part of many on-carrying lines, of inserting the following clause on Mate's Receipts and/or Bills of Lading when cargo in transit from the United States of America to various Oriental ports, with transshipment at Hong Kong, is accepted by such on-carriers: "Transshipment cargo, ship not responsible for condition of contents." The Chamber's circular intimated that it was understood that transshipment carriers, pleading the above clause, had declined claims on cargo, although it was stated that claims were in respect of cargo turned over to them in good condition. Shipping companies were notified that the Legal Sub-Committee of the Chamber, when asked for an expression of opinion as to the legality of the clause, advised that it would not protect the carrier using it and that its use was also contrary to the terms of the Carriage of Goods by Sea Act. The co-operation of shipping companies in refraining from use of such a clause was therefore requested by the Chamber.

Prevention of Accidents in Working Cargo.

A proposal by Government to introduce legislation to ensure protection against accidents to workers employed in loading and unloading ships formed the subject of consideration by Committees of the Chamber

during the summer of 1939. Previous discussions on this subject are summarised in the 1935 Annual Report, pages 40-41, from which it will be noted that legislation designed to ensure such protection was adopted in the United Kingdom in 1935 as an outcome of the International Labour Conference in 1932.

Following a Conference between the Harbour Master, the Assistant Crown Solicitor and members of the Shipping Sub-Committee of the Chamber, a letter was addressed to Government on July 6, 1939, conveying the opinion of the Chamber that the proposed legislation is unsuitable for enactment in Hong Kong. It was pointed out that junks, which are by far the greater proportion of cargo-carrying craft in Hong Kong harbour, cannot be controlled by any form of legislation which it would be practicable to apply. It would therefore follow that the Bill would be restricted in its application to European-controlled wharves and to ships. It was submitted that, on wharves, proper safety precautions are already observed, and that steamships operate with plant complying with Board of Trade requirements. "It appears to the Chamber otiose, unnecessary and absurd to pass an Ordinance which is necessarily so limited in its scope that it only deals with part of the problem, and that the part which least requires legislation. Inspection will be more or less a matter of form; nevertheless it will involve considerable expense to public funds for salaries and pensions, and when all has been done nine-tenths of the problem will have been left untouched." Introduction of the Bill has not been proceeded with.

United Kingdom Marking Requirements.

On June 22 the Chamber replied to an invitation by Government to comment on a proposed amendment to the United Kingdom Merchandise Marks (Imported Goods) Act, 1936. One of the proposals was that the name of the Empire country of origin should be stamped on imported goods instead of the word "Empire". The Chamber's reply intimated that there were no grounds for objecting to the proposed new marking requirement, provided ample notice was given; in fact, the Chamber was informed that locally manufactured knitted goods and torches were already stamped "Made in Hong Kong" before shipment. The proposed new ruling would, however, affect rubber shoes made here which, under instructions from the Customs, were stamped "Empire". If it was required that "Hong Kong" must appear on rubber shoes, the Chamber submitted it was desirable that there should also be an indication that Hong Kong is within the British Empire in view of the fact that Hong Kong is often confused with China.

The Government replied that the Chamber's submissions had been passed to the Secretary of State for the Colonies.

No intimation has been received of any change in marking requirements affecting Hong Kong goods imported into the United Kingdom.

Delays in Receipt of Mail from Singapore.

The possibility of expediting despatch of mails from Malaya to Hong Kong was taken up with the Singapore Chamber by letter dated December 20. It was intimated that mails from Singapore to Hong Kong were being received anything from eight to fifteen days after date of posting; moreover, it appeared that they might lie at the Singapore Post Office at least five days before despatch, since letters dated November 27 and December 2 had been received here by the same steamer. It was suggested in the Chamber's letter that delay might be due to the use by Singapore mainly of contract mail steamers, sailings of which were considerably fewer owing to the commandeering of a number of such vessels. A contributory cause, it was suggested, was lack of information as to when mails were being despatched from Singapore. The attention of the Singapore Chamber was drawn to the fact that the Hong Kong authorities used many non-contract steamers with the result that the average time taken for transport and delivery was six days. Moreover, although names of steamers are not divulged, full particulars are published here as to dates and times of impending outward mail despatches.

The Singapore Chamber forwarded copy of the Chamber's letter to the Director of Posts & Telegraphs, Malaya, who stated in reply, that non-contract vessels were freely used. It was intimated that delay might sometimes occur as a result of censorship although close collaboration was maintained between the two departments. It was further intimated that the question of publication of mail notices would be taken up with the Secretary for Defence.

Further examples of mails taking considerably longer to reach Hong Kong from Singapore than in the reverse direction were brought to the notice of the Malayan authorities.

French Tariff Regulations.

At the request of merchants, the Chamber made representations to Government on March 29 regarding the possibility of the Government of France extending to Hong Kong manufactured goods imported into France the benefit of minimum tariff rates instead of maximum tariff rates which are at present applicable. A reply was received that it is the general practice of the French Government only to accord minimum tariff rates to particular countries or territories against counter-concessions. As a free port, Hong Kong cannot offer France any reciprocal advantage.

(Early in 1940, notification was received of temporary measures introduced by the French Government as a result of which goods of United Kingdom origin shipped directly from the United Kingdom to Hong Kong and then re-shipped to Indo-China will be permitted entry under minimum tariff rates.)

Membership.

On the outbreak of war in Europe, twelve German firms ceased to be members of the Chamber, under the Article of Association which provides that any member who is a subject of a nation between which and Great Britain a state of war exists shall *ipso facto* cease to be a member. Earlier in the year there were seven resignations from membership (four by firms which had closed their offices in Hong Kong). The total accessions to membership during the year numbered nineteen. Eighteen of these having joined after the last Annual Meeting, their election by the General Committee requires confirmation at the Annual Meeting in 1940. Their names are as follows:—

Messrs. Abdoolally Ebrahim & Co.
 Mr. M. Beraha.
 Messrs. A. G. Botelho & Co.
 Mr. G. Buchanan.
 The Commercial Bureau.
 The Continental Rubber Manufactory.
 The Friesland Trading Co., Ltd.
 Messrs. T. E. Griffith (1932) Ltd.
 „ Humphreys Estate & Finance Co., Ltd.
 „ Kishinchand Chellaram.
 „ Lepack Company.
 „ Thomas Le C. Kuen & Co.
 The Local Commercial Agency.
 Messrs. Marsman, Hong Kong China, Ltd.
 „ N. Mohamedally.
 The National Lacquer & Paint Products Co., Ltd.
 The Optorg Company (Malaya) Ltd.
 Messrs. L. Rondon & Co., Ltd.

Finances.

The principal item of income, members subscriptions: \$35,785 remained at approximately the same amount as in the previous year. Considerably more certificates of origin were issued during the year, revenue from this source increasing from \$4,358 to \$9,032. The total income on general account amounted to \$48,011.23, the surplus of income over expenditure being \$3,197.22. The General Reserve now stands at \$60,870.07.

HONG KONG GENERAL CHAMBER OF COMMERCE.

Income and Expenditure Account for the Year ended 31st December, 1939.

1938	EXPENDITURE.	1938	INCOME.	
\$ 33,274.17 2,269.36 1,500.00 831.00 3,677.38 200.00 162.27 605.58 90.00 189.89 841.92 989.41 104.98 34.08 398.77 <hr/> \$ 45,168.81 5,807.78	To Secretarial Expenses—Salaries „ Employees' Provident Fund Account „ Leave and Passage Reserve „ Servants' Wages „ Office Rent and Telephone „ Audit Fee „ Market Report—Cost of Publication \$ 923.01 Less Sales 815.00 „ Annual Report—Cost of Publication 602.42 Less Sales 108.00 „ Daily Weather Map—Payments less Receipts „ Books and Newspapers „ Printing, Advertising and Stationery „ Postages and Petties „ Telegrams „ Subs. to Federation of Chambers of Com- merce of the British Empire „ Written off Safes, Furniture, etc..... „ Excess of Income over Expenditure for the year	\$ 32,318.52 8,250.00 2,000.00 532.17 3,733.00 20.00 4,358.00 10,000.00 250.00 37.18 49.24 9.00 17.00 97.00 56.00 4.00 6.00 42.00 \$ 44,818.52 3,119.78	By Membership Subscriptions..... „ Special Contribution from Members „ Survey Fees Collected..... \$ 7,192.25 Less paid..... 6,440.96 „ Certificates of Origin and Certification of Invoices..... „ Interest Account: Hong Kong Government 4% Conversion Loan \$ 2,066.67 Hong Kong Club 5% Deben- tures 206.25 Current Account 65.41 „ Shanghai Journals	\$ 35,875.00 — 751.29 9,032.00 2,338.33 14.61

HONG KONG GENERAL CHAMBER OF COMMERCE.

(INCORPORATED UNDER THE ORDINANCES OF HONGKONG.)
Balance Sheet as at 31st December, 1939.

LIABILITIES.		
EMPLOYEES' PROVIDENT FUND ...		\$ 26,305
SUNDRY CREDITORS		368
PASSAGE AND LEAVE RESERVE:		
As at 1st January, 1939.....	\$ 1,163.79	
Add Provision for 1939	2,000.00	
		\$ 3,163
GENERAL RESERVE:		
As at 1st January, 1939.....	\$57,672.85	
Add Excess of Income for the year.....	3,197.22	
		\$60,870
		\$ 90,707

Imperial Preference should be required to use Empire yarn exclusively.

The above representations were passed to the Registrar-General of Statistics, Straits Settlements and Federated Malay States, who

ASSETS.		
PROVIDENT FUND INVESTMENTS, ETC:		
Held by Trustees at market value:—		
350 Hong Kong Telephone Shares @ \$24.25		\$ 8,487.50
Hong Kong Government 4% Conversion Loan @ par		8,000.00
16 Union Insurance Society Shares @ \$425.00.....		6,800.00
2 Hong Kong Bank Shares		2,690.00
Balance in Bank Current Account		327.54
		\$26,305.04
FURNITURE AND FITTINGS:		
As at 1st January, 1939.....		\$ 1,300.00
Purchases less sales during the year.....		824.00
		\$ 2,124.00
Less Written off		424.00
		1,700.00
SUNDRY INVESTMENTS AT PAR:		
Hong Kong Government 4% Conversion Loan		\$54,000.00
(Market value less Interest accrued at 31st December, 1939, \$53,100.00).		
Hong Kong Club 5% Debentures ...		1,500.00
		55,500.00
ACCRUED INTEREST		918.75
STOCK:		
Stationery and Pamphlets		975.00
SUNDRY DEBTORS:		
Shroff's Imprest	\$ 150.00	
Sundries.....	69.97	
		219.97
HONG KONG & SHANGHAI BANKING CORPORATION:		
Current Account.....		5,088.98
		\$90,707.74

We have to report that we have audited the above Balance Sheet with the books and vouchers of the Chamber.

We have obtained all the information and explanations we have required.

In our opinion the above Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Chamber's affairs as at 31st December, 1939, according to the best of our information and the explanations given to us and as shown by the books of the Chamber.

PERCY SMITH, SETH & FLEMING
 Chartered Accountants,

LOWE BINGHAM & MATTHEWS

IMPERIAL PREFERENCE.

LIABILITIES.

Exports of Hong Kong manufactured goods to Colonial markets continued to be made during 1939 under the certification rules detailed in the Chamber's Annual Report for 1938, page 40, and introduced as from June 1, 1938, on instructions by the Secretary of State for the Colonies. The Accountants' Advisory Committee and the Imperial Preference Sub-Committee of the Chamber continued to work in close co-operation with the Superintendent of Imports & Exports with a view to ensuring uniformity of procedure both in regard to certification and acceptable forms of evidence in support of claims to use of Empire materials.

It is usual for certificates of origin covering Empire Yarn to detail considerably larger quantities than are taken up by one factory on arrival. As a convenience, therefore, to importers and accountants, a scheme was instituted whereby—as from June 1, 1939—all original certificates of origin are forwarded by importers to the Hong Kong General Chamber of Commerce and, as factories take delivery, subsidiary certificates are issued by importers and endorsed by the Chamber to the effect that they have been checked against the original certificate. These subsidiary certificates are then forwarded direct to accountants by the Chamber.

Proposed "Knitted and Finished" Requirement.

In the Spring of 1939, the Imperial Preference Committee considered representations to the effect that there was an increasing tendency to use non-Empire yarn in cotton goods knitted in Hong Kong and exported to British Malaya under Imperial Preference, claims to the requisite 25 per cent. Empire content in such cases being based on labour costs incurred here in the factory processes. It was submitted that Empire cotton yarn was still available at prices which would enable goods knitted from it to sell in Malaya competitively with non-Empire knitted goods, aided by Imperial Preference. The Chamber was therefore asked to consider making representations with a view to a "spun, knitted and finished in the Empire" requirement, i.e. that

factories exporting knitted cotton goods to British Malaya under Imperial Preference should be required to use Empire yarn exclusively.

The above representations were passed to the Registrar-General of Statistics, Straits Settlements and Federated Malay States, who replied that the suggestion involved a question of policy in which he did not feel justified in initiating action.

In the meantime, the Manchester Chamber of Commerce, by letter dated August 12, requested the views of this Chamber on a suggestion that there should be a "spun, knitted and finished in the Empire" requirement for Hong Kong knitted cotton goods exported to any Empire market under Imperial Preference. The Chamber replied supporting the proposal and referring the Manchester Chamber to correspondence with the Secretary of State for the Colonies (summarised in the Annual Report for 1936, pages 24-27, and for 1937, page 31). This correspondence records that the Chamber proposed in 1936 that knitted cotton goods should be required to be "spun, knitted and finished in the Empire," but that this suggestion was not adopted by the Secretary of State on the ground that it was undesirable to interfere with existing Colonial Empire requirements which stipulate an Empire content for such goods.

In referring the Manchester Chamber to the above correspondence the Chamber emphasized that its support of the proposed "spun, knitted and finished in the Empire" requirements was limited to cotton goods. In regard to goods knitted from yarn other than cotton, or made-up from imported cloth, the Chamber submitted that, where no Empire source of supply at anything like a comparable price exists, it is better that Hong Kong should continue to convert foreign materials into garments so that native markets requiring cheap articles may be able to draw their supplies from Empire rather than non-Empire sources. The Chamber suggested that if renewed representations were made by the Manchester Chamber it would appear advisable that they be addressed to the Secretary of State for the Colonies.

Replying on November 29 the Manchester Chamber intimated that it had been decided to defer action.

Locally made Hats.

The Imperial Preference Committee, in June, replied to a submission by local hat manufacturers that representations be made for an increased Empire content in hats exported under Imperial Preference

on the grounds that this would promote the increased use of Empire raw materials and discourage the making-up of hats here from imported non-Empire goods. The Committee's reply stated that it is extremely difficult to alter Empire content percentage requirements for goods exported to the Colonies. In the majority of cases these percentages are based on United Kingdom requirements for the same classes of goods and alterations can only be made effective after consultation between several Government departments in the United Kingdom. The Committee further intimated that it was of the opinion that the risk of interference with the trade of the Colony as a whole was too great to warrant representations on the lines suggested.

UNITED KINGDOM CUSTOMS REQUIREMENTS.

Orders from the United Kingdom for considerable quantities of knitted and made-up goods were received in Hong Kong towards the end of 1939 as an outcome of restrictions imposed on importations of non-Empire goods into the United Kingdom. The attention of the Chamber was drawn to letters addressed by the Customs in London to accountants in Hong Kong regarding the nature of evidence required in support of claims to preference on locally manufactured knitted goods.

These letters were to the effect that the required 25 per cent Empire content in knitted goods can only be established to the satisfaction of the Customs if Empire yarn is certified to have been used exclusively in their manufacture; moreover that certificates signed by the actual spinners of the yarn must be forthcoming. In one letter, the further requirement was made that the cotton from which the yarn is spun must also be certified to have been grown within the Empire. As regards yarn which passes through several hands before reaching a factory, the Customs stipulated that the supplier of yarn must endorse his invoice to a factory with a copy of the spinner's certificate, such copies to be checked against originals by accountants and forwarded each month to the Customs together with a statement as to the quantities of each type of article manufactured and the quantity of yarn consumed by each type. It was also stated that if there are stocks of non-Empire yarn in a factory the accountant must institute a system of control comprising segregation of such yarn and check visits to satisfy himself that none of it is used in manufacturing for export to the United Kingdom.

The Chamber requested the co-operation of Indian certificate-issuing organisations in complying with the London Customs requirements. A letter was then addressed to the London Customs intimating that future shipments of yarn from India would be accompanied, wherever possible, by certificates signed by the spinners and stating, wherever it is possible so to ensure, that the cotton used is of Empire growth.

Enclosed with the Chamber's letter to the London Customs was copy of a report by accountants detailing the system of check on the issue of subsidiary certificates of origin which was instituted by the Chamber as from June 1, 1939. The Customs were asked to accept subsidiary certificates so checked by the Chamber and it was intimated that arrangements were being made to forward to the Customs at six-monthly intervals the original certificates of origin (or certified copies) deposited with the Chamber and against which subsidiary certificates are checked.

Limitation of Imports into the United Kingdom.

In 1939, as fully narrated in the last Annual Report (pages 48 to 57), proposals were made by United Kingdom and Canadian Rubber Footwear Manufacturers for a voluntary, agreed, limitation of Hong Kong exports to the United Kingdom market. In October, 1939, an intimation was received from the United Kingdom manufacturers that, owing to the outbreak of the European War, no further steps were being taken for the time being.

In February, 1940, however, it became apparent that limitation of Hong Kong rubber footwear imports into the United Kingdom was once more on the tapis, this time at the instigation of the Board of Trade, with the outbreak of war as the reason. Importers in London were informed that, pending an investigation into the importation of rubber footwear from Hong Kong, no further import licences would be issued. A message received in Hong Kong on February 15 stated that, in an interview with importers, the Board of Trade gave as their reasons for enforcing a quota, firstly, an economy drive in respect of home consumption, which must be restricted to essentials; secondly, the recent large increase in Hong Kong winter rubbers, which would cause post-war problems if not checked now, as Home and Canadian manufacturers were at present largely engaged in manufacturing war supplies; thirdly, exchange restrictions. It was proposed to base the quota on the sterling value of the imports into the United Kingdom for the year ending August 31, 1939. It is to be noted that a quota based on values instead of on quantities would have a more restrictive effect, because prices have increased with the outbreak of War.

The local manufacture of boots is a comparatively recent development which has received an impetus under war conditions. When stock was taken of the position it was found that manufacturers had orders on hand for:—

shoes to the value of	\$3,180,000
boots to the value of	\$6,428,000
as compared with a pre-war year business done in	
shoes to the value of	\$4,505,000
boots to the value of	\$1,189,000

Therefore, the quota gave scope for further business in shoes, but, if applied strictly, would necessitate heavy cancellation of orders for boots. Manufacturers had commitments for the purchase of material to the extent of \$5,380,000.

His Excellency the Governor actively interested himself in the problem and sent several cables to the Colonial Office setting forth the Hong Kong point of view, which is not adverse in principle to control of exports to U.K. It was suggested in these messages that the quota for the remainder of 1940 should be the orders already booked, a guarantee being given that no more business would be booked for delivery during that period; that for the year 1941 the quota should be based on the pre-war year value, plus a percentage adjusted to cover rise in costs. Apart from the obvious equity of these proposals (it was pointed out) the next few months could be spent in solving the extremely difficult question of sub-allocation of the quota amongst the factories, and other problems arising from this sudden demand for restriction of industry. It was further remarked that the effect of imposing a quota on the basis of 100 per cent of the pre-war sterling value of imports would be to cut production down by approximately one-half, with extremely serious consequences in respect of loss of capital and unemployment.

The manufacturers contended that the logical course would be to allocate the quota amongst the local factories, but the Board of Trade has so far handled the problem by limiting licences to importers to the extent of their individual importations in the last pre-war year.

Further representations became necessary as days passed without resumption of import licences and factories became choked with finished goods which could not be shipped. It was urged in a cable sent by the Hong Kong Government that issue of licences be resumed in respect of goods already manufactured or in process of manufacture, these to be treated as part of the eventually agreed quota, of which they would form only a small percentage. The Board of Trade saw the point of this and intimated that licences up to 100 per cent of pre-war year's trade by quantity would be issued, pending further consultation with the Colonial Office on the general question. The expression "pre-war year's trade" needs precise definition. It is important that the criterion should be a full season's trade, both for boots and shoes, irrespective of date of arrival of the goods in the United Kingdom.

The change-over from a values to a quantity quota was apparently the result of representations by United Kingdom importers. Hong Kong interests felt doubtful about pressing for it, as a quantity quota based on pre-war trade severely restricts the manufacture of boots both for existing commitments and for the future.

As this volume goes to press the latest news is that the Board of Trade have intimated that they will give sympathetic consideration to a suggestion that importers should have the option of substituting boots for shoes on the basis that one pair of boots equals two pairs of shoes. An association of importers which has been formed in London to negotiate with the Board of Trade has therefore definitely put forward this request. It will mean that the unused margin under the shoe quota can be used to export more of the commitments in boots. The result of the consultations between the Colonial Office and the Board of Trade is still awaited.

MALAYAN IMPORT RESTRICTIONS AND PROHIBITIONS.

With effect from November 18, 1939, regulations were introduced into Singapore and British Malaya restricting in certain cases, and prohibiting in others, importation of many classes of goods from non-sterling countries. The object of the regulations is to conserve sterling exchange. As noted earlier in this report, Hong Kong is regarded as being outside the sterling bloc in order to avoid interference with the important entrepot trade of this Colony.

Representations were received by the Chamber from manufacturers and suppliers of raw material regarding the serious effect of these regulations on Hong Kong manufacturing industries—particularly those carrying out weaving and knitting processes—which are largely dependent upon British Malaya as an outlet.

In the course of correspondence with the Singapore authorities it was submitted that, as Empire yarn is exclusively used in Hong Kong knitting and weaving industries catering for Empire markets, there could be little if any adverse effect upon sterling if trade in these goods were permitted to continue. An assurance was obtained that such goods would be permitted entry in "reasonable quantities". With effect from February 16, however, the British Malayan authorities suspended until further notice all applications for permits to place new orders for various classes of goods from non-sterling countries—including piece goods and knitted goods. The reason given was that very heavy orders were claimed to have been placed before 18th November and that the admission of these goods was defeating the object of the regulations.

As this volume goes to press, better news is to hand from Singapore. It appears likely that piece goods which are woven and finished here from Empire yarn, and other manufactured goods in respect of which satisfactory evidence of 25 per cent Empire content is produced, will be permitted entry on the same basis as imports from the United Kingdom and other sterling countries, that is to say, without limit in normal cases.

SHIPPING SURVEY REGULATIONS.

Question of Hospital Accommodation on Coasters.

At the end of 1938 the Chamber received from the Government copies of draft Instructions as to the Survey of Passenger Ships, the framing of which has been the subject of discussions with the Government Marine Surveyor's Department for some years past.

Various minor amendments were discussed—and in most cases agreed—between the Technical (Shipping) Sub-Committee of the Chamber and the Government Marine Surveyor's Department, on behalf of the Harbour Department.

Considerable discussion occurred on a proposal that hospitals should be required on ships engaged in international coasting voyages. On this the Chamber wrote to the Government on June 6th, 1939, stating that substantial agreement had been reached on points of detail, but continued:

The Chamber is entirely opposed to the introduction of a hospital on vessels under Class VII Passenger Licence for the following reasons:

1. Hospitals are now provided in vessels sailing under Class V Licence, and no objection is made to this in view of the longer voyages and larger ships involved (although it is the case that these hospitals are very little used). It is considered to be quite unnecessary to provide hospitals for vessels trading under a Class VII passenger licence. It is certain that they would hardly be used at all in view of the short voyages involved and the hospital facilities which are available at all ports on the coastal route. In any event, owing to anti-piracy arrangements, the passengers for whom these hospitals would be provided are necessarily segregated from all the responsible officers of the ship and the benefits of hospital accommodation would therefore be negligible.

2. It is in fact no easy matter, in small coastal vessels, to construct hospitals such as are proposed, and in many vessels it would be impossible.

Apart from the increasing congestion of the space available, due to increased provision of life-saving equipment, the Admiralty's

requirements for armament, etc., the provision of further houses above the decks has a serious effect on stability—a problem ever-present to the designers of ships for a trade in which, of necessity, large quantities of deck cargo are handled.

3. There is, as stated above, no need for hospital accommodation in the coastal trades and it would involve shipowners in considerable cost and inconvenience.

British shipowners are already providing, and will continue to provide, the best accommodation compatible with the requirements of the trade. The public of China is poor and requires cheap and efficient transportation for which alone it is able to pay. It does not require full European standards and is unable to pay for them.

4. It is particularly to be noticed that no such regulation applies to vessels of other nationalities, even if trading into Hong Kong. British shipowners will have an increasingly difficult task in preventing the attacks of vessels of other nationalities on their trades, and they cannot do so if Government regulations handicap them as against owners of other nationalities.

5. The Committee has also noted with surprise the proposed requirement that hospitals shall be built in any vessel the keel of which has been laid subsequent to the 1st January, 1933. All such vessels have been built subject to the approval of the Government and in accordance with existing regulations, and it is quite unreasonable to expect the alteration of ships in accordance with regulations which were not drawn up at the time of building.

Quite apart from hospitals, the Committee is strongly of opinion that if any new regulations are necessary in connection with the construction of vessels it should be definitely laid down that such regulations apply only to vessels the keels of which are laid subsequent to the date of enactment.

The Government replied, on October 16th, that it did not propose to pursue the question of the requirement of hospital accommodation in vessels sailing under a Class VII passenger licence.

SANITARY CONDITIONS ON RIVER STEAMERS.

Difficulties Arising from New Regulations.

The Government wrote on April 6 that consideration was being given to the improvement of sanitary conditions in river steamers by the separation of passenger accommodation from the space used for the carriage of cargo and live stock. The comments of the Chamber were invited upon a draft regulation under the Merchant Shipping Ordinance 1899, which provided:—

Live stock (including fish) and cargo shall be carried in a space cut off by a steel bulk-head with close-fitting doors where such are required, from that used for the accommodation of passengers.

Any such space so reserved for the carriage of live stock (including fish) or cargo shall be deducted in calculating the passenger space.

Passengers, other than bona fide attendants on live stock (including fish), shall not be carried in the space reserved for live stock (including fish) or cargo.

The Chamber wrote on June 12 as follows:—

“While fully sympathising with the object sought, the Chamber asks the Government to bear in mind that criticism of conditions on river steamers arises from abnormal conditions of trade caused by the Sino-Japanese hostilities. In ordinary times a large share of the traffic is carried by the Kowloon-Canton Railway and by junks.

“The only livestock normally carried by river steamers is fish in tubs—a special feature of the Canton River trade, on which the shipping companies rely for considerable revenue. The fish must be carried adjacent to the cargo ports giving access to and egress from the passenger accommodation. Light and air and constant aeration of the water by attendants is essential to the carriage of this cargo. If passengers are to be excluded from the deck occupied by the tubs of live fish, it will be necessary to surrender the fish trade altogether.

“On river steamers there are practical difficulties in the way of separation of passenger accommodation from the space used for the

carriage of cargo. River steamers, by reason of their shallow draft, afford very restricted space in their lower holds. They have no winches or derricks, so that heavy cargo cannot be put down below.

“In the opinion of the Chamber it is undesirable in the present abnormal times, when the Colony requires large supplies of foodstuffs and means of bringing them in are restricted, to do anything to hamper the operation of river steamers—or, rather steamers plying between here and Macao, which is the only route at present available.

“A steel bulk-head dividing passengers from cargo is considered unnecessary, and even undesirable in the event of fire and panic. It would appear sufficient if vegetable produce is kept separate from passengers and this could be best effected by some light form of barrier (expanded metal or otherwise) which would not interfere with ventilation and could be adjusted trip by trip according to the quantity carried at the time.

“The Chamber desires to be assured that any regulations imposed will be equally applicable to all river vessels trading into Hong Kong, otherwise there will be discrimination against British vessels.”

The Government Gazette of August 11, however, contained a notification that all cargo shall be segregated from passengers. The Chamber therefore pressed its views again, in a letter dated September 9. It was stated:—

“At the invitation of the Director of Medical Services, a member of the Shipping Sub-Committee of the Chamber, together with the Secretary of the Chamber, accompanied the Port Health Officer on a visit to the s.s. ‘Taishan’ on its arrival in Hong Kong from Macao with a view to observing sanitary conditions in relation to the stowage of cargo. In the course of conversation with the Port Health Officer it was gathered that the reason for providing for the segregation of general cargo from passengers was that passengers may foul such cargo while the ship is under way and disease may thereby be spread in the course of discharge and storing ashore.

“If this correctly represents the reason for the introduction of the legislation in question, shipping companies concerned desire to make the following submissions:—

- (a) When a case of infectious disease, such as cholera, is discovered on a River ship, there would be no objection to the fumigation of general cargo in that ship at the same time as the ship herself is fumigated.
- (b) In such case livestock and fresh produce, being already separated from passengers, would not, of course, be subject to fumigation.
- (c) If the danger of disease dissemination through general cargo is considered to be sufficiently serious to warrant legislation, unlimited application of the principle on shore is opened up e.g. control of labour when building houses and fouling of the newly constructed premises is possible; control of workmen engaged in road work etc., whose conceptions of sanitation are rudimentary, would have to be arranged; special watch for illness amongst all types of store-keeper and godownmen etc., must be kept. When the implications ashore are so much wider and more serious than they are afloat it seems invidious to single out ships for special attention, especially when no objection is raised by shipping to such fumigation of ship and cargo as may be required by the Port Health authorities should any infectious disease be discovered on board.

"In addition to the above submissions, shipping companies desire to emphasise the impracticability of the measure. They point out that ships must be trimmed and, to do this, cargo must be distributed throughout the holds and 'tween decks. As already submitted in the Chamber's letter dated June 12, 1939, the holds can only be utilised to a limited extent in river tonnage. Moreover, the quantity and nature of the cargo carried trip by trip varies with supply and demand, and whereas a compartment could be constructed for the carriage of livestock and fresh produce, the construction of a large number of such barriers to contain anything from a few packages to practically a full ship lends itself to insoluble complications.

"In asking that favourable consideration be given to the shipping companies' request that the regulations be amended to exempt all cargo other than livestock and vegetable produce from the provisions relating to segregation from passengers, the Committee of the Chamber desires to submit that it is extremely desirable under present conditions, when

river craft are of particular value to the Colony, that they should be exempt from unnecessarily restrictive measures."

The Government replied, on October 31, that the Governor in Council had decided that the regulation, as published, could not be revised. With regard to sub-paragraph (a) of the letter printed above, the Government stated that this could not be accepted as a compromise on the part of the shipping company since the appropriate measures for the disinfection of a vessel found to be carrying cases of infectious disease are, in fact, always applied. In the matter of livestock and fresh produce which are properly separated from passengers the concessions already given under the Hong Kong regulations are considerable by comparison with the rules obtaining in such ports as Manila where the Quarantine Authorities prohibit the importation from oriental countries of low-growing fruits and vegetables which might be eaten raw, or in Singapore and Saigon where it is not unusual to make vessels from Cholera-infected ports carrying fruit and vegetables go to sea again (as much as twenty miles) to dump them—irrespective as to whether or not a case of infectious disease is actually found on board.

The submission that no measures should be taken on ships unless similar measures are taken on shore (the Government considered) could not be sustained. The effect of this would be that vessels from infected ports should not be examined in any port where infectious cases of a similar nature are being reported unless everybody in the port of arrival is regularly examined. This Government had no desire to indulge in unlimited legislation with regard to shipping, but it must be appreciated how much easier it is to trace residents of the Colony than to trace seamen and cargo.

It is accepted that the trimming of a ship is an important consideration but it is not accepted that an efficient trim should necessitate the transference to passenger space of cargo for which a hold was specifically constructed.

The Chamber will revert to the subject at a more opportune time.

CREW ACCOMMODATION ON LOCALLY REGISTERED SHIPS.

Further correspondence was exchanged with Government during 1939 on the subject of a proposal to revise the standards of accommodation provided for the crews of British vessels trading from the Colony. In the Annual Report for 1938 (pages 33-35) is summarised previous discussions resulting in agreement on certain proposed regulations subject to an undertaking that requirements in regard to foreign ships operating from Hong Kong would be brought into line.

The Government having forwarded for the consideration of the Chamber copy of a Board of Trade memorandum indicating that the Government had no power to legislate in respect of crew accommodation standards in foreign vessels, the Chamber replied on April 18, 1939, that locally registered vessels would be unfairly penalised in the event of accommodation being called for in excess of what is at present provided under existing regulations. In the case of new vessels which could be designed to provide for additional requirements, it was indicated that the proposed regulations as tentatively agreed in the previous year's discussions might not be unduly onerous. The matter was under investigation by the technical advisers of two shipping companies invited by the Government Marine Surveyor to provide certain details. It was submitted that it would not be reasonable to apply the regulations to existing vessels designed and laid down under different regulations as to crew spaces from those now contemplated, where any additional accommodation called for could only be at the sacrifice of valuable cargo-earning space.

The Chamber's letter also referred to the Board of Trade ruling that, for the purposes of certification of crew accommodation permitted to be deducted from ships tonnage, persons signed on at nominal wages cannot be regarded as *bona fide* members of the crew. It was submitted that the Board of Trade ruling is designed to prevent persons being signed on as crew merely for the purpose of evading passage payment, or for the purpose of obtaining cheap labour, or for obtaining deductions from tonnage. This is quite different from the old established custom, necessitated by conditions on the China coast, of carrying large numbers of comprador staff to look after cargo (i.e., tallymen, stevedores and

watchmen, together with their cooks and helps), the presence of whom is essential for the efficient working of the ship. Provided that there is accommodation for such members of the crew, it was submitted that they should be regarded as *bona fide* members of the crew for purposes of deducting such accommodation from ships tonnage even though they receive a nominal wage. In this connection, Government was advised that the wages of the comprador's staff are allowed for (in a lump sum) in the company's agreement with the comprador but the individual wages paid are the concern of the comprador.

In March 1939 the findings of the Committee appointed in 1938 to enquire into the adequacy of the Colony's Civil Airport were completed. In general the Committee submitted that in view of the increased traffic expected in the ensuing years, it was desirable that an up-to-date civil airport for land aircraft and flying-boats should be provided within the shortest possible time. Recommendations included the provision of adequate accommodation for staff and aircraft, and the construction of tarmac or re-inforced concrete runways, as well as the provision of aerodrome equipment, aerodrome lighting, marine craft and land transport, wireless facilities, moorings and meteorological equipment.

At the beginning of 1939 there were five air lines operating into and from Hong Kong. These were Imperial Airways (bi-weekly service between Hong Kong and Europe), Pan American Airways (once-weekly trans-Pacific service), Air France (once-weekly service between Hong Kong and Europe), C.N.A.C. and Eurasiā (services between Hong Kong and the interior of China, with connections to French Indo-China).

In March 1939 Pan American Airways added new and larger flying-boats of the 'Boeing' type to their trans-Pacific fleet. In the same month C.N.A.C. opened up a new sector of their routes with a line between Chungking and Hanoi via Kunming, providing once-weekly connections to Hong Kong via Hanoi, Douglas aircraft being used as for other C.N.A.C. lines.

In the early part of the year Imperial Airways secured full commercial rights in French Indo-China and in April commenced to carry traffic to and from the port of Hanoi. This development provided useful connections via Hanoi by C.N.A.C. and Eurasia services to points in the interior of China. In May Imperial Airways commenced to carry airmail from French Indo-China to Hong Kong and other ports. With the introduction of summer schedules in April a further reduction in transit time between Hong Kong and Europe was effected, shortening the journey between Hong Kong and England to less than six days. This faster schedule was maintained until August, when Imperial Airways main line services were again altered by the introduction of the winter timetable.

In May an aircraft of the JU 52 type belonging to D.L.H. arrived at Hong Kong from Europe bound on a good-will flight to Tokio. This aircraft made the return trip from Tokio and landed at Hong Kong on May 15, continuing its flight westbound two days later.

Effect of Outbreak of War.

The outbreak of war in Europe did not affect air services to the Colony to such an extent as might at first have been expected. The most important development was the suspension of the Empire "all-up" airmail scheme and the reintroduction, on September 4, of surcharged airmail. As a result of increased costs, passenger fares, excess baggage and freight rates on Imperial Airways and Air France services were increased at the beginning of October by 25 per cent. It is interesting to note that at the end of 1938 air fares had been considerably reduced; to London for example, from £160 to £135. The increase in fares resulting from the war surcharge raised the London fare to £169, which is still £1 less than the corresponding fare in January 1938, £170. In addition to the alteration in air fares, round-the-world-tour, air/sea interchange facilities and air return tickets were suspended. Another change brought about by the outbreak of War was that immediately on the commencement of hostilities British commercial aviation came under the direct control of the British Government in the National Air Communications Scheme.

For a short period during the September crisis, Imperial Airways services to and from Hong Kong were reduced to one per week in each direction but bi-weekly services were resumed early in October. In September, Air France's once-weekly schedule was altered, the service arriving at Hong Kong each Wednesday and leaving again westbound each Thursday. (On the summer schedule they operated the sector Hanoi/Hong Kong/Hanoi on the same day, Wednesday).

At the end of October, C.N.A.C. opened up a new service from Chungking to Rangoon, and this developed into a once-weekly service in each direction, with connections from Hong Kong to Rangoon via Chungking. The schedule was Hong Kong/Rangoon Sunday, Monday, and Rangoon/Hong Kong Tuesday, Wednesday, with a stop-over in each direction at Chungking. Earlier in the year Imperial Airways had undertaken a survey flight with one of their four-engined aircraft, 'Artemis,' between Rangoon and Kunming, but owing to the outbreak of War it was found impossible to start this service in 1939.

In November, Pan American Airways' days of arrival and departure in Hong Kong were altered and became Tuesday and Wednesday respectively. Under their previous schedule, the service arrived and left Hong Kong one day earlier.

Certain international difficulties were experienced in the operation of air services. At the beginning of November 'Dardanus,' one of Imperial Airways' four-engined aircraft, flying between Hong Kong and Fort Bayard, was attacked by Japanese aircraft and forced to land on Wei Chao Island. A similar incident had occurred in April, when an aircraft belonging to Eurasia operating on the Hanoi-Chungking line was forced down near the Chinese Indo-China border.

The following statistics, taken from weekly returns submitted by the Kai Tak Airport Authorities, show the volume of British and foreign companies' traffic which passed through the Colony's airport during 1939. (The figures for freight and mail are given in kilos):—

OUTWARDS

Passengers	.. .. .	2,548
Mail	.. .. .	136,435.711
Freight	.. .. .	87,860.501

INWARDS

Passengers	.. .. .	3,607
Mail	.. .. .	92,611.688
Freight	.. .. .	21,601.784

In conclusion it is of interest to note that after more than a year's preparation the British Overseas Airways Bill was passed through Parliament and received the Royal Assent in August 1939. The Corporation will take over the affairs of the two Companies—Imperial Airways and British Airways.

The Corporation was originally to consist of a Chairman, Deputy Chairman and members who were to form a Board of Governors, but owing to the European situation the Corporation was reduced to three members only for the duration of the War.

DANGEROUS GOODS REGULATIONS.

Further progress was made during the year in the consideration of revised Dangerous Goods Regulations proposed by the Hong Kong Government. Previous discussions on this subject are summarized in the Annual Reports of the Chamber for 1934 (pages 30-31), 1936 (pages 28-34) and 1937 (pages 66-69).

Towards the end of May, 1939, the Harbour Master intimated that he proposed to regard firecrackers as falling under the heading of explosives for the purpose of the draft regulations. As this would seriously limit the quantities permitted to be carried in passenger ships and necessitate freighters going to the dangerous goods anchorage if firecrackers are carried, the Export Committee convened a meeting of all exporters for the purpose of considering representations to the Harbour Master with a view to withdrawal of the proposed restrictions.

The Meeting of exporters was held at the offices of the Chamber on June 20. The Harbour Master was unable to be present but the Assistant Crown Solicitor, who attended, undertook to convey the views of the meeting to him.

Firecracker Exporters' Views.

It was represented at the meeting that the proposed limit for passenger ships (300 lbs.) was so small that it would, in effect, involve a total loss of the trade to such vessels. As regards a suggestion that a compromise might be arrived at on the basis of increased quantities, the view was expressed that the limits would have to be raised so considerably that they would, in effect, amount to no restriction. Ocean steamers carried as much as 600 tons per vessel (to Netherlands E. Indies), 500 tons (to America), 200 tons (to Canada) and coastal boats carried up to approximately 80 tons. The total yearly value of the trade to Hong Kong was approximately \$5 millions.

The following reasons were advanced in support of exporters' contention that Chinese firecrackers should not be regarded as dangerous cargo for the purpose of the proposed revised regulations:—

- (1) For more than fifty years, Chinese firecrackers have been carried from Hong Kong and no untoward incident has occurred attributable to them.
- (2) A distinction is drawn at other ports between fireworks and Chinese firecrackers on account of their smallness in size and the fact that they have no inherent combustible qualities.
- (3) As evidence that firecrackers will not explode as a result of a blow but only in the event of a flame being applied to the actual explosive content, attention was drawn to an experiment carried out a few years ago for the benefit of shippers and others interested in the trade. Firecrackers in cartons were dropped from the second floor of a local building to the street below (representing a depth of a drop from a ship's sling) without injury to or combustion of the contents.
- (4) As regards the possibility of flames igniting the actual explosive content of firecrackers, it was pointed out that this content (approximately 5 per cent. by weight of crude powder) is as isolated as it can possibly be. The firecracker is a package in itself and is made up with other firecrackers into a paper package. This package is then placed with other similar packages into larger packages before being placed in the final outer wooden case or fibre carton. There is therefore no possibility of explosive escaping. Moreover, there have been cases of fires having occurred on ships when firecrackers were among the undamaged cargo, the implication being that they resist fire better than general cargo.

Proposed Restrictions Withdrawn.

A record of the meeting was furnished to the Assistant Crown Solicitor for submission to the Harbour Master and on June 29 the Assistant Crown Solicitor notified that the Harbour Master had agreed to place no restrictions on Chinese firecrackers provided that they complied with the Board of Trade ruling as to packing, namely "packed in a box, barrel, case or cylinder of wood, metal or other solid material, of such strength, construction and character that it will not be broken or accidentally opened, nor become defective or insecure whilst being conveyed, and will not allow any explosive to escape." The Assistant Crown Solicitor also recommended that packages containing firecrackers should be marked in English and Chinese with

the words "firecrackers". Exporters were circulated and expressed the view that such a requirement could be complied with without involving undue hardship or inconvenience. The Assistant Crown Solicitor was so informed.

Representations on Behalf of Oil Companies.

Although the section of the draft regulations affecting the carriage and marking of inflammable liquids and their storage ashore had been agreed by the Dangerous Goods Sub-Committee of the Chamber some years previously, representations were received from the Oil Companies in July that, in their present form, some of the regulations would conflict with present practice and seriously penalise the Oil Companies in many respects.

After discussion between Government representatives and the Oil Companies, amendments were agreed to which, to a large extent, met the wishes of the Oil Companies.

Marking Labels for Inflammable Liquids.

In regard to proposed marking requirements it was submitted on behalf of the Oil Companies that labels pasted on tins would serve no useful purpose. Tins are embossed not only with the Companies' name, which are familiar to all Chinese, but the embossing also indicates the contents of the tin. It was submitted that (apart from the tremendous amount of work in attempting to affix labels—as many as 7,000 tins being made in one day) experience has shown it is a practical impossibility in a climate such as Hong Kong's to provide any type of label which could be depended upon to remain on a tin. It was further submitted that a label with a distinctive colouring (such as red for highly inflammable liquid, green for dangerous petroleum and none for non-dangerous petroleum) and omitting the proposed wording in Chinese and English was preferable, if labels were to be required at all. The liquids are mostly handled by illiterate people who would not be able to read but to whom a colour would mean something. An indication of the flashpoint would, it was pointed out, mean nothing to a coolie.

The Government representatives eventually agreed that, in the case of inflammable liquids in tins, it would be sufficient if a triangular red label was affixed having sides not less than one inch in length. Such substitution would be at the option of the oil companies and would not dispose of the requirement for labels in accordance with the regulations to be affixed to containers other than tins.

Carriage of Low-Flash Liquids.

The effect of the proposed draft regulations on shipping was also the subject of consideration by the Shipping Sub-Committee of the Chamber. On July 25, the Committee discussed with the Harbour Master his proposal that low-flash inflammable liquids in cases should be prohibited from being carried in any hold adjacent to a boiler room or coal bunker. On behalf of the Committee it was submitted that such a regulation would exclude ships with only two holds (one forward and one abaft the machinery space) from carrying any such cargo in their forward hold. The Harbour Master intimated that an additional bulkhead and cofferdam dividing the hold from the boiler room bulkhead would meet the requirements of the proposed new Hong Kong regulation. On behalf of the Committee it was stated that there was no regular trade in this class of cargo and it would be impracticable for the ordinary type of coaster handling the business to be fitted with a cofferdam. The need of uniformity of practice with other ports was mentioned and the Chamber undertook to make enquiries as to procedure elsewhere and to pass to the Harbour Master any information received.

Effect on Passenger Ships.

At the same meeting the Committee discussed with the Harbour Master his proposal to delete from the regulations a provision which had been agreed in previous discussions. The effect of this provision was to exempt passenger ships with special holds or magazines from the requirement that passenger ships carrying to Hong Kong dangerous goods in excess of quantities stated in the Table to the particular regulation shall not be permitted to clear from Hong Kong with any additional passengers or dangerous goods unless the quantities of dangerous goods in excess of the stated limits (taking into consideration the additional quantity which may be taken on board) is unloaded here. It was submitted that, unless they were exempted, the position would arise that such passenger vessels, having been permitted to carry many times the proposed Hong Kong limits through the Suez Canal and allowed to call at ports en route would be called upon to discharge such excess before they could clear from Hong Kong with any more passengers.

The Harbour Master agreed to amend the proposed regulations by the provision of two tables of limits for passenger ships, the first to apply to ships fitted with special holds or magazines for the storage

of dangerous goods, and to be more liberal than the second table of limits which would apply to passenger ships not so fitted.

It was at first proposed to take as a basis for the first table, the limits permitted to be carried through the Suez Canal and the Assistant Crown Solicitor undertook to draft a list accordingly. The Chamber was afterwards notified, however, that there are numerous classes of cargo provided for in the proposed Hong Kong regulations which are not dealt with in the Suez Canal rules and that for this reason they could not be taken as a basis; moreover that the quantity of explosives permitted to be carried through the Suez Canal is in excess of the limits regarded as safe for passenger vessels. The Harbour Master intimated that, for these reasons, the Board of Trade was being consulted with a view to the preparation of a table of limits for passenger ships fitted with special holds or magazines.

New York Underwriters' Rules.

In a letter to the Harbour Master dated August 10, the Chamber passed the result of enquiries as to practice elsewhere in regard to the carriage of inflammable liquids in holds adjacent to a boiler room or coal bunker. The Chamber's letter intimated that, during 1938, nine vessels had brought into Hong Kong from the United States of America a total of 290,500 drums of gasoline, loaded in all holds, the stowage being certified as in accordance with the rules of the Board of Underwriters of New York. These rules evidently did not exclude the carriage in holds adjacent to the boiler room or coal bunkers, nor did they call for a cofferdam. Agents for the importing vessels had informed the Chamber that the cargo was stowed away from the engine room bulkhead and held in place by temporary wooden bulkheads. The Chamber's letter also referred to the Board of Trade ruling that low-flash liquids should be stowed well away from naked lights, fires and sources of heat and submitted that this ruling would be fully met if it is provided that a certain minimum number of frame spaces shall be left between the bulkhead concerned and the cargo itself.

Regulations Agreed And Enacted.

Early in 1940 the Chamber was informed that, as a temporary measure, the wording originally suggested by the Harbour Master had been withdrawn and an alternative clause inserted on the lines of the Board of Trade recommendation that low flash inflammable liquids in

cases shall be stored well away from naked lights, fires and other sources of heat.

It was also intimated that the Harbour Master, until adequate information was available from the Board of Trade, had agreed to the re-introduction of the provision affecting passenger ships fitted with special holds or magazines, the purport of which is summarized above under the heading "Effect on Passenger Ships."

As these proposals were in accordance with the Chamber's representations and appeared to dispose of the remaining points at issue, agreement was indicated with the proposal to make the Regulations effective. A notification in the *Gazette* of March 1, 1940, intimated that the regulations had come into force on February 22.

Representations were later made by the Chamber that the wording of certain of the Regulations was not in accordance with assurances previously given to the Chamber and would seriously interfere with (1) an important trade from Hong Kong to Chinese coast ports in benzine in tins; (2) the carriage of firecrackers from Hong Kong. The Chamber's representations are under consideration by the Government.

COMMERCIAL REFRIGERATING PLANT: PROPOSED REGULATIONS.

A proposal to bring commercial refrigerating plants in the Colony under Government control was referred to the Chamber by Government in a letter dated May 5, 1939. Reference was made by Government to a fatal accident at cold storage premises in the Colony the previous year, the cause of which was stated to have been the bursting of a condenser filled with ammonia gas. It was further intimated that no literature was available in Hong Kong which might serve as a model for draft regulations, and the Secretary of State, to whom the matter had been referred, had replied that there appeared to be no legislation either in Great Britain or in the Colonies dealing solely with refrigerating and cold storage plants. The Government asked if the Chamber of Commerce was aware of any firms or persons in the Colony qualified to undertake the supervision and inspection of these plants or able to advise as to a more effective system of Government control.

Views of Local Concerns.

The principal local cold storage company and firms supplying refrigerating plant were consulted and expressed the view that experts attached to their staffs could hardly be expected to supervise plants operated or installed by competitors, even if it were possible, in the time at their disposal, for them to do so. The view was also expressed that Government control of all commercial refrigerating plants was unnecessary although it was agreed that there was a considerable element of danger in the operation of refrigerating plants by unqualified and inexperienced persons. As an alternative to extensive government regulations, it was suggested that well-known makes of imported refrigerating plant and parts of plant should be exempt from regulation as "approved" plant and that only locally manufactured plant or parts of plant should be regulated and certain simple but necessary safety precautions insisted upon. A further suggestion was that certificates of competency should be called for from those in charge of refrigerating machinery.

On the above views being submitted to the Technical Subcommittee of the Chamber, however, the view was expressed that detailed regulations were desirable and that inspection should be

carried out by private surveyors in the same way as inspection of ships' refrigerating machinery is carried out here on behalf of Lloyd's and similar Classification Societies. As a basis for the proposed regulations governing commercial refrigerating machinery on shore, Lloyd's rules for frozen meat stores were recommended. It was also recommended that the regulations should only apply to refrigerating plants using ammonia and Co2 as a refrigerant, as there are certain refrigerating gases used in some installations which are non-dangerous both from the point of view of possible explosion and possible inhalation in the event of gas escaping.

Recommendations Passed to Government.

A memorandum detailing the result of enquiries made on behalf of the Chamber was forwarded to Government under cover of a letter dated July 7, together with a copy of Lloyd's Rules relating to inspection of frozen meat stores. In the covering letter, the General Committee's view was expressed that legislation was unnecessary other than a requirement that all in charge of refrigerating plants should possess certificates of competency. It was also intimated that, if Government considered it desirable to go further into the question, the Technical Committee of the Chamber was prepared to discuss the matter with Government representatives.

PROPOSED BOILER REGULATIONS.

During the summer of 1939, the Technical (Shipping) Committee of the Chamber, in consultation with representatives of Companies principally affected, gave protracted consideration to proposed regulations under the Boilers Ordinance received from Government. Previous correspondence on this subject is summarized in the Chamber's Annual Reports for 1935 (page 42), 1925 (page 47) and 1910 (page 30).

In considering the regulations, it was also necessary to refer to the Boilers Ordinance, 1909, as re-arranged, amplified and re-enacted for inclusion in the Schedule to the Law Revision Ordinance, 1939.

Steam Pipes Provisions.

In conveying the views of the Chamber to Government under letter dated November 9, 1939, attention was drawn to Section 2(b) of the Ordinance which provides that "any pipe through which steam passes directly from a boiler to a prime mover or other first user" is included within the definition of a boiler, if the boiler is installed in the Colony. Reference was also made to Part VI of the proposed regulations which sets forth the procedure for inspecting steam pipes. It was submitted that the application of the tests prescribed therein is impracticable, because boilers and steam pipes are so inter-connected that a test from the boiler to the prime mover would involve pressure testing the whole of the steam pipes and a complete stoppage of the plant. Exemption from this provision was asked for on behalf of:—

The Hong Kong Electric Co., Ltd.
 The China Light & Power Co., Ltd.
 The Taikoo Sugar Refining Co., Ltd.
 The Asiatic Petroleum Co. (South China) Ltd.
 The Standard-Vacuum Oil Co.
 The Dairy Farm, Ice & Cold Storage Co., Ltd.
 The Hong Kong & Whampoa Dock Co., Ltd.

The Chamber's letter continued as follows:—

"In asking for exemption from this provision, these Companies submit that, whilst tests of steam pipes on ships might be desirable on account of vibration and are so provided for in 'Instructions as to the Survey of Passenger Ships', they are totally unnecessary in the

case of power stations and generating stations. The Chamber is informed that there are no regulations in the United Kingdom requiring the testing of steam pipes in power stations; moreover that the pipes supplied to the power companies are tested by the makers and proof marked; they are then treated with two different grades of magnesium lagging and covered with canvas which has been rendered impervious to weather, the whole being covered with paint. It is claimed that such pipes would last as long as the plant itself and need never be taken down until they are no longer required. It is also submitted that, whilst it is possible to isolate sections of the piping in the event of wet patches being reported, it is totally impossible to carry out hydraulic tests. In this connection, the Government's attention is drawn to the fact that the British Standard Specification 806 Clause 101 states 'it is inadvisable to submit a complete steam pipe installation to any hydraulic test.' British Standard Specification 10 of 1939, Part 3, also states that 'it is inadvisable to submit the permanent joints of steam pipe installations to any hydraulic test.'

"The Asiatic Petroleum Co., (South China) Ltd., ask for exemption from the steam pipe provisions because the power given to the inspector to remove lagging from steam pipelines would, if exercised, cause serious inconvenience on account of the very long lengths of pipeline which they have at their installation. Although they do not follow quite the same method of protection for steam pipelines as that detailed in the preceding paragraph, the Asiatic Petroleum Company submit that such steam pipelines are suitably lagged and protected for the conditions under which they are situated. On the same grounds, exemption is asked for on behalf of other Companies.

Definition of Inspectors.

"Section 2(e) of the Ordinance defines the 'inspecting authority'. As the British Classification Societies will be able to give certificates in respect of new boilers manufactured either in Britain, the Continent of Europe or the United States of America, it is assumed that it is the intention of the Government to recognize them for this purpose.

"Section 2(f) defines the 'inspector'. It is understood that it is not the intention of Government to appoint Government inspectors for this purpose but to recognise private persons holding adequate qualifications. It is suggested that holders of the Board of Trade chief engineer's certificate (or equivalent qualification) should be recognised as 'inspectors.'

Exemption for Two Companies Asked For.

"Section 5 (14) of the Ordinance empowers the Governor in Council to exempt boilers or persons from the operation of the Ordinance or any part thereof. The two Power Companies and the Taikoo Sugar Refining Co., Ltd., have represented that it would be impracticable to apply some of the proposed regulations to their power and generating stations and that a more practicable alternative to drawing up separate regulations would be to apply this section and exempt them entirely from the proposed legislation on the grounds that they are operated under qualified supervision and are already inspected at appropriate intervals.

"Adoption of the recommendation in the foregoing paragraph of this letter would render unnecessary an amendment which the Power Companies and the Taikoo Sugar Refining Co., have submitted they would otherwise be obliged to ask for in regard to the provision of Section 8 of the Ordinance requiring annual inspection of boilers. They state that annual inspection would be impracticable and unnecessary in the case of boilers which are only steamed a limited number of hours a year, and that inspection every 6,000 steaming hours should be an acceptable alternative in their case, where there is expert resident supervision and careful records are kept.

Water Tube Boilers.

"It is also submitted that the proposed Regulation 155 is impracticable of application to water tube boilers in that it would involve the removal of brickwork and fire grates. An amended definition is suggested which it is considered would satisfactorily cover the following types of boilers:—

- Vertical wet tube boilers.
- Cylindrical multi-tubular Scotch boilers.
- Cornish or Lancashire boilers.
- Water-tube boilers.
- Vertical multi-tubular boilers.

The amended definition suggested is as follows:—

'155. Preparation for Inspection—(a) At every examination of a boiler for the grant of a Certificate of Fitness, the boiler shall be empty and thoroughly clean in all its parts. In the case of all except water-tube boilers, fire bars, bearers, front plates, bridge plates, fire bridges, and brick arches, manhole, handhole and

sighthole doors, cleaning plugs, etc., shall be removed. In the case of water-tube boilers, manhole, handhole and sighthole doors, all caps in headers, mud drums, etc., shall be removed. In regard to all types of boilers, all valves and cocks comprising the boiler mountings shall be opened up and taken apart, and the valves or cocks ground, when necessary, before the Inspector's visit.'

"The following minor amendments are suggested to Regulation 4(d) (ii) on page 2 and Regulation 130 (page 45) :—

Regulation 4: The words 'the necessary working drawings' to be substituted for 'a drawing' at the beginning of the sentence.

Regulation 130: The words 'unless there is an additional shut-off cock' to be inserted in the fourth line after the word 'boiler'.

"A further suggestion received and endorsed by the Technical Committee of the Chamber is that it would be an advantage, in case there are differences in points of detail, to provide that, in the carrying out of boiler inspections, the recognised 'inspector' may work to the locally proposed regulations or to the regulations of recognised British Classification Societies or British Boiler Insurance Companies.

Boiler Failures.

"It has also been submitted that Government could, with advantage, introduce into the Regulations the provisions of the Boilers Explosions Acts of 1882 and 1890 relating to Boiler failures. It is suggested that any boiler failure in the Colony, irrespective of loss of human life, should form the subject of an enquiry by technical experts. The constitution of such a 'panel' of experts would, it is suggested, consist of those nominated as 'inspectors' under the Regulations and members of the Government Marine Surveyors Department who have qualifications in the engineering branch.

"In conclusion, the Chamber desires to suggest that the regulations should come into force on the 1st day of July, 1940, and that a year should be allowed from that date for compliance with the regulations. Otherwise owners of boilers would be liable to penalties before the Inspecting Officers had had time to inspect. In this connection, it is assumed that boilers which have not been steamed for considerable periods will be regarded as 'dead machinery' until required for use again."

GOVERNMENT STORES: PURCHASE THROUGH CROWN AGENTS.

At the request of the General Committee, Mr. D. G. M. Bernard, the Chamber's delegate to the Congress of Federations of Chambers of Commerce of the British Empire, held at the Guildhall, London, in July, 1939 supported a resolution requesting His Majesty's Government to permit Colonial Governments to purchase more of their requirements from local merchants than is permissible under present regulations requiring the bulk of such purchases to be made through the Crown Agents for the Colonies.

Reference to previous representations on this subject on behalf of Hong Kong and other Colonies is contained in the Chamber's Annual Reports for 1930 (page 33), 1921 (Appendix "P") and 1920 (Appendix "T"). It will be noted from these records that in 1920 a joint memorial was addressed to the Secretary of State for the Colonies by the Hong Kong, Singapore, Federated Malay States and Ceylon Chambers of Commerce requesting that effect be given to the recommendation of a Committee of Enquiry that "when in a Colony firms exist able to produce articles required, or to carry out works needed by the Colonial Government, and arrangements can be made for adequate local inspection, such firms should be given opportunities of tendering on the same conditions as firms in Great Britain". On this occasion, and on subsequent occasions when representations were made, the reply was received that no change could be contemplated in the existing arrangements.

In supporting the resolution before the Congress of Chambers of Commerce of the British Empire, Mr. Bernard said that, with regard to the petition which was sent to the Secretary of State for the Colonies, in his reply in which he turned it down he had said he was satisfied that the existing system was in the best interests of the Government, but he did not say which Government; he did not say whether he referred to the Imperial Government or the Colonial Governments. It was difficult to see what actuated him in turning down the petition. It was unquestionably reasonable that local firms who had had the initiative and enterprise to build up local organizations should be given

the opportunity to tender for Government requirements. Those firms had an excuse for feeling aggrieved if the Colonial Governments passed them by because they were compelled by the Regulations to pass all their orders through the Crown Agents. If it could be shown that there was any advantage to them in doing so it might perhaps be said that it was reasonable to do it, but it had not been shown at any time that the Colonies derived any benefit from the system.

During the past few days a good deal had been said about export trade, and it was one of the matters in which the United Kingdom was particularly interested. Hong Kong as a Colony was very small, but it served a large area surrounding it. It was only reasonable to expect that the merchant would regulate his organization according to the likelihood of orders coming his way. If he saw there was no prospect of getting Government orders and could only cater for orders from others, his organization would no doubt be less efficient and less strong than if he was going to cater for Government orders as well as others. The stronger the organization of the merchants and representatives of manufacturers in the Colonies the better equipped they would be to compete with competition from abroad. There was very keen competition from Germany and other countries, and if the organizations in Hong Kong were better and stronger there was more likelihood of their being able to give good service to manufacturers in the United Kingdom.

Resolution Carried Unanimously.

The following resolution was unanimously carried by the delegates to the Congress:

Whereas there exists among the trading communities of the Colonies and Protectorates a strong sense of grievance as a result of the strict enforcement of Colonial Office Regulation No. 337, requiring the purchase of Colonial Government Stores, except in certain circumstances, through the Crown Agents for the Colonies; and

Whereas, although it is the practice for the Colonial Governments to call for local tenders annually for certain stores which the merchants to whom the contracts are awarded are expected to keep in stock, the Colonial Governments purchase the bulk of their requirements through the Crown Agents and in many cases only call for supplies from the contractors in cases of emergency; and

Whereas the trading communities of the Colonies and Protectorates contend that through long experience they have acquired a special knowledge of Government requirements; that they are in a position to supply stores just as cheaply as the Crown Agents; that as taxpayers they should be entitled to the benefit of purchases by Government; and that they suffer a hardship as a result of the purchase through the Crown Agents of stores they are expected to stock under their contracts;

Be it resolved: That this Congress submits to His Majesty's Government the desirability of refraining from pressing the enforcement of Colonial Office Regulation No. 337 in those Colonies and Protectorates where development permits the purchasing of stores to a larger extent than formerly from the local merchants.

In introducing the Budget in the Legislative Council on October 12, His Excellency the Governor announced that it was proposed to introduce income tax in Hong Kong for the purpose of financing additional expenditure on local defence measures and making a gift in cash or kind to His Majesty's Government for the prosecution of the War.

Approval was expressed amongst all sections of the community of the proposal to make a contribution from Hong Kong towards the cost of the war, but the introduction of an income tax as a means of doing so was almost unanimously objected to. Opposition was unanimous by the Committees of the Hong Kong General Chamber of Commerce and the Chinese Chamber of Commerce, also by the Unofficial Members of the Legislative Council and by practically all of numerous correspondents who wrote to the Press. The principal argument advanced was that income tax would drive away capital and discourage industry and that, because of local conditions which would permit of avoidance or evasion, it would be difficult to collect equitably. Many alternative methods of raising the money were suggested by public bodies and by individuals.

The sequence of events was as follows:—

Taxation Committee's Report.

On April 5, 1939, the report was presented of a Committee appointed by the Governor "to consider and report what methods of taxation could best be adopted in the Colony, should it be necessary to raise additional revenue, having regard to the Colony's general economic position and the importance of distributing any additional burden in the most equitable manner in relation to the incidence of existing taxation."

The Committee reported, in part, as follows:—

"Our conclusion is that the advantages of an efficiently administered income tax over other forms are overwhelming from the point of view of equity, and that, if it be considered that the tax is capable of successful administration in the Colony, it should be imposed as soon as additional revenue on a substantial scale becomes a necessity. In view, however, of the undoubted force

of many arguments opposing the introduction of the tax locally, we must qualify our recommendation in five ways:—

- (a) We must not be taken as expressing the opinion that such substantial extra revenue is actually necessary; in so far as more revenue is needed owing to the growth of the Colony that very growth is likely automatically to increase the revenue, while it is outside our province to consider how far it may be needed to finance new or improved services.
- (b) The possibility of the successful working of the tax should first be the subject of a detailed investigation with the assistance of an expert, preferably familiar with the collection of the tax in an Eastern country.
- (c) The imposition of the tax involves a new departure in fiscal policy. We assume that it would not be passed through Council by the use of the official majority and that unofficial members of Council will expect to receive, before agreeing to the imposition, some indication of the heads of expenditure to which its yield will be applied.
- (d) We feel that it would be unwise to impose a tax of this nature until a substantial body of opinion in the Colony believes that the tax can be levied fairly and efficiently.
- (e) The imposition of income tax should to some extent be compensated for by the remission of other forms of taxation."

Details by the Financial Secretary.

Following the announcement by the Governor on October 12, that it was proposed to introduce income tax in Hong Kong, the Financial Secretary, the Hon. Mr. S. Caine, said that the balance of receipts from the proposed income tax, after meeting cost of collection and special local expenditure arising out of the War in Europe, would be made available as a special war contribution to His Majesty's Government to be spent as they thought fit, locally or at Home. This would be entirely additional to the ordinary Defence Contribution of \$6 millions per annum which would continue to be a charge on the ordinary budget.

The Financial Secretary intimated that a standard rate of income tax of ten per cent was proposed, with a possible surtax on very high incomes. The Taxation Committee had estimated the yield of a ten

per cent income tax at \$10 millions per annum. It was not possible to give a reliable estimate of costs of administration but, in the Financial Secretary's opinion, they were likely to be only a small percentage. The local defence and war measures were not likely to aggregate more than \$2 millions per annum and the balance payable to His Majesty's Government should be of the order of \$7 millions or \$8 millions. These figures were, however, very approximate. No statistics whatever of total incomes in the Colony were available.

Continuing, the Financial Secretary stated that the standard rate of ten per cent would be charged on all company profits, payments of interest, etc., and on all income in respect of which the recipient made no claim to personal and family allowances. A recipient making such a claim would pay ten per cent only on the balance of his income after deducting his allowances and after paying five per cent on the first part of his taxable income. Under the allowances the Government had in mind, the exemption limit would be \$1,800 per annum for unearned income and \$2,000 for earned income. A married man with two children would be exempt up to \$5,280 per annum and would only pay the full rate of ten per cent on income in excess of \$8,600 per annum.

Chamber of Commerce Committee Views.

At a meeting held on October 23, the General Committee of the Chamber expressed itself unanimously in favour of revenue being raised for the purpose of making a War contribution to the Imperial Government. The Committee was, however, unanimously opposed to the proposal to raise the revenue by means of income tax. The view was expressed that direct taxation of this nature would be most harmful to the Colony as tending to drive away investments and discouraging the establishment of industries here. To its freedom from the burden of heavy taxation was ascribed the survival by Hong Kong of many crises. The amount the Government proposed to raise was considered to be far too high and the view was expressed that it would react most detrimentally to the welfare of the Colony if such a large sum was taken out of it. The failure of the attempt to collect income tax in the Straits Settlements was mentioned and it was regarded as significant that no attempt had been made there to re-introduce it as a war-time measure. The view was expressed that income tax was a far more dangerous expedient in a Colony which depended principally on its entrepot trade and financial facilities, as compared with producing Colonies such as the Straits Settlements and Federated Malay States.

The Committee expressed the view that Hong Kong's war contribution might be raised by the following methods:—

- | | |
|--|--|
| (1) Institution of a special war surtax of 10 per cent on the assessed rateable value of property | estimated to produce \$4,200,000 |
| (2) Collection of 5 per cent on dividends from investments in Public Limited Companies registered in Hong Kong | estimated to produce \$1,400,000 |
| (3) A tax on electric light and power consumed (? 1 cent per unit on light and 10 per cent on power) | estimated to produce (minimum) \$600,000 |
| Total | <u>\$6,200,000</u> |

Debate in Legislative Council.

The Government's proposals were debated in the Legislative Council on November 9 and November 16. The principal objection voiced by Unofficial Members of the Council was that income tax is unsuited to the peculiar conditions of Hong Kong which has built up its importance as a trading and financial centre on the principle of freedom from Government restrictions upon the individual trader and his financial operations. The confidence thus created, it was claimed, is essential to the prosperity of the Colony and there is real danger that a method of taxation ill-adapted to the special position of Hong Kong will destroy that confidence and seriously damage a delicate financial structure.

It was further stated that methods of Chinese accounting would present insuperable difficulties and that a serious factor would be interference with the traditional privacy of a Chinese business man's affairs. It was stated that the objection was not so much to the disclosure of business secrets, or of sources of supply or names of customers, as to the breaking down of a traditional element in Chinese business procedure which had been regarded for centuries as a fundamental form of security.

Alternative taxes suggested by Unofficial Members as a means of raising revenue for a contribution to H.M. Government were:

The institution of a special War surtax on the assessed rateable value of property.

The collection of a percentage on dividends from investments in Public Limited Companies in Hong Kong.

A percentage on every electric light and power bill.

A percentage on every gas bill.

A percentage on every telephone bill.

The raising of the annual licence fee charged for wireless sets.

Reply by Financial Secretary.

Replying for the Government, the Hon. Mr. S. Caine said that, as regards the argument that investors would be frightened away, the tax proposed by Government was to be on income, not on invested capital as such or on the conduct of business as such. If business was bad and no profits were made, no tax would be paid. The same could not be said of any alternative tax, which would have to be borne whether or not a business was successful. As regards alleged interference with entrepot trade, the Financial Secretary stated he could not see how that trade would be damaged by a tax which imposed no hindrance whatever to the free inflow and outflow of goods, but merely asked the trader to account in due course for the profits of those transactions.

With regard to objections on the grounds of evasion, the Financial Secretary submitted that the methods of evasion which had been suggested were not different from the ordinary stock-in-trade of the tax-dodger all over the world. In the United Kingdom, a very great variety of methods of evasion had been tried and a great many ways of detecting them had been developed.

The Financial Secretary intimated that it was proposed to exempt from taxation Bank interest payable to non-residents, also to make some concession to newly-established industries. As regards alternative methods of raising money he submitted that no method had been suggested which was as equitable in its incidence as income tax. Most of the alternatives suggested would fall most heavily on the poorer classes of the population.

As regards reports that capital was already being driven from the Colony, the returns of exchange transactions received by Government did not indicate any substantial flight. Moreover, if numbers of people were selling Hong Kong dollars one would expect the rate to go down, whereas in actual fact the effective market rate had been for many weeks at just about the highest point at which the banks can fix it

within the limits permitted by the stabilisation arrangements. Similarly, what little movement there had been in share prices had been upward, not downward.

Assurance by Governor.

In the course of the Budget Debate on November 9, the Governor intimated that the official majority on the Legislative Council would not be used to extract a gift for the Imperial Government.

With regard to the use to which it was proposed to put the proceeds of revenue raised for the Imperial Government, the Governor intimated that Hong Kong's contribution to His Majesty's Government would not necessarily take the form of a monetary gift sent from here to London. What he had in mind was the construction at our expense and in our yards of vessels for the Royal Navy, such as mine sweepers, one or two of which would make a very valuable addition to our defences here and others, no doubt, could usefully be employed elsewhere. Alternatively, Hong Kong's contribution might be to the Royal Air Force.

The Governor also intimated that if eventually it was agreed that an income tax for war purposes should be introduced, he would have no objection to the inclusion of a clause which would effect an automatic repeal of the measure at some stated time, for example, at the end of the financial year next after the conclusion of peace. He continued, however, as follows:

"In order that I should be completely frank on this subject, I admit my belief that the principal contribution to the peace-time—I repeat, peace-time—revenue of this Colony should come from income tax. . . . More than one Unofficial Member has reminded me . . . of the short-comings of this administration . . . in facilities for sick, poor, housing, town-planning . . . I hope the day may come when I shall preside over a meeting of this Council with a Bill before it for the imposition, or re-imposition, of income tax as a peace-time measure in order that we may tackle in earnest these social problems."

Committee's Terms of Reference Widened.

In conclusion, the Governor said that he was prepared to widen the terms of reference of the Committee which had been appointed to assist in the formulation of the details of the proposed income tax legislation. He was only prepared to do so, however, on the clear understanding that the Committee would first make a sincere effort to discharge the duty which it accepted on appointment, that is to

say, to enquire whether an income tax measure suitable to the present moment's needs could be devised.

On November 2, the following revised terms of reference of the Committee were announced:

To examine the draft Income Tax Bill and advise on the detailed provisions which would be desirable in such a measure if it were adopted, having regard to the special circumstances of the Colony.

To advise whether the best method of raising additional revenue for war purposes would be such an income tax or, alternatively, any other measure or measures of taxation of which the incidence would be on substantially the same classes of the community as an income tax and which could not be passed on to the poorer classes.

Committees Report.

The Committee above referred to reported on February 14 and recommended that the following taxes be imposed for the duration of the war:—

(1) A Corporation Profits Tax of 10 per cent on profits made in the Colony of companies registered in Hong Kong whether incorporated here or elsewhere. Exemption for corporations the whole of whose profits are liable to United Kingdom Income Tax and for corporations which are allowed to dispense with the word "Limited", e.g. clubs, Chamber of Commerce, etc.

(2) A Business Profits Tax on profits made in the Colony of other businesses and professions, the tax being levied on the business and not on individual partners, without any enquiry as to the ownership of the business and division of the profits and without any deduction for personal and family allowances. It was recommended that profits up to \$10,000 per annum be exempt; that 5 per cent be levied on excess over \$10,000 up to \$100,000, and that 10 per cent be levied on excess over \$100,000.

(3) A Salaries Tax on nearly all salaries and pensions derived from employment in the Colony (other than salaries liable to United Kingdom Income Tax). The rate proposed was 4 per cent on the first \$5,000 of taxable income after deduction of personal and family allowances; thereafter a 10 per cent rate to apply.

(4) A Property Tax of 5 per cent on the net annual value of all land and buildings in the Colony.

A Bill to implement these recommendations is at present under consideration by the Legislative Council.

The provisions of the Bill have received consideration by the Legal Sub-Committee of the Chamber which has made recommendations for amendments on points of detail. These have been passed to the Standing Law Committee to which the Bill was referred by Government.

SEVENTY-FIVE YEAR CROWN LEASES.

Prolonged consideration was given during 1939 to the question of renewal terms of seventy-five year Crown leases, of which there are approximately 1,400 in the Colony. As mentioned in the last Annual Report (page 21) a Special Committee was appointed to consider the subject. Their report, printed in extenso herein, explains the position in detail and makes it unnecessary to give a full account of their discussions.

The General Committee unanimously adopted the Report and, in forwarding it to the Government on January 18, 1940, commended it to the very serious consideration of the Secretary of State for the Colonies. It appeared to be beyond doubt that official pronouncements in the past had given leaseholders the strongest possible foundation for their long-established understanding that the 75 year leases would be renewed on expiry, subject to payment of a re-assessed Crown rent for the second period. The Committee therefore requested that the Report be forwarded to the Secretary of State, and trusted that its conclusions would be accepted.

A special expression of the Chamber's indebtedness to the Special Committee and to the Secretary of the Chamber for the arduous work done in the consideration of the subject and the preparation of the Report has been entered in the minutes of the General Committee.

REPORT OF THE SPECIAL COMMITTEE ON CROWN LEASES.

The Report of the Special Committee (dated January 12, 1940) was signed by: The Hon. Mr. Stanley H. Dodwell (Chairman), Messrs. Dodwell & Co., Ltd.; Sir Vandeleur Grayburn, Chief Manager, Hong Kong & Shanghai Banking Corporation; Mr. C. C. Roberts, Messrs. Butterfield & Swire; Mr. David F. Landale, Messrs. Jardine, Matheson & Co., Ltd.; Mr. A. S. Mackichan, Messrs. Leigh & Orange, architects; Mr. H. J. Armstrong, Messrs. Deacons, solicitors; Mr. D. H. Blake, Messrs. Wilkinson & Grist, solicitors; Mr. M. M. Watson, Messrs. Johnson, Stokes & Master, solicitors; and Mr. M. F. Key, O.B.E. (Secretary). The text of the Report was as follows:—

We have now completed consideration of this question and submit our report as follows:—

1. Our appointment dates from the 25th August, 1938, when the Hon. Mr. S. H. Dodwell and the Hon. Mr. J. J. Paterson informed the General Committee of the Chamber that the Government had asked them to obtain an expression of the Chamber's views as to renewal terms of the 75 year leases. It is understood that the Government proposes to submit the whole question to the Secretary of State for the Colonies and to ask for a ruling as to the policy to be pursued.

2. We suggest that, if our report is adopted by the General Committee, the Government be asked to forward a copy to the Secretary of State. It is our desire to present—with as little bias as possible—the point of view of leaseholders in this matter.

3. To the Colonial Office it may appear at first sight that the issue is a simple one, to be settled by the answers to two questions: First, "What are the terms of the lease?" and, second, "What is the customary method of obtaining a renewal?"

4. The answer to the first question is that the land is granted under a covenant to erect and maintain a building of not less than a stipulated value and the lessee pays a cash sum and an annual ground rent. At the end of the lease the land and the buildings revert to the Crown.

5. The answer to the second question is that it is to be assumed—unless the land in particular cases is required for a public purpose—the Crown has no desire to turn a large number of ratepayers out of house and home and will be ready to grant a renewal of the lease, on terms. How these terms are usually calculated is set forth in Chapter VIII of Curtis's "The Valuation of Land and Houses" (Sixth Edition, 1924), where it is stated:

"It is obvious that a lessee desirous of extending his lease of premises which have an improved value beyond the rent reserved, has to compensate the lessor for such extension and the method adopted is by the payment of a cash sum, called premium, on the grant of the new lease, or by payment of an increased rent, or partly by one and partly by the other. In a calculation of this kind it is important to remember that the lessee must be allowed the benefit of the improved value for the unexpired term of the existing lease. The rule may be stated as under:—

Rule. To find what sum ought to be given for renewing any number of years lapsed or expired in a lease (or for the grant of a new lease of any length), deduct the value of the unexpired part of such lease from the value of the whole term of the lease to be granted. In other words, the person concerned estimates the difference between the interest he now possesses and that which is proposed."

6. This, we are assured by the Government Valuer, is the method of arriving at renewal terms which is approved by the Chartered Surveyors' Institution and, if the circumstances were normal, there would be nothing more to be said.

7. But we maintain that the circumstances are far from normal and that the holders of 75 year leases have a moral right to special consideration. To make good that contention we shall have to enter at some length into an historical survey.

8. In the early days of the Colony, leases were granted for 75 years, but in Despatch No. 76b of 4th December, 1848, Earl Grey "authorised the Governor to take the necessary measures for granting these leases in virtual perpetuity for the term of 999 years." (Report of the Land Commission, 1886-87). Thereupon, a Government Notification of 3rd March, 1849, announced that "under Instructions from Her Majesty's Principal Secretary of State for the Colonies, all Crown Leases heretofore granted for a term of 75 years may be extended for a further term of 924 years" and all tenants of the Crown who might be desirous of availing themselves of the above concession were informed that they would, on application at the Surveyor General's Office, receive the directions necessary to enable them to obtain a prolongation of their respective leases. What they obtained was a free extension to 999 years.

9. In a Despatch of 2nd January, 1851, Earl Grey made the significant statement that, "as regarded the system of selling Crown lands to the highest bidder of an annual rent, he was decidedly of opinion that, in future, biddings for Crown lands should not be in the form of an advance of rent, but that any such property should be offered for lease at a moderate rent to be determined by the Crown Surveyor and that the competition should be in the amount to be paid down as a premium for the lease at the rent so reserved." (Land Commission Report).

10. In the eighties of last century the issue of 999 year leases ceased (except in special cases) and at that time, or some years before, 75 year leases without option of renewal were re-introduced. It is these leases which form the subject of the present discussion. Their issue continued until 1898 when the standard period became 75 years, renewable for another 75 years, without payment of premium, at a Crown rent for the second period to be fairly and impartially fixed by the Director of Public Works as the fair and reasonable rental value of the ground at the date of such renewal. The new lease then to be issued (for the second term of 75 years) is to contain no proviso for further renewal: (that is, if the policy decided upon in 1898 still holds good forty years from now).

11. These 75 plus 75 year leases have been issued from 1898 until the present day and have become the standard lease of the Colony. There are exceptions, notably agricultural leases, and leases in the New Territories which are limited by the length of the 99 years lease granted by China to Great Britain.

12. It is particularly to be noted that when leases for 75 plus 75 years succeeded the leases for 75 years only, the Government demanded approximately the same upset price for lands that were put up for public auction for leases of 75 plus 75 years as had formerly been asked for leases of 75 years. In other words, the Government gave the lessees immediately succeeding the 75 year lessees a much better bargain at the same price.

13. It is therefore surprising that, as far as we have been able to trace, there was no public agitation at the time, by the 75 year leaseholders, for a concession to them whereby their leases would have been placed on all-fours with the new type of lease. They would have been able to quote in support of the request the much more extensive concession granted in 1849 when 75 year leases were extended by 924 years.

14. The explanation of this shortsighted neglect of their own interests is probably that the lessees of that time were holders of comparatively new leases—most of them only 20 years old or less—and they realised that the question of renewal would not arise in the lifetime of most of them.

15. There seems little doubt, also, that the text of a Secretary of State's Despatch No. 132 of 23rd May, 1898, became generally known. As set forth in Mr. Philip Jacks's "Digest" this reads:—

"(ix) In future, leases of Crown land should be for periods not exceeding 75 years or at the outside 99 years with suitable provisions to meet the objections raised by the Land Commission of 1886/87, viz., that the Crown should not at the expiration of leases confiscate the whole value of the tenants' improvements.

"(x) No further leases for 999 years should be granted, at any rate without previous reference to the Secretary of State in each case.

"(xi) In the case of leases for 75 years, it should be definitely laid down that the original lessee or the assignee in possession, on the expiration of the term should be offered the renewal of the lease for the further term of 75 years upon such an advance of Crown Rent as is justified by the then value of the land and without fine, and that if the land should be resumed by the Government for any public purpose, compensation for improvements and disturbance should be awarded to the lessee or assignee. Renewal for one term only: not in perpetuity."

16. Paragraph (xi) was undoubtedly taken to mean that lessees of 75 years were promised a renewal for a further term of 75 years upon such an advance of Crown rent as is justified by the then value of the land, and without fine.

17. It has been suggested by Government spokesmen that these words refer to the terms of the 75 plus 75 year leases then about to be introduced but, even if that were so, leaseholders who saw themselves in an unfavourable position in between a specially favoured class of lessee granted a term for 999 years and another class with a term of 150 years, might well have supposed that no Government desired to treat them thus unfairly and that the words quoted were the charter converting their 75 year leases into 75 plus 75's; that the words "In the case of leases for 75 years" applied to all such leases, past, present and future.

18. Furthermore, there evidently was then, and still is, widespread ignorance of the English law of leasehold. Obviously, the great majority of the population—being Chinese—had no familiarity with English systems of land tenure. Mr. A. Shelton Hooper, a Colonial Fellow of the Surveyors' Institution, who was appointed in 1886 by the Secretary of State professional valuer for rating purposes in Hong Kong, lecturing to the Institution in June, 1914, made these pertinent

remarks in the course of a paper on "Land Tenure and Values in Hong Kong":—

"In valuations in Hongkong and districts the value of reversions is ignored, and all property is valued as if it were held in perpetuity; this would appear to be quite unsound in principle, but the fact remains—no purchaser gives anything less for a property here whether the lease has only 50 years to run or the balance of 999 years. This is no doubt caused by the great faith which the Chinese have in the administration of the British Government, whom they believe will renew their leases, at any rate with a small increase of Crown rent, but without the charge of any additional premia."

19. This understanding has been fostered by the Government itself. For example, the method of calculating the rateable value of leasehold properties is defined in the Rating Ordinance, 1901, Section 2 (i) as follows:—

(i) "Rateable value" means the rent at which any tenement might reasonably be expected to let, at the time of the valuation, from year to year, if the tenant undertook to pay all usual tenants' rates and taxes, if the landlord undertook to pay the Crown rent and the costs of repairs and insurance, with any other expenses necessary to maintain the tenement in a state to command that rent. . . . In the case of buildings let to more than one occupier, there may be deducted from the total annual rent of the whole tenement, estimated as aforesaid, a sum not exceeding twenty per cent. of the whole as an allowance for such portions of such buildings as may reasonably be expected to be unlet from time to time during the ensuing year, and the remainder shall be the rateable value.

No allowance is made for amortising the lease, as would have been made if the Government or the leaseholders had any expectation that 75 year leases would only be renewed upon payment of heavy premia. In the same way, the Government Valuers have never mentioned the wasting nature of the investment when valuing leasehold properties for probate purposes. We venture to say that, until this discussion began, land valuers (both Government and civil) gave no thought to the unexpired periods of the leases, provided that such leases contained the well-recognised term of 75 years. In fact, a general understanding grew up that, at the end of the 75 year leases, Crown rents would be increased to the then prevailing rates in the locality but that no other expense would be incurred.

20. Instead, the public now finds that lessees are expected to buy back both house and land; for the official method amounts to that, whether the transaction is entered upon in the last days of the expiring lease or twenty years before that time.

21. Some remarks contained in the Report of the Land Commission 1886-87 are strong confirmation of the view that, because the Government is in the position of land monopolist, the public has never expected that its "pound of flesh" would be insisted upon. The contract has not been regarded as one between two individuals and it was never expected that the landlord (i.e. the Crown) would enforce against the lessee the full rigours of the leasehold system—a system which has been severely criticised by many writers.

22. The members of the Land Commission of 1886-87 included the Chief Justice of the Colony, the Attorney-General and the Surveyor General (the equivalent of the office now entitled Director of Public Works). These gentlemen must have shared between them full knowledge of the leasehold system of land tenure and of the procedure which has normally to be followed at or near the expiry of a lease. Yet, when they considered the 75 year leases they did not write that lessees would eventually be faced with certain liabilities. On the contrary, they assumed that the Government would be the party which would take action to ameliorate the difficulties which would arise. They wrote:

"Before very long it will be necessary that something should be done in reference to the leases for 75 years. The same difficulties will soon arise in dealing with them as arose with the 75 year leases granted in the early days of the Colony, when the lot holders looked forward to the fact that the termination of their leases was within measurable distance; to remedy which the term was extended for a further period of 924 years. The lots become unmarketable, tenants will do nothing towards repairs, or in the improvements or sustenance of their dwellings; if they were habitable towards the expiration of the term that is as much as they would be.

"No-one has bought land on a 75 years lease only, with the idea that the Crown would enforce its right of re-entry at the end of 75 years and turn them out. Nor does it appear why there should be any distinction on one side of the harbour to another; or on lands in the town or in the country. It may be urged that parties should be kept to the strict performance of their engagement with the Crown, and that where land has

risen in value the landlord should be entitled to the unearned increment, at least proportionably with the tenant.

"In modern days it has been strenuously urged that the landlord, even if a private individual, has no right to this unearned increment. In case the Crown insists upon its rights, however, the Crown will, at the expiration of 75 years, take not only the unearned increment, but the whole value of the improvement effected by the tenants.

"The Crown, in dealing with the Crown lands, is not like some private person selfishly seeking to drive a hard bargain at the expense of an individual, but to dispose of its lands in the best interests of the whole community.

"The Crown, as the Commissioners have endeavoured to point out in another part of this Report, has the entire monopoly of all ungranted land, and in the case of the settlers at Kowloon, and on the Hills, purchasers were, and are, compelled either to accept the terms that are offered by the Crown, or to go without the land.

"The Commissioners feel sure that the same reasons which decided Earl Grey to sanction the extension of Town Lots from 75 to 999 years would apply equally to the extension of the Leases of all other Lots from 75 to 999 years."

23. This Report was printed as Sessional Paper No. 35 of 1887 and was presented to the Legislative Council by command of His Excellency the Officer Administering the Government on the 23rd September, 1887, so that to that extent the remarks of the Land Commission had official approval. Had the Government of that day taken the view that the strict letter of leasehold law would, and should, be insisted upon in the fullness of time, it is reasonable to suppose that they would have pointed out to the members of the Land Commission—before their report was printed—that in the paragraphs above quoted they had entirely misconceived the facts of the case and that their warning should have been addressed to the leaseholders instead of to the Government.

24. The Report of the Land Commission 1886-87 however continued to hold the field as an authoritative pronouncement on the subject of the 75 year leases. More than ten years later, the point of view expressed in the Report was quoted and adopted in Despatch No. 132 by Secretary of State Mr. Joseph Chamberlain, dated 23rd May,

1898 (already mentioned). In the first of the three paragraphs set forth above, the Secretary of State says that, in future, leases are to contain "suitable provisions to meet the objections raised by the Land Commission of 1886-87, viz., that the Crown should not at the expiration of leases confiscate the whole value of the tenants' improvements."

25. We place the utmost stress upon these words for they amount to a complete admission of the force of our argument. In stating that the Crown should not at the expiration of leases confiscate the whole value of the tenants' improvements the Secretary of State abrogated the essentials of the leasehold contract, the essence of which is thus expressed in "The Land Laws" by Sir Frederick Pollock, Professor of Jurisprudence in the University of Oxford (Macmillans, 1883):

"The fundamental assumption of English leasehold tenure is that the lessor is entitled to have back the land at the end of the term in the same condition in which the lessee took it. At the end of the term the buildings become the landlord's property, the lessee finding his compensation in such profit as he can make of them during the term."

26. Having gone so far on behalf of future leaseholders the Secretary of State was morally committed to extend the same consideration to the then-existing 75 year leaseholders. The Government should not, at the expiry of their term, confiscate the whole value of their improvements, or, what is worse, force them to buy back the property at its full capital value.

27. We have next to consider statements to the local public made by the Government on various dates. These also clearly show that insistence upon the letter of leasehold law was not contemplated.

28. According to the general understanding, the Secretary of State in 1898 had established the policy of:

Renewal for 75 years with advance of Crown rent to current rates, and without fine; compensation to be paid if the land was resumed by Government for any public purpose.

29. Messrs. Dennys & Bowley, solicitors, Hong Kong, wrote to the Government on the 8th March, 1912, enclosing a petition from persons interested in house property on the Peak who sought to have

the general understanding clearly defined. They asked that lessees of lots under 75 year leases be given a title to a renewal for a like term of years on the expiration of such leases.

30. The reply was not given until the 8th March, 1915, which makes it reasonable to assume that its terms had been carefully considered, both here and at the Colonial Office. It was stated that the Government was not prepared to entertain the prayer of the petitioners but that, in the event of the land not being required for public purposes on the expiration of the lease, the lessee would be entitled to a renewal for 21 years at a fair rent to be determined, failing agreement, by arbitration. (Later, the Secretary of State agreed to substitute 75 years for 21 years as the renewal period.) It was also laid down in the Government's letter of 8th March, 1915, that, if any land under building lease was required on the expiration of the lease for public purposes, no compensation for buildings on the land would be given. Although this letter began by stating that the Government was not prepared to entertain the prayer of the petitioners, it in effect offered them exactly what they asked for (once the amendment from 21 years to 75 years had been made). The lessees wanted a second term: this was agreed to. It is unlikely that they expected to get this except on payment of the fair rent of the day. We have no evidence that the Secretary of State's consent to substitute "75 years" for "21 years" was ever communicated to Messrs. Dennys & Bowley.

31. The important point to notice in this statement is that the Government was offering renewal at a fair rent, in the event of the land not being required for public purposes on the expiration of the lease. This therefore confirmed the public's impression that renewal would be granted on expiry, at a re-assessed Crown rent, and without the exaction of a penalty in the form of a fine or premium. In short, the full requirements of leasehold law were to be waived.

32. On the 14th May, 1925, Mr. H. W. Bird asked in the Legislative Council whether the Government would indicate its policy with regard to the terms on which it would be prepared to renew the 75 year leases either at or before the date of expiry. The full text of the reply given by the Colonial Secretary was as follows:

"Except in cases where there is reason to anticipate that land will be required for a public purpose, it is proposed to

grant to applicants a new lease for 75 years at the current rate of Crown rent for the particular locality, renewable for a further period of 75 years at a re-assessed Crown rent, subject to a guarantee that the land will be developed in a manner approved by the Government, and subject also to a renewal fine. As regards the renewal fine, the Government will offer such terms to individual applicants as it may think fit, having regard to the circumstances of each case. The fine will be heavier in the case of land which has never been developed than it will be in the case of land which is fully built upon. The intention is to secure the development of the land to the best possible advantage and at the same time to obtain for the Government an adequate consideration for its reversionary interest in the land under its present tenure."

33. The text of this reply calls for careful examination, for it manifests wide differences from the previous statement. Whereas Messrs. Dennys & Bowley had been informed, ten years before, that, in the event of the land not being required for public purposes on the expiration of the lease, renewal would be granted at a fair rent to be determined, failing agreement, by arbitration, Mr. H. W. Bird was told that the 75 year lessees would be given a new lease which would put them in the same position as the holders of the standard leases of 75 plus 75 years. For this, however, they would have to pay "a renewal fine." As to rent, the first 75 year period of the new lease would call for payment of rent at the current rate for the particular locality (zone rent); the second 75 years would carry a "re-assessed Crown rent"—no details being given as to whether this would be (as it is in standard 75 plus 75 year leases) "the fair and reasonable rental value of the ground at the date of such renewal" or merely an increase to the zone rent then prevailing in the locality.

34. Furthermore, substantial departures from the accepted practice of leasehold law are to be noted. For instance, in assessing the renewal fine, the Government does not say (as it does now) that a mathematical calculation based on the capitalised value of the net profit rental is to be taken; instead, "the Government will offer such terms to individual applicants as it may think fit, having regard to the circumstances of each case."

35. The departure from accepted leasehold practice is further emphasized in the words which follow: "The fine will be heavier in

the case of land which has never been developed than it will be in the case of land which is fully built upon." In other words, the higher the net profit rental the smaller the sum which the lessee will pay: exactly the reverse of the rule laid down in the text-books. Incidentally, we would point out that the Government would have some difficulty in charging more than a limited penalty in respect of land which had never been developed, because the lessee would surrender the lease if asked for more money than the sum for which he might expect to buy back the land at auction.

36. In the final sentence of its reply to Mr. Bird, the Government, for the first time, speaks of enforcing its strict legal rights and requiring "an adequate consideration for its reversionary interest in the land." But it is fair to say that, from 1898, when the Secretary of State's Instructions were received; until 1915, when those Instructions were reinforced by the reply given to Messrs. Dennys & Bowley; and from that date until 1925 when a different policy was announced in reply to Mr. Bird's question, a general understanding naturally grew up in the community that the 75 year leases would be renewed (unless the ground was required for public purposes in particular cases) on payment of a re-assessed Crown rent for the second term.

37. Solicitors and accountants who arrived in the Colony between 1915 and 1925 have informed us that when 75 year leases first came to their notice in the course of their professional work, they (being familiar with leasehold law) questioned the values of these leases as securities, but were assured by seniors in their firms of a general understanding (based, no doubt, on the Government's letter to Messrs. Dennys & Bowley in particular, as well as upon the earlier statements by Secretaries of State) that renewal would be a formality, subject only to payment of increased Crown rent. In some cases they put questions to Government officials on the subject and received similar re-assuring replies. Incidentally, we have been driven to the conclusion that many Government officials, up to very recent times, were unfamiliar with leasehold law and with the customary procedure for obtaining a renewal of a lease. The replies they gave were probably therefore (quite unintentionally) misleading. They felt that it was safe to assume that no Government would refuse to renew 1,400 leases, and gave assurances to that effect; but they did not necessarily understand precisely what were the Government's rights in that connection as ground landlord.

38. The reply to Mr. H. W. Bird in the Legislative Council in 1925 is the last public statement by the Government on the subject of the 75 year leases, but on account of the technical language in which it is expressed, and the confusion of ideas which it manifests, it apparently made little or no impression on the public mind. We gather, however, from copies of correspondence received from individuals who have been in communication with public departments in the last few years that there has latterly been another complete change of policy. Gone is the promise to put the 75 year lessees on the footing of holders of the standard leases of 75 plus 75 years—for fulfilment of which there would be justification in requiring a renewal fine. In its place is an offer of 75 years, from the date of the original lease granted last century, with a right to renewal for 75 years at the fair and reasonable rental value of the ground at the date of such renewal: that is to say, an extension for 75 years only. Nevertheless, the renewal fine is retained and is demanded at once: zone rent is to be paid now instead of being postponed to the end of the first 75 years and when that time comes the rent may not be zone rent but something more—the fair and reasonable rental value of the ground. (We deal with this question of interpretation of "rent" later in this Report).

39. It is to be noted, in passing, that the renewal fine, and the additional Crown rent paid some years before the expiry of the original lease, together make up the "consideration for its reversionary interest" (mentioned in its reply to Mr. Bird) which the Government is now demanding. Where site areas are large, the renewal fine is reduced because of the larger proportion of the required total which is paid in increased Crown rent. Where rent is increased but slightly, the lumpsum renewal fine (or premium) is larger.

40. To an enquirer who asked how these terms could be justified, the information was disclosed by the Land Officer (letter to Mr. C. Bernard Brown, dated 31st March, 1937) that the Government proposes now to enforce the undiluted doctrine of leasehold law.

"The premium (writes the Land Officer) was calculated on a method used by surveyors and valuers generally. If renewal were to be deferred for some years you would in the meantime continue to pay the present Crown Rent, but in the event of renewal being agreed to later, you would be called upon to pay a proportionately higher premium as the term of the lease diminishes.

"The increased Crown Rent is at the rate at present charged, and the reason for making it payable from the date

that renewal is agreed to, is because from that date the value of your property would, for selling purposes, be enhanced by the assurance of an extended term.

"With reference to your statement that Government has done nothing to add to the value of your property, I would refer you to the terms of the existing Crown Lease under which you are bound to keep the premises in repair and deliver them to the Government 'sufficiently repaired' at the end of the term.

"I might also point out that 23 years is quite a long period and that it would not appear to be unfair or unreasonable were Government to refuse to consider renewal at this stage, in view of the difficulty of anticipating conditions generally and land values in particular."

41. The last paragraph of the foregoing letter calls for special comment. The Government has apparently decided, at this late date, not only to enforce the strict terms of leasehold law but to make it a matter of favour if the lessee is allowed to act in good time, which from his point of view considerably eases his burden. Reference back to the quotation from Curtis's "The Valuation of Land and Houses" given in paragraph 5 of this Report will make the point clear. The value of the expiring lease is to be deducted from the value of the proposed lease in order to arrive at renewal terms. Twenty years before expiry the old lease still has considerable value, but, if the transaction is left to the last year of the old lease, the value credited to the lessee is negligible and a large cash sum becomes due as premium (although the lessee has saved something towards it by paying the old Crown rent for so much longer). However, by early action he gains the advantage of compound interest and so saves a substantial amount.

43. Before stating our conclusions, we desire to refer to an aspect of this question not strictly within our terms of reference but which has arisen during the consideration thereof. At a conference we held with Government officials on the 9th August, 1939, the contention was put forward by the Hon. Mr. S. Caine that the Secretary of State's Instructions of 1898 had reference—not to the 75 year non-renewable leases—but to the terms upon which renewals should be granted at the 75th year under the 75 plus 75 year leases which were then being introduced as the standard form. Whether that is so can doubtless be verified by examination of the correspondence at the time. We can only emphasize our contention that, morally speaking, a ruling applied to future 75 year leases should be extended to all 75 year leases.

44. The Hon. Mr. S. Caine also claimed that, at the 75th year, the 75 plus 75 year leaseholders "will have to pay up to the full value of the land but not of the building. They will be faced with a premium and rent in respect of the land but not of the buildings" (Minutes, page 6, para. 1). On page 2 of the Minutes, the Hon. Mr. S. Caine dealt with the following words from the Secretary of State's instructions:

"the original lessee or the assignee in possession, on the expiration of the term should be offered the renewal of the lease for the further term of 75 years upon such an advance of Crown rent as is justified by the then value of the land and without fine."

45. The Hon. Mr. S. Caine argued that these words do not mean increasing the Crown rent merely to the level of the standard Crown rents being charged for similar properties in the same area because Crown rents make no pretence of being equal to the full value of the land. That Crown rents in Hong Kong are alleged to "make no pretence of being equal to the full value of the land," and that Government has adopted an arbitrary zone system for Crown rents, is further evidence that Government has departed from the usual method of arriving at lease renewal terms as approved by the Chartered Surveyors' Institution (referred to in paragraphs 5 and 6 of this Report).

46. It is important that this point—as to the method of assessing Crown rent—should be cleared up against the time—not far distant—when the renewable leases reach their seventy-fifth year. Lessees with renewable leases undoubtedly assume that when that time comes they are only to be called upon to pay the Crown rent then prevailing in the area. They will be aware that Crown rents have been doubled, and doubled again, during their 75 years' tenure and they will naturally regard the increase to the prevailing standard Crown rent as a sufficiently heavy commitment in itself. We are unable to see how the Government can take more than the standard Crown rent without infringing the Secretary of State's instruction expressed in the words "and without fine," and without also infringing the terms of the lease which states that the further term of 75 years is to be granted "without payment of any fine or premium therefor."

47. The Crown lease, having been issued, presumably subsequent to the payment of premium, provides for payment of a specified Crown rent. In the renewal clause the lease provides that the lessee shall have the option of a further 75 years without payment

of fine or premium and at a fair rent to be fixed. This shows that the premium originally paid covers the whole 150 years. The Crown rent for the second 75 years must obviously be fixed in relation to the Crown rent for the first 75 years. To argue otherwise is to imply that the first Crown rent was wrongly fixed. Such Crown rent must be taken to have been correctly fixed as it is the Crown rent which was agreed between the parties before the lease was signed. The first Crown rent was fixed as the prevailing rate for the particular area at the time, and the second Crown rent must be similarly fixed when the 76th year is reached. Premium does not enter into it because it is a separate transaction, covering the full term of 150 years.

48. Mr. Caine's contention, if maintained, will create an anomalous position hereafter. At the time that the first issued 75 plus 75 year leases reach their 76th year, let it be assumed that new arrivals to the Colony take leases in the same neighbourhood. Having paid the upset price, they will enter into a lease at the prevailing zone rent. Holders of earlier leases, however, will be paying a higher rent, in the same locality, at the same time. The question has a definite bearing upon the problem of the 75 year leases now expiring. If our contention is accepted—that they should, on expiry, be renewed for 75 years, on payment of a fair rent for the second period—the question immediately arises: Should the rent be the prevailing zone rent; or “a fair rent to be determined, failing agreement, by arbitration” (to use the phraseology of the 1915 ruling); or “such rent as shall be fairly and impartially fixed by the said Director as the fair and reasonable rental value of the ground at the date of such renewal” (to quote the terms of the standard lease)?

49. Having now completed our review of all the conflicting policies which have been announced by the Government in the course of the last twenty-five years, we proceed to set forth our conclusions. We contend strongly that it is over-late now—when many leases are within a few years of expiry—for the Government to change over to the policy of insisting on its strict legal rights as expressed in the lease. The policy approved by the Secretary of State and announced in 1915 seems to us to be the right one—renewal for 75 (not 21) years on payment of a fair rent for the second period, to be determined, failing agreement, by arbitration.

50. We pause to remark that, in any case, machinery will be needed to give lessees the right of appeal to an Arbitration Board.

We think that an Arbitration Board is necessary and will be welcomed, because in any dispute the Government is in the position of an interested party. Such a Board should have amongst its members a qualified accountant and a valuer.

51. In support of the contention advanced in paragraph 49, we desire again to refer to the Report of the Land Commission of 1886-87. The Commissioners stressed the desirability of all leases (except garden, etc., lots) being granted upon the same tenure. This is impracticable as far as the 999 year leases are concerned, but at any rate there is no need to perpetuate the inequality between the 75 and the 75 plus 75 year leases. The 75 year leaseholders have the further grievance that the terms asked for 75 plus 75 year leases were the same as those which had been charged previously for the shorter period. In the special local circumstances that the Government is in the position of a land monopolist, we consider once in 150 years is quite often enough for the landlord to step in and exercise his right to compel the lessee to buy back his property. All the more is this the case when other lessees in the community possess leases for 999 years.

52. There are a few exceptional cases in which the area of the site is so large that payment of current Crown rents would be an uneconomic burden. Such lessees should be allowed—at the end of their present leases—to surrender unwanted portions of the site and to have a garden lease, at a lower rent, for part of the land.

53. In conclusion, we claim with the fullest confidence that a case has been made out for the proposition that the public has been given every ground for its long-established belief that the 75 year leases would be renewed, on expiry, upon payment of an enhanced Crown rent. We believe equity demands that this enhanced rent should be the prevailing Crown rent of the area, and that any other ruling will only create confusion and injustice. Clear evidence exists over a period of many years that the authorities both here and in the Colonial Office had no intention of interpreting and applying the leasehold system in all its severity. They were rightly more concerned to promote the development of the Colony than to deal harshly with the inhabitants in regard to the tenure of their homes. Thus the public was given a sense of security and is aggrieved to find, now, that it is only a false security. A number of people have bought property since 1915 on the understanding then expressed in the letter to Messrs. Dennys

& Bowley that at the end of the lease they would only have to meet an increase in the annual Crown rent. Consequently, they have taken no steps to establish a sinking fund to provide against the ordinary incidence of leasehold tenure. They are now faced with heavy expense in maintaining an old building, and a decreasing rental, and must very soon find a large capital sum in order to rebuild obsolescent premises. In other words, they are being asked to buy back again an old building which they must shortly replace.

54. Having regard to these considerations, we hold very strongly that leasehold law needs to be liberally applied in Hong Kong, otherwise individuals will suffer hardship and the general interests of the Colony will be adversely affected. We trust that the Secretary of State for the Colonies will maintain the view expressed by his predecessor that the objections raised by the Land Commission 1886-87 should be met; "that the Crown should not, at the expiration of leases, confiscate the whole value of the tenants' improvements"; and will give an undertaking that new leases for 75 years will be granted on expiry of the present leases, subject to payment of a fair rent for the second period.

USUAL METHOD OF CALCULATING LEASE RENEWAL TERMS.

The Special Committee's argument is, in brief, that the 75 year Crown leases should be renewed on payment, for the new lease, of a re-assessed Crown rent. It will probably be of interest to leaseholders to have an explanation of the effect of the alternative method of arriving at renewal terms, i.e., the charging of a premium. This may be a lump sum at the end of the lease, or partly a lump sum and partly increased Crown rent, paid in the last years of the expiring lease. The following examples will make the subject clear: they illustrate the rule stated in paragraph 5 of the Special Committee's Report:—

NOTE.—The principle of valuation is to use a multiplier of the net income to arrive at the capital value. To save trouble, valuer's use Parry's or Inwood's tables, which set out years' purchase multipliers from one year to 100, or more, on to perpetuity. The table is to be found in "Whitaker's Almanack" under, "Lease, present value of."

A TYPICAL PEAK PROPERTY WITH ABOUT ONE ACRE OF LAND.

EXAMPLE I.

(TAKING ACTION 23 YEARS BEFORE EXPIRY.)

OLD LEASE.

Net income of property \$200 per month=\$2,400 per annum.
(Lease has 23 years to run)

Years Purchase @ 7% for 23 years is 11.27

Therefore present value of lease is 11.27 x \$2,400=\$27,048

NEW LEASE.

Assume an increased Crown rent of, say, \$400 per annum more than before.

The net income will now be \$2,000 per annum.

Years Purchase @ 7% for 23 years plus 75 years, i.e., 98, is 14.267

Present value of proposed lease is 14.267 x \$2,000 i.e., \$28,534

Premium therefore equals	\$28,534
minus value of old lease		27,048

Premium	\$ 1,486
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(But lessee pays increased Crown rent for 23 years, which additional sum amounts in this illustration to \$9,200.)

EXAMPLE II.

(TAKING ACTION ONE YEAR BEFORE EXPIRY.)

OLD LEASE.

Net income=\$2,400 per annum

Lease has 1 year to run

Years Purchase @ 7% for one year=0.935

Therefore present value of lease =.935 x \$2,400=\$2,244

NEW LEASE.

Assume an increased Crown rent of, say, \$400 per annum more than before.

The net income will now be \$2,000 per annum.

Years Purchase @ 7% for 1 year plus 75 years, i.e., 76 years is 14.202

Present value of proposed lease is 14.202 x \$2,000 i.e., \$28,404

Therefore Premium equals	\$28,404
minus value of old lease		2,244

		\$26,160
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(But lessee has paid a lower Crown rent for 22 years.)

AN URBAN TENEMENT HOUSE ON A SMALL AREA OF LAND.

EXAMPLE III.

Chinese tenement house. Area 675 sq. ft. Net profit rental, \$929 per annum. Present Crown rent, \$10 per annum. New Crown rent, \$12.40 per annum.

Lease has 23 years to run.

Capital value of net income of \$929 on the 7% table,
multiplier 11.27 \$10,469.83

Proposed lease shows a net profit rental, allowing for
increased Crown rent, of \$926.60.

Term is 75 years, plus 23 years=98 years.

Multiplier is 14.267: \$926.60 x 14.267 \$13,219.80

The sum is therefore:

Capital value of proposed lease \$13,219.80

Deduct Capital value of expiring lease 10,469.83

Premium \$ 2,749.97

EXAMPLE IV.

The foregoing case, if action is delayed until the last year.

Old lease. Net income \$929.

Multiplier @ 7% is 0.935.

Capital value of old lease \$ 868.61

Proposed Lease 75 years plus 1 year=76 years.

Multiplier is 14.202 x \$926.60

Capital value of proposed lease \$13,159.57

The sum is therefore:

Capital value of proposed lease \$13,159.57

Deduct Capital value of expiring lease 868.61

Premium \$12,290.96

The point of these examples is that it is to the advantage of the lessee to take action with regard to securing an extension of his lease about 20 years before expiry.

It is also possible to roll up a sinking fund with an insurance company, but the rate obtainable is in the neighbourhood of 3 per cent., instead of the 7 per cent. taken by valuers.

TRADE OF COLONY IN 1939.

The Statistical Department of the Hong Kong Government reports that the combined value of the Colony's imports and exports of merchandise (excluding treasure) during the year 1939 amounted to \$1,127.6 millions (£69.3 millions sterling) as compared with \$1,130.1 millions (£69.9 millions) in 1938 and \$1,084.4 millions (£66.9 millions) in 1937.

In terms of local currency the total visible trade of the Colony decreased by 0.2 per cent in 1939 as compared with 1938, and increased by 4 per cent as compared with 1937.

In terms of sterling the total visible trade decreased by 0.9 per cent in 1939 as compared with 1938, and increased by 3.6 per cent as compared with 1937.

The average T.T. sterling rate for 1939 was 1s. 2.25/32; 1938: 1s. 2.27/32; and 1937: 1s. 2.13/16.

The following comparative table shows the total values of imports and exports of merchandise and also of treasure during the years 1939, 1938 and 1937.

		IMPORTS		
		1939	1938	1937
Merchandise	.. ..	\$594,199,000	\$618,168,937	\$617,063,967
Treasure	.. ..	5,466,619	9,601,218	386,448,955
Total	.. ..	<u>\$599,665,619</u>	<u>\$627,770,155</u>	<u>\$1,003,512,922</u>
		EXPORTS		
		1939	1938	1937
Merchandise	.. ..	\$533,365,000	\$511,902,277	\$467,322,721
Treasure	... ..	98,109,904	188,123,656	395,226,524
Total	.. ..	<u>\$631,474,904</u>	<u>\$700,025,933</u>	<u>\$862,549,245</u>

The largest individual items of import during 1939 were as follows:

Foodstuffs	\$137,369,000
Piece Goods	99,201,000
Oils and Fats	89,442,000
Metals	36,981,000
Chinese Medicines	25,828,000
Fuels	16,399,000
Animals, Live	14,170,000
Machinery	10,688,000
Paper and Paperware	10,640,000

The above are also the largest individual items of export as most imports are destined for China and adjacent markets.

Exports of China produce through Hong Kong were well maintained in spite of the continued closure of the Pearl River throughout the year and the stoppage of rail communications between Hong Kong and China. In the case of wood oil, wolfram ore, tea, tin and goat skins exports were considerably in excess of the previous year's totals.

The total value of Hong Kong manufactured goods exported in 1939 was also considerably in excess of the previous year's figures. This was particularly the case with rubber footwear, wearing apparel and electric torches.

Report on Textiles and Yarn.

Statistics of imports of textiles and yarn for the past nine years are recorded in tables appearing on a separate slip facing page 82.

During 1939 imports of cotton piece goods into Hong Kong amounted to 175.2 million yards valued at \$34 millions and exports (principally to South China) to 114.7 million yards valued at \$24.5 millions.

This compares with imports amounting to 96.1 million yards (value \$23.3 millions) and exports amounting to 80 million yards (value \$19.5 millions) in 1938.

It will be noted from the attached tables of importations by countries that North China and Japan greatly increased their share in the market at the expense of the United Kingdom, South China and India. This is particularly marked in the case of imports from North China after the first six months of the year owing to depreciated currency values which enable North China manufactured goods to sell at considerably lower prices in terms of Hong Kong dollars. In com-

THE YEAR

	193
	YARDS
50	3,040,861
17	37,879,760
43	4,758,333
	Nil
44	99,134,594
49	1,069,010
03	145,882,558
	193
	LBS.
26	1,665,692
	68,000

COTTON GOODS.

1931		1932		1933		1934		1935	
YARDS	VALUE	YARDS	VALUE	YARDS	VALUE	YARDS	VALUE	YARDS	VALUE
44,567,534	\$19,093,367	58,717,712	\$19,299,355	23,485,712	\$ 7,468,366	5,291,350	\$ 2,138,322	7,044,659	\$ 2,133
35,303,030	6,342,149	42,795,712	8,603,967	46,010,112	8,427,227	44,812,711	7,027,342	47,805,364	6,609
9,872,209	2,193,697	10,055,904	2,285,784	5,947,969	1,185,035	4,384,405	806,094	2,248,413	321
5,100	693	1,080	469	50	28	11,804	3,525	Nil	Nil
78,856,973	19,389,116	27,468,857	4,574,370	33,202,576	5,269,439	44,690,602	6,760,815	65,404,137	7,206
5,540,553	4,518,731	3,826,955	1,667,930	3,864,254	1,068,430	700,749	281,444	987,746	1,693
174,145,399	\$51,537,753	142,866,220	\$36,831,975	112,516,677	\$23,418,525	99,991,621	\$17,017,542	123,490,319	\$17,963

COTTON YARN.

1931		1932		1933		1934		1935	
LBS.	VALUE	LBS.	VALUE	LBS.	VALUE	LBS.	VALUE	LBS.	VALUE
3,499,229	\$ 8,100,921	5,244,246	\$ 8,385,753	1,231,655	\$ 2,182,885	1,292,829	\$ 2,353,256	1,228,562	\$ 1,758
396,816	158,314	39,200	17,982	4,000	2,430	2,000	785	—	—
34,171,442	19,035,643	44,602,495	22,746,610	45,796,907	20,711,282	47,719,275	20,057,753	38,762,547	14,215
1,039,891	985,812	3,380,016	2,027,823	362,800	215,919	120,868	85,194	1,368,320	548
129,843	136,571	75,763	78,288	78,332	37,162	86,538	56,560	41,560	21
39,237,221	\$28,417,261	53,341,720	\$33,256,456	47,473,694	\$23,149,678	49,221,510	\$22,553,548	41,400,989	\$16,543

BLANKETS, COTTON, WOOL & UNIO

ROM	1931	1932	1933	1934	1935
	\$1,329,346	\$ 813,976	\$ 751,055	\$ 774,349	\$ 272,424
	401,319	204,050	236,646	262,835	91,010
	409,276	257,989	168,184	125,182	258,861
	475,664	348,557	592,383	376,779	382,642
	595,110	87,403	218,459	299,364	392,585
	43,349	50,219	105,016	10,004	25,741
Total	\$3,210,715	\$1,762,194	\$2,071,743	\$1,848,413	\$1,423,263

WOOLLEN GOODS.

1931		1932		1933		1934		1935	
YARDS	VALUE	YARDS	VALUE	YARDS	VALUE	YARDS	VALUE	YARDS	VALUE
2,933,851	\$ 7,503,114	2,711,515	\$6,196,415	1,495,471	\$3,366,788	901,384	\$2,123,536	585,403	\$1,009,3
3,105,808	4,993,007	1,397,595	1,824,992	722,633	939,371	253,756	395,309	145,203	167,3
1,203,147	2,437,369	153,698	420,510	185,167	440,135	245,692	502,248	65,317	78,6
202,401	277,727	28,771	15,679	49,584	36,701	475,578	632,021	2,473,481	2,581,7
1,632,712	3,054,099	289,042	760,087	164,066	409,410	78,541	281,216	74,952	115,2
9,077,919	\$18,265,306	4,580,621	\$9,217,683	2,616,921	\$5,192,405	1,954,951	\$3,934,330	3,344,356	\$3,952,2

WOOLLEN YARN.

1931		1932		1933		1934		1935	
LBS.	VALUE	LBS.	VALUE	LBS.	VALUE	LBS.	VALUE	LBS.	VALUE
1,239,876	\$ 2,773,366	1,615,137	\$ 3,036,598	831,960	\$ 1,534,422	633,131	\$ 1,102,713	271,500	\$ 408,2
10,352	16,674	666	2,230	25,770	32,710	548	1,757	5,882	12,1
1,080,293	2,223,066	239,102	590,823	60,919	148,984	30,275	81,243	55,922	91,0
14,518	42,198	19,065	35,551	22,951	40,239	59,304	112,585	117,015	171,9
31,795	87,985	5,543	15,133	9,340	21,607	2,193	3,019	4,284	8,0
2,376,834	\$ 5,143,289	1,879,513	\$ 3,680,335	949,940	\$ 1,777,962	725,441	\$ 1,301,317	454,603	\$ 691,4

ARTIFICIAL SILK YARN.

1931		1932		1933		1934		1935	
LBS.	VALUE	LBS.	VALUE	LBS.	VALUE	LBS.	VALUE	LBS.	VALUE
10,000	\$ 12,432	15,000	\$ 22,992	3,329	\$ 3,900	11,000	\$ 9,650	10	\$
40,567	50,339	84,802	103,664	351,562	348,698	1,853,699	1,649,209	33,830	15,3
84,528	112,728	240,209	382,553	369,032	472,705	141,310	156,400	22,200	21,3
131,735	171,141	96,405	91,591	195,712	214,904	565,920	579,292	522,520	360,3
69,450	93,674	61,400	77,858	28,000	24,250	1,522,231	1,258,910	644,211	285,0
72,366	107,260	69,755	77,201	47,034	59,652	284,158	254,371	36,500	28,3
408,646	\$ 547,574	567,751	\$ 755,859	994,669	\$1,124,109	4,378,318	\$3,917,832	1,259,271	\$712,3

TUE	1937		1938		1939	
	YARDS	VALUE	YARDS	VALUE	YARDS	VALUE
0,400	3,537,292	\$ 2,686,506	6,554,199	\$ 3,480,121	3,805,698	\$ 2,337,323
9,713	32,641,332	6,786,063	48,054,295	11,055,480	106,655,339	21,409,789
0,342	6,847,951	1,631,460	12,166,113	2,819,626	19,480	3,161
7	6,000	1,150	1,490,400	289,561	104,161	18,558
4,325	63,575,468	12,617,522	26,636,371	4,892,231	60,608,246	9,481,319
4,225	685,105	328,451	1,276,957	807,476	4,046,178	826,022
9,005	107,293,148	\$24,051,052	96,178,335	\$23,344,495	175,239,102	\$34,076,626

TUE	1937		1938		1939	
	LBS.	VALUE	LBS.	VALUE	LBS.	VALUE
5,620	1,570,733	\$ 3,664,919	1,541,999	\$3,050,904	1,241,377	\$ 2,261,086
3,100	3,892,580	2,428,662	11,034,875	7,098,321	4,549,400	2,296,648
3,372	26,157,223	14,619,533	34,559,355	20,220,180	52,110,382	26,830,055
7,144	4,274,847	3,773,907	813,800	590,227	9,230,901	4,797,430
3,605	185,203	111,892	95,950	46,528	206,674	90,281
7,841	36,080,586	\$24,598,913	48,045,979	\$31,006,160	67,338,734	\$36,275,490

	1937		1938		1939	
	\$ 299,515		\$ 177,528		\$ 276,333	
	323,429		514,388		375,005	
	246,903		656,832		150,748	
	562,680		179,415		234,765	
	401,777		31,970		92,174	
	3,658		188,784		94,002	
	\$ 1,837,962		\$1,748,917		\$1,223,027	

TUE	1937		1938		1939	
	YARDS	VALUE	YARDS	VALUE	YARDS	VALUE
1,197	437,485	\$ 1,464,225	821,511	\$ 2,601,173	598,988	\$ 1,695,244
5,544	78,284	173,391	192,867	361,716	42,101	75,406
9,938	221,688	497,829	255,661	761,579	227,638	444,816
7,036	837,017	1,474,679	390,861	780,530	1,028,629	1,717,976
7,765	77,370	173,985	129,275	326,967	192,486	222,766
7,480	1,651,844	\$ 3,784,109	1,790,175	\$ 4,831,965	2,089,842	\$ 4,156,208

	1937		1938		1939	
	LBS.	VALUE	LBS.	VALUE	LBS.	VALUE
664	64,658	\$ 225,613	137,066	\$ 461,159	34,855	\$ 159,467
372	3,295	8,777	41,891	102,935	227,491	522,000
706	14,779	50,912	18,851	56,987	203	570
045	34,369	98,682	2,937	7,218	497,812	945,854
507	14,007	63,131	7,434	24,019	3,210	4,967
294	131,098	\$ 447,115	208,179	\$652,318	763,571	\$ 1,632,858

TUE	1937		1938		1939	
	LBS.	VALUE	LBS.	VALUE	LBS.	VALUE
	1,250	\$ 1,740	396,653	\$ 454,087	77,200	\$ 83,626
640	2,000	1,150	17,000	17,531	28,440	20,282
000	Nil	Nil	Nil	Nil	Nil	Nil
205	7,840	6,966	40,800	27,381	115,400	75,708
292	813,950	668,623	211,000	156,009	470,600	361,081
916	Nil	Nil	16,842	15,421	19,242	15,925
053	825,040	\$ 678,479	682,295	\$ 670,429	710,882	\$ 556,622

paring 1939 imports from Japan with 1938 figures, it will be noted from the attached table that in 1938 importations from Japan were less than for many years previous.

Cotton Yarn.

Imports of cotton yarn during 1939 amounted to 67.3 million lbs. valued at \$36.2 millions and exports (principally to South China) to 51.7 million lbs. valued at \$26.7 millions.

This compares with imports amounting to 48 million lbs. valued at \$31 millions and exports totalling 35.3 million lbs. (value \$21 millions) in 1938.

It will be noted from the attached table that importations from North China and Japan increased very considerably in comparison with previous years. Most of this yarn is re-exported to China which accounts for the very large proportion of yarn exported (51 million lbs. out of a total importation of 67 million lbs.). Some North China and Japanese yarn is used in local knitting and weaving industries manufacturing for other than Empire markets, but factories exporting under Imperial Preference and Textile Quotas legislation use yarn imported from United Kingdom and India.

Blankets: Wool, Cotton and Union.

Total imports of these classes were valued at 1.1 millions as against \$1.75 millions in 1938. The British, Italian and Japanese totals showed slight increases whereas the share of North China and Germany considerably declined.

Woollen Goods.

Importations of woollen goods totalled 2 million yards in 1939, valued at \$4.1 millions as compared with 1.8 million yards in 1938, valued at \$4.8 millions. Importations from Japan were approximately three times as great as in the previous year. It will be noted from the attached table that although importations from the United Kingdom were nearly half the Japanese total, their values are approximately the same. Importations from Germany declined during the first three-quarters of the year and practically ceased as from early September.

Woollen Yarn.

Although imports of woollen yarn totalled 567,568 lbs. in 1939, valued at \$1.1 millions as compared with 208,179 lbs. valued at \$652,000 in 1938, the share of the United Kingdom in this market dropped from 137,000 lbs. to 34,855 lbs. The increased total is entirely accounted for by considerably larger importations from North China and Japan.

Artificial Silk Yarn.

Total importations during 1939 amounted to 710,882 lbs. valued at \$556,622, the principal suppliers being Japan and Italy. The United Kingdom's share of this trade dropped from 396,653 lbs. valued at \$454,087 in 1938 to 77,200 lbs. valued at \$83,626 in 1939.

Industrial Chemicals and Chemicals Fertilisers.

Trading in general chemicals during 1939 was good and fully up to 1938 figures at the outbreak of the war. There was a rush to buy immediately war broke out, but sales were controlled in order to avoid running short of stocks and so give speculators a chance.

By this method stocks in hand held out and the inevitable gap in shipping that ensued was safely bridged.

There was a shortage of supplies in certain lines supplied mainly from Germany, but these lines are now being obtained from other sources.

The only shortage that persists is in those products of which the raw materials are needed for war purposes, but even in these lines small supplies have again commenced to come forward.

Trade in chemical fertilisers in Hong Kong and Kwangtung during 1939 amounted to about 60 per cent of 1938 business, which, considering the closing of the Pearl River and the port of Swatow, was fairly satisfactory. The collapse of the Chinese dollar about June also had a retarding effect on sales into China. A small proportion of the business lost through Japanese activities in Canton and Swatow was compensated by larger deliveries in Hong Kong itself, and a feature of the year was the ingenuity and grasp of opportunity displayed by the Chinese merchants in getting fertilisers through to consuming areas from Hong Kong, in spite of the many risks of seizure or destruction of cargo en route.

Sugar.

During the first six weeks of the year sugar values, as reflected by London Terminal quotations, fell, before starting to rise again as it became clearer that the export quotas allotted for the second year under the International Sugar Agreement would not meet the demand. At the beginning of May London prices had advanced approximately 33% for the nearest terminal, due to various exporting countries falling far behind their quotas and India producing for her own use less than was earlier expected, thus becoming a heavy buyer. Additional

quota releases were then made and prices fell away, rallying at the end of June for the August position—the last month of the quota year—for delivery when some of the additional releases could not be made available. Rumours of the re-allocation of unusable releases then caused another decline and by August, third quota year positions were cheaper than in January. On the outbreak of war the London Terminal Market ceased to operate and the Ministry of Food took over the control of sugar.

The World free market consequently contracted greatly but, as expected, values generally increased.

Eastern Markets are at all times affected by Java prices and the curtailment of shipping facilities from other sources of supply since the outbreak of war has emphasized this.

From January to April, China bought strongly; India, Malaya and other markets coming in well during March and April. May was quiet in anticipation of additional quota releases. During June the depreciation of the China dollar, currency restrictions and the increased difficulty of inland transport led to resales of part of the over-accumulation of stocks in Shanghai. In anticipation of an acute shortage, India had overbought and began to resell also. On July 2, the Chinese Government imposed import restrictions which did not however affect Shanghai and North China Ports under Japanese influence, where difficulties in the way of trade increased and business was meagre during much of the year. During July Hong Kong stocks declined and prices fell.

Early in August stocks in Shanghai were further reduced in expectation of a fall in values for the third quota year starting in September and a "wait and see" attitude was apparent, but prices rose as tension increased in Europe. During the month the payment of Import Duty in Hwa Hsing or Chinese National Dollars was enforced in Shanghai.

September saw a further clearance of the still large stocks in Shanghai at prices which increased swiftly on the outbreak of war in Europe, as did those in Hong Kong and other Eastern markets. Java exporters were selling sugar re-sold by India, and other holdings, at well below the limits quoted by the Java single seller (NIVAS). This assisted the absorption of these sugars more quickly and allowed NIVAS

to sell at higher prices all the sooner. Increased values were seen in October and, as usual, Hong Kong dealers bought on a rising market.

Fluctuations took place as profit-takers sold out, but the rapid exhaustion of Java's current crop led to a further advance at the end of the year, and Shanghai dealers, for instance, took advantage of this further to reduce their holdings by shipping to Hong Kong.

In Hong Kong profitable sales by dealers in Java sugars during the last four months probably more than compensated for less successful trading earlier.

Price control in Hong Kong, Malaya and India put a brake on excessive profits in these territories and prevented very wide fluctuations.

Although exports from Hong Kong were affected by the Sino-Japanese hostilities, consumption was well maintained.

A point of interest, as affecting the China market, was the acute shortage of sugar in Japan where during the year price control was enforced which led to large exports to Manchuria and North China where better prices obtained. Importations of Japanese sugar, Duty free as military supplies, was probably extensive in China. For 1940 Japan is planning the distribution of all sugar produced within its Empire in order to avoid a repetition of this state of affairs. The Japanese also have plans for the employment of two sugar mills in Kwangtung.

The outlook is one of probably higher prices during 1940 due to all round increases in manufacturing costs and freights, but there seems little likelihood of any shortage developing on Eastern markets generally.

Cement.

The Plant of the Green Island Cement Co., Ltd., operated at full capacity during 1939 (9,000 tons of Cement per month), and the entire output was readily absorbed by the requirements of the Government, Military, Air Force and Naval Authorities, both in Hong Kong and Malaya.

There is every indication that these conditions will continue for some time to come.

The Plant is well supplied with all necessary raw materials.

There is now very little Foreign Cement being imported into the Colony.

Shipbuilding and Repairs.

During 1939 extensive ship repair work was carried out by local dockyards; two locally constructed 10,000 ton vessels were launched, also other ocean-going and smaller craft. Many other vessels are undergoing construction. The Government has announced that part of the proceeds of the War Revenue Tax to be raised in Hong Kong will be devoted to the construction locally of mine sweepers and harbour defence craft which it is the intention to present to the Royal Navy, also of ferry tenders for the Army.

Rope.

Exports of rope from Hong Kong during 1939 were well maintained, the total quantity amounting to 28,634 piculs valued at \$684,186, which is slightly in excess of the previous year's figures. The principal purchasing countries were Netherlands East Indies, Siam, Malaya and North China.

Flour.

The year 1939 was not a profitable one for the local Chinese merchants. This is due to South China ports being closed and also the disturbances in the Kwangtung Province which is one of Hong Kong's best markets.

The financial disorder in Tientsin caused heavy shipments of flour destined for that port to be diverted to Hong Kong with the result that large stocks accumulated here.

During the earlier part of the year, the French authorities in Indo China prohibited the import of foreign flour, as they could obtain the surplus from France. This was a severe blow to the Chinese flour dealers, who for years past have relied on Indo China as an outlet. Recently, however, resulting from the war, a few small shipments have been made to Indo China under permits granted by the Governor General. At the close of the year dealers were hopeful that these would continue and that the heavy stocks held by them would consequently be reduced.

Gunny Bags.

Business during the year was well maintained, although the continued exchange control in North China created certain difficulties

in transacting business with that territory. From the beginning of the year the Calcutta market advanced slowly but steadily until the outbreak of hostilities in Europe, when prices immediately soared. Towards the end of the year prices were fluctuating to some extent indicating that the prices had been somewhat overdone.

Paper.

The paper trade during 1939 did not maintain itself on the same level as during the previous year. Although in the beginning of the year the total turnover was fairly satisfactory, a sharp decrease in business started as from June which was accentuated by the increasing difficulties of importing paper into the interior of China.

The outbreak of war in Europe led to a sudden price increase on account of anticipated difficulties—which in fact materialized—in obtaining new supplies. Local stocks, which were not abundant, were quickly taken up. During the last three months of the year imports were far from normal. The total value of imports during 1939 amounted to \$10,640,000 as compared with \$14,743,000 during 1938.

Metals.

ANGLES, BARS ETC.—Total imports for 1939 showed an increase of 50,000 piculs as compared with 1938, and again the principal source of supply was Belgium, from which country 141,000 piculs were imported out of a total of 329,600 piculs. Imports from the United Kingdom were 64,000 piculs, a slight increase as compared with the previous year.

With regard to prices for Continental Bars, the basis price in January was £9.10 0d per ton, and this fell steadily till August when £8.10. 0d was quoted. On the outbreak of War prices were immediately withdrawn, and the next indications from the Continent in October were in the region of £16 per ton.

An interesting feature has been the development of imports of Bars etc., from Australia, and it is likely that this source of supply will figure more prominently in future.

On the outbreak of War, the market naturally looked to the United States to fulfil requirements, but the very considerable increase in American prices made business very difficult, and it was not very long before American prices were reduced to a point where business was possible.

TIN PLATES.—U.S.A. was again the principal supplier. Total imports during 1939 amounted to 165,000 piculs, valued at \$3 millions. This figure showed a falling off of nearly \$2 millions as compared with the previous year.

Coal.

Values of imports of coal into Hong Kong during 1939, together with countries of origin and comparative totals for 1938 are as follows:—

	1939	1938
From India	\$ 3,456,893	\$ 919,272
From Japan	2,686,399	5,277,985
„ Neth. E. Indies	2,334,704	1,587,930
„ Fr. Indo-China	1,925,418	1,281,603
„ S. Africa	1,038,597	2,013,381
„ N. China	448,612	2,425,712
„ Other countries	155,069	428,838
Total	\$12,045,692	\$13,934,721

Mats and Matting.

The year 1939 was probably one of the most difficult in the history of this trade and one during which the industry has seen many changes from the manner in which it had been conducted for decades. It has also shown surprising powers of recovery under conditions which would have paralysed most other industries.

Mats formerly exported from Canton were manufactured chiefly in the districts of Tungkun and Lintan, on the East and West rivers respectively. The big stocks which were lying in Lintan at the time of the occupation of Canton have all found their way overland by devious routes to Hong Kong, where they have been sold at prices which, even allowing for heavy transport charges, have shewn dealers a good profit. Weaving in Lintan has, however, ceased entirely owing to the difficulty of obtaining supplies of seagrass from Tungkun, and presumably production will not be resumed until peace returns to South China, and normal communication is again possible.

On the other hand the Tungkun straw mat industry has been active for nearly a year. Owing to the proximity of this district to the New Territories of Hong Kong, much cargo found its way over the border, (this route was temporarily interrupted during the Japanese blockade of the border from August to December), but considerable

quantities come by sailing junk direct to Hong Kong. There has in fact been almost as much business in some grades of Tungkun Mats as in the normal times, except that very little business indeed is done for forward delivery, practically all offers being made for stock cargo. This has been found necessary owing to the uncertainty as to finding goods intact on arrival in Hong Kong—bandits often taking tolls “in kind” on cargo passing through territory under their control thereby necessitating re-sorting and repacking of goods on their arrival in Hong Kong.

The mat weaving and seagrass twisting industries in Canton have also come to life on a steadily increasing scale during the past few months. Several small Oval Mat weaving factories have opened, and are shipping their Mats to Hong Kong by routes which have recently become available.

One of the largest Canton Matting dealers has opened a small mat weaving factory in Hong Kong, employing two hundred workers from Tungkun and Lintan districts.

As a result of the above conditions, all the Matting business during 1939 was conducted from Hong Kong. For the first half of the year the high prices rather discouraged buyers, but during the latter half, and particularly after the outbreak of War in Europe, the demand was brisk, and exceeded the supply in many qualities of Lintan make.

Chinese Tin.

The total quantity of Chinese Tin exported from Hong Kong during the year 1939 was about 700 tons greater than in 1938.

From the beginning of August to the end of the year no tin was exported from Yunnan (which is the principal source of production of Chinese Tin), because of the negotiations between the Chinese Central Government and the Yunnan Provincial Government on the question of Exchange Control. Had it not been for this temporary stoppage, the volume of exports in 1939 would have been much greater.

During the year, the local price in Hong Kong fluctuated between HK\$187 and HK\$235 per picul, the latter being the figure when the price of Tin was decontrolled in London and Singapore on December 11.

Wood Oil.

Hong Kong exported less Wood Oil in 1939 than 1938 but the total value was higher because the prices ruling throughout 1939 were much higher. The official statistics for the two years are as follows:—

	Piculs	Value
1938	822,462	HK\$39,761,205
1939	593,726	49,525,910

The local price was HK\$62 per picul in the beginning of 1939 but steadily advanced and stood at HK\$129 at the end of the year. The highest local price during the year was HK\$132 in the latter part of October when supplies were short.

The lower quantity and the higher value have been due to the blocking of the main trade routes in China and the consequent difficulties in transportation.

Following are 1939 totals of exports of other Chinese produce with values of quantities taken by principal consuming countries and comparative figures for 1938.

	Tea.	
	1939	1938
To N. China	\$ 1,391,000	\$ 39,000
„ United States of America	1,077,000	700,000
„ United Kingdom	722,000	2,619,000
„ Malaya	607,000	749,000
„ Australia	374,000	304,000
„ Indo-China	326,000	552,000
„ France	205,000	454,000
„ Other Countries*	15,655,000	10,663,000
Total	\$20,357,000	\$16,080,000

* As in the previous year, the greater part of the exports recorded under the heading “Other Countries” was shipped to Russia under a barter agreement between China and Russia, the export of tea from China being under the control of the Foreign Trade Commission of the Nationalist Government of China, offices for which are established in Hong Kong.

Bristles.

	1939	1938
To U.S.A.	\$ 3,671,000	\$ 1,764,286
„ United Kingdom	1,023,328	721,640
„ Germany	739,480	676,225
„ Japan	506,923	174,200
„ Other Countries	585,909	945,834
Total	\$ 6,526,640	\$ 4,282,185

Wolfram Ore.

	1939	1938
To Germany	\$ 5,302,000	\$ 4,494,000
„ France	1,894,000	4,940,000
„ United States of America ..	1,355,000	Nil
„ Belgium	884,000	Nil
„ United Kingdom	481,000	515,000
„ Holland	209,000	3,114,000
„ Other Countries	11,082,000	1,189,000
Total	\$21,207,000	\$14,252,000

Cassia (China).

	1939	1938
To India	\$ 2,276,000	\$ 504,000
„ United States of America ..	1,162,000	275,000
„ United Kingdom	218,000	22,000
„ Germany	145,000	46,000
„ Other Countries	1,103,000	270,000
Total	\$ 4,904,000	\$ 1,117,000

Cassia (Saigon)

	1939	1938
To United States of America ..	\$ 928,000	\$ 480,000
„ Other Countries	25,000	19,000
Total	\$ 953,000	\$ 499,000

Feathers.

	1939	1938
To United States of America ..	\$ 1,900,000	\$ 722,000
„ United Kingdom	840,000	632,000
„ Denmark	453,000	3,000
„ Germany	286,000	728,000
„ Norway	191,000	114,000
„ Other Countries	174,000	130,000
Total	\$ 3,844,000	\$ 2,329,000

Firecrackers.

	1939	1938
To Netherlands East Indies ..	\$ 908,000	\$ 1,216,000
„ United States of America ..	739,000	1,008,000
„ India	509,000	877,000
„ Malaya	495,000	506,000
„ Other Countries	901,000	1,040,000
Total	\$ 3,552,000	\$ 4,647,000

Hides, Goat.

	1939	1938
To United States of America ..	\$ 1,352,000	\$ 189,000
„ Germany	899,000	327,000
„ Other Countries	1,205,000	558,000
Total	\$ 3,456,000	\$ 1,074,000

Hides, Cow and Buffalo.

	1939	1938
To United Kingdom	\$ 1,216,000	\$ 505,000
„ North China	1,126,000	145,000
„ Germany	462,000	542,000
„ France	129,000	126,000
„ Belgium	122,000	16,000
„ Holland	121,000	52,000
„ Other Countries	605,000	1,211,000
Total	\$ 3,781,000	\$ 2,597,000

Oil, Aniseed.

	1939	1938
To United Kingdom	\$ 594,000	\$ 243,000
„ United States of America ..	574,000	58,000
„ Germany	231,000	302,000
„ Other Countries	181,000	163,000
Total	\$ 1,580,000	\$ 766,000

Oil, Cassia.

	1939	1938
To United States of America ..	\$ 526,000	\$ 281,000
„ United Kingdom	108,000	117,000
„ Other Countries	101,000	135,000
Total	\$ 735,000	\$ 533,000

Oil, Tea Seed.

	1939	1938
To United States of America ..	\$ 542,000	\$ 1,735,000
„ United Kingdom	93,000	49,000
„ Other Countries	37,000	20,000
Total	\$ 672,000	\$ 1,804,000

Hong Kong Manufactured Goods.

The total values of exports of some of the principal locally-manufactured goods in 1939, with 1938 figures in brackets, are as follows:—

Canvas Rubber Shoes	\$8,495,000	(\$6,675,000)
Singlets	\$5,741,000	(\$5,019,000)
Shirts	\$4,000,000	(\$2,168,000)
Hosiery	\$1,875,000	(\$1,121,000)
Other Wearing Apparel	\$5,794,000	(\$3,426,000)
Electric Torches	\$3,911,000	(\$2,900,000)
Electric Batteries	\$1,734,000	(\$2,189,000)
Hats	\$1,387,000	(\$1,068,000)
Preserved Ginger	\$2,869,000	(\$2,187,000)
Rattan Furniture	\$ 801,000	(\$ 559,000)
Lard	\$ 712,000	(\$ 884,000)

There is also a considerable export from Hong Kong of locally woven cotton and artificial silk cloth. This is not separately recorded in the Hong Kong Trade Returns, being grouped with similar cloths of Manchester and other origin imported into Hong Kong and exported to adjacent markets.

HONG KONG SHIPPING & FREIGHT IN 1939.

The Chamber of Commerce is indebted to Messrs. George Grimble & Co. for the following report on shipping and freight in 1939.

The general condition of the freight market was somewhat erratic throughout the whole year 1939. The market began well for owners in January. It had a downward tendency from February to August. On account of the outbreak of War in Europe, it took a sudden change for the better in the middle of September and remained firm at the close. To shipowners, having tonnage fixed for 6 or 9 months timecharters early in the year when the market was firm, and to charterers having tonnage on long term timecharters fixed in June or July at prewar rates and on charterparty forms commonly in use for the Eastern trade, the result of the past year's trading must have been highly satisfactory. South China Coast ports such as Swatow, Hoihow and Pakhoi were still open for shipping. Bangkok/Hong Kong charterers were keen on covering their tonnage requirements ahead. Space for rice cargoes from Hong Kong to Swatow and Tientsin was in strong demand. Cattle and firewood cargoes were freely offering on the berth at Pakhoi, Hoihow and Fort Bayard for Hong Kong and there were enquiries for medium and small sized steamers on timecharter, durations varied from 3 to 12 months.

A large volume of business was done in January and February but from February onwards the freight market was less cheerful for owners as well as timecharterers. The increased prices demanded for gunny bags in Bangkok, the decline of the local rice market, the release of a fair number of large sized steamers by Japanese charterers as well as commercial restrictions in North China ports resulted in a shrinkage of the volume of chartering business transacted. The occupation of Hainan Island by Japan further cut off the source of supply of emigrants for Bangkok and Straits Settlements and of cattle and general cargo for Hong Kong.

Numerous steamers were offering in the market for trips and/or timecharters in March and April. Saigon/Philippine rice cargoes were readily accepted by medium sized steamers at 9/6d. per ton. A few small sized steamers could be placed at random on short period timecharters to local charterers for rice cargoes from Hong Kong to

Swatow. Reduced rates were accepted for coal cargoes from Calcutta or Hongay to Hong Kong.

By the end of April the quota of 70,000 tons of foreign rice for Swatow free of import duty was filled. Steamers chartered for Bangkok/Hong Kong and Swatow were ordered to discharge all their rice cargoes at Hong Kong only. Several small sized steamers intended for rice cargoes from Hong Kong to Swatow were diverted to the Kwong Chau-wan/Hong Kong trade at a loss to their timecharterers. Coal, lumber and firewood cargoes from Samarinda and/or Sandakan to Hong Kong, which had been neglected by owners, were now eagerly sought by vessels completing their Saigon/Philippine charters and though at low rates, were quickly absorbed.

In May, the market was adversely affected by the alternate closing and opening of China Coast ports and by Exchange difficulties in North China. Hostilities also seriously hampered the shipping trade. The fall of Swatow in June further curtailed the supply of Chinese emigrants for Saigon, Straits Settlements and Bangkok. Godown space for the storage of general cargoes in Haiphong was restricted. The Haiphong berth was so congested with tonnage, that steamers had to return to Hong Kong with their cargoes on board after having experienced serious delays.

The month of June began with a fair demand for tonnage Saigon/Philippines, which provided a number of prompt steamers with employment. Occasional coal cargoes from Calcutta to Hong Kong could be had. Owners accepted small lumpsum charters from Hong Kong to Singapore and Penang to work their vessels to Calcutta as there was no rice cargo to be had either from Saigon or from Bangkok to India.

The Chinese National Currency in Shanghai was in a state of confusion and consequently cargo offerings for China Coast ports, upwards and downwards, were extremely poor.

The market in July continued dull. The closure of Swatow compelled many British owners to divert their liners to the Kwong-chau-wan/Hong Kong trade. There was consequently a keen competition for berth cargoes and a considerable drop in freight rates on cattle, feathers, and firewood for Hong Kong. Additional small sized Norwegian steamers were also thrown upon this market by Shang-

hai charterers for employment. With the blockade of South China Coast ports, the volume of business obtainable in the Southern market failed to satisfy the requirements of the large number of steamers immediately available. Twelve steamers with a total deadweight of 31700 tons were for a while lying idle in the Hong Kong harbour during the month of July.

Freight earnings in August were extremely small and the market remained quiet in the first week of September. Immediately after the outbreak of War in Europe, Scandinavian owners began to hold out for very much higher rates for their steamers on 3 or 6 months timecharters, but as British owners withdrew some of their liners from their regular services in North China and Saigon, tonnage could be had locally for 3 or 6 months timecharters and for rice and coal trips at rates comparatively cheaper than those asked by Scandinavian owners. By the end of September, permits for the export of rice which had been temporary withdrawn after the outbreak of war, were once more issued by the French Government in Indochina for vessels fixed for Saigon/India, Philippines and Hong Kong.

Coal freights in September and October remained firm, with a strong demand for tonnage Calcutta/Shanghai and Hong Kong. In October, the Hong Kong rice market was dull and inactive. Although quiet, the market remained steady in November. With a fair volume of business offering towards the end of November, rates were fully maintained. December witnessed a further rise in freight rates for coal cargoes, especially in the direction of Tonkin coal ports to Shanghai and for rice cargoes from Saigon to Hong Kong and Shanghai. Towards the end of December, a further advance in the berth rate Bangkok/Hong Kong was recorded.

ANNUAL MEETING OF THE CHAMBER,
MAY 1, 1939.

The Annual Meeting was held in the offices of the Chamber, Hong Kong & Shanghai Bank Building, on May 1, 1939, when the Chairman of the Chamber, The Hon. Mr. A. L. Shields, presided.

In moving the adoption of the report and accounts the Chairman said that continued hostilities between Japan and China were of particular concern to the communities in Hong Kong and the Treaty Ports. It was disheartening to stand by, powerless to influence the course of events, but it was some satisfaction to know that Hong Kong had been able to relieve to some extent the sufferings of refugees.

The Chairman referred to anxiety which the present situation gave rise to in regard to the preservation of foreign trading interests and the policy of the "Open Door". Chambers of Commerce representing all sections of the business community had kept their Governments informed as to the serious difficulties experienced. Governments, however, had many anxious problems in these days and it was necessary to exercise a considerable degree of patience.

Local Trading Conditions.

During the greater part of the year under review Hong Kong experienced brisk trading conditions, which were realized to be temporary and due to the diversion of Yangtse Valley and North China shipments to this port. In October, Canton fell to the Japanese. The closing of the Pearl River and of the Chinese section of the railway naturally produced an immediate reduction in the volume of trade. The results had not, however, been as serious as had been expected. A fair volume of business had been done.

In this connection the Chairman paid a tribute to the ability of the Chinese to find means of trading under difficult circumstances and referred to the stimulus which purely local trade had received as a result of the large influx of refugees. Manufacture of goods for Empire markets under Imperial Preference had also been well maintained during the year. Local shipyards had had a busy year. Taikoo Dockyard launched four ships in 1938 and early in 1939 launched the 10,000 ton cargo and passenger motor vessel "Breconshire", the largest

vessel ever built in Hong Kong. This was the first of two ships to be built by Taikoo Dockyard for the Glen Line. The Hong Kong & Whampoa Dock Company built fifteen ships in 1938 including two coasting steamers for the Indo-China Steam Navigation Co., Ltd. Ship-repairing in considerable volume had also been carried out by local dockyards during 1938.

Although there was evidence that the Colony could carry on reasonably well under the present conditions of restricted trade, the Chairman remarked that traders were anxious that the river should be reopened. The importance of this was fully realized by the authorities and there was evidence that amongst their other pre-occupations the Far Eastern situation had an important place.

Shipping Questions.

The Chairman referred to various questions concerning shipping which came up for consideration during the year and are dealt with in detail in the 1938 Annual Report. He remarked that Government authorities, Imperial and local, frequently sought to apply to Far Eastern shipping rules drawn up for the Western hemisphere. Conditions here made this impracticable and undesirable. To give an example, the Board of Trade would like to have the whole of crew accommodation amidships or aft, but in the Far East the danger of piracy had to be guarded against—a problem which did not arise elsewhere. Anti-piracy regulations were based on the segregation of the officers and crew in the forward part of the ship, thus converting it into a citadel, capable of being defended against an uprising of pirates who embarked as passengers.

Another aspect which should be borne in mind was that requirements applicable only to British shipping penalised unfairly the trades in which the Colony was chiefly interested. The times were not propitious for adding to the difficulties which local shipping were called upon to face.

A related subject referred to by the Chairman was that of pier leases which expire at the end of 1949. The Government had stated that it was not the present intention to renew them, but to consider whether the Harbour was to be developed by Government, by an independent corporation such as a Port Trust, by private enterprise, or by some combination of these methods. It had been promised that there would be no avoidable delay in deciding this vital question and

that expert advice would be taken. Months had, however, passed without a further public statement. It was very necessary to bear in mind that there could be little development of existing facilities until Government policy was known, so that the sooner the experts arrived the better. When they did arrive it was hoped to persuade them that the development of the Harbour should be left as far as possible to private enterprise which in the past had been largely responsible for creating this great seaport. It was essential to the prosperity of Hong Kong that Harbour charges should be kept low.

Chinese Language School.

The Chairman said that it was a matter of regret that lack of support made it necessary to discontinue as from the end of November, 1938, the Chinese Language School which the Chamber had maintained since 1916. The Committee desired it to be known that consideration would be given to the possibility of reviving the School if at any time there was evidence that sufficient support was forthcoming. In this connection the Chinese Language School Committee was of opinion that the engagement of a European director of studies was essential to the maintenance of a school of adequate standard, and that premises would have to be rented. A large number of students would be needed to make this possible. Unfortunately the number of students coming forward in the last ten years had been so small that teaching was likely to be left to private enterprise.

Currency Questions.

In conclusion, the Chairman referred to rumours which had been current in the Colony as to the possibility of the Hong Kong dollar following Chinese currency, which had seriously declined. Such rumours tended to discourage the investment of outside capital in business and industry in Hong Kong, at a time when everything should be done to encourage such development. There was no reason to anticipate any alteration in the rates of Hong Kong's currency; nor any reason why there should be a change, except in small fractions as called for by the normal laws of supply and demand.

Secunder's Speech.

In seconding the adoption of the report and accounts, Mr. S. T. Williamson said that shipping had so far been able to adjust itself to ever-changing and difficult conditions and the extensive repair work carried out by local dockyards could not have been carried out more

expeditiously by similar establishments in any other part of the world. The new building work referred to by the Chairman also added considerably to Hong Kong's revenue. He desired to emphasise the Chairman's comment that this was not the time to introduce legislation which would have the effect of increasing the cost of operating steamers. Conditions on the China coast were very different from those existing elsewhere. Hong Kong had practically no coast line. Its ships therefore did most of their trading in China waters and present standards were already far in excess of others in those trades.

In regard to Pier Leases, if control was to be reorganised, the sooner the question was considered the better, as uncertainty would only retard progress. Under present conditions in the Far East, however, he was inclined to think it would be wiser to stabilise present arrangements for, say, another twenty years, and begin ten years hence to discuss plans for re-organisation.

The report and accounts for the year 1938 were unanimously adopted.

Other Business.

Messrs. Percy Smith, Seth & Fleming were re-appointed auditors to the Chamber.

The election of the following members by the General Committee was confirmed:—The American President Lines, Ltd.; The Canton Bros. Rubber Co., (1935) Ltd.; Messrs. Deacon & Co., Ltd.; Messrs. O. K. Gidumal & Watumull, Ltd.; The Hong Kong Property Owners' Association; Messrs. C. M. Karanjia & Co.; Messrs. Mee-Yeh Handels Compagnie; Messrs. C. E. Schroeder; The Swatow Drawn Work Co.; Messrs. Wong, Tan & Co.

The following were elected the General Committee for the ensuing year:—The Hon. Mr. A. L. Shields, The Hon. Mr. T. E. Pearce, The Hon. Mr. S. H. Dodwell, Mr. C. Blaker, Mr. J. K. Bousfield, Mr. D. C. Edmondston, Mr. A. W. Hughes, Mr. G. F. R. Jackson, Mr. D. F. Landale, Mr. W. H. Lock, Mr. K. S. Morrison, Mr. G. W. Sewell, Mr. H. V. Wilkinson, D.S.O.

APPENDIX

THE COLONY AND PORT OF HONG KONG.

The British Colony of Hong Kong consists of the island of that name, situate near the mouth of the Canton River, a tract of the mainland of Kwangtung Province, South China, and a number of neighbouring islands, the whole Colony having an area of about 300 square-miles. It is distant about 40 miles from Macao and 90 from Canton, the principal city of South China, which contains a population of upwards of two million people. Hong Kong may fairly be described as the commercial gateway of South China, an area inhabited by over eighty millions of China's dense population.

The following notes regarding the Colony are adapted from the admirable digest published in the Hong Kong Section of the "Directory and Chronicle of the Far East."

The harbour of Hong Kong is one of the finest and most beautiful in the world, having an area of seventeen square-miles, and with its diversified scenery and varied shipping, it presents an animated and imposing spectacle. The harbour consists of the sheet of water between the island and the mainland, and on both sides are lofty hills, formerly destitute of foliage, but now clothed, especially on the island, with young forests, the result of continuous afforestation work by the Government. The city of Victoria is magnificently situated, the houses, many of them large and handsome, rising, tier upon tier, from the water edge to a height of over five hundred feet on the face of the Peak, while many houses are visible on the very summits of the hills. Seen from the water at night, when lights twinkle among the trees and houses, Hong Kong is a sight not readily to be forgotten.

The central areas of the city are well built, the roads and streets are for the most part admirably made and kept, and many of the thoroughfares delightfully shaded with well-grown trees. The European business quarters occupies the middle of the city, but with the exception of this limited area almost all the lower levels, especially the Western District, are covered by a dense mass of Chinese shops and tenements. On the mainland extensive suburban and industrial areas have developed since 1920.

Population.

A census taken in March, 1931, showed that total population of the Colony to be 849,751. On the island of Hong Kong there were 410,921; on the Kowloon Peninsula 264,675; in the New Territories 98,905, and afloat 75,250. Of the boat population, 38,854 were in Victoria harbour. The non-Chinese population, consisted of 44 nationalities, of which the following were the principal in point of numbers:—British civilians, 6,684 (3,756 males and 2,928 females); British Defence Forces, 7,682; Indian Civilians, 3,475; Indian soldiers, 1,270; Portuguese (born in Hong Kong, Macao, or China), 3,198; Japanese, 1,833; American, 494; Filipino, 338; French, 260 and German, 179.

A Government Report entitled "Social and Economic Progress of the People of Hong Kong" estimates that the population has been increased by 600,000 due to the influx of refugees following outbreak of hostilities between China and Japan.

Trade and Industry.

Hong Kong is the centre upon which converges for distribution the merchandise of the rich and densely inhabited territories of South China, and whence radiates a very large proportion of the products of the Western World destined for Oriental consumers, of whom the neighbouring province of Kwangtung alone has forty millions to provide for. The varied products of the provinces and countries adjacent to Hong Kong find their way to the outside world through the well-established business "hongs" of the British Colony.

The total value of merchandise in 1939 amounted to \$594 millions and exports to \$533 millions.

The largest individual items of import are Foodstuffs, Piece Goods, Oils and Fats, Metals, Chinese Medicines and Fuels.

These are also the largest individual items of export since most imports are destined for South China and adjacent markets. South China produce and manufactures are also exported through Hong Kong, the principle items being wolfram and other ores, wood oil, cassia and other essential oils, cassia lignea, canes, mats and matting, hides and feathers. During 1938 and 1939 large quantities of Central and North China products also passed through Hong Kong (notably tea, bristles and goat hides) due to hostilities affecting North China ports.

The Colony possesses a large sugar refinery, a cement works, a rope works, a coal briquetting factory, many Chinese knitting and weaving factories, soap and perfumery factories, glass-blowing establishments, cigar and cigarette factories of modern type, numerous native factories manufacturing rubber shoes, flashlight torches, firecrackers, vermilion, soy, baskets and rattan ware, native boat building yards, brick and tile manufacturing industries and granite quarries, etc. The manufacture of lard is also an important local industry. A Dairy Farm Company, under European supervision, supplies fresh milk and meat and also controls an extensive ice factory. The Colonial Government owns the British Section of a single line railway to Canton.

Shipbuilding Facilities.

In shipbuilding, local yards have a world-wide reputation for excellence of workmanship and, with general engineering and repairs, they normally give employment to about thirty thousand workmen. In 1921, Hong Kong shipbuilding yards launched a greater number of vessels than the rest of the British Empire, outside the United Kingdom, put together. During 1939, two 10,000 ton vessels constructed in local shipyards were launched, also several other ocean going and smaller craft.

Since the cession of the Colony, the British Navy has played an important part in the history of Hong Kong. The well equipped Dockyard is the main storing and repairing base for the China Squadron, which is generally in Hong Kong, in force, during the winter months. The Colony is also the permanent base for the flotilla of gunboats maintained on the Pearl and West Rivers connecting Hong Kong with the Southern China provinces of Kwangtung and Kwangsi.

Airport Facilities.

Kai Tak Airport, situated on the northern boundary of Kowloon Bay, has facilities for both land and marine aircraft. In addition to that mentioned in the 1938 report there has been a substantial increase in equipment, this includes (1) a 6 K.W. shadow bar landing floodlight installed on the roof of the Control Tower to augment the beam thrown by the 1,200,000 c.p. floodlight on the N.W. boundary of the airfield, (2) a weighbridge for aircraft up to 35 tons, (3) a Dines Anemograph for accurate wind recordings, and (4) the use of "Short" rubber buoys for flying boat moorings. A new Stores Building is in the process of construction in order to cope with the demands of operating companies for more and more space.

TRAFFIC.—There was a slight decrease from 1938 due to (1) flights of aircraft restricted over Japanese occupied territory, and (2) suspension of the all-up mail scheme since September owing to hostilities in Europe. Figures for 1939 are as follows:—

ARRIVALS.—

Passengers	3,611
Mail	92,592 kilos or 90.9 tons
Freight	21,602 kilos or 21.2 tons

DEPARTURES.—

Passengers	2,550
Mail	88,026 kilos or 86.5 tons
Freight	86,760 kilos or 85.2 tons

TOTALS.—

Passengers	6,161
Mail	180,618 kilos or 177.4 tons
Freight	108,362 kilos or 106.4 tons
Total tonnage of aircraft using the Airport 9,293 tons.	

AIR LINES.—

The following Air Lines operated Services to and from the Airport:—

- (1) Imperial Airways—bi-weekly to Bangkok to connect with main line of Australia-England service.
- (2) Air France—weekly to Paris via Hanoi.
- (3) Pan American Airways—weekly to U.S.A. via Manila.
- (4) Eurasia Aviation Corporation—irregular services owing to Sino-Japanese hostilities.
- (5) China National Aviation Corporation—irregular services, averages 5 days a week. Services extended from Chungking to Hanoi and Rangoon during latter part of the year.

FAR EAST FLYING TRAINING SCHOOL.—

Operates a flying training and engineering school at the Airport with a fleet of 5 aircraft and a fully equipped workshop. During 1939 the school aircraft flew a total of 1691 hours, including 39 hours on Army Co-operation work. There were 16 flying "A" licences obtained during the year and 2 flying "B" licences. Government Engineering Certificates were granted to 10 students who passed the examinations. The Hong Kong Volunteers Air Arm training continued throughout

the year as also the training of Reserve Air Force officers prior to mobilisation.

Finances.

Revenue for the year 1939 was estimated at \$40,475,248 and expenditure at \$40,409,957. Surplus balances at the end of 1939 were estimated to amount to \$13,627,526. The total debt at the end of 1938 was \$16,598,000, made up of \$4,838,000 4% Conversion Loan, 1933, repayable in 1953, against which a sinking fund of £66,937 was held; and \$11,760,000 3½% Dollar Loan, 1934. The latter is the balance of the original sum borrowed, \$14,000,000, which is being repaid by annual drawings at the rate of \$560,000 per annum. In a statement prepared on the occasion of the presentation of the Budget for 1940, the Financial Secretary intimated that the desirability of raising the balance of the 1934 loan (\$11,000,000) was kept continuously under review, but it had been possible so far to meet loan expenditure by advances from surplus balances without reducing the Colony's cash resources below the necessary minimum figure.

A Committee appointed by Government to devise means of raising money to help meet the Imperial war costs reported in February, 1940, and has recommended special war time taxes on property, on salaries and analogous incomes and on corporation and professional and business profits in the Colony.

Revenue during 1939 from various sources was estimated to be obtained as follows:—

	\$
Duties on liquor, motor spirit, perfumed spirits and tobacco	10,500,000
Assessed Taxes	6,800,000
Fees of Court etc.	4,410,580
Internal Revenue	4,243,000
Post Office	3,138,000
Licences, Fines and Forfeitures	2,460,340
Revenue from Land Rents, Property and Investments ..	2,246,500
Land Sales	2,170,000
Water Revenue	2,100,000
Miscellaneous Receipts	1,424,038
Kowloon-Canton Railway	982,790
Total:	40,475,248

There are no duties upon Imports or Exports with the exception of Liquors, and Preparations containing more than ten per cent. of pure Alcohol by weight, Tobaccos and Hydrocarbon Oils on which an Import Duty is imposed on local consumption only and not on Exports or on ships' stores. Preferential rates of import duty are extended to Empire liquors and tobaccos; motor vehicles not of British Empire origin are subject to a licence fee of 15 per cent. of their value on first registration in the Colony.

Method of Government.

The Government is administered by a Governor, aided by an Executive Council of Six official and three unofficial members. The Legislative Council is presided over by the Governor, and is composed of the Officer commanding the Troops, the Colonial Secretary, the Attorney-General, the Treasurer, the Secretary for Chinese Affairs, the Director of Public Works, the Inspector General of Police, the Harbour Master, the Director of Medical and Sanitary Services, and eight unofficial members, one of whom is elected by the Chamber of Commerce and another by the Justices of the Peace. The remaining six, three of whom are of Chinese race but British nationality, are appointed by the Government.

Dock and Shipbuilding Yards.

Excellent dock accommodation and shipbuilding facilities exist in the Colony. The Hong Kong & Whampoa Dock Co., Ltd., a British Company, incorporated under the Hong Kong Companies Ordinance, 1865, on the 11th October, 1866, has three establishments, one at Kowloon Docks, Hung Hom, another at Cosmopolitan Dock, Tai Kok Tsui, both on the mainland and one at Aberdeen, on the south side of Hong Kong Island.

Kowloon Docks, Hung Hom.

This is the principal establishment of the company and has excellent facilities for docking, repairing and building all types of machinery and ships. The frontage to the sea is 3,000 ft. and on this are placed the following cranes:—One electric crane, having a maximum lift of 100 tons at 70 ft. radius, with a depth of water of 37 ft. alongside at low tide, one steam sheerlegs lifting 70 tons with a depth of water of 25 ft. alongside at low tide, and three 10 and one 7 ton cranes. Extensive railway lines are laid all over the works and in addition the railway from the 100 tons electric crane is linked up with The Kowloon Canton Railway.

The engine shops are fully equipped to cope with the repair and building of all types of steam and diesel machinery. Diesel engines on the Burmeister & Wain system are built under sub-licence to Messrs. Harland & Wolff Ltd. Belfast.

The docks and slips at this establishment are of the following dimensions:—

No. 1 (Admiralty) Dock.

Length	692 ft.
Breadth of entrance at bottom	88 ft.
Depth of water on keel blocks at ordinary spring tides	28 ft. 6 ins.

No. 2 Dock.

Length	434 ft.
Breadth of entrance at bottom	59 ft.
Depth of water on keel blocks at ordinary spring tides	18 ft. 6 ins.

No. 3 Dock.

Length	266 ft.
Breadth of entrance at bottom	38 ft. 8 ins.
Depth of water on keel blocks at ordinary spring tides	14 ft. 6 ins.

Patent Slip No. 1.

Length	240 ft.
Maximum beam of vessel	40 ft.
Depth of water on keel blocks at ordinary spring tides	15 ft.

Patent Slip No. 2.

Length	200 ft.
Maximum beam of vessel	36 ft.
Depth of water on keel blocks at ordinary spring tides	11 ft.

Building Berths.

In the west yard there are five building berths, each for vessels 400 ft. long and in the east yard there are two building berths, each for vessels 700 ft. long.

For the other two establishments the particulars of the docks are as follows:—

Tai Kok Tsui.

This is a secondary self contained yard, which is well equipped for all classes of repair work and has its own engine and boiler shops, foundry, sawmill, etc.

Cosmopolitan Dock.

Length	460 ft.
Breadth of entrance at bottom	57 ft. 3 ins.
Depth of water on keel blocks at ordinary spring tides	20 ft. 6 ins.

Aberdeen.*Hope Dock.*

Length	435 ft.
Breadth of entrance at bottom	56 ft. 4 ins.
Depth of water on keel blocks at ordinary spring tides	21 ft.

Lamont Dock.

Length	326 ft.
Breadth of entrance at bottom	43 ft. 6 ins.
Depth of water on keel blocks at ordinary spring tides	15 ft. 3 ins.

Taikoo Docks.

In 1908 docks constructed by the Taikoo Dockyard and Engineering Co., Ltd., at Quarry Bay, just inside Lyeemun Pass, were completed. The dock is built to British Admiralty requirements. The dimensions of the dock are:—Length 787 feet; width at coping 120 feet; width at entrance 93 feet 4 inches; depth over sill at H.W.O.S.T. 34 feet 6 inches. A feature of the dock is the caisson, of the box-sliding type, weighing 400 tons and electrically controlled.

There are three slipways:—

No. 1 Slipway—1,030 feet long and 80 feet wide, capable of taking steamers up to 335 feet long, having a displacement of 3,000 tons.

No. 2 Slipway—1,110 feet long and 60 feet wide, capable of taking steamers up to 410 feet long, having a displacement of 4,000 tons.

No. 3 Slipway—993½ feet long and 60 feet wide, capable of taking steamers up to 300 feet long, having a displacement of 2,000 tons.

The building yard is equipped with a view to the construction of passenger and cargo vessels, turbine steamers, steam yachts, steam launches, tugs and lighters. The engine shops are most extensive and complete, capable of undertaking the building of all classes of steam engines, steam turbines and Sulzer Diesel engines. The establishment throughout is fitted with most up-to-date appliances.

The Electric Crane situated on the sea-wall lifts 100 tons at a radius of 70 feet, in addition to which there are Electric Travelling Cranes of 25 tons and 10 tons capacity serving the dockside and sea-wall.

The whole establishment is served by locomotives, waggons and steam travelling cranes.

Wharves and Godowns.

Cargo is handled both in midstream and at wharves. In the former case transit by means of lighter or native junk is the rule. Steamers surrounded five deep on either side by native craft are consequently a normal feature of Hong Kong Harbour.

The Hong Kong & Kowloon Wharf & Godown Company, Limited owns a water frontage 2,000 feet in length at Kowloon, the total area of its property being 1,201,350 sq. ft. It has eleven berths capable of berthing steamers up to 730 feet in length with a draught of 32 feet at lowest spring tides. Light railway lines facilitate the transfer of cargo to or from transit godowns or from steamer to steamer at the wharves. A railway siding connects the premises with the Kowloon-Canton Railway. The Company maintains a fleet of nine steam and motor tugs and launches and 113 lighters of from 50 to 250 tons capacity; its godowns (including separate buildings for extra hazardous, hazardous and non-hazardous goods and bonded warehouse for storage of dutiable goods) have a total capacity of about 300,000 measurement tons. An open space (343,343 sq. ft.) is also provided for storage of timber and other cargoes not requiring cover. The newer godowns are equipped with electric conveyors and electric cranes. Sixteen cargo cranes are operated on shore and five afloat, with a lifting capacity up to 25 tons. There is additional accommodation at West Point, the principal Chinese business quarter. A large staff of Swatow coolies, trained to handle cargo, is employed and housed by the Company, which also maintains an effective force of detectives and watchmen to prevent robberies and pilferage.

Holt's Wharf has a frontage of 1,600 ft. and an area of 108,000 sq. ft. The storage accommodation comprises five, four and two-storey warehouses with a capacity of 25,000 measurement tons. A fleet of tugs and lighters is also maintained. Both these wharves are connected by special siding with the railway.

In Hong Kong itself, adjoining the Chinese business quarter, the China Provident Loan & Mortgage Co., Ltd., own and operate a range of 23 godowns, covering a water frontage of some 2,000 feet, alongside which there is sufficient water at all tides to accommodate Chinese junks and lighters. By reason of this, and of the close proximity of the coastal and river steamers and their wharves, these godowns are almost exclusively utilised for the storage of sugar, flour, rice and general China produce, for which cargoes discharge from ships in the stream is particularly favoured. The Company who operate as general bonded warehouse-keepers under licence by the Hong Kong Government, have set aside ample space for the storage of dutiable goods, and provide facilities for the landing, shipping and transhipment of goods in bond.

With cargo delivered from transit godown, the system is for consignees to obtain Agents' countersignature to their Bills of Lading, after which the Bills of Lading are stamped off for delivery at the Godown Office, and consignees go to the godowns where their cargo is delivered to them, seven days' free storage (not counting date of arrival) being allowed, after which overtime is charged. Only a portion of a steamer's cargo is taken direct by consignees from transit godowns, the balance usually being transferred to storage godowns under instructions from the consignees, the greater part of the merchandise being held under lien to the various banks. Warrants are issued from such cargo and the merchants issue Delivery Orders as and when required.

Other Port Facilities.

The Harbour has a depth ranging from 24 to 78 feet L.W.O.S.T. The rise of tide is about 8 feet O.S.T.

During the typhoon season there are special moorings and anchorages to which vessels can move with immunity from danger. A Rescue Tug operated by the Harbour Department is always available to assist shipping during typhoon weather. Steam fire floats are also available and the harbour is efficiently patrolled day and night by water police launches. Competent pilots are available to meet vessels at either entrance of the harbour by day or night.

There are daily sailings by coasting Companies' ships carrying cargo and passengers to all river and coast ports of Southern China, and to ports in the Far Eastern trade, as well as almost daily departures by ocean steamers to overseas ports.

Ample bunkering facilities are provided by private stocks of Coal averaging 60,000 tons, of which about one third is North China coal, and the remainder Japanese and Formosan.

The average stock of Fuel Oil for commercial bunkering is 55,000 tons. One Oil Company has berthing facilities for 2 vessels, and another company for 1 vessel alongside the Oil installation, with a water depth of 28 feet and 23 feet L.W.O.S.T. respectively. Delivery can be given up to 600 tons an hour from wharf and 350 tons an hour from lighters.

A Waterboat Company, drawing its water from the Government reservoirs, has a fleet of 8 vessels carrying from 230 to 270 tons each.

The Government maintains a Commercial Wireless Telegraph Station at Cape D'Aguiar which has an average day range of 350 miles, and a night range of 700 miles. Continuous watch is kept.

Harbour Charges.

Buoys in the Harbour are owned by the Government as follows: 18 "A" Class for vessels 450 to 600 feet long, 28 "B" Class for vessels 300 to 450 feet long and 5 "C" Class for vessels less than 300 feet long. The charges are \$16, \$12 and \$8 per day respectively.

The Government imposes Light Dues of Two and four-tenths cents per ton on all Ocean ships, and nine-tenths of a cent per ton on all River steamers which enter the waters of the Colony. The sterling value of the above rates at \$1 equals 1s. 8d. is converted back into dollars at the average opening selling rate on London for the previous month.

Charges for permission for ships of 400-5,000 tons and over to work Cargo on Sundays are as follows:—

From Midnight to 6 a.m.	\$25 to \$ 87.50
From 6 a.m. to 6 p.m.	50 to 175.00
From 6 p.m. to midnight	25 to 87.50

Capacity of Local Reservoirs.

The capacity of local waterworks reservoirs is as follows:—

Jubilee Reservoir	3,000.00	million gallons.
Tytam	384.80	” ”
” Byewash	22.40	” ”
” Intermediate	195.90	” ”
” Tuk	1,419.00	” ”
Aberdeen (Upper)	173.23	” ”
” (Lower)	80.00	” ”
Wongneichong	30.34	” ”
Pokfulam	66.00	” ”
Kowloon (Main)	352.50	” ”
” (Byewash)	185.50	” ”
Shek Li Pui	116.10	” ”
Shing Mun Reception	33.15	” ”

The Jubilee Reservoir (named to commemorate the Jubilee of His Late Majesty King George V) was opened on January 30, 1937, construction having been begun at the beginning of 1933. The reservoir was constructed (at a cost of eight million dollars) to afford an additional supply of water to the communities of Hong Kong and Kowloon, which are separated by an arm of the sea about one mile in width and which have a combined population of between 700,000 and 800,000 people, a pipe line being laid on the bed of the channel so that water can be transferred from one side to the other.

The reservoir has a capacity of 3,000 million gallons and is formed by two dams, one known as the Shing Mun Dam and the other as Pineapple Pass Dam. The Shing Mun Dam is believed to be the highest in the British Empire, being 285 feet from river bed to crest.

THE CHAMBER'S LIBRARY.

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Comparison between the Years 1938 and 1939 of All Shipping Entering and Clearing at Ports in the Colony.

Class of Vessels.	1938		1939		Decrease		Increase	
	No.	Tonnage	No.	Tonnage	No.	Tonnage	No.	Tonnage
British Ocean-going	3,996	11,397,133	3,664	10,145,162	332	1,251,971	...	...
Foreign Ocean-going	3,132	10,787,599	3,743	12,003,066	...	...	611	1,215,467
British River Steamers ... }	6,238	6,510,967	6,846	6,460,273	...	50,694	608	...
Foreign River Steamers ... }	542	119,109	768	232,065	...	...	226	112,965
Steamships under 60 tons }	1,585	48,924	960	32,837	625	16,087	...	...
Junks, Foreign Trade	9,177	666,652	7,900	323,063	1,277	343,589	...	...
Total, Foreign Trade	24,670	29,530,384	23,881	29,196,466	2,234	1,662,341	1,445	1,328,423
Steamships over 60 tons Local Trade }	...	...	124	29,933	...	...	124	29,933
Steam Launches, Local Trade	19,072	653,635	24,847	804,776	...	...	5,775	151,151
Junks, Local Trade	23,265	778,747	25,765	866,773	...	...	2,500	88,025
Grand Total....	67,007	30,962,756	74,617	30,897,948	2,234	1,662,341	9,844	1,597,533
Net,.....	...	...	...	...	...	64,808	7,610	...

Exports from Hong Kong to Continent of Europe from 1925-1939.

	Bamboo	Canes	Cassia Ligna & Buds	Chinaware & M'chdise	Feathers	Fire Crackers	Hides	Human Hair	Mats and Matting	Minerals	Oil Essential	Oil Wood	Oils, Other
	bales	bales	cases	cases	bales	cases	bales	cases	rolls	pkgs.	cases	drums	drums
1925	1,560	12,175	21,595	2,663	8,859	250	...	1,163	65,891	12,810	1,388	...	...
1926	500	4,554	1,150	820	3,256	24	...	458	18,373	10,866	1,147	...	...
1927	200	17,555	53,287	3,088	10,989	1,136	...	430	157,672	42,385	1,752	...	...
1928	500	13,570	46,826	2,535	12,506	674	...	363	135,573	33,051	2,222	...	...
1929	630	13,582	35,496	3,247	17,053	909	2,263	392	110,379	69,070	1,877	6,419	2,652
1930	757	14,949	42,749	3,669	11,858	937	2,171	191	139,309	94,940	1,107	3,025	548
1931	1,605	25,959	47,082	3,455	12,181	1,478	2,147	522	125,539	91,870	1,668	3,416	597
1932	1,871	18,829	41,352	1,650	10,713	514	1,151	314	139,029	70,996	1,989	6,716	1,711
1933	5,282	28,368	49,698	1,525	17,374	588	3,052	306	151,163	85,083	2,092	8,861	3,199
1934	5,657	31,934	49,280	1,002	15,387	996	3,546	528	151,652	81,752	1,883	12,610	1,369
1935	7,521	32,101	56,121	760	12,811	791	4,212	537	132,629	133,079	1,925	6,473	93
1936	5,456	30,265	40,784	935	13,361	328	4,745	669	132,159	127,156	2,038	8,027	64
1937	7,650	54,485	56,442	477	12,968	564	5,021	739	94,961	125,873	2,728	13,516	72
1938	5,534	25,675	17,500	1,548	12,696	786	6,382	418	89,858	316,051	1,824	27,438	214
1939	3,298	451	29,644	347	9,196	507	3,645	480	45,714	116,457	1,335	11,681	442
	Preserves	Rattancore & Rattanware	Seagrass	Silk P. Goods	Silk Raw	Silk Waste	Star Aniseed	Sundries	Tea	Tin	Tobacco		
	pkgs.	pkgs.	cases	pkgs.	bales	bales	cases	pkgs.	pkgs.	slabs	bags.		
1925	6,529	71	...	441	13,548	960	500	14,392	38	500	4,517		
1926	13,976	20	...	128	562	187	650	11,183	27	83	2,744		
1927	13,354	596	...	530	35,187	5,661	1,493	43,184	395	40	9,834		
1928	10,164	1,124	...	560	39,578	10,337	1,642	32,286	300	...	18,642		
1929	15,253	948	...	602	27,791	10,039	753	31,222	184	300	23,368		
1930	15,301	1,561	...	407	18,674	5,247	495	46,100	291	...	10,581		
1931	14,098	1,386	...	276	11,184	8,194	455	18,676	472	...	16,119		
1932	14,764	2,749	...	231	6,318	896	1,140	9,236	131	8,099	9,617		
1933	22,257	5,122	14,079	267	8,291	2,798	970	8,074	177	155,374	11,748		
1934	13,699	2,517	16,672	349	6,905	4,033	1,520	12,855	876	130,386	9,495		
1935	18,277	2,709	19,020	166	7,173	2,830	1,969	7,846	350	85,485	17,174		
1936	15,376	3,649	16,361	196	3,909	984	491	10,153	854	76,250	6,101		
1937	19,577	4,314	30,437	62	8,730	1,741	2,340	38,266	153	113,820	13,938		
1938	17,522	4,906	39,140	69	5,015	1,818	2,190	54,947	29,531	111,649	10,964		
1939	11,634	3,318	25,442	10	5,605	1,260	632	57,461	33,452	120,808	1,340		

Under "Sundries" is also included the following, each of which moved in small quantities: Galangal, Bristles and Tea Mats.

Exports from Hong Kong to Great Britain from 1925-1939.

	Bamboo	Canes	Cassia	China ware, &c.	Chinese M'chandise	Feathers	Hides	Lard	Mats and Matting	Minerals	Oil Essential	Oil Wood
		bales	cases	cases	cases	bales	bales		rolls	pkgs.	cases	drums
25	...	13,495	722	2,367	1,982	11,065	...	...	49,267	6,513	954	...
26	...	875	...	520	1,935	7,220	...	...	10,260	19,451	1,851	...
27	...	15,125	4,900	1,220	2,059	18,697	...	...	92,499	8,101	2,053	...
28	...	25,423	5,389	1,500	2,551	23,725	...	...	94,989	6,435	1,607	...
29	...	21,078	1,810	1,719	2,728	19,572	1,921	...	93,965	13,982	3,767	3,248
30	...	29,012	3,835	1,325	2,431	17,612	1,146	...	109,500	19,018	3,028	1,220
31	...	49,135	8,033	1,348	1,646	18,655	2,135	...	195,804	8,348	2,271	1,284
32	5,557	41,997	4,817	278	1,278	21,304	1,941	8,022	105,754	4,124	1,400	2,842
33	7,066	57,055	4,370	318	1,900	10,458	1,724	35,055	171,756	5,264	1,123	4,466
34	8,016	86,178	3,970	341	2,222	15,692	1,025	35,500	210,096	7,697	1,476	4,650
35	10,687	84,356	4,575	339	1,971	13,438	1,964	117,982	99,560	21,340	1,889	3,655
36	9,825	49,801	4,485	870	2,603	14,137	2,437	421,054	109,729	40,126	1,309	2,607
37	14,739	77,629	2,131	747	2,599	14,724	3,090	153,071	110,784	87,118	1,033	6,739
38	8,581	37,359	4,055	326	3,208	9,472	1,429	36,500	78,055	44,807	2,542	4,878
39	2,261	6,829	9,625	132	2,101	10,055	2,355	18,269	28,522	14,414	2,935	1,690

	Oils, Other	Preserves	Rattancore and Rattanware	Seagrass	Silk P. Goods	Silk Raw	Silk Waste	Soy	Sundries	Tea	Tea Mats	Tin
	drums	pkgs.	bales	cases	pkgs	bales	bales	casks	pkgs.	pkgs.	cases	slabs
25	...	28,955	...	...	157	125	1,687	3,750	31,880	75	...	30,663
26	...	63,310	...	...	12	...	50	3,809	16,505	42	...	8,000
27	...	58,474	...	...	80	281	1,359	3,689	55,685	118	...	2,500
28	...	37,345	...	...	71	1,206	837	4,051	33,129	115	...	2,788
29	1,829	62,847	...	...	87	440	1,279	3,835	38,251	162	...	500
30	137	54,259	...	...	72	258	575	1,999	64,604	128	...	...
31	1,568	94,966	...	...	68	320	756	3,057	69,922	384	...	384
32	1,729	99,643	...	...	30	382	970	2,080	15,483	152	...	13,000
33	853	97,329	1,712	2,085	25	171	1,213	1,790	14,528	52	2,885	3,967
34	3,126	75,157	3,099	3,244	16	175	606	2,782	28,517	245	2,598	20,870
35	2,721	90,160	2,360	3,612	10	177	607	2,605	29,829	125	3,492	42,814
36	1,344	108,599	3,729	4,239	47	88	731	2,822	18,881	120	3,046	73,636
37	738	83,975	2,872	3,096	16	231	1,216	3,385	68,728	290	3,910	93,812
38	1,421	74,027	2,506	4,206	7	11	968	3,355	82,647	61,244	2,793	199,407
39	965	50,983	8,247	3,860	1	132	81	3,300	110,760	16,576	3,264	123,156

Local Exports from Hong Kong to Pacific Seaboard of U. S. and Canada via Pacific for 1928-1939.

(Measurement is in tons.)

	Raw Silk	Waste Silk	Bambooware Basketware, Rattanware	Beans	Bristles	Canes Bamboo	Cassia	China ware	Fans Palm Leaf	Fans Bamboo and Paper, etc.	Feathers	Fibre	Fire-crackers (including Joss Sticks & Punk)	Furniture Rattan, Seagrass and Reed.	Ginger	Human Hair
1928	2,563	1,422	2,510	912	41	127	1,556	935	193	16	373	...	2,180	22,259	1,159	170
1929	3,897	1,476	2,924	928	2	203	1,236	885	230	3	250	...	2,012	19,611	1,261	93
1930	4,420	1,137	3,582	803	4	258	1,243	938	241	20	73	141	3,384	19,649	1,474	267
1931	2,785	748	2,836	906	...	112	1,682	791	179	21	112	107	2,374	26,617	1,281	200
1932	986	371	2,246	535	5	214	1,476	485	237	2	41	101	2,266	14,255	1,358	189
1933	478	2,423	1,725	731	1	87	1,932	357	318	37	551	91	1,751	10,163	1,059	147
1934	254	329	2,453	894	...	258	1,460	401	144	9	501	84	2,807	9,465	996	101
1935	327	854	2,692	988	...	583	2,176	338	304	2	571	98	3,778	7,813	1,012	105
1936	22	1,024	3,935	928	...	851	1,541	454	162	...	630	132	5,022	12,731	1,172	98
1937	11	936	5,775	1,708	337	1,137	2,522	433	136	15	535	125	4,618	15,212	1,560	368
1938	43	867	3,475	646	164	553	2,971	478	220	4	882	198	4,086	10,686	1,157	625
1939	60	1,084	2,039	932	216	90	2,103	293	138	2	851	88	2,384	11,255	1,091	188

	Matting and Mats	Minerals, Ores	Oil, Wood in Containers	Oil, other than wood in Containers	Oil in Bulk	Peanuts	Rattan and Rattancore	Rice	Soy & Sauce	Sundry Cargo Chinese	Sundry Cargo other General Weight	Sundry Cargo other General Meast.	Sugar	Tea	Tin	Treasure and Bullion
1928	1,609	33	3,444	...	2,368	239	3,853	19,672	2,334	15,134	1,070	3,237	319	1,897	969	...
1929	1,598	298	4,091	...	2,112	712	2,040	21,173	2,436	18,752	397	2,354	191	2,049	532	...
1930	1,295	347	1,617	...	922	170	1,287	18,632	2,573	17,459	505	1,470	329	1,936	697	...
1931	1,200	2	1,750	...	893	477	895	17,275	1,873	15,859	485	2,652	444	1,576	610	...
1932	1,349	1	994	769	29	441	424	8,258	1,636	12,402	537	2,126	278	1,292	485	...
1933	767	29	834	818	750	148	1,188	8,603	1,811	12,403	508	2,826	340	1,458	943	...
1934	700	114	2,117	1,082	1,532	161	730	9,050	2,282	14,600	1,143	3,347	267	1,284	956	...
1935	807	29	4,177	1,125	314	181	862	9,778	2,423	13,494	1,369	4,430	271	1,300	1,188	...
1936	661	12	1,069	1,363	162	256	1,212	12,315	2,785	16,440	1,078	2,987	173	1,639	940	...
1937	843	82	5,531	1,667	1,216	212	1,489	12,168	4,217	20,682	1,093	4,730	356	1,836	1,385	...
1938	597	338	1,232	1,481	15,120	200	742	7,776	2,384	17,747	980	2,321	171	1,994	1,841	...
1939	642	1,323	1,486	1,132	7,628	200	741	7,478	2,930	18,914	831	2,914	250	2,068	2,014	...

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Cargo transhipped at Hong Kong for Pacific Seaboard of U. S. and Canada via Pacific for 1928-1939.
(Measurement is in tons.)

	Bonemeal	Cinnamon	Coffee	Condi-ments	Cotton	Dessicated Cocoanut	Fibre (Mattress Coir Palmyrah Stalks etc.)	Gums	Gunnies	Hides	Iron, Pig	Jute	Kapok	Lumber and Logs	Mats and Matting	Oil in Containers
1928	81	378	698	76		937	132	403	55,699	247	...	1,139	1,784	501	1,340	284
1929	2,499	292	161	48	...	733	1,745	514	24,123	24	220	1,459	1,055	1,011	1,199	66
1930	446	298	207	38	...	456	1,370	237	20,641	...	99	424	1,042	704	1,027	32
1931	...	239	226	31	...	738	1,023	148	26,206	159	207	182	308	348	1,103	113
1932	...	166	55	9	...	293	936	62	23,977	...	...	122	69	91	554	118
1933	...	144	2,192	14	...	381	923	268	23,488	582	220	333	78	76	135	27
1934	...	160	4,216	15	...	306	699	1,328	31,387	168	256	2,734	15	863	194	255
1935	500	116	2,481	13	24	302	1,022	317	32,470	55	386	3,275	82	160	799	95
1936	386	175	2,563	17	82	227	1,779	165	35,016	47	201	2,923	297	240	594	35
1937	...	129	3,921	20	...	668	1,500	50	35,298	31	...	1,283	115	428	443	267
1938	...	204	3,200	23	7	210	1,272	3	23,307	289	...	2,645	124	587	686	22
1939	280	214	3,629	21	14	345	801	4	23,323	43	...	1,597	247	1,622	352	35

	Paraffin Wax	Pepper	Pineapples	Rattan Rattan- core Canes	Rice	Rubber	Sago pearl flour	Shellac	Sundry Cargo Measure- ment	Sundry Cargo Weight	Tapioca (all Kinds)	Tea (other than from Foochow and Java)	Tea from Foochow	Tea from Java	Tin	Treasure and Bullion
1928	1,085	456	6,438	229	277	18,686	42	...	1,745	819	2,412	13,228	...	...	1,447	...
1929	477	312	6,462	599	20	19,178	24	...	1,288	290	699	13,592	...	...	1,365	...
1930	2,188	266	7,899	13	1,050	6,359	141	...	1,273	219	748	11,769	269	46	1,241	...
1931	462	354	7,841	...	...	15,524	10	...	996	114	653	13,759	166	...	1,249	...
1932	...	406	2,225	816	40	8,643	...	...	1,714	186	169	15,258	79	...	810	...
1933	51	219	4,707	5	82	7,248	...	...	2,505	313	380	11,454	56	...	847	...
1934	...	470	3,817	1	2,378	10,302	22	...	2,193	1,534	520	9,460	83	...	780	...
1935	...	325	5,861	1	78	14,116	...	...	5,161	2,171	319	10,674	39	13	832	...
1936	93	72	4,712	2	647	9,012	16	...	4,778	1,601	300	10,191	714	67	1,446	...
1937	267	54	4,073	1	7,111	12,587	18	...	9,176	2,766	410	12,560	108	...	1,133	...
1938	48	37	3,562	1	286	3,137	4	...	3,519	869	224	8,933	10	...	321	...
1939	52	6	4,424	...	614	9,389	2	...	5,688	1,066	293	16,300	1	5	771	...

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Exports from Hong Kong to U.S. and Canada via Suez & Panama Canals for 1928-1939.

aboware	Beans	Black- woodware	Canes	Cassia	Chinaware	Chinese M'chdise	Sundry Other M'chdise	Fans	Feathers	Fire Crackers	Hides	Mats and Matting
kgs.		pkgs.	bales	bales	cases	cases	cases	pkgs.	bales	cases	bales	rolls
3,991	...	885	5,301	38,765	1,242	54,989	33,027	644	2,956	35,113	827	6,315
12,091	...	724	10,796	43,833	2,596	80,204	11,017	1,005	3,543	61,461	779	4,590
19,056	...	446	10,588	36,538	1,739	81,504	10,368	1,008	3,407	30,209	208	6,397
9,720	...	509	6,435	39,230	2,259	51,668	4,857	1,368	2,898	25,780	187	5,777
6,095	14,839	771	2,634	32,930	1,197	51,997	7,653	1,428	2,569	22,366	358	4,698
6,458	18,225	486	4,696	43,285	1,095	52,566	2,734	1,350	4,055	27,410	462	3,109
7,263	21,881	294	7,197	42,186	995	68,008	7,447	1,036	2,013	16,760	536	3,627
0,294	22,563	1,044	12,242	45,585	730	54,435	16,069	1,339	4,494	36,741	946	5,629
8,962	26,472	212	17,199	51,592	988	79,620	23,976	1,813	7,566	32,493	1,626	7,427
6,123	34,906	442	17,301	58,296	1,605	90,240	41,257	1,756	7,495	96,757	2,412	7,352
3,601	17,289	529	12,427	36,545	1,846	70,754	14,221	1,445	6,733	37,423	1,383	8,606
1,688	20,884	219	4,931	68,620	784	80,628	19,798	2,757	8,889	42,142	1,702	14,128

Minerals	Oils	Ginger and Preserves	Rattancore & Rattanware	Rice	Silk Raw	Silk Waste	So & S auce	Tea	Tin	Tobacco	Miscellaneous
kgs.	drums	pkgs.	pkgs.	bags	bales	bales	casks	pkgs.	slabs	bags	pkgs.
4,321	12,366	6,759	14,838	144,232	125	14,953	17,979	4,555	31,120	1,391	16,305
3,730	7,615	8,208	18,414	67,541	4,568	11,043	21,376	4,184	66,897	1,494	12,726
4,952	4,661	8,304	13,532	16,317	5,006	8,720	26,165	1,657	49,003	8,492	29,443
1,969	9,929	1,490	12,833	64,166	9,853	7,229	27,393	4,191	39,670	1,750	5,058
...	9,537	9,746	8,774	118,280	4,776	975	24,195	7,584	65,834	4,449	9,389
9,334	14,639	10,960	8,920	88,099	3,250	2,216	20,487	9,131	32,535	837	6,049
2,706	15,107	3,303	6,212	155,412	1,237	1,322	23,948	10,946	32,373	892	36,596
8,211	25,067	12,216	14,282	113,207	1,005	334	19,257	8,803	54,743	2,066	43,206
9,075	15,394	13,344	17,784	183,882	102	4,256	21,643	6,403	66,255	394	37,490
3,228	30,650	14,070	17,917	188,134	969	3,041	32,496	13,784	73,861	589	29,397
6,874	23,452	9,880	10,939	100,570	1,135	4,355	16,621	23,804	20,198	149	56,825
0,408	7,538	7,740	10,849	200,434	487	8,998	17,283	16,509	18,795	138	46,317

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Under "Miscellaneous" is included the following, each of which moved in small quantities: Bristles, Galangal, Human Hair, Seagrass, Sugar & Sundries.

CURRENT EXCHANGE AND BULLION OPENING QUOTATIONS.

1939.	BANK'S SELLING.								BANK'S BUYING.				Bar Silver.
	London T.T.	France T.T.	Amer. T.T.	S'hai T.T.	India T.T.	Japan T.T.	S'pore T.T.	Java T.T.	London 4 m/s. L.C.	France 4 m/s.	Amer. 4 m/s.	A'ralia 30 d/s.	
Fortnight ending 30th Dec.	1/27 ³ / ₈	1,095	28 ⁷ / ₁₆	172	83	106 ¹ / ₂	53 ¹ / ₈	52 ¹ / ₁₆	1/3 ¹ / ₈	1,145	29 ⁷ / ₁₆	Nom.	19 ¹ / ₁₆
do 13th Jan.	"	1,090	28 ¹ / ₁₆	173	"	"	"	53 ¹ / ₁₆	"	1,140	29 ³ / ₄	"	20 ³ / ₁₆
do 27th "	"	1,095	"	"	"	"	"	53 ¹ / ₁₆	"	1,135	"	"	20 ¹ / ₁₆
do 10th Feb.	1/21 ³ / ₁₆	1,090	28 ⁷ / ₁₆	178	82 ⁵ / ₁₆	105 ³ / ₄	53	"	1/3 ¹ / ₁₆	1,130	29 ⁷ / ₁₆	"	20 ³ / ₁₆
do 24th "	1/23 ³ / ₁₆	1,085	28 ³ / ₁₆	"	82 ⁵ / ₁₆	105 ¹ / ₂	52 ⁵ / ₈	53 ³ / ₁₆	1/3	1,125	29 ¹ / ₁₆	"	20 ⁹ / ₁₆
do 10th Mar.	1/23 ³ / ₁₆	1,087	28 ⁷ / ₁₆	175	"	105 ¹ / ₂	52 ⁷ / ₈	54 ³ / ₁₆	1/3 ¹ / ₁₆	1,127	29 ⁷ / ₁₆	"	20 ¹ / ₁₆
do 24th "	"	"	28 ¹ / ₁₆	176	82 ³ / ₁₆	"	"	"	"	"	29 ³ / ₁₆	"	20
do 6th April	1/28 ³ / ₁₆	1,075	28 ³ / ₁₆	175	81 ³ / ₁₆	104 ¹ / ₂	52 ³ / ₈	53 ⁹ / ₁₆	1/2 ¹ / ₁₆	1,117	29 ¹ / ₁₆	"	19 ¹ / ₁₆
do 21st "	"	"	28 ⁷ / ₁₆	"	"	"	"	53 ¹ / ₁₆	"	"	29	"	20 ¹ / ₁₆
do 5th May	1/21 ¹ / ₁₆	1,080	28 ³ / ₁₆	177	81 ³ / ₁₆	105	52 ⁵ / ₈	"	1/3	1,122	29 ³ / ₁₆	"	20 ¹ / ₁₆
do 19th "	1/23 ³ / ₁₆	1,085	28 ³ / ₁₆	179	82 ¹ / ₁₆	105 ³ / ₄	52 ³ / ₈	53 ³ / ₁₆	1/3 ¹ / ₁₆	1,127	29 ¹ / ₁₆	"	20 ¹ / ₁₆
do 2nd June	1/23 ³ / ₁₆	1,087	28 ¹ / ₁₆	"	82 ⁵ / ₁₆	105 ¹ / ₂	52 ⁷ / ₈	53 ⁹ / ₁₆	"	1,129	29 ³ / ₁₆	"	19 ¹ / ₁₆
do 16th "	1/21 ¹ / ₁₆	1,084	28 ³ / ₁₆	219	81 ⁷ / ₁₆	104 ³ / ₄	52 ¹ / ₂	53 ³ / ₁₆	1/2 ¹ / ₁₆	1,122	29 ³ / ₁₆	"	19 ⁷ / ₁₆
do 30th "	1/23 ³ / ₁₆	1,085	28 ³ / ₁₆	217	82 ¹ / ₁₆	105 ¹ / ₂	"	54	1/3	1,127	29 ¹ / ₁₆	"	17 ¹ / ₁₆
do 14th July	1/23 ³ / ₁₆	1,083	28 ¹ / ₁₆	218	82 ¹ / ₁₆	105	52 ⁵ / ₁₆	53 ⁷ / ₁₆	1/2 ³ / ₁₆	1,125	29 ¹ / ₁₆	"	16 ¹ / ₁₆
do 28th "	1/21 ¹ / ₁₆	1,073	28 ⁷ / ₁₆	310	82 ¹ / ₁₆	104	51 ³ / ₄	53 ¹ / ₈	1/2 ³ / ₁₆	1,115	29	"	16 ¹ / ₁₆
do 11th Aug.	"	"	"	360	61 ¹ / ₂	"	"	"	"	"	"	"	17
do 25th "	"	"	28 ³ / ₁₆	370	81 ¹ / ₁₆	"	"	52 ¹ / ₁₆	1/3 ¹ / ₁₆	"	"	"	19 ¹ / ₁₆
do 8th Sept.	1/21 ¹ / ₁₆	1,080	24 ³ / ₁₆	350	82 ¹ / ₁₆	105 ¹ / ₂	52 ¹ / ₂	45 ¹ / ₂	1/3 ³ / ₁₆	1,140	26 ¹ / ₁₆	"	21 ⁵ / ₁₆
do 22nd "	"	"	24 ⁵ / ₁₆	315	"	"	"	44 ¹ / ₂	"	"	25 ¹ / ₁₆	"	23 ¹ / ₁₆
do 6th Oct.	"	1,085	24 ³ / ₁₆	"	82 ¹ / ₁₆	"	"	45 ¹ / ₂	"	1,145	25 ³ / ₁₆	"	21 ¹ / ₁₆
do 20th "	1/27 ³ / ₁₆	1,090	24 ¹ / ₁₆	"	82 ¹ / ₁₆	106	52 ³ / ₄	49 ⁵ / ₁₆	1/3 ⁵ / ₁₆	"	25 ³ / ₁₆	"	22 ¹ / ₁₆
do 3rd Nov.	"	"	24 ³ / ₁₆	275	82 ³ / ₁₆	105	"	45 ³ / ₄	1/3 ¹ / ₁₆	"	"	"	23 ¹ / ₁₆
do 17th "	"	"	24 ¹ / ₁₆	270	"	103 ¹ / ₂	"	45 ¹ / ₂	"	"	25 ¹ / ₁₆	"	23 ¹ / ₁₆
do 1st Dec.	"	"	24 ¹ / ₁₆	295	"	102 ¹ / ₂	"	44 ⁷ / ₈	"	"	24 ⁷ / ₁₆	"	23 ¹ / ₁₆
do 15th "	"	"	24 ³ / ₁₆	315	82 ¹ / ₁₆	103 ¹ / ₂	"	45 ³ / ₈	"	"	25 ¹ / ₈	"	23 ³ / ₈

XXIV

HIGHEST AND LOWEST PRICES OF BAR SILVER IN LONDON.

XXV

Rates of Exchange in Hong Kong, and Bank of England rate of Discount, for the years 1889 to 1939.

YEAR	BAR SILVER IN LONDON		EXCHANGE IN HONG KONG		BANK RATE OF DISCOUNT IN LONDON	
	Highest	Lowest	Highest	Lowest	Highest	Lowest
1889	44 ³ / ₈	41 ¹ / ₁₆	3/2%	2/11%	6	2 ¹ / ₂
1890	54 ⁵ / ₈	43 ⁵ / ₈	3/10%	3/0%	6	3
1891	48 ³ / ₄	43 ¹ / ₄	3/5	3/0%	5	2 ¹ / ₂
1892	43 ¹ / ₂	37 ⁷ / ₈	3/0%	2/8%	3 ¹ / ₂	2
1893	38 ¹ / ₈	30 ³ / ₄	2/8%	2/2%	5	2 ¹ / ₂
1894	31 ⁷ / ₈	27	2/3%	1/11%	3	2
1895	31 ¹ / ₈	27 ³ / ₈	2/2%	1/11%	2	2
1896	31 ¹ / ₄	29 ¹ / ₂	2/2%	2/1%	4	2
1897	29 ¹ / ₁₆	23 ³ / ₈	2/3%	1/9%	4	2
1898	28 ³ / ₈	25	1/11%	1/9%	4	2
1899	29	26 ⁵ / ₈	1/11%	1/10%	4	2 ¹ / ₂
1900	30 ¹ / ₈	27	2/1%	1/11%	6	3
1901	29 ¹ / ₁₆	25	2/1	1/9%	6	3
1902	26	21 ¹ / ₁₆	1/10%	1/6%	4	3
1903	28 ¹ / ₁₆	21 ¹ / ₁₆	1/10 ¹ / ₁₆	1/6%	4	3
1904	28 ¹ / ₁₆	24 ⁷ / ₁₆	1/11 ¹ / ₁₆	1/8%	4	2 ¹ / ₂
1905	30 ¹ / ₁₆	25 ⁷ / ₁₆	2/1%	1/9 ¹ / ₁₆	4	2 ¹ / ₂
1906	33 ³ / ₈	29	2/3 ¹ / ₁₆	2/0%	6	3 ¹ / ₂
1907	32 ⁷ / ₁₆	24 ⁷ / ₁₆	2/3 ¹ / ₁₆	1/9%	7	4
1908	27 ¹ / ₁₆	22	2/3 ¹ / ₁₆	1/9%	4	2 ¹ / ₂
1909	24 ¹ / ₁₆	23 ¹ / ₁₆	1/11%	1/8%	5	2 ¹ / ₂
1910	26 ¹ / ₁₆	23 ¹ / ₁₆	1/9%	1/8%	5	5
1911	26 ¹ / ₁₆	23 ¹ / ₁₆	1/10%	1/8 ¹ / ₁₆	5	5
1912	29 ¹ / ₁₆	23 ¹ / ₁₆	1/10%	1/9 ¹ / ₁₆	5	4 ¹ / ₂
1913	29 ³ / ₁₆	25 ³ / ₁₆	2/1 ¹ / ₁₆	1/10 ¹ / ₁₆	5	3
1914	27 ¹ / ₁₆	22 ¹ / ₁₆	2/0 ¹ / ₁₆	1/11	5	4 ¹ / ₂
1915	27 ¹ / ₁₆	22 ¹ / ₁₆	1/11%	1/8%	10	3
1916	37 ³ / ₈	22 ¹ / ₁₆	2/4%	1/11 ¹ / ₁₆	5	5
1917	55	35 ¹ / ₁₆	3/2%	2/3%	5	5
1918	49 ¹ / ₂	42 ¹ / ₄	3/8	2/11 ¹ / ₁₆	5	5
1919	79 ¹ / ₁₆	47 ⁷ / ₁₆	5/2	3/4%	6	5
1920	89 ³ / ₈	38 ⁵ / ₈	6/2	2/11	7	6
1921	43 ³ / ₈	30 ⁵ / ₈	8/1 ¹ / ₄	2/2 ¹ / ₁₆	7	5
1922	37 ³ / ₈	30 ³ / ₈	2/7 ¹ / ₄	2/2 ¹ / ₁₆	5	3
1923	33 ¹ / ₁₆	30 ³ / ₈	2/4 ¹ / ₄	2/2 ¹ / ₁₆	4	3
1924	36 ¹ / ₁₆	31 ¹ / ₄	2/5%	2/3%	4	4
1925	33 ⁷ / ₁₆	31 ¹ / ₈	2/5 ¹ / ₂ %	2/2 ⁷ / ₈ %	5	4
1926	31 ¹ / ₁₆	24 ¹ / ₈	2/4 ¹ / ₄ %	1/9%	5	5
1927	28	24 ¹ / ₈	2/0%	1/11%	5	4 ¹ / ₂
1928	28 ⁷ / ₁₆	26 ¹ / ₁₆	2/1 ¹ / ₁₆ %	1/11 ¹ / ₁₆ %	4 ¹ / ₂	4 ¹ / ₂
1929	26 ¹ / ₁₆	21 ¹ / ₁₆	2/0 ¹ / ₁₆ %	1/7 ¹ / ₁₆ %	6 ¹ / ₂	4 ¹ / ₂
1930	21 ¹ / ₁₆	14 ¹ / ₁₆	1/7 ¹ / ₁₆ %	1/1	4 ¹ / ₂	3 ¹ / ₂
1931	21 ¹ / ₁₆	12	1/5 ¹ / ₁₆ %	-1/10 ³ / ₁₆ %	6	2 ¹ / ₂
1932	20 ⁷ / ₁₆	16 ³ / ₁₆	1/5 ¹ / ₁₆ %	1/2 ³ / ₁₆ %	6	2
1933	20 ⁷ / ₁₆	16 ³ / ₁₆	1/5 ¹ / ₁₆ %	1/4 ¹ / ₁₆ %	2	2
1934	25 ¹ / ₁₆	18 ¹ / ₁₆	1/8 ¹ / ₁₆ %	1/4 ¹ / ₁₆ %	2	2
1935	36 ¹ / ₁₆	20 ¹ / ₁₆	2/6	1/3 ³ / ₁₆ %	2	2

HONG KONG STOCK EXCHANGE

SCALES OF BROKERAGE

TO BE CHARGED TO BUYER AND SELLER.

Local	Price Dealt at		1% cents per share
	Under	50 cents	
At or over	50	"	1½
"	\$ 1.00	"	2
"	2.00	"	3
"	3.00	"	4
"	4.00	"	5
"	7.50	"	7½
"	10.00	"	10
"	20.00	"	15
"	30.00	"	20
"	40.00	"	½ per cent.
Minimum Brokerage			\$5.00

The scale of brokerage for Loans and debentures is ½% to be charged to buyer and seller.

Sterling	Price Dealt at			s.	d.	At discretion
	Under	£	s.				d.
At or over	0	1	0	0	1	per share
"	0	3	6	0	1½	"
"	0	5	0	0	2	"
"	0	15	0	0	3	"
"	1	10	0	0	4½	"
"	2	0	0	0	6	"
"	3	0	0	0	7½	"
"	4	0	0	0	9	"
"	5	0	0	1	0	"
"	7	10	0	1	3	"
"	10	0	0	1	6	"
"	15	0	0	2	0	"
"	20	0	0	2	6	"
"	25	0	0	½		per cent.

Straits	Price Dealt at		1 cent per share
	Under	50 cents	
At or over	50 cents	"	1½ cents
"	\$ 2	"	2½
"	\$ 4	"	5
"	\$ 7½	"	10
"	\$ 20	"	20
"	\$ 35	"	35
"	\$ 70	"	½ per cent.

Manila 1 per cent. ad valorem.

Minimum Brokerage \$5.

The above cancels all previous scales of Brokerage.

By Order of the Committee,

M. E. BARRIE, Secretary.

Hong Kong, 20th December, 1937.

HONG KONG STOCK EXCHANGE

SCALES OF BROKERAGE

&

STAMP DUTY ON CONTRACTS

To be Charged to Buyer and Seller

Stamp Duty on Contracts

\$ 1.00	Stamp for amounts up to \$ 1,000
\$ 3.00	" " " " " \$10,000
\$ 5.00	" " " " " \$20,000
\$ 7.50	" " " " " \$50,000
\$10.00	" " " " over \$50,000

Local	Price Dealt at		1% cents per share
	Under	50 cents	
At or over	50 cents	"	1½
"	\$ 1	"	2
"	2	"	3
"	3	"	4
"	4	"	5
"	7.50	"	7½
"	10	"	10
"	20	"	15
"	30	"	20
"	40	"	½ per cent.
Minimum Brokerage			\$5.00

The scale of brokerage for Loans and Debentures is ½% to be charged to Buyer and Seller.

Sterling	Price Dealt at			s.	d.	At discretion
	Under	£	s.				d.
At or over	0	1	0	0	1	per share
"	0	3	6	0	1½	"
"	0	5	0	0	2	"
"	0	15	0	0	3	"
"	1	10	0	0	4½	"
"	2	0	0	0	6	"
"	3	0	0	0	7½	"
"	4	0	0	0	9	"
"	5	0	0	1	0	"
"	7	10	0	1	3	"
"	10	0	0	1	6	"
"	15	0	0	2	0	"
"	20	0	0	2	6	"
"	25	0	0	½		per cent.

Straits	Price Dealt at		1 cent per share
	Under	50 cents	
At or over	50 cents	"	1½ cents
"	\$ 2	"	2½
"	\$ 4	"	5
"	\$ 7½	"	10
"	\$ 20	"	20
"	\$ 35	"	35
"	\$ 70	"	½ per cent.

Manila 1 per cent. ad valorem

Minimum Brokerage \$5

The above cancels all previous scales of Brokerage.

By Order of the Committee,

M. E. BARRIE,

HONGKONG PUBLIC HOLIDAYS, 1940.

Extract from the Holidays Ordinance 1912.

PUBLIC HOLIDAY:

(not a Bank Holiday)

Empire Day, or if that day should be
a Sunday then the following day

GENERAL HOLIDAYS:

Every Sunday

The first week-day in January

Chinese New Year's Day, or if that day
should be a Sunday then the following
dayThe first week-day following Chinese New
Year's Day, or if Chinese New Year's
Day should be a Sunday then the Tues-
day following Chinese New Year's Day

Good Friday

The day following Good Friday

Easter Monday

Whit Monday

The Birthday of His Majesty The King,
unless it shall be ordered by the
Governor, by an order published in the
Gazette, that His Majesty's Birthday
is to be kept on some other day, and
then, such other day

The first week-day in July

The first Monday in August

The first Monday in September

The tenth day of October, or if that day
should be a Sunday then the following
dayArmistice Day, or if that day should be
a Sunday then the following dayChristmas Day, or if that day should be
a Sunday then the following dayThe 26th day of December, or if that
day should be a Sunday then the
following day, or if Christmas Day
should be a Sunday then the Tuesday
following Christmas Day

1940 HOLIDAYS.

Friday, 24th May

Monday, 1st January

Thursday, 8th February

Friday, 9th February

Friday, 22nd March

Saturday, 23rd March

Monday, 25th March

Monday, 13th May

Thursday, 13th June

Monday, 1st July

Monday, 5th August

Monday, 2nd September

Thursday, 10th October

Monday, 11th November

Wednesday, 25th December

Thursday, 26th December

Officers of the Hongkong General Chamber of Commerce

From date of Formation in 1861 to 1939.

Year	Chairman	Firm	Vice-Chairman	Firm	Secretary	Asst. Sec.
1861	Alexander Percival	Jardine, Matheson & Co.	W. Walkinshaw	Turner & Co.	J. Johnson	
1862	James MacAndrew	do.	C. W. Murray	Birley & Co.	J. C. Baldwin	
1863	J. J. Mackenzie	Dent & Co.	C. F. Still	Liyall, Still & Co.	J. C. Baldwin	
1864	H. B. Gibb	Gibb, Livingston & Co.	H. B. Lemann	Gilman & Co.	J. C. Baldwin	
1865	H. B. Lemann	Gilman & Co.	H. B. Gibb	Gibb, Livingston & Co.	J. C. Baldwin	
1866	John Dent	Dent & Co.	P. Ryrle	Turner & Co.	Edward Norton	
1867	P. Ryrle	Turner & Co.	W. Nissen	Siemssen & Co.	Edward Norton	
1868	P. Ryrle	do.	G. J. Helland	J. Burch & Co.	J. W. Wood	
1869	W. J. Bryans	do.	G. J. Helland	do.	J. W. Wood	
1870	W. Keswick	Jardine Matheson & Co.	J. B. Taylor	Smith, Archer & Co.	A. Noel Blakeman	
1871	P. Ryrle	Turner & Co.	A. Zimmern	Reiss & Co.	A. Noel Blakeman	
1872	P. Ryrle	do.	L. Kahn	do.	Ed. Baker, Acting	
1873	P. Ryrle	do.	L. Kahn	do.	A. Noel Blakeman	
1874	P. Ryrle	do.	James Grieg	Hongkong & S'hai Bank	A. Noel Blakeman	
1875	P. Ryrle	do.	James Grieg	do.	A. Noel Blakeman	
1876	P. Ryrle	do.	W. Keswick	Jardine, Matheson & Co.	N. B. Dennys	
1877	W. Keswick	Jardine Matheson & Co.	H. H. Nelson	Chartered Mercantile	H. L. Dennys	
1878	W. Keswick	do.	H. L. Dalrymple	Birley & Co. [Bank	E. George	
1879	W. Keswick	do.	H. H. Nelson	Chartered M'ville Bank	E. George	
1880	W. Keswick	do.	H. H. Nelson	do.	E. George	
1881	W. Keswick	do.	P. Ryrle	Turner & Co.	E. George	
1882	F. B. Johnson	do.	H. L. Dalrymple	Birley & Co.	E. George	
1883	F. B. Johnson	do.	P. Ryrle	Turner & Co.	E. George	
1884	W. Keswick	do.	P. Ryrle	do.	H. M. Baily	
1885	W. Keswick	do.	P. Ryrle	do.	H. M. Baily	
1886	W. Keswick	do.	P. Ryrle	do.	H. U. Jeffries	
1887	P. Ryrle	Turner & Co.	A. P. MacEwen	Holiday Wise & Co.	H. M. Baily	
1888	P. Ryrle	do.	A. P. MacEwen	do.	H. U. Jeffries	
1889	P. Ryrle	do.	J. Bell Irving	Jardine, Matheson & Co.	H. U. Jeffries	
1890	P. Ryrle	do.	J. Bell Irving	do.	F. Henderson	
1891	E. Mackintosh	Butterfield & Swire.	A. P. MacEwen	Holiday Wise & Co.	F. Henderson	
1892	E. Mackintosh	do.	J. J. Keswick	Jardine, Matheson & Co.	F. Henderson	
1893	E. Mackintosh	do.	J. J. Keswick	do.	Adam Lind, Acting	
1894	J. J. Keswick	Jardine Matheson & Co.	A. G. Wood	Gibb, Livingston & Co.	F. Henderson	
1895	J. J. Keswick	do.	E. Mackintosh	Butterfield & Swire.	F. Henderson	
1896	A. G. Wood	Gibb, Livingston & Co.	A. McConachie	Gilman & Co.	F. Henderson	
1897	A. McConachie	Gilman & Co.	Herbert Smith	Butterfield & Swire.	R. C. Wilcox	
1898	R. M. Gray	Reiss & Co.	Herbert Smith	do.	R. C. Wilcox	
1899	R. M. Gray	do.	Herbert Smith	do.	R. C. Wilcox	
1900	R. M. Gray	do.	A. McConachie	Gilman & Co.	R. C. Wilcox	
1901	R. M. Gray	do.	J. J. Keswick	Jardine, Matheson & Co.	R. C. Wilcox	
1902	Sir Thomas Jackson	H'kong & S'hai Bank.	C. S. Sharp	Gibb, Livingston & Co.	R. C. Wilcox	
1903	C. S. Sharp	Gibb, Livingston & Co.	E. A. Hewett	P. & O. Steam Nav. Co.	A. R. Lowe	
1904	E. A. Hewett	P. & O. Steam Nav. Co.	D. R. Law	Butterfield & Swire.	A. R. Lowe	
1904	E. A. Hewett	do.	D. R. Law	do.	A. R. Lowe	

Officers of the Hongkong General Chamber of Commerce.

From date of Formation in 1861 to 1939.

Year	Chairman	Firm	Vice-Chairman	Firm	Secretary	Asst. Sec.
1905	E. A. Hewett	P. & O. Steam Nav. Co.	A. G. Wood	Gibb, Livingston & Co.	A. R. Lowe	
1906	E. A. Hewett	do.	A. G. Wood	do.	A. R. Lowe	
1907	E. A. Hewett	do.	A. G. Wood	do.	A. R. Lowe	
1908	E. A. Hewett	do.	A. G. Wood	do.	E. A. M. Williams	
1909	E. A. Hewett	do.	J. R. M. Smith	Hongkong & S'hai Bank	E. A. M. Williams	
1910	E. A. Hewett	do.	J. R. M. Smith	do.	E. A. M. Williams	
1911	E. A. Hewett	do.	H. Keswick	Jardine, Matheson & Co.	A. R. Lowe, Acting	D. K. Blair
1912	E. A. Hewett, C.M.G.	do.	N. J. Stabb	Hongkong & S'hai Bank	E. A. M. Williams	D. K. Blair
1913	E. A. Hewett, C.M.G.	do.	C. H. Ross	Jardine, Matheson & Co.	E. A. M. Williams	D. K. Blair
1914	E. A. Hewett, C.M.G.	do.	J. W. C. Bonnar	Gibb, Livingston & Co.	A. R. Lowe, Acting	D. K. Blair
1915	E. A. Hewett, C.M.G.	do.	J. W. C. Bonnar	do.	E. A. M. Williams	D. K. Blair
1915	D. Landale	Jardine Matheson & Co.	J. W. C. Bonnar	do.	A. R. Lowe, Acting	D. K. Blair
1916	G. T. Edkins	Butterfield & Swire	S. H. Dodwell	Dodwell & Co., Ltd.	E. A. M. Williams	D. K. Blair
1917	P. H. Holyoak	Reiss & Co.	S. H. Dodwell	Dodwell & Co.	E. A. M. Williams	D. K. Blair
1918	P. H. Holyoak	Reiss & Co.	S. H. Dodwell	Dodwell & Co.	E. A. M. Williams	D. K. Blair
1919	S. H. Dodwell	Dodwell & Co.	E. V. D. Parr	P. & O. S. N. Co.	A. R. Lowe, Acting	D. K. Blair
1920	P. H. Holyoak	Reiss & Co.	E. V. D. Parr	Mackinnon Mackenzie & Co.	E. A. M. Williams	D. K. Blair
1921	P. H. Holyoak	Reiss & Co.	A. O. Lang	Gibb, Livingston & Co.	D. K. Blair, Acting	D. K. Blair
1922	A. O. Lang	Gibb, Livingston & Co.	D. G. M. Bernard	Jardine, Matheson & Co.	E. A. M. Williams	M. F. Key
1923	D. G. M. Bernard	Jardine Matheson & Co.	(E. V. D. Parr)	Mackinnon Mackenzie & Co.	D. K. Blair	M. F. Key
1924	J. Owen Hughes	Harry Wicking & Co.	(A. O. Lang)	Gibb, Livingston & Co.	D. K. Blair	M. F. Key
1925	P. H. Holyoak	Holyoak, Massey & Co., Ltd.	G. M. Young	Butterfield & Swire	M. F. Key, Acting	
1926	D. G. M. Bernard	Jardine Matheson & Co., Ltd.	A. O. Lang	Gibb, Livingston & Co., Ltd.	M. F. Key	
1927	D. G. M. Bernard	do.	T. G. Weall	Dodwell & Co., Ltd.	M. F. Key	
1928	T. G. Weall	Dodwell & Co., Ltd.	C. G. S. Mackie	Gibb, Livingston & Co., Ltd.	M. F. Key	E. R. Price
1929	B. D. F. Beith	Jardine Matheson & Co., Ltd.	W. H. Bell	Asiatic Petroleum Co. (South China) Ltd.	M. F. Key	E. R. Price
1930	C. Gordon Mackie	Mackinnon, Mackenzie, & Co.	T. H. R. Shaw	Butterfield & Swire	M. F. Key	E. R. Price
1931	W. H. Bell	The Asiatic Petroleum Co. (South China), Ltd.	T. H. R. Shaw	Butterfield & Swire	E. R. Price Acting	E. R. Price
1932	J. A. Plummer	Bradley & Co.,	T. H. R. Shaw	Butterfield & Swire	M. F. Key	E. R. Price
1932	T. H. R. Shaw, (Acting from Dec. 13)	Butterfield & Swire	—	—	—	—
1933	C. Gordon Mackie	Mackinnon Mackenzie & Co.	T. H. R. Shaw	Butterfield & Swire	M. F. Key	E. R. Price
1934	C. Gordon Mackie	Mackinnon Mackenzie & Co.	W. H. Bell	Asiatic Petroleum Co. (South China) Ltd.	M. F. Key	E. R. Price
1935	W. H. Bell	Asiatic Petroleum Co. (South China) Ltd.	S. H. Dodwell	Dodwell & Co., Ltd.	M. F. Key	E. R. Price
1936	S. H. Dodwell	Dodwell & Co., Ltd.	A. W. Hughes	Union Insurance Society of Canton, Ltd.	M. F. Key	E. R. Price
1937	M. T. Johnson	Mackinnon Mackenzie, & Co.	A. L. Shields	Shewan, Tomes & Co.	M. F. Key	E. R. Price
1938	A. L. Shields	Shewan, Tomes & Co.	T. E. Pearce	John D. Hutchison & Co.	M. F. Key	E. R. Price
1939	T. E. Pearce	John D. Hutchison & Co.	J. K. Bousfield	Asiatic Petroleum Co. (South China) Ltd.	E. R. Price Acting	E. R. Price

CHAMBER'S REPRESENTATIVES ON THE LEGISLATIVE COUNCIL OF HONG KONG.

Date of Election	Name of Representative	Firm	How Elected.
1884	Thomas Jackson	Hongkong & Shanghai Bank	Elected 2nd January
1886	Alexander Palmer MacEwen.	Holiday, Wise & Co.	Elected 27th April, Mr. Jackson on leave.
1887	Alexander Palmer MacEwen.	do. do.	Elected 17th September, on retirement of Mr. Jackson
1888	Bendyshe Layton	Gibb, Livingston & Co.	Elected 22nd May, Mr. MacEwen on leave.
1890	Thomas Henderson Whitehead	Chartered Bank of I.A. & China	Elected 18th September, on resignation of Mr. MacEwen
1894	Alexander MacConachie	Gilman & Co.	Elected 9th June, Mr. Whitehead on leave.
1896	Thomas Henderson Whitehead	Chartered Bank of I.A. & China	Re-elected 19th September, on expiry of term.
1900	Herbert Smith	Butterfield & Swire	Elected 30th April, Mr. Whitehead on leave.
1900	John Thurburn	Mercantile Bank	Elected 18th June, on resignation of Mr. H. Smith
1901	Thomas Henderson Whitehead	Chartered Bank of I.A. & China	Returned from leave, 12th July, 1901.
1902	Robert Gordon Shewan	Shewan, Tomes & Co.	Elected 5th June, Mr. Whitehead on leave.
1902	Robert Gordon Shewan	do. do.	Elected 3rd October, on expiry of term.
1903	Henry Edward Pollock, K.C.	Barrister at Law	Elected on 21st August, Mr. Shewan on leave.
1904	Robert Gordon Shewan	Shewan, Tomes & Co.	Returned from leave, 12th July, 1904.
1906	Edbert Ansgar Hewett	P. & O. Steam Navigation Co.	Elected 26th April, Mr. Shewan resigned.
1908	Murray Stewart	Stewart Bros.	Elected 17th March, Mr. Hewett on leave.
1908	Edbert Ansgar Hewett	P. & O. Steam Navigation Co.	Returned from leave, 15th October, 1908.
1912	Edbert Ansgar Hewett, C.M.G.	do. do.	Re-elected 25th April, 1912, on expiry of term.
1912	Murray Stewart	Stewart Bros.	Elected 25th May, 1912, Mr. Hewett on leave.
1912	J. W. C. Bonnar	Gibb, Livingston & Co.	Elected 10th September, 1912. Mr. Murray Stewart resigned.
1913	Edbert Ansgar Hewett, C.M.G.	P. & O. Steam Navigation Co.	Returned from leave 19th December, 1912
1915	Percy Hobson Holyoak	Reiss & Co.	Elected on death of Mr. E. A. Hewett, C.M.G. 10th Dec. 1915
1917	Stanley Hudson Dodwell	Dodwell & Co., Ltd.	Elected 29th May, Mr. P. H. Holyoak on leave.

**CHAMBER'S REPRESENTATIVES ON THE LEGISLATIVE COUNCIL
OF HONG KONG.**

<i>Date of Election</i>	<i>Name of Representative</i>	<i>Firm</i>	<i>How Elected</i>
1917	Percy Hobson Holyoak	Reiss & Co.	Returned from leave 31st October, 1917.
1918	Percy Hobson Holyoak	do.	Returned from leave 24th September, 1918.
1919	Edward Victor David Parr	Mackinnon Mackenzie & Co.	Elected 13th May, Mr. P. H. Holyoak on leave.
1920	Percy Hobson Holyoak	Reiss & Co.	Returned from leave 24th March, 1920.
1921	Archibald Orr Lang	Gibb Livingston & Co.	Elected 21st April, 1921, Mr. P. H. Holyoak on leave.
1921	Percy Hobson Holyoak	Reiss & Co.	Returned from leave, 18th June, 1921.
1921	Archibald Orr Lang	Gibb Livingston & Co.	Re-elected 25th October, 1921.
1923	Percy Hobson Holyoak	Holyoak, Massey & Co., Ltd.	Elected 24th November, 1921, Mr. P. H. Holyoak on leave.
1924	Percy Hobson Holyoak	Holyoak, Massey & Co., Ltd.	Returned from leave, 3d January, 1923.
1925	Percy Hobson Holyoak	Holyoak, Massey & Co., Ltd.	—
1926	Dallas Gerald Mercer Bernard	Jardine, Matheson & Co., Ltd.	Elected 16th April, 1926, Mr. Holyoak on leave.
1926	Dallas Gerald Mercer Bernard	Jardine, Matheson & Co., Ltd.	Elected 14th June, 1926, on death of Mr. P. H. Holyoak.
1927	John Owen Hughes	Harry Wicking & Co.	Elected 16th May, 1927, on Mr. Bernard's appointment to the Council on the nomination of H.E. the Governor.
1928	John Owen Hughes	Harry Wicking & Co.	—
1929	Benjamin David Fleming Beith	Jardine, Matheson & Co., Ltd.	Elected 19th April, Mr. J. Owen Hughes on leave.
1929	John Owen Hughes	Harry Wicking & Co.	Returned from leave 22nd Nov. 1929.
1930	John Owen Hughes	Harry Wicking & Co.	—
1931	Charles Gordon Stewart Mackie	Mackinnon Mackenzie & Co.	Elected 4th May, 1931, on retirement of Mr. Owen Hughes
1932	William Henry Bell	The Asiatic Petroleum Co., (South China) Ltd.	Elected 29th March, 1932, Mr. C. G. S. Mackie on leave.
1933	Charles Gordon Stewart Mackie	Mackinnon Mackenzie & Co.	Returned from leave, 8th February, 1933.
1934	Charles Gordon Stewart Mackie	Mackinnon Mackenzie & Co.	—
1935	William Henry Bell	The Asiatic Petroleum Co., (South China) Ltd.	Elected 5th April, on resignation of Mr. Mackie.
1936	Arthur William Hughes	Union Insurance Society of Canton, Ltd.	Elected 26th July, on resignation of Mr. Bell.
1937	Marcus Theodore Johnson	Mackinnon, Mackenzie & Co.	Elected 18th May, on resignation of Mr. Hughes
1938	Andrew Lusk Shields	Shewan, Tomes & Co.	Elected 7th October, on resignation of Mr. Johnson.
1939	Andrew Lusk Shields	Shewan, Tomes & Co.	—
1939	John Keath Bousfield	The Asiatic Petroleum Co., (South China) Ltd.	Mr. Bousfield was elected on 25th May to serve during Mr. Shield's absence from the Colony.

Reiss, Bradley & Co., Ltd.
Wallem & Co.
Wang Kee & Co.
S. T. Williamson & Co.

FIRE LOSS ASSESSORS:
Carmichael & Clarke.
Goddard & Douglas.

FLOUR BROKER:

L. Dunbar.

FLOUR MERCHANTS:

Dodwell & Co., Ltd.

FORWARDING AGENTS:American Express Co., Inc.
Thos. Cook & Son, Ltd.**GODOWN COMPANIES:**

China Provident Loan & Mortgage Co., Ltd.

Hong Kong & Kowloon Wharf & Godown Co., Ltd.

HAT MANUFACTURERS:

China Bros. Hat Manufacturing Co.

HOTEL COMPANIES:

Hong Kong & Shanghai Hotel.

ICE WORKS & COLD STORAGE:

Dairy Farm, Ice & Cold Storage Co., Ltd.

IMPORT & EXPORT MERCHANTS & COMMISSION AGENTS:

Unless otherwise stated it may be taken that the firms in this list handle all articles of general Import & Export:

'I' signifies that a firm is interested in Import only;

'E' signifies that a firm is interested in Export only.

No indication signifies that a firm is interested in both import and export.

DAIRIES:

Dairy Farm, Ice & Cold Storage Co., Ltd.

DOCK COMPANIES:

Hong Kong & Whampoa Dock Co., Ltd.

Taikoo Dockyard & Engineering Co. of Hongkong Ltd.

DRAPERS:

Lane, Crawford, Ltd.

DRAWN WORK MANUFACTURERS:

Swatow Drawn Work Co.

ENGINEERS AND SHIPBUILDERS:

Hong Kong & Whampoa Dock Co., Ltd.

Jardine Engineering Corporation, Ltd.

Malcolm & Co., Ltd.

Taikoo Dockyard & Engineering Co. of Hongkong Ltd.

ENGINEERS, CONSULTING:

Anderson & Ashe.

Buchanan, G.

Carmichael & Clarke.

Goddard & Douglas.

Marsman Hong Kong China, Ltd.

ESTATE AGENTS:

China Provident Loan & Mortgage Co., Ltd.

Credit Foncier d'Extreme Orient.
Hong Kong Land Investment & Agency Co., Ltd.

S. J. David & Co.

ESTATE & FINANCE CO.:

Humphreys Estate & Finance Co., Ltd.

Abdoolally Ebrahim & Co.

J. M. Alves & Co., Ltd.

Andersen, Meyer & Co., Ltd.
 Arnhold Trading Co., Ltd.
 J. H. Backhouse, Ltd.
 M. Beraha
 A. G. Botelho & Co.
 Central Trading Co.
 Channel Trading Co., Ltd.
 Chau Yue Teng.
 D. Chellaram.
 K. A. J. Chotirmall & Co.
 Chuan Hing.
 Colonial Trading Co.
 Commercial Bureau, The
 Connell Brothers Co.
 (E) Deacon & Co., Ltd.
 Dennis & Co., Ltd.
 Davie, Boag & Co., Ltd.
 Dodwell & Co., Ltd.
 Eastern Trading Co.
 Friesland Trading Co., Ltd.
 Fung Tang.
 Gibb, Livingston & Co., Ltd.
 Gidumal & Watumull, O. K., Ltd.
 Gilman & Co., Ltd.
 A. Goeke & Co. (1935), Export.
 T. M. Gregory & Co.
 T. E. Griffith (1935) Ltd.
 K. Hassaram & Co.
 Himly Ltd.
 Holland China Trading Co.
 Hong Kong Canton Export Co.,
 Ltd.
 J. D. Hutchison & Co.
 G. E. Huygen.
 Ip Tak & Co.
 Jardine, Matheson & Co., Ltd.
 Jebsen & Co.
 Karanjia & Co., C. M.
 Ed. A. Keller Co., Ltd.
 Kishinchand Chellaram.
 R. H. Kotewall.
 (Y) Lane, Crawford, Ltd.
 Lepack Company.
 Li & Fung, Ltd.
 Local Commercial Agency.
 W. R. Loxley & Co. (China), Ltd.
 Maison F. Mathieu, Ste., Ame.
 Malcolm & Co., Ltd.

John Manners & Co., Ltd.
 Maxim & Co.
 Ming Kee Hong.
 Mitsui Bussan Kaisha, Ltd.
 N. Mohamedally.
 M. Nemazee.
 Nestle's Milk Products (China),
 Ltd.
 Optorg Co. (Malaya) Ltd.
 Pohoomull Bros. (India).
 G. Ramchand.
 H. S. Rathour & Co.
 Reiss, Bradley & Co., Ltd.
 Robertson, Wilson & Co., Ltd.
 L. Rondon & Co., Ltd.
 David Sassoon & Co., Ltd.
 Schroeder, C. E.
 Shewan, Tomes & Co.
 Sui Heong Yuen.
 M. P. Talati.
 Thoresen & Co.
 Toyo Menka Kaisha, Ltd.
 Union Trading Co., Ltd.
 Utoomal & Assudamal Co.
 Watanmal Boolchand.
 Harry Wicking & Co., Ltd.
 Xavier Bros., Ltd.
 ('E') James Yau & Co.

**INSURANCE COMPANIES &
 ASSOCIATIONS:**

Canton Insurance Office, Ltd.
 China Underwriters, Ltd.
 Chun On Fire Insurance Co.,
 Ltd.
 Fire Insurance Association of
 Hongkong.
 Hong Kong Fire Insurance Co.,
 Ltd.
 Marine Insurance Association of
 Hongkong & Canton.
 Royal Insurance Co., Ltd.
 South British Insurance Co., Ltd.
 Union Insurance Society of
 Canton, Ltd.

ROPE MANUFACTURERS:

Hong Kong Rope Manufacturing
 Co., Ltd.

SHIPPING OFFICES:

American President Lines, Ltd.
 Bank Line, (China) Ltd.
 Butterfield & Swire.
 Canadian Pacific Steamships,
 Ltd.
 Chau Yue Teng.
 Dodwell & Co., Ltd.
 Douglas Steamship Co., Ltd.
 East Asiatic Co., Ltd.
 Furness (Far East), Ltd.
 Gibb, Livingston & Co., Ltd.
 Gilman & Co., Ltd.
 Hong Kong, Canton & Macao
 Steamboat Co., Ltd.
 Indo China Steam Navigation
 Co., Ltd.
 Jardine, Matheson & Co., Ltd.
 Java-China-Japan Lijn.
 Jebsen & Co.
 John Manners & Co., Ltd.
 Mackinnon, Mackenzie & Co.
 Messageries Maritimes.
 Mitsui Bussan Kaisha, Ltd.
 Nippon Yusen Kaisha.
 Osaka Shosen Kaisha.
 Shewan, Tomes & Co.
 Shiu On Steamship Co., Ltd.
 Thoresen & Co.
 Thos. Cook & Son, Ltd.
 Wallem & Co.
 S. T. Williamson & Co.

SHIPBUILDERS:

(See Engineers & Shipbuilders)

SOLICITORS & NOTARIES:

Deacons.
 G. K. Hall-Brutton.
 Johnson, Stokes & Master.
 Wilkinson & Grist.

SUGAR IMPORTERS:

Pentreath & Co.

TOBACCO MANUFACTURERS:

British American Tobacco Co.
 (China), Ltd.
 British Cigarette Co., Ltd.
 Orient Tobacco Manufactory C.
 Ingenohl, Ltd.

WATERBOAT COMPANIES:

Union Waterboat Co., Ltd.

WINE & SPIRIT MERCHANTS:

Caldbeck, Macgregor & Co., Ltd.
 Dodwell & Co., Ltd.
 Gilman & Co., Ltd.
 Jardine, Matheson & Co., Ltd.
 Lane, Crawford, Ltd.
 W. R. Loxley & Co. (China) Ltd.
 Reiss, Bradley & Co., Ltd.
 L. Rondon & Co., Ltd.
 A. S. Watson & Co., Ltd.

WEAVING COMPANIES:

Sun Ah Silk & Cotton Weaving
 Factory.
 Wah Ngai Weaving Factory.

WIRELESS COMPANIES:

Marconi International Marine
 Communication Co., Ltd.

WOOD OIL SURVEYORS:

Anderson & Ashe.

**MACHINERY AGENTS &
CONTRACTORS:**

Andersen, Meyer & Co., Ltd.
Carmichael & Clarke.
Dodwell & Co., Ltd.
General Electric Co. of China,
Ltd.
J. Jack.
Jardine Engineering Corporation,
Ltd.
Jebsen & Co.
R. H. Kotewall.
Malcolm & Co., Ltd.
Mitsubishi Shoji Kaisha, Ltd.
Reiss, Bradley & Co., Ltd.
Shewan, Tomes & Co.

MARINE SURVEYORS:

Anderson & Ashe.
Buchanan, G.
Carmichael & Clarke.
Goddard & Douglas.

**MEDICINE, CHINESE,
MANUFACTURERS:**

Eu Tong Seng, Ltd.

MINING COMPANIES:

Kailan Mining Administration.
Marsman Hong Kong China, Ltd.

MOLASSES IMPORTERS:

Pure Cane Molasses Co. (Hong
Kong), Ltd.

MOTOR VEHICLE DEALERS:

Dodwell & Co., Ltd.
Gilman & Co., Ltd.
Hong Kong & Shanghai Hotels,
Ltd.

NAVAL ARCHITECTS:

Anderson & Ashe.
Carmichael & Clarke.
Goddard & Douglas.

**OIL: BULK OIL CARGO
SURVEYORS:**

Anderson & Ashe.
Carmichael & Clarke.
Goddard & Douglas.

OIL COMPANIES:

Asiatic Petroleum Co. (South
China), Ltd.
Standard Vacuum Oil Co.

PAINT MANUFACTURERS:

National Lacquer & Paints
Products Co.

PETROLEUM INSPECTORS:

Carmichael & Clarke.

**PIPE, TUBE & CONCRETE
BLOCK MANUFACTURERS:**

Hume Pipe (Far East), Ltd.

**PROPERTY OWNERS
ASSOCIATION**

The Hong Kong Property Owners
Association.

PUBLIC UTILITY COMPANIES:

China Light & Power Co., Ltd.
Hong Kong & China Gas Co., Ltd.
Hong Kong Electric Co., Ltd.
Hong Kong Telephone Co., Ltd.
Hong Kong Tramways, Ltd.
Macao Electric Lighting Co., Ltd.

RUBBER COMPANY:

Dunlop Rubber Co. (China), Ltd.

**RUBBER SHOE
MANUFACTURERS:**

Canton Bros. Rubber Co. (1935)
Ltd.
Continental Rubber Manufactory.
Fung Keong Rubber Manufactory
Ltd.
Hong Kong Rubber Manufactory
Ltd.