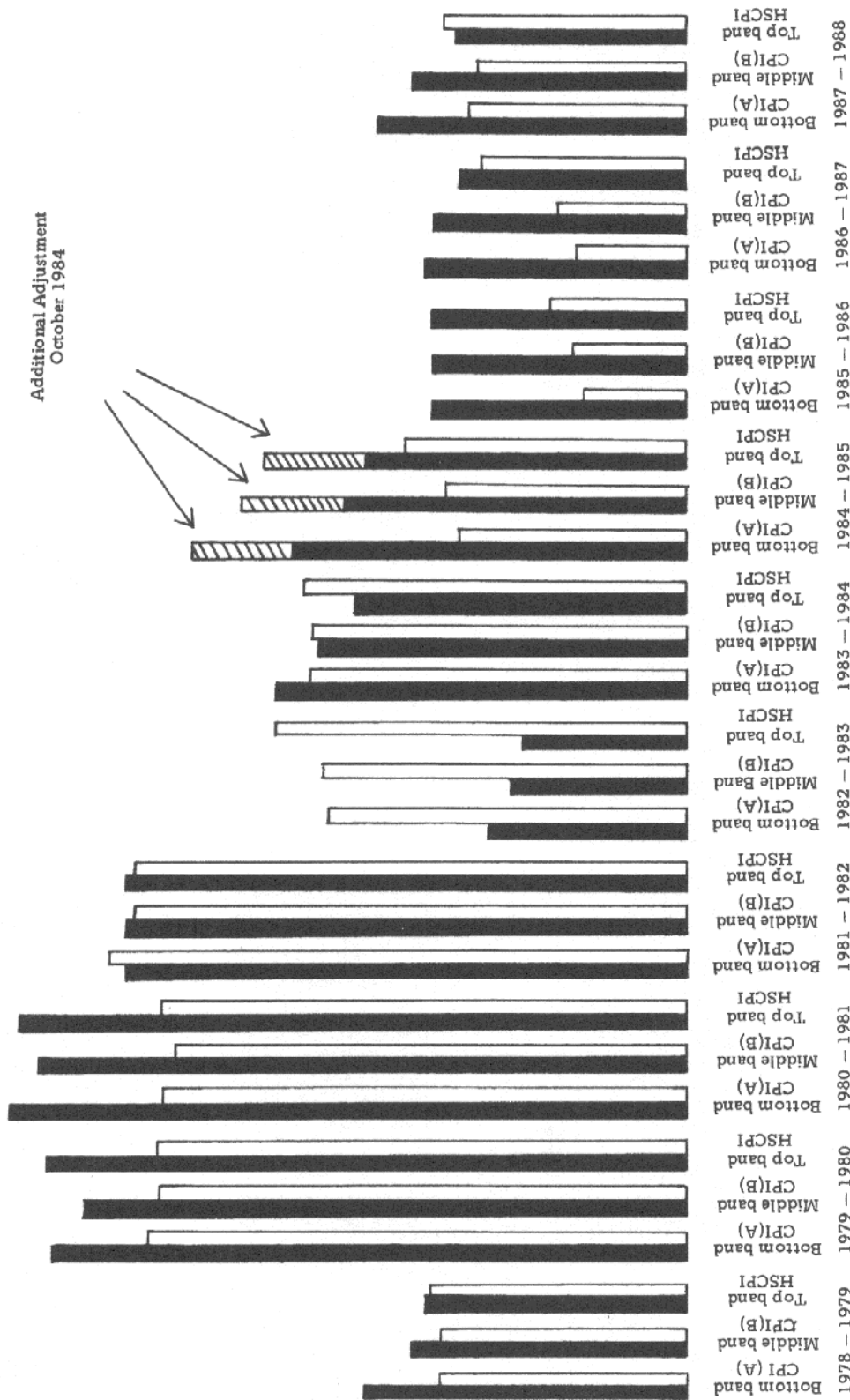


Annual Percentage Increase - Civil Service Pay / Annual Inflation Rate



The inflation rate for a particular financial year is the % change of the average index for that year compared with that of the preceding financial year.

The rate of inflation for 1978/79 to 1981/82 are derived from the 1973/74-based (July 73 - June 74) CPI series, those for 1982/83 to 1986/87 from the 1979/80-based (Oct 79 - Sept 80) series and that for 1987/88 from the 1984/85-based (Oct 84 - Sept 85) series. The monthly household expenditure ranges of the 3 indices from the different series mentioned are as follows:

Index Series	Monthly Household Expenditure Range (\$)		Hang Seng CPI
	CPI(A)	CPI(B)	
1973/74-based	400-1,499	1,500-2,999	3,000- 9,999
1979/80-based	1,000-3,499	3,500-6,499	6,500-19,999
1984/85-based	2,000-6,499	6,500-9,999	10,000-24,999