



10 DOWNING STREET

THE PRIME MINISTER

25 August, 1982

Dear Lord Shepherd,

Many thanks for writing to me about your impressions of your recent visit to Hong Kong which I found most useful. I can assure you that I am very much aware of the vital importance of maintaining confidence in Hong Kong and I shall be emphasising this point very strongly to the Chinese.

I am grateful to you for writing in so much detail. I am very well aware of the direction in which the Chinese are thinking. Like you, I doubt whether their objectives to leave Hong Kong in practice as it is - and their formulae are compatible. It is going to be a very difficult visit and I should be grateful to have any more information or views that may come to

The Right Honourable Lord Shepherd, you.

Yours sincerely

D. Thatcher

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