

China Committee

Helping Business since 1861

Minutes of a meeting of the above Committee held at 11:00am on Thursday, May 31, 2007, at the Chamber Boardroom.

Present

Mr Alan Wong	Chairman	Mr Kelvin Li	(rep of Ms Johnson Kong)
Mr Huang Shaoming	Guest Speaker	Ms Ellen Liu	
Ms Rose Lee	Vice Chairman	Mr Frank Lyn	
Mr Ronald Cheng		Mr Eric Man	(rep of Ms Ellen Lau)
Mr Hilton Cheong-Leen		Mr Andy Pan	
Ms Daisy Ip	(rep of Mr Desmond Yuen)	Mr Fred To	
Mr Richard Lai		Mr Andy Woo	
Mr Albert Lam		Mr Thomas Yeung	
Mr Thomas Li		Mrs Joyce Yeung	
Mr Li Wen			

Chamber Executives

Mr Alex Fong	CEO
Ms Wendy Lo	Assistant Manager, International Business
Ms Fleur Liu	Manager, Chamber Services Ltd

Apologies for Absence

Mr Stanley Chak	Mr Lawrence Fung	Mrs Yvonne Law	Mr C C Tung
Mr Charles Chan	Mr Tony Fung	Mr Maurice W M Lee	Mr John Twist
Mr Chan Chi Ming	Mr Stanley Hui	Mr Thomas Lee	Ms Robert Venn
Mr Vincent Chan	Mr Tai Hui	Ms Carol Li	Mr Danny Wan
Ms Elaine Cheng	Mr Hung Hak Yau	Mr David T C Lie	Mr Wang Lu-Yen
Ms Garlise Cheung	Mr Michael Iesu	Mr Casey Lim	Mr Wei Dong
Mr Franki Cheung	Mr Rudy Io	Mr Francis Lim	Mr Steven Wong
Ms Susie Chiang	Mr Stanley Ko	Mr Liu Guoyuan	Mr E K Woo
Dr Lily Chiang	Mr Johnson Kong	Mr Bryant Lu	Mr Lawrence Yee
Mr Johnson Chien	Mr Juergen Kracht	Mr Gerry Ma	Mr Edmond Yew
Mr Alan Chow	Mr Joseph Lam	Mr Y K Pang	Mr Dominic Yin
Mr Jack Chow	Mr Calvin Lam	Mr Louis Pong	Mr Raymond Yu
Mr Stanley Chu	Mr Malcolm Lam	Mr Peter So	Mr Desmond Yuen
Mr Jay Chun	Mr Jeffrey Lam	Mr Tommy Tam	
Ms Janie Fong	Ms Ellen Lau	Ms Karen Tang	

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1. Discussion on China-related topics:

Topic a: QDII New Policy and its impacts on the economy

Mr. Shaoming Huang, Senior Economist, Bank of China, briefed members on the topic :

I. New Regulatory Development of QDII

On May 10, the China Banking Regulatory Commission (CBRC) promulgated a Circular entitled *Circular on Adjusting the Scope of Commercial Banks Conducting Overseas Wealth Management Business on behalf of Clients*. The Circular formally expanded the scope of permissible overseas investments of QDIIs to include investments in stocks listed on overseas stock exchanges and equity linked products. It stated that investment in equity should meet the following criteria:

- The stocks should be listed on overseas stock exchanges;
- The investment in stocks should not exceed 50% of the net value of the total assets of the relevant wealth management product and the investment in a single stock should not exceed 5% of the net value of the total assets of the relevant wealth management product;
- The minimum investment in such product by a single client should not be less than RMB300,000 (or its equivalent in a foreign currency);
- Each target client should have relevant investment experience in stocks;
- The offshore investment manager should be approved/recognised by a regulatory authority (the Recognised Regulator) having entered into a Memorandum of Understanding on the Regulatory Cooperation for Overseas Wealth Management Business for Clients (the Memorandum) with CBRC;
- The market on which the stocks are listed should be one under the regulatory supervision of a Recognised Regulator.

II. The implication of the Circular to the Mainland

- QDII was originally designed to open an overseas investment channel for domestic investors as well as to provide opportunities for domestic financial institutions and professionals to learn from overseas. With the quick development of the Chinese economy and further opening of China's financial market, the influence of QDII will be much greater than its original design.
- In the short term, this move is regard as a way to cool down the over heated A-share market. But its influence will far exceed the stock market

itself and will become much greater in the long term. It will facilitate the internationalization of RMB and further opening of the mainland financial market.

- Mr. Huang predicts that in future QDII will be expanded to include funds, securities, social security funds and so on. The expansion will be a long-term and gradual process.

III. The implication of the Circular to Hong Kong economy

- The expansion of the scope of permissible overseas investment will be a positive element to the Hong Kong market. However, since QDII policy adopts gradual expansion and has limited quota, its influence to Hong Kong stock market will also be a gradual and long-term process.
- This new move will help Hong Kong maintain and strengthen its position as an international financial center, as Hong Kong Securities and Futures Commission is the only signed-up cooperating supervisory entity with the CBRC. This provides a unique opportunity for Hong Kong to become a platform for China's capital outflow.
- This new move provides great business opportunities to banks in Hong Kong and motivates them to design new financial products.

The Chairman thanked Mr. Huang's presentation.

Topic 2: Report on Mission to Expo Central China (April 24- 27, 2007)

The Chairman invited Mr. Alex Fong, CEO, to brief members on the results and achievement of the mission.

Mr. Alex Fong reported that HKGCC had 6 members joined the delegation. He said this was a successful trip. They called on the leader of MOC, attended seminars and visited exhibition. He thought that it is an efficient event helping members understand the development of Central China.

2. Approval of Minutes of Previous Meeting held on January 12, 2007

Minutes of previous meeting held on January 12, 2007 were confirmed and signed.

3. Discussion on Forthcoming China programs

a. Mission to Explore Business Opportunities for Service Sector in Guangdong, with Special Reference to opportunities created by CEPA (July 9 –10, 2007)

The Chairman invited Mr. Alex Fong, CEO, to brief members on the ideas of the mission.

Alex Fong, CEO reported that secretariat was organizing a mission to Guangdong to explore business opportunities for the service sector created by CEPA. The delegation would call on officials from various ministries and business operating in the province, and also would call on Hong Kong enterprises in Guangdong to share their China business experience with members.

b. Mission to Shanghai and Jiangsu (Oct, 2007)

Chairman told members that Jiangsu Provincial Government invites Chamber to organize a delegation to visit 4 cities of Jiangsu – Nanjing, Changzhou, Wuxi

and Suzhou (南京, 常州, 无锡, 苏州). Last time, we went to Jiangsu had been three years ago. Chairman believed that the development of Jiangsu and Shanghai was very fast and therefore we would like to organize a delegation to visit Jiangsu as well as Shanghai to learn the latest development. Chamber preliminarily planned the mission to be held in Oct, 2007.

4. Information Note (Attachment 1 – 3)

- The 11th CIFIT Hong Kong Promotion Luncheon on June 6, 2007 in Hong Kong (*Attachment 1*)
- 4th Pan PRD- Economic and Trade Cooperation Fair in Changsha, Hunan on June 7 – 10, 2007 (*Attachment 2*)
- 2007 Business Fair for HK-Guangdong Economic, Technology and Trade Cooperation (July 18 in HK) (*Attachment 3*)

5. Other business

a. Cooperation with CCPIT

The Chairman invited Mr. Alex Fong, CEO, to brief members on the cooperation with CCPIT.

Alex Fong, CEO reported that Hong Kong - Mainland Joint Business Liaison Committee annual meeting and seminar will be held in Oct 2007. The members of this committee were 4 major local chambers and the CCPIT. He reported that our chamber had shared ideas on the topic of the coming annual seminar. The topic would be talking arbitration in mainland, providing information to members on how to solve business dispute in China through arbitration.

b. China Committee Membership Survey (Attachment 4)

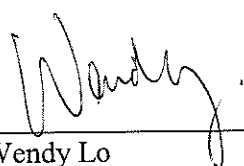
Chairman asked members to fill out the China Committee Membership survey. The purpose of the survey was to enhance our understanding of members' business and their personal background in China. This information would be very useful for secretariat to provide relevant and high quality service to members.

6. Date of Next Meeting


It is proposed that the next meeting will be held in September. Exact date to be confirmed.

Prepared by

Approved by



Wendy Lo
Secretary



Alan Wong
Chairman