

China Committee

Helping Business since 1861

Minutes of a meeting of the above Committee held at 11:30am on Monday, 20 April 2009 at the Chamber Boardroom.

Present

Mr Alan C M Wong	Chairman	Ms Karen Lee	Re of Mr Dominic Yin
Ms Rose Lee	Vice Chairman	Ms Billie Leung	Rep of Mr David Lie
Mr Jack Chow		Mr Kelvin Li	Rep of Mr Johnson Kong
Mr Stanley Chu		Mr Gerry Ma	
Ms Daisy Ip	Rep of Mr Desmond Yuen	Dr Simon Su	
Mr Brandon Lau		Ms Petrina Tam	
Ms Farida Lau		Ms Chiu Siu Wan	Rep of Mr Wan Kah Ming
Ms Yvonne Law		Mr E K Woo	

Guest Spaker

Mr Willy Lam Adjunct Prof at the Chinese University of Hong Kong

Chamber Executives

Mr Alex Fong	CEO
Ms Wendy Lo	Manager, China Business
Ms Mayee Lang	China Business Analyst

Apologies for Absence

Mr Charles Kit Ying Chan	Mr Hung Hak Yau	Mr Thaddaeus Mueller	Mr Futian Wang
Mr Chan Chi Ming	Mr Rudy Io	Mr David Ng	Mr Wei Dong
Mr Ronald Cheng	Mr Gyoten Kenji	Mr Leslie Or	Mr Steve Wong
Ms Elaine Cheng	Mr Stanley Ko	Mr Andy Pan	Mr Andy Woo
Mr Hilton Cheong-Leen	Mr Johnson Kong	Mr Y K Pang	Mr Nature Yang
Mr Gerald Cheuk	Mr Albert Lam	Mr Louis Pong	Mr Lawrence Yee
Ms Ava Cheung	Mr Joseph Lam	Mr Ben Poon	Mr Thomas Yeung
Mr Franki Cheung	Mr Malcolm Lam	Ms Karen Tang	Mr Edmond Yew
Dr Lily Chiang	Mr Jeffrey Lam	Mr Kenny Tang	Mr Dominic Yin
Ms Sylvia Chung	Ms Ellen Lau	Mr Fred To	Mr Raymond Yu
Ms Margaret Chung	Mr Henry Lee	Mr Wilfred Tsui	Mr Emil Yu
Ms Janie Fong	Mr Thomas Li	Mr C C Tung	Mr Desmond Yuen
Mr Lawrence Fung	Mr David Lie	Mr Robert Venn	Mr Philip Zhai
Mr Tony Fung	Mr B C Lo	Mr Kah Ming Wan	
Mr Stanley Hui	Mr Alan Man	Mr Wang Lu-Yen	
Mr Charles Chan	Mr Michael McCool	Mr Steve Wang	

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1. Discussion on China-related topic

Dr Willy Lam, Adjunct Prof at the Chinese University of Hong Kong is invited to brief members about 2009 NPC and CPPCC Sessions & their implications for China and Hong Kong :

- 2009 NPC and CPPCC sessions was closed in the mid of March 2009.
- The economic indicators for the first quarter of 2009 has been released, which is better than expected, and China seems likely be able to meet the target of achieving eight percent economic growth in 2009:
 - GDP, an increase of 6.1% over the previous year, drop 4.5 percentage points over the same period;
 - CPI (consumer price index) fell by 0.6% year-on-year;
 - Sharp decline in foreign trade and the actual use of foreign direct investment (FDI). Foreign trade imports and exports fell 24.9% year-on-year. Exports decreased by 19.7% and 30.9 percent decline in imports. Actual use of foreign direct investment is 21.8 billion U.S. dollars, reduction of 5.6 billion U.S. dollars year-on-year.
- The 4 trillion economic stimulus package promulgated in last November, has achieved initial success. However, those measures emphasize more on the large-scale investment, such as infrastructure, and the expected future economic policies might be more focused on private consumption and helping the SMEs.
- The Central government has been monitoring the economy closely and is prepared to put in place additional measures in the coming months if it is necessary.
- China's unemployment situation is not serious, and social stability is not a challenge so far. However, the gap between urban and rural areas is still very significant.
- Brewed for many years, finally a new round of medical reform program has been available, which is supposed to stimulate the local governments to invest 850 billion yuan in improving the national medical system during the forthcoming 3 years.

2. Approval of Minutes of Previous Meeting held on 20 October 2008

Minutes of previous meeting held on 20 October, 2008 were confirmed and signed.

3. Matter Arising

Rules of using Mission photos and interview contents

- Alex Fong, Chamber CEO, briefed members the case of Chris Devonshire-Ellis :
Background

Mr. Chris Devonshire-Ellis, Senior Partner, Dezan Shira & Associates Ltd, joined the China Committee Mission to Beijing dated from 11- 12 February 2009. Amongst other senior appointments, the delegation visited Chairman of China Banking Regulatory Commission Mr. Liu Mingkang and the Vice Minister of National Development and Reform Commission Mr. Zhang Xiaoqiang and discussed with them of some issues relating to China's future economic development and some questions relating to Hong Kong business development in China.

During the mission, Mr. Chris Devonshire-Ellis took individual photos with

Chairman Mr. Liu Mingkang and Vice Minister Mr. Zhang Xiaoqiang. Subsequent to the visits, he made use of the photos and wrote an article in the 'China Briefing', a publication which he put up at the website managed by his company, quoting senior Ministry official's disclosure to him of imminent changes on the Mainland's policy on RMB's exchange rate on 17 February 2009.

The inclusion of the photos can lead the officials to associate the incident to the recent chamber visit to Beijing. The incident has led to a breach of trust and loss of faith between the Ministries and the chamber, and also may have undermined the chamber's reputation which we have built with the Central Government and Ministries over the years. Although an apology has been offered by him to the agencies on the website of 'China Briefing', this has not solved the mistrust that this incident may have created between the chamber and the ministries.

Actions the Chamber has taken

The chamber sent him a letter afterward, requesting him to give the chamber information or a reply on helping us to mend any ruptured relationship between the chamber and the ministries. However, the Chamber could not get any reply from him. After that the Chamber has authorized Leung & Wan Solicitors to send him a letter, requesting him to reply the chamber within the next five days and supply all the necessary information which is crucial to enable the chamber to give explain to the Ministries. However, he has made no reply to the chamber after the deadline.

- Committee Chairmen and members Alan Wong, Rose Lee, Emil Yu and Stanley Chu expressed what Chris did was inappropriate that would undermine the trust and relationship which have been built for a long time between the chamber and the ministries. Members recommended the case should be forwarded to Membership Committee for final discussion whether his membership should be terminated and what else action should be taken.
- Billie Leung, the representative of Mr. David Lie, related Mr. David Lie views for the case :
 - Mr. David Lie proposed the China Committee should put forward to the Membership Committee that if it deems legally appropriate, Mr. Chris Devonshire-Ellis' membership should be revoked. It is also important for the Chamber to inform members of this incident through channels such as The Bulletin, and let them know this is an unacceptable precedent.
 - He suggested that when members sign-up for future missions, the Membership Code of Ethics should be clearly written on the application form to remind applicants the need to abide by the Chamber's house rules.
 - If an opportunity arises at the upcoming High-Level Business Delegation to Beijing, perhaps the Chairman Mr. Andrew Brandler, Mr. Anthony Wu, Mr. Alex Fong and Mr. David Lie himself should let Mr. LIU Ming-kang and Mr. ZHANG Xiao-qiang know how regrettable they were about the incident and how they hoped that this had not jeopardized the relationship they had built with the Chinese Ministries over the years.
 - He apologized to both Mr. LIU and Mr. ZHANG on the Chamber's behalf at the Boao Forum, but he thought it would be more significant for the Chairman to convey their regret.
- Committee Chairmen and members Rose Lee and Stanley Chu responded that the Chris's case was an exceptional case. Asking delegation members of each coming

mission to sign an agreement for the membership code of ethics may lead to breach of trust between the Chamber and members. They suggested that an attachment of the membership code of ethics in mission briefing kit to remind members their appropriate behavior was good enough.

4. Forthcoming programs

- Report on China Committee Working Mission to Beijing (Feb 11- 12, 2009) (Attachment 1)
- Report on seminar on “Economic and Trade Cooperation between Guangdong and Hong Kong under the PRD Reform Development Framework” (Mar 26, 2009) (Attachment 2)
- HKGCC Delegation to Central China Expo (April 24 - 28, 2009) (Attachment 3)

5. Any Other Business

Nil

6. Date of Next Meeting

- July – dates to be decided

7. China Roundtable Luncheon on Credit Risks of Chinese Enterprises in the Crisis

A China roundtable luncheon entitled on Credit Risk of Chinese Enterprises in the Crisis presented by Mr. Xavier Farcot, Deputy regional Managing Director, Greater China, Coface was followed.

Prepared by

Approved by

Wendy Lo
Secretary

Alan Wong
Chairman