



Hong Kong General Chamber of Commerce
香港總商會 1861

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China Committee

Helping Business since 1861

Minutes of a meeting of the above Committee held at 11:00am on Monday, January 7 2008 at the Chamber Boardroom.

Present

Mr Alan Wong	Chairman	Mr Frank Lyn	
Ms Rose Lee	Vice Chairman	Ms Annie Lo	Rep of Mr Stanley Chak
Ms Ava Cheung		Ms Karen Tang	
Ms Linda Choy		Mr John Twist	
Ms Margaret Chung		Mr E K Woo	
Ms Daisy Ip	Rep of Mr Desmond Yuen	Mr Andy Woo	
Mr Joseph Lam		Mr Thomas Yeung	
Mrs Yvonne Law		Mr Dominic Yin	
Mr Chan Leung Lee	Rep of Mr Johnson Kong	MR Emil Yu	
Ms Ellen Liu			

Chamber Executives

Mr Alex Fong	CEO
Ms Wendy Lo	Manager, China Business Unit
Ms Lily Wang	Assistant Manager (Research & Projects)
Ms Fleur Liu	Manager, Chamber Services Ltd

Apologies for Absence

Mr Stanley Chak	Ms Christine Ho	Mr Thomas Lee	Mr Louis Pong
Mr Charles Chan	Mr Tai Hui	Ms Amy Leung	Mr Gary Sum
Mr Chan Chi Ming	Mr Hung Hak Yau	Ms Carol Li	Mr Tommy Tam
Mr Ronald Cheng	Mr Michael Iesu	Mr Thomas Li	Mr Fred To
Ms Elaine Cheng	Mr Rudy Io	Mr Li Wen	Mr C C Tung
Mr Hilton Cheong-Leen	Mr Stanley Ko	Mr David Lie	Ms Robert Venn
Mr Franki Cheung	Mr Johnson Kong	Mr Casey Lim	Mr Danny Wan
Ms Susie Chiang	Mr Thaddaeus Mueller	Mr Francis Lim	Mr Wang Lu-Yen
Dr Lily Chiang	Mr Richard Lai	Mr Liu Guoyuan	Mr Wei Dong
Mr Johnson Chien	Mr Calvin Lam	Mr Bryant Lu	Mr Steven Wong
Mr Alan Chow	Mr Malcolm Lam	Mr Gerry Ma	Mr Nature Yang
Mr Jack Chow	Mr Jeffrey Lam	Mr David Ng	Mr Lawrence Yee
Mr Jay Chun	Ms Ellen Lau	Mr Andy Pan	Mr Edmond Yew
Ms Janie Fong	Mr Brandon Lau	Mr Y K Pang	Mr Raymond Yu
Mr Tony Fung	Mr Maurice Lee	Mr Thomas Lee	

Minutes of a meeting of the above Committee held at 11:00AM on Monday, 7 Jan, 2008, at the Chamber Boardroom.

1. Discussion on China-related topic

- a. The influences of recent new China regulations on China Investment Environment of 2008

Chairman invited members to discuss the implications of recent policy changes such as Labour Contract Law and New Corporate Income tax as well as the macro factors such as RMB appreciation and inflation on China Investment Environment of 2008.

Mr. Alex Fong reported that there were many changes in the mainland in recent months such as new labour contract law, new corporate income tax and processing trade adjustment. He said the secretariat and our leaders such as Mr. Jeffrey Lam and Mr. Alan Wong had represented the Chamber to attend a lot of meetings organized by Chinese government as well as Hong Kong government respectively to reflect our members concern on these regulatory changes.

Mr. Fong reported that Mr. KK Yeung and he himself attended the meeting with Mr. Dong Ping, Deputy Director-General, Department of Labour and Wages, Ministry of Labour and Social Security, PRC on Dec 21 at the Liaison office of the Central People's Government in the HKSAR (CLO) to discuss problems which our members were facing when implementing the new labour contract law in their companies in the mainland. He said HKGCC organized a China roundtable luncheon entitled "Mainland Investment Environment of 2008" on the same day for members to exchange opinion on what were the impacts of the new labour contract law and new corporate income tax on their businesses. He emphasized that most of members were concerned the new labour contract law, especially the formation of trade union in each company and the financial compensation for employees would lead not only to financial burden but could cause tension in employers and employees relations. Mr. Fong stressed that Mr. Yeung and he himself had pointed out to Mr. Dong during the meeting that the Chinese Government should not look at the labour law changes in isolation but should consider the total impacts of all these new regulations such as the increasing cost of raw materials, inflation, RMB appreciation and etc and the chamber had urged the government to slow down the regulation changes to give enterprises more room to adjust to the changes. He reported that the secretariat had written a letter to Mr. Dong Ping and CLO to reflect members' views.

Chairman encouraged members to voice out their opinions and views, which could then be collected by the secretariat and reflected to the governments for their consideration.

Mr. Emil Yu pointed out that although the original intention of the new labour contract law was good and it was to help better protect workers, it turned out that the law had aroused a lot of labour disputes and harmed the relationship between employers and employees. Secondly, referring to new announcement on second batch of commodities prohibited from export for processing trade, Mr. Yu commented that they were not useful for improving the national trade surplus but had led to more difficulties for manufacturers as they further increased their operational cost and worsen the otherwise stable relationship with their overseas clients.

b. Economic cooperation between Hong Kong and Shenzhen

Chairman reported that the Shenzhen Government proposed a Comprehensive Plan of Shenzhen for the following 12 years (2007 – 2020) and consulted the public for comments. For the first time, it is highlighted in the plan to position Shenzhen as the supporting centre for Hong Kong, to intensify cooperation with Hong Kong to construct an international metropolis together. Seeing that the two cities are tightly connected with each other, especially in economic and commercial development, the new plan would also affect Hong Kong business community. The Shenzhen Mayor had visited Hong Kong in December 2007 and signed a number of agreements with HK Government. Chairman invited members to express their thought on Economic cooperation and integration between Hong Kong and Shenzhen.

Mr. Alex Fong told members that the Chamber was planning to co-organise a seminar on HK-Shenzhen Economic Cooperation with Greater PRD Business Council in the end of January.

c. New Announcement No. 110 on the second batch of commodity prohibited from export for processing trade (2007 年第二批加工貿易出口禁止類目錄)

Chairman told members that the announcement on second batch of commodity prohibited from export for processing trade had been released on Dec 21 and the list entails commodities include food, beverage, mineral, chemical, plastic, still and aluminium products and etc. Chairman encouraged members to express their problem if any.

2. **Approval of Minutes of Previous Meeting held on Oct 31, 2007**

Minutes of previous meeting held on Oct 31, 2007 were confirmed and signed.

3. **Brief update on China related issue and forthcoming China programs**

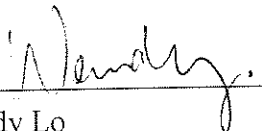
Chairman briefed members with the upcoming China events :

- HKGCC Study Mission to Jiangsu and Shanghai to explore business opportunities for CEPA Service Sector (Jan 15 – 18, 2008)

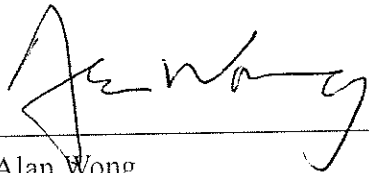
- China Roundtable Luncheon: “Will China Slow Down After the Olympics?”. Speaker Mr. Hugo Restall, Chief Editor, Far Eastern Economic Review (Jan 11, 2008)
 - China Roundtable Luncheon: “China’s Economic Forecast – An Imported Soft Landing for 2008”. Speaker Mr. Wang Qing, Executive Director and Chief Economist for Greater China, Morgan Stanley (Jan 28, 2008)
4. **Information Note**
- Announcement No. 110 of Ministry of Commerce and General Administration of Customs, Promulgating List of Commodity Prohibited from Export for Processing Trade.
 - Memo on the Announcement of Implementation Rules of New Corporate Income Tax Law
5. **Any Other Business**
6. **Date of Next Meeting**
- March – dates to be decided
7. **China Roundtable Luncheon on “Understanding China’s New Corporate Income Tax Law”** Speaker Mr. Frank Lyn, China Market Leader and Ms Petrina Tam, Partner, China Tax Services, PricewaterhouseCoopers was held at the Chamber Theater at 12:30pm after the meeting.

Prepared by

Approved by



Wendy Lo
Secretary



Alan Wong
Chairman