

立法會
Legislative Council

LC Paper No. CB(1)141/09-10
(These minutes have been
cleared with the Chairman)

Ref : CB1/PL/FA/1

Panel on Financial Affairs

Minutes of meeting
held on Thursday, 15 October 2009 at 2:40 pm
in Conference Room B of the Legislative Council Building

Members present : Hon CHAN Kam-lam, SBS, JP (Chairman)
Hon Ronny TONG Ka-wah, SC (Deputy Chairman)
Hon Albert HO Chun-yan
Ir Dr Hon Raymond HO Chung-tai, SBS, S.B.St.J., JP
Dr Hon David LI Kwok-po, GBM, GBS, JP
Hon James TO Kun-sun
Hon Emily LAU Wai-hing, JP
Hon Vincent FANG kang, SBS, JP
Hon Jeffrey LAM Kin-fung, SBS, JP
Hon Andrew LEUNG Kwan-yuen, SBS, JP
Hon WONG Ting-kwong, BBS, JP
Hon CHIM Pui-chung
Hon KAM Nai-wai, MH
Hon Starry LEE Wai-king
Hon Paul CHAN Mo-po, MH, JP
Hon CHAN Kin-por, JP
Hon CHAN Tanya
Hon Mrs Regina IP LAU Suk-yeet, GBS, JP

Members absent : Dr Hon Philip WONG Yu-hong, GBS
Hon Abraham SHEK Lai-him, SBS, JP

Clerk in attendance: Ms Rosalind MA
Chief Council Secretary (1)5

Staff in attendance : Mrs Constance LI
Assistant Secretary General 1

Mr Noel SUNG
Senior Council Secretary (1)4

Miss Constance MAN
Senior Council Secretary (1)8

Ms Haley CHEUNG
Legislative Assistant (1)8

Action

I. Election of Chairman and Deputy Chairman

Election of Chairman

Mr CHAN Kam-lam, Chairman of the Panel on Financial Affairs in office, presided over the election of the Chairman of the Panel for the 2009-2010 session. He invited nominations for the chairmanship.

2. Mr CHAN Kam-lam was nominated by Mr Andrew LEUNG and the nomination was seconded by Mr WONG Ting-kwong. As Mr CHAN was nominated, Mr Ronny TONG, Deputy Chairman of the Panel in office, presided over the election. Mr CHAN accepted the nomination.

3. There being no other nomination, Mr CHAN Kam-lam was declared Chairman of the Panel for the 2009-2010 session. Mr CHAN then took over the chair.

Election of Deputy Chairman

4. The Chairman invited nominations for the deputy chairmanship. Mr Ronny TONG was nominated by Miss Tanya CHAN and the nomination was seconded by Dr David LI. Mr TONG accepted the nomination. There being no other nomination, the Chairman declared Mr Ronny TONG the Deputy Chairman of the Panel for the 2009-2010 session.

II. Schedule of meetings for the 2009-2010 session

5. The Chairman referred members to the proposed schedule of meetings tabled at the meeting. He said that in line with past practice, the regular meetings of the Panel would be held on the first Monday of each month. As the first Monday of April 2010 would fall on the Easter holiday, the regular meeting for the month was proposed to be deferred to Thursday, 8 April 2010. Members agreed with the proposed schedule of regular meetings and noted that as the Panel often needed to

deal with quite a number of items at each meeting, where necessary, Panel meetings might need to start earlier, say, at 8:30 am or 9:00 am, instead of 10:45 am.

(Post-meeting note: The schedule of regular meetings of the Panel for the 2009-2010 session was circulated to members vide LC Paper No. CB(1)47/09-10 on 16 October 2009.)

III. Items for discussion at the next meeting

(List of outstanding items for discussion — Appendix V to LC Paper No. CB(1)9/09-10

List of follow-up actions — Appendix VI to LC Paper No. CB(1)9/09-10)

Special meeting on 22 October 2009

6. Members noted that a special meeting would be held on 22 October 2009 at 11:30 am for the Secretary for Financial Services and the Treasury to brief the Panel on the relevant policy initiatives in the Chief Executive's 2009-2010 Policy Address.

Meeting on 2 November 2009

7. Members agreed that the following items be discussed at the meeting on 2 November 2009:

- (a) Progress of the Administration's action plan on recommendations in the reports prepared by the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission on the Lemman Brothers Minibonds Incident;
- (b) The roles and operation of the Hong Kong Mortgage Corporation Limited; and
- (c) Hong Kong's participation in Chiang Mai Initiative Multilateralization.

8. In relation to paragraph 7(a), Mr KAM Nai-wai suggested and members agreed that the Panel should invite the Hong Kong Association of Banks to participate in the discussion and give views on the implementation of the action plan, such as whether its member banks had encountered any operational difficulties in implementing the improvement measures. To allow sufficient time to deal with the above items, members also agreed that the starting time of the meeting on 2 November 2009 be advanced to 10:00 am.

Special meeting on 19 November 2009

9. The Chairman sought members' views on the proposal of HKMA to arrange the next briefing on the work of HKMA at a special meeting on 19 November 2009 to facilitate preparation for the first briefing to the Panel by the new Chief Executive of HKMA. Members agreed with the proposal.

(Post-meeting note: Notice of the special meeting on 19 November 2009 was issued to members vide LC Paper No. CB(1)49/09-10 on 16 October 2009.)

Depreciation allowances for profits tax in respect of machinery or plant under the Inland Revenue Ordinance (Cap. 112) (IRO)

10. Mr Paul CHAN pointed out that the business and professional sectors had expressed concern about the existing provision under section 39E of IRO in which the initial and annual allowances (depreciation allowances) for profits tax would not be provided for leased plant or machinery used wholly or principally outside Hong Kong. Mr CHAN proposed that the matter be discussed at the Panel meeting in December 2009. The Chairman advised members that Dr LAM Tai-fai had expressed similar concern through his letter dated 13 October 2009 to the Panel, and had suggested the Panel to schedule the matter for discussion as soon as possible. Mr Vincent FANG and Mr Andrew LEUNG echoed and highlighted that Hong Kong enterprises providing their machineries or plants for use by Mainland enterprises under the import processing arrangement had not been able to enjoy depreciation allowances for profits tax because of the existing provision of section 39E. Mr LEUNG suggested the Panel invite relevant trade organizations to attend the Panel meeting to give views on the subject.

11. The Chairman suggested and members agreed that the concerns of Dr LAM Tai-fai, as well as other written views members might provide to the Secretariat on the subject, be forwarded to the Administration for written response. The subject would be placed on the Panel's list of outstanding items for discussion for the Panel to decide the timing for discussion of the subject in due course, probably at a Panel meeting in December 2009.

IV. Any other business

Issues relating to services provided by banks to remittance agents and money changers

12. The Chairman referred to the letter from Mr Albert CHAN dated 13 October 2009 on the captioned subject, which was tabled at the meeting. In this connection, the Chairman recalled that the Administration had briefed the Panel on the proposal to put in place a licensing regime for remittance agents and money changers in June 2009. To follow up Mr Albert CHAN's concern, the Chairman suggested and

members agreed that Mr CHAN's letter be referred to the Administration for a written response.

Proposed duty visit to Shanghai and Taiwan

13. Referring to the Chief Executive's remarks in his 2009-2010 Policy Address that Hong Kong could work in collaboration with Shanghai and leverage its respective strengths to contribute to the development of financial services in the Mainland, Mrs Regina IP expressed concern about the measures for Hong Kong to play a win-win game with Shanghai in this regard.

14. The Chairman said that as a result of the "Three Direct Links", the ties among the Mainland, Hong Kong and Taiwan had become closer in the aspects of trade and investments. He proposed that the Panel should arrange a duty visit to Shanghai and Taiwan to study the financial infrastructures and financial developments in these two places. Mr WONG Ting-kwong and Mr Vincent FANG advised that the Panel on Commerce and Industry (CI Panel) was also examining the proposal of a duty visit to Taiwan and consideration could be given to a joint visit with the CI Panel. Members agreed that the proposal of a duty visit to Shanghai and Taiwan be further examined and the feasibility of a joint visit with CI Panel be explored.

15. There being no other business, the meeting ended at 2:55 pm.