



March 11, 2013

Hon Chan Kam-Lam, SBS, JP  
Chairman of the Bills Committee on Inland Revenue and Stamp Duty Legislation  
(Alternative Bond Schemes) (Amendment) Bill 2012  
Legislative Council

Dear Mr. Chan,

Re: Inland Revenue and Stamp Duty Legislation (Alternative Bond Schemes)  
(Amendment) Bill 2012 ("Bill")

With reference to the letter from the Clerk to Bills Committee of 4 February 2013 to invite comments on the captioned, I would like to express my support for the proposed Bill for the following reasons:

While Islamic financial is fast becoming a major global industry and Hong Kong should participate in this important development being a key financial hub in Asia, it is in my view that the expansion of Hong Kong's role as a global offshore RMB centre that the proposed Bill will lay the critical foundation for.

With the US being forecasted to be energy self-sufficient by 2030 in a report published by BP in January 2012, the GCC countries will have to start looking for new buyers for their oil and China would be their ideal customer. The total trade flows between China and the Middle East is expected to climb to between USD350 billion and US\$500 billion by 2020, with China-GCC trade accounting for much of that run-up, according to McKinsey. The phrase "New Silk Road" is being used to describe this exciting bilateral trade development which could emerge as a force to be reckoned with economically – and perhaps also politically.

*to be continued on page 2*

*Page 2*

A significant portion of the trade flows between China and the Middle East would be settled in RMB given the rapid pace of RMB internationalization before too long. As more offshore RMB is accumulated in the Middle East, there will be increasing demands for offshore RMB investment products which are Sharia compliant.

Hong Kong is uniquely placed to play an instrumental role as a conduit for the “New Silk Road” between China and the Middle East. The passing of the Bill will put Hong Kong in good stead to becoming a global Islamic RMB financial centre!

Yours sincerely,



Au King Lun  
Chief Executive Officer