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Hong Kong Politics

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The China polity

Analysis

The "Hong Kong effect"

Q: What is Hong Kong's role in China's modernisation?

A: It is that of a transforming catalyst.

Transforming catalyst

In dealing with Hong Kong, Beijing often has to put aside its normal instincts, which creates "creativity opportunities" with potentially far-reaching consequences. Hong Kong's historical mission is to play a useful transforming role that assists China's reform efforts.

Evolution, not revolution

Although the "Hong Kong factor" can expedite the pace of change on the Mainland, do not expect it to take place overnight, even when events appear dramatic.

Peaceful protest can bring results

It is with this in mind that the events related to 1 July 2003 should be seen. On the sixth anniversary of the establishment of the Hong Kong Special Administration Region, well over 500,000 people marched peacefully against proposed national security legislation and poor governance in Hong Kong. The protestors were effective – on 5 September, the proposed bill was withdrawn from the government's legislative arrangements with no timetable set for its re-introduction.

Beijing faces reality

The protest forced open a space for Beijing to reconsider its Hong Kong policy. In the short term, Beijing is playing the "economic card" to help shore-up the unpopular administration led by Chief Executive Tung Chee-hwa. In the medium term, it has to face the reality that it is impossible for any administration to govern Hong Kong in a highly partisan manner without an electoral mandate.

Looking at things afresh

This means Beijing has to think creatively and pragmatically about how to govern Hong Kong. Viewing things through the old lens developed during colonial times to assess Hong Kong is no longer going to work. Indeed, continuing to use it could lead to the harm of the national interest to make the "one country, two systems" principle successful.

Time to choose

The solution has to be either to adopt an inclusive and non-partisan strategy by bringing the "opposition forces" from the pro-democracy camp into the governing apparatus in Hong Kong, or to open up the political process to allow elections by universal suffrage. Only an elected government can behave in a partisan manner because its policies had been put to the test via the ballot box. The former is the easier approach and can be rolled out sooner rather than later. Legislative elections in September 2004 will force the pace of change.



"Thinking gets better when we think often. Thinking is fun because it creates new possibilities in the way we live our lives. Research helps to drive thinking. Thinking in groups helps leverage our collective intelligence and can lead to breakthroughs."

Christine Loh

Christine Loh is CEO of Civic Exchange, an independent, non-profit, public-policy think tank established in Hong Kong with a mission to:

1. Promote civic education, public awareness and participation in governance by strengthening civic participation in public life;
2. Undertake research and development in economic, social and political policies and practices to help shape the breadth and depth of public-policy debate and so to advance policies that are sustainable, resilient, non-violent, economically efficient, just, participatory, locally appropriate and spiritually rewarding; and
3. Integrate skills and experience across various disciplines including academia, business, politics, finance, technology and the non-profit-making sectors.

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Other recent CLSA-Civic Exchange joint projects

Hong Kong CG (Creating a CG community) - September 2003

Civic Exchange, the Companies Registry and CLSA Asia-Pacific Markets organised a workshop that brought together various interested parties and raised key issues regarding the ongoing progress of Corporate Governance in Hong Kong.

Hong Kong politics (Uncharted territory) - July 2003

A demonstration of 500,000 people, a high-profile resignation from cabinet and a deferred national security bill are all testing Hong Kong's political system as severely as the Asian crisis did its financial system.

Is HK's energy framework fair? (Regulatory reform) - March 2003

Results of a workshop jointly held by Civic Exchange and CLSA on regulatory reform and the energy sector. Part of a series to explore the role of competition policy and regulatory regimes in Hong Kong. Contains a critique of the Scheme of Control.

Hong Kong strategy (Love thy neighbour) - March 2003

The economic integration between Hong Kong, Macau and the Pearl River Delta is happening at a phenomenal pace, but the authorities are having trouble coping with the tremendous flows that demand an even faster pace of change.

Is Hong Kong anti-competitive? (Competition policy and regulation) - March 2003

Hong Kong is the only developed economy without a competition law, but there is a growing consensus that having a comprehensive regime would encourage the market to work in such a way that consumers are less vulnerable to anti-competitive practices.

Hong Kong political overview (A hidden helping hand) - December 2001

In an under-reported move, Beijing is working behind the scenes to support Hong Kong's economic recovery and integration with the mainland, even at the expense of other Chinese cities. Success of one country, two systems is a national priority.

Hong Kong's catalyst effect

Hong Kong's role in China's quest for modernisation is that of a catalyst. The same could be said for Macau and Taiwan. It may be easier to understand this role by using a planetary metaphor. These three societies are like small planets that circle the very much larger one of the Mainland. Each of the three represents spin-offs from the larger planet at one time or another in history. Thus, they have a common root but as they spun-off, they developed different characteristics. Each of them now whizzes round its respective orbits at different velocities. The relatively small size of Hong Kong, Macau and Taiwan societies makes the adoption of change easier than for very large societies.

As they circle the Mainland, they produce varying degrees of tugs and pulls here and there, like the moon causes the tides to change on earth. The actions are constant but do not cause instant instability. Changes become perceptible over the medium term, such as with China's Open Door policy adopted in 1979 and the tremendous impact that Hong Kong, Macau and Taiwan had played. The large planet is so very much bigger that it has its own pace of evolution that takes time to adjust to change. The three small planets help to catalyze development over time for the Mainland but they are too small to cause immediate and fundamental change in the short term. Their real mission is to expedite change around the periphery first that can eventually lead to more systemic change on other parts of the Mainland.

As the smaller planets change, the large planet is affected when it interacts with the smaller ones. In their interactions, the dominant player cannot entirely behave using its basic instincts because it has to acknowledge that real differences exist. The fact that in reabsorbing Hong Kong and Macau back into the national structure in 1997 and 1999 respectively, China had to devise the solution of allowing the two societies to continue with their ways of life embodied in the political principle of "one country, two systems" is an illustration of how the Mainland needed to act in a manner that was out of character in order to deal with the problem. Reunification with Taiwan is a high national goal for Beijing and it is constantly having to consider how to adapt and refine the "one country, two systems" solution to make it attractive enough for Taipei – so far with little success, but we can be sure that more will be on the way.

China is a very large country. It is also an old civilization with one of the longest histories in the world. New ideas take time to penetrate, to be digested and synthesized into a part of Chinese thought. The periphery is often where the seeds of new ideas are sown and germinate. Hong Kong, Macau and Taiwan are small societies by comparison with populations of 7 million, 0.45 million and 23 million respectively as against that of 1.2 billion for the Mainland.

It is also noteworthy that they are all in South China, which is physically and psychologically far away from both the interior of continental China and Beijing - the capital in North China. These three places experienced a high degree and long periods of mingling with outside influences. Up until 1997, Hong Kong was a British colony. Macau had been a Portuguese outpost, and Taiwan had close connections with Japan. Each society has distinctive characteristics that set them apart from each other as well as from the Mainland.

The British provided a liberal way of life to enhance its trade and commercial interests. Hong Kong became a place of convenience for everyone to come and go to conduct business. The same may be said for Macau but to a much smaller extent. Taiwan was dominated by the Kuomintang (KMT) from 1949 when the Chinese Communist Party (CCP) won power on the Mainland, resulting in the KMT moving its base to the island. Taiwan has undergone a metamorphosis in recent years as it liberalised its politics. Since 2000, it has a directly elected president from the DPP, which has a history of advocating independence. In each one of the three societies, relations with the Mainland dominates their day-to-day consciousness albeit in quite different ways. Indeed, the term Greater China is often used to describe the Mainland and its three "satellites". While each one of them is a Chinese society, their values and behaviours are quite different. Each is a live expression of what a Chinese society can be. Each provides a model, ideas and experiences of evolutionary change for the Mainland.

Nature of time and size

What about Singapore?

It may be said that Singapore, a predominantly Chinese society, also provides a model for change but it is not a part of the Greater China "planetary system". While the Mainland may be very interested in learning about how the Singapore system is constructed, the daily interactions it has with the three smaller "planets" far exceeds that with Singapore in frequency and intensity resulting in Hong Kong, Macau and Taiwan having continuous and substantial impact on the Mainland.

Don't overlook Guangdong

To the South China experience, we must also add Guangdong province with its population of more than 70 million. Guangdong has always had its own distinctive culture, as noted in CLSA's *Love thy neighbour* report of March 2003. Life there feels quite different from other parts of the country. While the Cantonese have always been regarded as uncultured and unruly by their compatriots from the north, they are no slouches. Guangdong has a solid record in contributing to the overall Chinese experience. Firstly, it has effectively been China's "foreign trade department" for many generations. Secondly, Guangdong has produced many distinguished Chinese painters and writers that are among the best in modern times. Thirdly, it rivals other areas in its revolutionary record – the father figure on both sides of the Taiwan Strait, Sun Yat-sen, was Cantonese, who brought modern ideas about government to the Chinese psyche that has enduring appeal.

Since 1979, when China embarked on its modernisation drive after an extended period of self-imposed closure, Beijing chose to start the push in Guangdong by allowing greater economic freedoms there, such as by setting up special economic zones in Shenzhen, Zhuhai, and Shantou, in order to spearhead the opening-up experiment. With the continuous influence of Hong Kong, Macao and Taiwan, Guangdong has become a thriving part of the Mainland not just economically but also socially. While the province is generating 28.6% of China's foreign exchange earnings and providing 34.1% of its exports, it is also at the forefront of social and political developments.

Its close proximity to Hong Kong has allowed residents to watch Hong Kong television for many years despite the Mainland's strict media control policy. Its relative wealth has enabled residents to be early users of personal communication products, such as mobile phones and computers. The largest group of Mainland visitors today to Hong Kong comes from Guangdong. Furthermore, Guangdong has had more opportunities to connect with the rest of the world for longer than any other province because it is the ancestral home to 80% of the Overseas Chinese community. Chinese nationals from other parts of the country only began to settle overseas in larger numbers in the last decade whereas the established Overseas Chinese communities, including those in Hong Kong, Macau and Taiwan, have lived outside the Mainland for generations and they continue to be the heaviest investors in China's development both economically and socially. After all, it is mostly the Overseas Chinese who donate substantial sums to their home villages for the construction of schools and hospitals.

Policy of "infection prevention"

Beijing's policy to experiment with change in Guangdong was coupled with a strategy of what may be called "infection prevention". This required cordoning experimental laboratories off from other parts of China so as to limit the direct impact of change elsewhere on the Mainland. The most visible example of that policy was the creation of buffer zones between the special economic zones and the rest of Guangdong, which the authorities are only now looking at removing. Beijing widened the reform experiment to other regions, including Shanghai in the early 1990s, only when it felt it knew what to expect. Thus, change in China since 1979 has been gradual although it became obvious over time that it has also been fundamental in many respects.

... and it worked

If Beijing were to examine the results of its "infection prevention" policy, it should conclude that things have worked out well. While China has changed tremendously since 1979, the country has not been rocked by forces that the ruling Chinese Community Party (CCP) could not manage. There was an unfortunate blip to the leadership's solid record in 1989 (4th June) but the trend

Is there a distinct China "world view" of development?

has been to continue to push ahead with a vast number of reforms. Despite still having a very long way to go, it is undeniable that Chinese citizens, particularly those living in the urban centres, feel positive about many aspects of life today. The ideas that were first generated from economic and then its consequential social liberalisation in the South actually took time to penetrate the national consciousness and they have not fundamentally rocked the CCP's leadership to date.

Indeed, China is experimenting with a model of development with distinct Chinese characteristics. China has so far managed to confound cynics about its development path and has succeeded beyond many people's expectations. This is neither an argument for Chinese exceptionalism nor an apology for China's poor record in various areas, such as in tolerating dissent. The point is simply that the Chinese authorities are attempting to create their own "world view" that sets China apart from the Western experience of development. That view includes the necessity of a strong central authority. Another fundamentally different "world view" perspective that both China and the West have to cope with originates from the Islamic world.

One more word about "size"

It is worth belabouring the point that the importance of Hong Kong, Macau and Taiwan is not one of relative size. When compared to the giant Mainland, these three societies are very small indeed. Their importance comes from what they represent - they are living examples of different "life forms" on other "planets". Thus, their influence on the Mainland is derived from their different functional and operation systems that are driven by alien software systems that have embedded in them varying degrees of the Western "world view". They are of particular fascination because they nevertheless came from the same original life force in the Chinese universe. They enrich the debate about what is the Chinese experience and therefore its potential in contributing to human civilization.

Basic instincts put aside

A fascinating aspect of the relationship between the big planet and the little ones is that when dealing with them, Beijing has to think and act differently. The political solution of 'one country, two systems' to reabsorb Hong Kong and Macau back into the Mainland required creative thinking. How Beijing has to deal with Taiwan also demands a high degree of both pragmatism and creativity. It is the experience of having to hold its basic instincts in abeyance to consider its position vis-à-vis these satellite planets that enabled deeper understanding and creativity to flow.

Example of creativity – withdraw Article 23 legislation

The most recent case illustrating the creative process is alive and well is the withdrawal of the controversial Article 23 legislation from the current legislative agenda in Hong Kong. Despite Beijing's initial preference to have new national security laws passed sooner rather than later, the draft bill had to be dropped in light of the massive public protest on 1 July. It is hard to believe that in taking such a decision that the Tung Administration did it entirely without reference to Beijing.

How Beijing understands Hong Kong

How was the decision made? The episode required Beijing to give fresh consideration to its Hong Kong policy, but first let us review the framework that the CCP had used for decades to explain Hong Kong affairs in order to understand the need to break out of the old and create a new one.

The lens through which Beijing assessed Hong Kong affairs had been one seeped in old ideological rhetoric. It was one based on the belief of British colonial trickery that attempted to foil China's exercise of sovereignty at every corner. The "opposition" forces were those who were seen to have been created and nurtured under colonial rule to cause trouble for China post-1997. China's answer to that danger was through denouncing the "opposition" as unpatriotic and under the influence of "foreign forces", and excluding those whom they could not rely upon to support the new power order. Thus, despite consistently winning at elections, politicians in the pro-democracy camp were not invited by the Tung Administration to play a meaningful role post-1997. Furthermore, some of them have not been allowed to visit the Mainland for years, which is a longstanding way for Beijing to show its displeasure to people it finds uncooperative.

Top level attention on Hong Kong . . .

Between 1 July and 5 September (when the announcement for the withdrawal was made) Beijing had sent many foot soldiers to feel the pulse of the city because the massive, although entirely peaceful protest, made national leaders realise how out of touch they had been in their understanding of Hong Kong. Beijing also formed a task force, called a Central Leading Group (CLG) on Hong Kong, to investigate where it went wrong with its Hong Kong policy.

. . . formation of the Central Leading Group

The CLG is headed by Vice-President Zeng Qinghong, who is No. 5 in the CCP pecking order. Membership includes heads from the party's various functional departments, all relevant ministries and representatives from the judiciary and military. Although the two traditional channels for intelligence about Hong Kong, the Hong Kong and Macau Affairs Office of the State Council, and the Liaison Office of the Central Government in Hong Kong, are still represented, their significance has been reduced substantially as a result of their inability to have provided information and analysis that would have enabled the top leadership to deal with Hong Kong. They had missed out on pointing out the causes of the 1 July protest and to have predicted the extent of Hong Kong people's dissatisfaction with the Tung Administration. It was likely that their failure resulted from the old ideological framework they used to understand Hong Kong.

Within the CCP's apparatus, groups such as the CLG are like cabinet committees in a parliamentary system with wide powers to make decisions. By forming the CLG on Hong Kong, it indicated that Hong Kong affairs had become a major issue that required top level priority attention.

Search for a new lens?

To better understand Hong Kong, Beijing will have to replace the old lens through which it has explained Hong Kong affairs to itself for decades with a modern one that is not based on the central belief that “foreign forces” are there to disrupt China's will. It also has to put aside old tactics of branding people with different views as the “enemy” and attacking them using language that creates an uncomfortable throw-back to the days of the Cultural Revolution.

The fact was that on 1 July, Hong Kong people did not attack China's sovereignty or the CCP. They focused their discontent on a specific issue and the local administration's incompetence. The extent of the protest could not be explained away using the old rhetoric. Beijing had to ask itself what went wrong with its post-1997 strategy that led to such widespread discontent.

Tung stays – Beijing not ready for leadership change

That nine-week period provided a useful opportunity to see how the new Generation IV leadership, led by President Hu Jintao and Premier Wen Jiabao, operates. The first decision Beijing made was that they still needed Tung Chee-hwa to remain as Chief Executive in Hong Kong. Beijing was simply not ready for a leadership transition in Hong Kong. Tung was invited to visit the capital in late July where top leaders orchestrated occasions where Politburo members could show their support for him. Signals were given at the same time that the Chief Executive could take a more flexible style of governance in Hong Kong in order to show that Beijing was not pulling the strings and that Hong Kong had genuine autonomy. The current focus is on how to help shore-up the Tung Administration.

Tactical movements

The current tactics involve inviting all kinds of groups to Beijing, as well as playing the “economic card”. Firstly, by inviting groups of Hong Kong people from various sectors to visit the capital, Beijing leaders could hear directly about their assessment of Hong Kong affairs as well as to ask the visitors to support the Tung Administration. Beijing leaders told the visitors that it was their common political duty to support Tung Chee-hwa not for him as a person but for the “one country, two systems” principle, and by extension, national unification. Hence, when a group of tycoons visited Beijing in late September, Hu Jintao emphasised the need for “stability” and how it was critical to the “success of ‘one country, two systems’ policy and the task of the nation's peaceful reunification”. National leaders are not naïve, however. They know full well that telling these groups to give their support to Tung Chee-hwa and his administration cannot be equated with solving the credibility problem of the embattled Chief Executive. Chatter will continue albeit not so directly in public. In playing this “political card”, Beijing actually has a weak hand.

Old wine still has potent effects ...

Secondly, by doing what it could to help Hong Kong economically, Beijing believes the economic card is the most practical way to create a 'feel-good' factor that could eventually translate into a more supportive sentiment for the Tung Administration. After all, surveys had shown that Hong Kong people do not oppose Beijing. Indeed, national leaders score well ahead of the Chief Executive in popularity with Hong Kong folks.

Despite making the effort, Beijing has so far not been able to deal a better political hand in its Hong Kong policy. While there had been talk about the appointment of new faces to the Executive Council to make it more acceptable to Hong Kong folks, this has not happened for two main reasons: firstly, it was not easy for those with responsibilities for Hong Kong affairs in Beijing to agree on who could be appointed to cabinet posts in Hong Kong (which showed that the old lens used to understand Hong Kong still has its influence); and secondly, it was also not easy to get capable people to serve in the unpopular Tung Administration. Beijing had hoped to develop a stronger political hand but it will not be able to do so without first successfully establishing a new framework to understand Hong Kong more completely.

Thus, the solution could only be to play the "economic card". By expediting the implementation of CEPA and by allowing many more Mainland tourists to visit Hong Kong, Beijing could help the domestic consumption sector of the Hong Kong economy.

International fallout from Article 23

The Tung Administration's handling of the Article 23 legislation created opportunities for Taiwan to use it as an example of why the "one country, two systems" solution was not good enough for its people. It provided rich fodder for the Taiwan authorities to criticise Beijing for pulling the strings in the background and to question whether Hong Kong had real autonomy. Moreover, Article 23 had received a good measure of international media and diplomatic attention. The United States government and European Parliament called for a review of the draft legislation and that more time should be given to Hong Kong to discuss the matter. Beijing loses prestige every time it appears to be pressing for illiberal policies towards Hong Kong.

Pragmatism wins out

Thus, by withdrawing the draft bill from the legislative agenda Beijing achieved several objectives. Firstly, it takes the heat immediately off the Tung Administration. Had Beijing insisted that Article 23 be passed before July 2004, the Chief Executive would have to deal with daily pressure from a public that did not trust his administration. Secondly, with the current legislative term coming to an end next year and with election set for September 2004, pushing Article 23 now would only make life impossible for the pro-government parties. Thirdly, Beijing won immediate international approval for enabling a more relaxed attitude. The withdrawal of the Article 23 legislation enabled everyone to claim some credit.

Hong Kong's new confidence

In Hong Kong too, there is constructive reassessment going on among its people. The more upbeat sense that is permeating society is a direct consequence of both the Sars (severe acute respiratory syndrome) experience and the events of 1 July. People feel confident about themselves again. The combined experience of having gone through the Sars outbreak (February-May 2003) and 1 July gave Hong Kong people a renewed sense of confidence that is different from their pre-1997 cockiness, which was based on doing well economically. The post 1 July feeling is based on their ability to come together to fight a new and seemingly devastating infectious disease that ground city life to a halt for weeks. People saw that when push came to shove, that they had it in them to be orderly, professional, compassionate and generous in fighting Sars. Cohesion was not a problem for this society.

From subjects to citizens

With 1 July, people saw that they were willing and able to be citizens. 1 July was the point of departure where Hong Kong people moved psychologically from being colonial subjects to become citizens. They participated in a show of civic involvement in a peaceful, good-natured, and most of all, effective manner, to dramatically change the course of events. They expressed what they care deeply for – maintaining a liberal way of life. Hong Kong people understood and were willing to be the guardians of the "one country, two systems" principle.

Repositioning Hong Kong policy

Two approaches

2004 Legislative Council election will force the pace

The community response to the Sars outbreak and the events related to 1 July went to the core of Hong Kong people's identity and sense of purpose. These experiences were transforming and did more to raise overall confidence than any number of projects dreamt up by the government. It was psychologically positive for Hong Kong people to have a confidence boost at the same time as the economic cycle bottomed and started to turn round. The mood has become markedly more upbeat since July.

As both Beijing and Hong Kong continue to think about their relationship, it can be seen that both need to reconsider how "one country, two systems" has to be for it to be a living, breathing guiding principle. It requires Beijing to update its pre-1997 framework in assessing Hong Kong and to acknowledge that the current Hong Kong political structure cannot work.

It is impossible for an unelected Chief Executive to govern without building an alliance with the broad church of the pro-democracy camp, which clearly have the largest following in Hong Kong. Beijing, therefore, has two options:

Inclusive, non-partisan approach: This strategy ensures that the Hong Kong authorities can gain wide support in Hong Kong. It requires the abandonment of the current policy of excluding the "opposition forces" from the governing apparatus.

Politicised, partisan approach: This strategy involves opening up the political system through elections so that the administration could claim the mandate to govern and is thereby able to take a partisan approach to exclude the opposition.

The Tung Administration's troubles stem from taking a highly partisan approach without the necessary electoral mandate to do so, which has been shown not to work in a society such as Hong Kong. Its partisan approach has also been shown to have greatly limited the talent pool of people who could serve Hong Kong. This is not wise because Hong Kong needs to develop hands-on political experience to ensure it can succeed in exercising autonomy.

In any event, the pace for considering change is likely to be forced by the upcoming legislative elections in September 2004 where 50% of the seats will be opened up for direct elections. The pro-democracy camp has a chance to grab more seats, which will make it even tougher for the Tung Administration to continue to sideline popularly elected representatives.

Chinese leaders are not oblivious to past failures. In 1949, the CCP failed to successfully bring Shanghai into the then new China. Former premier Zhu Rongji's words just before he stepped down from office this year need to be noted. He said that if Hong Kong fails, "the CCP will become the sinner of the whole Chinese nation". How politics develop in Hong Kong will continue to provide an interesting and informative window to how Beijing thinks about political reform in an important, albeit small, part of the nation, that remain a key catalyst to spur creative thinking in the Chinese quest for modernisation.

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