



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Commission Announces Hearing on China's Presence in Global Capital Markets

FOR IMMEDIATE RELEASE

April 5, 2004

Contact: Danny Dwyer– 202-624-1407

ddwyer@uscc.gov

Web site: www.uscc.gov

Deleted: 12,

The U.S.-China Economic and Security Review Commission will hold a hearing on **April 16, 2004** to examine Chinese firms' debt and equity listings in the U.S. and other international capital markets, and the implications for U.S. investors and market regulators.

The Commission is directed by Congress to examine the activities of Chinese firms in the U.S. capital markets as part of its broader assessment of the U.S.-China economic relationship. At this hearing, the Commission will look at the importance of the U.S. and other international capital markets to China's economy, recent developments regarding international debt and equity offerings by Chinese firms, the transparency and other governance standards that apply to these listings, and the applicable U.S. regulatory structure.

The global capital markets have become an important source of funding for Chinese firms, and this has important implications for U.S. investors and U.S. policy. Media reports detailing the Securities and Exchange Commission's probe into NYSE-listed China Life's accounting irregularities and a trade secret theft and patent infringement suit brought against NYSE-listed Semiconductor Manufacturing International Corp. (SMIC) have brought to light concerns about the governance and disclosure standards of Chinese firms. With an estimated \$23 billion in initial public offerings (IPOs) planned for 2004, including state-owned bank, notably China Construction Bank and Bank of China, China shows no signs of slowing the pace of international listings.

The Commission will explore the corporate governance and transparency standards of Chinese firms listing on the U.S. and other international capital markets, and whether the U.S. investing public is adequately informed about the financial situation and domestic and international activities of these firms. Beyond governance concerns, the Commission will continue its assessment of whether any listed or traded Chinese firms accessing U.S. capital pose any security-related concerns (that could likewise represent a material risk to investors) as a result of associations with China's defense-industrial complex, weapons proliferation, or other problematic activities?

The Commission has invited U.S. officials, financial analysts, and corporate governance experts to discuss the issues outlined above. The full agenda will be released in the near future.

What: Commission Public Hearing on "China's Presence in Global Capital Markets"

When: Friday, April 16, 2004 – 9:00 am to 5:00 pm

**Where: Room 138, Dirksen Senate Office Building, 1st & Constitution Ave., NE,
Washington, DC**

If you are interested in receiving regular updates about the Commission's activities via fax or email, or would like to update your contact information or unsubscribe to our updates, please email your contact information to us at contact@uscc.gov. We will promptly add, update or delete your contact information.
