

**Q.1 Should an institution report its exposures to the following companies in the HKMA's quarterly survey on exposure to non-bank Mainland Chinese entities?**

- a company incorporated in Mainland China which is owned by foreign interests; and
- a company which is jointly owned by several Mainland Chinese and non-Mainland Chinese investors each holding not more than 50% of the issued shares of the company.

A.1 The HKMA's quarterly survey on non-bank Mainland Chinese exposures aims at collecting information on authorised institutions' exposures to non-bank Mainland Chinese entities and their subsidiaries incorporated in Mainland China and elsewhere. Exposures to companies owned by foreign interests or HKSAR interests should not be reported in the survey even they are incorporated in Mainland China.

In the quarterly survey, the HKMA specifically requests institutions to report their exposures to "red-chip companies and their subsidiaries". If the company in question is a red-chip company or subsidiary of a red-chip company, the exposure should be reported in the survey. In other cases, the exposure should only be reported if:-

- it can be established that one of the Mainland Chinese shareholders effectively controls the board of directors of the company; or
- the aggregate shareholdings of the Mainland Chinese investors are more than 50% of the company issued shares.

**Q.2 Are authorised institutions required to report in the HKMA's quarterly survey on exposure to non-bank Mainland Chinese entities their exposures to the central or local governments of Mainland China (e.g. holding of debt securities issued by the central government)?**

A.2 No.