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10 DOWNING STREET

Subject

V/C Monitor

From the Private Secretary

6 May 1983

Call on the Prime Minister by Sir Y.K. Pao

Thank you for your letter of 29 April. The main points made by Sir Y.K. Pao during his call on the Prime Minister this morning were as follows.

He had been asked by Peking to join the Chinese People's Consultative Committee but they had given him one or two years to decide upon his response. (The Prime Minister pointed out that the assumption behind this was that Peking regarded Y.K. Pao as a Chinese citizen.)

He said that China had decided to form one or two large companies in Hong Kong, partly to bring modern technology to China. This was being organised by a Dr. Wong. One company, called Everbright, had already acquired capital of \$300 million (it was not clear whether he meant Hong Kong or US dollars). Eight English-speaking Chinese had been earmarked to work for the company. Perhaps China's real aim in all this was to train people in the ways of Hong Kong.

The Chinese had reiterated their request that he should make a speech on the future of Hong Kong along the lines of Chinese policy. He had declined to do so.

He had recently seen one of the two Chinese Vice-Premiers whose message had been that the Hong Kong negotiations were taking time because the British Government were being slow.

A. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.

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