

HKCMA Forum 2005

Hong Kong as an International Debt Financing Centre

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Speech by

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The Secretary for Financial Services and the Treasury, The Honourable Frederick Ma, Ladies and Gentlemen, Good Afternoon.

It gives me great pleasure to welcome you to the HKCMA Forum 2005 as the incumbent chairman of The Hong Kong Capital Markets Association.

Established in 1986, the HKCMA is an industry association with a clear mission to promote the development of debt markets in Hong Kong and the region. In its almost 20 years of existence, the focus of the Association has evolved along with the developments of the markets. However, what has not changed over the years is the facilitator's role that the Association has always assumed in bringing the different participants of the market together to help promote its developments. I suppose this is most logical and consistent with the composition of the executive committee of the Association that is predominantly made up by primary market professionals whose job is to act as a catalyst between issuers and investors so as to make deals happen.

Back to the topic of today's Forum. Debt financing is a big area in the world of finance and usually refers to such means of financing including bilateral and syndicated loans, bond issues, securitization, as well as project and export financing. Given the limited time we have today and the focus of the HKCMA over the years, we will be concentrating our discussions on the bond market today. However, many of the points that we will cover are in fact common to the other product areas of debt financing. I suppose this is one of the reasons why we have quite a diverse group of participants today including fixed income and loan market professionals, corporate treasurers, investors and fund managers, regulators and economists, lawyers and accountants, information providers and friends of the media.

When people talk about the bond market in Hong Kong, it's quite often that they would focus first and foremost on the issuance of bonds in Hong Kong or even more narrowly on the HKD bond market. However, to set the stage properly, I'd like to highlight the fact that there are at least two dimensions of the Hong Kong bond market that we want to examine in more details today, and they are: 1) The role of Hong Kong as a centre through which international bond issues are arranged. 2) The prospects of the domestic bond market in Hong Kong taking into account both the institutional and retail markets. In fact, these two points are the themes of Sessions A and B of the plenary discussions this afternoon. With the

strong growth of China, I believe that HK now has a unique opportunity to develop into an even more world class financial centre truly rivaling the likes of London and New York. At the same time, there is strong competition from other cities in Asia such as Singapore and Shanghai that are vying to become the predominant financial centre in our time zone. It would be most interesting to find out what the panelists think about the competitive advantages of HK. After a coffee break, Session C will then commence with a discussion on a subject slightly more technical in nature but extremely informative: "The Impact of IAS39 and other Regulatory Developments on Bond Investment and Issuance".

I'm sure you would agree with me that the moderators and panelists of today's plenary discussions are all experts in their respective fields and the discussions would be highly stimulating. As such, I would strongly encourage you to participate in at least one of them even if you have a busy schedule this afternoon. One of the benefits of participation is the SFC recognized Continuous Professional Training ("CPT") credits that the HKCMA will be granting for the first time.

Taking this opportunity, I'd like to thank Mr. Fred Ma for his continuous support of the development of the bond market in Hong Kong. The Hong Kong SAR Government and indeed Mr. Ma himself has done a lot in the last few years in promoting the development of the bond market, both in terms of removing some of the impediments of growth as well as being an issuer directly.

I'd also like to thank all the sponsors for the generous support to the event and the Association. Please also allow me to thank all the moderators and panelists of the plenary discussions for participating in the Forum. As the list is a long one, instead of thanking them one by one here, I would like to extend a big thank you to them as a group and would urge you to look at their very impressive biographies that are contained in the programme. Finally, I need to thank the organizing committee for doing a great job in putting this event together.

A couple weeks ago I went to an art exhibition to see the works of Mr. Huang Yongyu, an 80-year old famous painter from China. There were many beautiful paintings on display at the exhibition, but the one that caught my attention the most was a painting of a group of birds gathered to feed. Interestingly, the title of the painting is called [相聚不僅為覓食] in Cantonese, which could be translated to be "We are gathered here not only to eat or to make a living." The title of this painting struck me as a very good description of why we are gathered here for half a day. Obviously we are here not just to eat or to make a living, and in fact not simply to network either. What we hope to do is to act as a catalyst for further discussions and actions among different market participants to bring about a more vibrant environment for the development of the bond market in Hong Kong.

Many people might question what could be achieved during such a short forum and indeed the same question has been asked about the value of industry associations such as the HKCMA. However, I am a firm believer that there is more to life than doing deals and making money or a living. I also believe that we all have the corporate and social responsibility to contribute to this city that we live and work in. For those of you who are not yet members of the HKMCA, I'd encourage you to consider joining our cause to

make the market a better place for all by becoming a member of the HKCMA as a first step. It's up to people like you and me to make a difference for the market.

In closing, I'd like to quote President John F. Kennedy's famous line "Ask not what your country can do for you, ask what you can do for your country". In our case, while this may sound too altruistic, I suppose if more of us could subscribe to the statement "Ask not what the market can do for us, ask what we can do for the market", even just once in a while, then the prospects of Hong Kong in becoming a better international debt financing centre would certainly be even brighter. I sincerely hope that we could all strive towards that goal.

Thank you very much.