

Hong Kong, China

Local currency (LCY) bonds outstanding in Hong Kong, China reached HKD1.4 trillion (US\$184 billion) in 1Q13, expanding 3.6% quarter-on-quarter (q-o-q) and 7.2% year-on-year (y-o-y). Government bond market growth outpaced that of the corporate sector on a q-o-q and y-o-y basis. Government bonds outstanding totaled HKD779 billion at the end of 1Q13, compared with HKD646 billion for corporate bonds.

Table 1: Size and Composition of the LCY Bond Market in Hong Kong, China

	Outstanding Amount (billion)						Growth Rate (%)			
	1Q12		4Q12		1Q13		1Q12		1Q13	
	HKD	US\$	HKD	US\$	HKD	US\$	q-o-q	y-o-y	q-o-q	y-o-y
Total	1,330	171	1,376	177	1,426	184	1.6	3.0	3.6	7.2
Government	705	91	724	93	779	100	0.3	3.5	7.6	10.5
Exchange Fund Bills	587	76	589	76	640	82	0.1	0.5	8.7	9.1
Exchange Fund Notes	69	9	69	9	69	9	0.0	(0.9)	0.0	(0.9)
HKSAR Bonds	50	6	67	9	71	9	3.1	80.0	5.2	42.4
Corporate	625	80	651	84	646	83	3.2	2.3	(0.7)	3.5

() = negative, HKSAR = Hong Kong Special Administrative Region, LCY = local currency, q-o-q = quarter-on-quarter, y-o-y = year-on-year.
Notes:

1. Calculated using data from national sources.
2. Bloomberg LP end-of-period LCY-US\$ rates are used.
3. Growth rates are calculated from an LCY base and do not include currency effects.

Source: Hong Kong Monetary Authority and Bloomberg LP.

In 1Q13, HKD61.0 billion of corporate bonds were issued, a 22.0% increase from 4Q12. The largest corporate issuers were mostly infrastructure or property development companies. The largest came from R-Reit International, a subsidiary of the Regal Real Estate Investment Trust managed by Regal Portfolio Management.

Table 2: Notable LCY Corporate Issuance in 1Q13

Corporate Issuers	Coupon Rate (%)	Issued Amount (HKD billion)
R-Reit International Finance Ltd., BVI		
5-year bond	4.13	0.78
Hongkong Electric Finance Ltd.		
15-year bond	3.10	0.50
The Link Finance (Cayman) 2009 Ltd.		
15-year bond	3.10	0.50
MTR Corporation (C.I.) Ltd.		
30-year bond	3.25	0.50
Urban Renewal Authority		
7-year bond	1.65	0.50
Wing Tai Properties (Finance) Ltd., BVI		
10-year bond	3.95	0.48

LCY = local currency.
Source: Central Moneymarkets Unit (CMU) HKMA.

LCY bonds outstanding among the top 30 corporate bond issuers in Hong Kong, China reached HKD108 billion at the end of 1Q13, representing 16.7% of total corporate bonds outstanding.

Table 2: Top 30 Non-Bank Corporate Issuers in Hong Kong, China

Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
	LCY Bonds (HKD billion)	LCY Bonds (US\$ billion)			
1. The Hong Kong Mortgage Corporate Ltd.	15.74	2.03	Yes	No	Finance
2. CLP Power Hong Kong Financing Ltd.	11.43	1.47	No	No	Electric
3. Sun Hung Kai Properties (Capital Market) Ltd.	10.41	1.34	No	No	Real Estate
4. MTR Corporation (C.I.) Ltd.	7.60	0.98	Yes	Yes	Transportation
5. Kowloon-Canton Railway Corporation	6.30	0.81	Yes	No	Transportation
6. The Link Finance (Cayman) 2009 Ltd.	5.79	0.75	No	No	Finance
7. HKCG (Finance) Limited	5.60	0.72	No	No	Gas
8. Hongkong Electric Finance Ltd.	5.31	0.68	No	No	Electric
9. Swire Pacific MTN Financing Ltd.	4.58	0.59	No	Yes	Diversified
10. Wharf Finance Ltd.	4.18	0.54	No	No	Diversified
11. Wheelock Finance Ltd.	3.74	0.48	No	No	Diversified
12. Urban Renewal Authority	3.30	0.43	Yes	No	Property Development
13. Yue Xiu Enterprises (Holdings) Ltd.	3.00	0.39	No	No	Diversified
14. Airport Authority Hong Kong	2.85	0.37	Yes	No	Transportation
15. Cheung Kong Bond Finance Ltd.	2.45	0.32	No	Yes	Finance
16. Hysan (MTN) Ltd.	2.43	0.31	No	No	Finance
17. Cheung Kong Finance (MTN) Ltd.	2.21	0.28	No	No	Finance
18. Henderson Land MTN Ltd.	1.83	0.24	No	Yes	Finance
19. Cathay Pacific MTN Financing Ltd.	1.70	0.22	No	Yes	Airlines
20. Wharf Finance (No.1) Ltd.	1.44	0.19	No	No	Diversified
21. Nan Fung Treasury Ltd.	1.31	0.17	No	No	Real Estate
22. Cheung Kong Bond Securities (02) Ltd.	1.00	0.13	No	No	Finance
23. Dragon Drays Ltd.	1.00	0.13	No	No	Diversified
24. Swire Properties MTN Financing Ltd.	0.80	0.10	No	Yes	Diversified
25. R-Reit International Finance Ltd., BVI	0.78	0.10	No	No	Real Estate
26. Wing Tai Properties (Finance) Ltd., BVI	0.48	0.06	No	No	Real Estate
27. Wharf Finance Ltd., BVI	0.45	0.06	No	No	Diversified
28. HLP Finance Ltd.	0.41	0.05	No	Yes	Real Estate
29. Cheung Kong Infrastructure Finance Ltd., BVI	0.26	0.03	No	Yes	Finance
30. The Hongkong Land Notes Company Ltd.	0.20	0.03	No	No	Finance
Total Top 30 Non-Bank LCY Corporate Issuers	108.09	13.92			
Total LCY Corporate Bonds	646.46	83.27			
Top 30 as % of Total LCY Corporate Bonds	16.7%	16.7%			

LCY = local currency.

Notes:

1. Data as of end-March 2013.

2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.

Source: *AsianBondsOnline* calculations based on Hong Kong Monetary Authority data.