

交銀國際董事長、香港中資證券業協會會長譚岳衡博士近期接受《中國日報》專訪，就交銀國際發展策略、經營業績、“一帶一路”佈局、金融科技、研究團隊建設及國際化業務以及香港資本市場發展等議題與記者進行了交流。2018年8月31日，《中國日報》香港版刊發此次專訪內容，以下為報導全文：

When the bears roam, it's time for reflection

Investment guru Tan Yueheng has been a lasting witness to Bocom International's take-off in Hong Kong over the past 20 years, attributing the group's success to its prudent policies in times of good and bad. He talks to Evelyn Yu.

The banking principal Tan Yueheng, two milestones in the two-decade history of the enterprise he now heads have been extraordinary, not the least, promising. It's almost exactly 20 years to the day when Bocom International Holdings Co — the brokerage and investment banking arm of the Chinese mainland's fifth-largest bank by assets Bank of Communications — first set foot in Hong Kong as Bocom Securities Co to become one of the earliest licensed brokerages with a mainland background in the city.

Bocom Securities' "rebirth" in 2007 when it restructured itself as an investment bank and changed its name to Bocom International carried even greater weight, recalls Tan, who's now its chairman and executive director.

"We don't want to be remembered as just another securities company doing brokerage in Hong Kong. We want to be recognized as a leading international investment bank," he tells China Daily.

Having taken up a slot of managing roles in notable mainland securities houses, including CMB International Capital Corp, Great Wall Securities and China Merchants Finance Holdings Co, Tan joined Bocom International as a director in 2007 as the company kicked off its transformation from a brokerage to an investment bank.

Ten years down the road, in 2017, he was to bang the gong on the trading floor of the Hong Kong Stock Exchange to herald Bocom as the first State-backed securities house from the banking sector to go public in the city.

Tan took credit for having steered the company through financial crises, riding them out by refraining from going with the bull with aggressive approaches when times were good, sticking to the fundamentals and reviewing its infrastructure when times were bad.

Today, he stakes the company's future on the vast opportunities that are seen to emerge from China's Belt and Road Initiative. He believes that Chinese investment banks under big commercial banks like Bocom International could ultimately grow into international houses by unshackling the "onerousness" of "State-run" bureaucracy, pushing for market-oriented operations and going out in unison with the nation's global push.

Tan, who also wears other hats, including his position as incumbent chairman of the Chinese Securities Association of Hong Kong, issued a poignant reminder that neither Hong Kong nor any of his Chinese investment bank peers stationed in Hong Kong could be called a genuine international player.

Long way to go

Hong Kong, he argues, still has a long way to go to live up to its name as a world financial center, citing, among other things, the local bourse scene, which is still being dominated by mainland enterprises. He also scoffed at the idea that the slew of measures the Hong Kong Stock Exchange is undertaking to lure more new economy and tech listings is the panacea for remedying the situation.

"The frenzy over the new economy listings won't make much difference in either boosting HKE's internationalization, or add to its uniqueness. Tech-focused Nasdaq is well matured in this, Shenzhen's ChiNext board has seen sizeable growth in enterprises. Hong Kong's push for new economy listings is just to make up for lost lessons, hardly an innovation," says Tan.

The opportunities for the city's investment banking sector, in fact, lie in the BRI.

"New York can't do this, neither Beijing nor Shanghai. Hong Kong is the prime spot for BRI economies seeking listings, bond issuances or fundraising through funds."



Tan Yueheng, chairman of Bocom International, says he's dedicated to making the firm recognized as a global investment bank. DANIEL CHENG / CHINA DAILY

Good research the foundation of investment banking

By EVELYN YU in Hong Kong for China Daily

For one recent blockbuster IPO deal, Bocom International was missing from the long list of bookrunners that covers almost everything concerning every major foreign and Chinese investment bank in town.

"Our research team thought it [the IPO company] was overvalued," says Tan Yueheng, chairman of Bocom International, without identifying the company.

He says Bocom's "honest opinion" on that company's valuation had made it lose

some ground among its competitors.

In financial circles, the perceived general view is that the research division of an investment bank often plays second fiddle to other revenue-generating units, and in some cases, it's forced to come up with an upward and biased valuation in IPO cases that the bank's investment banking division participated in, but Tan stresses this is not the case with Bocom.

As someone with a research background, Tan says research is the "heart and soul" of Bocom International, and he'll see to it that

integrity in research work does not give way to the profit-driven mentality of an investment bank.

The 56-year-old executive received a bachelor's degree in finance from the Hunan College of Finance and Economics in 1983 at the age of 21, obtained his master's degree in economics from the Graduate School of the People's Bank of China — an esteemed school founded by the central bank — and pursued his doctorate in the graduate school of the Chinese Academy of Social Sciences — the think tank for the country's top leaders.

“In a bull market, you don't even have time for a good reflection of your work and build your infrastructure. I think we should get busier when times are bad.”

Tan Yueheng, chairman of Bocom International

Tan is a firm believer that good research is the foundation of investment banking business. Bocom's research team is directly responsible to the chairman, and the fact that its head of research Hong Hao, who has a reputation for giving honest, if not outlandish views, on the Chinese economy under Tan's watch, in some way corroborates his defense of independent research.

"At the end of the day, you need to decide as a financial services provider — do you serve just your client, or investors and the entire financial market?"

Taking the easier part first, Tan thinks Hong Kong can take up a bigger role in advising BRI countries and regions about bond issuance.

Last year, Bocom International took the sole lead in the Maldives' debut sovereign bonds — a five-year, \$200-million note comes at a coupon rate of 7 percent per annum in May, followed by a \$50-million tap in November. It marked the first time a Chinese bank had taken such a lead in an international sovereign bond issuance.

Bocom is also in talks with the governments of Mexico, Myanmar and Vietnam on similar sovereign bond issuance. These discussions, Tan reveals, are still in a very preliminary stage, and neither the size of the issuance nor the timeline could be disclosed

far now.

On equity investment, Bocom has also been a cherry-picker of high-performing startups at home and abroad.

It invested in the Singapore-based ride-hailing and logistics service provider Grab, without disclosing the time and size of the investment.

Last year, the company participated in the E-round fundraising of Mobike — a bike-sharing company that was later acquired by Meituan Dianping, the mainland's largest provider of on-demand online services.

Bocom's investment has given a boost to the investment bank's profit. Bocom International has just announced its interim results ended June 2018, registering a net profit of HK\$235 million, up 112.8 percent year-on-year.

Ammunition to expand

In May this year, Bocom took out a three-year, dual currency syndicated loan of \$3 billion with 24 major banks and financial institutions on the mainland and in Hong Kong, Taiwan and Singapore.

The \$5-billion loan, on top of its HK\$1.79 billion raised in last year's IPO, has provided the ammunition the company needs for its push into various other businesses, such as margin financing, asset management and private equity investment.

Tan dismissed the idea that he's taking Bocom International on a fast-track expansion trail, saying the borrowing is more geared to optimizing the group's liability structure, addressing the maturity mismatches between its short-

term funding from banks and its long-term investments on the horizon.

He says the company has always been taking a measured approach in seeking growth in good and bad times. As trade tensions roll the global market, Tan admits they do have a drag on some of Bocom's operations, such as brokerage, but that does not mean that financial houses should take a rest in times of upheaval.

Banks should be cautious and seek ways to weather the storm, says Tan. While offering loans with stocks as collateral has been big business for many Chinese investment banks, he says Bocom is tightening the approval of such loans although the demand is there.

In a market downturn, he

explains, should shares hit a stop-loss level, the forced liquidation or sell-off of the pledged shares would not only hurt creditors, but also amplify a sharp downturn in the market.

Tan is leading his team in actively reviewing the quality of its assets, eliminating risky assets, retaining the good ones and raising stakes in good stocks whose prices have been dragged down by the market's volatility.

Bocom International is also working on some AI projects that could enhance its IT infrastructure to deliver good user experience.

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(CHINA DAILY HK Edition 08/31/2018 page11)

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