

**Transcript of remarks by SFST at media session
(English portion)**

Tuesday, March 17, 2009

Following is the transcript of remarks by the Secretary for Financial Services and the Treasury, Professor K C Chan, after attending the Lions Forum today (March 17):

Reporter: Can you again explain the benefits of renminbi settlement for trade purpose and what sort of timeframe are you talking about? Also how about the government bond programme?

Secretary for Financial Services and the Treasury: I think the settlement in renminbi for trade purposes would be very good for Hong Kong because it will create demand for renminbi services. I think it will actually help Hong Kong banks get into more renminbi business. In the long term, it will help Hong Kong develop a market for renminbi. On timing, of course we are in discussions. We are ready anytime to launch it whenever things are ready.

About bond issuing, we are actually working very hard on this. We will be presenting our idea to the Legislative Council very soon. We definitely hope to launch our first bond issue sometime this year.

Reporter: On the closing auction issue, ... does it reflect a failure...?

Secretary for Financial Services and the Treasury: I think the HKEx was responding to a very volatile market and made a decision to suspend the closing auction mechanism. I think it took full account the market situation, the desire on the part of the public for more clarity and more stability in the market. I thought the Exchange did what was responsible.

(Please also refer to the Chinese portion of the transcript.)

Ends