



**"The Hong Kong Capital Markets Association"**

To: <airportcomments@edlb.gov.hk>  
cc: "HKCMA"  
Subject: HKCMA's Views on AA Privatization  
 Urgent  Return Receipt

23/05/2005 15:56

Dear Sirs,

Attached please find a letter from The Hong Kong Capital Markets Association, expressing our views on the partial privatization of the Airport Authority.

Thank you for your kind attention.

Best regards,

Iris Poon  
HKCMA Secretariat



HKCMA Views on AA Privatization.doc



The Hong Kong Capital Markets Association

23 May 2005

Economic Development and Labour Bureau  
2/F, Main Wing  
Central Government Offices  
Lower Albert Road  
Central

Dear Sirs,

Partial Privatization of the Airport Authority

We are writing to express our views on the above captioned subject.

As a general matter, The Hong Kong Capital Markets Association ("HKCMA") believes that privatization helps institutionalize market discipline, promote efficiency, enhance service standards and encourage growth. In addition, privatization has a record of enhancing the competitiveness of the privatized entities in the light of the increasingly competitive global environment.

In the case of Hong Kong, notwithstanding the recovery of the property market and hence better land sale revenues, the Hong Kong government is still faced with a structural deficit which it needs to address. The continued privatization of assets like the Airport Authority would undoubtedly help ease this burden.

We also observe that past privatization of government assets such as the Mass Transit Railway Corporation has yielded very good results for all parties. In particular, the MTR Corporation has been able to expand its business internationally, while all the time maintaining its credit ratings at the same levels as those of the Hong Kong government. As a result, the MTR Corporation Limited has contributed to the development of the Hong Kong debt capital markets by being a regular issuer in both the Hong Kong dollar and international bond markets. We believe that, through privatization, the Airport Authority could follow a similar path of development.

In summary, the HKCMA is in support of the partial privatization of the Airport Authority, and stands ready to provide any further input on this issue as necessary.

Yours truly,

A handwritten signature in black ink, appearing to read 'Brian Yiu', written over a light grey dotted grid background.

Brian Yiu  
Chairman  
The Hong Kong Capital Markets Association