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Subject: (EMBARGOED) Speech by Mr Lim Hng Kiang, 24 Apr 2000, 3.00pm

Singapore Government

MEDIA RELEASE

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SIGNING CEREMONY FOR BOND ISSUE OF SINGAPORE POWER LTD
ADDRESS BY MR LIM HNG KIANG
MINISTER FOR HEALTH AND 2ND MINISTER FOR FINANCE
24 APRIL 2000; 3.00PM AT REGENT HOTEL

National Archives of Singapore

Good afternoon ladies and gentlemen.

It is indeed a pleasure for me to be here this afternoon to witness the signing of the first US Dollar straight bond issue by a Singapore corporate. My heartiest congratulations to Singapore Power for the successful launch of this issue.

2 In August 1998, we announced plans to boost the Singapore bond markets. We recognised that an active bond market will add greater breadth to our capital markets and reinforce our efforts to grow Singapore as an international financial centre of world-class standing. A developed bond market offers investors a wider range of liquid instruments to invest in, and, at the same time, provide companies with an alternative channel to raise capital, especially for longer-term financing and larger-scale infrastructure projects.

3 Our statutory boards and Singapore corporates have responded to our debt market initiatives, and have been actively tapping the local bond markets over the last year or so. The bond market developments in Singapore have not gone unnoticed by global investors, and there is now a growing appetite in international capital markets for Singapore paper.

4 Moving forward, we would like to see Singapore performing an even stronger role as an international debt hub in Asia, with companies tapping our debt market not just for Singapore-Dollar denominated issues, but also to issue non-Singapore Dollar bonds out of Singapore. The launch of Singapore Power's US\$300 million bond issue is a step in this direction. We understand that the bulk of the US\$300 million issue has already been successfully placed in Singapore and Asia. This is certainly a point worth noting, as US\$-denominated Asian credits have traditionally been placed largely outside Asia, in US or Europe. We believe that this is the start of an emerging trend and we expect more companies to look to Singapore as the hub for their debt financing activities.

5 In recent years, Singapore Power has announced ambitious plans to invest in several power projects in the region, including Taiwan, Philippines, Korea, as well

as various parts of China and Indonesia. This US\$300 million bond issue is certainly part of company's strategy to become a significant global utility player. With such an aggressive expansion programme in place, Singapore Power will no doubt require a large pool of funds to finance its growth, and will be actively tapping the capital markets for its financing needs. Venturing into the capital markets requires a strong corporate discipline, and Singapore Power has taken the first step by subjecting itself to scrutiny by independent rating agencies. I am pleased to hear that Singapore Power was awarded a triple-A (AAA) credit rating by Standard & Poor's, making the bond issue one of the highest rated corporate debt issues in Asia, outside of Japan. This strong credit rating will boost Singapore Power's fund-raising efforts and will also help to raise the profile of our companies to the international investing community. I urge other statutory boards and local corporates to take a leaf from Singapore Power's example.

6 Looking ahead, e-commerce and new information technologies will offer even more exciting prospects for the development of Asian bond markets. Already in the US and Europe, Internet-based electronic bond offerings and the increased use of electronic bond trading are changing the way in which traditional bond products are distributed and traded. Such innovation is slowly filtering through to Asia. For example, JP Morgan had used its internet platform, Syndirect, to distribute Singapore Power's bonds outside of Asia – the first time that an Asian issuer has distributed its bonds through an e-bond platform. We will certainly be looking closely at how we can leverage new technologies to further boost the development of the Singapore debt market to make Singapore a truly international debt hub of world-class standards.

7 I commend Singapore Power for blazing the trails. I am confident other companies would not want to miss out on the opportunities of using Singapore for their capital needs. Please join me now in once again congratulating Singapore Power on the successful launch of their US\$ bond issue.

Thank you.

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