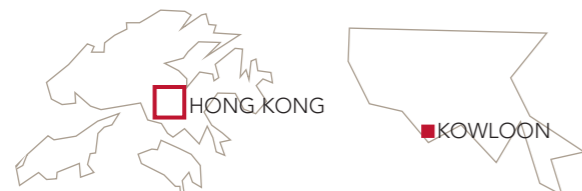


JEFF KWAN WORKS FOR THAT RAREST OF CORPORATE ENTITIES – A MUNICIPAL TRANSIT CORPORATION THAT IS WIDELY LIKED AND RESPECTED BY ITS PASSENGERS. AS MTR LOOKS TO EXPAND FROM HONG KONG INTO MAINLAND CHINA, AVANTGARD HELPS KEEP ITS FINANCING STRATEGY ON TRACK



"HAVING SUCH A SIGNIFICANT LOAN PORTFOLIO, WE HAVE TO KNOW WHERE THE POTENTIAL RISKS ARE. ONE OF MY MAIN RESPONSIBILITIES IS TO MITIGATE THESE RISKS AS MUCH AS POSSIBLE"



Working for a company that is helping to build public transport systems for one of the world's fastest growing economies gives Jeff Kwan, deputy treasurer at Hong Kong's MTR Corporation, immense satisfaction.

MTR is the dominant transport provider in Hong Kong, carrying 2.4 million people a day. It runs a large railway network that serves the region's urban areas and densely populated central business district, and the Airport Express – and now it has its sights set on China, Asia's emerging economic powerhouse.

"The Hong Kong system is fairly mature and reaching out into China is an appropriate strategy for the company," says Jeff. "There is great opportunity in China for a mass transit railway, particularly in cities like Beijing and Shenzhen, which have large populations and a growing awareness of the environmental problems associated with increased car use."

FUNDS FOR EXPANSION

The department Jeff oversees is responsible for formulating and executing MTR's financing plan. He and his team of 15 must ensure the company has the resources to meet its obligations, including the daily operation of the mass transit system, construction of any new railway extensions in Hong Kong and possible projects in China.

Ten years of experience in the banking industry, both in Hong Kong and North America, have provided a good grounding for this work. "My banking years were spent in corporate lending and relationship management," says Jeff. "I found banking offered a range of opportunities and the opportunity to learn – that's an important motivator for me."

He is now working on the other side of the desk, arranging finance, launching bond issues and organizing syndicated and bilateral loans with international and local banks. He has been at MTR for the past decade, but the company's involvement in China has set Jeff on a new learning curve – China is a very different market in which to do business, he says. "During the past 12 months I have been working with our Chinese counterparts in the banking industry. I've learned a lot about how project financing is done in China and

HOME LIFE

HOME: "We live in Kowloon Tong, which is quite a low-density residential area. It's close to the action, but you can escape from the hurly-burly when you want to."

COMMUTE: "I ride the MTR, which takes about 30 minutes. I will sometimes get a lift with my wife when she is driving into work."

PASTIMES: "With my work schedule, there's not a lot of spare time – but on the weekends I enjoy hiking with my son. It helps me to unwind and rejuvenate."

VACATION: "I like to see places that are rich in history. I have been to Europe many times – the U.K., Scandinavia, Germany, France and some eastern European countries."

EDUCATION: "I studied at York University in Toronto, Canada and finished up with a MSc in finance from the University of British Columbia. Canada was a great place to study; it has a good-quality education system and I have relatives over there. It was an attractive prospect, in spite of how cold it gets."

there are many differences, particularly on the legal side. In Hong Kong, we arrange finance based on the company's credit rating; in China, our strategy is to raise funds on a project-by-project basis, based on cashflow and security of the project. That is quite different from what I am used to."

In order to do his job well, Jeff says awareness of interest rate and foreign exchange markets is essential. "Having such a significant loan portfolio [HK\$30 billion], we have to know where the potential risks are. One of my main responsibilities is to eradicate or mitigate these risks as much as possible."

ORGANIZATION AND SYSTEMS

Jeff's department is divided into three sections: the front-office, responsible for the execution of the financing plan (including fundraising and risk management); back-office operations and control, which include settlement, funds transfer and accounting; and the middle-office, which is responsible for the negotiation and documentation of all financing transactions.

"The corporation raises funds from both international and domestic markets. We are also an active user of derivatives, which we use to hedge interest rate and currency risk. Our policy has been to use these products only for hedging and not for speculation," he says.

SunGard's AvantGard supports the sometimes complex tasks performed by the treasury department. "When we chose the system, we were looking for something more than an accounting system," explains Jeff. "We needed something that would help us use and integrate the data in our debt and derivatives portfolios to provide high-level management reports for our senior managers." Using AvantGard, Jeff and his team can customize specialized

WORK LIFE

BUSINESS HOURS: Around 7:30 a.m. to 8:00 p.m.

LOCATION: Kowloon Bay.

OFFICE: "We are open-plan, with some partitions that provide privacy for senior managers."

DESK HYGIENE: "Because my job covers so many different areas, keeping a tidy desk is not easy."

DRESS CODE: "Formal, with a dress-down Friday."

CORPORATE CULTURE: "There is a great sense of teamwork here, and the people I work with are very gung-ho, can-do sort of people."

management reports. "If we had to rely on spreadsheets, it would take a lot of work and data manipulation."

CONTENTED TRAVELERS

Running public transport companies can be a thankless task, but not so in Hong Kong, it seems. MTR is held in high regard and has a reputation for professionalism in running a safe, clean and reliable network, says Jeff. "People also admire the fact that construction of our new extensions are always completed on time and on budget."

Jeff is proud that MTR will bring this expertise to mainland China. "The exciting aspect of working here is that I am helping to arrange the finance for our expansion projects. I really feel I am making a contribution to the company and get immense satisfaction that we are helping to build transit systems that are very good."

THE SUNGARD SOLUTION: AVANTGARD

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