



The Hon. Sir David K.P. Li

**EDITORS' NOTE** *David Li combines an active business career with a strong commitment to public service and charitable causes. He served as a member of the Legislative Council of Hong Kong from 1985 until September this year. He is Pro-Chancellor of the University of Hong Kong and founding Chairman of the Friends of Cambridge University in Hong Kong, which has supported over 160 Hong Kong students in their studies at Britain's most famous university. He is Chairman of the Advisory Committee for the Salvation Army Hong Kong and Macau Command and of several banking industry associations and advisory committees. He also sits on a number of listed company boards both in Hong Kong and overseas. Li received an M.A. as well as an honorary doctorate in Laws from the University of Cambridge.*

**COMPANY BRIEF** *The Bank of East Asia, Limited ([www.hkbea.com](http://www.hkbea.com); BEA) was incorporated in 1918, and provides corporate and personal banking, investment, and wealth management services to customers in Hong Kong, China, and overseas. BEA is listed on the Stock Exchange of Hong Kong and is one of the constituent stocks of the Hang Seng Index. The bank employs more than 12,000 people worldwide and maintains over 220 outlets covering all of Greater China as well as branches in New York, Los Angeles, Great Britain, Labuan, and Singapore. It is also active in Indonesia and Malaysia through associate banks.*

**BEA has achieved consistently strong results and has been a leader in the industry for many years. What has enabled the success year after year and what makes BEA so special?**

We are pleased that we have been able to deliver record results for our shareholders every year since the 2008 Global Financial Crisis and our interim results this year were once again a record breaker. This is particularly gratifying in

# A Focus on China

**An Interview with Dr. the Honorable Sir David K.P. Li,  
Chairman and Chief Executive, The Bank of East Asia, Limited**

the current economic climate and was due to consistent performance in all divisions of the BEA Group.

For the past decade, we have been the largest or second largest foreign bank operating in China in terms of the number of bank branches. We have operations in all major cities, North, South, East, and West. Our profits from our China operations now make up 35 percent of our overall profit before tax, up from a negligible contribution a decade ago.

But this does not tell the whole story. Due to our strong branch presence in China, we are

Kingdom. We offer a full range of corporate banking services, including arranger, syndicated loans, commercial lending, and trade finance, and we have a growing small-and medium-size enterprise portfolio.

Retail banking is a very competitive business and we are constantly innovating and bringing new offers and promotions to the market. These promotions are typically very local, geared to the specific needs of the audience in each of the markets that we serve. However, there are certain broad themes in our marketing across our major retail operations in Hong Kong and China.

First, we have very specific products and marketing targets for customers in different age groups. Much of our marketing in our credit card division is focused on young adults with a strong focus on entertainment and dining out. We have been very successful in recent years, and have seen revenues in the division grow significantly. The business is very healthy, assisted by low unemployment and strong credit risk management.

We also appeal to the youth market by staying at the forefront of innovation. Our banking apps for both iPhone and Android devices have enjoyed strong take-up and we are constantly expanding the range of services that we offer through our digital platform.

A second strong focus for us is education. Education is very important in Chinese communities, not just in Hong Kong but everywhere we operate. We offer a large range of savings and insurance programs and we are also committed to assisting disadvantaged students through our community programs. For example, in Shanghai, together with the Shanghai Soong Ching Ling Foundation, we run a very popular program – the Firefly Project. Under this program, we have set up nine Firefly Centers equipped with libraries, computers, and other advanced facilities. In addition, last year we distributed over 10,000 Firefly backpacks containing stationary and books to disadvantaged students in China.

A third major focus is Wealth Management. The persistent low interest rate environment made it difficult for savers to find good returns, and we have established a strong relationship-banking platform across our Hong Kong and China networks to promote our investment services. We find that clients are generally risk averse in the present market conditions, so we

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able to put wealthy local clients and leading companies in touch with excellent business prospects overseas. We have seen a dramatic increase in business at our Hong Kong, London, New York, and Singapore offices as a result of leads generated from our China branches.

**Would you provide an overview of the products and services that BEA offers and are there opportunities to add to your portfolio in this regard?**

Our record-setting performance has been assisted by strong results across our business lines. We are a full service bank with a strong retail presence in Greater China and in a number of international centers as well, including America, Southeast Asia, and the United

have developed a wide range of investment options that provide stable returns.

**BEA is known as a pioneer in providing innovative, value-added banking services. Would you highlight some of your recent achievements in this regard?**

With the integration of China into the global economy, the Chinese government is taking ever-quicker steps toward internationalizing its currency, the Renminbi. Hong Kong is at the center of this policy. Not only has Hong Kong led the way in terms of liberalization and innovation, but there is a much larger pool of offshore Renminbi in Hong Kong than in any other area in the world.

The Bank of East Asia has been at the forefront of offering value-added Renminbi services to clients in Greater China and overseas. Trade-based services have been particularly strong as companies seek to mitigate exchange rate risk in international trade.

The bank has also been particularly successful in attracting Renminbi deposits in Hong Kong, thus supporting our growing Renminbi lending business.

**BEA has established a strong global presence with operations in North America, the United Kingdom, and Southeast Asia. Would you highlight your global footprint and are there additional markets that you are focused on for future expansion?**

While we strongly value our international presence and hope to expand the number of our overseas branches – particularly in the United Kingdom and Singapore – our main focus for business expansion at present is China. We set up our first branch in the city of Kunming – in the southwest part of the country – in the first half of this year, and opened an additional three

branches in other major centers in China where we already conduct business.

Earlier this year, we completed the sale of an 80 percent interest in our retail U.S. banking operation to the Industrial and Commercial Bank of China (ICBC) and the bank was renamed ICBC (USA). ICBC is the largest bank in the world with over 18,000 branches in China. With ICBC as a partner, we feel confident that the strong synergies between the Chinese and American markets will allow the bank to grow on the back of a strong two-way flow of business between our two great countries.

**BEA has an entrepreneurial culture and spirit. How are you able to maintain the entrepreneurial focus in such a large organization like BEA and how critical is this to your success?**

As The Bank of East Asia has grown, we have developed a structure that provides managers both the freedom and the incentive to create new business opportunities for the bank. This structure has encouraged both organic growth and growth through acquisition.

We have developed a range of new businesses that both extend and complement our existing banking business. Earlier, I mentioned the growth of our wealth management business.

But that is only one of our successes. We have developed a significant worldwide presence in professional company services including company secretarial, accounting, share registration, and other services through our subsidiary Tricor Services Limited.

We are also a major provider of medical, travel, and general insurance through Blue Cross (Asia-Pacific) Limited; of life insurance through BEA Life; and of clinical services through our joint venture with The University of Hong Kong Li Ka Shing Faculty of Medicine, Blue Care Medical Centre.

BEA Union Investment Management Limited (BEA Union) – a joint venture between BEA and Germany's Union Asset Management Holding AG – gives us a strong international fund management capability. This has been particularly helpful in enhancing the range of products we are able to offer to our retirement account clients under the Mandatory Provident Fund Scheme (MPF). This expertise is especially valuable as competition for MPF business becomes more intense.

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All of these businesses highlight our focus on entrepreneurship as we position the BEA Group for greater success in the future.

**How do you groom the next generation of leaders at The Bank of East Asia and would you highlight the strength of your management team?**

We have a deep-rooted culture of identifying and promoting talent and giving talented people responsibility. In addition, our senior management team meets every morning at 8:00 AM in order to share experience, review current issues, and set priorities. Once a week, the meeting is extended to include the entire team down to department level.

This helps to keep everyone involved and “in the loop.” It also encourages a culture of teamwork. If one division manager sees an opportunity, he can immediately test its acceptance within the company. If it's a good prospect, company resources can quickly be allocated to bring it forward.

**What do large, Western-based companies need to consider before doing business in emerging markets in Asia, with a specific focus on China?**

This is a very fast moving market. While there are abundant opportunities, there is also intense competition; the learning curve is very steep.

For companies entering the market, a partner is essential. But even a partner is no guarantee of success. There must be real management commitment, on the ground.

**You have been a business leader for many years. What traits make an effective business leader today?**

No matter where you do business, you need good people to make your business work. Get to know people, and you can go far. ●

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