

DRAFT – SUBJECT TO FINAL CONFIRMATION

Hong Kong as an international financial centre: opportunities for Malaysian business

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Hong Kong stock market offers huge liquidity

Markets	No. of Stocks	Market cap (US\$ million)*	Avg. Daily Turnover (US\$ million)*
Hong Kong	2,060	3,976,859	12,675
Singapore	753	739,481	870
Malaysia	902	439,731	445
London	2,035	5,366,767	6,298
New York	2,479	21,303,718	113,391

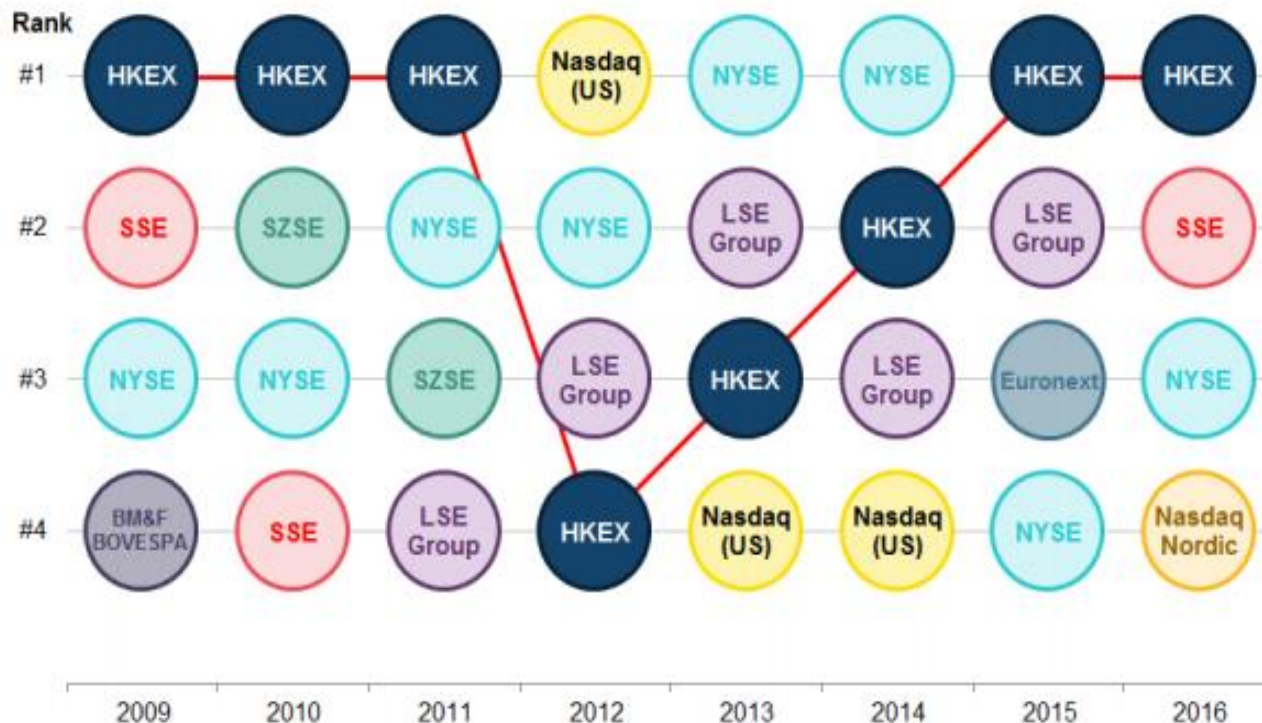
* Aug 2017 Figures

Source: Hong Kong Stock Exchange Cash Market Transaction Survey 2016, Bloomberg, Exchange data

Hong Kong: Leader in fund-raising (IPOs)

- Hong Kong Stock Exchange raised US\$25 billion IPO funds in 2016, no.1 globally
- Top IPO market by funds raised in 5 of the last 8 years

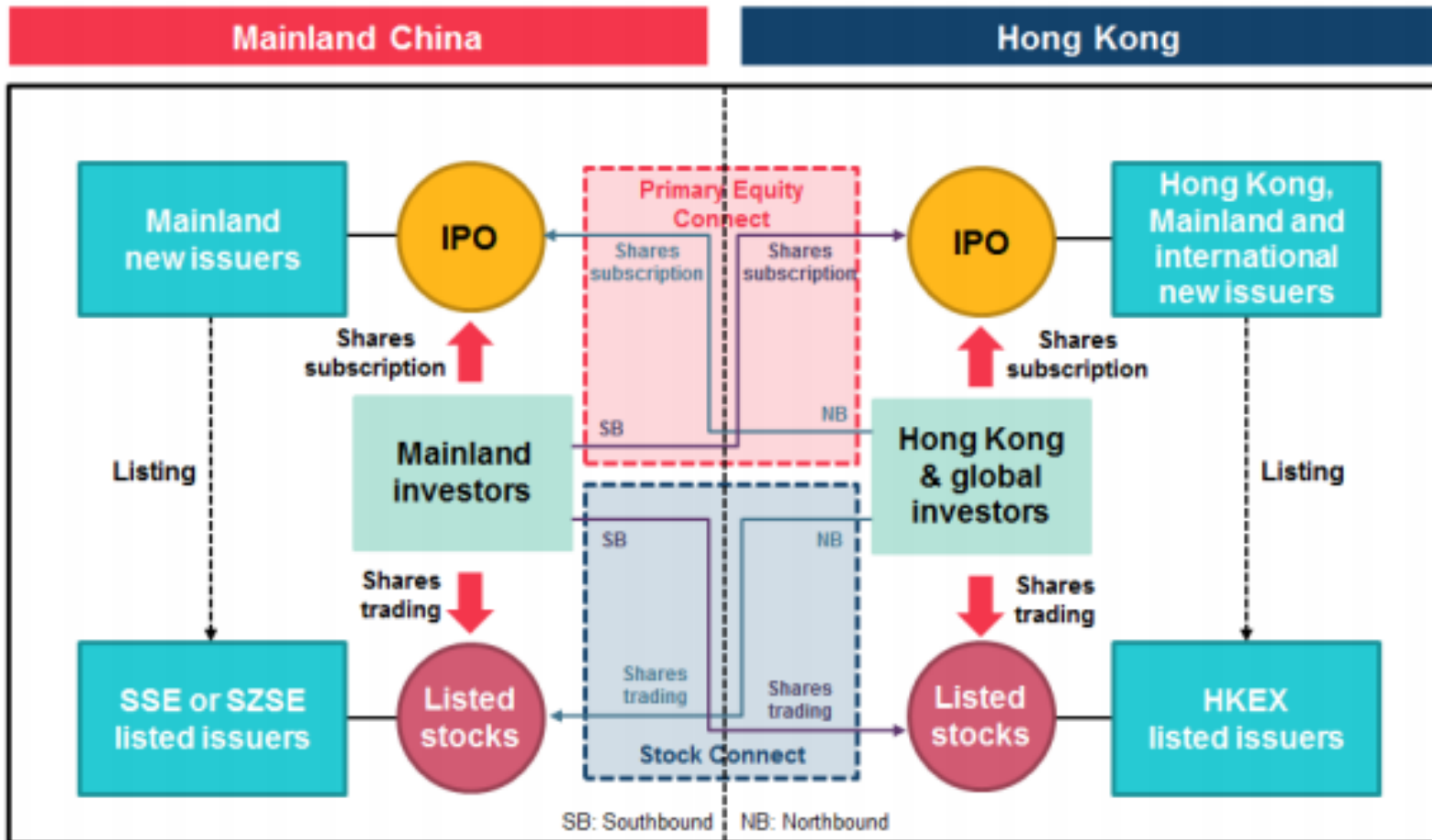
Top 4 world exchanges by IPO funds raised (2009-2016)



Hong Kong's unique Connect Schemes with Mainland China

- Shanghai-Hong Kong Stock Connect (2014)
- Shenzhen-Hong Kong Stock Connect (2016)
- Bond Connect (2017)
- Hong Kong stocks: about 9% of buying now from Mainland China – growing fast
- Primary Equity Connect coming?

Hong Kong-Mainland Primary Connect: The Concept



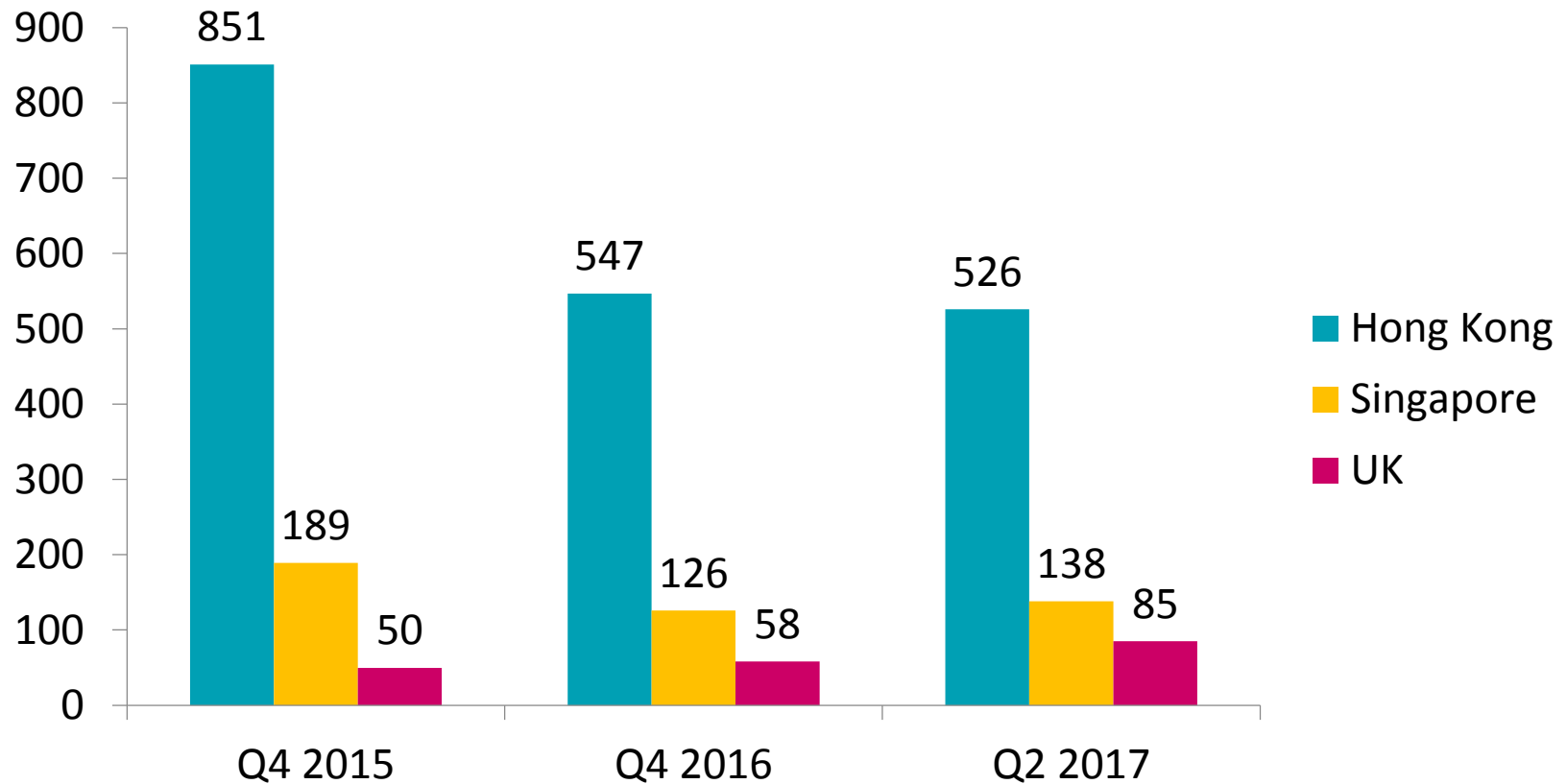
Note: Primary Equity Connect and Stock Connect form a closed system of money flow.

Proposed big new reform for Hong Kong

- Allow dual class shares
- Targeting tech and other new economy companies
- Allow pre-profit companies
- Allow secondary listings in Hong Kong for companies already listed elsewhere
- Start from summer, 2018

Hong Kong: World's largest offshore renminbi centre

Offshore renminbi deposits (RMB billion)



Greater Bay Area project (Hong Kong, Macau and 9 Guangdong cities)

Ranking	GDP (2015)	Billion USD
1	United States	18,037
2	China	11,226
3	Japan	4,382
4	Germany	3,365
5	United Kingdom	2,863
6	France	2,420
7	India	2,088
8	Italy	1,826
9	Brazil	1,801
10	Canada	1,553
11	Korea	1,383
12	Russia	1,366
	Greater Bay Area of China	1,300
13	Australia	1,230
14	Spain	1,194
15	Mexico	1,151

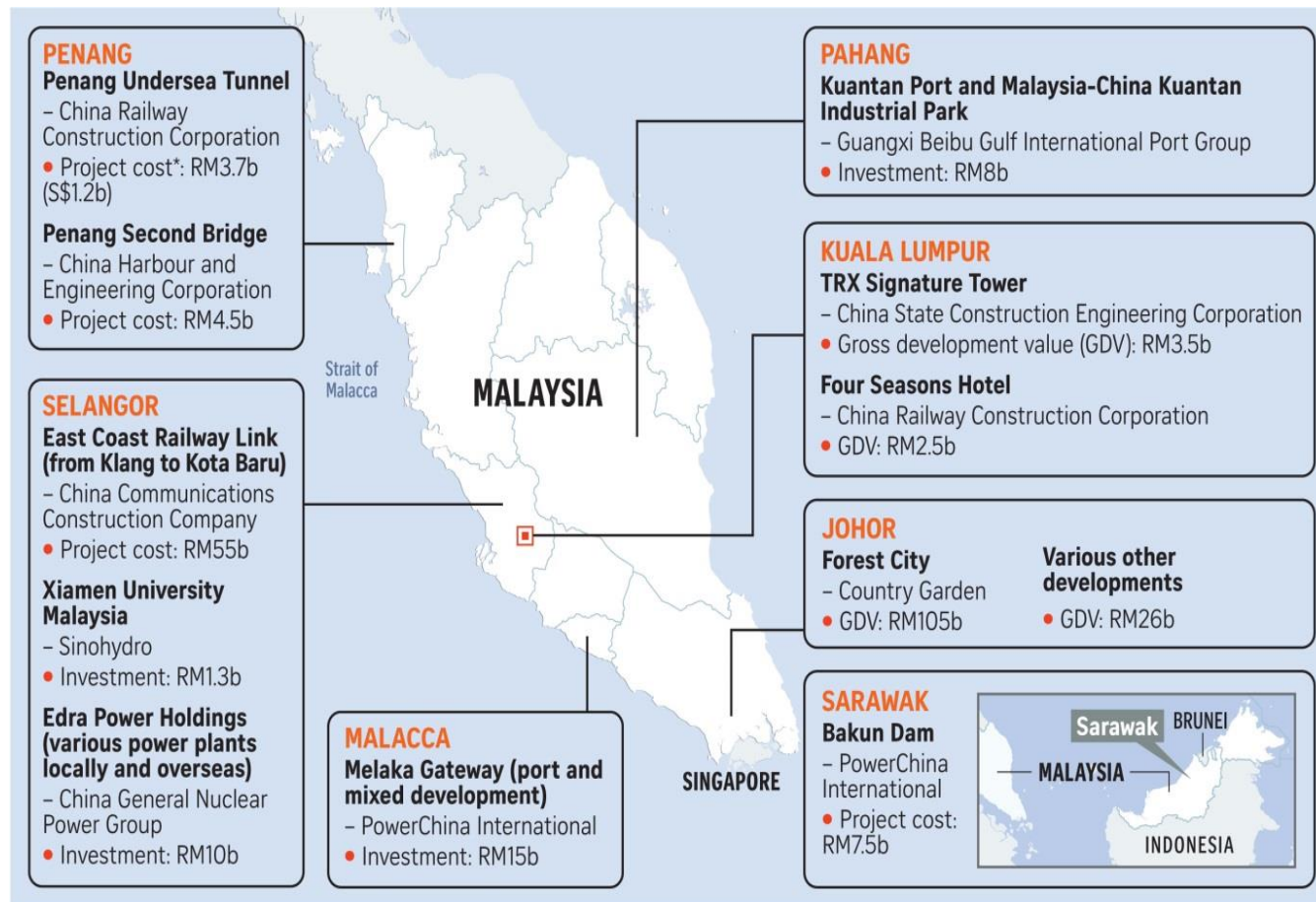
Greater Bay Area project (Hong Kong, Macau and 9 Guangdong cities)

- China's Greater Bay Area projected to become the largest by 2021.
- Table below shows current position:

Region	Size (sq km)	Population (million persons)	GDP 2015 (US\$ trillion)	GDP per capita 2015 (US\$)
China Great Bay Area	56,000	66.7	1.3	20,000
Tokyo Bay Area	32,400	43.0	1.9	44,000
New York Bay Area	21,500	20.1	1.6	80,000
San Francisco Bay Area	21,500	7.7	0.7	94,000

Hong Kong: important funding role for Belt and Road projects

- Mainland Chinese investors in projects often use Hong Kong to arrange financing



NOTE: *Values list the project cost or investment, but some use gross development value (GDV)

SUNDAY TIMES GRAPHICS

Malaysian companies are the third largest foreign group on Hong Kong Stock Exchange

- 19 companies from Malaysia have listed in Hong Kong since 1972

Malaysian companies listed in Hong Kong

Listing Date	Stock code	Issuer	Board	Industry	Market Cap (US\$ million)
Aug-2017	1693	BGMC International Ltd	Mainboard	Engineering & Construction	150.0
Jul-2017	2203	Toys Dynamic International Holdings Ltd.	Mainboard	Properties and Construction	69.7
Jul-2017	8427	SK Target Group Ltd.	GEM	Properties and Construction	38.2
Jul-2017	6113	UTS Marketing Solutions Holdings Ltd	Mainboard	Media and Entertainment	73.8
Jul-2017	1695	S&P International Holding Ltd.	Mainboard	Consumer goods - Food & Beverages	49.8
Nov-2016	6163	Gemilang International	Mainboard	Commercial Buses	61.9
Jul-2016	8292	Worldgate Global Logistics	GEM	Air freight & logistics	196.9
May-2016	8346	TEM Holdings	GEM	Industrial components & equipment	18.8
Jul-2013	2112	CAA Resources	Mainboard	Iron & Steel	323.1
Feb-2009	802	China e-Wallet Payment (RCG Holdings)	Mainboard	Software	122.6
Dec-2008	705	Ding He Mining Holdings	Mainboard	Other metals & minerals	27.1
Nov-2005	3368	Parkson Retail Group	Mainboard	Department Stores	401.9
Feb-2002	1002	V.S International Group	Mainboard	Industrial components & equipment	113.5
Nov-2000	678	Genting Hong Kong	Mainboard	Travel & Tourism	2,240.3
Jul-1998	693	Tan Chong International	Mainboard	Automobiles	624.6
Oct-1991	626	Public Financial Holdings	Mainboard	Banks	506.8
May-1991	685	Media Chinese International	Mainboard	Publishing	203.3
May-1983	53	Guoco Group	Mainboard	Investment & asset management	4,497.1
Oct-1972	411	Lam Soon	Mainboard	Agricultural products	336.3
				Total:	10,056

Genting Hong Kong

- Member of Malaysian Genting Group and 17.8% owned by Genting Berhad
 - Listed in Hong Kong since 2000
 - Market capitalization: US\$ 2,282 million
- 3 global cruise lines: **Star Cruises, Dream Cruises, Crystal Cruises**



The Dream Genting



Crystal Symphony – Alaska Cruise

Parkson Retail Group - department store operator in China

- The Chinese retail unit of the Malaysian conglomerate Lion Group
- Opened first store in Beijing in 1994, one of the foreign pioneers in the PRC department store industry
 - Listed in Hong Kong since 2005
 - Market Capitalization: US\$ 415 million
- 52 stores across 30 major cities in Mainland China



Malaysian companies seeking listings in Hong Kong

Informal discussion

Fintech in Hong Kong

- Hong Kong – user, not innovator, in Fintech
- Benefits from China status as a global leader in Fintech
- Mainland China: From cash to electronics payment system. Skips the use of credit cards / cheque books. Alipay, Wechat Pay, etc.
- Hong Kong rapidly embracing Fintech – due partly to spillover of Mainland Chinese Fintech

China's Fintech

- A prominent example:

Alibaba Yu'ebao Money Market Fund **(天弘余额宝货币市场基金)**

- Fund Size: Renminbi 1.56 trillion (US\$ 236 billion)
- No physical branches
- Daily subscriptions / withdrawals
- Currently pay 3.88% per annum interest rate
- No minimum requirement

Comparison

	Size
Yu'ebao Money Market Fund	US\$ 236 billion
Malaysia GDP	US\$ 336 billion
Hong Kong GDP	US\$ 326 billion
Singapore GDP	US\$ 292 billion

Thank You!

Hong Kong's integration with the Pearl River Delta (the Greater Bay area project)

