The Roles of Exchange in Cross-Border Selling of Investment Products

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Agenda

I. Connecting to the World

II. Intra-ASEAN in Focus

III. Future developments
I. Connecting to the World

- Possibilities to connect and invest within ASEAN and beyond.
I. Connecting to the World

- To expand and diversify investor base, while matching new financial opportunities

**Rationale**

- To expand product reach as well as internationalize SET products
- To expand investor base and liquidity
  - New foreign investors / market makers
  - Local retail investors
- To provide Thai investors with new foreign cross-listing products on SET

*To connect Thai local investors with new financial opportunities*

*To expand new investor base and liquidity to SET*
I. Connecting to the World

- One of SET’s key strengths includes its well-diversified products.

### Overview of Foreign-Linked Products in Thailand

<table>
<thead>
<tr>
<th>Exchange Traded</th>
<th>Off-Exchange</th>
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<tbody>
<tr>
<td><strong>Equities</strong></td>
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<tr>
<td>▪ Stock Listing (Dual-listing, Secondary-listing and Depositary Receipt)</td>
<td>▪ Foreign Investment Mutual Fund (FIF)</td>
</tr>
<tr>
<td>▪ Exchange Traded Fund (iShare by Blackrock, Lyxor by SocGen, db-x tracker by Deutsche Bank, HK and CHINA ETF listed on SET by local asset managers, gold SPDR)</td>
<td>▪ Local currency bond</td>
</tr>
<tr>
<td>▪ Exchange Trading Linkage (Shanghai-HK Connect, ASEAN Link)</td>
<td>▪ Foreign currency bond</td>
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<td><strong>Fixed income</strong></td>
<td></td>
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<tr>
<td>▪ Local currency bond</td>
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II. Intra-ASEAN: Developed ASEAN

- ASEAN Exchanges work in tandem to enhance the competitiveness of ASEAN Capital Market as well as to better manage two key risks – volatility of asset price and counterparty risk.

Members of ASEAN Exchanges’ collaboration

- ASEAN Capital Market Opportunity
  - 6 Countries
  - 7 Exchanges
  - 3,778 Listed Companies
  - 590 million people
  - USD 2 trillion market cap.

- 6% GDP growth projected in ASEAN-6 2011-2015

Source: WFE, HoSE & HNX, www.asean.org
II. Intra-ASEAN: Developing ASEAN

- Thailand stands to benefit from our surrounding high-growth CLMV economies.

2012 GDP and Expected 2015-2018 GDP growth

- **China**: USD 8,227 billion, 8.5%
- **Myanmar**: USD 53 billion, 7%
- **Laos**: USD 9 billion, 8.0%
- **Thailand**: USD 377 billion, 4.5%
- **Cambodia**: USD 14 billion, 7.5%
- **Vietnam**: USD 138 billion, 7.5%
- **Malaysia**: USD 303 billion, 5.2%

**SET as connectivity for investing in CLMV**

- Investing in holding companies operating abroad
- Infrastructure funds for infrastructure projects in CLMV

Source: World economic outlook 2013, IMF, The customs of Thailand
II. Intra-ASEAN: Developing ASEAN

- Holding company: a new investment vehicle to match investors in SET to businesses operating abroad.

### Holding company listing

**Shareholders**
- (Thai/foreign)

**Holding company**
- (Thai incorporated)
  - 50% (must be maintained)

**Thai/Foreign subsidiary**
- (core business)

#### The first holding companies operating abroad listed on SET

- **CK power (CKP)** acquired majority of shares in South East Asia Energy Co., Ltd. (SEAN), the major shareholder of Nam Ngum 2 hydro power plant in Lao PDR, making its core asset.
- CKP also invested in solar power and cogeneration power plants in Thailand.
- Listed on SET as of July 18, 2013 with 2,680 million baht IPO value.
- Market Capitalization of CKP as of July 31, 2014 with 17,270 million baht

#### Company to be listed by 2014:

- **AMATA VN**: invest in industrial estate and commercial project in Vietnam.
  - Under filing process.

- **PM Thoresen Asia Holdings Ltd. (PMTA)**'s core operating is a fertilizer maker, Baconco which has evolved into Vietnam’s second largest fertilizer company in terms of production.
  - Under filing process.

Source: The stock exchange of Thailand
II. Intra-ASEAN: Developing ASEAN

- Infrastructure funds are new SET investment vehicles and will support both domestic and regional infrastructure developments.

### Infrastructure fund listing

#### 3 infrastructure funds listed on SET

- **BTS rail mass transit growth infrastructure fund (BTSGIF)**
  - 60 billion baht IPO size: the largest IPO in Thailand
  - Revenue from the operation of the original BTS sky train system.

- **Amata B.Grimm power plant infrastructure fund (ABPIF)**
  - 6 billion baht IPO size
  - Revenue from the operation of power plants for industrial sectors in Thailand and Vietnam

- **True Telecommunications Growth Infrastructure Fund (TRUEIF)**
  - 58 billion baht IPO size: the first telecom infrastructure fund
  - Revenue from the rental of 5,845 telecommunication towers, core fiber-optic cable grids and related transmission equipment (FOC system)

#### Potential businesses to utilize infrastructure fund:

- **Private sector**: telecommunication, electricity cogeneration
- **State-own enterprises**: Metropolitan Waterworks Authority, Provincial Waterworks Authority, Electricity Generating Authority of Thailand

### Market capitalization graphs

- **Market capitalization of BTS and BTSGIF**
  - (billion baht); data as of Sep30, 2014

- **Market capitalization of AMATA and ABPIF**
  - (billion baht); data as of Sep30, 2014

- **Market capitalization of TRUE and TRUEIF**
  - (billion baht); data as of Sep30, 2014

Source: The stock exchange of Thailand
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III. Future Developments

- SET to expand its arm’s length through further exchange collaboration and cross-border activities.

1. Depository receipts (DR) : both sponsored and unsponsored DR

2. Cross-listing of investment products

3. Foreign currency products
The Stock Exchange of Thailand