The top mainland talent helping HK stay relevant

Enoch Yiu and Georgina Lee

Hong Kong's banks and stockbrokers are hiring more people from the mainland to make use of their Mandarin-speaking skills to pitch for initial public offers and other deals, as the city's benchmark stock index hovers at a 20-month high amid record inflows of capital from China.

Mainlanders occupy about 60 per cent of all investment banking jobs in Hong Kong, up 10 percentage points from 2015, and their share may widen to between 65 per cent and 70 per cent over the next four years, according to John Mullally, regional director at the executive search firm Robert Walters, citing data and conversations with clients.

Jerry Chang, managing director at the recruiting firm Barons & Co, said: "investment banks actually care less about where candidates come from than their demand for native Mandarin speakers familiar with the [corporate] culture in the mainland."

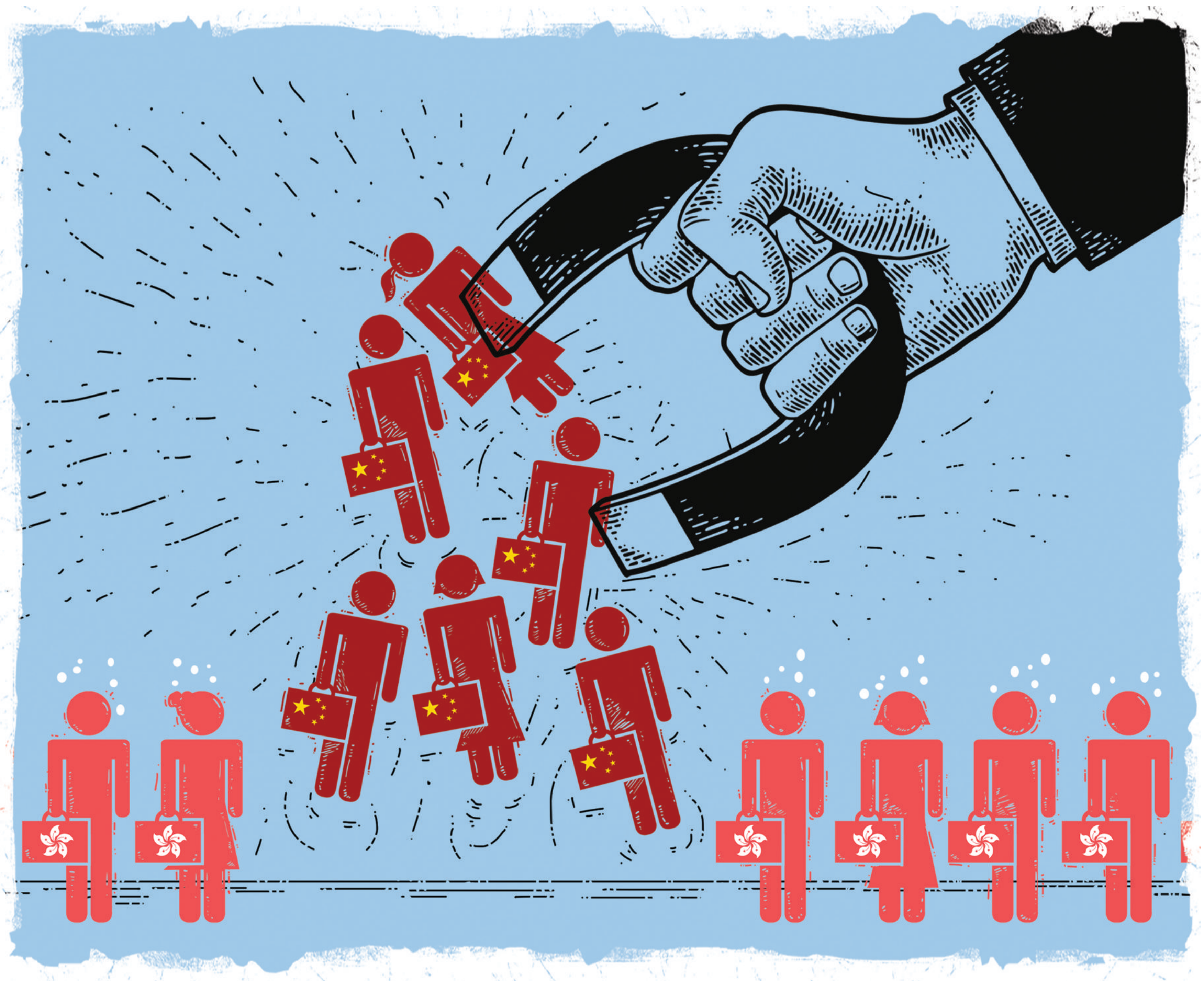

Illustration: Henry Wong

The changing demographics in Asia's second-largest capital market have spillover socioeconomic implications in a city grappling with record unemployment and its worst recession in decades. Meanwhile, nerves remain raw from the anti-government protests of 2019 and resentment against mainlanders bubbles under the surface. Still, the trend reflects Hong Kong's reliance on mainland capital – and talent – to remain relevant as China's offshore financial centre.

China-domiciled companies such as Nongfu Spring made up 98 per cent of the US$50.83 billion raised last year through initial public offerings in Hong Kong, up from the 73 per cent in 2019 and 94 per cent in 2018, according to Refinitiv data. A decade ago, mainland firms made up 51 per cent of new capital raised here.

Banks led by China International Capital Corp (CICC), China Merchants Bank and Citic Securities have increased their share of Hong Kong's deals, making up seven of last year's top 10 offering bookrunners. In 2015, five of the top 10 were mainland banks, while CICC was the sole one on the list as recently as 2010.

Here are 10 of the most influential bankers in Hong Kong who hail from the mainland, based on how their companies performed in the Refinitiv 2020 ranking of equity capital market deals:

Wang Sheng, China International Capital Corporation
Wang heads the investment banking department of China's largest investment bank CICC, which topped Refinitiv's 2019 and 2020 ranking as the top listings bookrunner in Hong Kong. He joined CICC in 2002 with a master's degree in economics from Tsinghua University and worked his way up the ranks to managing director.

CICC co-sponsored Alibaba's 2019 secondary listing in Hong Kong, which paved the way for Chinese technology giants such as NetEase and JD.com to raise capital on the city's exchange.

"Hong Kong's stock market has become the preferred IPO venue by unicorns," Wang said during a conference in November in Sanya. His 2019 salary was 17 million yuan (HK$20.4 million), according to a CICC filing. Wang and CICC declined to comment.

Wei Sun-Christianson, Morgan Stanley
Sun-Christianson is the Asia-Pacific co-chief executive and chief executive of China at Morgan Stanley, positions she has held since 2011. The bank was the top arranger last year of fundraising across all equity capital market deals in Hong Kong, helping Xiaomi raise US$4 billion through a combined sale of convertible bonds and additional shares in Hong Kong's biggest top-up funding after a float.

Growing up in Beijing, Sun studied at Columbia Law School before practising in New York. She moved to Hong Kong in 1990 to join the Securities and Futures Commission (SFC) to develop the regulatory framework for mainland companies to list in Hong Kong as H shares.

She joined Morgan Stanley in 1998 and advised on landmark listings for China Life Insurance, Sinopec and Semiconductor Manufacturing International Corporation. After brief stints at Credit Suisse and Citigroup from 2002 to 2006, she returned to Morgan Stanley in 2006 where she rose to become one of the highest-ranking women bankers in Asia. She is a director on the board of Estee Lauder.

Yang Fan, UBS
Yang joined UBS last April as the Asia chairwoman for global banking at the Swiss bank. UBS was ranked seventh in Hong Kong's listings league table last year, after a 12-month ban on underwriting stock sales following a fine by the SFC.

At China Merchants Securities International since 2013 before joining UBS, Yang helped transform the retail brokerage into a full-service investment bank. The bank, the overseas unit of China Merchants Securities, was among the top five in offer underwriting by value from 2016 to 2018.

The bank rose to second place after helping Yum China arrange its US$2 billion stock sale, as well as a US$1.6 billion secondary listing by data centre provider GDS Holdings.

Li Tong, Bank of China International (BOCI)
Li is the first woman to take the lead of the brokerage arm of China's oldest bank, becoming chief executive in 2012. Born in 1971, Li is the daughter of China's former propaganda chief and Politburo Standing Committee member Li Changchun.

BOCI was the sole Chinese investment bank to win the 2019 mandate to help Saudi Aramco raise US$25.6 billion, the record holder for the biggest stock sale in global finance. The bank ranked eighth in the amount of listings proceeds raised last year in Hong Kong.

Mark Wang Yunfeng, HSBC
Wang was promoted last March to president of HSBC's China business. HSBC was the eighth-biggest bank in follow-up offerings in 2020, falling from third place in 2019.

Born in the Jiangsu provincial capital of Nanjing, Wang worked as a foreign exchange and bond trader at Bank of China during the 1980s before joining Deutsche Bank where he was the co-head of Asia between 2004 and 2005.

Wang moved to HSBC in 2005 and has overseen China banking and markets since June 2016. He is considered a potential successor to the bank's Asia-Pacific chief executive Peter Wong Tung-shun.

Jiang Guorong, Citi
Jiang, 51, is Citi's China chairman and head of corporate and investment banking. Born in Nanjing, Jiang graduated in economics from his hometown university before getting a master's degree at Miami University, followed by a doctorate in economics at Cornell University in New York.

His career began at the International Monetary Fund as an economist, followed by jobs at the Hong Kong Monetary Authority, the Hong Kong office of the Bank for International Settlements, CICC and UBS before being hired by Citi.

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He brought several mega deals to list in Hong Kong, including the flotations of Yum China and NetEase, lifting Citi to fourth place in Hong Kong's equity capital market deals last year.

Bao Fan, China Renaissance
Bao, 50, is chairman and chief executive of China Renaissance, an investment bank that helped many start-ups and biotechnology firms raise capital.

Born in Shanghai, Bao studied at the Norwegian Business School after obtaining his first degree at Fudan University. He worked at Morgan Stanley and Credit Suisse before venturing out to establish China Renaissance in 2005.

The Beijing-based bank made its name by advising, and investing in, a number of high-profile technology deals, including the mergers between Meituan and Dazhong Dianping, between Didi and Kuaidi to form China's largest ride-hailing company, as well as Meituan-Dianping's acquisition of the Mobike bicycle-sharing app.

"As China's new economy grows and household wealth increases, the relevant financial services sector will also grow," Bao said in a September 2018 interview with the *Post* when his bank was listed in Hong Kong.

"I think the sector will double in size in five years."

Charles Li Xiaojia, former HKEX chief executive
Li, an oil rig worker and journalist before turning to finance, was Hong Kong's highest paid financial regulator when he headed Asia's second-largest stock market. He was paid HK$51.1 million in 2019 in total remuneration, according to filings by Hong Kong Exchanges and Clearing Limited (HKEX), which is listed in the city.

Hong Kong is the world's third-largest capital market, with the city's total capitalisation rising from the time Li took over in 2010 to HK$46.13 trillion as of December 24. The city had been the world's biggest destination for company listings in seven of the past 11 years.

A resident of Hong Kong for nearly two decades, Li is a fierce defender of the city's role as China's window to global financial markets, offering Hong Kong as the go-to place to help Chinese companies raise international capital in HKEX's three-year strategic plan.

A former China chairman of JPMorgan Chase before joining HKEX, Li created a cross-border investment channel called Stock Connect to let Chinese investors trade in Hong Kong, and allow global funds to access the Shanghai and Shenzhen exchanges via Hong Kong.

Capital from the mainland into the city has set daily records for 12 successive days so far this year, and CICC foresees as much as 600 billion yuan flowing into Hong Kong this year.

"Amid China's rapid development, some may look at the nation's growing wealth relative to Hong Kong's, and the falling proportion of Hong Kong's contribution to China's GDP, as indicators that the city's glory days are numbered," Li said in his blog in December before stepping down as chief executive.

"However, such a conclusion is at odds when you consider Hong Kong's unique and significant contributions to the development of China's financial markets, and the strong likelihood that these will be further enhanced in the years ahead."

Shan Weijian, Pacific Alliance Group
Shan, chairman of Hong Kong-based private equity firm Pacific Alliance Group, is one of the city's most powerful wheeler-dealers.

In his memoir – with a foreword written by former US Federal Reserve chairwoman and US President Joe Biden's secretary of the Treasury, Janet Yellen – Shan recalled a childhood during the Cultural Revolution, where he spent six years in the Gobi desert as one of Mao Zedong's "barefoot doctors," providing basic health care to troops.

Shan returned to Beijing to study English in 1975. When China opened itself to the world in 1978, he became one of the first post-revolution Chinese students to study abroad, earning business degrees from the University of San Francisco and UC Berkeley.

His career in finance took him from the World Bank to JPMorgan Chase, and the private equity firms Newbridge Capital and TPG. There was also a six-year stint teaching business at the Wharton School at the University of Pennsylvania before he founded PAG in 2010.

Early in his career, Shan helped Newbridge privatise state-owned Shenzhen Development Bank, subsequently selling it to Ping An Insurance (Group) in 2011 to become Ping An Bank. More recently, PAG prevailed in the boardroom tussle for China's third-largest producer of industrial gas, Yingde Gases Group.

Fred Hu Zuliu, founding chairman, Primavera Capital
Hu, who turns 58 in June, studied engineering at Tsinghua before turning to economics at Harvard University, where he earned a doctorate.

Early in his career, the Hunan province native worked as an economist and consultant at the IMF and the World Bank, before joining Goldman Sachs in 1997, where he rose to Greater China chairman by 2008.

He left Goldman to establish Primavera in 2010. The firm bought out Yum Brands' mainland network of KFC, Taco Bell and Pizza Hut outlets in 2016, spinning off Yum China in a New York initial public offering several months later. Yum China raised US$2.23 billion last September in a secondary listing in Hong Kong.

Hu was appointed an independent non-executive director of SCMP Group in 2010 before the newspaper's acquisition by Alibaba Group Holding in December 2015. He is also a director on the boards of HKEX, UBS and Alibaba affiliate Ant Group.

"Hong Kong must overcome division and stalemate and build a healthy relationship with the central government under one country, two systems," he wrote in a column in the *Post* last year. "Only pragmatism and constructive compromise can secure a better future for Hong Kong."


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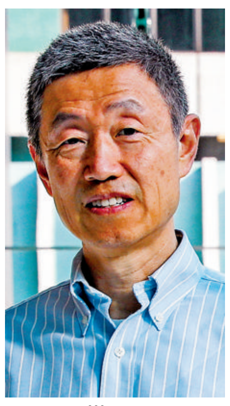
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