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Research Report



# **The Guangdong-HK-Macau Greater Bay Area: Mapping out the Region's Listed Companies**

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## **The Guangdong-HK-Macau Greater Bay Area: Mapping out the Region's Listed Companies**

*By Steve Wang\**

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### **Summary**

Given the significance of public listed companies to a local municipality in terms of economy and capital market, we look into the relative strength and competitiveness of each of the cities in the Guangdong-HK-Macau Greater Bay Area (GBA) through mapping out the profiles and characteristics of all the domestic and overseas listed firms from the region.

A total of 557 companies from the GBA are listed on China's domestic exchanges, while 1,843 GBA firms are listed on the international exchanges (including HK Exchange), including a total of 1,630 HK-registered firms.

Among the domestic listed firms, Shenzhen holds a dominant place with a 55% share, followed by Guangzhou (19%), Foshan (7%), Dongguan (5%), Zhuhai (5%), Zhongshan (4%), Jiangmen (2%), Huizhou (2%) and Zhaoqing (1%). By market cap, Shenzhen enjoys an even stronger position at 67% of the total, illustrating a larger average size of the Shenzhen listed firms.

Among the overseas listed firms (including dual-listed ones), Hong Kong/Macau dominates the table at an 89% share in the total count but only 65% in the total market cap. When excluding the HK/Macau listed firms, Shenzhen again dominates the table with a 50% share in the total count, followed by Guangzhou (24%) and Foshan (6%), or 79% in the total market cap for Shenzhen, followed by Guangzhou (12%) and Foshan (4%).

When looking into the industry profile, we find that larger cities like Hong Kong, Shenzhen, Guangzhou, Macau and Zhuhai all have high concentrations of listed firms in the consumer products & services industry, the technology-eccentric TMT industry and the financial services, while smaller cities such as Dongguan, Foshan, Huizhou, Zhaoqing and Jiangmen have higher percentages from industrial firms.

Between HK/Macau and the mainland GBA city group, HK/Macau counts consumer companies as the largest concentration of listed firms, followed by industrial corporations. In contrast, the mainland GBA city group counts industrial corporations as the highest concentration, followed by consumer companies. Both groups have sizable concentrations of listed firms in the TMT and real estate industries, while financial firms (excluding real estate) do make up 10% for HK/Macau, but only 4% for the mainland GBA cities.

Through the perspective of public listed companies, we may be able to shed some light on the outlook of each of the 11 GBA cities in their significance and role to be played for this economic powerbase. HK is expected to continue to be a world-class business and financial centre; Macau to remain a niche and unique player focusing on

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world-class gaming and entertainment services; Shenzhen to become a world high-tech centre and a regional financial centre complementing HK; Guangzhou to further develop into a key regional business and metro hub; Zhuhai/Zhongshan to develop into a regional business hub complementing and servicing Macau; and the rest of GBA cities to become high-end manufacturing bases.

## 1. Public Listed Companies as an Economic Development Indicator

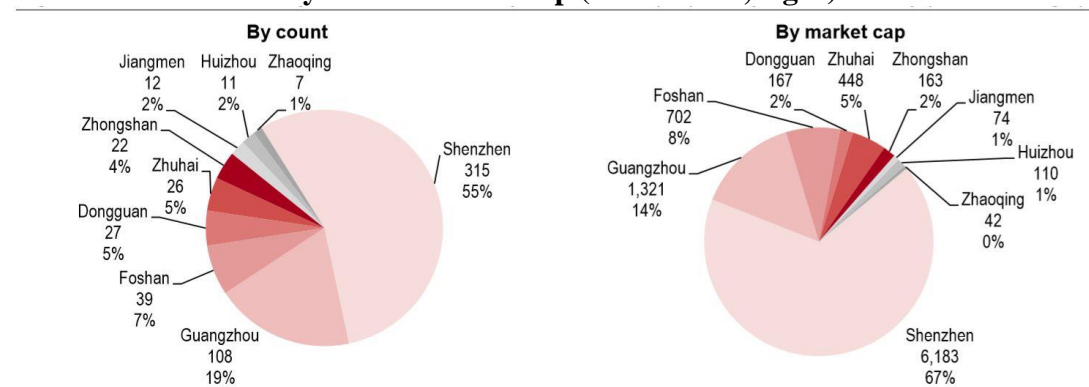
Given the fact that a public listed company generally commands a relatively more visible brand name, better finance flexibility and higher enterprise value, pursuing public listing of their home-based enterprises has always been an economic development policy for Chinese local governments and municipalities. The enhanced fund-raising capacity and public commitment from a listed company should generally serve well for the local governments in terms of employment, tax revenue, city profile, and other economic synergies.

In further details, a listed company has the power to utilise its stocks as a financing vehicle for quick fund raising and asset acquisitions that, in the end, could benefit local business investment and financial position. The wealth effect from a company go listing can also be an important boost to local economy, as the monetisation of share holdings through public listing often creates instant wealth effect from the owners of the listed company, including share-holding senior managers and other employees with stock incentives. In many cases, public floating has become the quickest way for many of the stakeholders of the company to materialise wealth and rise in the wealth rank.

## 2. Mapping the Public Listed Companies in the Greater Bay Area (GBA)

The Guangdong-HK-Macau Greater Bay Area boasts a high concentration of listed companies (based on the corporate registration location). They are either listed on the domestic exchanges (Shanghai or Shenzhen Exchanges) or overseas international exchanges (such as HK Exchange, NY exchanges, Singapore Exchange). In some cases, a company may be dual- or multiple listed on different exchanges. A total of 557 firms from GBA are listed on the domestic exchanges, but none are from HK or Macau since domestic exchanges are not yet opened to overseas corporations (see Figure 1). On the other hand, a total of 1,843 GBA firms are listed on the international exchanges, including a total of 1,630 from HK registered firms (see Figures 2&3).

**Figure 1. Domestic Listed Companies from the GBA: by Total Number (left) and by Total Market Cap (in RMB bn, right)**



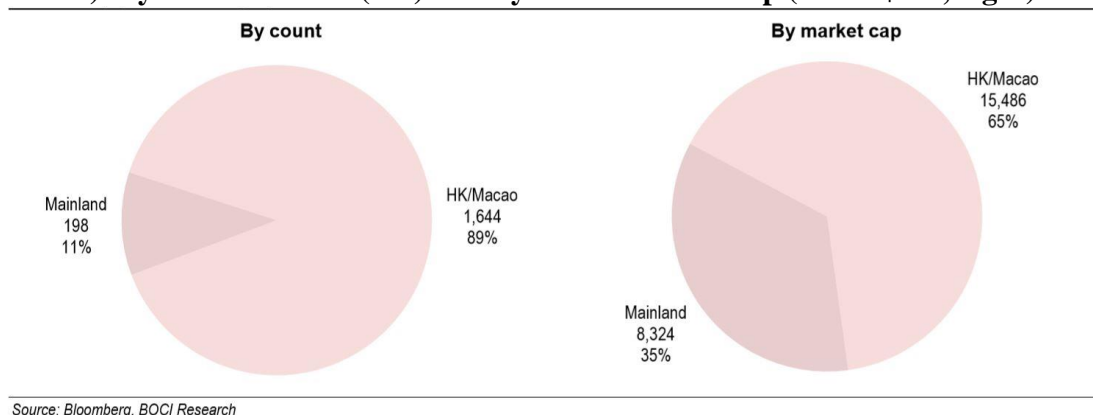
Source: Bloomberg, BOCI Research

For the domestic listed firms from the GBA, Shenzhen holds a dominant position

with a 55% share in total, followed by Guangzhou (19%), Foshan (7%), Dongguan (5%), Zhuhai (5%), Zhongshan (4%), Jiangmen (2%), Huizhou (2%) and Zhaoqing (1%). By market cap, Shenzhen enjoys a position even more prominent, making up 67% of the total, followed by Guangzhou (14%), Foshan (8%), Zhuhai (5%), Zhongshan (2%) and others smaller than 2%. Obviously, the average size of Shenzhen listed firms (RMB19.6bn) by market cap is larger than the rest of the GBA (RMB12bn).

For the overseas listed firms from the GBA (including dual listed ones), Hong Kong/Macau registered companies dominate the table (see Figure 2). A majority of these HK/Macau registered firms are HK locally-brewed enterprises (about 1,263), as compared to about 411 firms with parents based in the mainland (mainland background). Although the locally registered HK/Macau firms account for 88% of the total listed stocks in number, they only make up 63% of the pool by market cap. Again, this demonstrates the average market cap of the mainland firms listed on the overseas exchanges (HK\$42bn) is larger than that of the HK/Macau firms (HK\$9bn).

**Figure 2. Overseas Listed Companies from the GBA (Mainland vs. HK/Macau Firms): by Total Number (left) and by Total Market Cap (in HK\$ bn, right)**



To further illustrate the detailed characteristics of the mainland firms listed on the overseas exchanges, we exclude the HK/Macau listed firms from the data set to redraw the geographic distribution profiles (see Figure 3). Again, Shenzhen dominates the table. By total number, Shenzhen makes up 50% of the group, followed by Guangzhou (24%), Foshan (6%), Dongguan (5%), Huizhou (5%), etc. By market cap, Shenzhen makes up 79%, Guangzhou 12%, Foshan 4%, Huizhou 2%, etc. In other words, Shenzhen not only dominates in the total number of overseas listed firms but also boasts a much larger average size in market cap. We will show this point again later in the discussion of Fortune Global 500 Firms from the GBA, as Shenzhen has more Fortune 500 firms than any of the other GBA cities.

### 3. Industry Profile of GBA Listed Firms

We combine the two data sets (domestic and overseas listed firms) of the GBA to look into the industry profiles of these GBA listed companies. Through these profiles we could see the significance of some industry sectors for each of the GBA cities (see Figure 4).

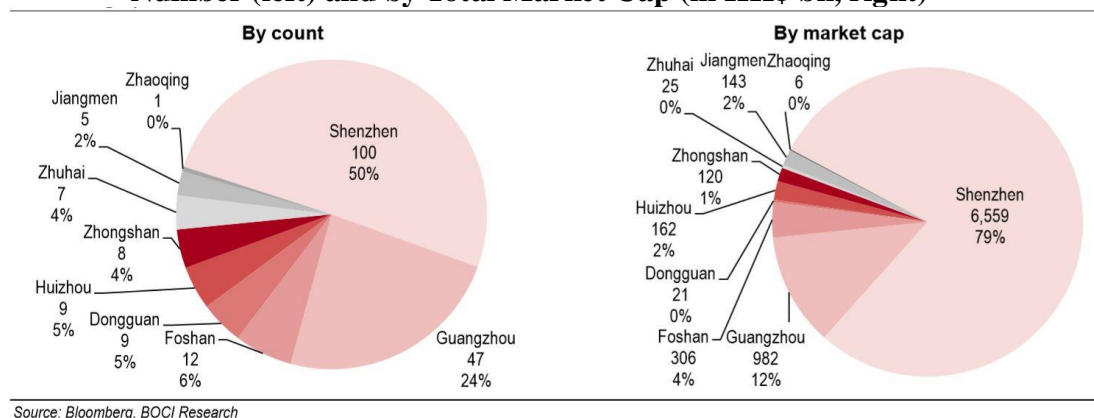
For the larger cities of GBA, such as Hong Kong, Shenzhen, Guangzhou, Macau, Zhuhai, the consumer products & services industry, the technology-eccentric TMT industry and the financial services industry make up the big portion of their respective pools of listed firms, while for those smaller cities, such as Dongguan, Foshan, Huizhou, Zhaoqing and Jiangmen, industrial firms represent a large portion.

In the technology-eccentric TMT area, both Shenzhen and Zhuhai boast the highest percentage, demonstrating the significance of technology for their overall economies. Guangzhou, Zhongshan, HK and Zhaoqing also feature sizable percentages.

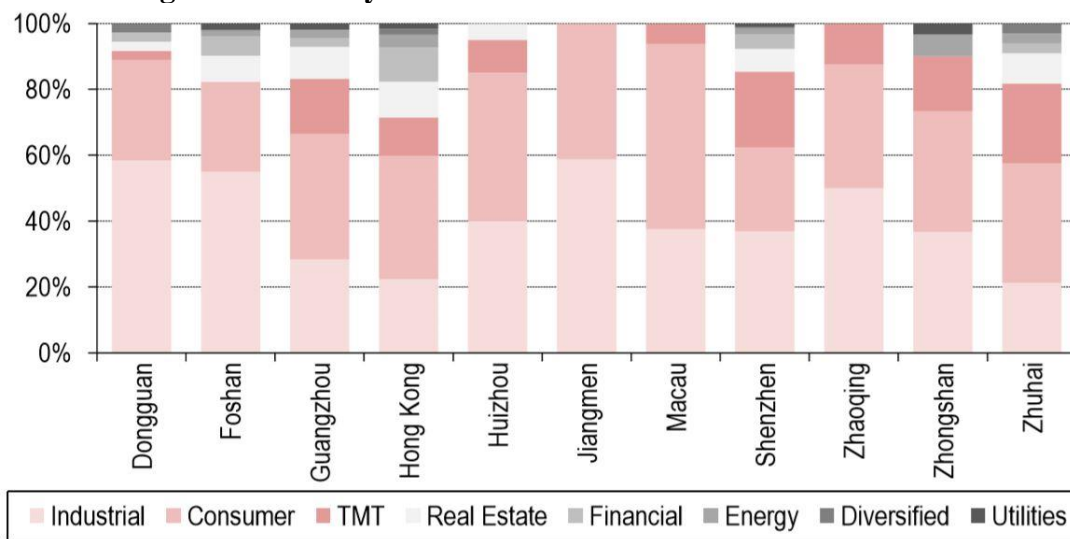
On the other hand, real estate firms make up a sizable portion of the listed firms for many of the GBA cities and are often more significant than the typical financial sector. This marks the fact that the real estate industry in the GBA is important to the local economies. For example, HK, Guangzhou, Zhuhai, Foshan, Shenzhen and Huizhou all see real estate firms making up a good percentage for each of them.

In the aspect of financial firms, Hong Kong boasts the highest percentage. This is naturally expected as HK is truly a global financial centre. Surprisingly, however, Foshan, though by a large distance, also boasts a sizable percentage in this segment, followed by Shenzhen, Guangzhou, Zhuhai and Dongguan.

**Figure 3. Overseas Listed Companies from the Mainland Cities of GBA: by Total Number (left) and by Total Market Cap (in HK\$ bn, right)**



**Figure 4. Industry Distribution of Listed Firms from the GBA**



#### 4. What are the Listed Firms Telling Us?

We further look into the relative competitive strengths in different industries between the two distinctive groups of the GBA: the special administrative regions of HK & Macau and the mainland cities of the GBA (the rest of GBA), based on their

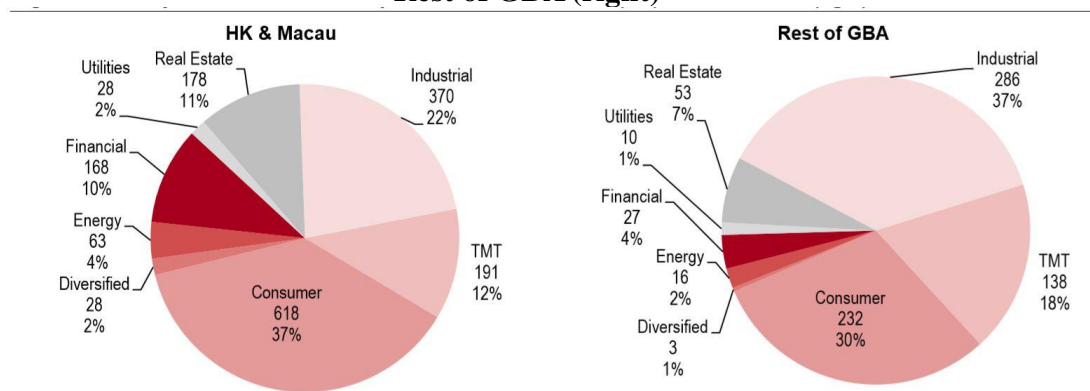
listed companies (see Figure 5).

HK/Macau features consumer companies as the largest group of listed firms, followed by industrial companies. In comparison, Rest of GBA has industrial companies as the largest group of listed firms, followed by consumer companies.

Away from these two largest groups, TMT is the third largest group for both regions, followed by real estate.

However, in HK/Macau, the typical financial firms (excluding real estate) do make up 10% of their listed firms, but for the Rest of GBA they only account for 4%. If we include real estate firms into the broad financial sector, the broad financial sector represents 21% for HK/Macau, but only 11% for the Rest of GBA. Obviously, the financial sector is a much more important corporate base for HK/Macau than Rest of GBA, based on the listed companies.

**Figure 5. Industry Profiles of Listed Companies in GBA: HK/Macau (left) vs. Rest of GBA (right)**



Source: Bloomberg, BOCI Research

## 5. The Top Listed GBA Firms

We also examine the characteristics of top listed firms from the GBA (by market cap) for more colours on the key business profiles of the region and its cities.

Figure 6 shows the top 20 A-share listed firms from the region. Again, Shenzhen firms dominate the table with a total number of 13, followed by Guangzhou's 4 and Foshan's 2. By industry, consumer products & services firms make up the most (7), followed by financials (6) and real estate (3).

Figure 7 shows the top 20 listed firms from HK & Macau. Except two firms from Macau (in gaming/entertainment industry), the rest are all from HK. By industry sector, financials have the most (5), followed by consumer, diversified and real estate industries (all at 3), respectively.

Figure 8 shows the top 20 listed mainland firms from the GBA in the international markets. Again, Shenzhen firms lead the table with 11, followed by Guangzhou's 5, and 1 for each of the other 4 GBA cities.



**Figure 6. Top 20 Listed A-share Firms from the GBA (as of 11 March 2019)**

Stock Code	Company	City	Industry	Market cap (RMB bn)
601318 CH	Ping An Insurance Group Co of	Shenzhen	Financial	1,277
600036 CH	China Merchants Bank Co Ltd	Shenzhen	Financial	773
601138 CH	Foxconn Industrial Internet Co	Shenzhen	TMT	319
000333 CH	Midea Group Co Ltd	Foshan	Consumer	304
000002 CH	China Vanke Co Ltd	Shenzhen	Real estate	301
000651 CH	Gree Electric Appliances Inc o	Zhuhai	Consumer	270
000001 CH	Ping An Bank Co Ltd	Shenzhen	Financial	212
603288 CH	Foshan Haitian Flavouring & Fo	Foshan	Consumer	201
001979 CH	China Merchants Shekou Industr	Shenzhen	Real estate	168
600048 CH	Poly Developments and Holdings	Guangzhou	Real estate	155
002352 CH	SF Holding Co Ltd	Shenzhen	Industrial	160
300760 CH	Shenzhen Mindray Bio-Medical E	Shenzhen	Consumer	156
002594 CH	BYD Co Ltd	Shenzhen	Consumer	132
000776 CH	GF Securities Co Ltd	Guangzhou	Financial	119
000063 CH	ZTE Corp	Shenzhen	TMT	123
002736 CH	Guosen Securities Co Ltd	Shenzhen	Financial	121
600999 CH	China Merchants Securities Co	Shenzhen	Financial	111
601238 CH	Guangzhou Automobile Group Co	Guangzhou	Consumer	111
600029 CH	China Southern Airlines Co Ltd	Guangzhou	Consumer	87
002475 CH	Luxshare Precision Industry Co	Shenzhen	Industrial	90

Source: Bloomberg, BOCI Research

**Figure 7. Top 20 HK Listed Firms from HK & Macau (as of 11 March 2019)**

Stock Code	Company	City	Industry	Market cap (HK\$ bn)
941 HK	China Mobile Ltd	Hong Kong	TMT	17,322
1299 HK	AIA Group Ltd	Hong Kong	Financial	9,438
11 HK	Hang Seng Bank Ltd	Hong Kong	Financial	3,621
2388 HK	BOC Hong Kong Holdings Ltd	Hong Kong	Financial	3,441
267 HK	CITIC Ltd	Hong Kong	Financial	3,462
388 HK	Hong Kong Exchanges & Clearing	Hong Kong	Financial	3,469
1 HK	CK Hutchison Holdings Ltd	Hong Kong	Diversified	3,100
688 HK	China Overseas Land & Investment	Hong Kong	Real estate	3,112
1928 HK	Sands China Ltd	Macau	Consumer	3,067
762 HK	China Unicom Hong Kong Ltd	Hong Kong	TMT	2,971
66 HK	MTR Corp Ltd	Hong Kong	Industrial	2,886
3 HK	Hong Kong & China Gas Co Ltd	Hong Kong	Utilities	2,810
1113 HK	CK Asset Holdings Ltd	Hong Kong	Real estate	2,384
27 HK	Galaxy Entertainment Group Ltd	Macau	Consumer	2,260
1997 HK	Wharf Real Estate Investment C	Hong Kong	Real estate	1,773
1038 HK	CK Infrastructure Holdings Ltd	Hong Kong	Industrial	1,735
87 HK	Swire Pacific Ltd	Hong Kong	Diversified	1,265
19 HK	Swire Pacific Ltd	Hong Kong	Diversified	1,265
6 HK	Power Assets Holdings Ltd	Hong Kong	Utilities	1,172
288 HK	WH Group Ltd	Hong Kong	Consumer	1,136

Source: Bloomberg, BOCI Research

**Figure 8. Top 20 HK Listed Firms from the GBA excluding HK & Macau (as of 11 March 2019)**

Stock Code	Company	City	Industry	Market cap (HK\$ bn)
700 HK	Tencent Holdings Ltd	Shenzhen	TMT	34,369
2318 HK	Ping An Insurance Group Co of	Shenzhen	Financial	14,937
3968 HK	China Merchants Bank Co Ltd	Shenzhen	Financial	9,049
2202 HK	China Vanke Co Ltd	Shenzhen	Real estate	3,524
3333 HK	China Evergrande Group	Guangzhou	Real estate	3,268
2007 HK	Country Garden Holdings Co Ltd	Foshan	Real estate	2,394
1211 HK	BYD Co Ltd	Huizhou	Consumer	1,540
763 HK	ZTE Corp	Zhongshan	TMT	1,439
1776 HK	GF Securities Co Ltd	Guangzhou	Financial	1,394
6099 HK	China Merchants Securities Co	Shenzhen	Financial	1,304
2238 HK	Guangzhou Automobile Group Co	Jiangmen	Consumer	1,303
1816 HK	CGN Power Co Ltd	Shenzhen	Utilities	954
1551 HK	Guangzhou Rural Commercial Bank	Guangzhou	Financial	481
2039 HK	China International Marine Containers	Shenzhen	Industrial	360
268 HK	Kingdee International Software	Shenzhen	TMT	315
1606 HK	China Development Bank	Shenzhen	Financial	228
317 HK	CSSC Offshore and Marine	Guangzhou	Industrial	206
867 HK	China Medical System Holdings	Shenzhen	Consumer	199
136 HK	HengTen Networks Group Ltd	Guangzhou	TMT	194
1638 HK	Kaisa Group Holdings Ltd	Shenzhen	Real estate	193

Source: Bloomberg, BOCI Research

## 6. The Fortune Global 500 Firms from GBA

We expand our study to the Fortune Global 500 firms for more colours. Chinese enterprises have become a major group of constituents in the annual Fortune Global 500 rank. And their weight in this global enterprise ranking survey continues to grow in recent years. Increasingly, many of them come from the GBA (see Figure 9).

For the ranked firms from the GBA, Shenzhen features more companies in the list than other cities of the region. Besides, its ranked companies were also generally placed higher in the ranking table. Specifically, Shenzhen boasts a total of six firms, followed by five from HK, three from Guangzhou and two from Foshan. In fact, China Evergrande Group has moved its HQ from Guangzhou to Shenzhen recently (in August 2018), and China Resources has also recently built its mainland HQ in Shenzhen, both of which are expected to further boost Shenzhen's total Fortune Global 500 count in the next ranking survey.

Again, all of these have demonstrated the continuing rising significance and status of Shenzhen among the GBA cities.



**Figure 9. 2018 Fortune Global 500 Firms from the GBA**

Rank	Stock code	Company Name	Location	Industry
29	601318 CH/2318 HK	Ping An Insurance	Shenzhen	Financial
72	NA	Huawei Investment & Holding	Shenzhen	TMT
86	NA	China Resources	Hong Kong	Diversified
110	NA	China Southern Power Grid	Guangzhou	Utilities
202	601238 CH/2238 HK	Guangzhou Automobile Industry Group	Guangzhou	Manufacturing
213	600036 CH	China Merchants Bank	Shenzhen	Financial
230	3333 HK	China Evergrande Group	Guangzhou	Real estate
280	NA	China Merchants Group	Shenzhen	Diversified
283	JS SP	Jardine Matheson	Hong Kong	Diversified
295	1299 HK	AIA Group	Hong Kong	Financial
323	000333 CH	Midea Group	Foshan	Manufacturing
331	700 HK	Tencent Holdings	Shenzhen	TMT
332	000002 CH/2202 HK	China Vanke	Shenzhen	Real estate
339	NOBL SP	Noble Group	Hong Kong	Basic materials
353	2007 HK	Country Garden Holdings	Foshan	Real estate
374	1 HK	CK Hutchison Holdings	Hong Kong	Diversified

Source: Fortune, BOCI Research

### 7. The Case for Each of the GBA cities

Although the public listed companies do not necessarily represent the whole picture of the business and economic status and state of a local municipality, the importance of this subgroup of business and enterprises does offer us some insights into the areas of strength and competitiveness of a city (see Figure 10).

Being an international financial centre and a key capital raising hub for both HK and mainland enterprises, HK is expected to continue to be a world-class business centre attracting companies seeking to list in HK and to set up home base in the city. By this token, HK is expected to continue its leading position in the GBA in having a high congregation of listed firms under its roof. These list firms will continue to span over a wide spectrum of the industry scope, but with a relatively sizable percentage in the financial sector.

Macau is expected to remain a niche and unique player focusing on gaming and entertainment services that offer world-class consumer experience for tourists from China and around the world.

Next in line is Shenzhen, which also has a sizable concentration of listed companies only after HK, thanks to its advantage as the first Chinese special economic zone, the home for China's second largest stock exchange, the Shenzhen Stock Exchange, and a highly opened market. Shenzhen's meteoric economic rise in modern Chinese history has greatly benefited from, not only the preference policies as a special economic zone, but also from a combination of other important reasons, such as its close proximity to HK, early experience from this neighbour city, the inter-city flows through economic, capital, investment and citizen exchanges between Shenzhen and HK.

Shenzhen has already demonstrated its power base in both financial and TMT industries, as the city features more Fortune Global 500 firms in these two industries than any of the other GBA cities does, including HK. We expect Shenzhen, among the GBA cities, will continue to lead in the technology-centric TMT industry, as well as

other high-tech industries (AI, semi, healthcare, etc.), to become a world high-tech centre in the future, while also building up a regional financial centre complementing HK.

Guangzhou is expected to further develop into a key regional business and metro hub for the GBA and the southern China with its strengths in manufacturing, consumer, high-techs and real estate.

Zhuhai, plus its satellite neighbour Zhongshan, is expected to develop into a regional business hub complementing and servicing the city of Macau,

For the rest of GBA cities, most of them are expected to become high-end manufacturing bases for both China and the world, with increasing focuses on the high-value end of the supply chain and the downstream end closer to consumers.

**Figure 10. Future Perspective for the GBA Cities**

City	Industry Strength & Future Significance
Hong Kong	Global consumer & financial services centre
Shenzhen	Global high-tech centre & regional financial centre
Guangzhou	Key regional business hub
Macau	Gaming, entertainment & tourism oasis
Foshan	High-end manufacturing & real estate
Zhuhai	Regional business hub complementing Macau
Dongguan	High-end manufacturing
Huizhou	High-end manufacturing & vocational home/resorts
Zhongshan	Satellite neighbor of Zhuhai
Jiangmen	High-end manufacturing
Zhaoqing	High-end manufacturing

Source: BOCI Research

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