



9 November 2015

DBS RMB Index for VVinning Enterprises

星展人民幣動力指數

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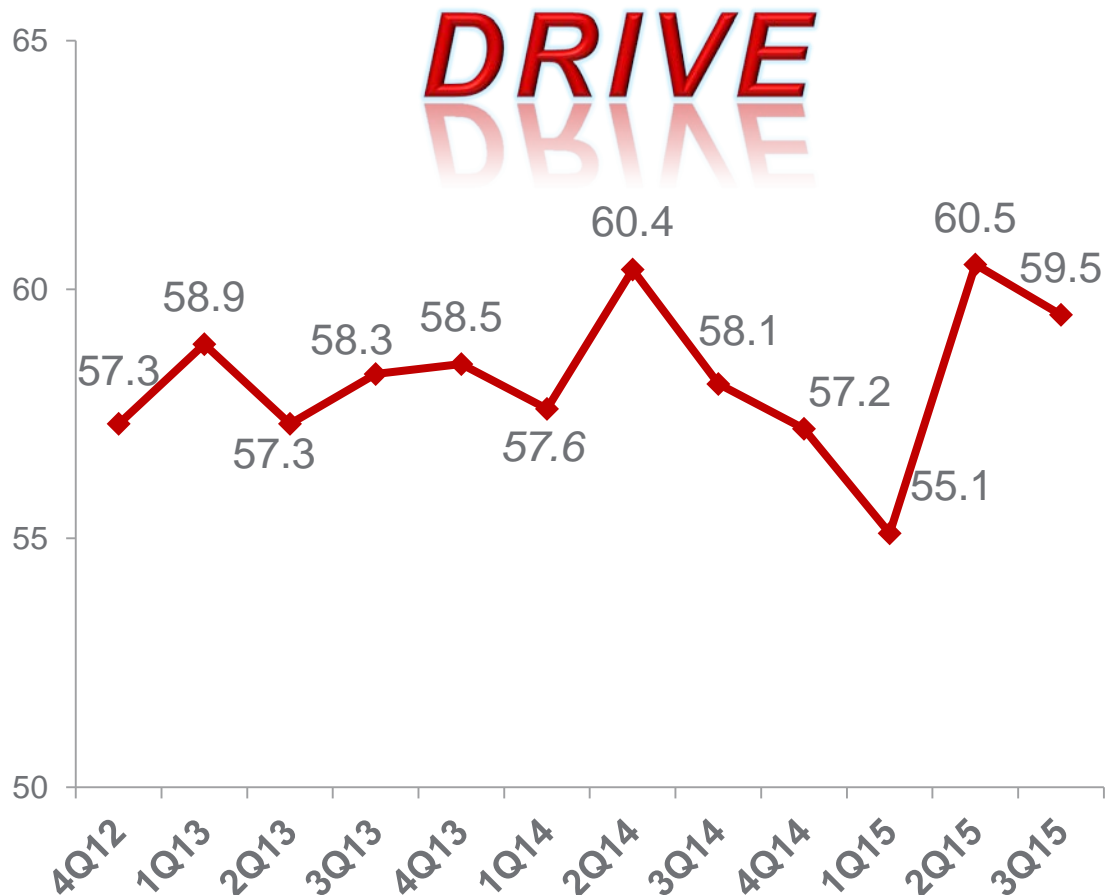
星展銀行  DBS

Composite index of a basket of parameters

The RMB Index

Survey period: 4 Aug–8 Sept

1	Company Business Performance
2	Business Needs on RMB
3	RMB transactions in Trade Service & Payment Receivables
4	Access to RMB Finance



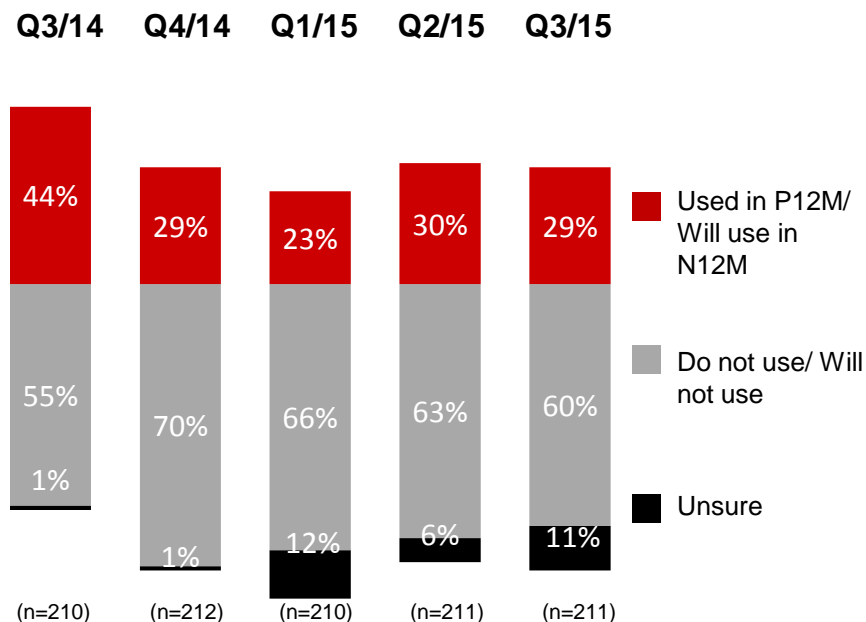
Note: Target respondents had been changed to include business establishments with **annual sales turnover of HK\$1M or above starting from 1Q14** in order to focus on companies with relevant RMB usage. Weighting for each index parameter was updated based on data collected from 4Q12–4Q13

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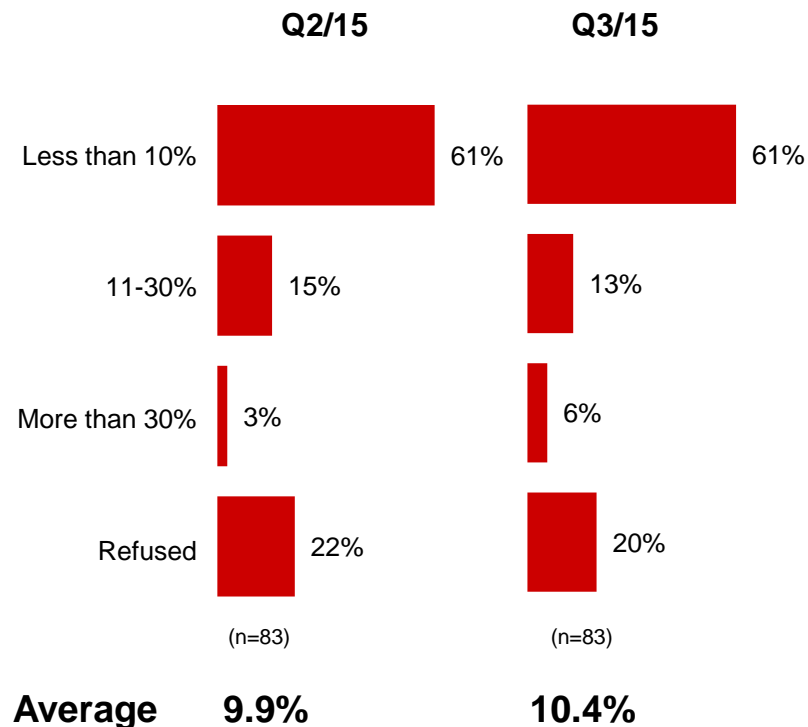
Business needs for RMB remained stable

Use of RMB customer orders/ invoices in P12M



Base: All companies
Q17. How would you describe the changes of your customer order/ invoices in RMB in the past 12 months? [Index component]

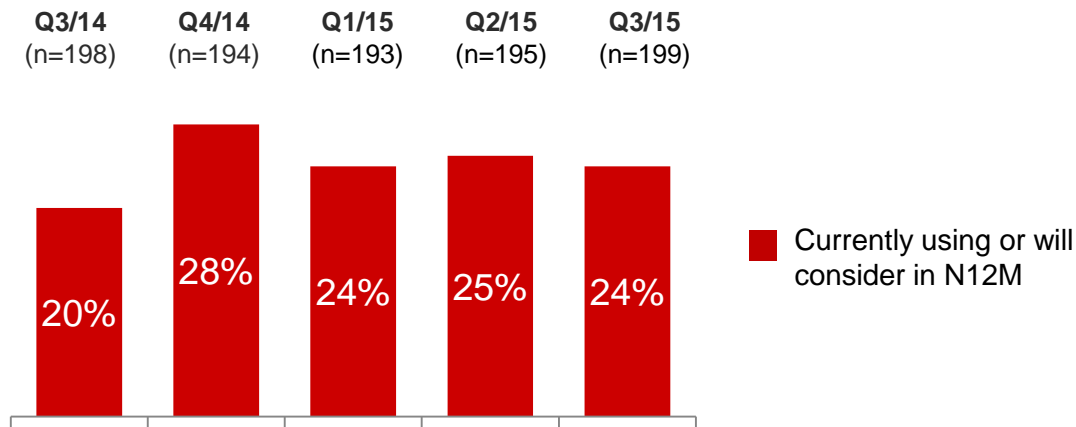
Percentage of RMB customer order/ invoices in overall sales turnover



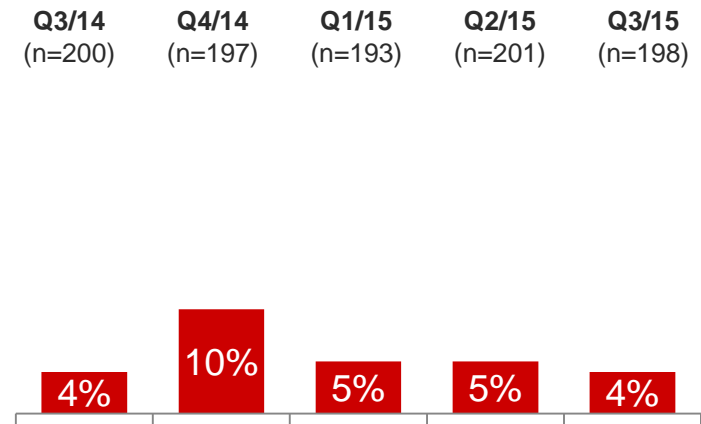
Base: Companies use RMB customer order/ invoices
Q61. What is the percentage of your business's customer order/ invoices denominated in RMB in your overall sales turnover?

Use of RMB payment & receivables remained stable

Usage of RMB payment and receivables



Usage of RMB trade services



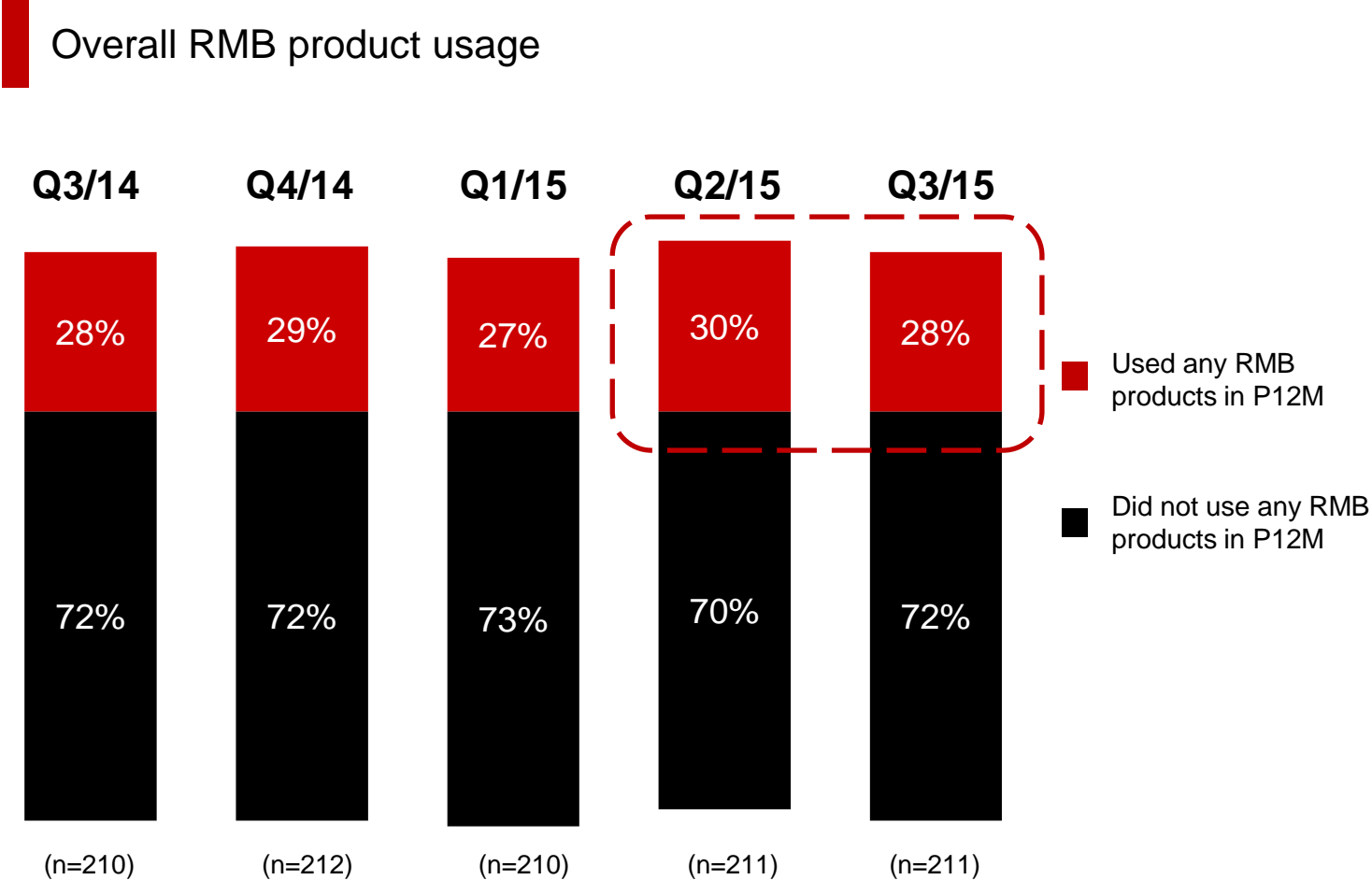
Base: All companies (Excluding don't know/ unsure)

Q49a. Which of the following RMB products are used by your company? How about in the next 12 months?

Is it because there is no such need for this product for your company business? [Index component]

Note: The question was revised in W2.

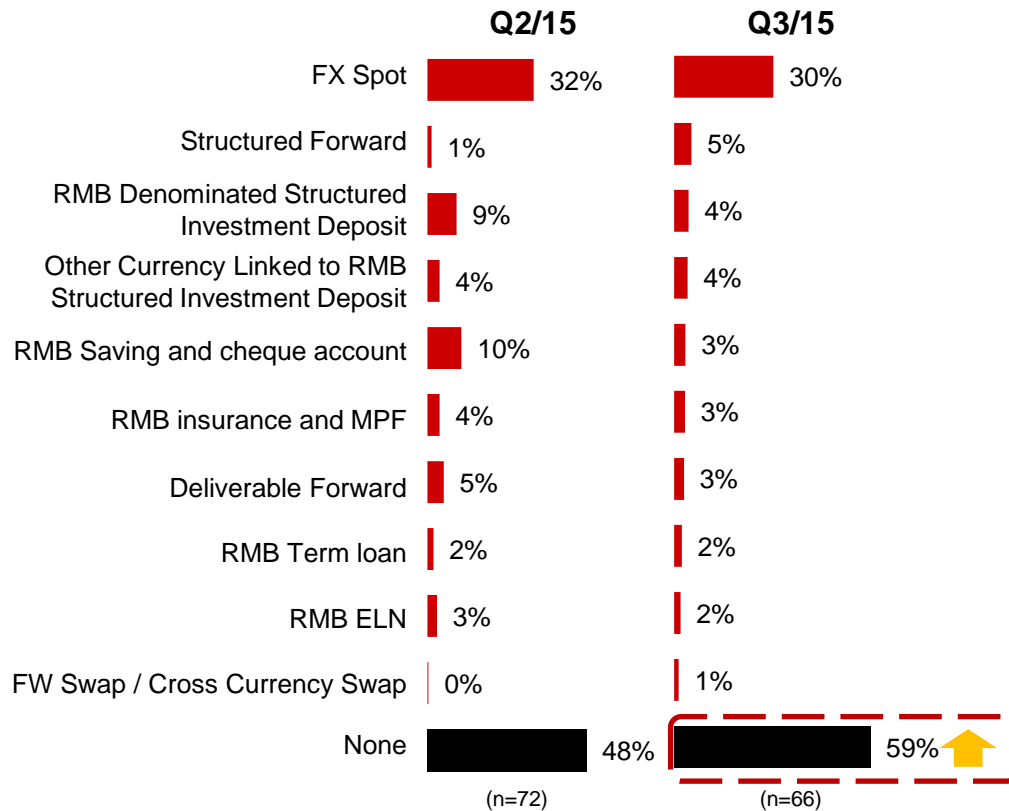
RMB product usage remained stable



Base: All respondents
Q49a. Which of the following RMB products are used by your company?

Outlook: RMB usage tipped to decline in the short term

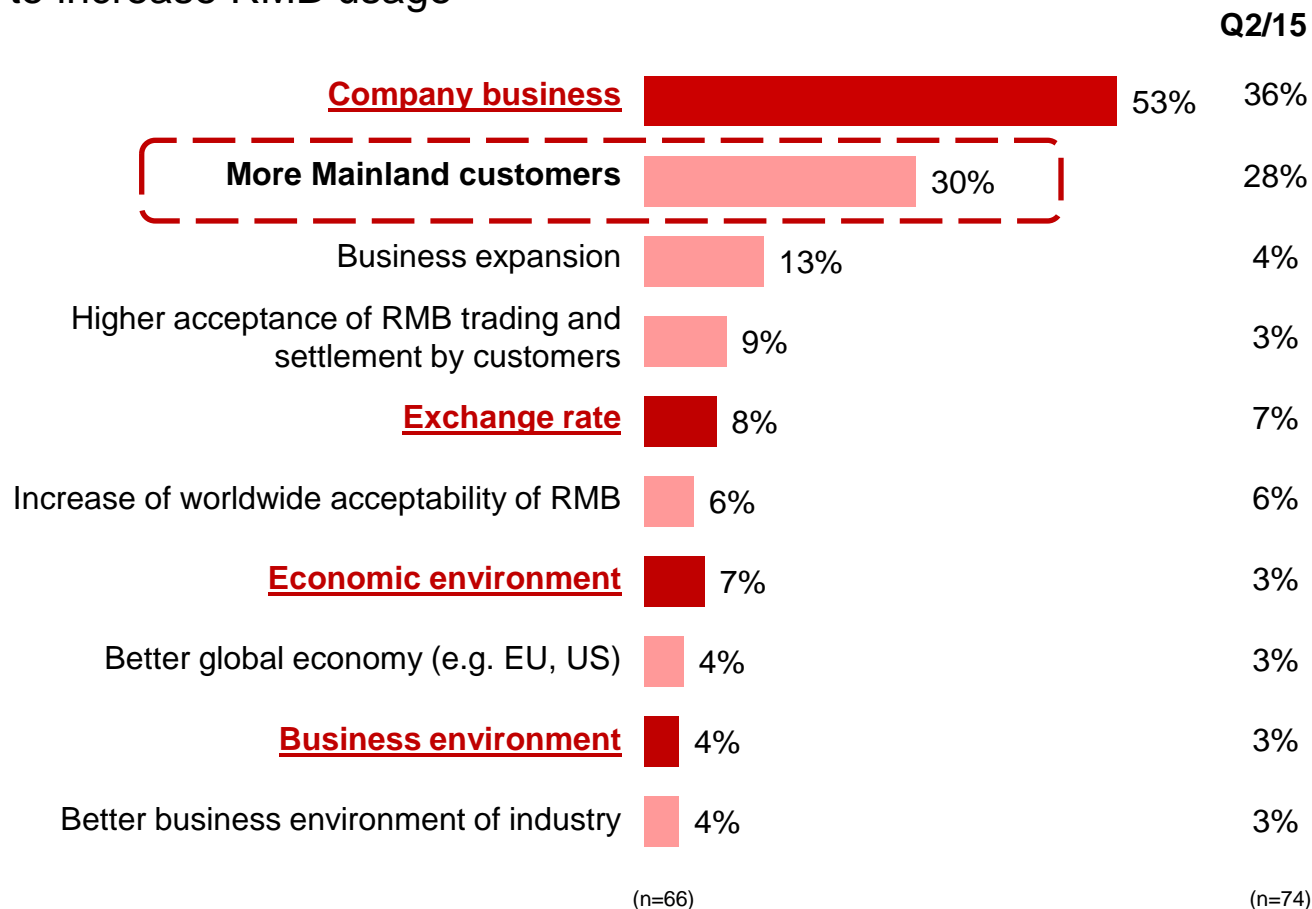
Other RMB products to be used in N12M



Base: Companies intended to use RMB products in next 12 months
 Q67b. Which RMB product has your company used in the next 12 months?
 Only mentions 1% above are shown.

The volume of company business is the key factor driving the intention to increase their use of RMB products

Factors to increase RMB usage



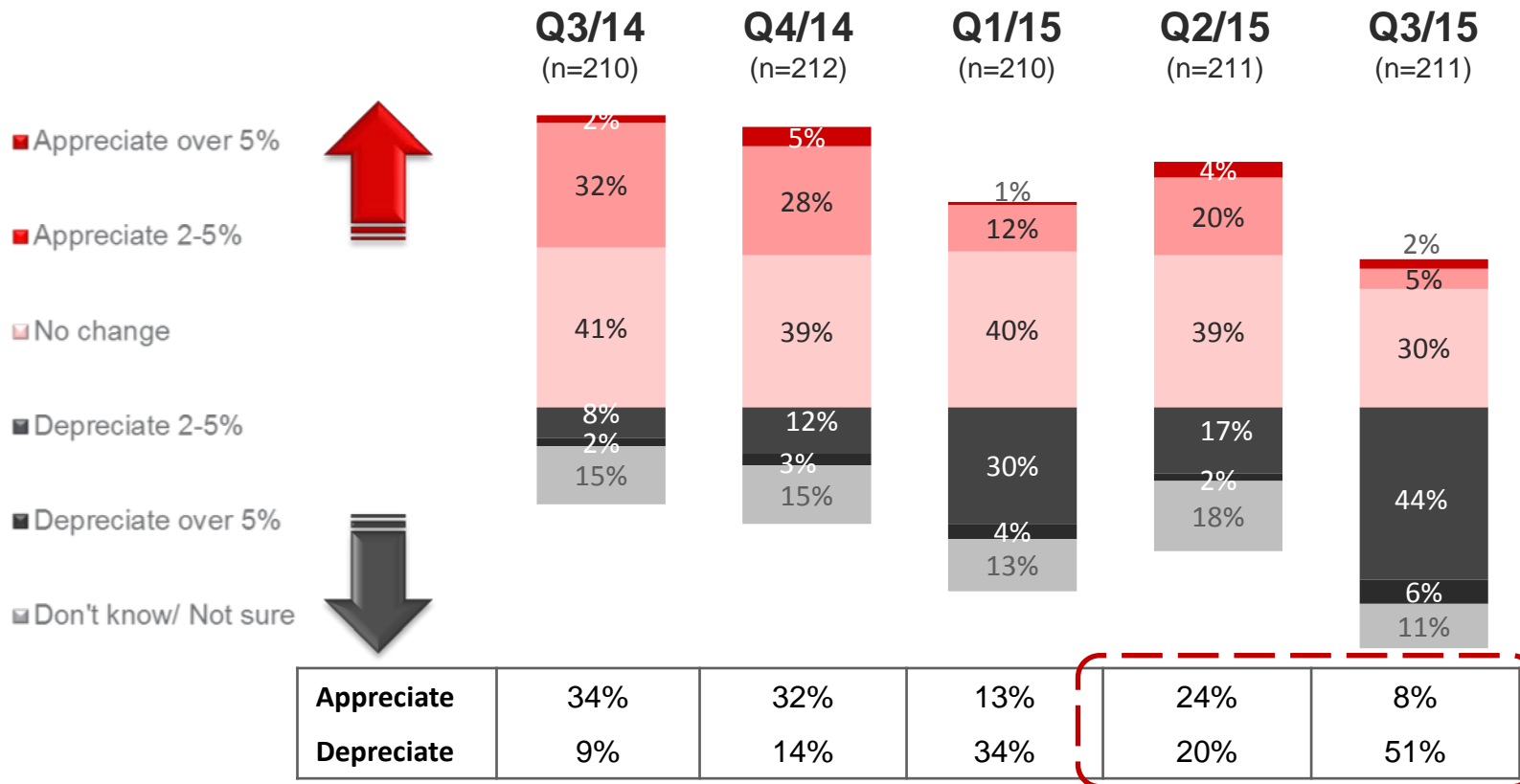
Base: Companies using any RMB products

Q101. Under what circumstance would your company increase the RMB usage. i.e. RMB customer orders/ invoices, trade services, financing & investments...etc. Only mentions of 3% & above are shown.

Note: The question was revised in W10.

Outlook: RMB depreciation expectations are increasing

Expectation on RMB vs. USD

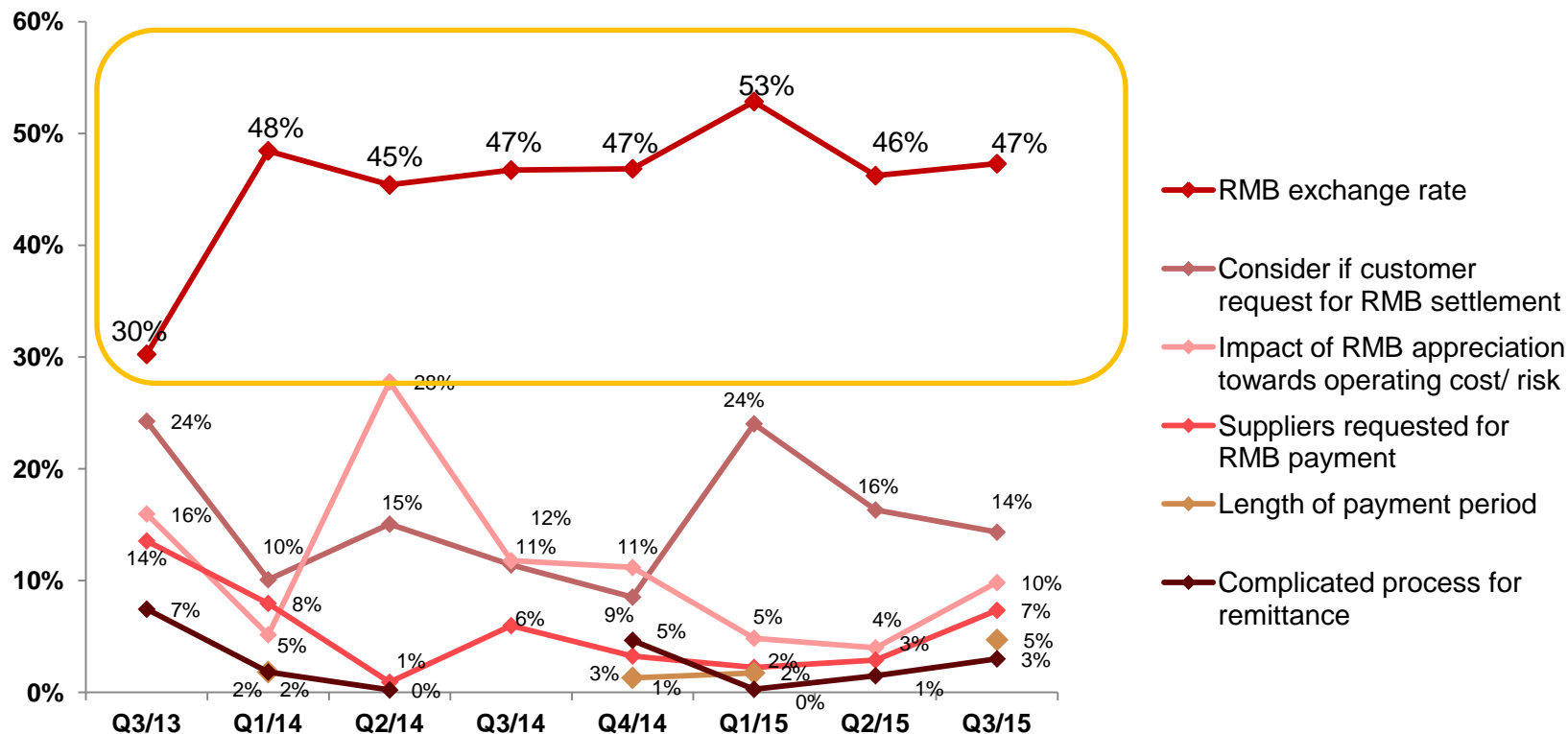


Base: All respondents

Q27. How would you foresee the direction of RMB appreciation or depreciation against the USD in the next 12 months?

Exchange Rate is the key consideration factor when it comes to RMB trade settlement along with customer requirement

Consideration for switching to use RMB trade settlement service over time



Base: Companies using trade services and RMB trade settlement service

Q100. Companies may have different considerations & concerns when they switch to use RMB trade settlement, what are the yours?

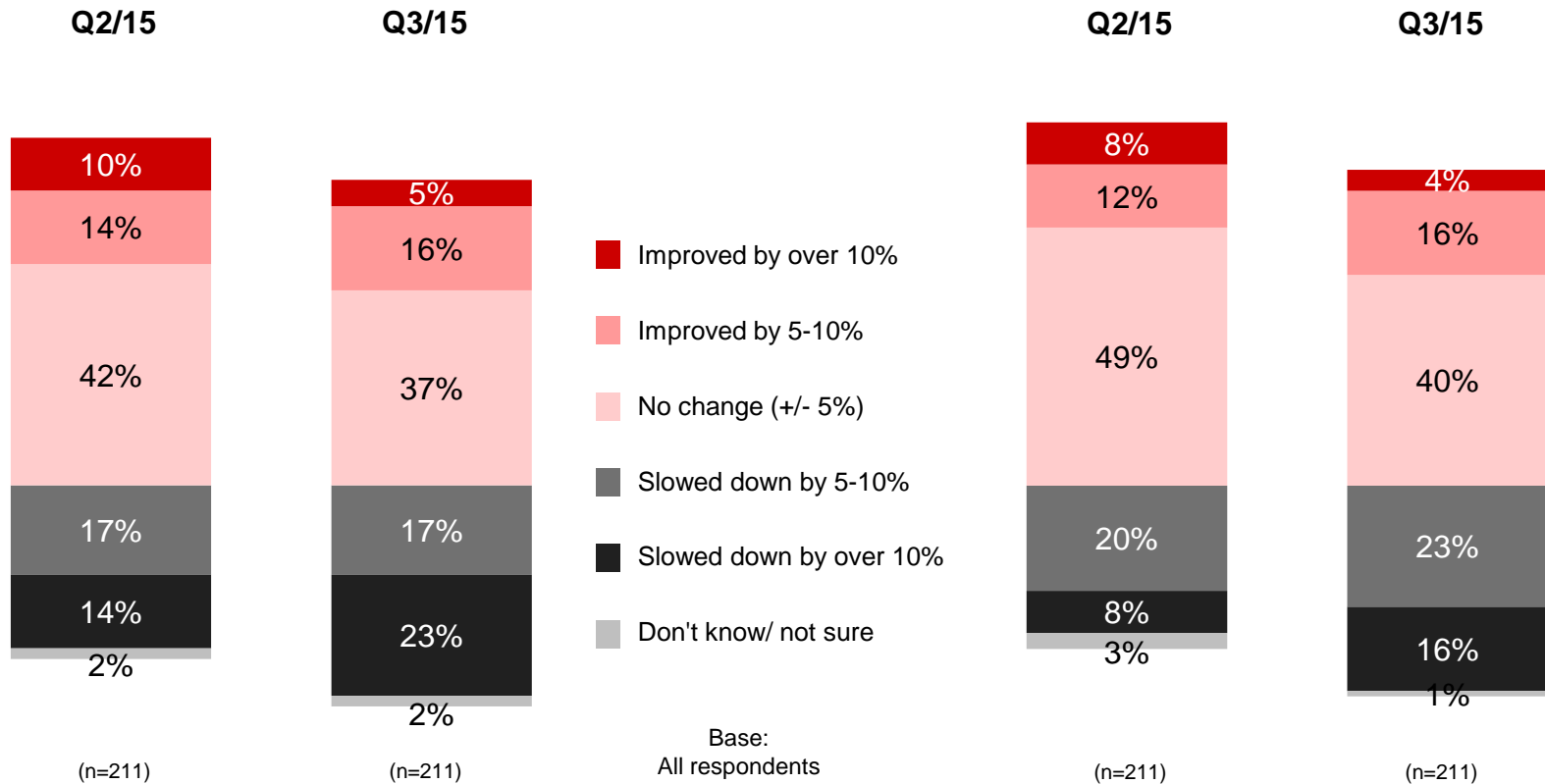
Only mentions 3% above are shown.

Note: The question was revised in W10.

Outlook: Businesses are becoming more pessimistic

Business Performance in Past 12 Months

Business performance in NEXT 12 months

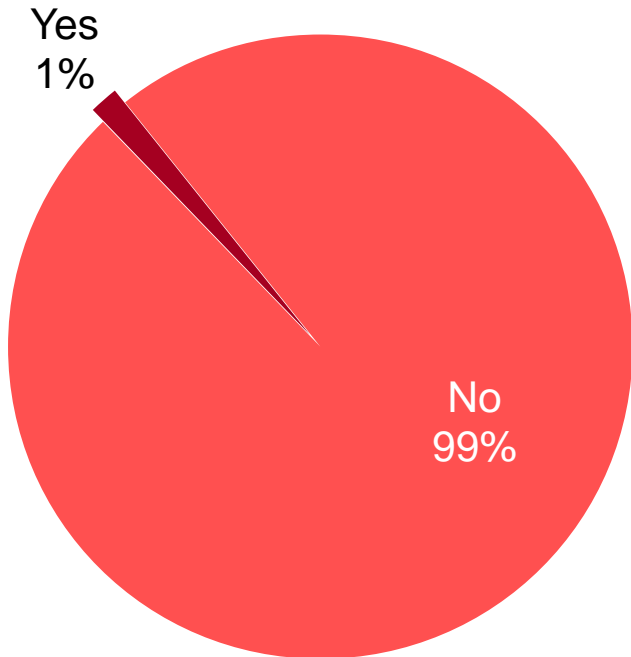


Q15. How would you describe the business performance of your company in terms of sales turnover in the past 12 months? [Index component]

Q22. How would you expect the business performance of your company in terms of sales turnover in the next 12 months? [Index component]

Interest in RMB finance products is still muted

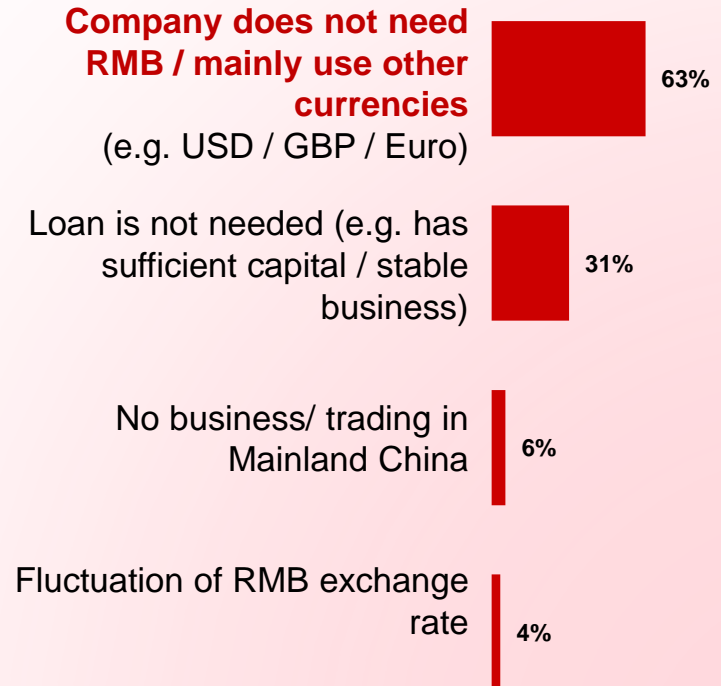
Intention to apply for RMB Finance in the next 12 months



Base: All respondents (n=211)



Reasons for not applying RMB Finance in the next 12 months



Base: Companies quite unlikely/ very unlikely to apply for RMB financing in N12M (n=206)

Q49a. Which of the following RMB products are used by your company? How about in the next 12 months? (RMB Finance)

Q42. Why do you think you are Very/ Quite unlikely to apply for RMB financing in the next 12 months?

Stages of RMB internationalisation

Current account convertibility

Hu Jintao, Wen Jiabao				Xi Jinping, Li Keqiang							
2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020

Capital account convertibility

Reserve currency

Stage 1

Promote RMB through trade

- Drive trade settlement in RMB
- Create offshore RMB market

Stage 2

Deepen RMB position through investment

- Facilitate offshore RMB liquidity
- Drive usage of RMB investment products

Stage 3

Encourage RMB to become reserve currency

- Further capital account opening
- RMB joins IMF Special Drawing Rights (SDR) basket

Methodology

Research methodology

Target Respondents	Business decision makers <ul style="list-style-type: none">Account or finance director/ manager, business owners who are involved in the choice of financial service providers for the company
Sample Size	W12: n = 211 companies (n = 201 SME + n = 10 Corporate) <ul style="list-style-type: none">SME: Companies with annual sales turnover HK\$1 million - 1 billionCorporate: Companies with annual sales turnover of HK\$1 billion or above
Interview Method	<ul style="list-style-type: none">Telephone interview
Fieldwork Period	W12 / 2015 Q3: 4 Aug 2015–8 Sept 2015
Weighting	<ul style="list-style-type: none">The final sample structure is weighted based on the business establishment information from the Census and Statistics Department
Special note	<ul style="list-style-type: none">From W6, minimum requirement for companies annual sales turnover had been raised to HK\$1M or above

Note: Figures in this report may not be proportionally calculated due to weightings applied

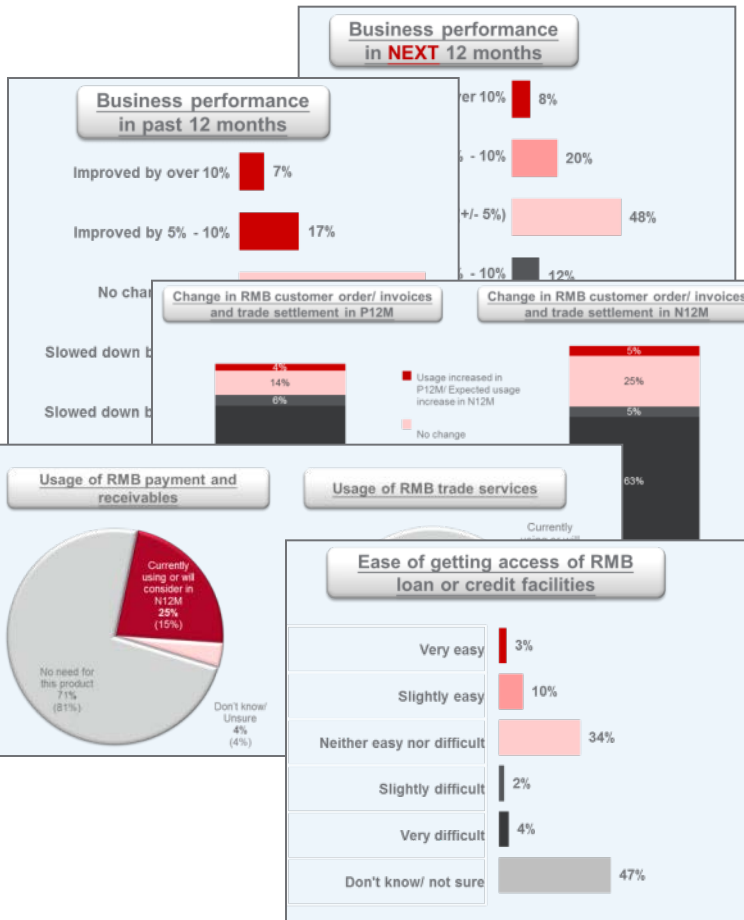
Parameter weightings

- In **1Q 2014**, minimum requirement for annual sales turnover had been **raised to HK\$1M or above** in order to target business establishments relevant to RMB usage. Weightings were revised based on data collected from **4Q 2012 to 4Q 2013** for business establishments with annual sales turnover HK\$1M or above.
- With the updated weightings, **more emphasis was assigned to the Business Needs on RMB and RMB Transactions** to reflect overall RMB needs and usage in the HK commercial sector.

		Original parameter weightings	Updated parameter weightings
Company Business Performance	P12M Company business performance (Q15)	18%	9%
	N12M Company business performance (Q22)	17%	9%
Business Needs on RMB	P12M change of RMB customer order/ invoices (Q17)	20%	29%
	N12M change of RMB customer order/ invoices (Q23)	22%	27%
RMB transactions in Trade Service & Payment Receivables (Q49a)		13%	21%
Access to RMB Finance (Q25)		10%	5%

Index calculation

The DBS RMB Index for Winning Enterprises (DRIVE)



Weighting is assigned to each option and transform into a scale of 0-100

For Example:

