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DUBAI, Oct 31:

A tie-up between Malaysian and Hong Kong asset managers aims to market Islamic funds in mainland China, helping expand syariah-compliant investment products outside the industry's core centres in Southeast Asia and the Middle East.

The asset management arm of Malayan Banking Bhd (Maybank) and Hong Kong-based Bosera International will jointly develop Islamic investment products, said Nor' Azamin Salleh, chief executive of Maybank Asset Management Group Bhd.

The first fund under the agreement will invest in Chinese and Asian stocks; it will be a Malaysia-domiciled fund registered in Hong Kong via a mutual recognition agreement already in place between the two countries, Salleh said.

"We are doing the necessary for the fund to be launched and announced in the first quarter of 2015."

Bosera is a wholly owned subsidiary of Shenzhen-based Bosera Asset Management, one of the country's largest asset managers, which says it has over US\$30 billion (RM98.67 billion) of assets under management.

Bosera will promote the fund to retail clients, including an estimated 23 million Muslims in China.

"We are catering our funds to meet international appeal in the region through our presence, thus we are open to cross-listing of funds which we think are suitable," said Salleh.

Until recently there has been little Islamic finance activity in China, although this is changing after Hong Kong's issue of a US\$1 billion debut Islamic bond in September.

Regulators from Hong Kong and Malaysia held a joint seminar on Islamic investment funds in June. That month, RHB Asset Management, the investment arm of RHB Capital Bhd, launched its first Islamic fund in Hong Kong.

Maybank Asset Management has also launched its first US dollar-denominated Islamic fund, aiming to distribute the fund overseas.

Islamic fund managers screen their portfolios according to religious guidelines such as bans on tobacco, alcohol and gambling, in much the same way as socially responsible funds.