

News Release

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HSBC ENTERS AGREEMENT WITH SHENZHEN QIANHAI FINANCIAL HOLDINGS TO SET UP MAJORITY-OWNED JOINT VENTURE SECURITIES COMPANY IN CHINA

*** HSBC captures opportunities in Asia and shows long term commitment in China ***

*** JV supports Pearl River Delta growth strategy ***

The Hongkong and Shanghai Banking Corporation Limited, the founding member of the HSBC Group in Hong Kong, today announced that it has entered into an agreement with the Shenzhen Qianhai Financial Holdings Co., Ltd. to establish a majority-owned joint venture securities company based in Qianhai, Shenzhen, in China's Guangdong Province.

This agreement demonstrates HSBC's long-term commitment to China, progress in its strategy to build a business at scale in the Pearl River Delta and confidence in the development of China's capital markets as a major source of financing and investment opportunities. The establishment of the joint venture securities company will be subject to regulatory review and approval.

Under Supplement X of The Mainland and Hong Kong Closer Economic Partnership Agreement (CEPA), Hong Kong-funded financial institutions which satisfy the requirements for establishing foreign-invested securities companies will be allowed to set up one full-licensed joint venture securities company each in Shanghai, Guangdong Province and Shenzhen in accordance with relevant Mainland requirements. The maximum percentage of aggregate shareholding for a Hong Kong-funded institution in such a joint venture securities company is 51 per cent. Such an entity, if approved, could potentially engage in a full spectrum of securities and investment banking businesses in mainland China.

This information is issued by

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Incorporated in the Hong Kong SAR with limited liability.



Stuart Gulliver, Group Chief Executive, HSBC, said: “HSBC is delighted to have the opportunity to partner with Shenzhen Qianhai Financial Holdings. This joint venture is further evidence of HSBC’s determination to be part of China’s economic development, grow our business in the Pearl River Delta and throughout the country and support the innovative approach to reform and liberalisation that policymakers are undertaking.”

Mr Gulliver added: “HSBC has a long track record of commitment to capital markets development in China. We were recently among the first foreign commercial banks to issue onshore renminbi bonds in China’s interbank market and have been a champion of China’s initiatives to open up its domestic markets to global investors through schemes such as the Renminbi Qualified Foreign Institutional Investor (RQFII) scheme and Shanghai-Hong Kong Stock Connect. Establishing a joint venture securities company in China would boost HSBC’s ability to support the evolution of China’s capital markets as they become an increasingly important source of financing for growth and of investment opportunities for domestic and international asset managers.”

Capturing opportunities in Asia, including building a business at scale in the Pearl River Delta region, is one of the 10 strategic actions that HSBC Group outlined in its Investor Update in June 2015. The delta through which Pearl River flows into the South China Sea has a population of 57 million and forms the core of China’s economic powerhouse and most populous province, Guangdong. It also borders the Special Administrative Regions of Hong Kong and Macau.¹

¹ Guangdong made up 10.65 per cent of China’s overall GDP in 2014, but is growing faster than China as a whole, with GDP expansion of 7.8 per cent in 2014 . Guangdong’s 2014 trade was similar in volume to that of South Korea or the United Kingdom and it accounted for about one-quarter of China’s total trade, or USD1,077 billion.
(Sources: Global Insights; Statistics Bureau of Guangdong Province; National Bureau of Statistics of the People’s Republic of China)

HSBC is the largest foreign bank in mainland China by total assets and the leading bank in Hong Kong². HSBC was among the first foreign banks to set up a presence in Guangdong and has built the largest distribution network in the province among foreign banks with 64 outlets, of which 50 are located in the Pearl River Delta.

Qianhai is a pilot zone for services industry development, innovation, upgrading industry in the Pearl River Delta and promoting closer connectivity with Hong Kong.

Shenzhen Qianhai Financial Holdings Co., Ltd. (QFH) is a wholly state-owned financial holding company founded by the Authority of Qianhai Shenzhen–Hong Kong Modern Service Industry Cooperation Zone (Authority) with registered capital of around RMB 6 billion. QFH was established as the strategic investment platform of the Authority to promote financial innovation in Qianhai.

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Note to editors:

The Hongkong and Shanghai Banking Corporation Limited

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group, which serves around 48 million customers through four global businesses: Retail Banking and Wealth Management, Commercial Banking, Global Banking and Markets, and Global Private Banking. The Group serves customers worldwide from over 6,100 offices in 72 countries and territories in Asia, Europe, North and Latin America, and the Middle East and North Africa. With assets of US\$2,549bn at 30 September 2015, HSBC is one of the world's largest banking and financial services organisations.

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² KPMG Mainland China Banking Survey 2015