

News Release

17 March 2015

HSBC IS FIRST FOREIGN BANK TO COMPLETE A TRANSACTION UNDER THE NEW OFFSHORE BORROWING POLICY IN SHANGHAI FREE TRADE ZONE

HSBC has assisted a Chinese corporate, a subsidiary of Baoxin Automobile Group Limited, in using the Free Trade Account (“FTA”) in the Shanghai Free Trade Zone (“Shanghai FTZ”) to conduct foreign currency borrowing from offshore markets. HSBC becomes the first foreign bank to complete such a deal after China further relaxed the rules governing offshore borrowing activities via FTAs in the zone.

China’s central bank recently unveiled a new policy easing a number of requirements on offshore borrowing activities in the Shanghai FTZ, including removing pre-approvals, increasing the borrowing quota and expanding the transaction types, among other relaxed rules.

Following the policy rollout, HSBC has conducted the first transaction among foreign banks by borrowing in US dollars from an offshore market via the FTA and lending it at the offshore rate to the Baoxin subsidiary in the Shanghai FTZ, in a trade financing deal worth approximately USD10 million.

This transaction lowered funding costs for Baoxin by around two per cent compared to its traditional borrowing from onshore banks. Baoxin is among the first auto dealers participating in an auto import pilot programme launched earlier this year in the Shanghai FTZ aimed to lower the prices of imported cars in China. Transactions of this type through the FTA will strongly support Baoxin’s car imports under the pilot scheme, while ultimately benefiting car buyers.

Yang Hansong, CEO of Baoxin, said: “Listed on the Hong Kong Stock Exchange, Baoxin is one of China’s leading companies focusing on high-end car sales. As we are one of the first companies participating in the newly-launched auto import pilot in the Shanghai FTZ, the new funding solutions offered by HSBC in the zone will greatly facilitate our business expansion.”

Terence Chiu, Executive Vice President and Head of Commercial Banking for China at HSBC, said: “The new policy in the Shanghai FTZ has largely expanded the size of and channels for offshore borrowing activities for financial institutions and corporates in the zone, thereby enabling them to improve funding structures and lower funding costs. This further demonstrates the zone’s leadership in piloting financial reforms in China. As one of the first foreign banks to set up FTAs in the zone, HSBC will continue to leverage our global connectivity to advance our efforts in supporting corporates’ business growth in the Shanghai FTZ.”

ends/more

This information is issued by

HSBC Bank (China) Company Limited

Registered Office and Head Office:
37th Floor, HSBC Building, Shanghai ifc
8 Century Avenue, Pudong, Shanghai
Web: www.hsbc.com.cn

Incorporated in the People’s Republic of China with limited liability.



HSBC is first foreign bank to complete a transaction under the new offshore borrowing policy in Shanghai Free Trade Zone / 2

Standing at the forefront of the pilot zone's financial innovations, HSBC was among the first foreign banks to establish a presence in the zone by opening its Shanghai FTZ sub-branch early last year.

HSBC has since reinforced its leading position by introducing new products and services for its corporate customers in the Shanghai FTZ, including RMB cross-border two-way cash pooling; centralised payments and collections of cross-border RMB; and centralised foreign currency management. Last September, HSBC was among the first banks to trade on the Shanghai Gold Exchange International Board as a member of the new trading platform in the pilot zone. It recently became one of the first foreign banks to launch FTAs in the Shanghai FTZ.

Media enquiries:

Diana Mao

+86 21 3888 1251

dianayqmao@hsbc.com.cn

Note to editors:

HSBC Bank (China) Company Limited

HSBC was one of the first foreign banks to locally incorporate its operations in mainland China, establishing HSBC Bank (China) Company Limited in April 2007. HSBC China's network currently comprises over 170 outlets across more than 50 major cities. HSBC China's head office is based in Pudong, Shanghai.

ends/all

