

News Release

1 June 2016

HSBC Singapore provides working capital for Chongqing Subsidiary in one of the first deals under the China-Singapore (Chongqing) Initiative

- *Deal underscores financial cooperation that was bridged by both governments in November*
- *Demonstrates Singapore's strength as a regional financial hub to provide cross-border financing*

In a step up in bilateral financial cooperation between Singapore and China, HSBC Singapore has extended one of the first foreign loans backed by a Chinese domestic security to the subsidiary of a company based in the province of Chongqing.

HSBC Singapore has provided a 2-year USD20 million loan facility to the newly incorporated overseas subsidiary of a Chongqing automotive company. The loan was guaranteed by the Chongqing branch of HSBC China who provided security to HSBC Singapore in the form of a standby letter of credit (SBLC).

The funds will be used mainly towards the subsidiary's research and development (R&D) on car production specifically for acquiring patents, machines and lab materials. The output from R&D will then be introduced back to the Chongqing parent company to bolster its car production operations in China.

The deal underscores the aims of the bilateral agreement that was signed by Prime Minister Lee Hsien Loong and Chinese President Xi Jinping in November 2015 known as the 'China-Singapore (Chongqing) Demonstration Initiative on Strategic Connectivity'.

As the third government-to-government project after the Suzhou Industrial Park set up in 1994 and Tianjin Eco City in 2008, the Chongqing project aims to become a demonstration of modern connectivity and services in China's vast western region. Both countries had agreed that the third project would focus on four sectors of collaboration: Financial, aviation, logistics and ICT, in line with Mr Xi's vision to make the project a priority demonstrative project for China's Belt and Road initiative, the Western Region Development and the Yangtze River Economic Belt strategies.

The deal highlights the strength of HSBC's global network which covers 90% of the global trade and capital flows and contributes 40% of its global revenue.

Steven Cranwell, Head of Commercial Banking for HSBC Singapore, said: "HSBC Singapore's ability to finance this deal is due to the establishment of the China-Singapore initiative, so we are thrilled to be able to demonstrate policy in action."

"The deal also demonstrates Singapore's strength as a regional financial hub to provide cross-border financing and illustrates the potential of financial cooperation between China and Singapore."

"What is most pleasing is that HSBC is able to put its global network to work to support meaningful cross-border business activity: a welcome development in this period of slower global economic and business activity."

Claud Dai, Chongqing Branch Manager at HSBC China, said: "The progress of bilateral financial cooperation under the G-to-G project between China and Singapore will further broaden the funding channels for Chongqing companies. Under the new programme, Chongqing companies are allowed to raise funds more conveniently from offshore financial centre like Singapore, which also helps to reduce their financing costs. With broad network and strong service capabilities in both countries, HSBC can continue to help its corporate customers in Chongqing capture the opportunities brought by the China-Singapore initiative on Strategic Connectivity."

Issued by The Hongkong and Shanghai Banking Corporation Limited

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About 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.

About HSBC Holdings plc

HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from around 6,000 offices in 71 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US\$2,596bn at 31 March 2016, HSBC is one of the world's largest banking and financial services organisations.

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