



18 June 2016

**Hang Seng Bank and Shenzhen Qianhai Financial Holdings
obtain CSRC approval to establish
first foreign-majority-owned JV fund management company**

Hang Seng Bank and Shenzhen Qianhai Financial Holdings Co., Ltd. (QHFH) have obtained approval from the China Securities Regulatory Commission (CSRC) to establish the first on-shore foreign-majority-owned joint venture fund management company, Hang Seng Qianhai Fund Management Company Limited.

The CSRC has approved the joint application of Hang Seng and QHFH to establish the joint venture fund management company in Qianhai under "Supplement X to the Mainland and Hong Kong Closer Economic Partnership Arrangement" (CEPA). Hang Seng will hold a 70% stake in the joint venture and QHFH will hold 30%. The joint venture plans to commence operations following the completion of company registration. The company will launch fund products in response to market demand and will provide Mainland investors with more choices.

Ms Rose Lee, Vice-Chairman and Chief Executive of Hang Seng, said: "Hang Seng is delighted to receive CSRC's approval to establish the first foreign-majority-owned joint venture fund management company on the Mainland. The joint venture between Hang Seng and QHFH is an excellent example of new business opportunities arising from cross-border financial policy relaxation. Hong Kong financial institutions will be able to contribute to the development of the wealth management market on the Mainland."

Mr Li Qiang, Chairman of the Board of QHFH said: "Following the approval for the establishment of Hang Seng Qianhai Fund Management Company Limited, the first fund management company with a Hong Kong-funded financial institution as the majority shareholder will be established in Qianhai under CEPA. This represents closer collaboration between Shenzhen and Hong Kong and the implementation of the national strategy for Qianhai. The initiative will also further strengthen the role of Qianhai as a financial hub, enhance the financial environment and encourage innovation in Qianhai."

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The primary business scope of the joint venture will include fund raising, fund sales and asset management, and will provide professional and comprehensive fund products and asset management services for individual and institutional investors.

Hang Seng Investment Management Limited (HSVM), a wholly-owned subsidiary of Hang Seng Bank, has more than 20 years' experience in asset management. With strong capabilities in investment management, fund products development and fund sales, HSVM has developed expertise in managing funds related to the Mainland and Hong Kong equity markets, index-tracking strategies and offshore renminbi fund products. HSVM is the leading manager of exchange-traded funds in Hong Kong in terms of assets under management (AUM). As at the end of May 2016, HSVM's AUM totalled HKD 165.6 billion.

Leveraging Hang Seng's expertise in asset management and the unique advantages of Qianhai under the Mainland's financial reform policies, the joint venture is well positioned to facilitate the development of the fund management industry on the Mainland.

About Hang Seng Bank

Founded in 1933, Hang Seng Bank operates around 250 service outlets serving both personal and business customers. The Bank also maintains branches in Macau and Singapore, and a representative office in Taipei.

Established on 28 May 2007, wholly owned subsidiary Hang Seng Bank (China) Limited operates a mainland China network with outlets in Beijing, Shanghai, Guangzhou, Shenzhen, Fuzhou, Nanjing, Dongguan, Hangzhou, Ningbo, Tianjin, Kunming, Xiamen, Chengdu, Jinan, Foshan, Zhongshan, Huizhou, Zhuhai, Jiangmen and Shantou.

With total assets of HK\$1,334 billion as at the end of 2015, Hang Seng Bank reported a profit attributable to shareholders of HK\$27,494 million for 2015. Hang Seng Bank is a principal member of the HSBC Group, one of the world's largest banking and financial services organisations. For further information on Hang Seng Bank, please visit the Bank's website at www.hangseng.com.

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About Shenzhen Qianhai Financial Holdings Co., Ltd.

Shenzhen Qianhai Financial Holdings Co., Ltd. (hereinafter referred to as "QHFH") is a wholly state-owned financial holding company founded by the Authority of Qianhai Shenzhen–Hong Kong Modern Service Industry Cooperation Zone (hereinafter referred to as "the Authority") with a registered capital of RMB 6 billion after the increase of registered capital in Nov 2015. The founding of QHFH is an important move taken by the Authority to fully implement the national strategy for Qianhai and a specific action taken by the Authority to actively establish Qianhai's strategic platform for financial innovation. As the core driver of the development of Qianhai, which is a national pilot zone for China's financial reform and innovation, QHFH has been assigned the important task of "policy output and industry guidance". It is a pioneer in actively promoting the enforcement of policies for financial innovation in Qianhai, and is an important strategic partner that helps financial institutions and corporate champions to realize cluster development and innovative development, and also a basis for works to facilitate the building of an open, inclusive and diverse financial industry in Qianhai.

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