

The HSBC Group in the Hong Kong Special Administrative Region (SAR)

Who we are

One of the world's largest banking and financial services organisations, the HSBC Group had its beginnings in Hong Kong 140 years ago and the SAR remains one of its key markets and operating centres today. Group members operating in Hong Kong, and the comprehensive range of services they provide, are described below.

Entities in Hong Kong

The Hongkong and Shanghai Banking Corporation Limited

Established in Hong Kong in March 1865 and in Shanghai one month later, The Hongkong and Shanghai Banking Corporation is the founding member of the HSBC Group. It is the Group's flagship in the Asia-Pacific region and the largest bank incorporated in Hong Kong. Known in Chinese as Wayfoong (which translates as 'focus of wealth' or 'abundance of remittances'), the bank is also one of the SAR's three note-issuing banks, accounting for more than 65.2% of its banknotes.

Head office

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Management

Chairman: Vincent H C Cheng

President and
Chief Executive Officer: Michael Smith

Main subsidiaries

Hang Seng Bank Limited (62.14% owned)
HSBC Bank Australia Limited
HSBC Broking Services (Asia) Limited
HSBC Insurance (Asia-Pacific)
Holdings Limited

HSBC Investments (Hong Kong)
Limited
HSBC Private Equity (Asia) Limited
HSBC Securities (Asia) Limited
HSBC Trustee (Hong Kong) Limited

International network

The bank and its subsidiaries have over 600 branches and offices in 20 countries and territories in Asia-Pacific and 20 in five other countries around the world. They employ some 54,000 people.

Financial information

Paid-up capital: HK\$22,494 million (US\$2,893 million) at 31 December 2006
Reserves: HK\$116,456 million (US\$14,976 million) at 31 December 2006
Pre-tax profit: HK\$52,016 million (US\$6,696 million) for 2006
Attributable profit: HK\$37,709 million (US\$4,854 million) for 2006
Capital strength: Tier 1 capital ratio: 12.3% } at 31 December 2006
Total capital ratio: 13.5% }

Parent company

The Hongkong and Shanghai Banking Corporation Limited is a wholly owned subsidiary of HSBC Holdings plc, the holding company of the HSBC Group. One of the world's largest banking and financial services organisations, the HSBC Group has around 10,000 offices in 82 countries and territories serving over 125 million customers worldwide, with a total of 35 million registered for internet banking.

The HSBC Group is a major user of advanced information technology, with an annual spending of US\$5 billion. Its e-business channels include the internet, PC banking and telephone banking via both fixed and mobile phones. HSBC maintains its own private telecommunications network – one of the world's largest – to deliver IT services to customers and to staff around the world. HSBC websites attracted 1.8 billion visits during 2006.

Hang Seng Bank (HSBC interest: 62.14%)

Hang Seng Bank, whose name in Chinese means 'ever-growing', was founded in 1933. The bank has around 8,500 employees and about 150 branches and automated banking centres in the SAR. Shares in Hang Seng are traded on the London and Hong Kong stock exchanges and the bank offers investors in the United States a Sponsored Level-1 American Depositary Receipts Programme through The Bank of New York. Hong Kong's major stock market index, the Hang Seng Index, is compiled and managed by HSI Services Limited, a wholly owned subsidiary of the bank.

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Management

Chairman: Michael Smith Vice-Chairman and Chief Executive: Raymond C F Or

Financial Information

Pre-tax profit: HK\$14,395 million (US\$1,851 million) for 2006
Attributable profit: HK\$12,038 million (US\$1,548 million) for 2006
Capital strength: Tier 1 capital ratio: 10.7% } as at 31 December 2006
Total capital ratio: 13.6% }

Customer groups

Personal Financial Services

The Hongkong and Shanghai Banking Corporation Limited (HSBC) provides a full range of personal financial and wealth management services to around 4 million personal customers in Hong Kong. These services include multicurrency savings and current accounts, mortgages, hire purchase and leasing for motor vehicles, credit cards and loans. HSBC also offers a broad range of investment products including unit trusts, bonds, certificates of deposit, securities and structured products. As the leading bancassurer in Hong Kong, customers have access to a comprehensive set of insurance products, including life, home, health, hospital and travel insurance, to protect them and their families. Our team of financial planning managers helps customers to plan for their future financial needs, such as education, protection, retirement and estate planning needs. For our top-tier customers, our HSBC Premier service offers them an unsurpassed level of service through our dedicated HSBC Premier Centres in Hong Kong and all over the world. In addition to our extensive network of around 300 locations, our services are also distributed through a variety of round-the-clock channels including our award-winning internet banking, phonebanking and self-service banking.

Broking

HSBC Broking Services (Asia) Limited, provides full brokerage and dealing services in equities, bonds, foreign exchange, futures and options, precious metals and derivatives to retail, corporate customers and financial intermediaries.

Commercial Banking

HSBC is a leading provider of financial services to small, medium-sized and middle-market enterprises. Commercial Banking provides a full range of banking services to these customers including multi-currency business accounts, payments and cash management, wealth management and insurance, trade services, and a range of borrowing solutions.

In 2006, Commercial Banking earned a pre-tax profit before goodwill amortisation of US\$6 billion, an increase of 21% over 2005.

HSBC has seven dedicated SME centres and 18 other SME centres located within our extensive branch network throughout Hong Kong. To improve our services quality, Hong Kong opened three dedicated Commercial Transaction Centres in 2006 at key business locations. A new online banking website was launched with enhanced capabilities. Automated banking terminals are available enabling cheque deposits and cash transactions 24 hours a day.

HSBC was awarded the 'Excellence in SME Banking Award' by the Asian Bankers journal and 'SME's Best Partner Award 2006' by The Hong Kong Chamber of Small and Medium Business.

Corporate, Investment Banking and Markets

HSBC's Corporate, Investment Banking and Markets division offers a full range of services to corporate and institutional clients of all sizes across Asia. One of the largest businesses of its kind in the world, CIBM fosters long-term relationships based on the Group's unmatched global knowledge and local expertise.

The division has three business lines comprising Global Banking, Global Markets and Global Transaction Banking. Global Banking includes Corporate and Institutional Banking, Global Sector Management, Investment Banking, Project and Export Finance, and Asset and Structured Finance. Global Markets manages current trading activities and HSBC's markets-related financing businesses (debt capital markets, loan syndication, equity capital markets, equity-linked capital markets and structured/ABS capital markets), managing primary and secondary markets activities as a single business line. Global Transaction Banking comprises Payments and Cash Management, Securities Services, and Trade Services.

HSBCnet provides secure, real-time access to a suite of reporting, transaction, research and analytics services covering the Group's global markets, cash management, investment banking, trade services, securities and commercial banking business lines. The system is available globally and currently serves customers in 72 countries.

Global Banking

Corporate and Institutional Banking provides relationship management and is comprised of a team of dedicated and sector-specialised professionals committed to personally servicing the full spectrum of strategic, financial and capital-raising needs of our clients. HSBC offers access to equity markets worldwide as well as a full range of advisory services to public sector bodies and listed and private companies. Drawing on the expertise of industry teams in Hong Kong, and dedicated teams in mainland China and Southeast Asia, HSBC offers specialist advice in mergers and acquisitions, project and export finance, privatisations as well as asset and structured finance.

Global Markets

HSBC Global Markets business offers clients a tailored service in foreign exchange, fixed income, derivatives, equities, money markets, precious metals and banknotes, as well as equity and debt financing. The dealing room in Hong Kong is the largest in Asia outside Japan, with about 250 dealing positions. The Global Capital Markets team offers a full range of financing services, including debt securities, equity, convertible bonds and syndicated loans in G3 and local currencies. Across all these products, HSBC is the leader in risk management advisory solutions, being named 'Best at Treasury and Risk Management in Asia' for the ninth consecutive year by Euromoney magazine in 2006.

Global Transaction Banking

Trade Services

HSBC is the leading provider of trade finance and related services in Asia based on the depth and spread of its corporate customer base. Our highly automated trade processing network is supported by specialist services such as forfaiting, factoring and purchase order programs.

Payments and cash management

HSBC is the leading provider of payment and cash management services in Hong Kong and elsewhere in Asia. We offer a comprehensive range of payments, receivables, accounts and liquidity management services through various channels, including the internet. We also offer integrated transaction processing with multi-currency settlement and clearing services. Since 2004 HSBC has been named 'Best Cash Management Bank in Asia' for three consecutive years by The Asset and Global Finance.

Custody and clearing

HSBC is the largest custodian and premier investment service provider in the Hong Kong SAR, serving institutional, corporate as well as retail investors. HSBC provides custody and clearing services to institutional investors in 34 markets in the Asia-Pacific, Middle East, Latin America and Southern Europe regions. With assets under custody of more than US\$500 billion, we are a major player in the securities processing industry.

Equity securities

HSBC Securities (Asia) Limited offers a comprehensive range of institutional stockbroking services, and the trading of international equities, convertible bonds, index options and futures, and equity-linked instruments.

Private Banking

HSBC Private Bank protects and enhances the wealth of international private banking clients and their families through a comprehensive range of private banking, investment, asset management, and trustee services.

In Hong Kong, we offer investment management solutions which include discretionary and advisory services, structured products, and execution services. We also offer comprehensive wealth planning, including inheritance and succession planning; the structuring and administration of trusts, private investment companies and foundations; will-writing, insurance services, philanthropy services, wealth and tax advisory, and family office services. In addition to this we offer treasury and foreign exchange, banking and corporate finance services.

Other entities Investment Management

HSBC Investments is the core global investment solutions and client-service platform of the HSBC Group. It provides a broad range of investment management solutions, including pension fund and liquidity management to clients, by drawing on internal investment capabilities when appropriate and external managers as required through its fast-growing multi-manager capability. HSBC Investments and its affiliated investment specialist companies, namely **Halbis**, a focused fundamental active investment specialist and **SINOPIA Asset Management**, a leader in active quantitative strategies and structured products, are part of Group Investment Businesses. These businesses managed assets of US\$35 billion in Hong Kong as at 31 December 2006.

Private equity

HSBC Private Equity (Asia) Limited advises funds with cumulative capital of approximately US\$1.9 billion, specialising in making private equity and venture capital investments by providing buy-out and expansion capital for companies in China and other parts of Asia.

Insurance and Retirement Schemes

Underwriting

HSBC Insurance (Asia) Limited provides a wide range of general insurance business including property and casualty insurance, and medical and healthcare insurance protection, and **HSBC Life (International) Limited** and **Hang Seng Life Limited** offer life insurance and retirement schemes. **Hang Seng Insurance Company Limited** underwrites general insurance business.

Broking

HSBC Insurance Brokers (Asia-Pacific) Limited provides risk management, benefits consultancy, insurance and reinsurance broking service to corporate clients throughout the region, specialising in commercial, industrial, construction, infrastructure project, marine, financial risk and alternative risk transfer.

Retirement schemes

HSBC Life (International) Limited is the largest administrator of retirement schemes in Hong Kong. It is a market leader in the provision of Mandatory Provident Fund (MPF) schemes and voluntary pension schemes (ORSO). The business had total funds under management of HK\$117.8 billion as at 31 December 2006.

Shipping

HSBC Shipping Services Limited offers comprehensive shipbroking services that cover all aspects of bulk shipping, including newbuilding contracting, sale and purchase, and dry cargo, container and tanker chartering as well as research and consultancy services.

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