News Release

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77% OF HONG KONG BUSINESSES AWARE OF THE BELT AND ROAD INITIATIVE, HSBC GLOBAL SURVEY SHOWS

Hong Kong Most Optimistic About RMB Volatility in the Next 12 Months

Hong Kong businesses demonstrate a high level of awareness of the Belt and Road Initiative, a newly-released survey from HSBC Commercial Banking shows, putting them in a strong position to capitalise on opportunities arising from China's strategy to boost international trade through infrastructure investment. In Hong Kong, 77% of businesses are aware of the initiative compared with a global figure of only 41%.

A total of 1,600 companies across 14 markets around the world that have business with China were interviewed for the survey. It shows that awareness of the Belt and Road Initiative is mainly driven by businesses in Asia Pacific, where 58% are aware of the Initiative. This compares with 18% in North America and Latin America and 22% in Europe.

Albert Chan, Head of Commercial Banking, Hong Kong at HSBC said, "As China's Belt and Road Initiative gains momentum, there will be great opportunities for Hong Kong companies seeking to grow and enhance their competitiveness. This Initiative will also drive greater cross-border usage of RMB, further promoting internationalisation of China's currency. Hong Kong businesses can easily benefit from using RMB as a trade currency owing to the city's position as a premier offshore RMB centre with deep and liquid financial markets."

However, only 35% of Hong Kong businesses surveyed have yet to pursue a strategy to capture opportunities from the Belt and Road Initiative. This is in line with Asia Pacific as a whole (39%) but slightly lower than the global rate (40%). When asked what kind of banking supporting businesses required in connection with the Belt and Road Initiative, more information on the Initiative and the potential opportunities was the top response.

While RMB remains popular for trade settlement, the survey reveals uncertainty over the degree of foreign exchange volatility. Hong Kong businesses are notably positive about the outlook for RMB volatility, with 61% saying that they are confident it will decrease in the next 12 months. This compares with 31% of businesses surveyed globally. Meanwhile, 31% of

Hong Kong businesses expect the volatility of the RMB exchange rate to remain the same, while only 8% expect RMB to be more volatile in the next 12 months.

"With the rapid growth of RMB-denominated trade settlement in recent years, Hong Kong businesses have developed a strong understanding of the foreign exchange market and have become more sophisticated at managing foreign exchange risk," commented Chan.

HSBC's survey also reveals that RMB usage for cross-border business has accelerated in 2016, primarily driven by Asia Pacific market. In Hong Kong, almost half of the companies (48%) surveyed use RMB for cross-border business, while the prospects for growth in RMB trade settlement are robust with 37% of non-users indicating their intention to start. Furthermore, 46% of Hong Kong businesses believe RMB will become an international trading currency in the next five years.

Seeking to track global perceptions of China's trade and currency, HSBC commissioned a similar 14-market survey in 2015. For its 2016 survey, HSBC polled business decision-makers in Australia, Canada, mainland China, France, Germany, Hong Kong, Malaysia, Mexico, Singapore, South Korea, Taiwan, the UAE, the UK and the US who represent companies that conduct international business with or from China.

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Notes to editors:

About the RMB Survey
HSBC commissioned Nielsen to conduct a market survey of a total 1,600 international companies that currently do business with Mainland China or are a business in Mainland China that imports/exports outside of the region. The survey was in field between 23 May and 5 July 2016 and was undertaken to understand customers' attitudes towards using RMB, reasons of using / not using RMB for trade and investment activities, as well as other insights they can offer about the RMB. The research surveyed international businesses in Australia (n=100), China (n=200), Germany (n=100), Hong Kong (n=200), Singapore (n=100), the UK (n=100), the USA (n=100), Canada (n=100), Taiwan (n=100), France (n=100), the UAE (n=100), Malaysia (n=100), Korea (n=100), Mexico (n=100). Of the companies surveyed, approximately 50% had an annual sales turnover between of US$3M-50M, 21% had a turnover of US$50M-150M, 20% had a turnover of US$150M-500M and 9% had an annual sales turnover above US$500M. N=100 (statistical standard error +/- 9.8%), N=50 (statistical standard error +/- 13.86%), N=30 (statistical standard error +/- 17.98%).

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