

Opening up a world of opportunity

For our clients' strategic cross-border ambitions



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"HSBC Issuer Services clients navigated a number of material challenges throughout 2022. As we move into 2023, it is helpful to reflect on how certain macro headwinds from last year such as debt and equity market volatility, geopolitical events, inflation and related monetary policy action, reshaped financial markets and impacted M&A activity.

Throughout the last year we observed a number of interesting trends amid signs of resilience and we expect many of these to continue into 2023, including:

- Private Equity continues to be a key driver for M&A deal-making
- Appetite for cross-border deals has evolved with companies prioritising partnerships in countries where they have established relationships, highlighting an elevated desire for certainty and ease of doing business

From an Issuer Services perspective, we continue to work closely with corporate and financial institutional clients that are pursuing merger or acquisition plans whilst putting a greater onus on the timing and security of the operational aspects of these transactions.

By providing dedicated, operational support throughout the lifecycle of our clients' transactions, HSBC Issuer Services aims to bring certainty and peace of mind and ultimately to help our clients achieve their strategic objectives."

Simon Field, Global Head of Issuer Services.



More than ever, our clients have sought solutions which allowed them to continue to grasp market opportunities while ensuring operational risks were mitigated.

Our escrow solutions have been a recurring theme amongst clients.

“2022 was a year of uncertainties in the financial markets, with both opportunities and challenges. We have seen this reflected in the M&A market. The environment has presented a number of challenges in deal execution – approvals and securing financing being two especially notable areas. Given a more opaque outlook, transactions are certainly taking longer to complete.

As such, our escrow solutions have been a strategic enabler in the acquisitions we supported. For instance, using escrow accounts was pivotal in helping clients to mitigate timing and counterparty risks and to protect their funds, providing adequate risk and execution frameworks.

Indeed, the transactions highlighted below show that in 2022 risk mitigation has become a greater concern for our clients with cross-border growth strategies. Our Issuer Services proposition is designed to do just that: to support and enhance the corporate strategies of leading global companies and financial institutions at all times, including in times of volatility.”

Jamie Bartlett, Regional Head of Escrow, EMEA & Americas

Private Equity: Bolstering clients' ambitious plans in the Middle East



Overview: Jadwa Investment, a leading investment management and advisory firm in the Middle East sold its majority stake in a local business (Al Meswak Dental Clinic) to Gulf Islamic Investments LLC, a leading private equity, real estate and venture capital company based in the United Arab Emirates.



Our services: HSBC Issuer Services in Saudi Arabia acted as escrow agent for the two private equity firms in what was a significant acquisition transaction in the Saudi market, in a vibrant sector.



About the transaction: The target company's assets were valued at USD 530 million. Out of total consideration, an amount of c. USD 500 million (SAR1.8 billion) was routed through HSBC Saudi and held in escrow for a few days pending regulatory approvals and validation of amounts. Out of this, an amount up to c. USD149.6 million (SAR 561 million) was to be held by the escrow agent until some regulatory approvals were granted.



How we differentiated: HSBC played a pivotal role in leading and executing the transaction. Clients could rely on our ability to unlock liquidity to move large amounts intra-day, thanks to our balance sheet backed by strong credit rating. This transaction is another example of HSBC's leadership in the Middle East where our historic presence, underpinned by our local expertise, has made us a strategic partner.

[Find out more](#)



Mining: Supporting a cross-border acquisition in the mining sector



Overview: Ganfeng International Trading (Shanghai) is a worldwide leading lithium producer, listed on the Shenzhen and Hong Kong Stock Exchanges. Ganfeng sought to buy the remaining shares in Bacanora Lithium, after previously owning a 28% stake. Bacanora Lithium, a UK company listed on the London Stock Exchange, who owns the world's biggest lithium mine project aims to start production from its Sonora Lithium project in Mexico in 2023.



Our services: HSBC set up the escrow account required to hold the purchase price (c. GBP 186 million) as certainty of funds for the Financial Advisor, Teneo Restructuring.



About the transaction: The acquisition represents a milestone transaction for Ganfeng. By taking full ownership of the Sonora Lithium Project, the company will be able to play an active role in the development of the Sonora mine project and benefit from the flexibility necessary to commit to the additional financing required to realise production. Ganfeng's ownership is also expected to simplify the overseas direct investment approval requirements to commit further funding, potentially shortening the time required to realise full production.



How we differentiated: HSBC leveraged its in-depth knowledge of the Asian market and its connections with the UK law firm market to provide relevant and timely insights to the parties.

[Find out more](#)

Financial Services: Empowering a Singapore client to become market leader in India and Southeast Asia



Overview: The Singapore headquartered equity management firm Qapita sought to acquire the India-based ESOP Direct in a full cash transaction. The acquisition allowed Qapita to secure full ownership of ESOP Direct's operating entities from its Indian resident shareholders. ESOP Direct provides end-to-end solutions for equity compensation to employees. The combined entity will manage more than USD 12 billion in Employee Stock Option Plans (ESOPs).



Our services: HSBC acted as remittance agent and escrow agent. Our remittance service allows offshore companies entering the Indian market to partner with a dedicated team within a single bank to help them navigate the local regulations and requirements associated with large transactions.



About the transaction: With this acquisition, Qapita will become a market leader in the region catering to both listed and unlisted clients for their ESOP plans, expanding its customer base in India and Southeast Asia to more than 1,200 customers.



How we differentiated: The transaction further reinforces the value of HSBC's award-winning escrow solutions, designed to optimise execution for critical and time sensitive M&A transactions. HSBC has one of the largest on the ground presence and well-established connections, which puts us in a strong position to offer clients the best experience of HSBC. As a new client to the bank, Qapita benefited from our multi-decade experience supporting clients in a high FDI inflow and regulated markets such as India.

[Find out more.](#)



Insurance Sector: Facilitating acquisition opportunities between Europe and Asia



Overview: An insurance company based in Europe was seeking to acquire an insurance company in mainland China. Strict foreign exchange restrictions and associated timescales for regulatory approval processes can be challenging to navigate for such transactions with short timescales. Setting up an escrow account was deemed to be the most effective solution for transaction parties to facilitate the payment of the acquisition pricing in renminbi.



Our services: HSBC Issuer Services' team in China provided an escrow solution to facilitate the share price's cross border payment from the offshore Buyer to the onshore Seller.



About the transaction: The local regulator had defined specific requirements to protect the interests of the onshore Seller. HSBC took part in discussions to help find a relevant solution to meet the requests from different regulators. Finally, HSBC's escrow solution was agreed by all regulators and the transaction was approved to proceed.



How we differentiated: HSBC Issuer Services team in China has decades-long experience in cross border payments related to share acquisitions. Identifying a solution and putting it to work in terms of timing, execution and risk management was a key part of our added value. Throughout the entire process, HSBC aimed to ensure the compliance of the cross-border payments and to accommodate all parties. The escrow account has not consumed any balance sheet.

“As the world continues to evolve post-pandemic, a growing number of clients are coming to HSBC to facilitate their M&A transactions with solutions such as escrows. Our global footprint puts us in a strong position to help clients meet their cross-border objectives and achieve their wider growth ambitions.

Given our renown, in-depth expertise of the Asian market, our clients trust us to provide local solutions such as our Remittance Agent offering, which is an established offering dedicated to the Indian market and has recently been expanded into China.

We were named “Best in Escrow, Asia” by The Asset Triple A Sustainable Investing Awards, for three consecutive years since 2020 when they introduced this award category, which is testament to the strength and relevance of our offering in the region.

This recognition combined with the continued support provided to clients throughout the year also demonstrates the resilience of our business model in times where macro challenges persist.”

Abhishek Agarwal, Regional Head of Escrow, APAC

To find out more about our Issuer Services capabilities:

Visit our website:

www.gbm.hsbc.com/issuer-services

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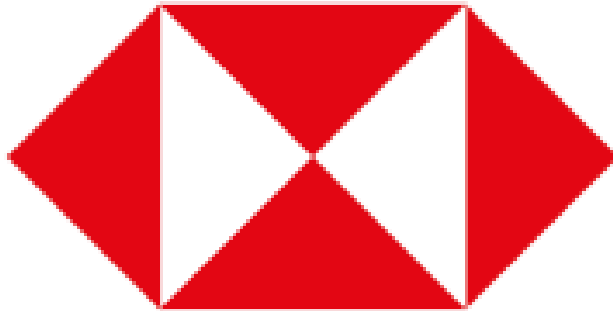
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HSBC Global Banking and Markets





Published: February 2023

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