

Overall Winner

Best Working Capital Management Solution

SAIC HK International Finance Ltd

Tao Zheng, Deputy General Manager



SAIC Motor Corporation Ltd (SAIC, formerly Shanghai Automotive Industry Corporation) is a Chinese state-owned multinational automotive design and manufacturing company headquartered in Shanghai, China. SAIC HK International Finance Limited was incorporated on August 10th 2020 as a private company limited by shares registered in Hong Kong.

IHB structure with on-behalf-of features delivers for SAIC



The challenge

SAIC HK International Finance Limited was recently established as SAIC Motor Corporation Ltd's (SAIC) new overseas treasury management entity and the company wanted to capitalise on its creation to derive cash, liquidity and working capital management benefits for the group.

The solution

Providing an integrated cash management and trade finance solution to SAIC's new overseas treasury management entity, SAIC HK International Finance Ltd (SHIF), has successfully empowered the treasury management entity to function as an in-house bank (IHB) to meet the overseas treasury needs of the group.

With trade facilities granted to the IHB entity based on the group's overseas member company's trade flow, the banking partner, Standard Chartered, can facilitate payment on-behalf-of (POBO) and collection on-behalf-of (COBO) through the IHB account structure. With this structure in place, the IHB entity can create sub-accounts real-time under a master account, in the name of the member company to facilitate various on-behalf-of transactions directly with suppliers and

buyers. SHIF has effectively centralised overseas trade facility management, cash management and market risk management by providing value-added treasury services to overseas entities. This has been achieved without needing to make major modifications to their business units' existing processes with the packaged trade and cash solution.

SHIF has also successfully demonstrated treasury efficiency to further the group's overseas market expansion, providing facility support, settlement service and risk management. More importantly, SHIF has access to better credit facilities with the bank by integrating the group's overseas banking business requirement, as well as developing a highly tax efficient business model which aligns with HKMA's CTC guidance and China Belt and Road development strategy.

Best practice and innovation

The IHB account structure creates a clear and solid framework to meet the needs for treasury and business/functional teams across the group. With a physical accounting ledger, the sub account not only fulfils on-behalf-of transactions, but it can also

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seamlessly participate in the liquidity management solution including a 'just-in-time' sweeping capability, FX transactions and bi-lateral loan arrangement, as part of the working capital management solution.

The on-behalf-of relationship between the IHB and member entity has been fully incorporated with trade and cash products offering.

The IHB entity works as a real bank to provide account service, settlement, lending, and FX management to member entities, with no extra work required from member entity side, nor to change their existing operating practices.

"We have established a solid framework for the IHB entity to penetrate into more overseas member entities for centralised treasury management and effectively optimise the group's liquidity efficiency

from intercompany lending, currency and balance sheet management," explains Mr Tao Zheng, Deputy General Manager.


Key benefits

- Structure facilitates expansion.
- Working capital management improved.
- Liquidity optimised.
- Increased efficiency.
- Balance sheet management improved.
- Tax efficient model.
- Aligns with HKMA's CTC guidance and China Belt and Road development strategy.



SAIC HK International Finance Ltd partnered with Standard Chartered to set up a reliable in-house bank structure. The set-up enabled the treasury team to create new sub-accounts and perform payment on-behalf of (POBO) and authorise receipt on-behalf of (ROBO) functions in real-time. The real-time funding needs are managed through Standard Chartered's advanced eCAS product capabilities enabled with just-in-time sweeping between master and sub-accounts across multiple entities. The solution also helped SAIC HK International Finance Ltd develop a tax efficient model that is aligned with Hong Kong Central Bank's Corporate Treasury Centre guidelines and the China Belt and Road development strategy.

Ricky Kaura, Head of Transaction Banking, Asia Pacific, Africa and the Middle East, Standard Chartered

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