



中國工商銀行(亞洲)
ICBC (Asia)



**Industrial and Commercial Bank of China and Leisure and Cultural Services Department
Jointly Present
“The Development of Banks in Shanghai and Hong Kong” Exhibition**

28 November 2007, Hong Kong – After the Opium War in 1840, Shanghai and Hong Kong soon became the pioneer of China’s modernisation. Today the two cities are the most advanced financial centres in the nation.

To enable members of the public to get a better idea about how the two cities have become the world’s financial centres in different historical circumstances, the Shanghai Bank Museum of Industrial and Commercial Bank of China Limited (ICBC) and the Hong Kong Museum of History under the Leisure and Cultural Services Department (LCSD), joined hand for the first time to organise a large-scale exhibition, titled “The Development of Banks in Shanghai and Hong Kong”, in which the story of the development of the banking industry in both cities and the long history of cooperation in trades and commerce between them are told. The exhibition will be held at the Museum of History from 28 November 2007 to 24 March 2008.

The opening ceremony of the exhibition was officiated yesterday (27 November) by the Chief Executive, Mr Donald Tsang. Other officiating guests were the Deputy Director of the Liaison Office of the Central People’s Government in the HKSAR, Ms Guo Li, the Chairman of ICBC, Dr Jiang Jianqing, the Chief Executive of the Hong Kong Monetary Authority, Mr Joseph Yam, the Permanent Secretary for Home Affairs, Mrs Carrie Yau Tsang Kai-lai, the head of the Shanghai regional headquarters of ICBC, Mr Sun Chiping, the Director of LCSD, Mr Thomas Chow, and the Managing Director and Chief Executive Officer of ICBC (Asia), Mr Zhu Qi.

Speaking at the opening ceremony, Dr Jiang expressed his gratification to see the opening of the collaborative exhibition, which was one of the major events to celebrate the 10th anniversary of HKSAR. He said the Bank Museum, which was opened seven years ago, had attracted many visitors and been widely praised. The 340 artefacts on display at the exhibition were carefully selected from the Bank Museum’s over 20,000 collection items. Some of the items were gems of the crown from the collection, while others were unique in the world’ banking industry. Many

items were exhibited for the first time. A number of exhibits were used by Hong Kong financial institutions then based in Shanghai.

Mrs Yau noted that the exhibition would not be made possible without the support of ICBC, who had suggested its Shanghai Bank Museum, the first of its kind in China, to organise the exhibition with the Museum of History to showcase the development of the banking industry in the two cities against their respective social, economic and cultural contexts, thus fostering better mutual understanding between the two places.

Alongside the exhibits from Shanghai, some 200 artefacts from the Museum of History are also on display. They include banknotes, share certificates, receipts, savings box, deposit books, bank equipment and souvenirs. Significant exhibits include the bronze lion originally guarding the entrance of HSBC's Shanghai Branch, an old booking machine with functions of calculation and memory storage, a banknote binder with lever mechanics, reconstruction of a Shanghai native bank and a savings office of People's Bank of China, a six-billion-yuan banknote which is the largest denomination of banknote in the history of Chinese currency, and the first set of Renminbi banknotes.

Divided into six sections, the exhibition traces the history of the banking industry in both cities from the development of early native banks, the arrival of foreign-funded banks, the birth of Chinese-funded banks, and the financial industry in the two cities during the Sino-Japanese War, to the development of banking industry in 1949 and in the times under China's economic reforms.

Before the emergency of banking institutions, basic financial services in China were provided by *qianzhuang* (money shops) and *yinhao* (money changers), which were known as native banks that sprang up during the late Ming and the early Qing Dynasty. Currency exchange was their main business and later they started to accept cash deposits, extend loans, issue credit receipts and private notes and remit funds from one region to another. They relied heavily on personal relationships based upon friendship, connections and the trust between the clients and the proprietor.

The Opium War in 1840 opened a new chapter in Chinese history. The defeated Qing government ceded Hong Kong Island, and agreed to open Guangzhou, Fuzhou, Xiamen, Ningbo and Shanghai as designated trading ports. Following Hong Kong's opening up in 1841, Shanghai was declared a free port and formally opened to foreign trade in 1843. Foreign merchants, missionaries and diplomats soon began pouring into Shanghai and Hong Kong, accompanied by British-funded banks, which were the first to operate in both cities.

In 1847, the British-funded Oriental Bank Corporation became the first foreign bank to open in Shanghai. By 1927, there were 35 foreign-funded banks operating in Shanghai. Through their banking activities, the banks later controlled the trade, China's financial system, customs revenue and national budget.

The Oriental Bank, which had its headquarters moved from Mumbai, India to London in 1845, set up its branch in Hong Kong in the same year and was authorised by the government to issue banknotes. In 1865, the Hong Kong and Shanghai Banking Corporation established. Since then, it had assumed an indomitable business presence in both cities. As commerce and trade developed further in the late 19th and early 20th centuries, more and more foreign-funded banks set up branches in Hong Kong.

The rapid growth in the re-export trade and the economy led to a soaring demand for capital. The native banks could no longer meet the needs of industrial and commercial enterprises in terms of their scale, capital accumulation and accounting practices. Chinese-funded banks modelling after Western management and operation practices soon set up to meet the new demands. Some of them were even transformed from early native banks. By 1925, the gross assets held by Chinese-funded banks in Shanghai had exceeded those of the foreign-funded banks. The 1920s and the 1930s also saw the prosperity of the banking industry in both cities.

In 1949, the People's Republic of China established and adopted a highly centralised and planned economic system. The banking industry became uniform and non-competitive. As a result, Shanghai's status as a financial centre was soon eroded.

Continuing to function under market economy, Hong Kong began to emerge as Asia Pacific's financial centre in the 1960s. Many mainland families and merchants, mostly from Shanghai, moved to Hong Kong during the civil war in 1946. With the influx of capital, various kinds of banks sprang up in the late 1940s. The Hong Kong government introduced the first Banking Ordinance in 1948 and 143 banks were licensed in Hong Kong. A number of modern banks were established in quick succession.

Following the end of the dominance of the banking industry by the People's Bank of China in 1979, a number of commercial and integrated banks resumed or established. In 1992, the Report of the Central Committee to the Fourteenth National Congress of the Communist Party of China proposed to grant Shanghai the important role of being China's bridge to and window of world finance. Meanwhile, the development of the Pudong has also brought further opportunities for

Shanghai's financial industry. By the end of 2006, Shanghai was home to the headquarters of three Chinese-funded banks as well as about 3,000 other Chinese-funded financial institutions, and a number of foreign-funded financial institutions and legal persons. In terms of the number, kind and distribution of financial institutions, the 21st-century Shanghai has surpassed by far its heyday as the financial centre of the Far East in the 1930s.

In Hong Kong, the government re-issued banking licences to foreign-funded banks in 1978. As a result, a large number of international banks entered the Hong Kong market. Judging from the number of banks registered overseas, Hong Kong had become one of the largest international financial centres by the middle of the 1980s. It was not long before the Bank of China Group established its presence in Hong Kong. In 1994, the Bank of China became Hong Kong's third note-issuing institution alongside HSBC and Standard Chartered Bank. With mainland Chinese banks listing on the Hong Kong Stock Exchange, Hong Kong and the mainland China's financial markets have become more closely intertwined than ever.

To enhance visitors' understanding of the exhibition, public guided tours and audio guide services will be provided at the exhibition. The Museum of History has also organised a number of educational activities including lectures, a forum and workshops. For details please visit the museum's website. An illustrative catalogue has also been produced for the occasion and is available at the museum's gift shop.

Located at 100 Chatham Road South, Tsim Sha Tsui, Kowloon, the Museum of History opens from 10am to 6pm from Monday to Saturday and from 10 am to 7 pm on Sundays and public holidays. It will close at 5pm on Christmas Eve and Chinese New Year's Eve. It is closed on Tuesdays (except public holidays) and the first two days of the Chinese New Year. Admission is \$10 with half-price concession available for senior citizens aged 60 and above, full-time students and people with disabilities. Admission is free on Wednesdays.

For details, please visit the Museum of History's website at <http://hk.history.museum> or call 2724 9042.

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ICBC (Asia)

ICBC (Asia) is a full licensed bank incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong (Stock Code: 349). It has 41 branches, 8 "Elite Club" Wealth Management Centres, 5 dedicated commercial business centers and an Investment Service Centre

in Hong Kong. It is principally engaged in banking, financial and other financial related services with focus on retail banking, commercial banking as well as corporate banking business. ICBC (Asia) is now the flagship of Hong Kong banking business of Industrial and Commercial Bank of China Limited, the largest commercial bank in the Mainland China (in terms of total assets). On 6 June 2007, ICBC (Asia) was assigned A2/Prime-1 long-term/short-term deposit ratings and C–Bank Financial Strength Rating (BFSR) by Moody’s Investors Service.