Hong Kong Market Report
Asia Securities Forum 2016

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Hong Kong Securities Association
ECONOMIC PERFORMANCE
## Key Economic Indicators

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (yoy, %)</td>
<td>3.1</td>
<td>2.7</td>
<td>2.4</td>
<td>1.7</td>
</tr>
<tr>
<td>CPI (yoy, %)</td>
<td>4.3</td>
<td>4.4</td>
<td>3.0</td>
<td>2.6</td>
</tr>
<tr>
<td>Unemployment rate (%)</td>
<td>3.4</td>
<td>3.3</td>
<td>3.3</td>
<td>3.4</td>
</tr>
<tr>
<td>Foreign reserve (US$ billion)</td>
<td>311.2</td>
<td>328.5</td>
<td>358.8</td>
<td>360.7</td>
</tr>
<tr>
<td>Overall Balance of Payments (HK$ billion)</td>
<td>57.89</td>
<td>139.09</td>
<td>282.00</td>
<td>-16.09</td>
</tr>
</tbody>
</table>

Source: Census and Statistics Department, the HKSAR Government
Year-on-year GDP Growth

Gross Domestic Product (GDP) by expenditure component—in chained (2014) dollars

Percentage change in real terms of quarterly Gross Domestic Product

Source: Census and Statistics Department, the HKSAR Government – In chained (2014) dollars
Year-on-year Rates of Change in the Consumer Price Index

Source: Census and Statistics Department, the HKSAR Government
Source: Census and Statistics Department, the HKSAR Government
SECURITIES MARKETS
# Key Statistics of Securities Listed on SEHK

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016 (June)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of listed companies</td>
<td>1,643</td>
<td>1,752</td>
<td>1,866</td>
<td>1,902</td>
</tr>
<tr>
<td>Total market capitalization (HK$Bil)</td>
<td>24,043</td>
<td>25,072</td>
<td>24,684</td>
<td>23,063</td>
</tr>
<tr>
<td>Number of listed securities</td>
<td>8,522</td>
<td>9,060</td>
<td>9,015</td>
<td>8,497</td>
</tr>
<tr>
<td>Number of equity warrants</td>
<td>8</td>
<td>10</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Number of derivatives warrants</td>
<td>4,715</td>
<td>4,938</td>
<td>4,590</td>
<td>4,070</td>
</tr>
<tr>
<td>Number of Callable Bull/Bear Contracts</td>
<td>1,620</td>
<td>1,579</td>
<td>1,630</td>
<td>1,547</td>
</tr>
<tr>
<td>Number of mutual funds</td>
<td>129</td>
<td>134</td>
<td>145</td>
<td>159</td>
</tr>
<tr>
<td>Number of debt securities</td>
<td>403</td>
<td>640</td>
<td>762</td>
<td>797</td>
</tr>
</tbody>
</table>

Source: HKEx
Total Fund Raised-Equity Capital Market

HK$ billion

Source: HKEx
Number of IPOs and Fund Raised

Source: HKEx
2015 Global IPO League Table By Equity Funds Raised

Source: HKEx
Movements of Hang Seng Index

Source: HKEx
Trading Statistics

Source: HKEx
Type of Investors

Distribution of cash market trading value by investor type
(Oct 2013 – Sep 2014)

- Local retail investors: 20.5% [2012/13: 17.6%]
- Local institutional investors: 24.4% [2012/13: 20.4%]
- Overseas institutional investors: 33.8% [2012/13: 40.8%]
- Overseas retail investors: 4.9% [2012/13: 4.8%]

- Australia: 0.6% [2012/13: 2.4%]
- Singapore: 4.0% [2012/13: 2.9%]
- Mainland China: 5.1% [2012/13: 5.1%]
- Europe (excluding UK): 4.0% [2012/13: 6.2%]
- UK: 10.7% [2012/13: 11.7%]
- US: 9.9% [2012/13: 12.8%]
- Others*: 4.3% [2012/13: 4.5%]

Local investors: 44.9% [2012/13: 38.0%]
MAJOR MARKET DEVELOPMENTS

&

Opportunities and Challenges
Shenzhen – Hong Kong Stock Connect

Source: HKEx
There is no more Aggregate Quotas staring 2016!
Opportunities & Challenges

Opportunities

- Shanghai - Connect / Shenzhen Connect
- HK’s sound & mature financial system
- It is absolutely a free city, no investment or currency constraints

China - The huge market behind HK
Opportunities and Challenges

Challenges

- The Structure of HK Brokers is being changed
- China’s economic data & policies, stock market all show impact on HK
- Compliance Cost keeps increasing substantially, such as Fatca & AML
- Market Supervision covers up Development
The End