Hong Kong Market Report

27 – 29 September 2010
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1. Macro Economic Trend from 2H 2009 to 1H 2010

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4. Major Events in Hong Kong Securities Market
Hong Kong GDP  
2H 2009 – 1H 2010

Source: Census & Statistics Department, The SAR Government
Consumer Price Index and Inflation Rate
2H 2009 – 1H 2010

Composite CPI & Inflation Rate

Source: Census & Statistics Department, The SAR Government
Hong Kong Dollar Interest Rates
2H 2009 – 1H 2010

<table>
<thead>
<tr>
<th>Month/Year</th>
<th>1-week time deposit</th>
<th>1-month time deposit</th>
<th>3 months time deposit</th>
<th>6 months time deposit</th>
<th>12 months time deposit</th>
<th>Savings deposit rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul 2009</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
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<tr>
<td>Aug 2009</td>
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<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
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<td>Sep 2009</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
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<td>Oct 2009</td>
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<td>0.05</td>
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<tr>
<td>Nov 2009</td>
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<td>0.05</td>
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<tr>
<td>Dec 2009</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
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<td>0.05</td>
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<tr>
<td>Jan 2010</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
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<td>0.05</td>
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<tr>
<td>Feb 2010</td>
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<td>Mar 2010</td>
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<td>0.05</td>
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<td>0.05</td>
<td>0.05</td>
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<tr>
<td>Apr 2010</td>
<td>0.05</td>
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<td>0.05</td>
<td>0.05</td>
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<td>0.05</td>
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<tr>
<td>May 2010</td>
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<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
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<td>0.05</td>
</tr>
<tr>
<td>Jun 2010</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Source: Census & Statistics Department, The SAR Government
1. Macro Economic Trend in 2009 and 1H 2010

2. Capital Markets

3. Equity Markets

4. Major Events in Hong Kong Securities Market
Hong Kong Capital Market
2H 2009 – 1H 2010

Primary Market No. of IPO

<table>
<thead>
<tr>
<th>Quarter</th>
<th>No. of IPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2009</td>
<td>15</td>
</tr>
<tr>
<td>Q4 2009</td>
<td>40</td>
</tr>
<tr>
<td>Q1 2010</td>
<td>13</td>
</tr>
<tr>
<td>Q2 2010</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: HKEx
Hong Kong Capital Market
2H 2009 – 1H 2010

Primary Market Fund Raised (HK$ Billion)

Quarter/Year

Fund Raised (HK$ Billion)

Source: HKEx
## Hong Kong Capital Market
### 2H 2009 – 1H 2010

<table>
<thead>
<tr>
<th>Primary Market - Performance of IPO between 2H 2009 to 1H 2010</th>
<th>2H 2009</th>
<th>1H 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of IPO listed on Main Board</td>
<td>50</td>
<td>26</td>
</tr>
<tr>
<td>No. of IPO Listed on GEM Board</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Total No. of IPO</td>
<td>55</td>
<td>28</td>
</tr>
<tr>
<td>Fund Raised (HK$ Billion)</td>
<td>230.58</td>
<td>50.32</td>
</tr>
<tr>
<td>No. of IPO still dip below IPO Price (as of July 19)</td>
<td>22</td>
<td>11</td>
</tr>
<tr>
<td>Percentage</td>
<td>40%</td>
<td>39%</td>
</tr>
</tbody>
</table>

Source: HKEx, Etnet & AA Stocks
1. Macro Economic Trend in 2009 and 1H 2010
2. Capital Markets
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Hang Seng Index
2009 – 1H 2010

- Last Price: 20128.99
- High on 11/16/09: 22943.98
- Average: 18963.31
- Low on 03/09/09: 11344.58
- SMAVG Last Price(10): 20554.1836
- SMAVG Last Price(50): 20252.1992

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Hong Kong Equities Market Turnover (Main and GEM Board) Average Daily by Value (HK$mil)

Source: HKEx
Number of Listed Companies in HK and Market Capitalization (Main Board and GEM)

Source: HKEx
% of Mainland Enterprises to Total Listed Companies in Hong Kong

Source: HKEx
Mainland Enterprises Market Capitalization and Turnover Value (% of Market Total)

Remarks: Mainland enterprises include H share companies, red-chip companies and non-H share Mainland private enterprises.

Source: HKEx
1. Macro Economic Trend in 2009 and 1H 2010
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Major Events in HK Securities Markets
2H 2009 to 1H 2010

• On 9 May 2009, the Supplement VI to the Mainland and Hong Kong Closer Economic Partnership Agreement (CEPA 6) was signed, which suppose to ease certain restrictions on business expansion in the Guangdong Province by Hong Kong financial institutions.

• On 25 June 2009, HSBC Holdings became the first non-Mainland bank to issue RMB bond ($1 billion) by its Mainland branches to institutional investors.

Source: HKEx
Major Events in HK Securities Markets
2H 2009 to 1H 2010

• On 22 July 2009, SFC, HKMA and 16 distributing banks of Lehman Brothers minibonds announced an agreement on the repurchase of their products, involving at least HK$6.3 billion.

• On 13 August 2010, Mainland insurance companies were given the green light to invest in all shares on the main board of the Hong Kong stock exchange. Currently mainland insurers can only trade in red-chips and H shares in Hong Kong. The China Insurance Regulatory Commission also allows insurers to raise their investment ratio in equities and funds from the previous cap of 20% to 25%.
Major Events in HK Securities Markets
2H 2009 to 1H 2010

• Two securities brokerage firms with Chinese background introduced new brokerages services to clients in July and August 2010 respectively by allowing them to buy HK stocks with RMB deposits.

• An asset management firm launched HK’s first ever RMB-denominated investment fund in August 2010. Analysts consider the move a warm-up for the two-way flow of the RMB between Hong Kong and the mainland. The fund went on sale in Hong Kong on 11 August and targeted to raise RMB 5 billion.