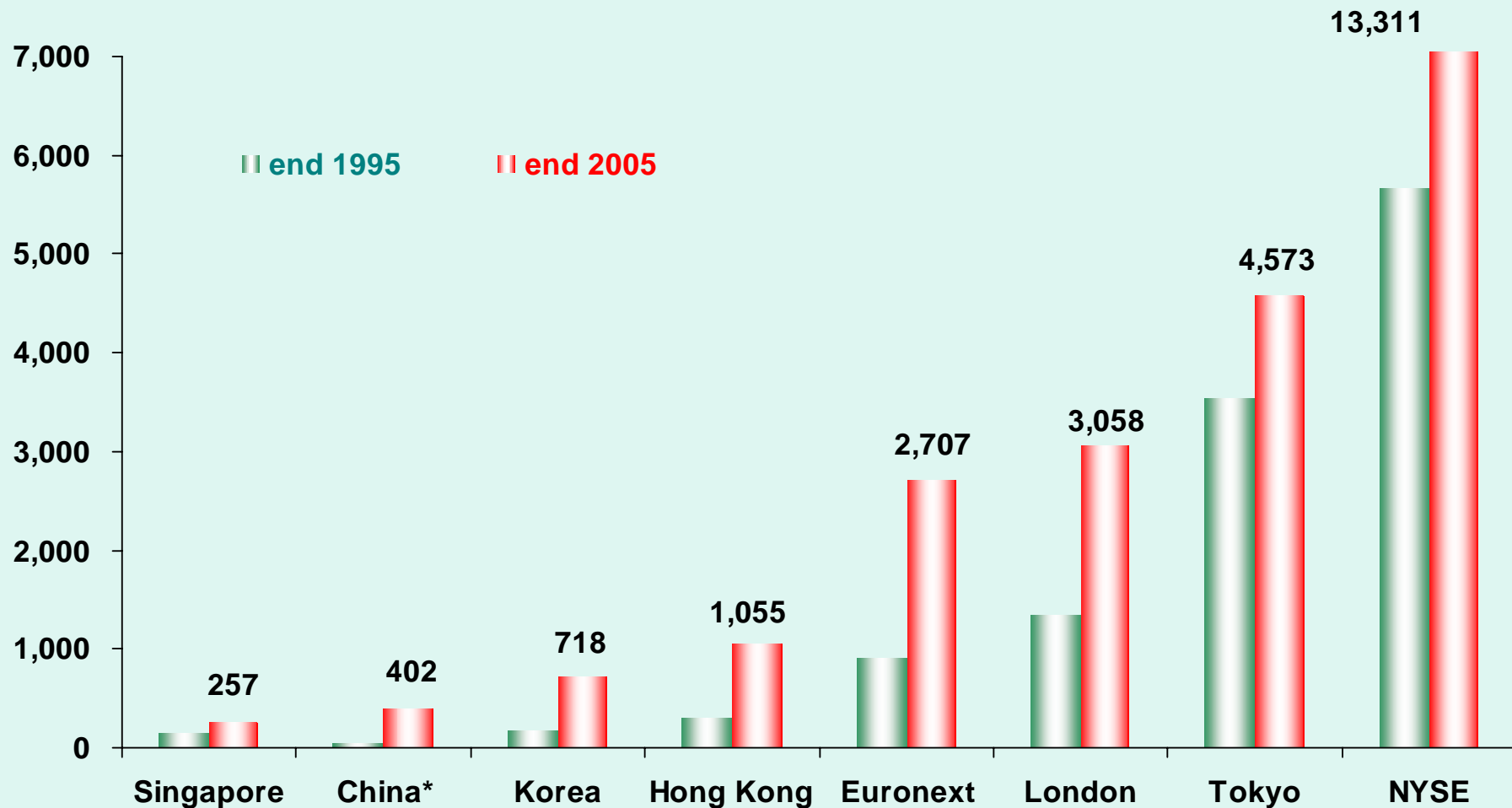


Hong Kong's Financial Services Sector

- **Solid Foundations**
- **Remarkable Achievements**
- **Numerous Challenges**
- **Abundant Opportunities**
- **Striving for Improvement**

Overseas Stock Market Comparison – Market Capitalisation (Year end, US\$ bn)

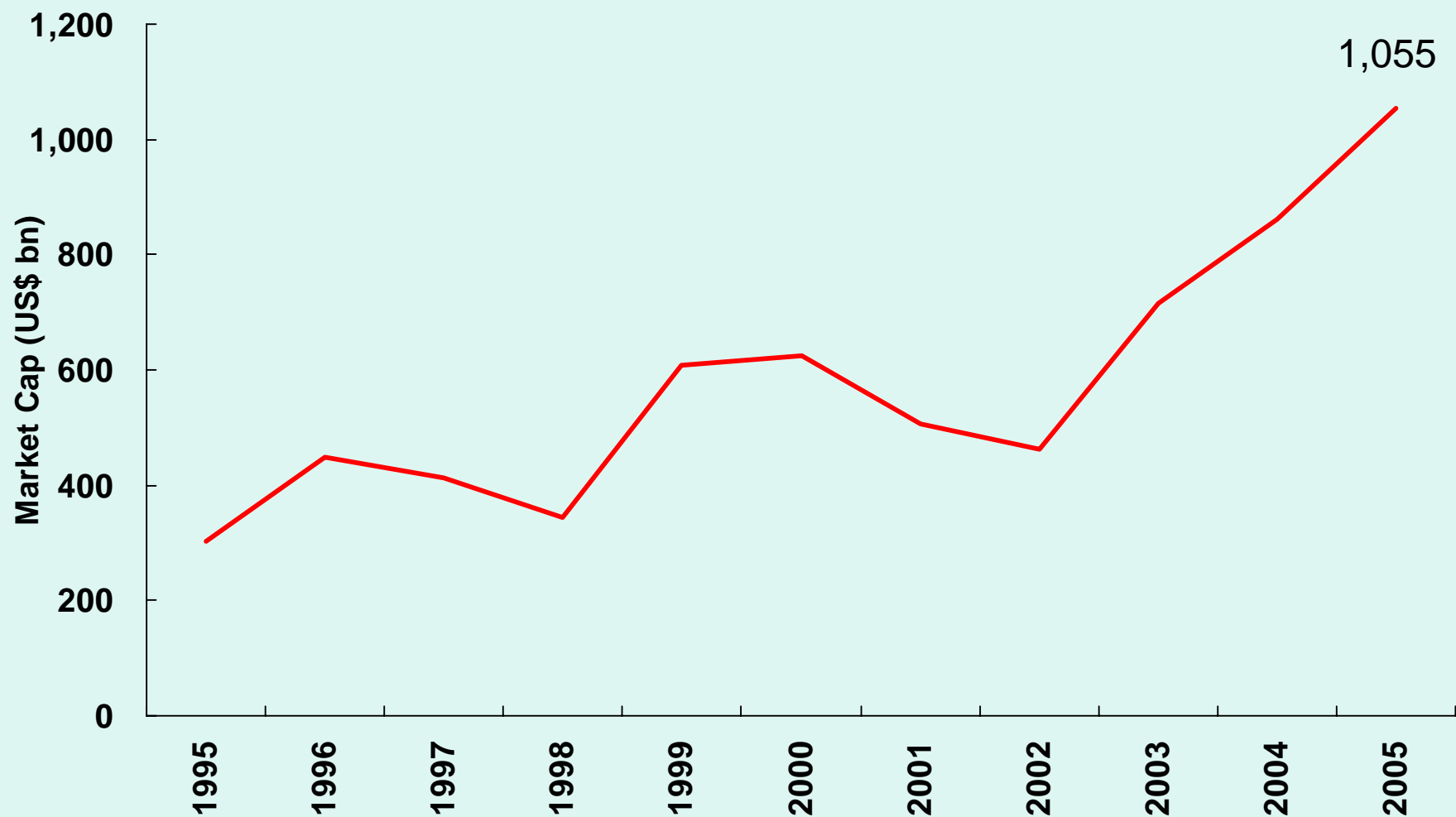


Remarks: end 2005 figures

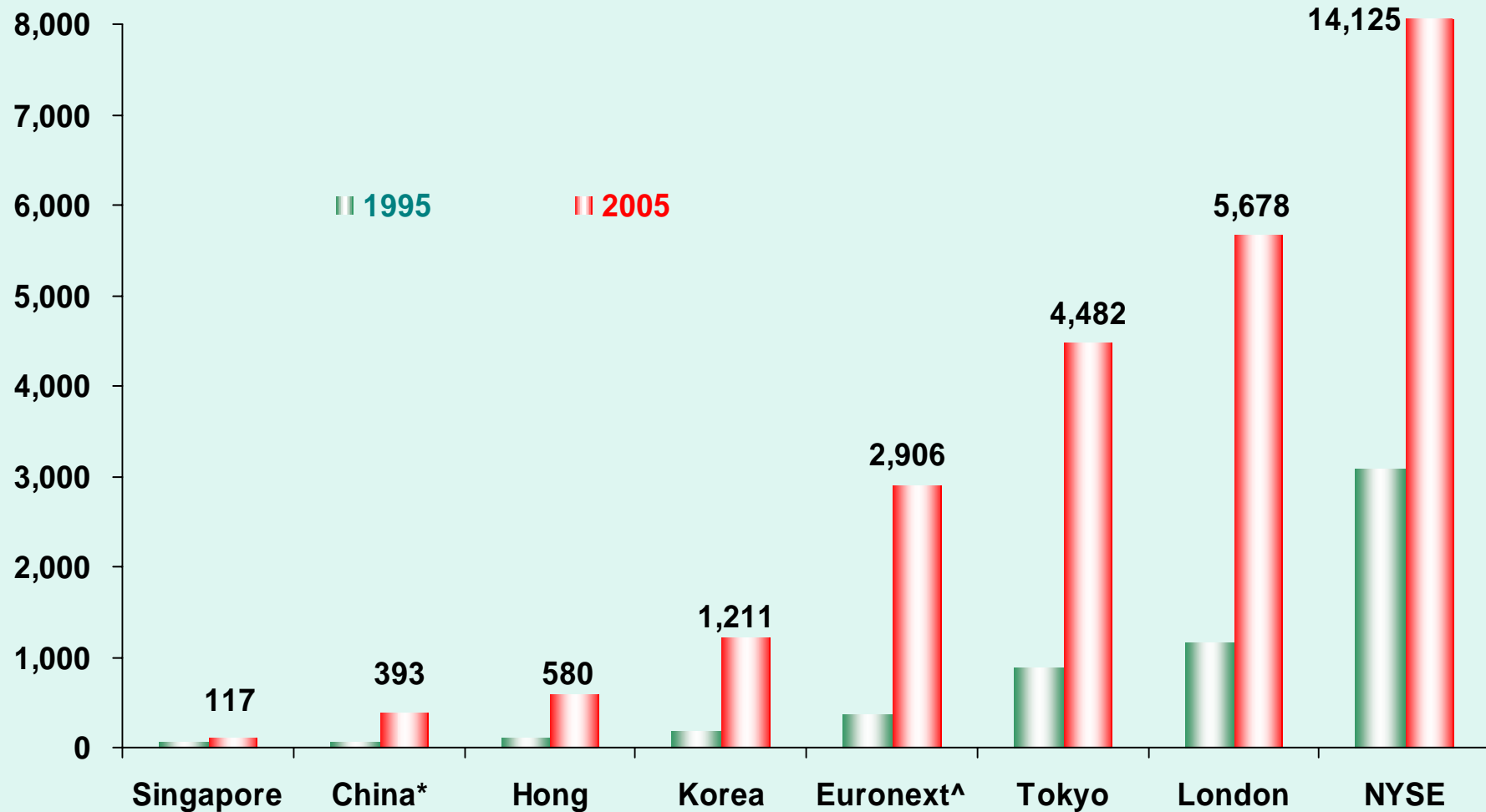
* China comprises Shanghai and Shenzhen stock exchanges

Sources : WFE, IFC and CSRC

Hong Kong – Historical Stock Market Capitalisation (US\$ bn)



Overseas Stock Market Comparison – Market Turnover (For the year, US\$ bn)



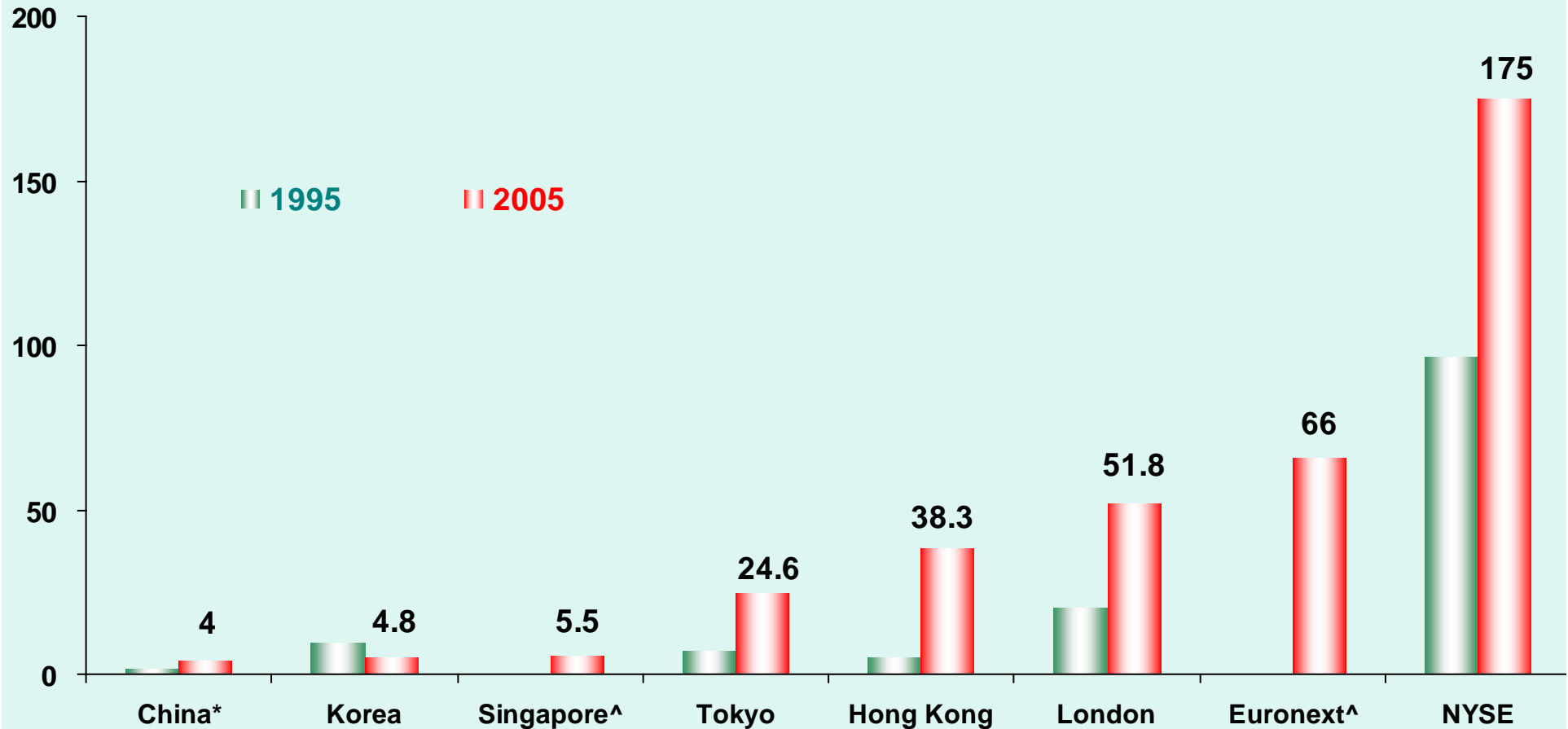
Remarks: 2005 figures

*China comprises Shanghai and Shenzhen stock exchanges

^ Figures for Euronext prior to 1999 are the summation of the four exchanges, namely Amsterdam, Brussels, Lisbon and Paris.

Sources : HKEx. CSRC. WFE and IFC

Overseas Stock Market Comparison – Total Funds Raised (For the year, US\$ bn)



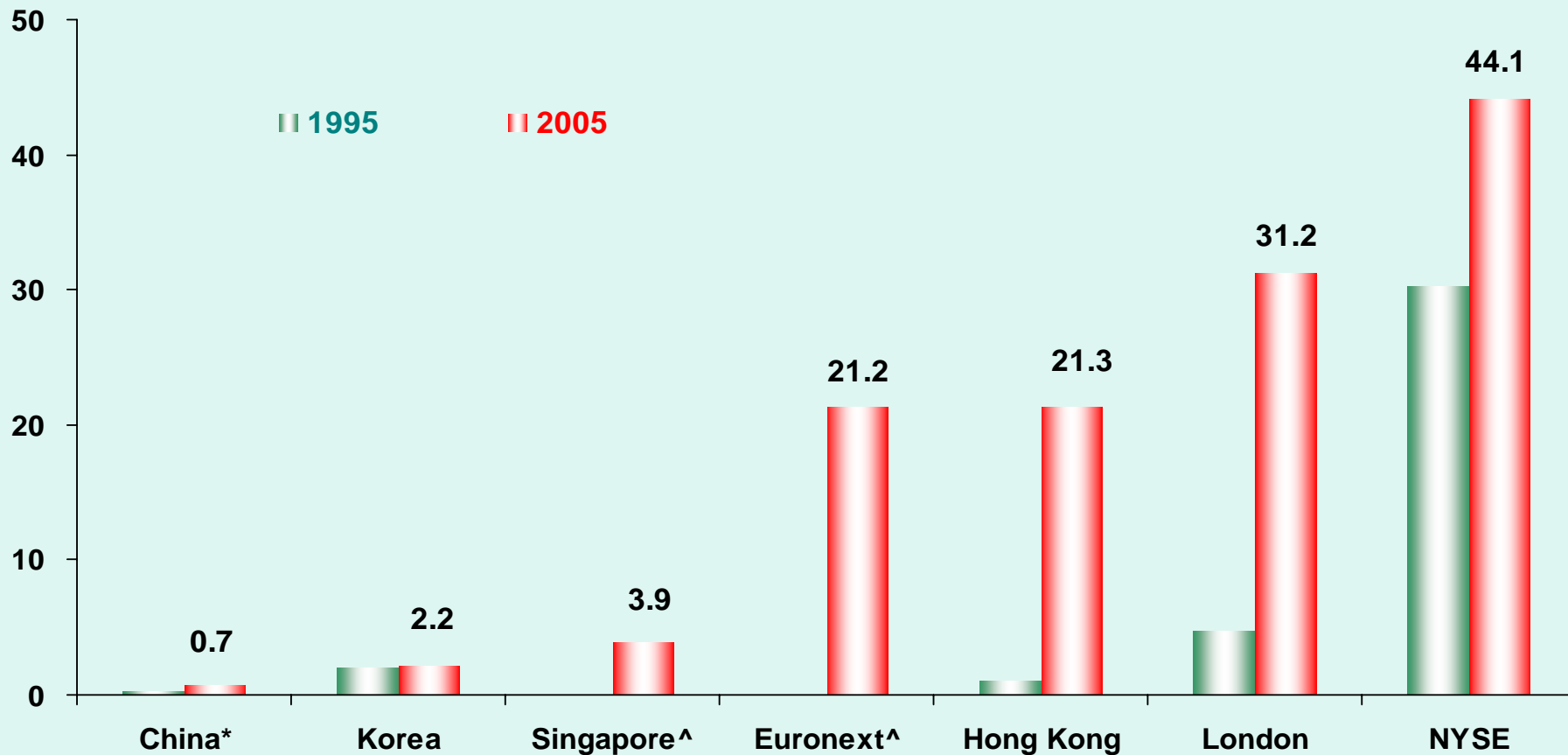
Remarks: 2005 figures

* China comprises Shanghai and Shenzhen stock exchanges

^ No 1995 figures

Sources : CSRC, WFE and IFC

Overseas Stock Market Comparison – Funds Raised through IPOs (For the year, US\$ bn)



Remarks: 2005 figures

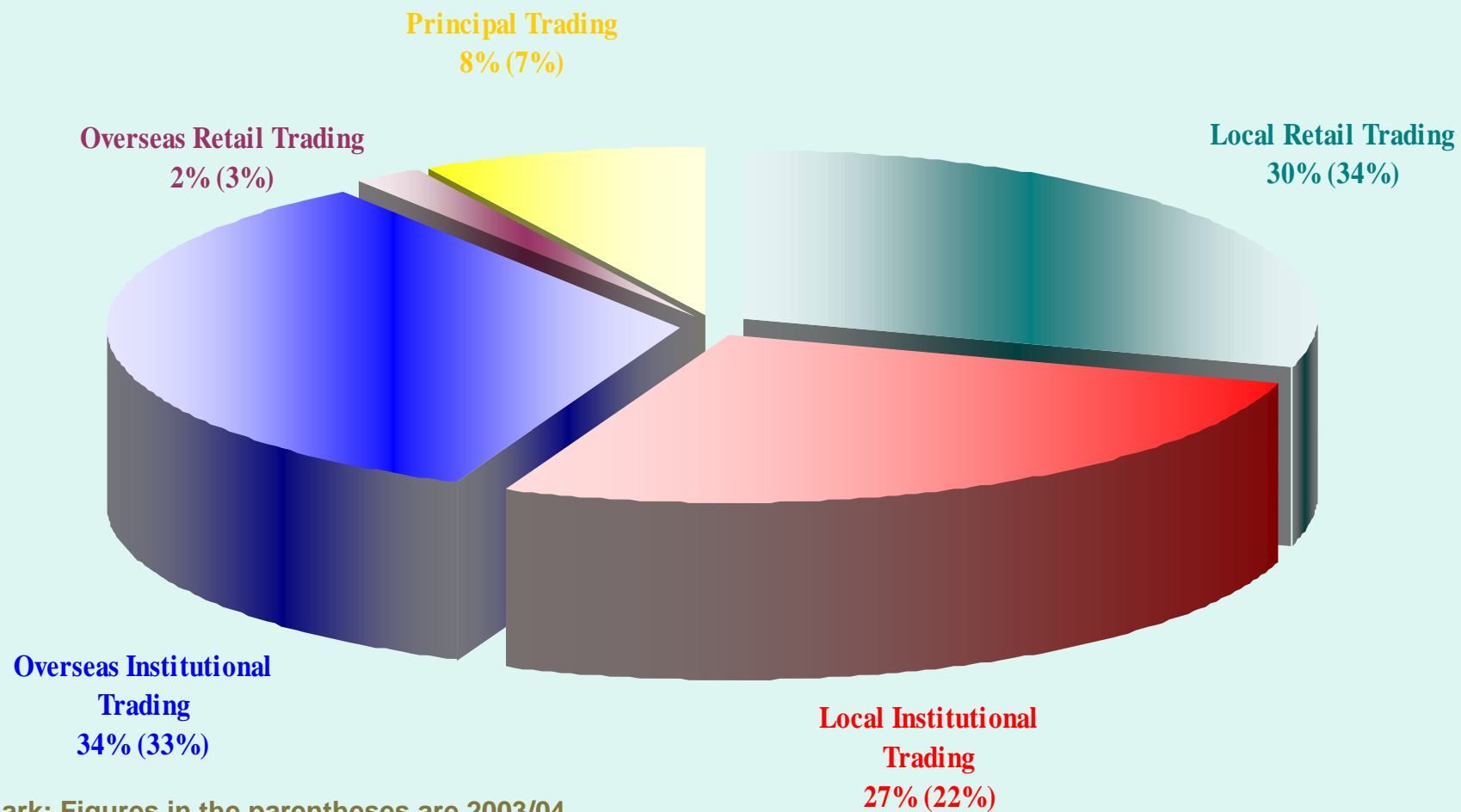
* China comprises Shanghai and Shenzhen stock exchanges

^ No 1995 figures

Sources : CSRC, WFE and IFC

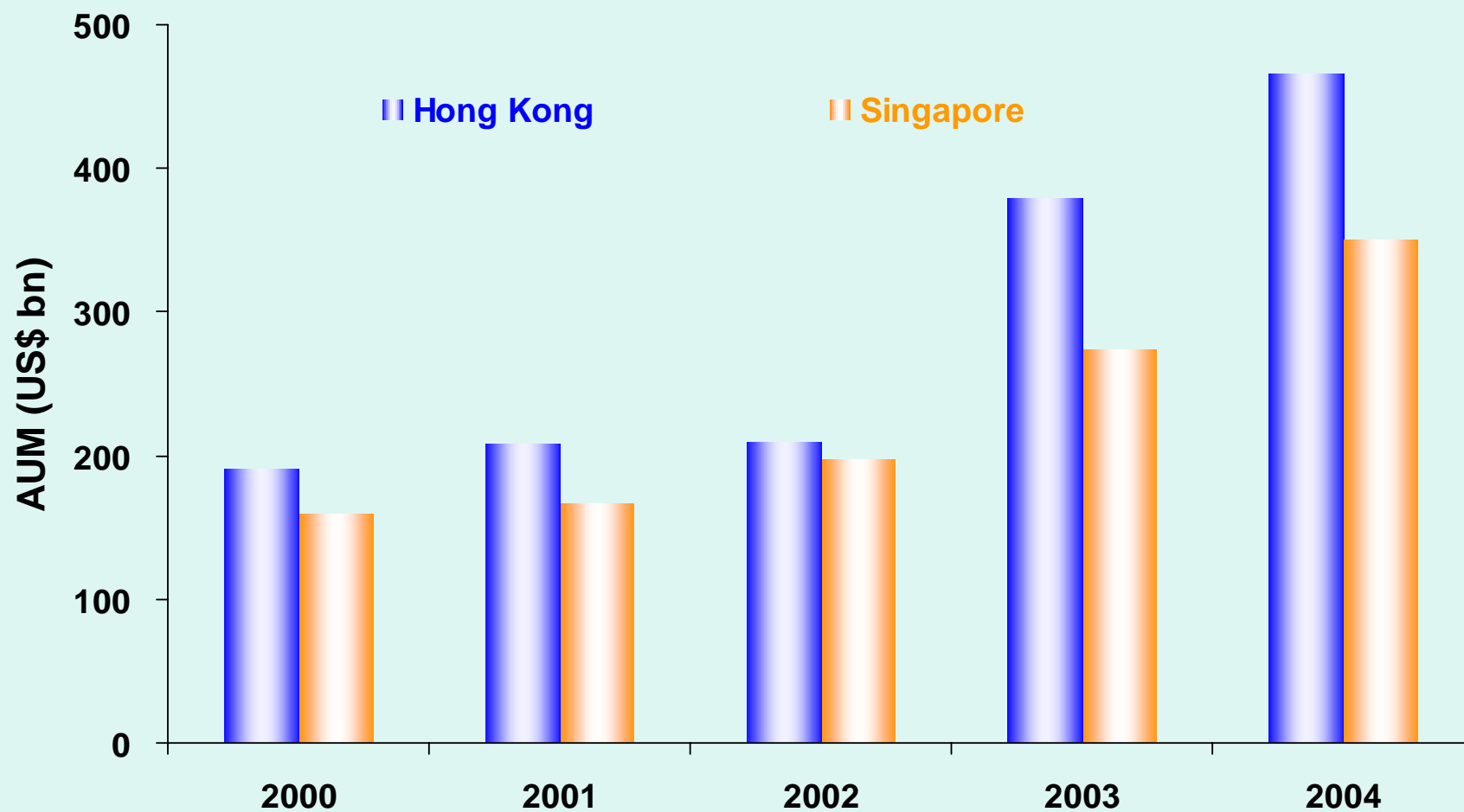
Strong International Participation in the Hong Kong Stock Market

- ◆ Overseas investors accounted for almost 40% of the trading

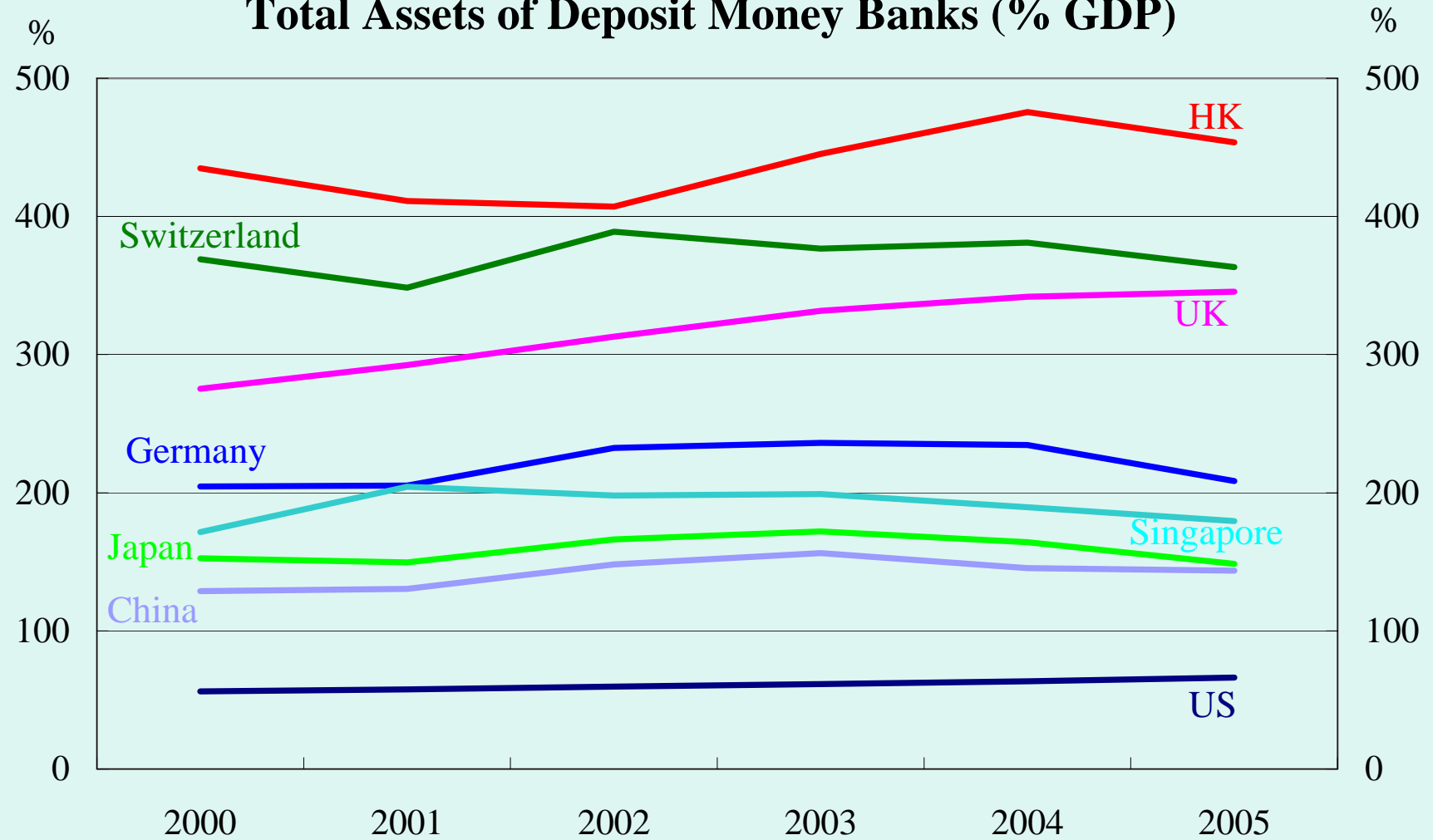


Remark: Figures in the parentheses are 2003/04
Source: HKEx CMTS 2004/05

Assets Under Management – Hong Kong vs. Singapore



Total Assets of Deposit Money Banks (% GDP)



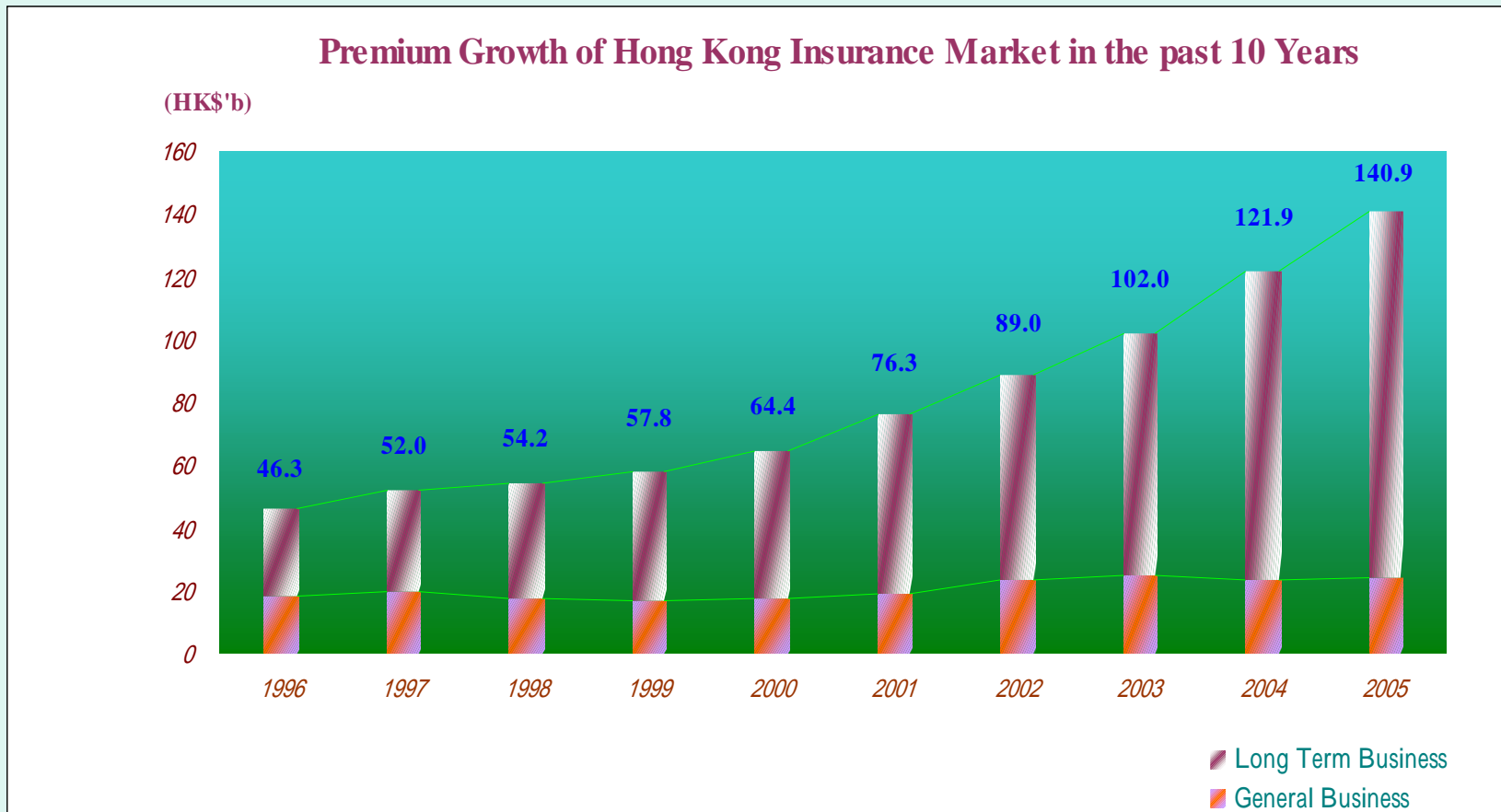
Source: IFS; IMF

Banking Sector Comparison: Hong Kong versus Singapore

(Position as of May 2006)

	Hong Kong	Singapore
Presence of world's largest 100 banks	69	60
Presence of foreign banks	110	104
<i>Sources: Bankers Almanac; HKMA; MAS</i>		

Premium Growth of Hong Kong Insurance Market in the past 10 Years



Challenges

- (1) Competition from other exchanges
- (2) Competition for overseas funds
- (3) Financial reforms in the Mainland
- (4) Demand for talent

Opportunities

- (1) Promising Prospect of the Mainland Economy
- (2) Financial Reforms in the Mainland
- (3) CPG's Support for Maintaining Hong Kong's Position as an IFC
- (4) Growing Wealth in Asia
- (5) Growing Interest of other Places in Hong Kong's Financial Markets

Striving for Improvement

- (1) Continuous Improvement of the Regulatory Regime
- (2) Maintaining Financial Market Stability
- (3) Facilitating Development of New Financial Products
- (4) Enhancing Liaison and Cooperation with the Mainland
- (5) Enhancing International Cooperation
- (6) Training and Pooling of Talent