



# HONG KONG: CHINA'S GLOBAL FINANCIAL CENTRE



**HONG KONG:  
WHERE GLOBAL AND CHINA  
ADVANTAGES CONVERGE**

GLOBAL ADVANTAGE	5
CHINA ADVANTAGE	7

**REGIONAL ASSET  
MANAGEMENT HUB**

LEADING FUND MANAGEMENT CENTRE	10
ETF MARKET LEADER	15

**INTERNATIONAL CAPITAL  
FORMATION CENTRE**

GLOBAL EQUITY FUNDING LEADER	18
AN INTERNATIONAL BOND MARKET	22

**OFFSHORE  
RENMINBI CENTRE**

25

## HONG KONG: WHERE GLOBAL AND CHINA ADVANTAGES CONVERGE



The centre of economic gravity is shifting. Few would disagree that Asia and other emerging markets have been growing rapidly in recent years. Even with the occurrence of the recent global financial crisis, the strong growth momentum of the Asian economies remains unhindered while the more advanced economies in the West are still in recovery. In particular, mainland China's growth continues to be spectacular. From an importer of capital, China is becoming an exporter. From being the world's factory, China is investing heavily to boost domestic demand. From having tight control of its currency, China is preparing to internationalise the use of the renminbi. We are seeing a further opening up of China's economy. Vibrant economic activity in Asia means more investment opportunities, and investors are eyeing Asia, particularly China right now.

What does this mean for Hong Kong?

Throughout its modern history, the unique role of Hong Kong has been encapsulated by two descriptions: a point of rendezvous between the East and the West, and a gateway between China and the world. This also applies to the world of finance. On the one hand, our business environment is world-class, our market is international, and our regulatory regime has strong international acceptance. We have a rich pool of professional talent and efficient infrastructure and above all we facilitate the free flow of financial and human capital into our market. On the other hand, we enjoy deep and extensive connections with the mainland Chinese market, and we have a long history of serving the financial needs of China as its markets open.

Hong Kong's unique role lies in the fact that it is the only place in the world where the China advantage and global advantage converge in one single city. This convergence allows Hong Kong to be China's gateway to the world's financial markets – leading global investors to opportunities in China and giving them access to mainland China's increasing wealth pool. Last but not least, Hong Kong doesn't just bring China opportunities – it is a place where you can tap opportunities in Asia and the world.

For anyone seeking a place from which to expand in both mainland China and the rest of the world, particularly Asia, Hong Kong is the place to be.

**China Opportunities + Global Opportunities  
= Hong Kong Advantage**

In the following pages you will learn more about Hong Kong's advantages and how they open up a realm of opportunities for you.

**GLOBAL EQUITY FUNDING LEADER**

Hong Kong is the global leader in IPO equity funding. In 2009, total equity funds raised through IPOs in Hong Kong amounted to US\$31.8 billion.

Hong Kong is where the world invests in China. As of end 2009, 524 mainland China enterprises were listed on the Stock Exchange of Hong Kong (SEHK), with combined market capitalisation of US\$1,339 billion. This was roughly six times greater than the US\$215 billion market capitalisation as of end 2003.

**AN INTERNATIONAL BOND MARKET**

Hong Kong invests globally. In 2009, the net International Investment Position of Hong Kong as a percentage of Gross Domestic Product was 353 percent, ranking it first among world economies.

The Hong Kong bond market is characterised by issuers from around the world. In 2009, almost half of the new issuance of debt securities denominated in Hong Kong dollars was issued by non-Hong Kong entities. Hong Kong is the first and only yuan bond market outside mainland China.

**LEADING FUND MANAGEMENT CENTRE**

Hong Kong is a regional fund management centre. It is ranked second in Asia Pacific in terms of asset management business, behind Australia and ahead of Japan. As of end 2009, Hong Kong's combined fund management business amounted to US\$1,091 billion, up 45 percent from 2008.

Hong Kong is the conduit for China's global investment. As of end September 2010, 44 mainland China companies had controlling interests in 141 licensed corporations or registered institutions in Hong Kong to provide services such as securities and futures dealing, advising on securities and futures and asset management services.

**ETF MARKET LEADER**

Hong Kong is the most active Asian ETF market outside mainland China. In 2009, Hong Kong's turnover in ETFs was US\$64 billion, ahead of Japan, Korea and Taiwan.

China A-shares are the most popular ETF investments, accounting for about 70 percent of all ETF turnover.

**OFFSHORE RENMINBI\* CENTRE**

In 2004, Hong Kong banks became the first outside mainland China to conduct yuan banking, offering services including deposit-taking, currency exchange, remittances, and debit/credit card services. A variety of banking, securities and insurance products, denominated and cleared in yuan, have since been launched.

Under the renminbi trade settlement pilot scheme, mainland China enterprises in 20 provinces and cities can settle their trade transactions with any part of the world in yuan. Hong Kong handles 75 percent of mainland China's global yuan trade.

\*Renminbi is the official currency of the People's Republic of China. The principal unit is yuan.

**COMPETITIVENESS**

Hong Kong is closing the gap on the world's leading financial centres, according to the latest Global Financial Centres Index compiled by Z/Yen Group. Consistently ranked third in the twice-yearly ranking, Hong Kong is now just 10 points behind New York, and 12 points behind London.

**Global Financial Centres Index 2010**

Source: Global Financial Centres Index 8, Z/Yen Group



**HONG KONG EXCELS IN ALL FIVE KEY AREAS OF COMPETITIVENESS MEASURED IN THE GLOBAL FINANCIAL CENTRES INDEX.**

KEY AREA	STRENGTH
PEOPLE	Hong Kong has a critical mass of expertise in the financial services and related professional sectors
	Widespread use of English in the business community
BUSINESS ENVIRONMENT	The regulatory framework of Hong Kong is sound and of international standard
	Hong Kong has a responsive government
	Tax rates are low, and the tax system is simple and efficient
MARKET ACCESS	As the freest economy in the world, Hong Kong has ready access to international financial markets and customers
INFRASTRUCTURE	The business infrastructure of Hong Kong is advanced and sophisticated
	The business environment of Hong Kong is open and competitive
GENERAL COMPETITIVENESS	Wages, rents and cost of living are seemingly higher, but partially offset by higher productivity
	Government is addressing environmental issues to strengthen Hong Kong's long-term competitiveness

Source: Global Financial Centres Index 8, Z/Yen Group

CHINA ADVANTAGE

CORNERSTONE OF OUR SUCCESS

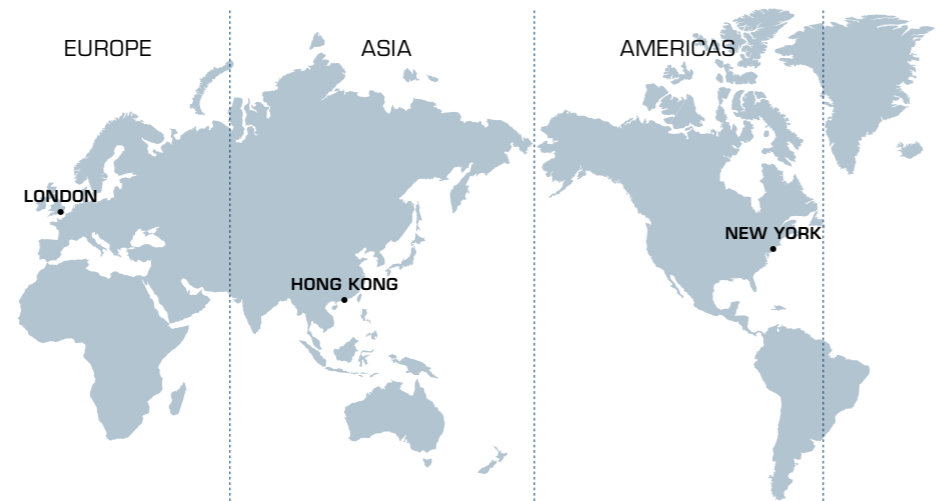
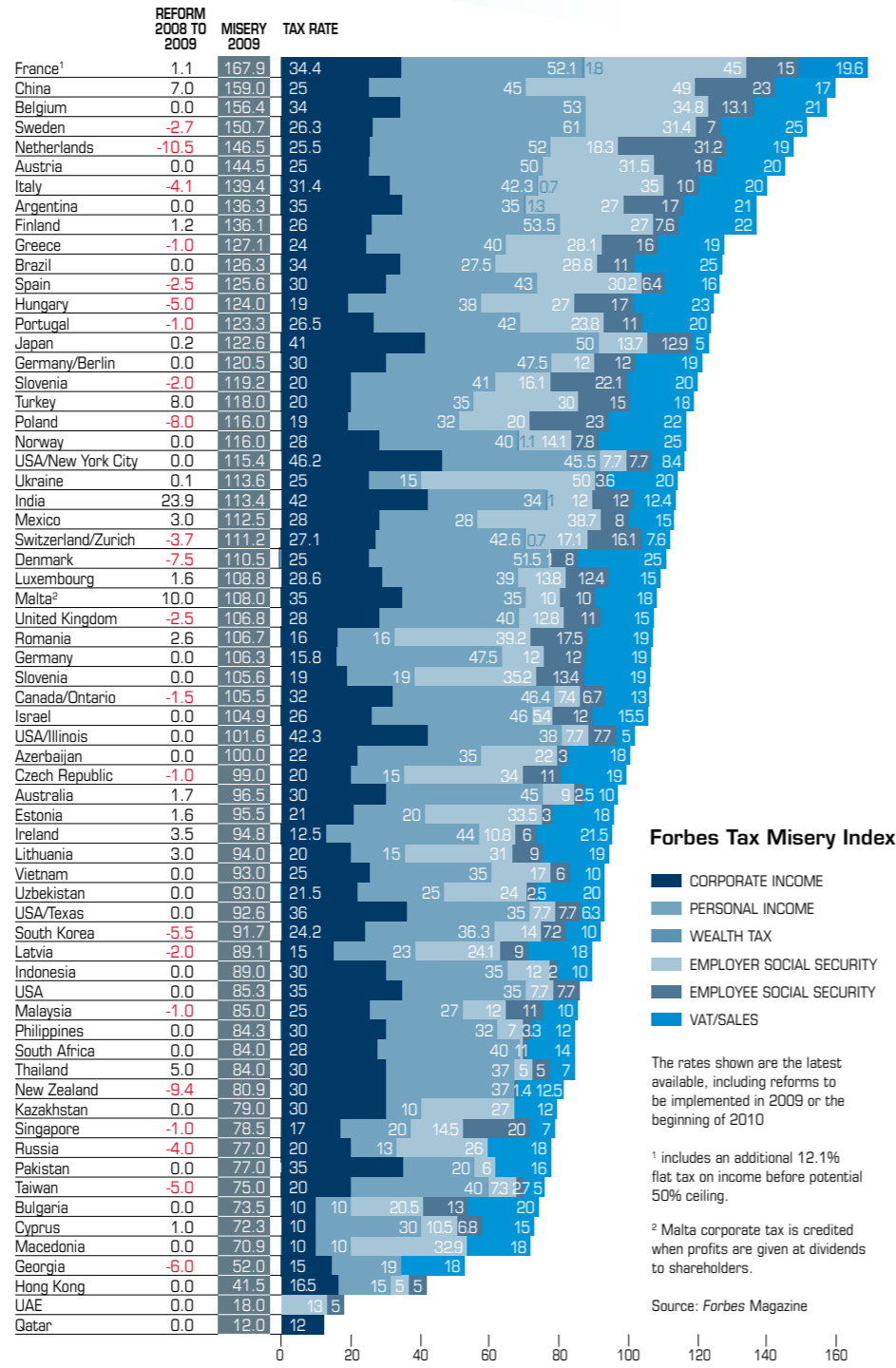
**Freedom:** Hong Kong enjoys free flows of information and capital. It is ranked the world's freest economy by the Heritage Foundation's 2010 Index of Economic Freedom and Cato Institute's 2007 Economic Freedom of the World Report.

**Common law system:** Under the "One country, Two systems" principle, Hong Kong has retained its common law system. The rule of law, upheld by an independent judiciary, is the cornerstone of Hong Kong's success as a leading commercial and financial centre, providing a secure environment for individuals and a level playing field for businesses.

**Robust regulatory regime:** Hong Kong has put in place a robust regulatory regime which has stood the tests of numerous financial crises: 1994 Mexican and Latin America "Tequila" crisis; 1997 Asian financial crisis; 1998 Russian default and Long-Term Capital Management crisis; 2000 dotcom crash; and 2008 global financial meltdown. Hong Kong's regulatory regime has evolved with consistency and predictability.

**Simple and transparent taxation system:** Hong Kong has a simple, transparent and stable taxation system. Corporate tax is 16.5 percent and personal income tax is capped at 15 percent. There is no withholding tax on income distribution, no capital gains or VAT tax, and no estate duty. We also have a growing network of comprehensive double taxation agreements (CDTAs) with major jurisdictions, and more negotiations ongoing. The resulting tax certainty for companies from a jurisdiction with which Hong Kong has signed a CDTA better supports their future business development and expansion strategies.

**Time zone:** Hong Kong, being in a time zone of GMT +8, links American and European markets. It offers an efficient and reliable transaction platform where prices are set for both Chinese and global financial products.



THE GROWTH STORY

China has enjoyed average annual economic growth of 10 percent in the past 20 years. The world has shared in this economic expansion by investing in China equities under international regulatory standards in Hong Kong. "H-shares" are shares of corporations incorporated in mainland China, and mirror the "A-shares" of the same corporations that are traded on mainland China's stock exchanges.

Hang Seng China Enterprises Index and Shanghai SSE A-Share Index

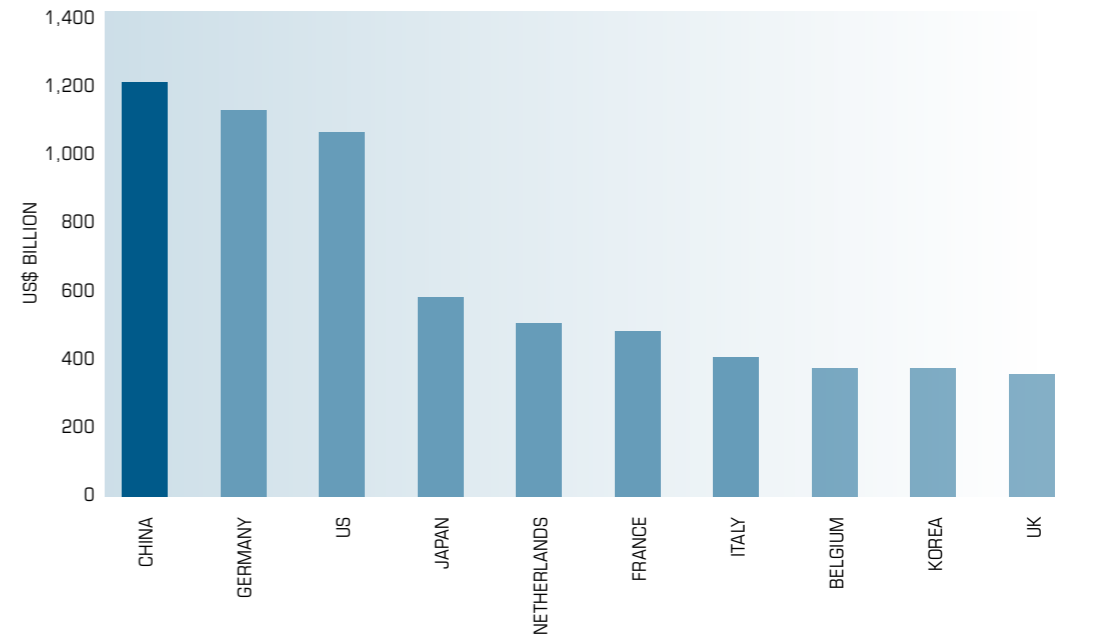
Sources: China Securities Regulatory Commission, Hang Seng Index Company and Bloomberg



AFTER DECADES OF ECONOMIC EXPANSION, CHINA HAS BECOME THE WORLD'S LARGEST EXPORTER. IN 2009, ITS VALUE OF EXPORTS AMOUNTED TO US\$1,202 BILLION.

Top 10 Exporters in 2009

Source: World Trade Organisation





**IN THE FIRST HALF OF 2010, THE AMOUNT OF CROSS-BORDER YUAN TRADE GROSSED AT RMB67 BILLION, AN 18-FOLD INCREASE FROM THE RMB3.6 BILLION IN THE SECOND HALF OF 2009.**

As the world's largest exporter, China launched a pilot scheme for cross-border trade settlement in yuan in July 2009 and further expanded it in June 2010. The scheme allows mainland China enterprises in 20 provinces and cities to settle their trades with any part of the world in yuan. Hong Kong has a pivotal role in this scheme: its banks handle 75 percent of mainland China's global yuan trade.

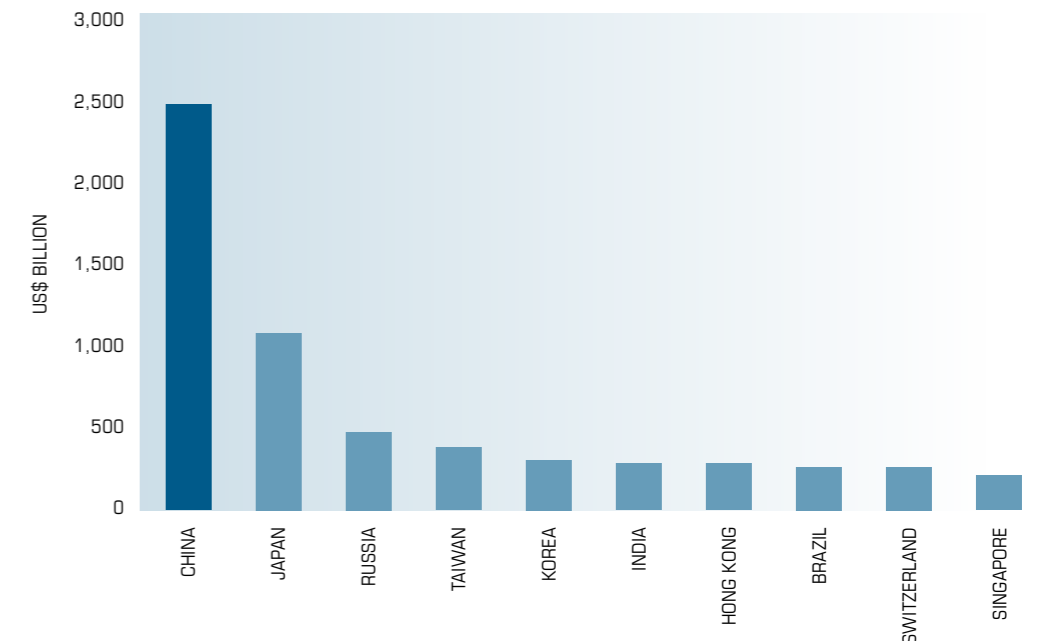
**TESTING GROUND FOR CHINA'S FINANCIAL REFORMS**

With the US dollar being the major settlement currency for global trade, and China maintaining its position as the world's largest exporter, it is no surprise that the country is also the world's largest holder of foreign currency reserves. As of end June 2010, China's official foreign currency reserve assets amounted to US\$2,454 billion, the majority of which is invested in US Treasuries.

**HONG KONG IS THE FIRST AND ONLY PLACE OUTSIDE MAINLAND CHINA TO DEVELOP A YUAN BOND MARKET. YUAN-DENOMINATED BONDS HAVE BEEN ISSUED BY THE CENTRAL GOVERNMENT, MAINLAND CHINA FINANCIAL INSTITUTIONS, MAINLAND SUBSIDIARIES OF HONG KONG BANKS, HONG KONG AND MULTINATIONAL CORPORATIONS.**

Foreign Exchange Reserves in 2010

Source: Hong Kong Monetary Authority



As the yuan becomes widely used outside mainland China, Hong Kong continues to build upon its role as China's testing ground for financial reforms, becoming the place in which international use of the yuan as a settlement, investment and funding currency is being tested.

In 2004, Hong Kong banks became the first outside mainland China to conduct yuan banking, and the scope of banking business has been expanded since then. Banks in Hong Kong can now offer a range of services including deposit-taking, currency exchange and remittances, debit/credit card services, trade settlement and other related services.

Hong Kong is the first and only place outside mainland China to develop a yuan bond market. Yuan-denominated bonds have been issued by the Central Government, mainland China financial institutions, mainland subsidiaries of Hong Kong banks, Hong Kong and multinational corporations.

Yuan liquidity in Hong Kong is growing. As of 31 August 2010, the city's offshore yuan deposits had exceeded US\$19.5 billion, sparking the development of a nascent offshore yuan asset market with products ranging from certificates of deposit, fixed income funds and insurance.

# REGIONAL ASSET MANAGEMENT HUB

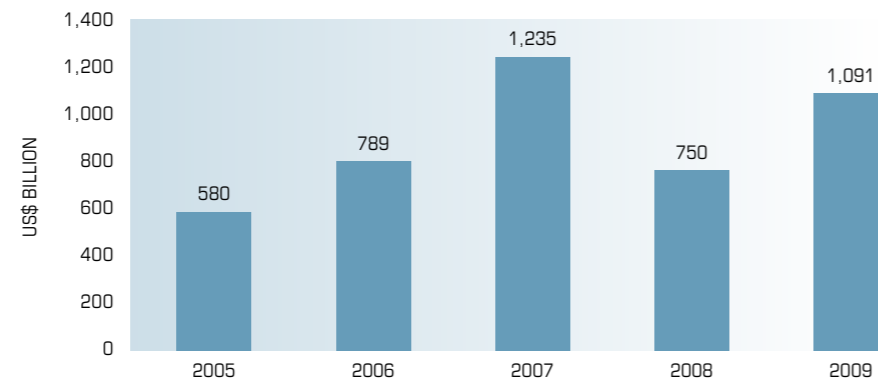
## LEADING FUND MANAGEMENT CENTRE

### REGIONAL HUB

Hong Kong is the leading fund management centre in Asia. As of end 2009, Hong Kong's combined fund management business amounted to US\$1,091 billion, up 45 percent from 2008. It comprises US\$747 billion of asset management business, US\$118 billion of fund advisory business, US\$216 billion of private banking business and US\$10 billion of real estate investment trusts management business as authorised by the Securities and Futures Commission.

### Combined Fund Management Business of Hong Kong

Source: Securities and Futures Commission



Funds sourced from overseas investors account for over 60 percent of the total fund management business. Hong Kong is widely recognised as having the largest concentration of international fund managers in Asia, with a huge number of start-ups in hedge funds and private equity funds.

### Number Of New Funds: By Location Of Manager

	2H 2009	1H 2010
HONG KONG	12	32
SINGAPORE	7	9
AUSTRALIA	4	4
JAPAN	5	3
US	2	2
CHINA	1	1
UK	6	0

Source: Asia Hedge

### Start-Up Assets: By Location Of Manager

	2H 2009 (US\$M)	1H 2010 (US\$M)
HONG KONG	500	1,443
CHINA	10	250
SINGAPORE	334	183
AUSTRALIA	40	51
US	161	50
JAPAN	151	45
UK	274	0

Source: Asia Hedge

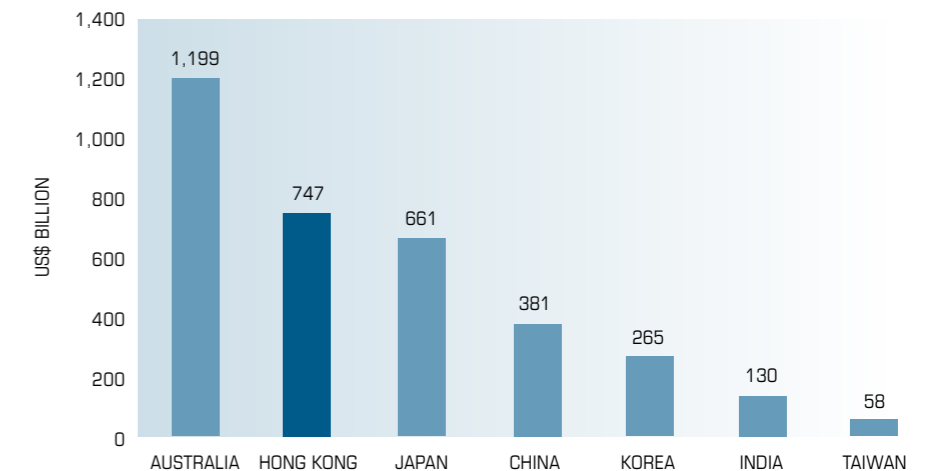


In 2009, Hong Kong was ranked second in Asia Pacific in terms of asset management business, behind Australia and ahead of Japan.

The aggregate net asset value of all Mandatory Provident Fund schemes amounted to US\$41 billion as of end July 2010.

### Asset Management Business in Asia

Sources: Investment Company Institute, Securities and Futures Commission

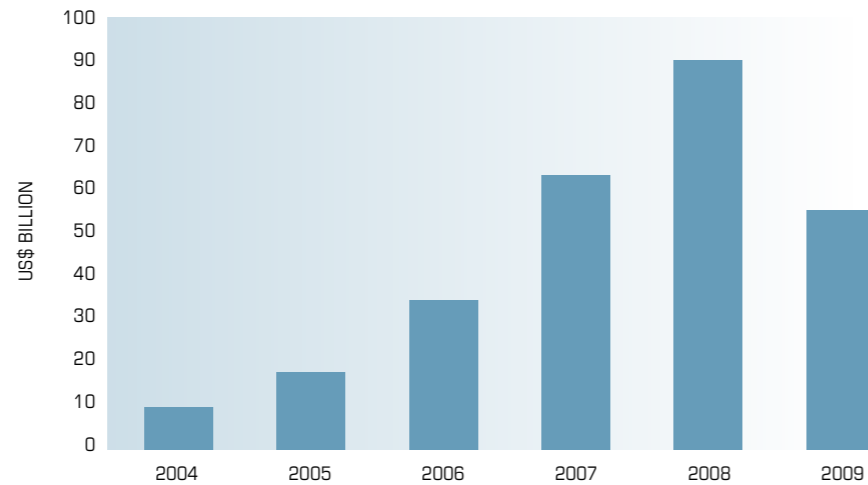


**HEDGE FUND CENTRE**

Hong Kong has a rapidly expanding hedge fund business underpinned by the shifting eastwards of the global financial industry's focus. As of end March 2009, assets under management of hedge funds in Hong Kong amounted to US\$55.3 billion, six times that of 2004.

**Assets Under Management of Hong Kong's Hedge Fund Industry**

Source: Securities and Futures Commission

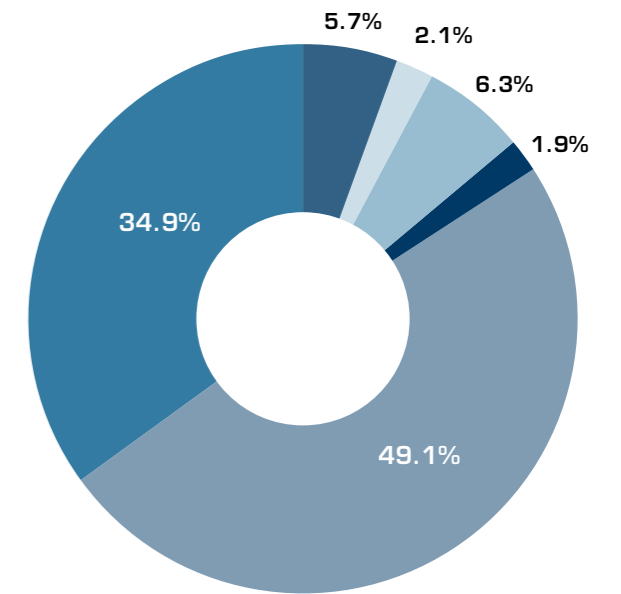


Offshore funds continue to be exempt from profits tax, a fiscal measure implemented by the Hong Kong SAR Government in 2006 to support the development of the city's asset management industry.

**Source of Investors by Location for Hong Kong Hedge Funds as of end March 2009**

Source: Securities and Futures Commission

- AMERICAS
- EUROPE
- ASIA PACIFIC (EXCLUDING HONG KONG)
- MIDDLE EAST
- OTHERS
- HONG KONG



**HONG KONG WAS ONE OF THE FIRST JURISDICTIONS WORLDWIDE TO ALLOW HEDGE FUNDS TO BE SOLD TO RETAIL INVESTORS. AS OF END MARCH 2009, THE MAJORITY OF HEDGE FUND INVESTORS WERE FROM OVERSEAS, THE AMERICAS (49.1 PERCENT) AND EUROPE (34.9 PERCENT).**

**SPRINGBOARD TO CHINA**

The Qualified Foreign Institutional Investors Scheme was launched in December 2002. The Scheme opens up mainland China's A-Share market to overseas institutional investors. As of end June 2010, the State Administration of Foreign Exchange had granted a total of US\$17.72 billion to qualified foreign institutional investors.

The first retail equity fund to invest directly in the A-share market under the scheme was launched in 2006. As of end 2009, there were five retail funds managing US\$970.2 million in assets, three times that as of end 2006.

END OF YEAR	NO. OF RETAIL FUNDS	ASSETS UNDER MANAGEMENT (US\$ MILLION)
2006	1	308.3
2007	1	808.2
2008	3	284.9
2009	5	970.2

Source: Securities and Futures Commission





**AS OF END SEPTEMBER 2010, 44 MAINLAND CHINA COMPANIES HAD CONTROLLING INTERESTS IN 141 LICENSED CORPORATIONS OR REGISTERED INSTITUTIONS IN HONG KONG TO PROVIDE SERVICES SUCH AS SECURITIES AND FUTURES DEALING, ADVISING ON SECURITIES AND FUTURES AND ASSET MANAGEMENT SERVICES.**

**CHINA'S GATEWAY TO OVERSEAS MARKETS**

The Qualified Domestic Institutional Investors Scheme was launched in April 2006. Under the scheme, banks, fund management companies, brokers and insurance companies approved by China authorities are allowed to invest their own funds or those of their clients in certain types of financial products offered in overseas markets, including Hong Kong, subject to certain investment quota. The scheme lays the groundwork for mainland funds to take full advantage of the Hong Kong market to invest overseas.

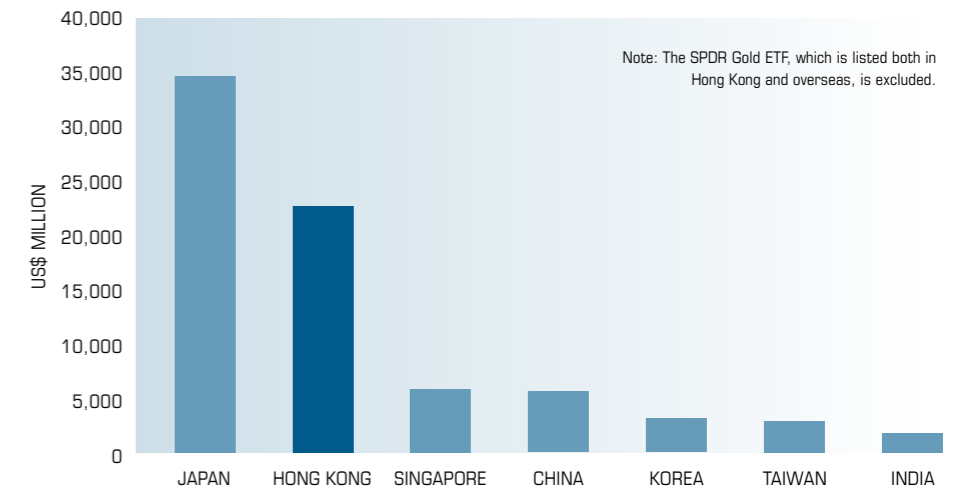
As of end September 2010, 44 mainland China companies had controlling interests in 141 licensed corporations or registered institutions in Hong Kong to provide services such as securities and futures dealing, advising on securities and futures and asset management services.

**MARKET LEADER**

Hong Kong is emerging as the ETF market leader in Asia. In 2009, Hong Kong was ranked second in terms of assets under management of ETFs in Asia, behind Japan and ahead of Singapore.

**Assets Under Management of ETFs in Asia**

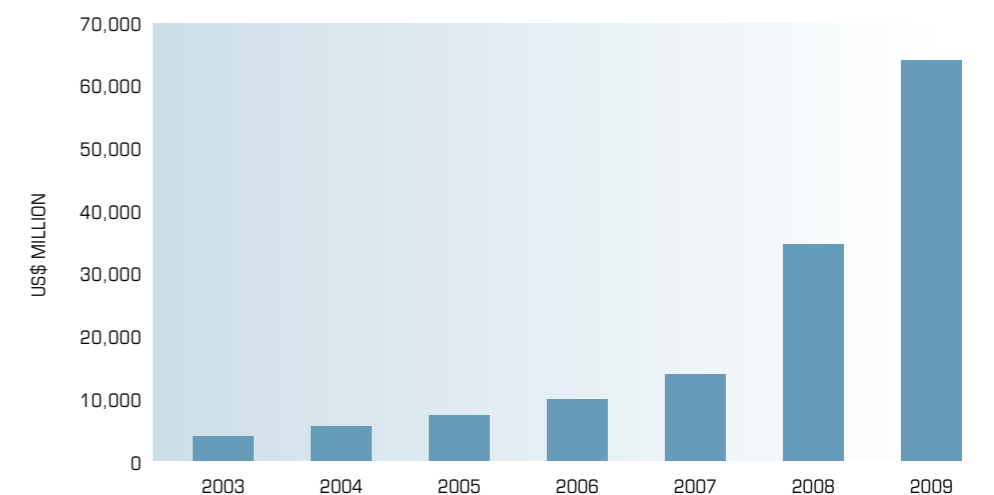
Source : Bloomberg



As of end June 2010, the market value of ETFs listed in Hong Kong was US\$75 billion, up 44.9 percent from end June 2009. Average annual growth was more than 70 percent in the past five years.

**Market Value of ETFs in Hong Kong**

Source: Hong Kong Exchanges & Clearing Ltd (HKEx)







**CHINA A-SHARES ARE THE MOST POPULAR INVESTMENTS, ACCOUNTING FOR ABOUT 70 PERCENT OF ALL ETF TURNOVER.**

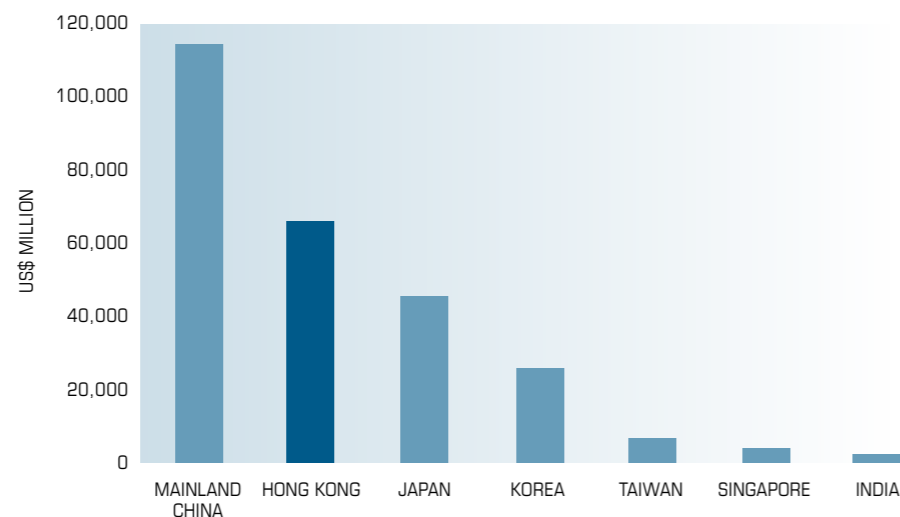
As of end September 2010, 24 ETFs with market capitalisation of US\$9.67 billion tracked the performance of A-share indices. This marked a 27-fold increase over market capitalisation tracked at end 2005.

**CHINA PROXY**

Hong Kong is Asia's most active ETF market, outside mainland China. In 2009, Hong Kong's turnover in ETFs reached US\$64 billion, more than Japan, Korea and Taiwan.

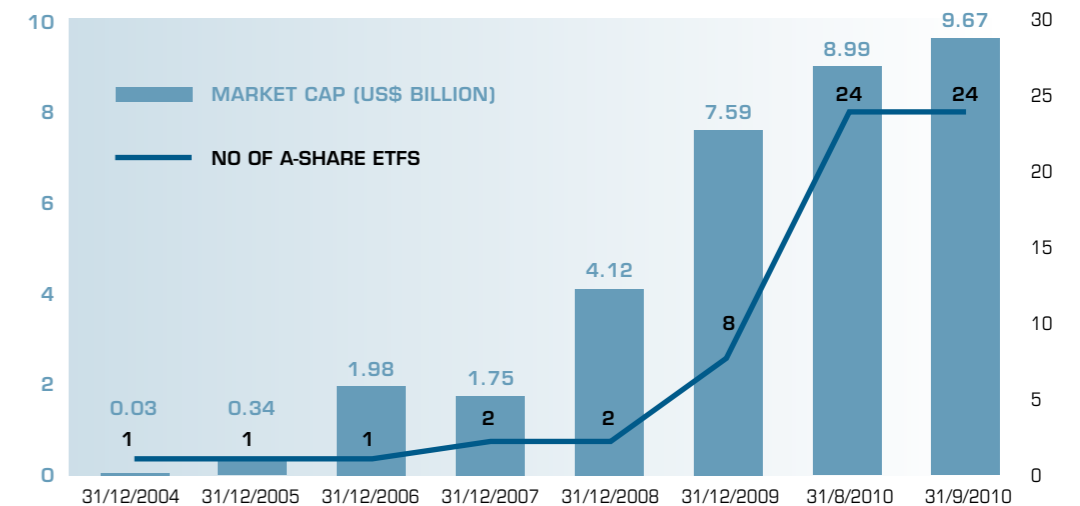
**Turnover of ETFs in Asia**

Source: World Federation of Exchanges



**Number and Market Capitalisation of A-Share ETFs**

Source: Bloomberg



**OPPORTUNITIES**

According to Capgemini and Merrill Lynch Wealth Reports, Hong Kong is the gateway to three million high net worth individuals (HNWIs) in Asia Pacific, with wealth totalling US\$9.7 trillion, surpassing Europe's HNWIs.

The average net worth of HNWIs in Hong Kong is US\$4.9 million, higher than the regional average net worth of US\$3.1 million for Asia-Pacific HNWIs.

Market capitalisation is a powerful driver of wealth in Hong Kong, which has a high market cap-to-nominal GDP ratio. Hong Kong's HNWIs posted a gain of 104 percent in 2009, the strongest rebound in the world.

# INTERNATIONAL CAPITAL FORMATION CENTRE

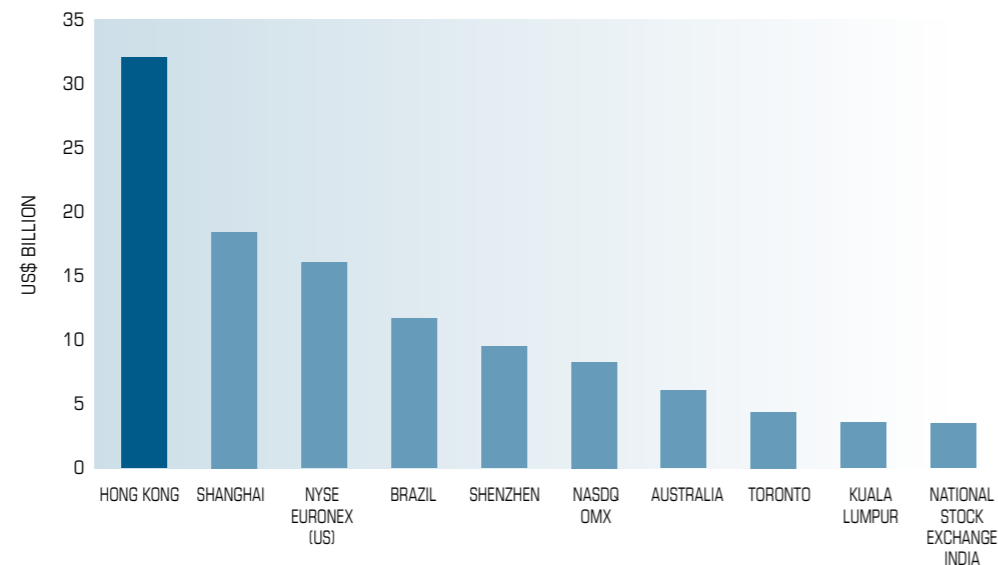
## GLOBAL EQUITY FUNDING LEADER

**WORLD'S NO. 1 IPO CENTRE**

Hong Kong is the world's equity funding leader. In 2009, total equity funds raised through IPOs in Hong Kong amounted to US\$31.8 billion.

**Equity Funds Raised through IPOs**

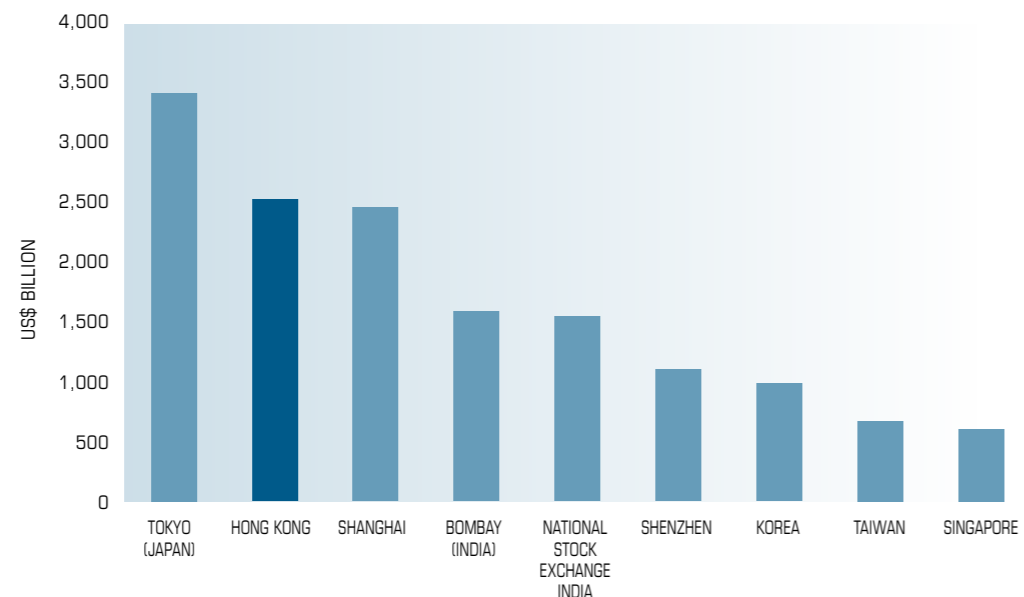
Source: World Federation of Exchanges and HKEx



As of end September 2010, the market capitalisation of the Hong Kong stock market amounted to US\$2,536 billion, ranking it second in Asia and larger than Korea and Taiwan and Singapore combined.

**Market Capitalisation of Stock Markets in Asia**

Source: World Federation of Exchanges

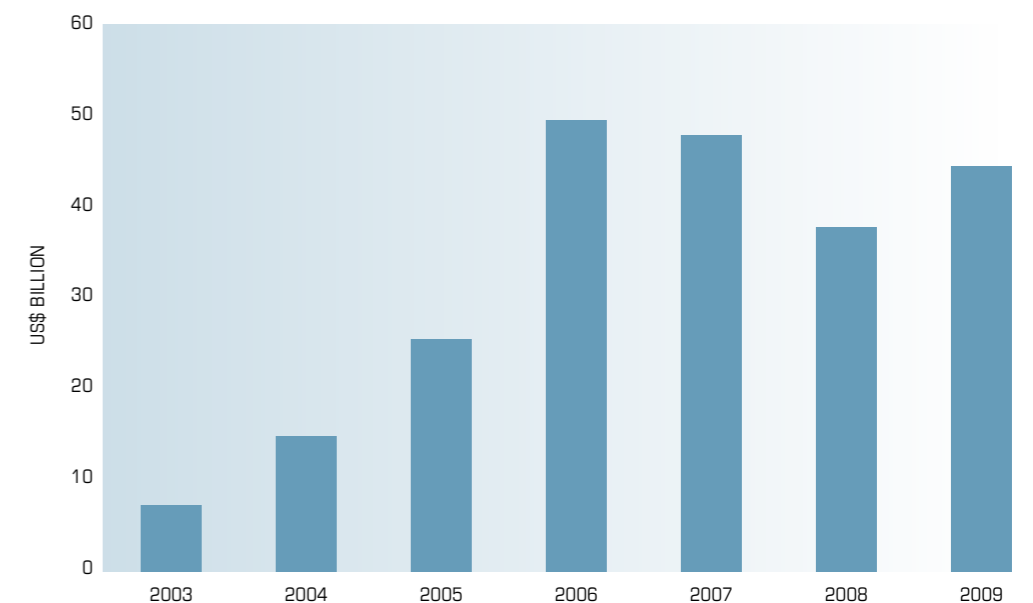


**THE WORLD BUYING INTO CHINA**

Hong Kong is mainland China's international equity funding centre. From 2003 to 2009, mainland China enterprises raised a total of US\$226 billion in Hong Kong.

**Equity Funds Raised by Mainland China Enterprises**

Source: HKEx



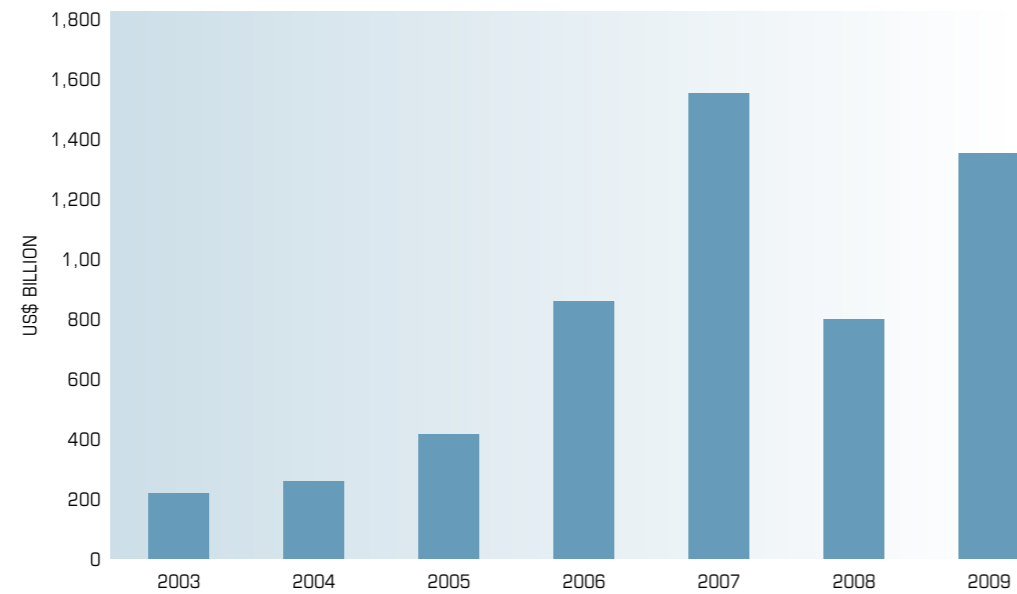
**COMPLIANCE WITH HONG KONG'S INTERNATIONAL REGULATORY STANDARDS HELPS MAINLAND CHINA ENTERPRISES TO INCREASE TRANSPARENCY AND UPGRADE THEIR CORPORATE GOVERNANCE STANDARDS.**



As of end 2009, 524 mainland China enterprises were listed on the SEHK, with market capitalisation at US\$1,339 billion. This was roughly six times more than the US\$215 billion market capitalisation as of end 2003.

Market Capitalisation of Mainland China Enterprises

Source: HKEx

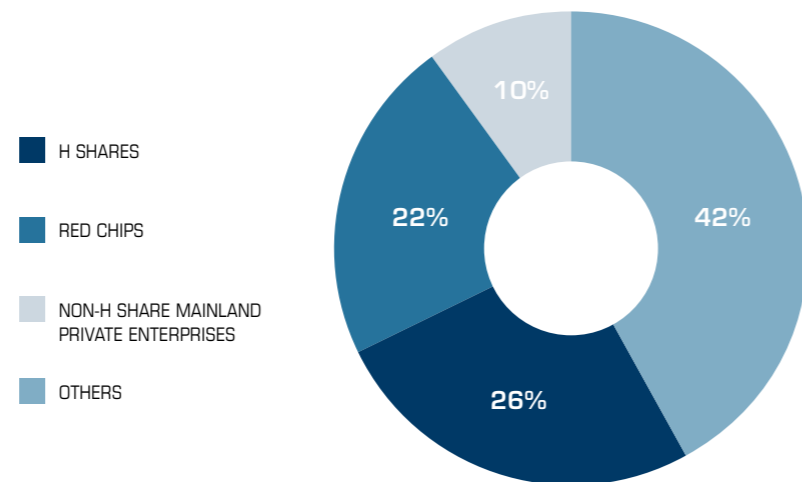


**THE SPECTACULAR GROWTH IN MARKET CAPITALISATION OF MAINLAND CHINA ENTERPRISES MIRRORS THE CHINA GROWTH STORY.**

As of end 2009, mainland China enterprises accounted for 58 percent of Hong Kong's total market capitalisation.

Share of Mainland China Enterprises in Market Capitalisation

Source: HKEx



**HONG KONG IS WHERE THE WORLD MEETS TO INVEST AND BENEFIT FROM THE CHINA GROWTH STORY.**



**PLATFORM FOR INTERNATIONAL CORPORATIONS**

The world's major corporations are operating in Hong Kong and China. There have been numerous listing and fund-raising successes in Hong Kong for corporations with global operations and significant China stakes. These corporations can fetch the best valuations as well as abundant liquidity in subsequent trading.

DATE	CORPORATION	BUSINESS	AMOUNT RAISED
JANUARY 2010	United Company RUSAL Plc	Russian aluminium producer	US\$2.2 billion
JANUARY 2010	SouthGobi Resources Ltd	Operates coal mines in Mongolia	US\$393 million
MAY 2010	L'Occitane	European cosmetics group	US\$783 million
OCTOBER 2010	AIA Group Ltd	Insurance Group	US\$17.7 billion (approx.)

Hong Kong is fast becoming the leading financing market for world mineral and exploration companies. As of end February 2010, the market capitalisation of resources companies listed on SEHK was US\$346 billion, a 31-fold increase from US\$11 billion in 1999.

# AN INTERNATIONAL BOND MARKET

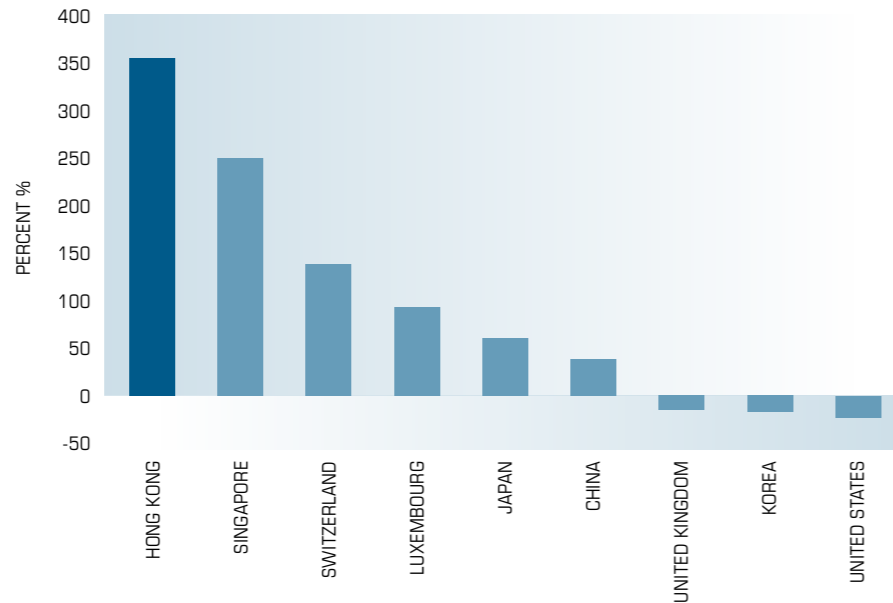
## INVESTING GLOBALLY

The global economic and financial crisis has underlined the emergence of Asia as a global economic powerhouse. According to the International Monetary Fund, based on expected trends, within five years Asia's economy will account for more than one-third of global output and be comparable in size to the economies of the US and Europe. The combination of this sustained high income growth with the region's increasing wealth presents a growing pool of investment capital seeking global opportunities.

Hong Kong invests globally. In 2009, the net International Investment Position of Hong Kong as a percentage of Gross Domestic Product was 353 percent, ranking it first among world economies.

### Net International Investment Position as Percentage of Gross Domestic Product in 2009

Source: International Monetary Fund



### International Investment Position of Hong Kong

Source: Hong Kong SAR Government Census and Statistics Department



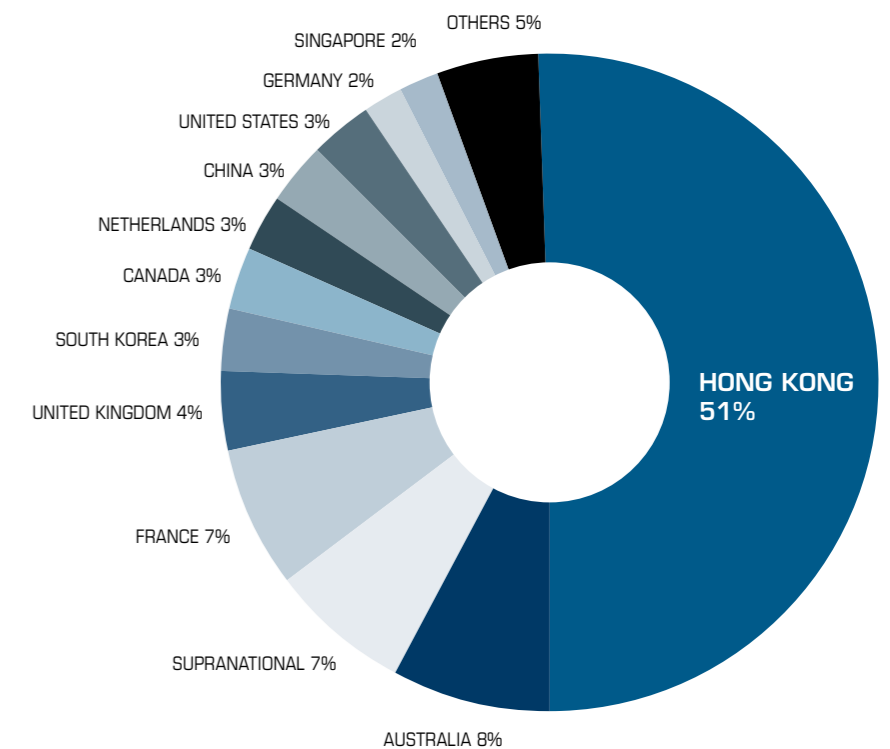
**HONG KONG'S INSTITUTIONAL INVESTORS AND HOUSEHOLDS HAVE A STRONG APPETITE FOR FOREIGN SECURITIES. AS OF END 2009, THEY HELD A TOTAL OF US\$310 BILLION FOREIGN DEBT SECURITIES. AVERAGE ANNUAL GROWTH HAS REACHED 15 PERCENT IN THE PAST NINE YEARS.**

The Hong Kong bond market is characterised by global issuers. In 2009, almost half of the new issuance of debt securities denominated in Hong Kong dollars was issued by non-Hong Kong entities. This was enabled by the presence of strong financial intermediation teams and access to institutional investors' pools of liquidity.

### Issuance of Hong Kong Dollar Debt Securities by Nationality of Issuer in 2009

Source: Hong Kong Monetary Authority

Note: Figures may not add up to 100 due to rounding





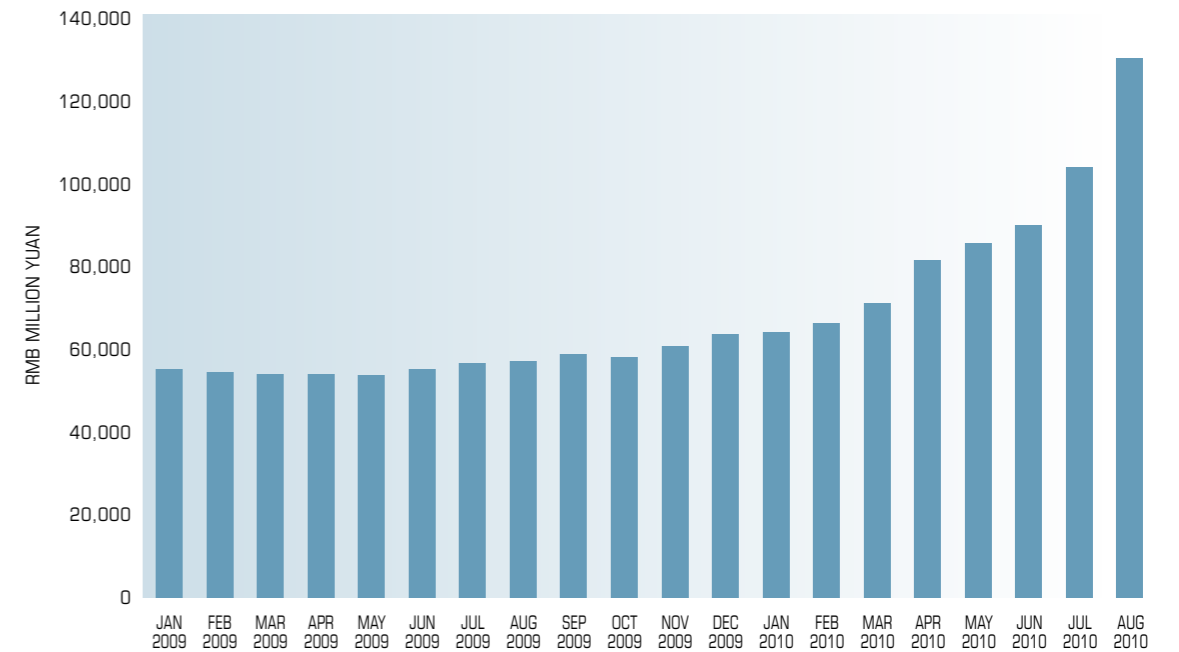
## OFFSHORE RENMINBI CENTRE

### FIRST RENMINBI BANKING CENTRE

In 2004, Hong Kong banks became the first outside mainland China to conduct yuan banking, and the scope of banking business has been expanded since then. Banks in Hong Kong can now offer a range of services including deposit-taking, currency exchange, remittances, and debit/credit card services, trade settlement and other related services. As of end August 2010, the outstanding yuan deposits in Hong Kong totalled RMB130.4 billion, an increase of 1.3 times from RMB56.7 billion a year earlier.

#### Yuan Deposits in Hong Kong

Source: Hong Kong Monetary Authority

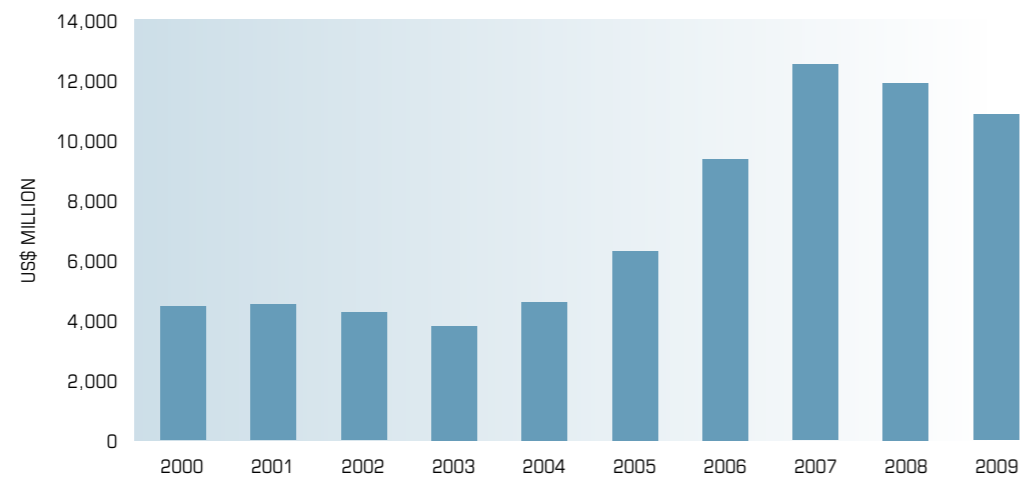


### STRONG FINANCIAL INTERMEDIATION

Our strong financial intermediation is also reflected in Hong Kong's service earnings. In 2009, Hong Kong's exports of financial services amounted to US\$10,787 million. Average annual growth was 21 percent in the past five years.

#### Hong Kong's Exports of Financial Services

Source: Hong Kong SAR Government Census and Statistics Department

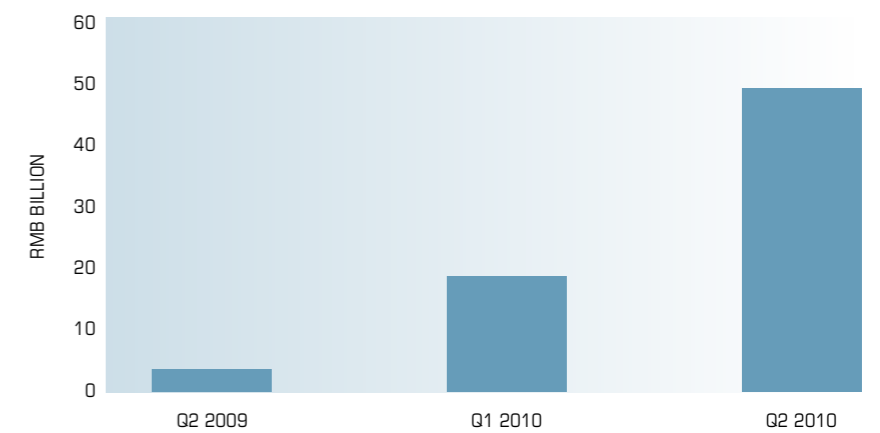


### LARGEST RENMINBI TRADE SETTLEMENT CENTRE

The renminbi trade settlement pilot scheme commenced operation in July 2009, and was further expanded in June 2010. Mainland China enterprises in 20 provinces and cities can now settle their trade, transactions with any part of the world in yuan. In the first half of 2010, the amount of cross-border yuan trade grossed RMB67 billion, an 18-fold increase from the RMB3.6 billion in the second half of 2009. Hong Kong now handles 75 percent of mainland China's global yuan trade.

#### China's Cross-border Yuan Trade Settlement

Source: People's Bank of China



## FIRST AND ONLY RENMINBI BOND MARKET

Hong Kong is the first and only place outside mainland China to develop a yuan bond market. Bonds have been issued by the Central Government, mainland China financial institutions, mainland subsidiaries of Hong Kong banks, Hong Kong and multinational corporations. Hopewell Highway Infrastructure Limited was the first Hong Kong corporation to issue yuan bonds in July 2010. McDonald's Corporation was the first international corporation to issue yuan bonds in September 2010. As of October 2010, there have been 18 yuan bond issues.

## FIRST RENMINBI FINANCIAL PRODUCTS MARKET

Hong Kong was the first market to launch investment products denominated and cleared in yuan. The revised Settlement Agreement on the Clearing of Renminbi Businesses signed in July 2010 lifted restrictions on bank transfers of yuan funds between individual accounts. Yuan liquidity in Hong Kong is growing, sparking the development of a nascent offshore yuan asset market, with products ranging from certificates of deposit, fixed income funds and insurance.

Under the People's Bank of China's pilot scheme, eligible Hong Kong banks can make use of their yuan funds to invest in mainland China's interbank bond market. This creates opportunities for financial institutions in Hong Kong to, through investing in mainland China's bond market, launch more yuan-denominated products catering for the varied needs of investors. More of these measures are providing strong incentives to invest in yuan-denominated products in Hong Kong, China's offshore centre for renminbi trading, settlement and investment.

**HONG KONG IS THE FIRST AND ONLY PLACE OUTSIDE  
MAINLAND CHINA TO DEVELOP A YUAN BOND MARKET.  
HONG KONG WAS THE FIRST MARKET TO LAUNCH INVESTMENT  
PRODUCTS DENOMINATED AND CLEARED IN YUAN.**

### USEFUL LINKS FOR FURTHER INFORMATION:

Financial Services and the Treasury Bureau – [www.fstb.gov.hk](http://www.fstb.gov.hk)  
Hong Kong Monetary Authority – [www.hkma.gov.hk](http://www.hkma.gov.hk)  
Securities and Futures Commission – [www.sfc.hk](http://www.sfc.hk)  
Office of the Commissioner of Insurance – [www.oci.gov.hk](http://www.oci.gov.hk)  
Hong Kong Exchanges and Clearing Ltd – [www.hkex.com.hk](http://www.hkex.com.hk)  
Invest Hong Kong – [www.investhk.gov.hk](http://www.investhk.gov.hk)  
Hong Kong Trade Development Council – [www.hktcdc.com](http://www.hktcdc.com)  
Government of Hong Kong Special Administrative Region – [www.gov.hk](http://www.gov.hk)





THE GOVERNMENT OF THE HONG KONG  
SPECIAL ADMINISTRATIVE REGION

FINANCIAL SERVICES AND THE TREASURY BUREAU

Invest**HK**



HONG KONG MONETARY AUTHORITY  
香港金融管理局



SFC  
證監會

SECURITIES AND  
FUTURES COMMISSION  
證券及期貨事務監察委員會

