



恒生銀行

HANG SENG BANK

Press Release

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HANG SENG INVESTMENT LAUNCHES FIRST EXCHANGE TRADED FUND TRACKING H-SHARE INDEX

Hang Seng Investment is offering the first ever Exchange Traded Fund (ETF) tracking the Hang Seng China Enterprises Index (the H-Share Index).

The Hang Seng H-Share Index ETF (HS H-Share ETF) is the first ETF to be launched after the Guidelines for Regulating Index Tracking Exchange Traded Funds, under the Code on Unit Trusts and Mutual Funds, by the Securities and Futures Commission became effective. It aims to track, as closely as practicable, the performance of the Index by investing primarily in the constituent stocks of the Index with reference to their respective weightings in the Index.

The HS H-Share ETF (HK stock code: 2828) is planned to be listed on the Stock Exchange of Hong Kong (SEHK) on 10 December 2003. The HS H-Share ETF will be traded in a board lot size of 200 units after listing and will distribute dividends (if any) to investors on a semi-annual basis.

Prior to listing, the HS H-Share ETF will be available for subscription and redemption as an open-end fund via all branches of the authorised distributor — Hang Seng Bank. HS H-Share ETF units that are unredeemed before the listing of the HS H-Share ETF will be deposited into the Central Clearing and Settlement System on the day prior to the listing, so that customers can trade the units on the SEHK from the listing date.

The subscription fee will be 1% if customers subscribe for the HS H-Share ETF during the subscription period (from 20 November 2003 to 5 December 2003). After listing, the fees for trading the HS H-Share ETF will be the same as for general securities.

The first 1,000 customers who subscribe for the HS H-Share ETF units will have a chance to receive the Hang Seng H-Share ETF Cash Prize offered by Hang Seng Investment. If the closing price of the HS H-Share ETF units on the SEHK on 10 December 2003 is lower than the subscription price paid, the customers will receive the Cash Prize which will be equivalent to the price difference multiplied by 200 units. The Cash Prize aims to reduce the investment risk in the Hang Seng HS H-Share ETF before listing.

Mr Cheung Ka Ming, Director and General Manager of Hang Seng Investment Management Limited, said: "Mainland China's attractive economic performance and prospects, and improving corporate earnings and transparency have increased the demand for H-shares."

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“The HS H-Share ETF is an alternative investment tool presenting customers with a convenient and cost-effective way to benefit from the continuing economic growth of the Mainland. It diversifies risks through investment in all H-shares in the Index, and its units can be traded like ordinary shares on the stock market. Customers can grasp investment opportunities by tracking the Index’s performance,” Mr Cheung said.

After listing, real-time trading information on the HS H-Share ETF will be available on the teletext screen of the Stock Exchange. Real-time updates on the Index can be obtained through Reuters, Bloomberg, Moneyline Telerate and on www.hsi.com.hk.

The Hang Seng China Enterprises Index was launched in 1994 as a benchmark for the performance of mainland China incorporated companies listed in Hong Kong (H-shares). These companies are among the top 200 companies in terms of market capitalisation in Hong Kong.

The average daily turnover of the constituent stocks of the Index increased by more than five times to HKD2.7 billion in October 2003, compared with HKD440 million in December 2002. The total turnover of the Index’s constituents represented 17.94% of the total stock market turnover in October 2003, up from 9.32% in December 2002.

The Index, which accounted for about 90% of the total market capitalisation of all Hong Kong listed H-shares on 31 October 2003, rose by 94.05% from 1,990.44 on 31 December 2002 to 3,862.44 on 31 October 2003. In comparison, the Hang Seng Index rose by 30.78% to 12,190 over the same period.

The HS H-Share ETF will be managed by Hang Seng Investment Management Limited, a wholly-owned subsidiary of Hang Seng Bank. Apart from managing the HS H-Share ETF, the company also manages a series of index funds investing in the Hong Kong stock market. Assets under its management amounted to over HKD40 billion as at 31 October 2003.

Further information on the HS H-Share ETF and its subscription and redemption before listing can be obtained by visiting any Hang Seng Bank branch, calling the Enquiry Hotline 2998-9898 during office hours or visiting the website www.hangseng.com/etf.

Founded in 1933, Hang Seng Bank is a principal member of the HSBC Group and the second largest listed bank in Hong Kong in terms of market capitalisation. It operates 156 branches and automated banking centres in Hong Kong; and a network of five branches (in Shanghai, Guangzhou, Shenzhen, Fuzhou and Nanjing), a sub-branch (in Shanghai) and two representative offices (in Beijing and Xiamen) in mainland China. The Bank also has a representative office in Taipei. With consolidated assets of HK\$482.3 billion at the end of June 2003, the Bank reported a profit attributable to shareholders of HK\$5.02 billion for the first half of 2003, and HK\$9.92 billion in 2002. For further information on Hang Seng, please visit the Bank’s website at www.hangseng.com.

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