

Three-year Comparisons

| | 2003-2004 | 2002-2003 | 2001-2002 |
|--|-------------------------|----------------|-----------|
| Market | | | |
| Hong Kong markets benefit from economic recovery | | | |
| MAIN BOARD | | | |
| Number of listed companies* | 856 (+5%) | 817 (+6%) | 774 |
| Market capitalisation (\$ billion)* | 5,690.5 (+68%) | 3,377.6 (-12%) | 3,855.3 |
| Average daily market turnover (\$ billion) | 13.6 (+116%) | 6.3 (-16%) | 7.5 |
| Funds raised through IPOs (\$ billion) | 72.6 (+52%) | 47.7 (+363%) | 10.3 |
| Hang Seng Index (points)* | 12,682 (+47%) | 8,634 (-22%) | 11,033 |
| GROWTH ENTERPRISE MARKET | | | |
| Number of listed companies* | 192 (+14%) | 168 (+32%) | 127 |
| Market capitalisation (\$ billion)* | 79 (+54%) | 51.4 (-26%) | 69.1 |
| Average daily market turnover (\$ million) | 190 (+40%) | 136 (-30%) | 195 |
| Funds raised through IPOs (\$ billion) | 3.8 (-32%) | 5.6 (+14%) | 4.9 |
| S&P/HKEx GEM Index (points)* | 1,237 (+33%) | 927 (-51%) | 1,877 |
| Finances and Staff | | | |
| Financial position improves with increased turnover | | | |
| Income (\$ million) | 551.1 (+63%) | 338.4 (-7%) | 363 |
| Expenditure increases due to office removal and new functions | | | |
| Expenses including depreciation (\$ million) | 425.7 (+7%) | 396.8 (-5%) | 417.2 |
| Steady permanent establishment level | | | |
| Permanent established posts* | | | |
| — excluding dual filing | 374 (+4%) | 361 (0%) | 361 |
| — including dual filing | 392 (+5%) | 373 (+3%) | 361 |
| Retention of experience and expertise | | | |
| Staff turnover (%) | 7.2 (-18%) | 8.8 (+19%) | 7.4 |
| Strong mix of professionals | | | |
| Number of lawyers, accountants and CFAs* | 173 (+14%) | 152 (-2%) | 155 |
| Better staff skills | | | |
| Number of training programmes | 231 (-12%) ¹ | 263 (+2%) | 258 |
| Training man-day per employee | 4.5 (+12%) | 4 (-47%) | 7.6 |
| Corporate Finance | | | |
| More transactions handled | | | |
| Total number of transactions handled | 393 (+15%) | 341 (+27%) | 268 |
| Total number of major transactions (general and partial offers, whitewashes, off-market and general offer repurchases) | 91 (+18%) | 77 (+24%) | 62 |
| Other applications | 302 (+14%) | 264 (+28%) | 206 |
| Intermediaries and Investment Products | | | |
| Fewer licences under the simplified regime | | | |
| Applications for SFC licence | 3,732 (-18%) | 4,555 (+38%) | 3,306 |
| Applications to conduct new regulated activity ² | 6,410 | N/A | N/A |
| Total number of SFC licences* | 20,510 (-22%) | 26,411 (-7%) | 28,395 |
| More inspections | | | |
| Routine inspections (cases) | 171 (+23%) | 139 (-35%) | 215 |
| Special inspections (cases) | 30 (+88%) | 16 (-61%) | 41 |
| Prudential meetings | 76 (-12%) | 86 (-15%) | 101 |
| Breaches noted from completed inspections | 810 (+59%) | 510 (-8%) | 553 |
| Steady number of authorised investment products | | | |
| Authorised collective investment schemes | 2,414 (-2%) | 2,457 (+6%) | 2,316 |
| Investment funds increase in value | | | |
| Net asset value of authorised unit trusts and mutual funds (US\$ billion) ³ | 534 (+56%) | 342 (+20%) | 285 |

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|--|-------------------------------|----------------|-----------|
| Enforcement | | | |
| More successful prosecutions | | | |
| New investigations (cases) ⁴ | 1,223 (+213%) | 391 (+25%) | 311 |
| Successful prosecutions ⁵ | 60 (+62%) | 37 (-26%) | 50 |
| Unsuccessful prosecutions | 0 (-100%) | 7 (+40%) | 5 |
| Disciplinary inquiries conducted | 167 (+2%) | 163 (+14%) | 143 |
| Entities disciplined | 78 (-7%) | 84 (-20%) | 105 |
| Supervision of Markets | | | |
| Bigger compensation pool | | | |
| Net asset value of Unified Exchange Compensation Fund (\$ million)* | 324 (-63%)⁶ | 872 (+12%) | 780 |
| Net asset value of Commodity Exchange Compensation Fund (\$ million)* | 0.3 (-99%)⁶ | 129 (+11%) | 116 |
| Net asset value of Investor Compensation Fund (\$ million) ^{7*} | 962 | N/A | N/A |
| Total net asset value of all compensation funds (\$ million)* | 1,286 (+28%) | 1,001 (+12%) | 896 |
| Reaching Out | | | |
| Websites attract more visitors | | | |
| Corporate website's average daily hit rate (hits) | 345,739 (+30%) | 266,590 (+45%) | 183,671 |
| eIRC's average daily hit rate (hits) | 31,434 (+21%) | 25,896 (-2%) | 26,367 |
| Increased investor awareness of rights and responsibilities | | | |
| Complaints | 1,252 (+31%) | 959 (+33%) | 721 |
| Enquiries | 5,382 (+35%) | 3,982 (+30%) | 3,073 |
| More follow-up on complaints | | | |
| Complaints referred to operational divisions | 708 (+23%) | 576 (+28%) | 449 |
| Complaints leading to investigations | 161 (-1%) | 163 (+44%) | 113 |
| Press releases issued ⁸ | 270 (-10%) | 299 (+38%) | 216 |
| Consultation and Guidelines⁹ | | | |
| Consultation papers issued | 6 (-70%) | 20 (-20%) | 25 |
| Consultation conclusions issued | 8 (-78%) | 37 (+363%) | 8 |
| Codes and guidelines issued | 5 (-86%) | 36 (+125%) | 16 |

* Figures as at financial year-end.

¹ The reduction in the number of training programmes is attributed to factors including the outbreak of SARS last year, our office relocation in June and reduction in SFO training for staff.

² Under the SFO, there is a universally applicable single licensing system with one licence covering all regulated activities a person is permitted to undertake. Existing licensees can apply for approval to carry out additional regulated activities under the same licence.

³ NAV as at 31 December 2003, 2002 and 2001.

⁴ Total new investigations included 775 cases of late Disclosures of Interests as a result of the more stringent reporting requirements under the SFO.

⁵ Prosecutions included cases of market manipulation, illegal short selling, unlicensed activities, breaches of Protection of Investors Ordinance and Disclosure of Interests requirements and others.

⁶ The net asset values of UECF and CECF were reduced as a result of asset transfer to the ICF.

⁷ The ICF was established on 1 April 2003 under the SFO.

⁸ Excluding press releases issued in compliance with Disclosure of Interests requirements.

⁹ The numbers in the previous two years were exceptionally high because of activities related to the SFO.