

Hong Kong stocks reach a new historic high



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Press Release Summary: Hong Kong, China. As Hong Kong stocks reach a new historic high, Venture Capital Firm Talbot and Reese, Inc. analyzes the reasons for this growth.

Press Release Body: Following a very volatile last week in August, share prices on the **Hong Kong stock exchange** rebounded to a historic new high on 31 August when the **Hang Seng Index** briefly soared to 24,000 points during intra-day trade on that day. The turnover on that day was HK\$113 billion (US\$14.48 billion).

At the time of writing, the **Hang Seng Index** has since passed the 24,000 mark. The **Hong Kong stock market** has since experienced a re-rating for investors since the gloom of 2003 when SARS hit Hong Kong and unemployment went to new highs.

A number of factors have contributed to Hong Kong listed shares hitting new highs, and these may be attributed as follows:

1. Global markets becoming more stable from the sub-prime problems as a result of central banks pumping liquidity into the banking sector.
2. China's high economic growth.
3. China's reform of its state owned enterprises by allowing the fittest companies to list on the Hong Kong stock exchange.

4. China allowing private entrepreneurs to list their companies overseas.
5. As Hong Kong investors are knowledgeable about Chinese companies, this influences the choice of listing here.
6. Investors believing in the China economic growth story and the emergence of consumer spending power.
7. Hong Kong is a free market, there is no capital gains tax for individual investors, no restrictions on movement of capital, and is a proxy for investing in China.

Another factor is the recent announcement by the **Chinese Government** that it will allow Chinese citizens to invest directly in **Hong Kong shares**. Under this measure, Chinese citizens who have opened an account with the **Bank of China in Tianjin** will be allowed to invest directly in **Hong Kong shares**. Chinese citizens will have the freedom to invest in some well known Chinese companies that are currently listed in Hong Kong but not yet listed in China such as **China Mobile** (the country's largest mobile phone company), **Petrochina** (the leading Chinese oil company, in which **Warren Buffett** has an investment stake), etc. China's citizens can also purchase shares in Chinese companies (H shares) which are relatively cheaper than the same A shares that are listed in Shanghai. The initial investment funds flow has been estimated to be between US\$10 to US\$50 billion as a result of this measure known as the "**through train**" programme.

If you or your clients are interested in opening share brokerages accounts to invest in HK shares, please contact us for details.

Talbot and Reese, Inc. is well established, with an impressive record of success and a solid reputation in the financial industry. Through our extensive experience we give our portfolio companies the essentials of success: a solid reputation, strong financial resources, extensive business experience, and a global network of relationships.

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