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You are warned that the price of the warrants may fall in value as rapidly as it may rise and you may sustain a total loss of your investment. You should fully understand their potential risks and rewards and independently determine that they are appropriate for you. You should consult with advisers if necessary.

**Warrants
to be issued by**

Daiwa Capital Markets Hong Kong Limited

(Incorporated with limited liability in Hong Kong)

Announcement

Daiwa Capital Markets Hong Kong Limited (the **issuer**) intends to issue the warrants detailed below (the **warrants**).

Stock code	16908	16909	16910	16911	16912
Shares	Existing issued ordinary shares of HK\$1.00 each of the Company	Existing issued ordinary H shares of RMB1.00 each of the Company	Existing issued ordinary H shares of RMB1.00 each of the Company	Existing issued ordinary shares of HK\$5.00 each of the Company	Existing issued ordinary H shares of RMB1.00 each of the Company
Company	Hong Kong Exchanges and Clearing Limited	China Construction Bank Corporation	Industrial and Commercial Bank of China Limited	BOC Hong Kong (Holdings) Limited	China Life Insurance Company Limited
Style	European	European	European	European	European
Type	Call	Call	Call	Call	Call
Settlement method	Cash Settled	Cash Settled	Cash Settled	Cash Settled	Cash Settled
Issue size	158,000,000 warrants	128,000,000 warrants	128,000,000 warrants	108,000,000 warrants	188,000,000 warrants
Issue price	HK\$0.150	HK\$0.150	HK\$0.150	HK\$0.250	HK\$0.150
Expiry date[#]	24 December 2012	01 June 2012	03 September 2012	24 January 2013	21 August 2012
Board lot	10,000 warrants	1,000 warrants	1,000 warrants	5,000 warrants	10,000 warrants
Entitlement	1 share	1 share	1 share	1 share	1 share
Exercise amount	100 warrants	1 warrant	1 warrant	10 warrants	10 warrants
Exercise price	HK\$160.00	HK\$7.88	HK\$6.80	HK\$22.68	HK\$26.88

Stock code	16908	16909	16910	16911	16912
Implied volatility*	45%	39.5%	35%	39.5%	41.5%
Gearing*	9.33x	42.60x	36.73x	8.60x	15.43x
Effective gearing*	4.04x	8.62x	7.95x	4.14x	5.44x
Premium*	25.00%	25.67%	26.13%	17.12%	22.59%
Liquidity provider	Daiwa Capital Markets Trading Hong Kong Limited	Daiwa Capital Markets Trading Hong Kong Limited	Daiwa Capital Markets Trading Hong Kong Limited	Daiwa Capital Markets Trading Hong Kong Limited	Daiwa Capital Markets Trading Hong Kong Limited
Broker ID	9569	9569	9569	9569	9569
Tel	27738168	27738168	27738168	27738168	27738168
Address	Level 28, One Pacific Place, 88 Queensway, Hong Kong	Level 28, One Pacific Place, 88 Queensway, Hong Kong	Level 28, One Pacific Place, 88 Queensway, Hong Kong	Level 28, One Pacific Place, 88 Queensway, Hong Kong	Level 28, One Pacific Place, 88 Queensway, Hong Kong

If that date is not a business day, the immediately preceding business day.

* The implied volatility, gearing, effective gearing and premium may not be comparable to similar information provided by other issuers of derivative warrants as different issuers may use different pricing models.

How do we calculate the cash settlement amount?

The warrants are in global registered form and exercisable only in integral multiples of the relevant board lot.

If on the relevant expiry date the relevant cash settlement amount is greater than zero, the warrants will be automatically exercised.

Each relevant exercise amount will entitle you to receive from the issuer the relevant cash settlement amount in Hong Kong dollars calculated by the issuer as equal to:

For call warrants: [entitlement x (closing price – exercise price)] – exercise expenses

For put warrants: [entitlement x (exercise price – closing price)] – exercise expenses

The relevant **closing price** per share is the arithmetic mean of the closing price of one share (which is obtained from the daily quotation sheet of the stock exchange (subject to adjustments)) for each **valuation date** (being each of the five business days immediately preceding the relevant expiry date, subject to adjustment in accordance with the terms and conditions of the warrants).

Where can you obtain further information?

The base listing document dated 15 July 2011 (as supplemented by the first addendum to be dated 14 February 2012) and the supplemental listing document to be dated 14 February 2012 will be available for inspection, together with their Chinese translations, during normal business hours at the office of Daiwa Capital Markets Hong Kong Limited, which is presently at Level 26, One Pacific Place, 88 Queensway, Hong Kong. Information on the issuer can also be found on the website of www.hk.daiwacm.com and on the website of the group of companies to which it belongs, which is www.daiwa-grp.jp.

How will the liquidity provider provide quotes?

The liquidity provider will provide liquidity by responding to requests for bid and offer quotes. A quote may be obtained by calling the telephone number of the liquidity provider. The issuer or the liquidity provider may be the only market participant for the warrants. The secondary market for the warrants may be limited.

Additional information

The warrants will constitute general unsecured and unsubordinated contractual obligations of the issuer. They are not obligations of any other person.

An application will be made to the stock exchange for the listing of, and permission to deal in, the warrants on the stock exchange. The date of commencement of dealings in the warrants is expected to be 15 February 2012.

The issuer is regulated by the Hong Kong Securities and Futures Commission for the conduct of the business in dealing in securities in Hong Kong.

Daiwa Capital Markets Hong Kong Limited

08 February 2012