



Hong Kong Economics Meeting

Mr. Andrew Sheng

Chairman

Securities and Futures Commission

22 May 2000

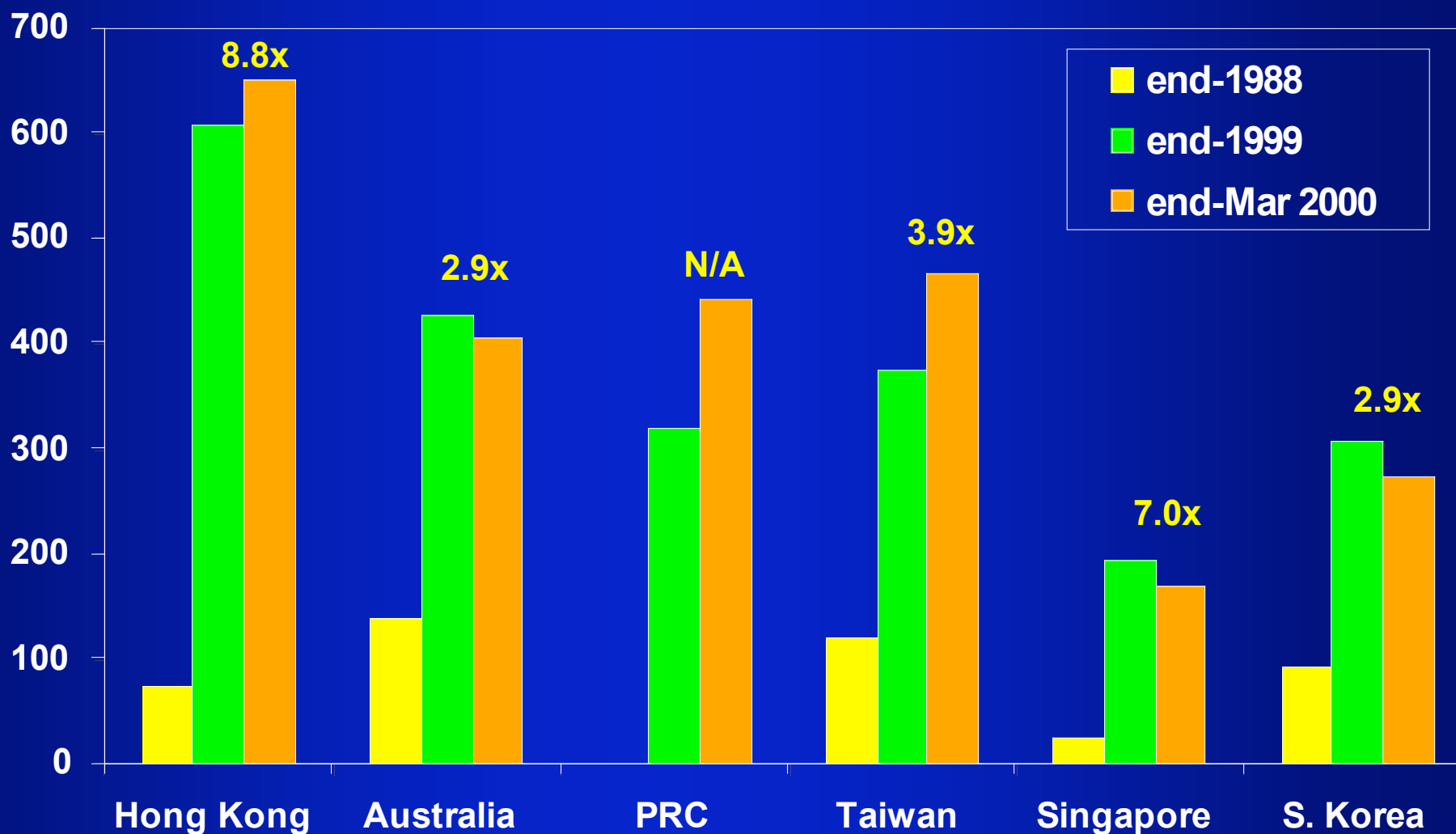


HKEx Market Cap will increase significantly in 2000 (US\$ bn)

	As of end-Apr 2000	Proposed Listings	
Proposed Listings Completed			
TOTAL	568.7	60.4	629.1
<i>Red-Chips + China Telecom (a)</i>	<i>117.5</i>	<i>13.9</i>	<i>131.4</i>
<i>H-shares (b)</i>	<i>7.6</i>	<i>21.0</i>	<i>28.6</i>
China-related shares (a) + (b)	125.1	34.9	156.0
Non-China-related companies proposed to be listed (HKEx			



Regional Market Cap (US\$ bn)

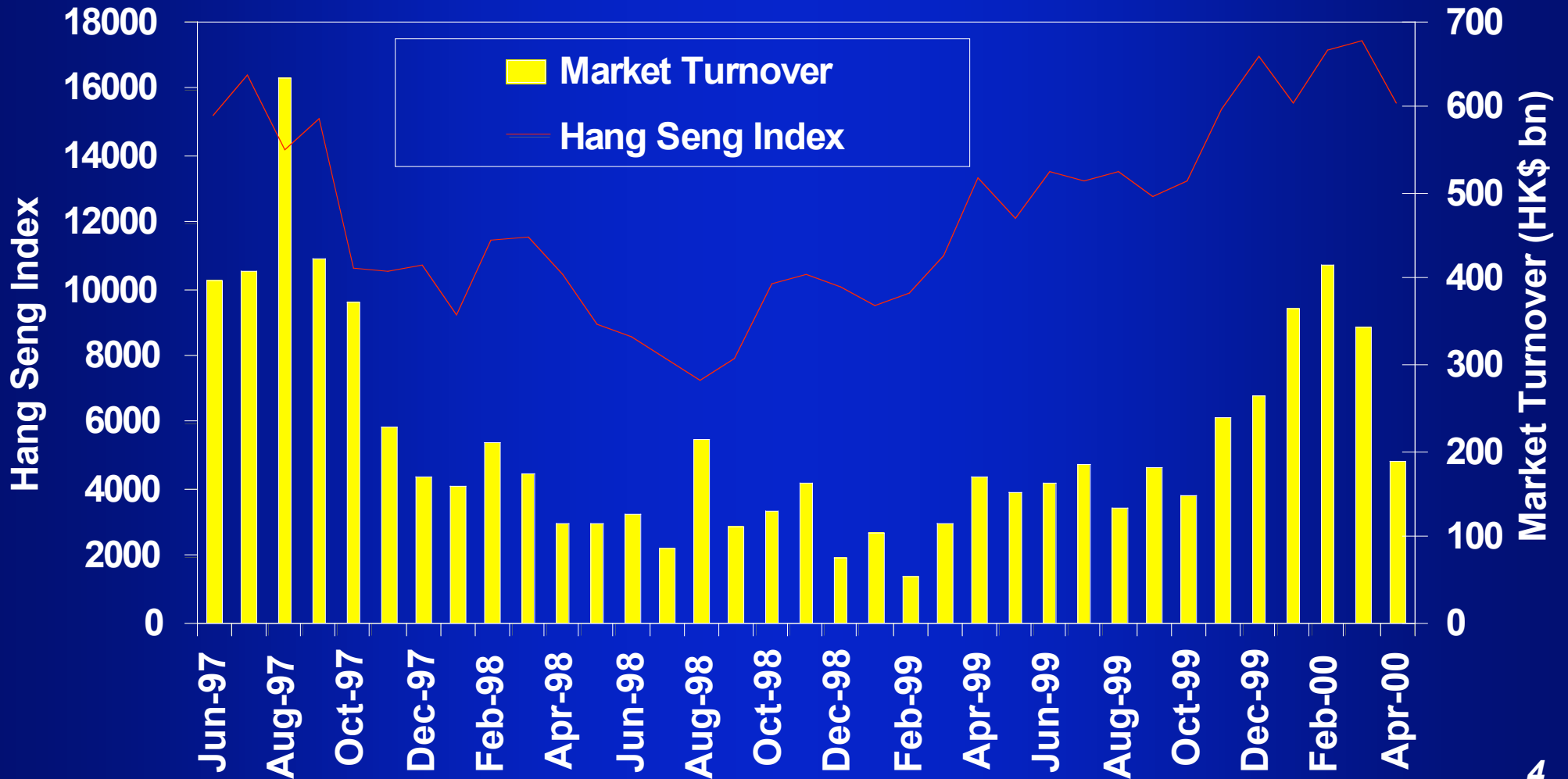


Remark: x = increase from end-1988 to end-Mar 2000

Sources : FIBV and IFC



HSI and Turnover picking up to pre-crisis level





The Three-Pronged Reform Programme

- ◆ **The three-pronged reform programme largely in place**
 - **Market reform: HKEx established and to be listed in 2000**
 - **Infrastructure reform: report published and implementation started; quickwins by Q2**
 - **Legislative reform: White Bill consultation started on 2 April**



Growth Enterprise Market (GEM)

- ◆ New **disclosure-based** Board for fast growth companies to raise capital
- ◆ Great interest from **Mainland private enterprises + Taiwan corporations** to tap external capital
- ◆ Broaden investor choice and deepen market
- ◆ Launched in Nov 1999; 23 companies listed at end-April with market cap of US\$8 bn
- ◆ Listings have been **well received** by the public



Listing of Nasdaq Companies

- ◆ Shares of 7 Nasdaq companies will be traded in HKEx in Q2
- ◆ If 5% of the turnover were carried out in HK, turnover of HKEx would have increased by about 40-60%

(US\$ bn) Apr)	Market Cap (end-Apr)	Avg. Daily Turnover (for the month ending
Microsoft	363.1	4.6
Intel	423.8	3.9
Cisco	481.0	4.5
Applied Materials	78.7	1.7
Dell Computer	129.7	1.4
Amgen	57.5	0.6
Starbucks	5.6	0.1
TOTAL	1,961.6	22.6



Great development potential for bond market (% of GDP 1999)

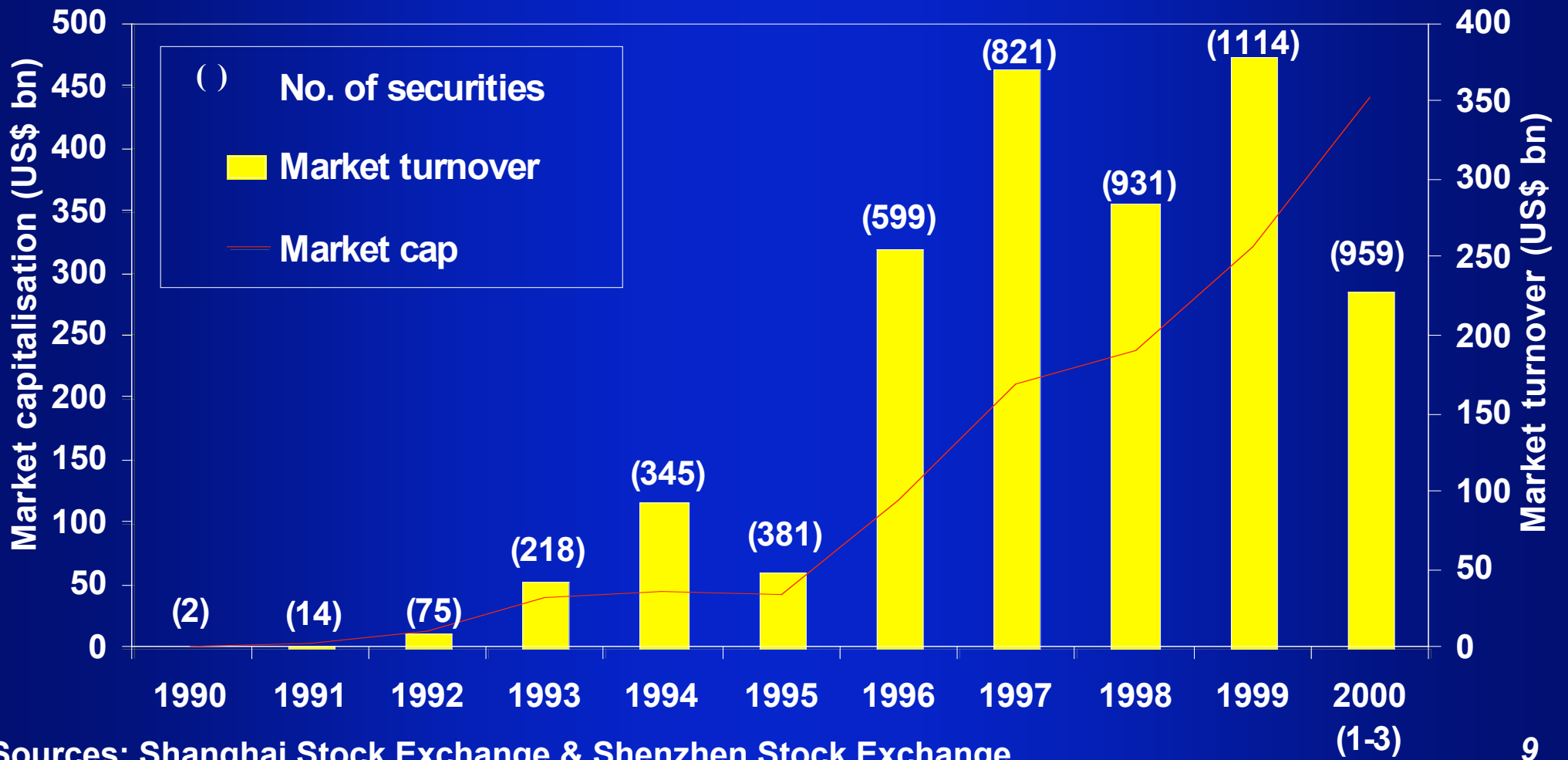
	Bank Assets	Equity Market	Bond Market
Hong Kong	218	384	34
China	139[#]	33	12[#]
Singapore	231	227	20*
US	127	180	187
Japan	172	102	203
Germany [#]	273	51	97
S. Korea	122	98	80
Thailand	150	47	30

Remark: * government bonds only (1998 figure); # 1998 figure

Sources: FIBV, IFC, World Bank, various central banks and websites



Tremendous Growth in Mainland Stock Markets



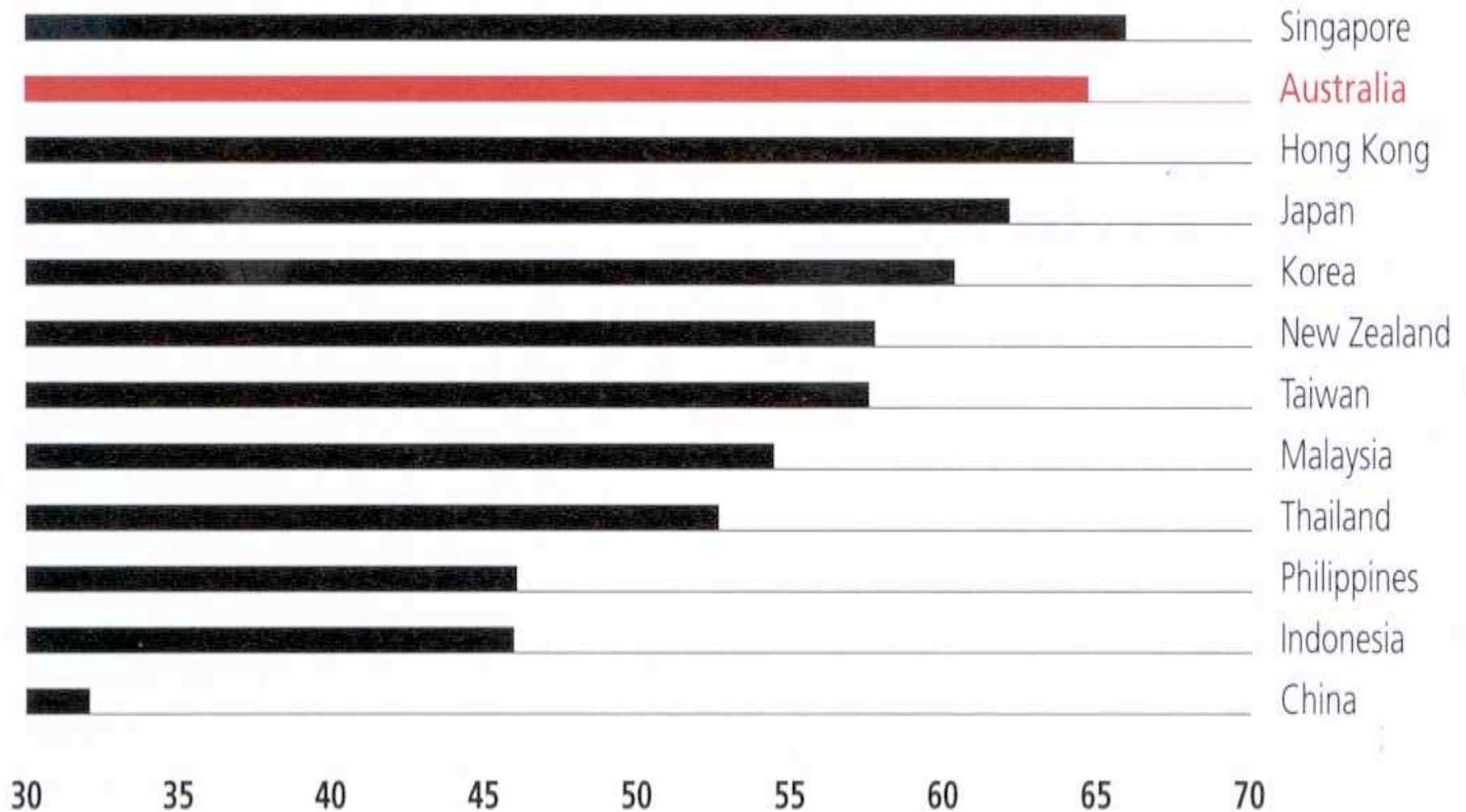
Total Number of Graduates by Field of Study – Most Recent Year

Country	Year	Law	Business Admin.	Maths & computer science	Natural science	Engineering	Other	Total Graduates	Population ('000)
United States	1995	55,708	469,873	72,133	100,240	160,975	1,596,003	2,454,932	267,575
Japan	1996	–	306,738 ¹	92,932	24,005 ²	214,399	489,426	1,127,500	125,860
China	1994	31,198	– ³	26,619	21,462	262,647	698,209	1,040,135	1,198,500
United Kingdom ⁴	1995	18,705	88,440	24,781	32,609	51,946	253,567	470,048	59,009
Korea	1997	– ⁵	– ⁵	–	161,777 ⁶	– ⁶	249,094	410,871	45,550
France	1993	141,828 ⁷	– ⁷	– ⁸	68,416 ⁸	54,264 ⁹	125,312	389,820	58,607
Indonesia	1996	32,244	83,463	16,343	3,504	47,170	205,948	388,672	198,340
Germany	1995	11,681	21,412	12,276	19,753	67,535	205,637	338,294	82,061
Philippines ¹⁰	1996	1,967	86,585 ¹¹	– ¹²	– ¹²	6,698 ¹³	191,295	286,545	71,900
Australia¹⁰	1996	4,951	27,301	5,462	11,918	7,761	79,363¹⁴	136,756	18,310
Thailand ¹⁰	1995	10,131	– ¹⁵	– ⁸	7,510 ⁸	11,621	100,961	130,223	59,400
Taiwan	1999	1,910	19,000	7,535	4,779	19,908	67,079	101,230	22,113
New Zealand	1996	905	7,243	742	2,966	1,055	19,462	32,373	3,680
Hong Kong	1994	739	5,305	– ⁸	3,629 ⁸	4,861	8,981	23,515	6,040
Malaysia	1990	467	5,791	1,098	1,394	2,752	9,384	20,886	17,760
Singapore	1995	194	4,564	– ⁸	2,368 ⁸	8,428	5,049	20,603	3,470

¹⁻¹⁵ See notes

Source: UNESCO Statistical Yearbook, 1998.

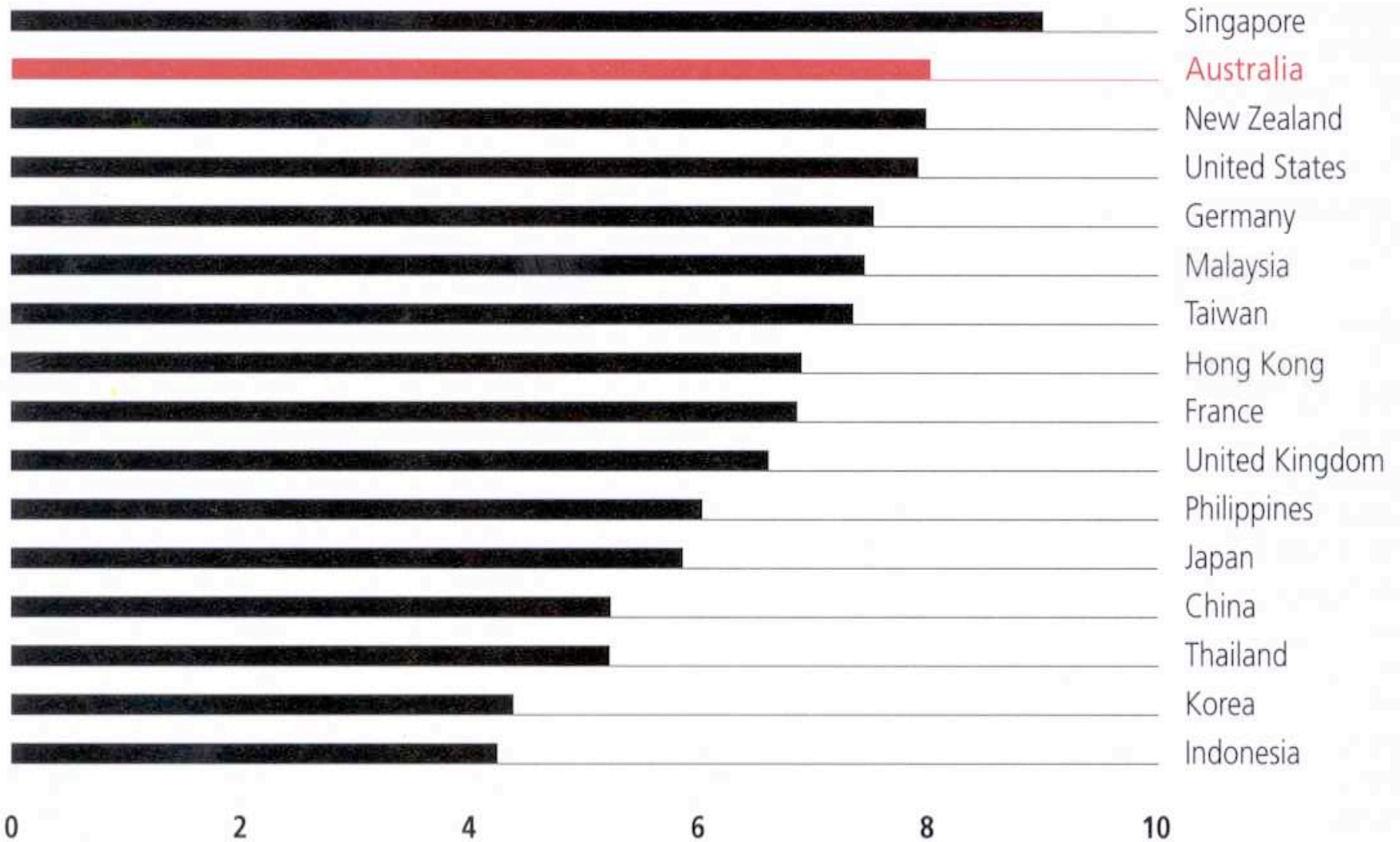
Telecommunications Competitiveness, 1999



This index measures performance on four dimensions: service, pricing, choice and regulation.

Source: Asia-Pacific Telecommunications Index, Centre for Tele-Media Strategy, National University of Singapore.

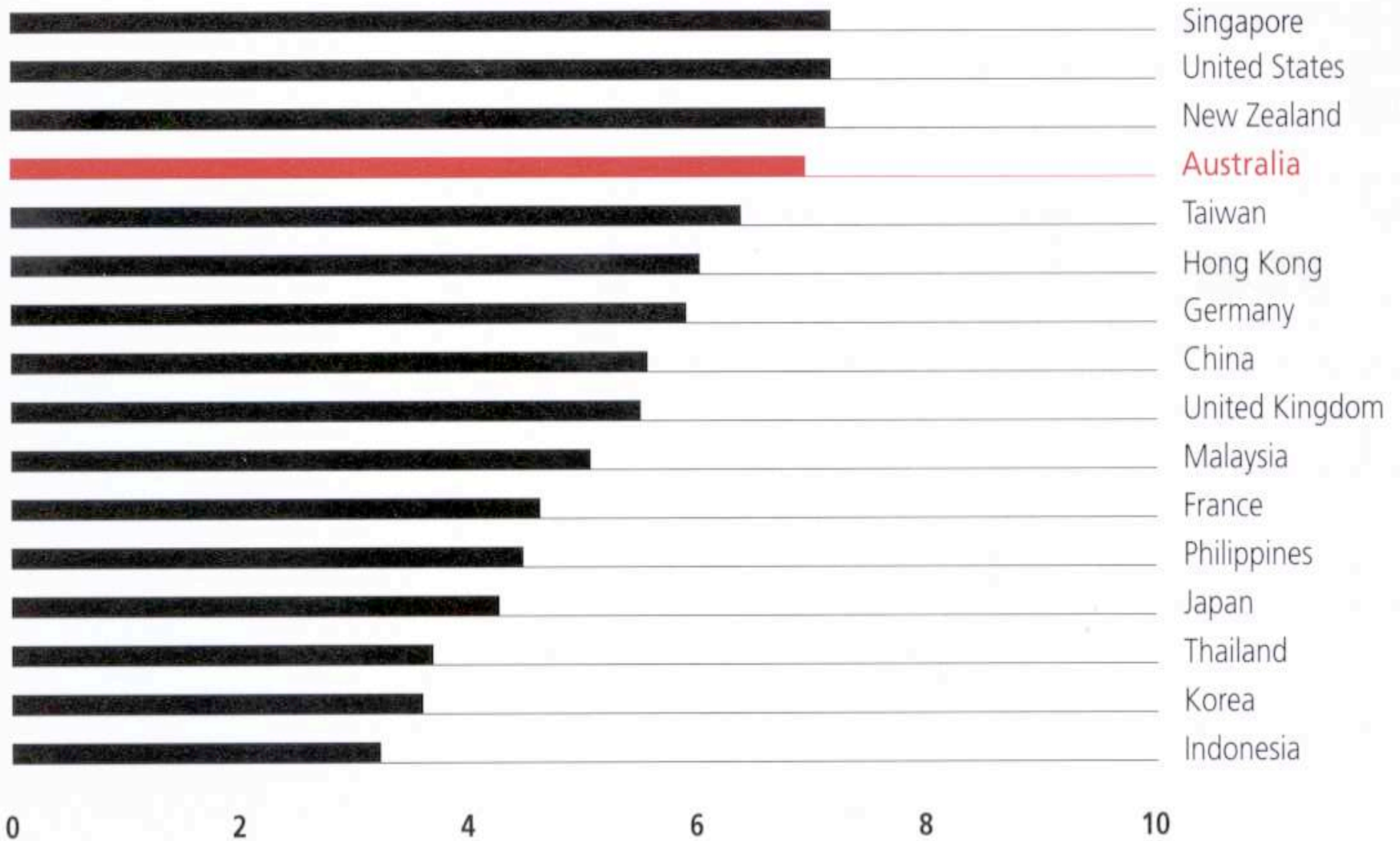
New Information Technology Meets Business Needs (Rating)



0 = does not meet business requirements; 10 = does meet business requirements.

Source: The IMD World Competitiveness Yearbook 1999; Selected Countries

Electronic Commerce (Rating)



0 = is not sufficiently developed for business opportunities; 10 = is sufficiently developed for business opportunities.
 Source: The IMD World Competitiveness Yearbook 1999; Selected Countries



Asia Pacific Telecommunications Index

	Rankings in		
	2000	1999	1998
Australia	1	2	4
Hong Kong	2	3	3
Japan	2	4	2
Singapore	4	1	1
New Zealand	5	6	---
S. Korea	6	5	4
Taiwan	7	7	6
Malaysia	8	8	8
Thailand	9	9	7
Philippines	10	10	10
Indonesia	11	11	9
India	12	12	---
China	13	13	---



Asian Online Broking

	Internet Users (million)	Internet Penetration (%)	Internet Brokers	Commission rates
Hong Kong	2.0	29.1	8	Fixed
Singapore	1.1	28.4	6	Partial
Taiwan	4.1	18.3	42	Deregulated
S. Korea	6.7	14.3	21	Deregulated
Thailand	0.8	1.2	NA	Fixed
Malaysia	0.8	3.7	NA	Fixed
Philippines	0.6	0.8	NA	Deregulated
Japan	14.0	11.0	33	Deregulated
US	58.0	21.0	100	Deregulated



End of Presentation