



香港聯合交易所
The Stock Exchange of Hong Kong

NEWS RELEASE

December 28, 1999

**Survey indicates strong confidence
in the Hong Kong stock market**

A survey has indicated relatively strong confidence in the Hong Kong stock market.

The survey showed satisfactory performance in market liquidity and price efficiency. It also showed substantial initial interest in the Growth Enterprise Market.

Conducted in August and September 1999, survey questionnaires were sent to 975 target respondents, who included brokers, local fund managers and other investment advisers. The overall response rate was 65 per cent.

Respondents were satisfied with real-time trading data and historical market information. They were not greatly concerned about transaction costs, which they considered to be quite competitive internationally.

They considered market regulation to be satisfactory, and trading, clearing and settlement to be very satisfactory. Respondents accepted the increasing technology of trading as a major trend and welcomed the introduction of AMS/3 and other technological advances.

The variety of investment products on the Exchange and the quality of services offered by the various market participants and intermediaries were satisfactory. The knowledge and skills available in Hong Kong were considered good.

Options Trading Members were generally satisfied with the trading, clearing and settlement for stock options.

The survey also revealed certain areas where further development was required. Confidence in listed China-incorporated enterprises was weak and some concern was expressed about the liquidity of shares in small companies.

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Some dissatisfaction was expressed about disclosure by issuers of price-sensitive information; and access to issuers' information was also unsatisfactory. However, the Exchange introduced its primary market database on its website during the survey, and this is expected to improve the situation.

Respondents, like the respondents to the same survey three years ago, were concerned about the ability of regulators to deal with market manipulation and insider dealing. They showed some support to granting more statutory power to the regulatory authorities.

They considered greater cooperation with overseas exchanges to be helpful; and there was increased support for abolishing the trading floor. Resistance to longer trading hours was strong and respondents considered Hong Kong investors not to be very ready for Internet trading.

Mr Matthew Harrison, the Exchange's executive director of Research and Planning, said the survey results were generally encouraging, especially in the light of the market downturn since the regional financial crisis of the past two years.

“Respondents to the survey were generally positive about the strength and quality of the share trading, or secondary, market. Credit should be given to all market operators, regulators and market participants for the overall good performance,” Mr Harrison said

The report on the survey findings has been published under the section of News and Library of the Exchange website at <http://www.sehk.com.hk>.

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Corporate Communications Department