

**OMNIBUS RETAIL INVESTOR SURVEY  
2003**



**Hong Kong Exchanges and Clearing Limited**  
**Research & Planning**

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## EXECUTIVE SUMMARY

The Retail Investor Survey series has been conducted since 1989. The survey findings provide information on trends and characteristics of retail participation in Hong Kong. The Omnibus Retail Investor Survey 2003 was conducted in December 2003.

Key findings of the survey are:

- 17.5% of the Hong Kong adult population (or 959,000 individuals) were retail investors in stocks or derivatives traded on HKEx. 17.5% (or 957,000) of the adult population were stock investors, 15.9% (872,000) were stockowners and 12.3% (673,000) were stock traders (i.e. excluding stock investors who had not traded in 2003). 2.5% (or 137,000) were derivatives investors.
- A typical Hong Kong retail stock investor is a 42 year-old white-collar worker, with matriculation or above education and a monthly personal income of about HK\$18,750. A typical Hong Kong retail derivatives investor is a 37 year-old white-collar worker, with tertiary or above education and a monthly personal income of HK\$22,500.
- The median number of stock transactions conducted by stock investors was 4 in 2003, up from 2 recorded in 2002 and 3 in 2001. The median number of derivatives transactions conducted by derivatives investors in 2003 was 5, down from 6 in 2002.
- 21% of stock investors were online stock traders who had traded stocks in 2003 via online media, either always or sometimes, down from 27% in 2002 but higher than 18% in 2001. Among stock traders only, 30% were online stock traders, down from 44% in 2002. 26% of derivatives investors were online derivatives traders who had traded derivatives in 2003 via online media, either always or sometimes, down from 30% in 2002.
- Compared to non-online stock traders, online stock traders comprise a larger proportion of younger persons, persons with higher education level and persons with higher work status; online stock traders also had a higher median monthly personal income.
- The majority of stock investors agreed that there was good trading information available in the Hong Kong stock market (70% agreed vs 4% disagreed), the Hong Kong stock market was a fair and orderly market (66% agreed vs 6% disagreed), listed companies had good disclosure of information (63% agreed vs 10% disagreed).
- About half of stock investors agreed that the regulation of stock brokers was effective (50% agreed vs 12% disagreed), the regulation of listed companies was effective (50% agreed vs 16% disagreed), and stock investors were well-protected (50% agreed vs 16% disagreed). A higher proportion of stock investors agreed than disagreed that there were enough good quality listed companies available for investment (44% agreed vs 15% disagreed) and the regulation of insider trading was effective (37% agreed vs 24% disagreed).
- The majority of derivatives investors agreed that there was good information available for trading in the Hong Kong derivatives market (62% agreed vs 4% disagreed) and the Hong Kong derivatives market was a fair and orderly market (58% agreed vs 14% disagreed). About half of derivatives investors agreed that the regulation of derivatives brokers was effective (50% agreed vs 10% disagreed) and derivatives investors were well-protected (52% agreed vs 12% disagreed).



## 1. INTRODUCTION

The Retail Investor Survey series has been conducted since 1989<sup>1</sup>. Full-scale retail investor surveys are conducted from time to time; in the intervening years starting from 1999, omnibus surveys with a narrower scope of study are conducted to gather key statistics only. The Omnibus Retail Investor Survey 2003 (ORIS 2003) was conducted by a market research company on behalf of HKEx in December 2003.

The objectives of ORIS 2003 are:

- To assess the incidence of retail participation in HKEx products, including stocks and derivatives, and the socio-economic profiles of the various retail investor types;
- To assess the investment pattern (trading frequency and incidence of online trading) of the various investor types; and
- To assess retail investors' perception of the various aspects of the HKEx stock and derivatives markets.

It has to be noted that the findings on derivatives investors are subject to relatively large error due to the small size of the sample of derivatives investors in the survey.

## 2. RETAIL PARTICIPATION

### 2.1 Types of investor<sup>2</sup>

In December 2003, 17.5% of the Hong Kong adult population (or 959,000 individuals) were retail investors in stocks and/or derivatives traded on HKEx. 17.5% (or 957,000) of the adult population were stock investors, 15.9% (872,000) were stockowners and 12.3% (673,000) were stock traders. 2.5% (or 137,000) were derivatives investors. Only 2.3% and 0.7% of the Hong Kong adult population invested respectively in stocks and derivatives in overseas or Mainland China markets.<sup>3</sup>

The proportion of stock investors decreased to 17.5% in 2003 from around 20% in 2002 and 2001.

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<sup>1</sup> Before 2000, it was conducted by the Stock Exchange of Hong Kong, now a wholly-owned subsidiary of HKEx.

<sup>2</sup> Please see Glossary for definitions.

<sup>3</sup> "Invested" in an instrument means holding the instrument at the time of interview or had traded it in the 12 months preceding the interview.



**Table 1. Types of investor**

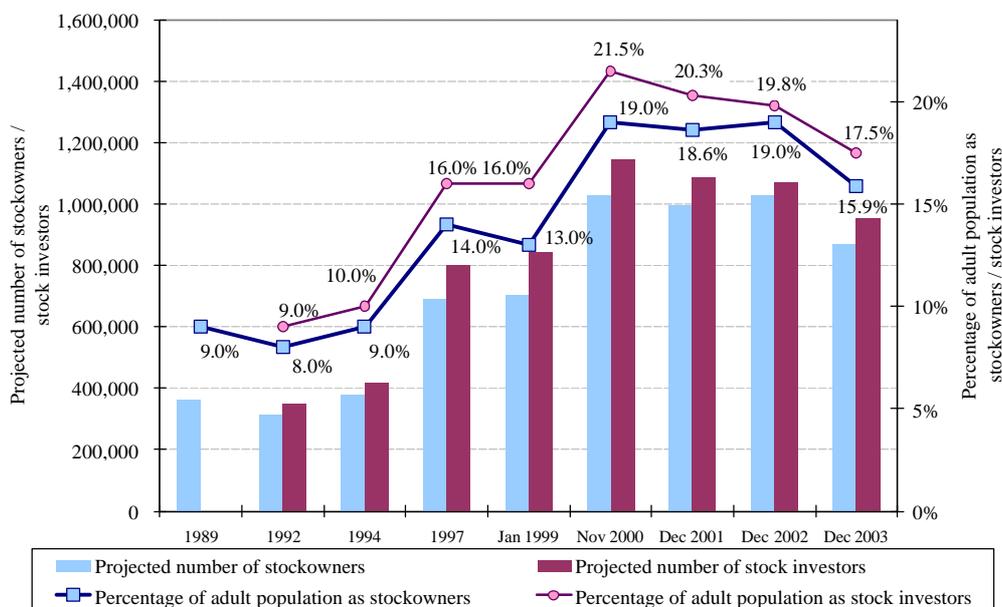
	Projected number of individuals	Percentage of Hong Kong adult population
	('000)	(%)
<b>Retail investors</b>	<b>959</b>	<b>17.5</b>
Stock investors	957	17.5
Stockowners	872	15.9
Stock traders	673	12.3
Derivatives investors	137	2.5
Non-investors	4,522	82.5
<b>Total</b>	<b>5,482</b>	<b>100.0</b>

**Table 2. Investment in securities products\***

	Percentage of Hong Kong adult population (%)
Stocks or derivatives traded on HKEx	17.5
Stocks traded on overseas or Mainland China markets	2.3
Derivative products traded on overseas or Mainland China markets	0.7

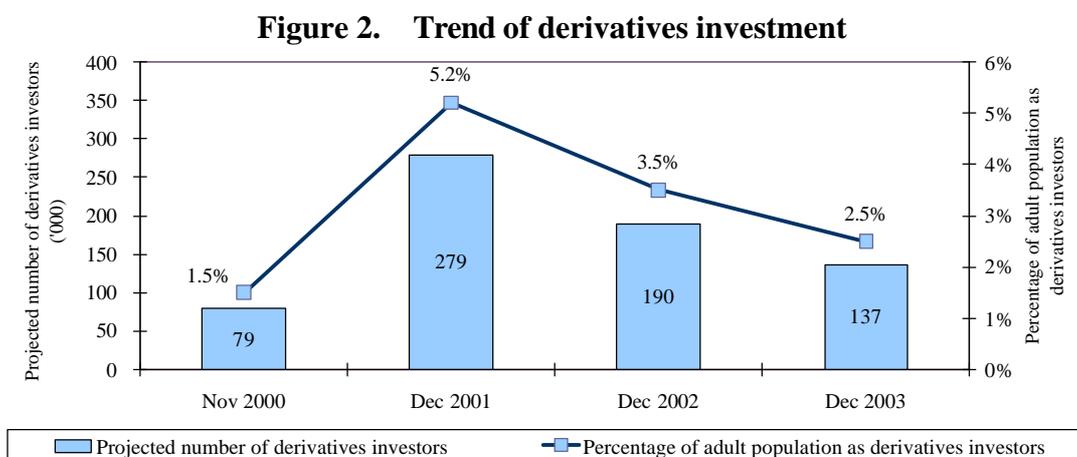
\* Held at the time of interview or had traded in the 12 months preceding the interview.

**Figure 1. Trend of stock ownership and stock investment**





The proportion of derivatives investors decreased to 2.5% in 2003 from 3.5% in 2002 and 5.2% in 2001. The participation rate remained low, compared to stock investment.



However, statistical tests showed that the proportions of stock investors and derivatives investors in the adult population obtained in 2003 were not significantly different from the findings obtained in 2002.

## 2.2 Types of stock investor

Among the stock investors, 14% also invested in derivatives traded on HKEx (referred as stock-and-derivatives investors), down from 16% in 2002 and 24% in 2001. The remaining 86% invested exclusively in stocks (stock-only investors).

Of the stock investors, 70% were stock traders who had traded stocks in the past 12 months preceding the interview (up from 60% in 2002), the rest held stocks without trading them during the period.

**Table 3. Types of stock investor**

	As percentage of stock investors		
	Dec 01	Dec 02	Dec 03
Stock-only investors	75.6	84.5	86.0
Stock-and-derivatives investors	24.4	15.5	14.0
<b>All stock investors</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Stock traders	67.0	60.2	70.4



### 2.3 Types of derivatives investor

Among the derivatives investors, 98% also invested in stocks traded on HKEx (referred as stock-and-derivatives investors), up from 87% in 2002. The remaining 2% invested exclusively in derivatives (derivatives-only investors), down from 13% in 2002. However, due to the small sample size in respect of derivatives investors, the statistic would be subject to relatively large error.

By the nature of derivatives on HKEx which generally have a maturity of less than one year, all derivatives investors were derivatives traders who had traded derivatives during the past 12 months preceding the interview.

**Table 4. Types of derivatives investor**

	As percentage of derivatives investors		
	Dec 01	Dec 02	Dec 03
Derivatives-only investors	4.7	12.6	1.9
Stock-and-derivatives investors	95.3	87.4	98.1
<i>All derivatives investors</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>

### 3. INVESTOR PROFILE

A typical Hong Kong retail stock investor is a 42 year-old white-collar worker, with matriculation or above education and a monthly personal income of about HK\$18,750.

The proportion of female stock investors was at 40% in 2003, the same as in 2002, but down from the peak of 48% in 1999 and 2000. The proportion of stock investors with tertiary or above education increased for the third consecutive year to 43% from 28% in 2000. The composition of stock investors by occupation was similar in the past 4 years, but the proportion of managers/administrators/ professionals increased to 25% in 2003 from 19% in 1999. The median monthly personal income decreased to HK\$18,750 in 2003 from HK\$22,500 in 2002, back to the same level as in 2001.

A typical Hong Kong retail derivatives investor is a 37 year-old white-collar worker, with tertiary or above education and a monthly personal income of HK\$22,500.

The proportion of female derivatives investors increased from 37% in 2002 to 41% in 2003, similar to the 42% in 2001. The proportion of derivatives investors with tertiary or above education further increased to 54% in 2003 from 47% in 2002 and 35% in 2001. The proportion of managers/administrators/professionals was 32%, similar to 2002. The proportion of white-collar workers decreased from 42% in 2002 to 32% in 2003; that of blue-collar workers increased from 10% to 16%.



Compared with non-investors, stock investors differ in certain aspects:

- Stock investors comprise a larger proportion of males (60% vs 45% for non-investors), individuals with higher education level (43% with tertiary or above education vs 16%) and individuals with higher work status (25% being managers/administrators/professionals vs 7%). Stock investors also tend to have higher monthly personal income (a median of HK\$18,750 vs HK\$11,250 for non-investors).

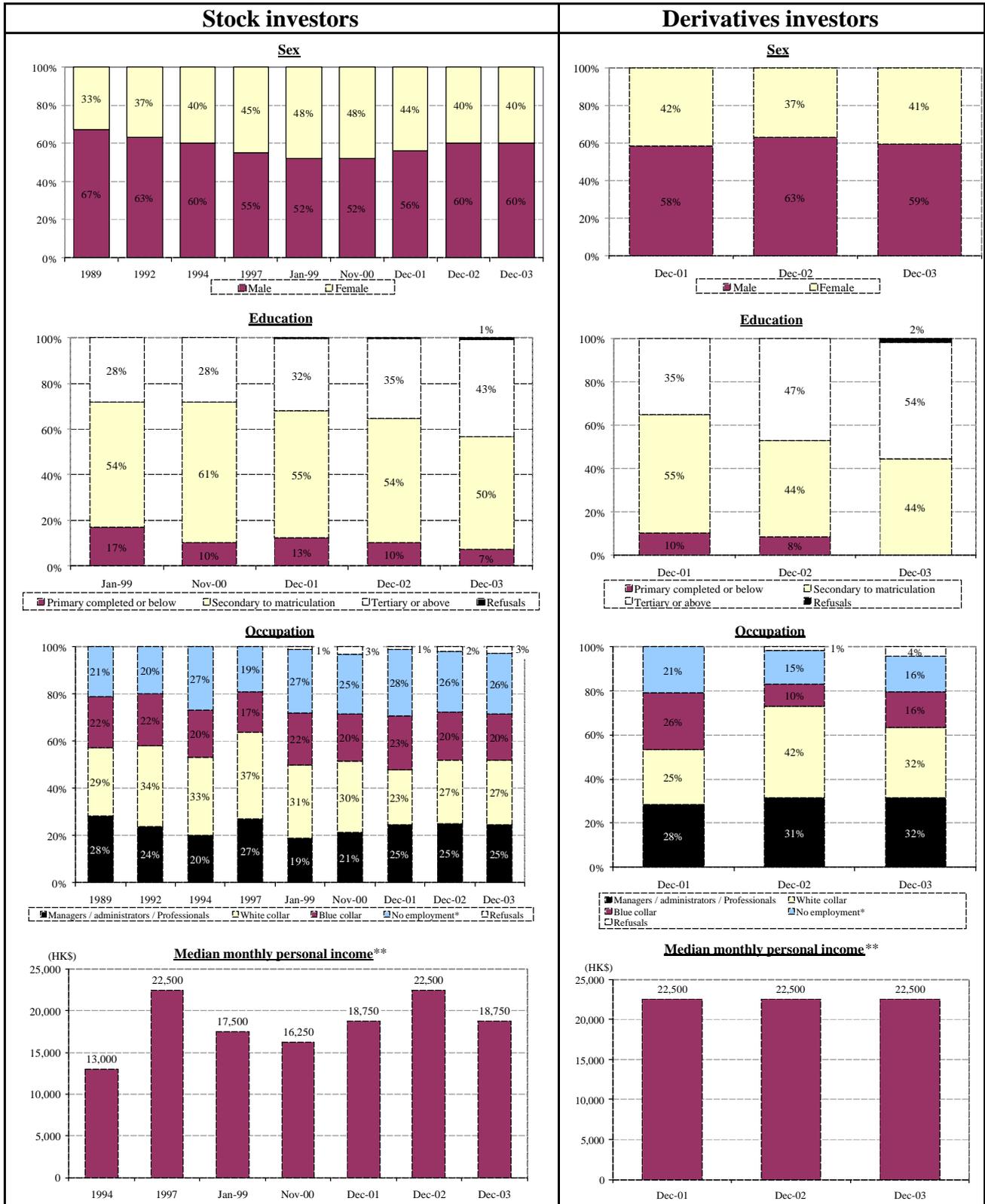
Compared with stock investors, derivatives investors differ in certain aspects:

- Derivatives investors tend to be younger individuals (a median age of 37 vs 42 for stock investors) and comprise a larger proportion of individuals with higher education level (54% with tertiary or above education vs 43%) and individuals with higher work status (32% being managers/administrators/professionals vs 25%). Derivatives investors also tend to have higher monthly personal income (a median of HK\$22,500 vs HK\$18,750 for stock investors).

*(Note that the findings on derivatives investors are subject to relatively large error due to the small size of the sample of derivatives investors.)*



**Figure 3. Investor profile over the years**



\* Not engaged in full-time or part-time employment, including students, homemakers, retirees and unemployed persons.

\*\* Among those who were engaged in full-time or part-time employment.

Note: Numbers may not add up to 100% due to rounding.

**Table 5. Profiles of different investor types**

(%)	Adult population	Stock investors	Derivatives investors	Non-investors
<b>Sex</b>				
Male	47.6	60.1	59.3	45.0
Female	52.4	39.9	40.7	55.0
<b>Age</b>				
18 – 19	3.2	0.6	2.1	3.8
20 – 29	17.0	9.5	16.1	18.6
30 – 39	22.6	34.4	34.2	20.1
40 – 49	23.9	29.0	29.9	22.9
50 – 59	14.5	17.0	11.8	14.0
60 or over	18.8	9.6	6.0	20.8
<b>Median</b>	<b>42</b>	<b>42</b>	<b>37</b>	<b>42</b>
<b>Education level</b>				
No schooling / kindergarten	8.5	1.1	0	10.1
Primary	18.8	6.2	0	21.5
Lower secondary	20.7	16.3	16.2	21.6
Upper secondary	26.0	25.7	26.1	26.1
Matriculation	4.9	7.5	2.1	4.3
Tertiary or above	20.7	42.6	53.6	16.0
Refusals	0.4	0.6	2.0	0.3
<b>Occupation</b>				
Managers / administrators / Professionals	10.4	24.7	31.5	7.3
White collar	17.9	27.0	32.0	15.9
Blue collar	23.3	19.7	16.1	24.1
Homemakers	17.5	11.3	4.2	18.8
Retirees	17.5	9.3	5.9	19.3
Students	4.0	0.5	1.9	4.8
Unemployed persons	8.2	4.6	4.1	8.9
Others	0.1	0.0	0.0	0.2
Refusals	1.1	2.6	4.2	0.8
<b>Median monthly personal income (HK\$) *</b>	<b>11,250</b>	<b>18,750</b>	<b>22,500</b>	<b>11,250</b>
<b>Median monthly household income (HK\$)</b>	<b>13,750</b>	<b>27,500</b>	<b>35,000</b>	<b>11,250</b>

\* Among those who were engaged in full-time or part-time employment.

Note: Numbers may not add up to 100% due to rounding.



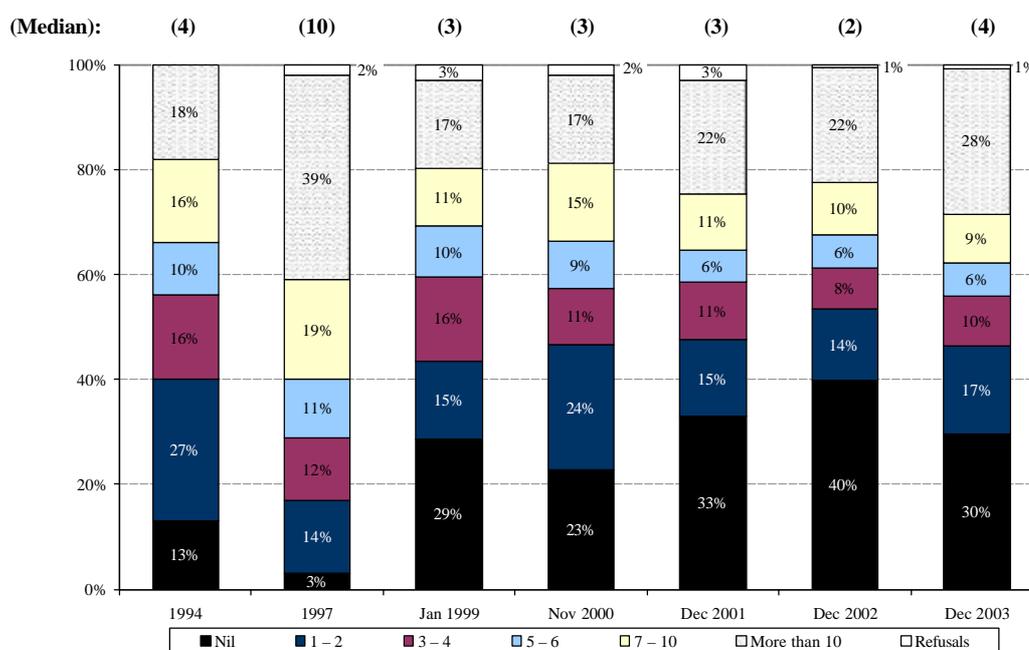
## 4. FREQUENCY OF TRADING

### 4.1 Stock trading

The median number of stock transactions made by stock investors was 4 in 2003. The figure was higher than the 2 in 2002 and 3 in each of the years 1999 to 2001, but still much lower than the 10 in 1997. The proportion of stock investors that did not trade (i.e. only held stocks) in 2003 dropped to 30% from 40% in 2002. Among those who traded stocks (stock traders), the median number of stock transactions in 2003 was 9.

The proportion of stock investors making more than 10 transactions in 2003 increased to 28% from 22% or below during 1999 to 2002. Stock-and-derivatives investors were more frequent traders than stock-only investors they had a higher median number of stock transactions (8 vs 3 for stock-only investors), and a larger proportion making more than 10 transactions in 2003 (39% vs 26% for stock-only investors).

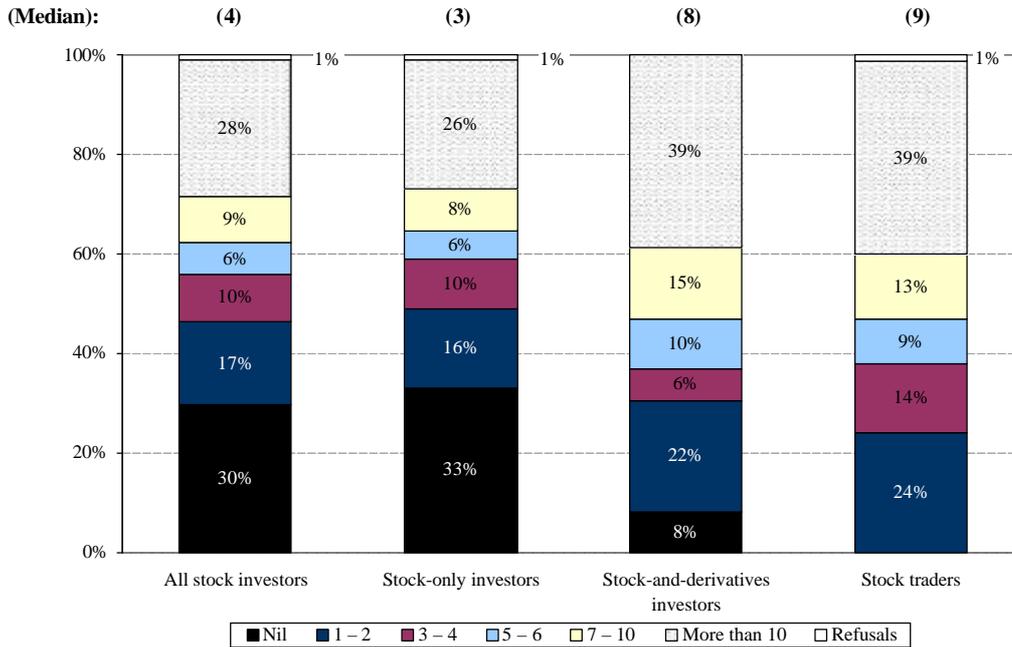
**Figure 4. Number of stock transactions made in the past 12 months by stock investors (1994 - 2003)**



Note: Numbers may not add up to 100% due to rounding.



**Figure 5. Number of stock transactions made in the past 12 months by different investor types (2003)**

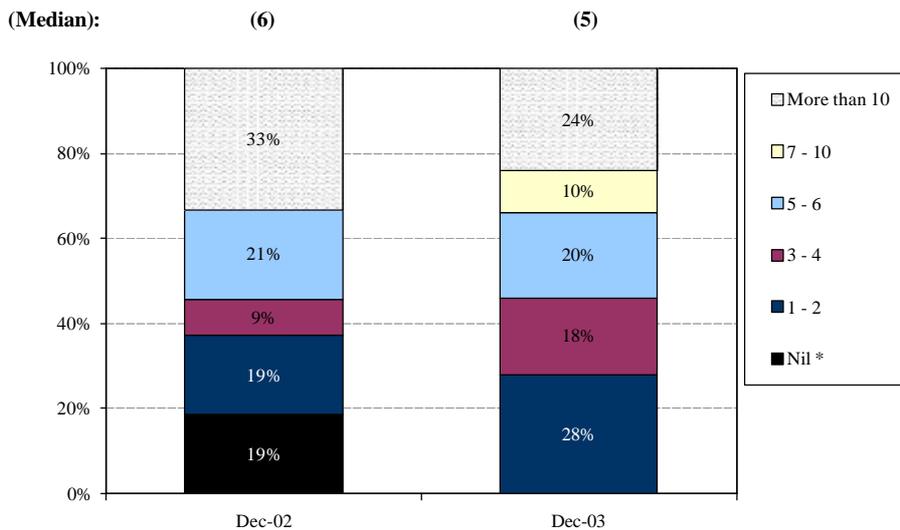


Note: Numbers may not add up to 100% due to rounding.

#### 4.2 Derivatives trading

The median number of derivatives transactions made by derivatives investors was 5 in 2003, compared with 6 in 2002.

**Figure 6. Number of derivatives transactions made in the past 12 months by derivatives investors (2002 & 2003)**



\* Holding derivative products with maturity over 12 months or could not be reached for clarification again.

Note: Frequency of 7-10 times not separately identified in the 2002 survey.

Numbers may not add up to 100% due to rounding.



Compared to stock investors as a whole, derivatives investors traded slightly more frequently in derivatives (a median of 5 transactions in 2003) than stock investors in stocks (a median of 4). However, in comparison with stock traders only, derivatives traders traded less frequently in derivatives than stock traders in stocks (a median of 9).

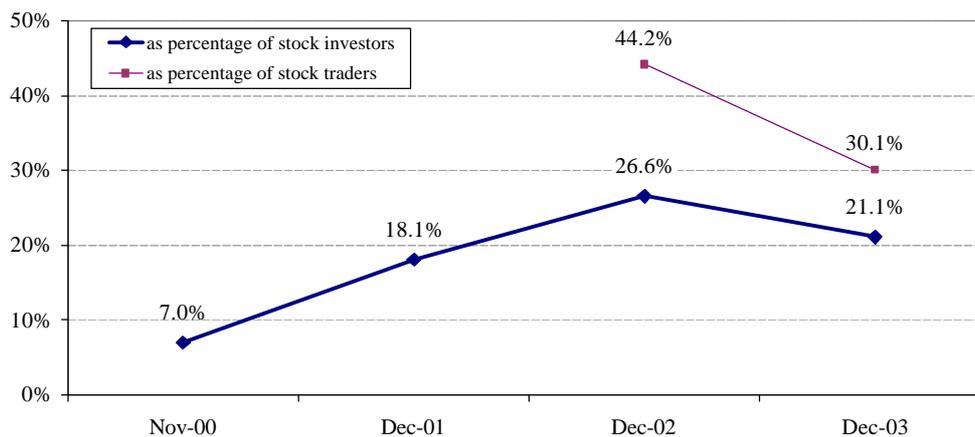
*(Note that the findings on derivatives investors are subject to relatively large error due to the small size of the sample of derivatives investors.)*

## 5. ONLINE TRADERS

### 5.1 Incidence and proportion of online stock traders and online derivatives traders

Among stock investors, 21% had traded stocks via electronic media such as the Internet in 2003, either always or sometimes (referred as online stock traders). The proportion was down from 27% in 2002 but still higher than 18% in 2001 and 7% in 2000<sup>4</sup>. These online stock traders made up 30% of stock traders, down from 44% in 2002.

**Figure 7. Trend of stock investors as online stock traders**

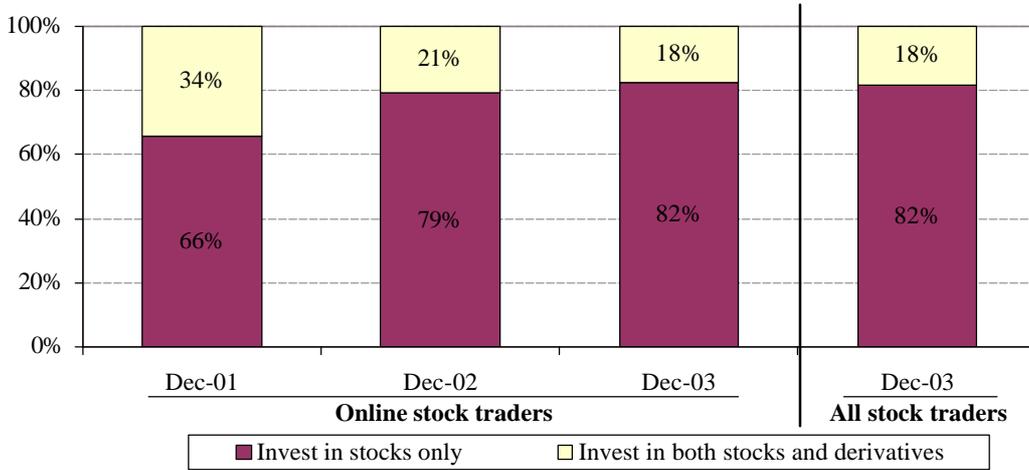


<sup>4</sup> Minor amendments were made to the definition of online stock traders in the past surveys (see Appendix 1).



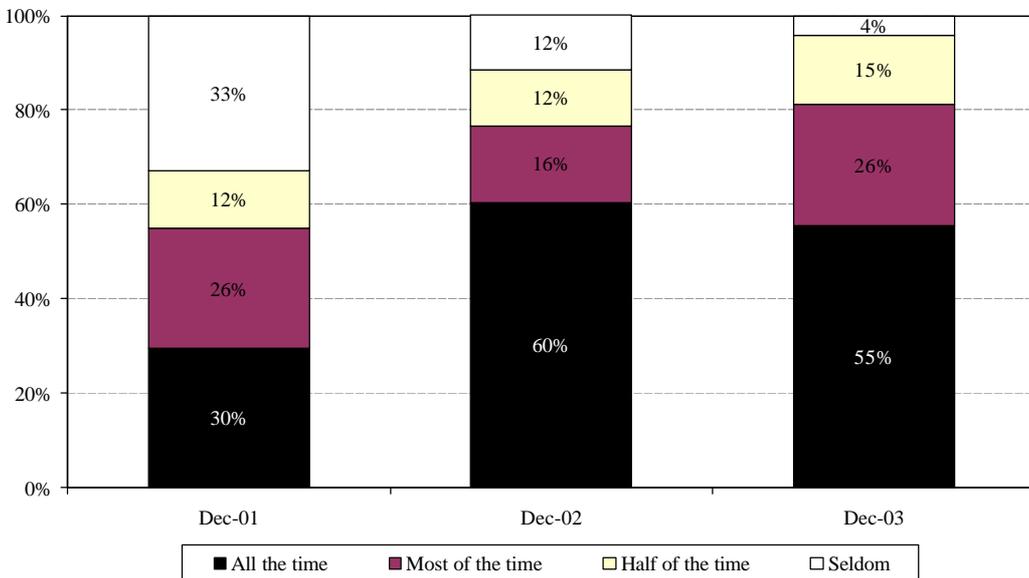
In 2003, 18% of online stock traders invested in both stocks and derivatives, down from 21% in 2002 and 34% in 2001. The proportion was the same as for all stock traders in 2003.

**Figure 8. Proportion of online stock traders investing in stocks and derivatives**



Of the online stock traders, 81% relied mainly on online media to trade — 55% traded online all the time and 26% traded online most of the time — up from 77% in 2002 and 55% in 2001. The proportion of online stock traders who seldom traded online decreased to 4% in 2003 from 12% in 2002 and 33% in 2001.

**Figure 9. Usage of online trading to trade stocks among online stock traders**

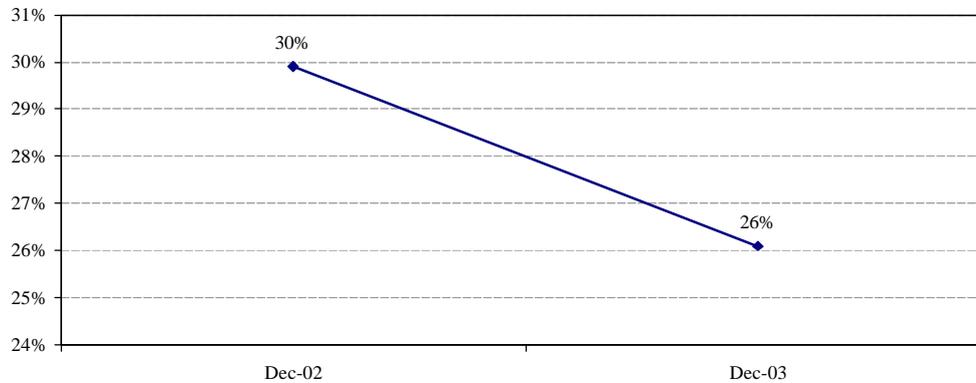


Note: Numbers may not add up to 100% due to rounding.



Among derivatives investors, 26% had traded derivatives via online media in 2003, either always or sometimes (referred as online derivatives traders), down from 30% in 2002.

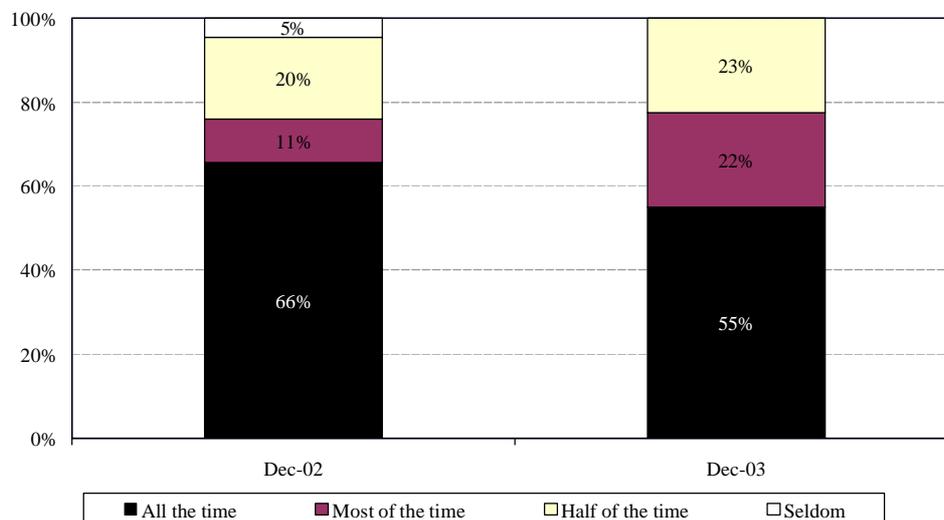
**Figure 10. Trend of derivatives investors\* as online derivatives traders**



\* In the 2003 survey, all derivatives investors had traded derivatives in 2003.

Of the online derivatives traders, 77% relied heavily on online media to trade — 55% traded online all the time and 22% traded online most of the time — compared to 76% in 2002.

**Figure 11. Usage of online trading to trade derivatives among online derivatives traders**



Note: Numbers may not add up to 100% due to rounding.

(Note that the findings on derivatives investors are subject to relatively large error due to the small size of the sample of derivatives investors.)



## 5.2 Profile of online stock traders

A typical online stock trader is a 37 year-old manager/administrator/professional or white-collar worker, with tertiary or above education and a monthly personal income of HK\$22,500.

Male persons comprised 68% of online stock traders in 2003, up from 61% in 2002 but lower than 72% in 2001. The proportion of online stock traders with tertiary or above education increased to 58% in 2003 from 45% in 2002, similar to 57% in 2001. There was a similar proportion of online stock traders being manager/administrator/professional as in 2002 (34%) but a higher proportion as white-collar workers (34% in 2003 vs 26% in 2002). The median monthly personal income was HK\$22,500 in 2003, same as that in 2002, but lower than the HK\$27,500 in 2001.

Compared to non-online stock traders, online stock traders comprise a larger proportion of male (68% vs 61%), younger persons (a median age of 37 vs 42), persons with higher education level (58% tertiary or above education vs 41%) and persons with higher work status (34% managers/administrators/professionals vs 23%).

*Note: The sample obtained on online derivatives traders was too small to produce inferential statistics on their profile.*



**Table 6. Profiles of online stock traders**

(%)	Stock investors	Stock traders	Non-online stock traders	Online stock traders		
				Dec 01	Dec 02	Dec 03
<b>Sex</b>						
Male	60.1	62.8	60.5	72.2	61.1	68.0
Female	39.9	37.2	39.5	27.8	38.9	32.0
<b>Age</b>						
18 – 19	0.6	0.8	1.1	1.3	1.9	0.0
20 – 29	9.5	9.8	8.2	23.1	11.9	13.4
30 – 39	34.4	33.4	27.3	35.9	43.1	47.7
40 – 49	29.0	26.1	29.1	26.4	31.1	19.0
50 – 59	17.0	19.8	22.1	11.2	6.6	14.6
60 or over	9.6	10.1	12.1	2.1	5.5	5.4
<b>Median</b>	<b>42</b>	<b>42</b>	<b>42</b>	<b>37</b>	<b>37</b>	<b>37</b>
<b>Education level</b>						
No schooling / kindergarten	1.1	1.2	1.7	-	-	-
Primary	6.2	6.0	7.4	3.0	4.7	2.7
Lower secondary	16.3	15.4	16.8	8.2	9.3	12.2
Upper secondary	25.7	24.2	25.3	24.9	33.0	21.5
Matriculation	7.5	6.5	6.9	6.5	7.7	5.5
Tertiary or above	42.6	45.9	40.6	57.4	45.2	58.0
Refusals	0.6	0.8	1.2	-	-	-
<b>Occupation</b>						
Managers / administrators / Professionals	24.7	26.3	23.1	38.9	33.9	33.5
White collar	27.0	28.5	26.4	29.3	25.6	33.5
Blue collar	19.7	18.4	21.0	21.6	16.2	12.3
Homemakers	11.3	9.0	9.3	4.9	12.3	8.4
Retirees	9.3	9.6	10.9	3.2	5.5	6.7
Students	0.5	0.8	1.1	-	2.7	-
Unemployed persons	4.6	4.5	5.3	2.1	2.8	2.8
Others	0.0	0.0	0.0	-	-	-
Refusals	2.6	2.9	2.9	-	0.9	2.8
<b>Median monthly personal income (HK\$) *</b>	18,750	18,750	18,750	27,500	22,500	22,500
<b>Median monthly household income (HK\$)</b>	27,500	35,000	27,500	35,000	35,000	35,000

\* Among those who were engaged in full-time or part-time employment.

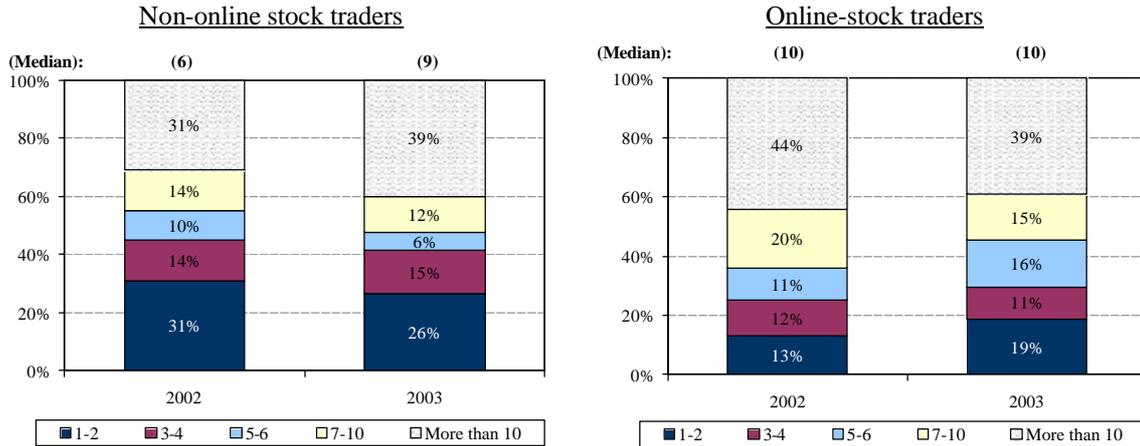
Note: Numbers may not add up to 100% due to rounding.



### 5.3 Frequency of trading by online traders

The median number of stock transactions made by online stock traders in 2003 was 10, the same as in 2002. Compared with non-online stock traders, online stock traders had a slightly higher median number of stock transactions in 2003 (10 vs 9). However, the difference was narrower compared with 2002 (10 for online stock traders vs 6 for non-online stock traders).

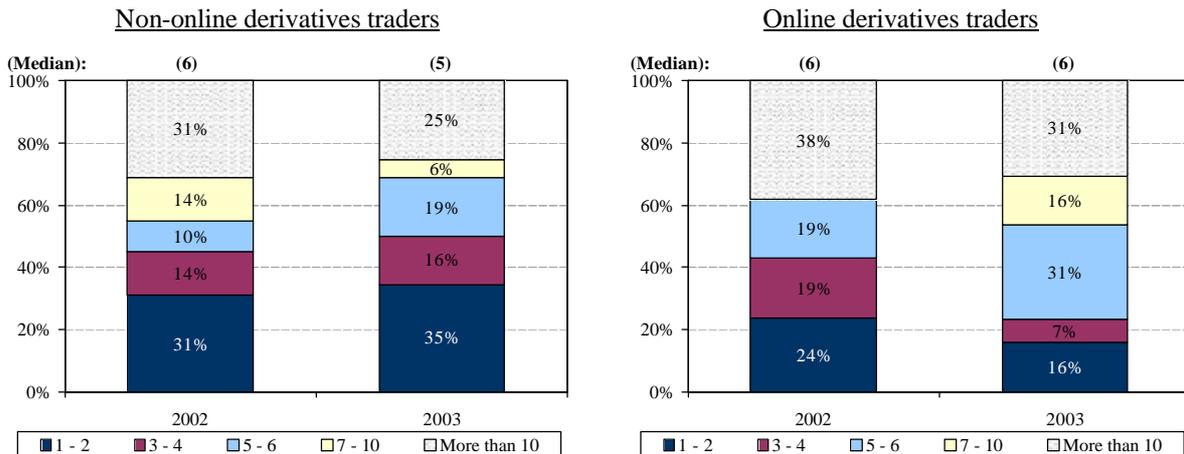
**Figure 12. Number of stock transactions made in the past 12 months by non-online & online stock traders**



Note: Numbers may not add up to 100% due to rounding.

The median number of derivatives transactions made by online derivatives traders in 2003 was 6, the same as in 2002. Compared with non-online derivatives traders, online derivatives traders had a slightly higher median number of derivatives transactions in 2003 (6 vs 5).

**Figure 13. Number of derivatives transactions made in the past 12 months by non-online & online derivatives traders**



Notes: Frequency of 7-10 times not separately identifiable in 2002 survey findings.  
Numbers may not add up to 100% due to rounding.



## **6. PERCEPTIONS OF HKEx MARKETS**

### **6.1 Perceptions of the stock market**

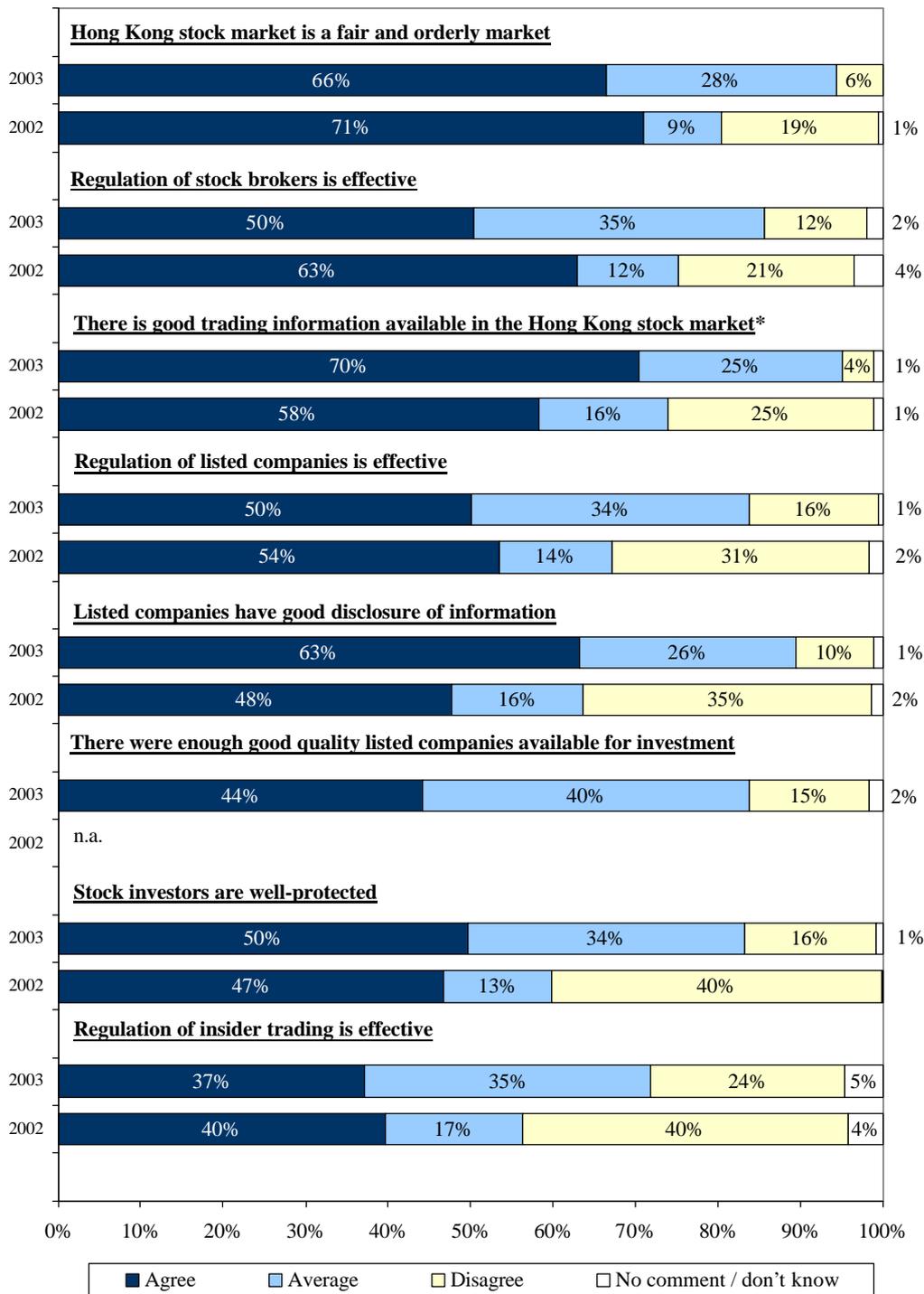
The majority of stock investors agreed that there was good trading information available in the Hong Kong stock market (70% agreed vs 4% disagreed), Hong Kong stock market was a fair and orderly market (66% agreed vs 6% disagreed), and listed companies had good disclosure of information (63% agreed vs 10% disagreed).

About half of stock investors agreed that the regulation of stock brokers was effective (50% agreed vs 12% disagreed), the regulation of listed companies was effective (50% agreed vs 16% disagreed), and stock investors were well-protected (50% agreed vs 16% disagreed). A higher proportion of stock investors agreed than disagreed that there were enough good quality listed companies available for investment (44% agreed vs 15% disagreed) and the regulation of insider trading was effective (37% agreed vs 24% disagreed).

For all common aspects measured, there was a higher degree of satisfaction and/or a lower degree of dissatisfaction among stock investors and a larger proportion of stock investors taking an average position in 2003 than in 2002.



**Figure 14. Perceptions of Hong Kong stock market (2003 and 2002)**



\* The question was "There is good information available for trading in the Hong Kong stock market" in 2002 survey.

n.a.: Not available

Note: Numbers may not add up to 100% due to rounding.

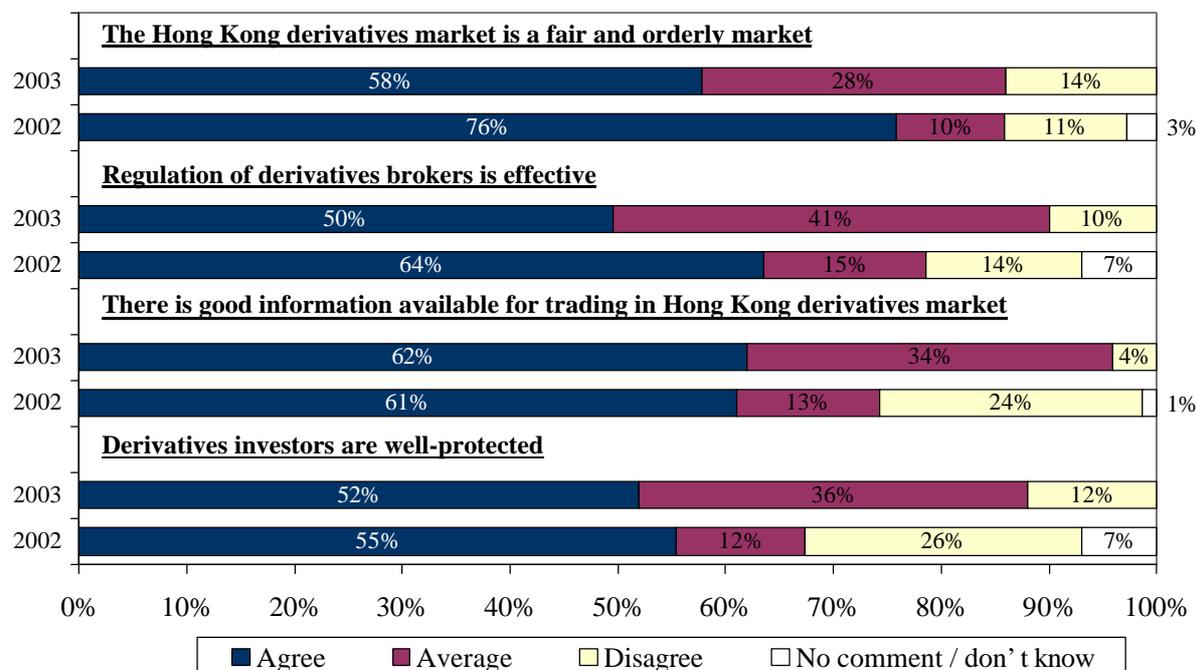


## 6.2 Perceptions of the derivatives market

The majority of derivatives investors agreed that there was good information available for trading in the Hong Kong derivatives market (62% agreed vs 4% disagreed) and the Hong Kong derivatives market was a fair and orderly market (58% agreed vs 14% disagreed). Above half of derivatives investors agreed that the regulation of derivatives brokers was effective (50% agreed vs 10% disagreed) and derivatives investors were well-protected (52% agreed vs 12% disagreed).

Compared to 2002 survey findings, for all aspects measured, there was a much higher proportion of derivatives investors taking an average position. In particular, a significantly lower proportion of derivatives investors disagreed that there was good information available for trading in the Hong Kong derivatives market (4% in 2003 vs 24% in 2002). However, although the majority of derivatives investors agreed that the Hong Kong derivatives market was a fair and orderly market, the proportion was lower than that in 2002 (58% in 2003 vs 76% in 2002).

**Figure 15. Perceptions of Hong Kong derivatives market (2003 and 2002)**



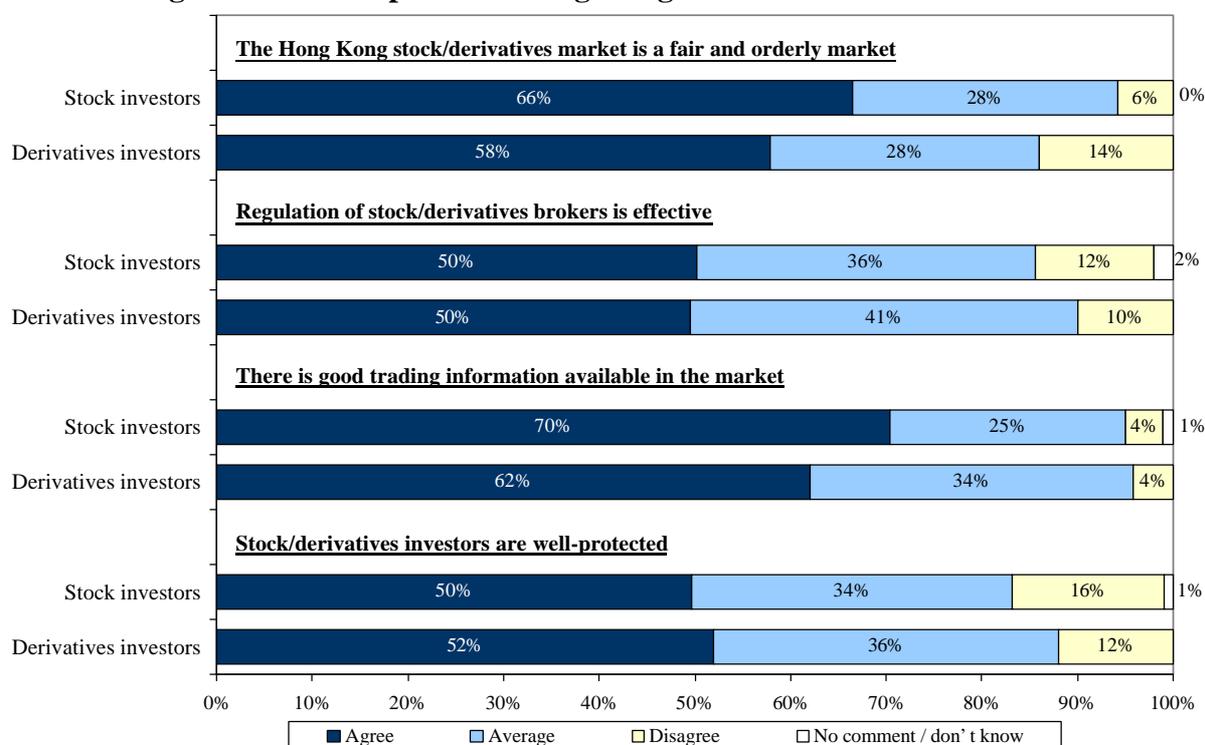
Note: Numbers may not add up to 100% due to rounding.



### 6.3 Perceptions of the stock market compared to perceptions of the derivatives market

Stock investors were more positive than derivatives investors on the fairness and orderliness of the Hong Kong market (66% positive and 6% negative for stock investors vs 58% positive and 14% negative for derivatives investors) and trading information available in the market (70% vs 62% positive and 4% negative for both). Perceptions of stock investors and derivatives investors were similar on the effectiveness of regulation of brokers (50% of stock investors and derivatives investors being positive and 12% of stock investors and 10% of derivatives investors being negative). Stock investors were slightly less positive than derivatives investors on investor protection (50% of stock investors being positive and 16% negative vs 52% of derivatives investors being positive and 12% negative).

Figure 16. Perceptions of Hong Kong stock and derivatives market



Note: Numbers may not add up to 100% due to rounding.

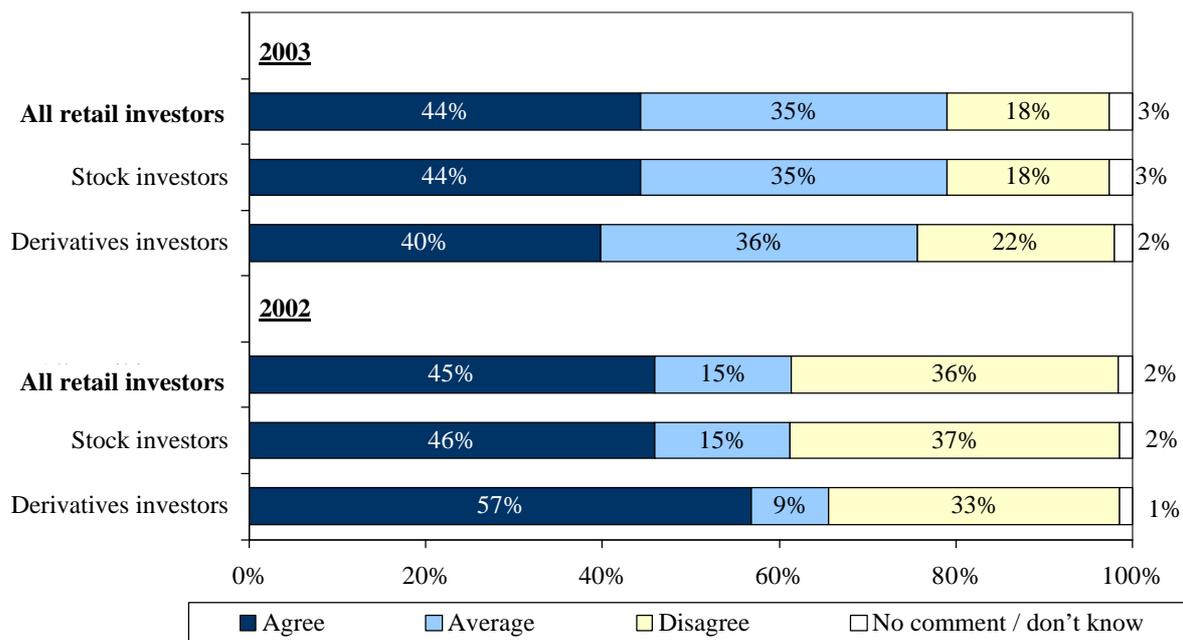


### 6.4 Perceptions of HKEx giving priority to the public interest

Among all retail investors, 44% agreed that HKEx gave priority to the public interest, similar to the 45% in 2002; and a smaller proportion disagreed than in 2002 (18% in 2003 vs 36% in 2002).

In 2003, stock investors were more positive than derivatives investors on the priority given to the public interest by HKEx (44% of stock investors being positive and 18% negative vs 40% of derivatives investors being positive and 22% negative).

**Figure 17. Perceptions of HKEx giving priority to the public interest (2003 and 2002)**



Note: Numbers may not add up to 100% due to rounding.



## GLOSSARY

<b><i>Stocks:</i></b>	Shares, warrants and Exchange Traded Funds (ETFs) listed or traded on HKEx.
<b><i>Derivatives:</i></b>	Futures and options traded on HKEx.
<b><i>Stockowner:</i></b>	An individual who was holding stocks at the time of the interview.
<b><i>Stock trader:</i></b>	An individual who had traded stocks in the past 12 months preceding the interview.
<b><i>Stock investor:</i></b>	An individual who was holding stocks at the time of interview or had traded stocks in the past 12 months preceding the interview. (That is, the individual is a stockowner and/or a stock trader.)
<b><i>Derivatives trader:</i></b>	An individual who had traded derivatives in the past 12 months preceding the interview.
<b><i>Derivatives investor:</i></b>	An individual who was holding derivatives at the time of the interview or had traded derivatives in the past 12 months preceding the interview.
<b><i>Retail investor:</i></b>	An individual who is a stock investor and/or a derivatives investor.
<b><i>Online stock trader:</i></b>	A stock trader who had traded stocks in the past 12 months preceding the interview through electronic media such as the Internet, either always or sometimes.
<b><i>Online derivatives trader:</i></b>	A derivatives trader who has traded derivatives in the past 12 months preceding the interview through electronic media such as the Internet, either always or sometimes.
<b><i>Non-investor:</i></b>	An individual who is neither a stock investor nor a derivatives investor.



## APPENDIX 1. SURVEY METHODOLOGY

### (1) Methodology

The survey fieldwork was conducted in December 2003. A random sampling process was adopted to select individuals aged 18 or above in the Hong Kong population. Selected individuals were interviewed through telephone in accordance with a structured questionnaire. 2,004 target respondents were interviewed.

### (2) Limitations

- Since the survey findings are projected figures/estimates concerning the whole Hong Kong adult population, they are subject to sampling errors. For stock investors, the sample size is regarded as large enough to produce survey findings with acceptable levels of precision. For derivatives investors, in respect of whom the number in the sample was much smaller, the findings are subject to bigger possible error.
- Some responses were perceptions or estimates of respondents that might deviate from the truth, such as frequency of trading.
- Respondents might intentionally not tell the truth on sensitive questions such as income level.

### (3) Comparability with past surveys

Since the 2001 survey, the definition of “Hong Kong stocks” includes shares, warrants and Exchange Traded Funds (ETFs). In prior surveys, it referred to shares, warrants and stock options, these being SEHK’s products at that time. Nevertheless, the proportion of stock investors who invested exclusively in stock options but not shares was negligible. The incidence of retail stock investment should be comparable.

The definition of “adults” in surveys before 1997 referred to individuals aged 21 or above. Since 1997, the definition was revised to individuals aged 18 or above.

Minor amendments were made to the definition of online stock traders in the past surveys. In 2000 survey, online traders were stock investors who had placed orders via Internet in the past 12 months preceding the interview. In 2001 survey, online traders were stock investors who had traded stocks through electronic media such as the Internet and mobile phone, either always or sometimes. In 2002 and 2003, this definition was confined to trading in the past 12 months preceding the interview. Such amendment of the definition is expected to have little material impact on the comparability of the findings.

**APPENDIX 2. RESPONDED SAMPLE BY INVESTOR TYPE**

Investor type	No. in responded sample
<b>Retail investors</b>	<b>350</b>
<u>Stock investors</u>	349
Stockowners	318
Stock-only investors	300
Stock-and-derivatives investors	49
Stock traders	246
Online stock traders	74
<u>Derivatives investors</u>	50
Derivatives-only investors	1
Stock-and-derivatives investors	49
Derivatives traders	50
Online derivatives traders	13
<b>Non-investors</b>	<b>1,654</b>
<b>Total sample</b>	<b>2,004</b>

**APPENDIX 3. PRECISION OF SURVEY FINDINGS****Table A. Relative errors of the proportion of the various investor types**

Investor type	Proportion	Relative error <sup>5</sup>	95% confidence interval
<u>Among adult population</u>			
Stock investors	17.5%	4.9%	15.8% - 19.1%
Stockowners	15.9%	5.1%	14.3% - 17.5%
Stock-only investors	15.0%	5.3%	13.4% - 16.6%
Stock-and-derivatives investors	2.4%	14.1%	1.8% - 3.1%
Stock traders	12.3%	6.0%	10.8% - 13.7%
Derivatives investors	2.5%	14.0%	1.8% - 3.2%
Derivatives-only investors	0.0%	103.3%	0.0% - 0.1%
<u>Among stock / derivatives investors</u>			
Online stock traders	21.1%	10.3%	16.9% - 25.4%
Online derivatives traders	26.1%	23.8%	13.9% - 38.3%

**Table B. Relative errors of the projected number of the various investor types**

Investor type	Estimated population ('000)	Relative error <sup>5</sup>	95% confidence interval ('000)
Stock investors	957	4.9%	866 - 1,048
Stockowners	872	5.1%	784 - 960
Stock-only investors	823	5.3%	737 - 908
Stock-and-derivatives investors	134	14.1%	97 - 171
Stock traders	673	6.0%	594 - 752
Online stock traders	202	10.3%	161 - 243
Derivatives investors	137	14.0%	99 - 174
Derivatives-only investors	3	103.3%	0 - 8
Online derivatives traders	36	23.8%	19 - 52

**\*\*\* End \*\*\***

<sup>5</sup> The relative errors are derived by assuming simple random sampling.