



Hong Kong Investor Relations Association

**Investor Relations  
Best Practice  
Guide**



## About The Publisher

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The Hong Kong Investor Relations Association (“HKIRA”) is the premier body representing investor relations professionals in Hong Kong. It advocates the setting of international standards in IR education, advances the best IR practices, and meets the professional development needs of those interested in the profession. The HKIRA’s membership covers a wide spectrum of professions from IR, finance, and accounting, to company secretary and corporate investment roles. It comprises executives at various stages of their careers, including top executives from the IR profession and the C-level management of listed companies. The HKIRA is dedicated to advancing the practice of IR as well as the professional competency and status of our members.

[www.hkira.com](http://www.hkira.com)

**Investor Relations**

**Best Practice**

**Guide**

**Hong Kong Investor Relations Association**

Published by

Hong Kong Investor Relations Association Limited

11/F, China United Plaza, 1008 Tai Nan West Street,

Lai Chi Kok, Kowloon, Hong Kong

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ISBN 978-988-78614-0-9

Design and produced by EDICO Financial Press Services Limited

Printed 2017 by High Technology Printing Group Limited

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This guide contains general information only and is based on the experiences and research of the Hong Kong Investor Relations Association (“HKIRA”). Every effort has been made to ensure this work is as comprehensive as possible, but it is not designed to be a substitute for professional advice tailored to meet the particular problems which may arise in a dynamic and complex business community such as Hong Kong. The HKIRA is not, by means of the guide rendering business, financial, investment, or other professional advice or services, nor should the publication be used as the sole basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser. The Hong Kong Investor Relations Association accepts no responsibility for any loss arising as a consequence of any person relying upon the information or views contained in this publication.

## FOREWORD

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In a world of growing complexity and greater interconnection of financial markets, investors — whether institutional or retail — face an ever increasing set of investment opportunities. Investment in the equity markets is only one available option and even then there is a wide range of countries and exchanges to consider before getting to choices between individual companies.

So how do we encourage people to participate in equity markets in the first place, and how do we make it easier to choose which individual companies to invest in?

I believe that if you want to encourage broad participation in equity markets investors must trust the integrity of the markets and have confidence in the transparency and free flow of information that underpins decision making and stock selection. At a high level this is determined by the rules and regulatory frameworks of the markets and the ease and efficiency of transactions. However, at a detailed level it is determined by the quality of information provided by the individual companies whose equities are being traded.

And this is where the value of Investor Relations is realised.

The task of Investor Relations is to distil the complex world of a company's financial performance, operations, governance, and strategy into simple, concise and yet still complete, messages that inform investors and differentiate companies.

There is a genuine art to performing this task well and delivering a high quality product. Good Investor Relations professionals know with exacting detail what is going on in their own company; are in tune with the macro-level drivers of their industry; appreciate the impact of governance and regulation on their sector; have insight into the factors that differentiate them from their peers; and most importantly are able to articulate this with honesty, integrity, and above all clarity, using the most appropriate communication tools available to them.

A company communicating well will differentiate itself from its peers and all other things being equal make it more likely investors will choose to invest in it. A market full of companies that are doing this well will attract more investors and increase fund flows and liquidity, benefitting all participants.

I am therefore hugely encouraged that The Hong Kong Investor Relations Association is publishing and promoting this IR Best Practice Guide. It supports the core principles of the HKIRA in seeking to promote the practice and profession of Investor Relations here in Hong Kong, and in so doing helps promote the Hong Kong equity market as an attractive venue for both local and international investors.

The guide has a simple structure and is full of sound advice and practical tips on how to undertake an Investor Relations programme. In addition to Investor Relations professionals this should also benefit those involved in supporting a company's Investor Relations function by providing a greater understanding of what the Investor Relations team are trying to achieve.

So it is with great pleasure that I recommend the Investor Relations Best Practice Guide to you. I trust that you will find it helpful in achieving our shared objectives; enhancing both the understanding of our own individual organisations and also contributing to that of the Hong Kong equity market as a whole.

**Paul Kennedy**

*Group Chief Financial Officer*

*Hong Kong Exchanges and Clearing Limited*

## **PREFACE AND ACKNOWLEDGEMENT: FROM THE PUBLISHER**

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In an open market such as Hong Kong, listed companies have an obligation to communicate clearly with their shareholders. This transparency contributes to good corporate governance and enhances the value of companies.

Despite the maturity of the domestic stock exchange, investor relations in Hong Kong is still a relatively young industry. Not all local listed companies have their own investor relations team. The profession still has room to grow.

The aim of this guide is to provide practical support to listed companies in Hong Kong in the area of investor relations. It focuses on IR practices particular to Hong Kong as well as regulations and best practice in other parts of the world. The tips and suggestions are based on real-life experiences and provide clear guidance on the best steps to take in a variety of different circumstances.

This publication is a collaborative effort which brings together a wealth of expertise, experience and industry knowledge from a wide range of contributors. Our deepest appreciation goes to the dedicated members of the Investor Relations Panel of the Hong Kong Investor Relations Association (HKIRA), whose work has made this guide possible. We also thank Hong Kong Exchanges and Clearing Limited, which has supported and encouraged our efforts to promote better two-way communication between listed companies and investors. Our gratitude also goes to Agnes Chan, who collated the work of our contributors into an organised and comprehensive publication, and Jon Marsh, our editor.



As more corporate management teams embrace investor relations best practice, we look forward to advancing the IR industry in Hong Kong.

**Dr. Eva Chan**

*Chairman*

*Hong Kong Investor Relations Association*

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Limited

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# SECTION

## Introduction

1.1 A guide to  
investor relations

## 1.1 A guide to investor relations

Investor relations (“IR”) is a relatively young profession which emerged through the 1990s and 2000s to meet the need for detailed, knowledgeable and consistent communication between companies and the investment community, with particular emphasis on institutional investors and analysts. In the United States, where the profession originated, the National Investor Relations Institute (NIRI) defines investor relations as follows:

**“** *Investor relations is a strategic management responsibility that integrates finance, communication, marketing and securities law compliance to enable the most effective two-way communication between a company, the financial community, and other constituencies, which ultimately contributes to a company’s securities achieving fair valuation.* **”**

Investor relations officers (IROs) act as a critical two-way communication channel, enabling the investment community to have a full appreciation of the company’s strategy, business activities, financial performance, and value drivers. In this context, the investment community refers to shareholders, potential investors, sell-side research analysts, equity sales and traders, stock commentators, the media and credit rating agencies. IROs are often the first point of contact with the investment community and act as an important feedback loop in relaying the views of the market to the company’s management.



# SECTION

## Stakeholders

2.1 Introduction

2.2 Investors: The buy side

2.3 Analysts: The sell side

2.4 Media

2.5 Credit rating agencies  
and debt investors



# SECTION

## IR Partners

3.1 Introduction

3.2 The board and executive management

3.3 Your internal network

3.4 Registrar/shareholder registration  
analysis (SRA)

3.5 Financial PR firms and IR consultancies

## 3.3 Your internal network

Broad support from across the company is crucial to delivering a high-quality product. A detailed network of internal supporters will help you access information on a regular and timely basis, as well as respond to the inevitable ad hoc requests from both the investment community and your senior management.

As no two companies are the same, it is not possible to provide an exhaustive list of the internal network required. Take time to have a critical look at how your company is structured and who has accountability for different tasks. The list below may provide a useful starting point.



### 3.3 Your internal network

Business area	Description
Functional heads	All those who report to the Chairman/CEO
Business level managers	Managers of key business activities who can supply operational and financial performance information
Finance department	Essential for providing monthly and ad hoc financial support, as well as preparing detailed financial reporting information
Strategy and planning teams	Key for providing insights into evolving strategy and performance drivers
Treasury	A crucial relationship, particularly for those companies offering debt products
Company secretarial and legal functions	Critical for providing insights into listing rules and providing support in the formulation and release of exchange announcements
Public relations/ corporate affairs/ government/regulatory	Your key partners in ensuring all corporate stakeholder issues are adequately addressed in communication materials
Sustainability/ environment/ community/ESG	Increasingly important partners. Ensure that ESG data is aligned with operational and financial data

### 3.3 Your internal network

The IR team will want to obtain information from people in these functions to help meet requirements and deadlines. It is therefore worth investing time and effort to build friendly and professional working relationships, and where possible to share appropriate information. Taking the time to explain why the information is required is important, and thanking people in a timely manner for their support goes a long way to ensuring you will be well received next time you make a request. Supplementing this with simple courtesies such as circulating copies of your finished communication materials, sharing market feedback and relevant strategic information and using your contacts to help facilitate greater connectivity between different functions should also help.

## 3.3 Your internal network



### Practical tips



*Consider your company's structure and where key sources of information are located*



*Plan ahead and start building effective relationships in these areas before they are needed*



*A genuine and timely thank you for the provision of information works wonders*



*Actively consider what quid-pro-quo you can offer through information and contacts*



*IROs often access sensitive information so ensure all sharing back to partners is appropriate*



# SECTION

## Building an IR Programme

4.1 Introduction

4.2 Formulating the investment proposition

4.3 Regulatory disclosure

4.4 IR websites

4.5 Meetings, conferences, roadshows and  
general IR practices

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# SECTION

## Others

5.1 Sustainability

5.2 Black-out period



# APPENDIX

## Types of institutional investors




# REFERENCES

HK\$300.00  
ISBN 978-988-78614-0-9



9 789887 861409



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