



香港投資者關係協會
Hong Kong Investor Relations Association

Investor Relations Survey

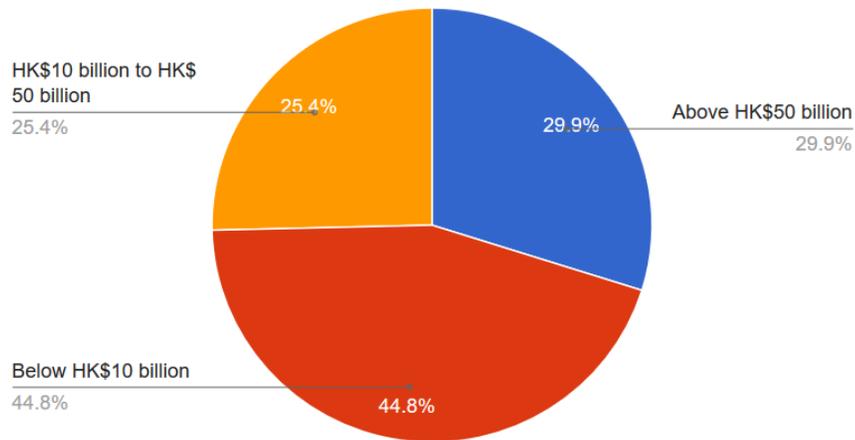
Findings & Analysis

[Background]

With the purpose of achieving a more detailed understanding of the current Investor Relations industry among the Hong Kong listed companies, HKIRA launched a survey on IR in November and December 2019.

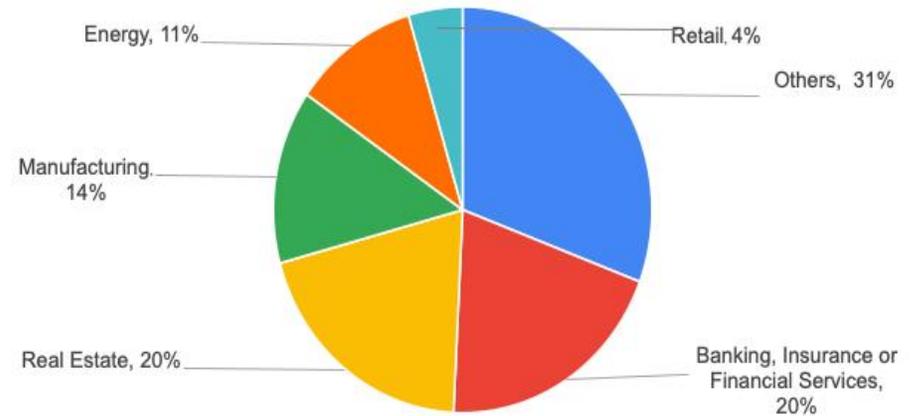
Hard copies of the survey were distributed during HKIRA IR symposium on Nov 27, 2019 and an online version was also sent to our listed company members in December 2019. A total of 67 responses was received.

1. What is the market capitalisation of your company?



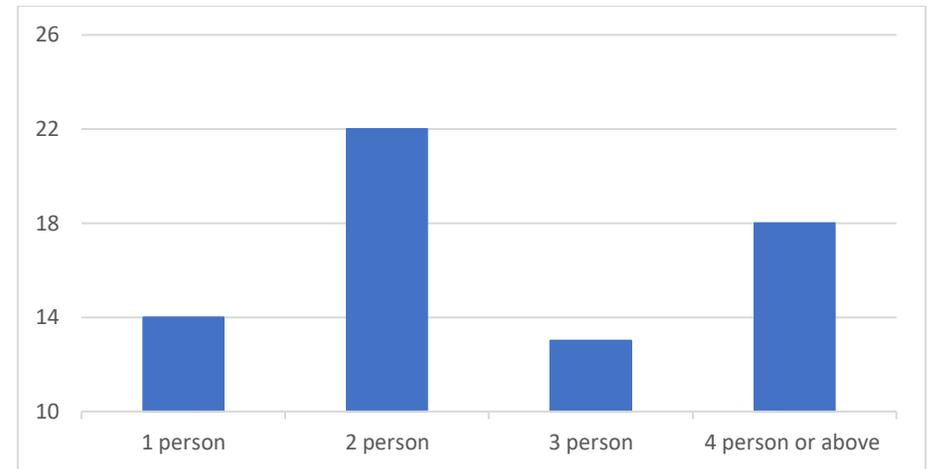
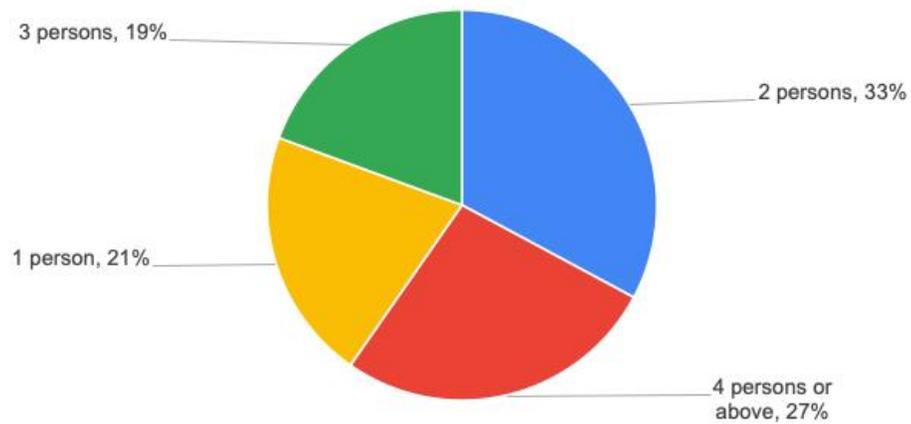
Our data show that over half of the respondents' companies whose market capitalisation was above 10 billion HKD while almost 30% of the respondents indicated a market capitalisation of over 50 billion HKD.

2. Which sector does your company belong to?



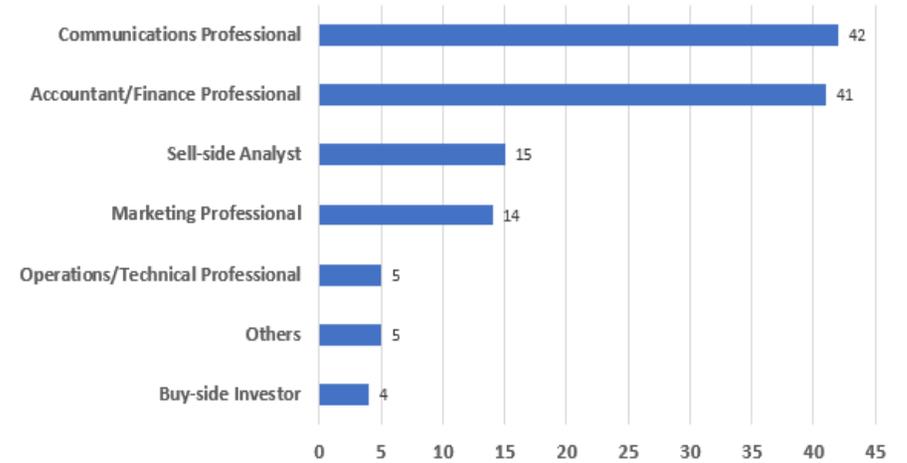
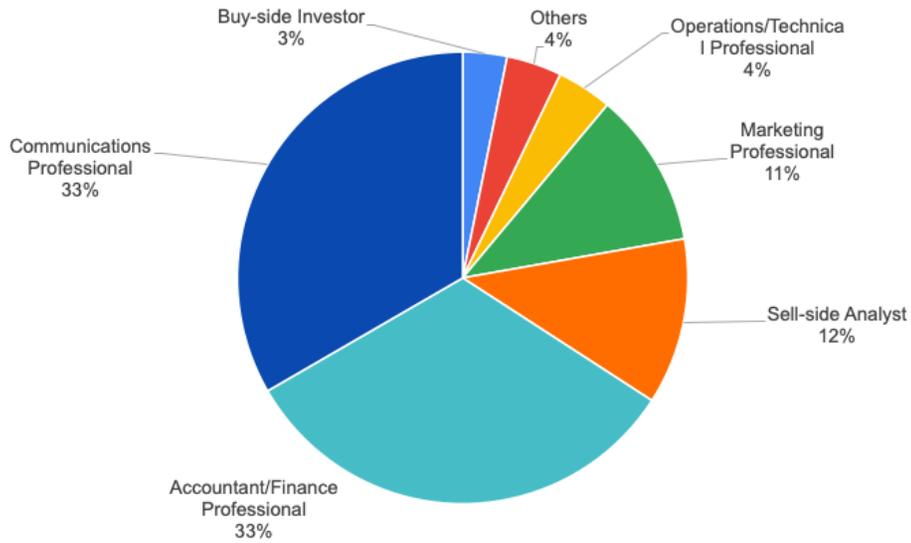
Banking, insurance or financial services together with real estate were the two most popular sectors that the respondents were from, taking up almost 40% in total, while sectors like manufacturing, energy and retail are common too with around 13%, 10% and 4.5% respectively.

3. How many professional and supporting staff are there in your IR team?



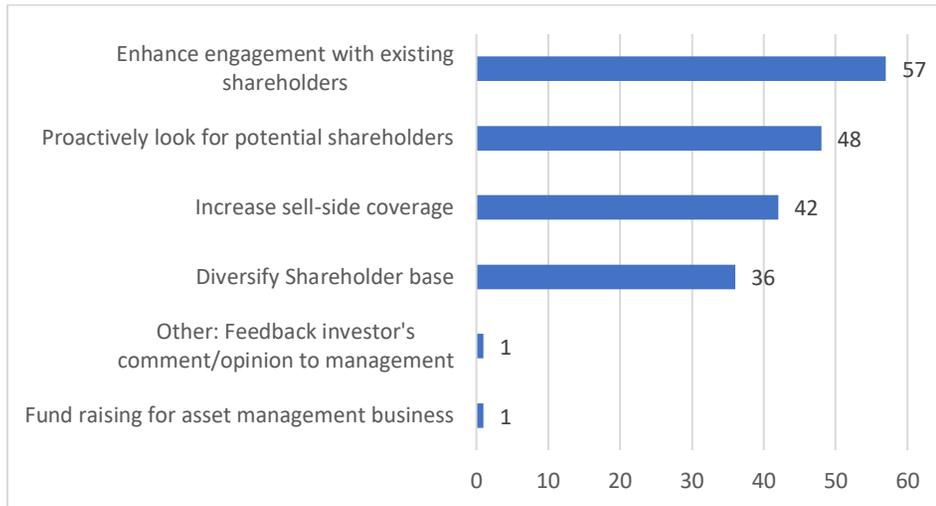
1.98 is the average number for the professional and support staff in the IR team of the respondents, with 2 staff in the team being the mostly voted option.

4. What is the background of the professional staff in your team?



Our data show that communications, accountant and finance were the most common career background of the respondents, which highlights the fact that the IR team as the front-line communicator requires professional staff who are equipped with strong communication skills and financial qualifications to articulate the companies' key messages to investors and other stakeholders.

**5. What are the top goals of the IR function in your company?
(tick one or more options)**

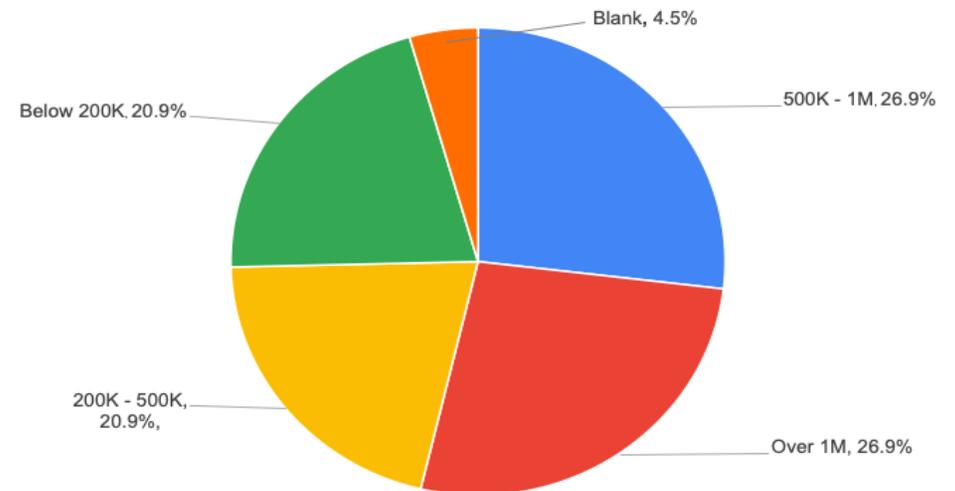


Ideally, IROs should be capable of integrating finance, communication, marketing and securities law compliance among a company, the financial community, and other constituencies, which ultimately contributes to the company's securities achieving fair valuation.

Our survey indicates that goals related to expanding and enhancing engagement with both potential and existing shareholders were the top priorities for IR, while a very common IR function of collecting the investors' feedback for the management was interestingly ranked the lowest priority, which could be interpreted as a potential reason to the low engagement of C-Suite reflected by the data of Question 12.

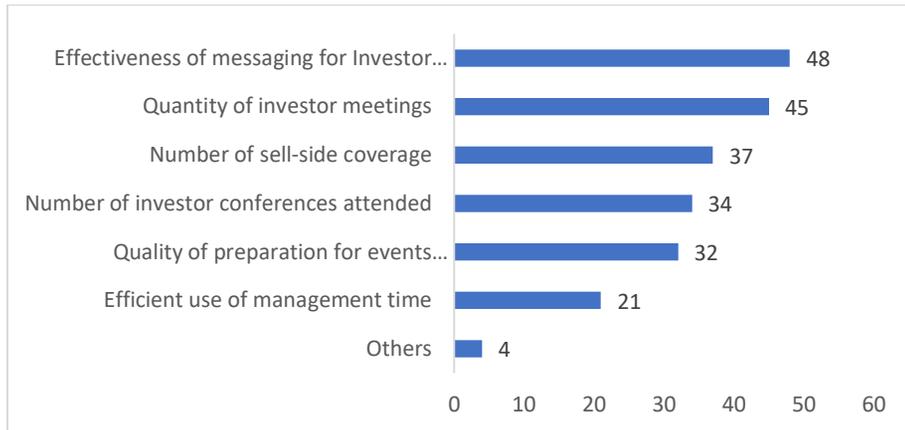
Another interesting discovery is that the top goals of a company's IR function used to measure the effectiveness of the IR Programme (asked

6. What is your annual IR budget in HKD, excluding salary & travel expenses?



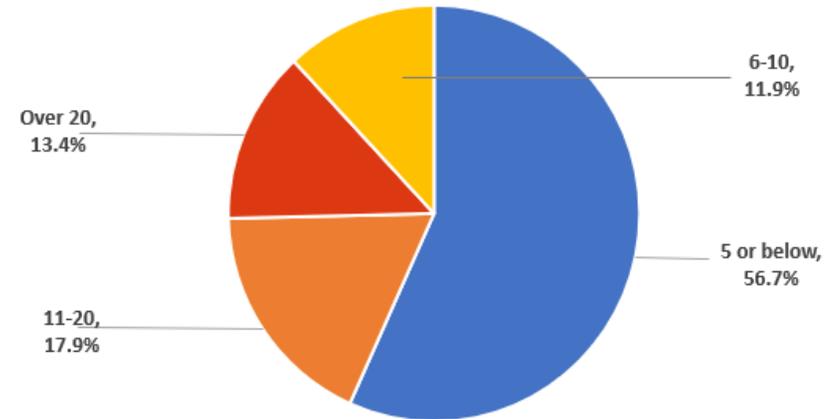
Over half of the respondents expressed their annual IR budget was at least over 500K HKD, while almost 21% indicated a budget between 200K - 500K HKD, and another almost 21% representing a budget below 200K

7. What metrics are used to measure the effectiveness of your IR programme? (tick one or more options)



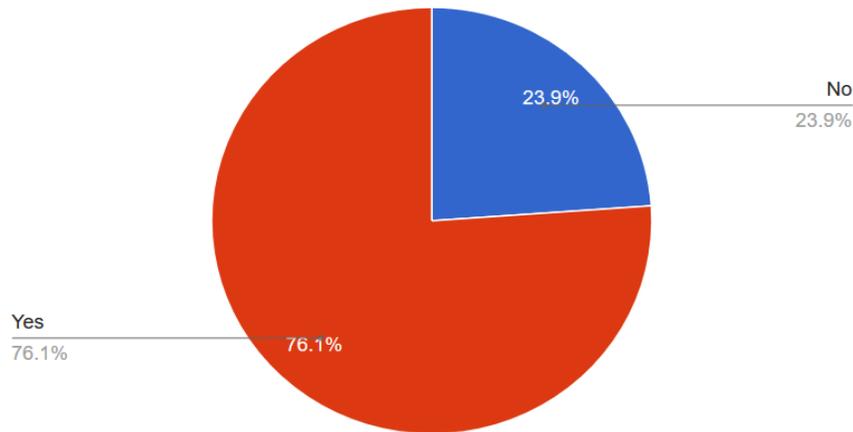
Our data show that despite a slightly higher employment of quantitative metrics (i.e. quantity of investor meetings, number of sell-side meetings and number of investor conferences attended), both qualitative and quantitative metrics (i.e. quality of preparation for events, efficient use of management time and effectiveness of messaging for investor communications) were widely used to measure the effectiveness of IR programme.

8. How many sell-side brokers are there to cover your stock?



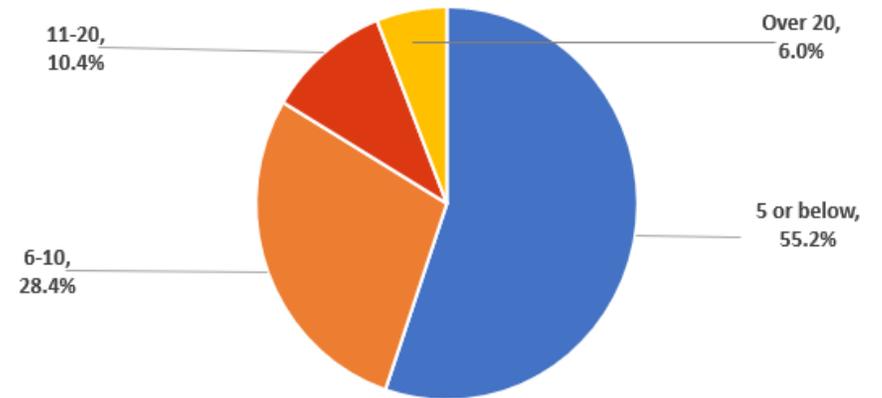
Our data show that over half of the respondents had 5 or less sell-side brokers to cover their stock, while almost 18% had 11-20, over 13% had over 20, and almost 12% had 6 -10 sell-side brokers.

9. Do you use brokers to organise your non-deal roadshow?



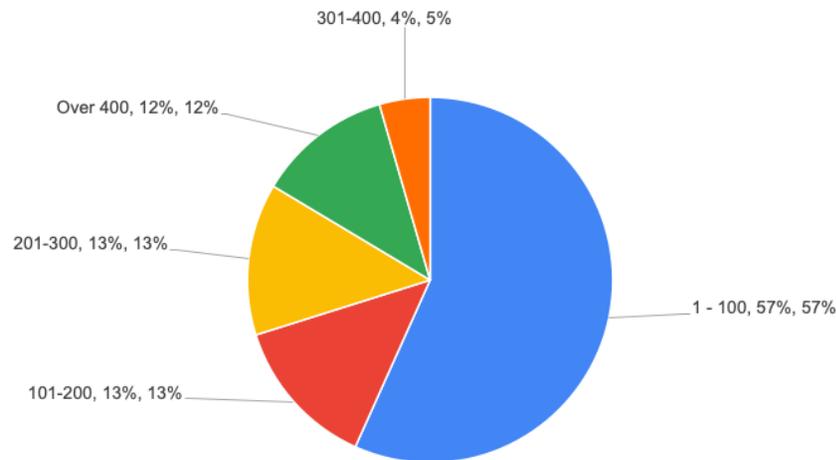
Our survey shows that brokers used to be a preferred organizer of non-deal roadshows despite the implementation of MiFID II since early 2018.

10. How many broker-sponsored conferences did your company participate in the past twelve months?



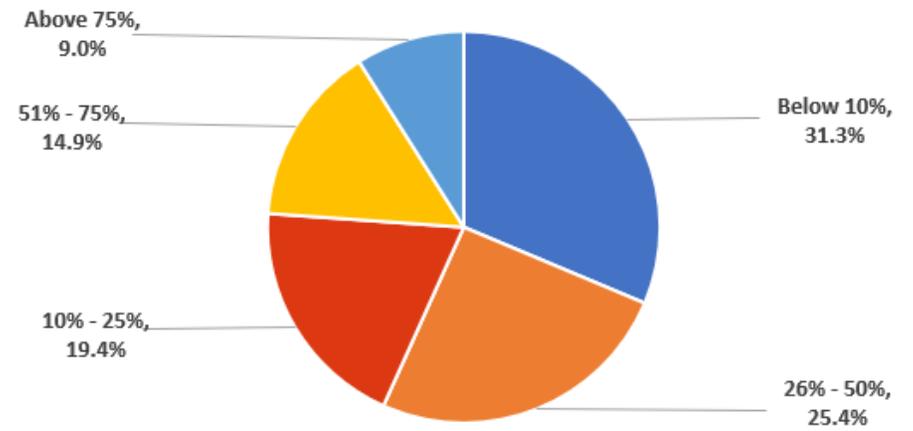
An implication that can be drawn from the relatively low amount of company participation in broker-sponsored conferences is that sell-side coverage, for small-capped Hong Kong listed companies in particular, would very likely follow investor interest, and a direct way of achieving that would be conference participation.

11. How many investor meetings did your company host in the past twelve months?



57% of the respondents reported that they hosted less than 100 investor meetings in the past 12 months, while 12% indicated a number over 400.

12. What is the percentage for investor meetings taken by C-Suite executives in the past twelve months?



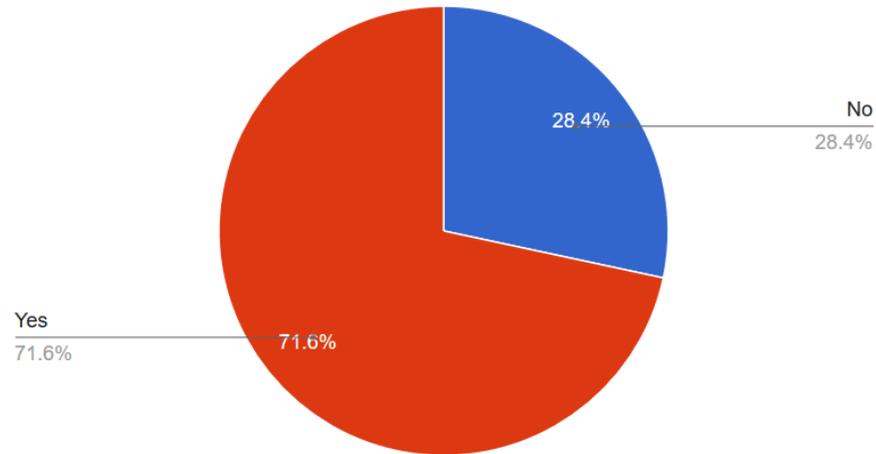
Communications is a key, if not the most important, part of Investor Relations.

The data show that less than 25 % of the investors meeting were attended by C-suite executives, and more than 43% of the respondents hosted over 100 investor meetings in the past 12 months with 12% hosted over 400 meetings. About 24% of the respondents indicated active participation of their C-Suite executives by attending more than 50% of the investor meetings.

The low engagement of C-Suite executives shown by the data highlights the crucial existence of IR team to be responsible for the communication task.

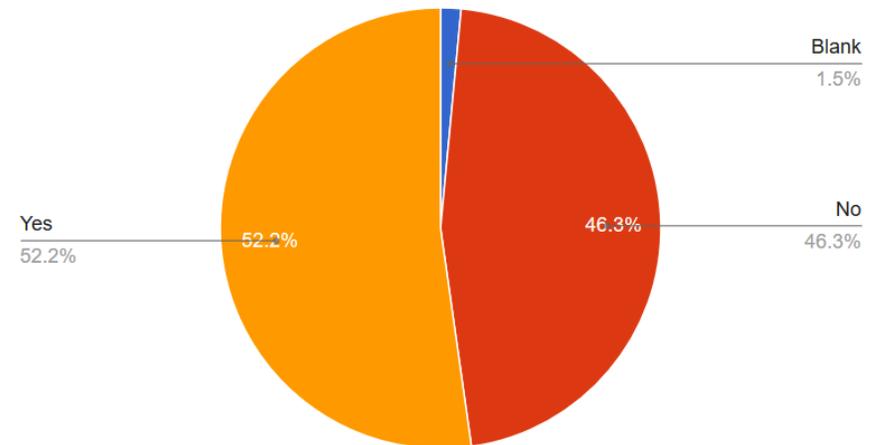
And a possible reason to explain such low engagement is that sometimes the C-Suite executives are not even located in Hong Kong, or they simply have insufficient time for investors, hence the existence of IR team.

13. Does your Board ask feedback about business strategies from investors?



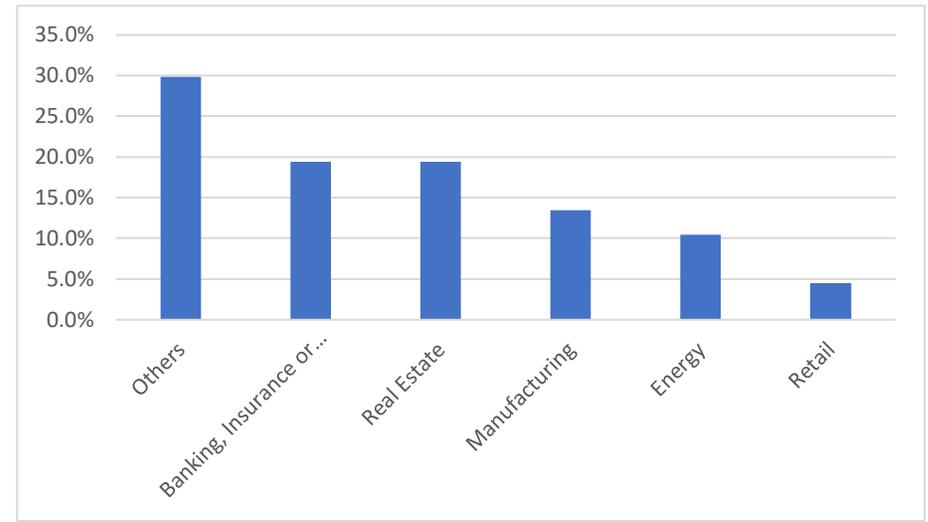
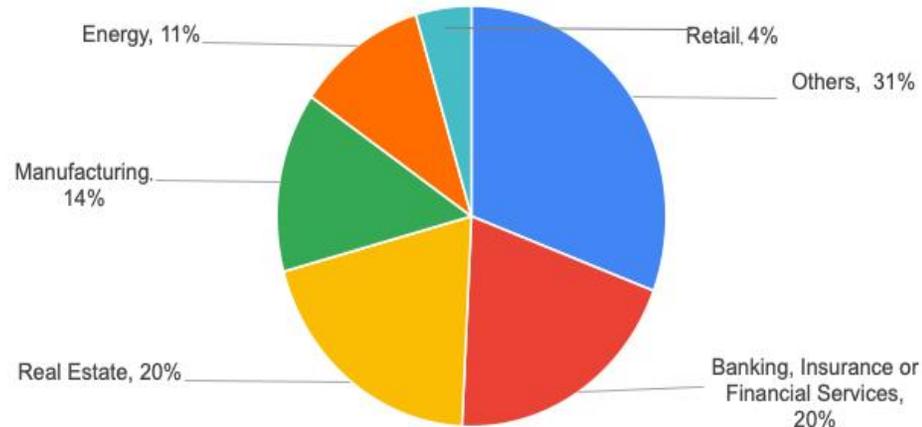
A majority of over 70% reported positively about their Board seeking feedback from investors on their business strategies.

14. Is there a designated ESG team in your company?



Over 52% of the respondents confirmed the existence of a team designated for ESG, while over 46% expressed there was no such team in their companies.

15. Who is responsible to handle investors' ESG inquiries in your company? (tick one or more options)

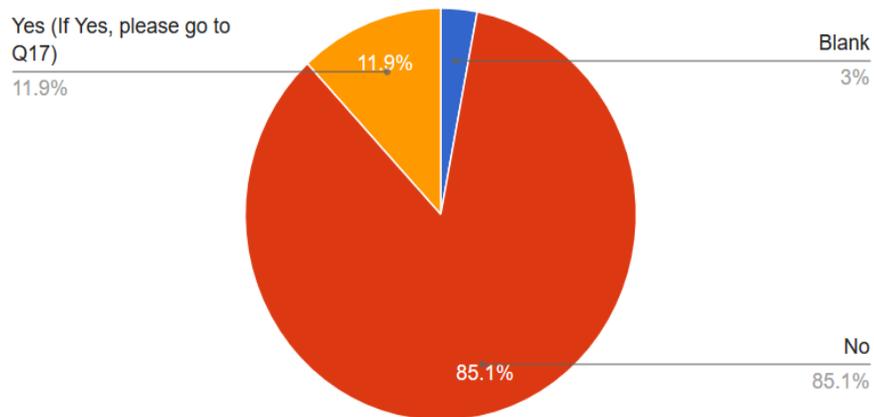


Our survey shows that over half of the respondents had a designated ESG team in their companies. However, when it comes to handling investors' ESG inquiries, IR team was cited most commonly as the team, while ESG team, company secretary and corporate communications team also help with such inquiries.

It is logical to conceive that ESG team plays an essential role in filling in specific info to assist the IR team to articulate their ESG stories or respond directly to ESG related inquiries.

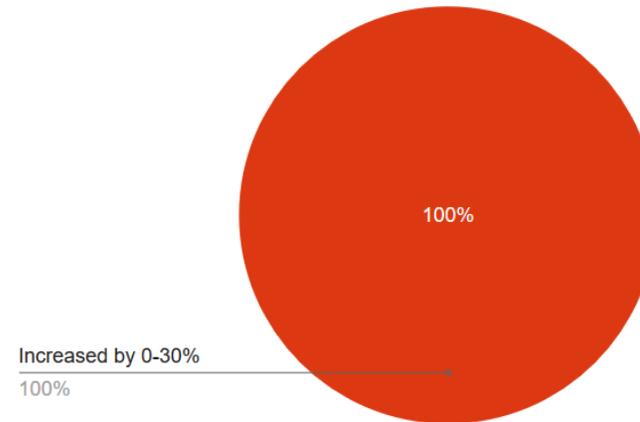
In recent years, ESG disclosure has been a very popular topic in every IR conference. Companies take different approaches to articulating their ESG stories to external stakeholders including investors.

16. Have you increased the budget of your department for getting more resources and tools in place to proactively deal with the new circumstance after the implementation of MiFID II?



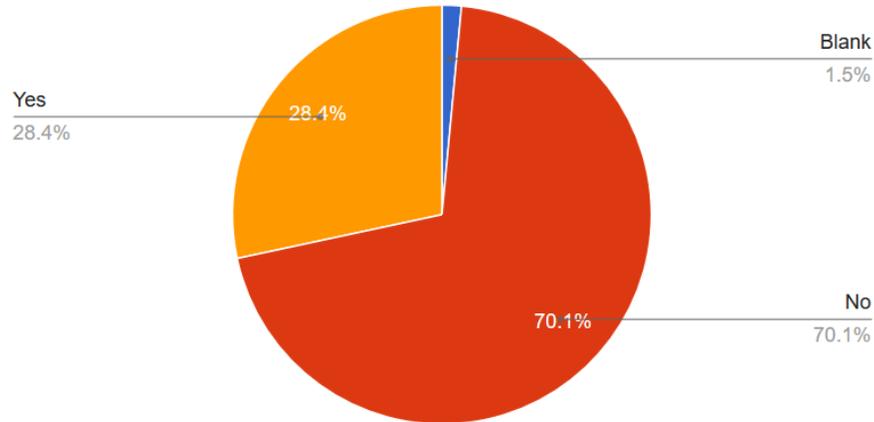
Although MiFID II seems to have increased the complexity and workload of IR function, a majority of over 85% reported that there was no budget increase after the implementation of MiFID II, and only a slightly over 10% respondents had seen increase in their budgets to deal with the challenges.

17. Comparing with the budget before the commencement of MiFid II, what's the increment?



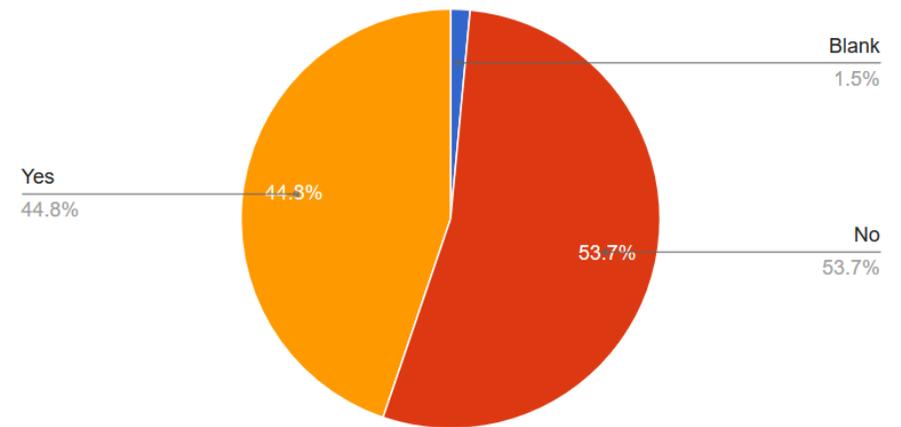
Among the almost 12% that expressed a budget increase after the implementation of MiFID II in the previous question, the increment was reported to be up to 30%.

18. Have you noticed that the number of sell-side coverages on your company was reduced after MiFiD II?



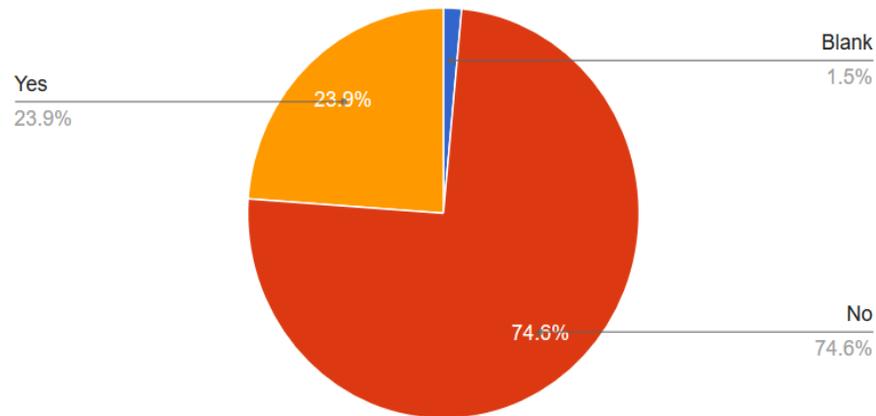
More than 28% of the respondents have seen reduction in sell-side coverage for their companies after MiFiD II.

19. Have you received more demand of investor meetings directly from the buy-side following the introduction of MiFiD II?



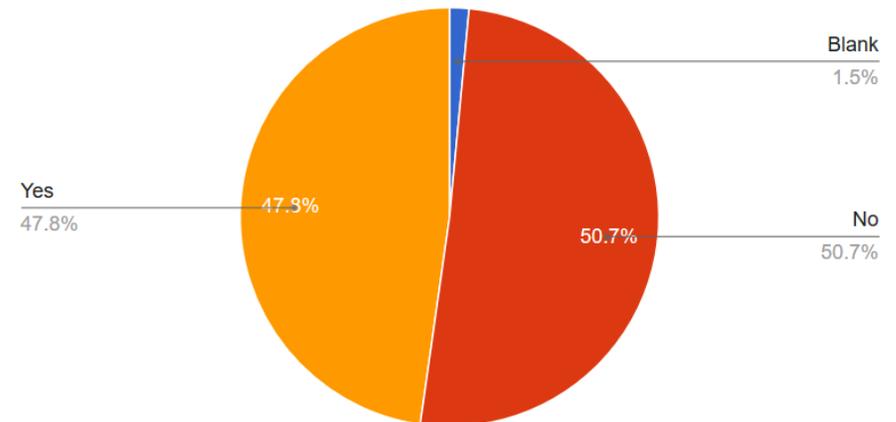
Almost 45% confirmed receiving increased demand of investor meetings directly from the buy-side after the launch of MiFiD II.

20. Have you tried to engage roadshow coordinator(s) (other than securities houses or corporate access team of the investment banks) for organizing the roadshow following the introduction of MiFID II?



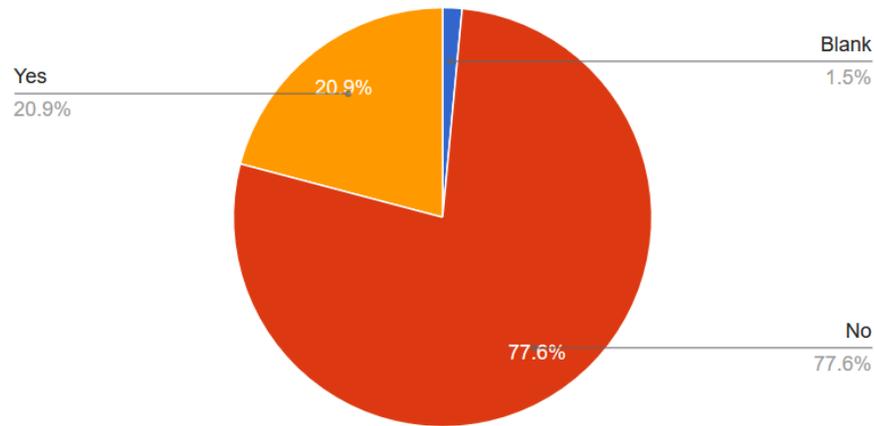
With the implementation of MiFID II, about 24% of the respondents have reduced their reliance on sell-side brokers to organise roadshows by engaging roadshow coordinators.

21. Have you initiated the investor communication platform by leveraging the social media or other new-tech platforms?



Almost half of the respondents had become more active in using social media or other new platforms to communicate with investors.

22. Have you changed the way you use shareholder analysis and investor targeting since the introduction of MiFID II?



A majority of over 77% reported negatively that they have changed the way they use shareholder analysis and investor targeting with the implementation of MiFID II.

Final Remarks

This IR Survey managed to gather data from local IR teams of Hong Kong Listed Companies and study the influence over these listed companies specifically related to ESG and MiFID II.

IR Team was shown to play a significant role when it comes to handling ESG matters. The launch of MiFID II had reduced both the sell-side coverage and reliance on sell-side brokers to organise roadshows among the local listed companies.