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# LEARNING FROM THE BEST

## Hong Kong's leading listed companies on what makes a successful investor relations program.

The role and responsibilities of investor relations professionals have changed dramatically over the last 15 years, with much of that transformation coming since the 2007 financial crisis. What was once a pure communications role within publicly traded companies has evolved rapidly into a position of considerable importance.

Technological change, more onerous regulation and the increasingly global nature of investing mean the modern IR professional needs to be more than a reactive mouthpiece for the company: they need to be proactive, strategic and highly knowledgeable.

The winning companies in the **Hong Kong Investor Relations Association 1st IR Awards** all demonstrate what it takes to implement a truly outstanding investor relations program. In total, there are 19 award categories honouring IR best practice at individual and company levels, namely Best IR company, Best IR by Chairman/CEO, Best IR by CFO, Best IRO, Best IR Presentation Collaterals, Overall Best IR. These are further categorised into large cap, mid cap and small cap to cover companies from the largest to the smallest. Here, five of the award winners outline their particular approach to IR.



### OVERALL BEST IR COMPANY - LARGE CAP

**LINK REAL ESTATE INVESTMENT TRUST**  
**STOCK CODE: 823**

#### Mr. George Hongchoy — CEO

As a real estate investment trust, Link REIT faces slightly different challenges from many of the other award nominees—and even most property stocks. “REITs need to be very transparent about their business operations and financial performance,” says CEO George Hongchoy. “We are required to have more detailed disclosure on financials, reversion, unit rent and valuation details.” REITs are also bound by extra regulatory oversight under the Stock Exchange Listing Rules and SFC REIT Code, which limit their investment scope, operational flexibility and governance.

The company's IR strategy, however, hews closely to industry best practices, Hongchoy breaking it down into three pillars: being transparent, accessible and knowledgeable. Senior management sets the tone, directly overseeing the IR department and forming different teams with their IR colleagues to reach out to investors.

“The management is committed to meeting all key investors at least once a year,” says Hongchoy, who tries to divide the time the C-suite spends on IR between conference appearances and non-deal road shows to maximize efficiency. Post-results investor conferences and NDRs are conducted in key financial centres around the world, with additional NDRs arranged to target potential new investors. “With effective time management and work allocation, we can engage investors and shareholders, and handle other management duties as well,” says Hongchoy.

A key part of the strategy is regular investor education and unitholder communication to ensure investors support Link REIT's business direction. With 100% free float and relatively large base of retail investors, effective outreach is essential. Analysts briefings and conference calls are conducted promptly whenever corporate transactions are announced, and presentation materials made ready at Link REIT's corporate website. “For retail investors, we provide updates through communications with stock commentators and retail or brokerage houses,” says Hongchoy. “We also increase our exposure by attending investment seminars, stock exchange forums and HKIRA events.”

To effectively engage with funds that have different investment mandates, investment styles, time horizons and return expectations, Link REIT uses all available channels: one-on-one meetings and conference calls, investor conferences, NDRs, analyst days etc, and clearly elaborates on financial performance, company strategy and industry trends through its IR materials. “We have to present our investment case against their individual background. As our strategy evolves and our business model expands, we need to ensure our investors understand management's efforts in building long term value,” says Hongchoy.

The IR team maintains a detailed database to log, track and respond to investor questions and concerns, and evaluates its performance using a range of measures including: changes in investors' base and level of holdings; unit price performance versus representative indices and peers; analysts coverage and ratings and the regularity of their updates; and performance in IR rankings and awards.

#### Overall Best IR Company (Large Cap)

#### Best IR Company (Large Cap)

#### Best IR by Chairman/ CEO (Large Cap)

- » Mr. Nicholas Sallnow-Smith
- » Mr. George Hongchoy

#### Best IR by CFO (Large Cap)

- » Mr. Andy Cheung

#### Best IRO (Large Cap)

- » Mr. Hubert Chak
- » Ms. Luna Fong
- » Ms. Angela Cheng

#### Best IR Presentation Collaterals (Large Cap)

# LEARNING FROM THE BEST



**Overall Best IR Company  
(Mid Cap)**

**Best IR Company  
(Mid Cap)**

**Best IR by Chairman/  
CEO (Mid Cap)**  
» Dr. Simon Kwok, BBS, JP

**Best IR by CFO  
(Mid Cap)**  
» Dr. Guy Look

**Best IRO  
(Mid Cap)**  
» Ms. Tiffany Cheung

**Best IR Presentation  
Collaterals (Mid Cap)**

## OVERALL BEST IR COMPANY - MID CAP

**SA SA INTERNATIONAL HOLDINGS LIMITED**  
**STOCK CODE: 178**

### Dr. Guy Look — CFO

For cosmetics retailer Sa Sa, investor relations is all about accountability. “That’s part of our corporate culture and it’s driven from the very top of the company,” says Chief Financial Officer Dr. Guy Look. “The investment community wants to be informed on a timely basis so they have a comprehensive understanding of the business: the opportunities and the risks.”

Going beyond operational data, Sa Sa’s IR program focuses on sharing the company’s strategic vision and market insight, as well as ESG data that shows it’s a good corporate citizen. “We want to help investors to understand how to judge the company, not just provide publicly disclosed information,” says Look. “We educate them over a long period of time, so they get a comprehensive view. For the long-term funds especially, that makes them more comfortable investing in the industry and the company.”

As CFO, Look spends around 25% of his time engaging with investors (dependent on the investment calendar) and finds that time well spent. “Investors are very experienced in judging business risks and opportunities, strategies and outlooks. I learn a lot from my discussions with them that is relevant to our business. It’s a two-way communication,” he says.

Engaging with the sell-side is one of the largest IR challenges Look has to deal with. “The buy-side is straightforward, but the sell side sometimes have a more positive or negative view than us. They often have their own business considerations so it can be very hard to change their views,” he says. In those cases the best course of action is simple: “We just have to work a lot harder with the buy-side, explaining to them how we interpret the same data in the light of the market.”

To keep the conversation with investors flowing, Sa Sa releases unaudited quarterly reports each financial year, filling the gaps between the interim and final reports. “Unless we do that there is no public information for us to discuss with investors between the half yearly reports,” says Look. “They do want an update and they do want to see how we’re doing, so in our view quarterly updates are absolutely essential.”

As a well-recognized consumer brand in China, Sa Sa also sees opportunity in the opening of the Hong Kong-Shanghai Stock Connect, as well as the Shenzhen link that is set to follow. “As a retail brand we have certain advantages. Our consumers can double up as potential investors,” says Look. But he also sees challenges.

“Investors have access to a larger investment universe, which means more competition,” says Look. “And in Hong Kong we’re used to dealing with long-term funds. It’s quite an adaptation to meet with Chinese investors who often have shorter-term horizons.”



**Best IR by Chairman/  
CEO (Large Cap)**

» Mr. Ronnie Chan

## **BEST IR BY CHAIRMAN/CEO - LARGE CAP**

**HANG LUNG PROPERTIES LIMITED**  
**STOCK CODE: 10**

### **Mr. Ronnie Chan — Chairman**

For Ronnie Chan, Chairman of Hang Lung, it's important not to confuse IR with PR. "Companies have to do the right thing first. If you're not, then marketing yourself is not going to help much," he says. Doing the right thing starts with good corporate governance, but also involves putting in the work to regularly engage with potential investors—wherever they may be.

Hang Lung executives visit both the U.S. and Europe (the regions with the largest number of institutional investors) twice a year, on top of periodic visits to Singapore and, increasingly, China. "If the market is up we go. If the market is down we go. If we have good news we go. If we have bad news we go. We've made it our practice," says Chan.

The executives split the travel duties between them, each takes the responsibility equally seriously. "Ultimately shareholders are the owners of the company. They're my boss and it behooves every Chairman or CEO to go and talk to your boss. That's our responsibility," he says. "Then from a marketing perspective, you want to broaden your shareholder base and get your story out—meet new investors."

Chan cautions inexperienced IROs from breaching rules on disclosure during such one-on-one meetings. "The overarching principal is to be transparent, but you can't give information to some investors but not others," he says. "We're not there to tell them anything new. We do that at our press conference, on conference calls and in webcasts. But we can expound on that information."

Chan is well known in Hong Kong's financial community for sharing his thoughts with investors through his mid-year and year-end chairman's letters, which go into extensive detail on current market topics as well as Hang Lung's performance, and can be up to 12,000 words long.

"Those are the two times when I as a chairman can directly interact with all shareholders—and potential shareholders," he says. "Why shouldn't we take advantage of that, unless we have no intention of being responsible to shareholders?"

The letters, released on the back of interim and final results, are frequently reported on by Hong Kong's financial press and are also being collected into a book. Their forthright commentary is well read among institutional investors. "I don't just write the good, I also write about problems," says Chan. "It's only right that management should report fairly the real situation, as they see it, to all shareholders."

# LEARNING FROM THE BEST



## **Best IR Company (Large Cap)**

### **Best IR by Chairman/ CEO (Large Cap)**

» Mr. Kent Wong

### **Best IR by CFO (Large Cap)**

» Mr. Hamilton Cheng

### **Best IRO (Large Cap)**

» Ms. Danita On

### **Best IR Presentation Collaterals (Large Cap)**

## **BEST IR BY CHAIRMAN/CEO - LARGE CAP**

### **CHOW TAI FOOK JEWELLERY GROUP LIMITED STOCK CODE: 1929**

#### **Mr. Kent Wong — Managing Director**

Despite being in business for 86 years, Chow Tai Fook only listed on the Hong Kong stock exchange in December 2011, making investor relations a fairly new discipline within the company. “We’ve learned a lot working together with our IR department,” says Managing Director Kent Wong. “Before we listed, as CEO I communicated mostly with the boss: our biggest shareholder. We’ve had to learn how to help all our public shareholders understand the company: how we’re developing strategy and how we’re managing opportunities and challenges.”

Transparency has quickly become the watchword, and Wong has found the IR team’s daily dialogue with investors to be valuable in giving senior management clear direction. “Our attitude toward IR is to focus on addressing investor concerns: that’s the culture we’re well on the way to establishing,” says Finance Director, Hamilton Cheng. “In fact we’ve had that in our DNA since before we were listed. We’ve always tried to report in a timely and accurate way to our shareholders, and lead the industry in corporate governance.”

Best practices include ensuring everyone from the IR team, corporate affairs and HR is on the same page when it comes to the company story. Wong ensures the firm’s Director of Investor Relations, Danita On, has a seat at the table when top management gathers for their annual conference to brainstorm the long-term strategy for the company.

Company strategy is proving to be a key interest of Chinese investors purchasing the well-known retailer’s shares through the Hong Kong-Shanghai Stock Connect. “Our brand has a good presence across the whole country. We’re well positioned to leverage that brand equity in the investment market, but it’s a new challenge to gain their confidence,” says Cheng. “Mainland investors have a different style from those in the international market. They’re more interested in market trends and business strategy and rely more on a qualitative approach, as they’re in the local market and can track closely what we’re doing.”

Since going public, Chow Tai Fook has been putting growing emphasis on its annual report, moving beyond financials to offer investors a more detailed analysis, as well as increasing disclosure on governance, risk management and corporate and social responsibility, which are becoming more important to investors in valuing businesses. “We’re not just looking at past performance, but analyzing the risks and opportunities and the future outlook,” says Cheng. “Telling them truthfully how we run the business and what our concerns are.”

The increased focus on investor relations since 2011 has been an overall boon for Chow Tai Fook, rather than a burden. “As the CEO my job is to run the business, but the work we do in IR, preparing financial data for investors, can help me a lot in understanding the company and industry trends,” says Wong. Cheng agrees: “With the work they do on macro analysis, peer comparison and industry trends, the IR team is like a research department for us.”



## BEST IR BY CFO - LARGE CAP

**GALAXY ENTERTAINMENT GROUP LIMITED**  
**STOCK CODE: 27**

### Mr. Robert Drake — CFO

“We have an extremely active investor relations program, engaging with the financial community and proactively searching for potential investors that meet our parameters,” says CFO Robert Drake. “And when markets are challenging, we are even more proactive in communicating with investors instead of waiting for them to contact us.”

“Our IR team really understands our market and is often consulted by institutions for our views on Macau,” says Drake. “They’re very accessible and work very effectively as a group, even giving tours of our resorts.”

As CFO, Drake invests up to a quarter of his time in investor relations, developing strategies and plans, and building strong teams that can deliver on them. With Macau’s casino business closely followed by analysts and investors alike, and a significant amount of public information about the industry available, clear disclosure and effective communication is a must. “We do our best to work with investors and analysts in educating them about the market, in general, and Galaxy, specifically, from meetings to property tours,” says Drake. “But we certainly respect their independence and do not provide specific guidance.”

The mandatory half-yearly financial results are complemented by voluntary press conferences, analyst calls and road shows to keep lines of communication open, and Galaxy has also introduced quarterly reporting supported by global investor conference calls, road shows and meetings. “We believe exceeding the base standard improves transparency, provides more timely and accurate information and strengthens our relationship with the financial community,” says Drake. “Regardless of their size, all companies can follow best practices and actively engage with the financial community. You just need to develop and execute a strategy and recruit a capable team.”

Galaxy tries to treat investors the way it does its guests, by actively soliciting feedback with the goal of continuous improvement. This includes an annual independent survey of a selection of sell-side and buy-side analysts, using both quantitative and qualitative measures of performance. Drake also sets specific targets for the number of the investor meetings, conference calls, property tours, conferences and media events the IR team will achieve as part of the annual budget.

“We believe we’re extremely well-positioned to capitalize on the Shanghai-Hong Kong and Shenzhen Connect,” says Drake. “We have long held that Chinese investors will be important to the future success of Hong Kong, the Macau market and Galaxy.”

**Best IR Company  
(Large Cap)**

**Best IR by CFO  
(Large Cap)**  
» Mr. Robert Drake

**Best IRO  
(Large Cap)**  
» Mr. Peter Caveny

**Best IR Presentation  
Collaterals (Large Cap)**

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### ABOUT HKIRA

The Hong Kong Investor Relations Association is committed to promoting excellence in investor relations and advocates the adoption of international IR standards by companies listed on the Hong Kong Stock Exchange. The HKIRA Investor Relations Awards were launched in 2015 to promote best practices in IR, and recognize Hong Kong-listed companies and local IR professionals for their excellence and achievements in investor relations.

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