

Listing Division  
Hong Kong Exchanges and Clearing Limited  
11/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

Attn: Ms. Anne Chapman

By Fax (2179 5982) and By Mail

13 January, 2006

Dear Madam,

We are writing to express our comments on the proposed changes to the Listing Rule requirement for Main Board issuers to publish paid announcements in newspapers, as set out in the Exchange's exposure paper of November 2005 ("Exposure Paper").

At the outset, we must say that we are, in principle, opposed to any radical change to a system that has served both issuers and investors well, a system whose costs for individual companies have declined sharply in recent years.

As a media company with newspaper businesses in Hong Kong, we have an obvious interest in preserving the current system. But it is worth noting that the large array of newspapers in Hong Kong gives issuers a high degree of choice and bargaining power. There are currently at least 12 Chinese-language and 3 English-language newspapers that carry paid announcements. No single newspaper enjoys an overriding position and market shares of individual newspapers vary from year to year. As another indication of this extraordinarily competitive market, which is unique in the world, effective page rates for newspaper announcements have fallen at a double-digit rate in recent years.

As a listed issuer, we are in favor of changes that will help bring down the cost of maintaining the listing status and realize additional return to our shareholders. However, the declining cost of paid announcements in newspapers represents a relatively small proportion of the overall costs of maintaining the listing status. On the other hand, thanks to buoyant market activity, listing fees have continued to rise in the last two years. We believe that a more effective way for the Exchange to help lower the cost for a Main Board issuer of maintaining its listing would be a reduction of the listing charges. In addition, we are mindful that the proposed changes which rely on the Exchange's website for issuers' news dissemination will represent significant efforts and investment on the part of the Exchange, and we seek the Exchange's assurance that the proposed new regime will not result in additional charges being levied on the listed companies.

Taking the general interest of the market and of the investors into consideration, we believe that the timing for the proposed changes is premature. At a time when Hong

Kong is establishing itself as a market with world-class standards, a move which could be seen as a restriction in the disclosure of information would send the wrong signal to global investors. Given that Hong Kong's corporate governance efforts only started in earnest recently, and given the continuing suspicion with which some international investors still regard the Hong Kong market, any rapid or far-reaching change in disclosure policy could prove costly in terms of lost credibility. To illustrate our point, we attach (as Appendix 1) a recent article in the Financial Times, which reflects the scepticism with which many international investors view the corporate governance standards of the Hong Kong stock market. Whether that scepticism is justified or not, the perception is there and care must be taken not to jeopardize the market's standing through ill-thought-out changes.

At the same time, we note that abrupt moves in the past have severely dented confidence among local retail investors, who have very different interests and information needs than do institutional investors. Both groups, we feel, would be ill-served by the proposed changes. Although the Exposure Paper alleges that the community has reached a consensus on the need to do away with mandatory newspaper announcements, independent evidence suggests quite the opposite, as we will detail below.

If there is to be a change in a regime that has worked to support the extraordinary growth of the Hong Kong stock market, we believe that it must be implemented in phases in order to ensure an orderly transition to a purely web-based news dissemination regime. Our research on the issue suggests that the market, be it the issuers or the investors, is not prepared for the changes, even in the interim phase, yet.

In particular, we are concerned with the lack of familiarity among the local investors with the Internet as a means of accessing information on listed companies, and the uncertainty on the readiness of the Exchange's website and listed companies' websites. If there is nonetheless a decision to move ahead with the changes, we emphasize that the interim measures must be carefully designed before their implementation and be allowed to operate for a sufficient period of time to ensure a smooth and effective migration to the final phase of electronic disclosure only.

In order to ascertain investor and community responses to the proposed changes, we supported the highly regarded University of Hong Kong Public Opinion Programme in December 2005 in conducting an independent survey ("Survey") on individual investors for their opinion on the release of listed company notices (a full report of which is attached as Appendix 2).

An overwhelming majority of those polled (80%) think that the current system should be maintained (see Table 16 of Key Findings). An even higher number (83%, see Table 5) think that the proposal to publish notices online rather than in newspapers will harm investors.

Moreover, the results of the Survey show that a substantial majority of investors (73%, see Table 3) usually use newspapers and magazines to acquire information about listed companies. A relatively small percentage of investors (28%) use the Internet and, more notably, only 3% of the investors use the HKEx website and less than 2% use the listed companies' websites to obtain such information (see Table 4). Despite high levels of Internet use in Hong Kong over a number of years, it is clear from this research that Hong Kong's individual investors will need a fair amount of time to build a habit of using the Internet to access listed companies' information, let alone relying on electronic

announcements solely as their means of keeping informed about listed companies' news. Indeed, the record in recent years suggests that the Internet may simply not be suitable for the sort of wide, daily dissemination of often complex information that the market demands.

If the Exchange does move ahead with its proposed changes, it is clear that Main Board issuers themselves have yet to prepare for the new regime. Based on our own internal research of all Main Board listed companies, we found that issuers' websites are quite far from being ready to take on the role as a principal means of disseminating statutory company announcements. Surprisingly, only two-thirds of the Main Board issuers have a corporate website that we were able to locate, and out of these 21% do not provide annual/interim reports for download and 37% do not even have a section for company notices (see a summary of our research findings attached as Appendix 3). This means that almost 60% of the Main Board issuers are not in a ready position to provide investors with electronic access to their company announcements. Moreover, only about two-thirds (69%) of existing websites could be considered truly bilingual. We believe that more time and support should be given to the Main Board issuers in order to move to a genuine electronic announcement environment.

Following full implementation of the proposed change to abolish company announcements in newspapers, the Exchange's website will be the primary source of timely information on all listed issuers in Hong Kong and the mandatory communication interface. Based on information disclosed in the Exposure Paper, we have studied the Exchange's website and the HKEx-EPS, and propose that a number of improvements should be made to ensure that the systems are implemented and maintained to the highest possible standard. These include improvements on the authenticity of the identity of the website and of the issuer, the security of the website, the integrity of the content of the website, the availability of the servers and the electronic submission of announcements. A detailed list of our proposed improvements is attached as Appendix 4.

The difficulties of implementing the needed enhancements should not be taken lightly. A recent series of computer-related debacles at the Tokyo Stock Exchange have underscored the severe damage to market integrity that can result from even a single technology-related problem.

We are of the view that, until the suggested improvements to the Exchange's website and the HKEx-EPS are properly considered and implemented, and until Main Board issuers' websites are appropriately developed to meet a reasonable level of standard, the proposed changes to replace full announcements in newspapers with short-form announcements should not commence.

If the proposed changes in the Exposure Paper were to proceed, our response to the issues raised in Part C of the Exposure Paper is as follows: (i) the short form announcement which, as an interim measure, Main Board issuers will be required to publish in the newspapers should be a summary announcement; and (ii) the proposed period of 9 months for the interim measure is not sufficient to prepare the market for the total abolition of newspaper announcements. We believe that a significantly longer period will be required for such preparation.

Referring to the results of the Survey, almost 60% (see Table 12) of the respondents prefer summary announcement to notification as the interim measure. We also observe that

investors have a preference for the financial information of listed companies' results, as well as information regarding shareholders' meetings and significant transactions, to be available in newspaper announcements. The need of investors to continue to be able to access a meaningful amount of information through newspaper announcements points further to summary announcement rather than notification as the interim measure. In particular, as the Survey results indicate, the summary announcement should include, where appropriate, information on the profit and loss accounts, financial statistics, notices on shareholders' meetings and important transactions (see Tables 6-11).

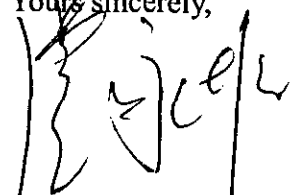
Significantly, about three-quarters (see Table 13) of those who had an opinion on the size of the summary announcements believed that they should be at least half the size of the existing announcements. Tellingly, nearly one of eight people (14%) who had an opinion thought that the "summary announcements" should remain the same size.

The Survey results also show that a majority (64%, see Table 15) of the respondents consider that a period of 9 months or more to be the appropriate duration of the transition period. More than half of these think that a minimum of one year is needed for the transition period. We believe that a longer period of time is required to try out a primarily web-based news dissemination regime and to allow the market participants to provide feedback on the interim measure, in order to identify pitfalls and devise the most appropriate disclosure regime for the long term. We urge that the Exchange should more fully seek the market's response, through surveys or consultations, again before implementation of the final phase.

We believe that the change to abolish announcements in the newspapers represent a fundamental change to the Hong Kong market whereby all parties concerned, including issuers, investors, regulatory bodies as well as other market practitioners will need to make significant adaptations. The Exchange's website and issuers' websites will need to be upgraded to meet the requirements of the market; investors will need to build a habit of using electronic means to access the relevant information; and above all, issuers will also need time to adjust to the new operational model.

We reiterate our view that the new system, if it is to be adopted, should be implemented cautiously and incrementally, to take into account the opinion of investors as polled in the Survey. Given the minimal cost savings to listed companies, and the very real danger of adverse market reaction, we believe that this change should continue to be deferred until issuers and investors are more fully ready. We think that time is needed to educate investors, especially local individual investors who are key to the long-term health of the market, and to develop more user-friendly electronic products.

Yours sincerely,



Lo Wing Hung  
Chief Executive Officer  
Sing Tao News Corporation Limited

Copies to:

Mr. Henry Tang, Financial Secretary (By fax 2840 0569)

Mr. Frederick Ma, Secretary for Financial Services and the Treasury (By fax 2147 5770)

Mr. Martin Wheatley, Chairman, Securities and Futures Commission (By fax 2845 9553)

Mr. Peter Au-Yeung, Executive Director & Chief Operating Officer, Securities and Futures Commission (By fax 2810 5385)

Mr. Alexa Lam, Executive Director, Securities and Futures Commission  
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Mr. Charles Lee, Chairman, Hong Kong Exchanges and Clearing Limited  
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Mr. Paul Chow, Chief Executive, Hong Kong Exchanges and Clearing Limited  
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COMPANIES ASIA-PACIFIC

# Chinese listings favour relaxed HK bourse

Concerns rise over territory's governance, write Justine Lau and Florian Gimbel

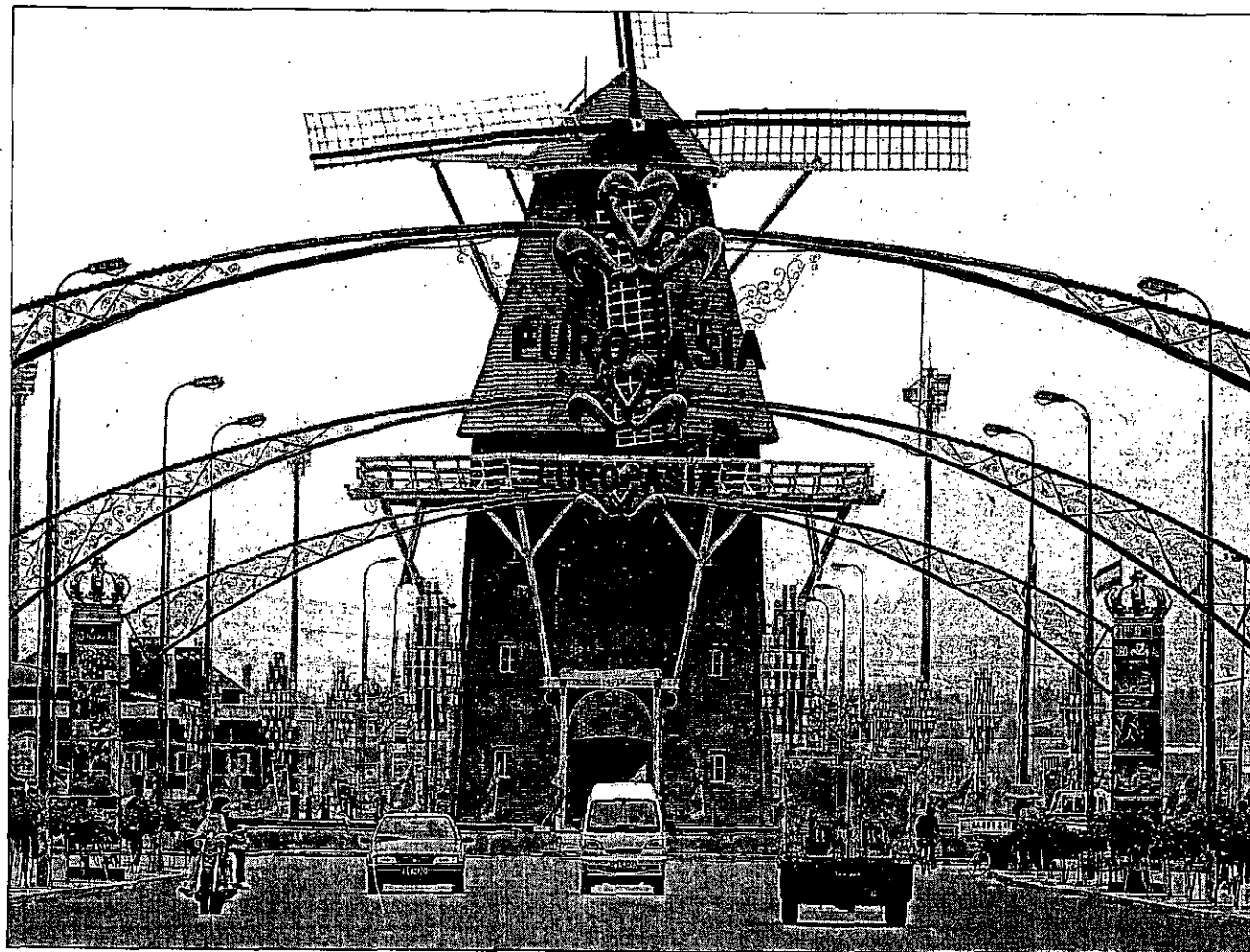
Since Shanghai Petrochemical became the first Chinese company to dual list its shares in the US and Hong Kong in 1993, ringing the opening bell at the New York Stock Exchange seemed to have become a rite of passage for Chinese initial public offerings.

But Guo Shuqing, China Construction Bank's chairman, skipped the ritual yesterday and toasted the debut of his company's shares in Hong Kong instead, making CCB the latest Chinese company to shun New York in favour of a single listing in the territory.

Since the introduction of Sarbanes-Oxley, the corporate governance laws, in 2002, and an SEC investigation into insurer China Life following its IPO in Hong Kong and New York in 2003, dual-listings have become increasingly rare among Chinese companies.

Aside from China Construction Bank, Bank of Communications and China Shenhua Energy also opted to hold their IPOs in Hong Kong only, where they have the same access to international capital but at a lower cost and with less hassle.

The trend is positive for Hong Kong, giving it an



Not what it seems: Holland Village was set up by Yang Bin, founder of Euro-Asia, which inflated its revenue by 20 times before it listed in Hong Kong

AFP/Getty Images

advantage in one of the world's fastest growing sources of equity issuance.

However, analysts and investors question whether the territory's often criticised regulatory system can withstand a deluge of Chinese companies of uncertain corporate governance standards.

Some fund managers even argue Hong Kong is less transparent than China. "I

have to say I have been sandbagged more often in Hong Kong than I have been in China or Taiwan," says Chris Ruffle, a Shanghai-based director at Martin Currie, the UK fund manager.

Chinese companies account for 32 per cent of Hong Kong's stock market capitalisation, compared with 26.9 per cent in 2000 and 5.4 per cent a decade ago. Ernst & Young has predicted this

ratio will reach 50 per cent in three to five years.

However, the standard of corporate governance among Chinese companies has always been a key concern, as highlighted by China Aviation Oil, the Singapore-listed jet fuel supplier that lost US\$550m in derivatives trading, and Euro-Asia, an orchid grower that inflated its revenue by 20 times ahead of its listing in Hong

Kong. To protect investors, experts argue, Hong Kong should boost the power of the Securities and Futures Commission, one of Hong Kong's two market regulators.

The SFC is seen as the main watchdog. However, it shares certain powers with the stock exchange, whose parent, Hong Kong Exchanges and Clearing, is itself listed and collects most

of its revenue from new listings and stock trading.

"The principle of having a listed company as a frontline regulator is a poor principle," says Jamie Allen, secretary general for the Asian Corporate Governance Association.

Experts say Hong Kong should introduce statutory backing for the market's listing rules and have the SFC police those rules. But as

most Hong Kong-listed Chinese companies have their directors and assets on the mainland, the SFC and the stock exchange should also increase their level of co-operation with the China Securities Regulatory Commission, their mainland counterpart.

Hong Kong regulators have no authority to take enforcement action against directors in China.

"The Commission here relies on the goodwill of market participants to produce documents and witness testimony from over the border. If they don't do that, the SFC can sometimes threaten to involve the CSRC, but it rarely seems to do so," said Gavin Lewis, a partner with law firm Herbert Smith.

But even if Hong Kong regulators do try to work with the mainland, they face an additional hurdle - the mainland market is often policed directly by the security apparatus, not by the CSRC, Mr Lewis says.

When a Chinese company gets into trouble, the police, rather than the CSRC, usually take action. Examples include the case of Yang Bin, chairman of Euro-Asia; Zhou Zhengyi, the Shanghai property tycoon; and Liu Jinbao, former chief of Bank of China's Hong Kong operation. Mr Liu was quietly recalled to China from Hong Kong and arrested there over loans made when he headed the lender's Shanghai branch.

To protect themselves, investors used to attach a burdensome risk premium to most Chinese companies. But one fund manager says some new listings, such as CCB, are no longer being sold at a discount to their peers. "People have become very emotional. Right now, they are saying these stocks have a lot of growth, therefore, the risk premium should be lower," he argues.

See Markets

**THE UNIVERSITY OF HONG KONG  
PUBLIC OPINION PROGRAMME (POP)**

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**Survey on Individual Investors' Opinions on the  
Release of Listed Companies' Notice 2005**

**Survey Findings**

**Research Team Members**

Project Director : CHUNG Ting-Yiu Robert  
Project Manager : PANG Ka-Lai Karie  
Research Executive : CHAN Ka-Man Carmen  
Data Analyst : LIN Wah-Lin Alex

**December 2005**

**CONTACT INFORMATION**

Date of survey : 6 -9 December 2005  
Survey method : Telephone survey with interviewers  
Target population : Cantonese-speaking population of Hong Kong of age 18 or above who have held, or were holding local stocks in the past 12 months  
Sampling method : Standard POP telephone sampling method was used. Telephone numbers were selected randomly from residential telephone directories and mixed with additional numbers generated by the computer. If more than one qualified subject had been available, the one who had his/her birthday next was selected.  
Sample size : 508 successful cases  
Response rate : 86.6% (Based on target population)  
Std. sampling error : Less than 2.2%

*Everything in this publication is the work of individual researchers, and does not represent the stand of The University of Hong Kong. CHUNG Ting-yiu Robert is responsible for the work of the Public Opinion Programme (POP) of The University of Hong Kong.*

## **Part I Background**

- 1.1 In December 2005, Hong Kong Economic Times Holdings Limited and Sing Tao News Corporation Limited commissioned the POP Team to conduct the "Survey on Individual Investors' Opinions on the Release of Listed Companies' Notice 2005", so as to gauge the views of the respondents towards the methods adopted by listed companies when releasing public notices.
- 1.2 The questionnaire was designed independently by the POP Team after making references from the information provided by the clients. The POP Team was fully responsible for the fieldwork operation, data collection and analyses of the survey.

## **Part II Research Methodology**

- 2.1 This was a random telephone survey conducted by telephone interviewers under close supervision. To minimize sampling bias, telephone numbers were first drawn randomly from the residential telephone directories as "seed numbers", from which another set of numbers was generated using the "plus/minus one/two" method, in order to capture the unlisted numbers. Duplicated numbers were then filtered, and the remaining numbers were mixed in random order to produce the final telephone sample.
- 2.2 The target population of this survey was Cantonese-speaking population of Hong Kong of age 18 or above who have held, or were holding local stocks in the past 12 months. When telephone contact was successfully established with a target household, one person of age 18 or above was selected. If more than one qualified subject had been available, selection was made using the "next birthday rule" which selected the person who had his/her birthday next from all those present.
- 2.3 Telephone interviews were conducted during the period of 6-9 December 2005. A total of 508 qualified Hong Kong citizens were successfully interviewed. The effective response rate of this survey was 86.6% (Table 2), and the standard sampling error for percentages based on this sample was less than 2.2 percentage points. In other words, the sampling error for all percentages was less than plus/minus 4.4 percentage points at 95% confidence level.



### Part III Detailed Breakdown of Contact Information and Calculation of Effective Response Rate

Table 1 Detailed breakdown of contact information

	<u>Frequency</u>	<u>Percentage</u>
<b>Respondents' ineligibility confirmed</b>	<b>4,083</b>	<b>45.5</b>
Fax/ data line	233	2.6
Invalid number	1,534	17.1
Call-forwarding/ mobile/ pager number	31	0.3
Non-residential number	292	3.3
Special technological difficulties	103	1.1
No eligible respondents	1,890	21.0
<b>Respondents' eligibility not confirmed</b>	<b>2,179</b>	<b>24.3</b>
Line busy	89	1.0
No answer	1,304	14.5
Answering device	36	0.4
Call-blocking	167	1.9
Language problem	222	2.5
Interview terminated before the screening question	264	2.9
Others	97	1.1
<b>Respondents' eligibility confirmed, but failed to complete the interview</b>	<b>2,212</b>	<b>24.6</b>
Appointment date beyond the end of the fieldwork	2,139	23.8
Partial interview	21	0.2
Miscellaneous	52	0.6
<b>Successful cases</b>	<b>508</b>	<b>5.7</b>
<b>Total</b>	<b>8,982</b>	<b>100.0</b>

Table 2 Calculation of effective response rate

Effective response rate =	$\frac{\text{Successful cases}}{\text{Successful cases} + \text{Incomplete cases} + \text{Refusal cases by prorated-eligible respondents}^*}$
=	$\frac{508}{508 + 21 + 264 [(508+21) / (508 + 21 + 1,890)]^*}$
=	86.6%
* Figures obtained by prorata.	

## Part IV Key Findings

Table 3 Which channel(s) would you **usually** use to acquire information about the company results, right issue and public offer of the local Main Board listed companies? But excluding the real-time market quote.

	Frequency	Percentage of responses (Base=1,013)	Percentage of respondents (Base=507)
Newspapers/Magazines	369	36.4	72.8
Television/Radio	305	30.1	60.2
Internet	142	14.0	28.0
Stock-brokers/Brokerage houses/Banks	133	13.1	26.2
Companies' annual reports	47	4.6	9.3
Others	8	0.8	1.6
Forgotten/Don't know/ Hard to say	9	0.9	1.8
Total	1,013	100.0	
Missing case(s)	1		

Table 4 【Only for respondents who have chosen "Internet" in the above question】  
 What kind of websites on the Internet then?

	Frequency	Percentage of responses (Base=188)	Percentage of respondents (Base=140)	Percentage of total sample (Base=508)
Stock-brokers/Brokerage houses/Banks	72	38.3	51.4	14.2
Yahoo	38	20.2	27.1	7.5
Newspapers/Magazines	36	19.1	25.7	7.1
Website of HKEx	15	8.0	10.7	3.0
Companies' annual reports	7	3.7	5.0	1.4
Television/Radio	4	2.1	2.9	0.8
Others	16	8.5	11.4	3.1
Total	188	100.0		
Missing case(s)	2			

Table 5 Do you agree this proposal, i.e. publishing the notices online rather than in newspapers, will harm the opportunity of those investors who want to obtain the latest information but without the Internet access?

	Frequency	Percentage
Agree	421	82.9
Disagree	68	13.4
Don't know/Hard to say	19	3.7
Total	508	100.0

Regarding the listed companies' public notices, for each of the items below, do you think the current practice or the new proposal should be adopted? That is, whether to publish all details of the notices or simply the summary in the newspapers?

Table 6 The whole profit and loss accounts

	Frequency	Percentage
Details published in newspapers	276	54.3
Proposal of publishing summary	205	40.4
No preference	21	4.1
Don't know/Hard to say	6	1.2
Total	508	100.0

Table 7 Analyses on income, financial statistics and other information

	Frequency	Percentage
Details published in newspapers	264	52.0
Proposal of publishing summary	209	41.1
No preference	25	4.9
Don't know/Hard to say	10	2.0
Total	508	100.0

Table 8 Financial well-being

	Frequency	Percentage
Details published in newspapers	321	63.2
Proposal of publishing summary	164	32.3
No preference	17	3.3
Don't know/Hard to say	6	1.2
Total	508	100.0

Table 9 The management review and future business prospect

	Frequency	Percentage
Details published in newspapers	243	47.9
Proposal of publishing summary	220	43.4
No preference	30	5.9
Don't know/Hard to say	14	2.8
Total	507	100.0
<i>Missing case(s)</i>	<i>1</i>	

Table 10 How about notices on shareholders' general meetings? That means all resolutions ending for passage that might affect the shareholders' interest. Do you think the current practice or the new proposal should be adopted?

	Frequency	Percentage
Details published in newspapers	295	58.1
Proposal of publishing summary	191	37.6
No preference	15	3.0
Don't know/Hard to say	7	1.4
Total	508	100.0

Table 11 How about notices on merger, acquisition, sale of assets and important transition?

	Frequency	Percentage
Details published in newspapers	343	67.5
Proposal of publishing summary	143	28.1
No preference	15	3.0
Don't know/Hard to say	7	1.4
Total	508	100.0

Table 12 During the transition period, do you think "summary announcement" or "notification" should be adopted?

	Frequency	Percentage
Summary announcement	302	59.7
Notification	163	32.2
Don't know/Hard to say	17	3.4
Object to the abolition	24	4.7
Total	506	100.0
<i>Missing case(s)</i>	<i>2</i>	

Table 13 If "summary announcement" came into effect, in your opinion, what should be the minimum size of the summary to be published in the newspapers in order to maintain the same level of transparency of the company?

	Frequency	Percentage
0%	1	0.2
10%	11	2.2
20%	17	3.4
30%	45	8.9
40%	17	3.4
50%	116	23.1
60%	25	5.0
70%	42	8.3
80%	46	9.1
90%	6	1.2
100%	50	9.9
Don't know/Hard to say	127	25.2
Total	503	100.0
Mean	58.4%	
Std. error of mean	1.26%	
Base	376	
Missing case(s)	5	

Table 14 If "notification" came into effect, in your opinion, what should be the minimum size of the notification to be published in the newspapers for an effective drawing of readers' attention?

	Frequency	Percentage
More than two pages	11	2.2
Two pages	26	5.1
Full Page	155	30.6
Half Page	132	26.1
1/4 Page	101	20.0
1/8 Page (roughly equal to 12cm x 10 cm)	16	3.2
Less than 1/8 Page	12	2.4
Don't know/Hard to say	53	10.5
Total	506	100.0
Missing case(s)	2	

Table 15 HKEx considers a period of nine months (less than one fiscal year) to be sufficient to prepare the market for the transition. In your opinion, what should be the appropriate duration of transition period?

	Frequency	Percentage
Less than 9 months	107	21.7
9 months	156	31.6
1 year	124	25.1
1.5 years	11	2.2
2 years	5	1.0
More than 2 years	18	3.6
No preference	41	8.3
Don't know/Hard to say	32	6.5
Total	494	100.0
<i>Missing case(s)</i>	<i>14</i>	

Table 16 Overall speaking, do you agree or disagree to retaining the current mechanism that notices should be published in newspaper for investors' information?

	Frequency	Percentage
Agree	404	79.7
Disagree	62	12.2
No preference	36	7.1
Don't know/Hard to say	5	1.0
Total	507	100.0
<i>Missing case(s)</i>	<i>1</i>	

## Part V Demographic Profile of Respondents

Table 17 Gender

	Frequency	Percentage
Male	251	49.4
Female	257	50.6
Total	508	100.0

Table 18 Age Group

	Frequency	Percentage
18 - 20	2	0.4
21 - 29	29	5.8
30 - 39	84	16.8
40 - 49	175	34.9
50 - 59	134	26.7
60 or above	77	15.4
Total	501	100.0
<i>Missing case(s)</i>	7	

Table 19 Education Attainment

	Frequency	Percentage
Primary or below	51	10.2
Secondary	269	53.6
Tertiary or above	182	36.3
Total	502	100.0
<i>Missing case(s)</i>	6	

Table 20 Occupation

	Frequency	Percentage
Executives and professionals	172	34.5
Clerical and service workers	87	17.4
Production workers	39	7.8
Students	7	1.4
Housewives	103	20.6
Others	91	18.2
Total	499	100.0
<i>Missing case(s)</i>	9	

Table 21 Monthly personal income (including all income sources, e.g. domestic expenses, part-time income and pocket money, etc.)

	Frequency	Percentage
No income	48	10.3
HK\$5,000 or below	30	6.4
HK\$5,000-9,999	75	16.1
HK\$10,000-14,999	74	15.9
HK\$15,000-19,999	61	13.1
HK\$20,000-24,999	46	9.9
HK\$25,000-29,999	28	6.0
HK\$30,000-39,999	48	10.3
HK\$40,000-49,999	17	3.6
HK\$50,000-59,999	15	3.2
HK\$60,000-79,999	10	2.1
HK\$80,000-99,999	6	1.3
HK\$100,000 or above	8	1.7
Total	466	100.0
Mean	HK\$21,073.0	
Std. error of mean	HK\$933.77	
Base	466	
<i>Missing case(s)</i>	42	



## Appendix: Questionnaire

### Part I Self-introduction

Hello, I'm calling from The University of Hong Kong, Public Opinion Programme. Now we're conducting a public opinion survey on social issue. Can you spare me a few minutes of your time? The information provided will be kept strictly confidential.

### Part II Select eligible respondents

[S1] Is there any one in your household aged 18 or above who is holding or has held stocks of local listed companies in the past year? [Interviewer note: If respondents asked whether MPF agent buying stocks on behalf of them is included, interviewer please answer 'No'.] If there is more than one qualified person, please ask the one who will have his/her birthday next. [Interviewer can ask: can I talk to the one who will have his/her birthday in Dec or the coming 3 months?]

Yes

No one aged 18 or above → skip to end

No holding of stocks → skip to end

No one aged 18 or above nor holding of stock → skip to end

### Part III Main Questionnaire

1. Which channel(s) would you usually use to acquire information about the company results, right issue and public offer of the local Main Board listed companies? But excluding the real-time market quote. [Read out the first 5 answers, the order is randomly arranged by computer. Multiple answers allowed. Interviewers need to probe 'Any others?' If respondents answered Internet, interviewer must probe further 'what kind of websites on the Internet then?'] [Remark: Main Board is the transaction market for most locally listed companies, including the blue chips, but is different from the GEM.]

Newspapers/Magazines

Television/Radio

Internet [Please probe further]

Internet : Website of HKEx

Internet : Stock-brokers/Brokerage houses/Banks

Internet : Newspapers/Magazines

Internet : Television/Radio

Internet : Companies' annual reports

Internet: Others (Please specify) \_\_\_\_\_

Companies' annual reports

Stock-brokers/Brokerage houses/Banks

Others (Please specify) \_\_\_\_\_

Forgotten/Don't know/Hard to say

Refused

[READ OUT] According to the current regulations, local Main Board listed companies need to publish notices in newspaper for various issues to disclose detailed information pertinent to company results, right issue and public offer to investors. Hong Kong Exchanges and Clearing (HKEx) is now proposing to revise the current mechanisms, this will result in the abolition of the requirement for local listed companies to publish announcements in newspapers. Instead, they are required to submit electronic copies of announcements for parallel publication on HKEx website and the listed company's own website. There will be a transition period before the new mechanism comes into effect.

2. Do you agree this proposal, i.e. publishing the notices online rather than in newspapers, will harm the opportunity of those investors who want to obtain the latest information but without the Internet access?

Agree

Disagree

Don't know/Hard to say

Refused

3. Regarding the listed companies' public notices, for each of the items below, do you think the current practice or the new proposal should be adopted? That is, whether to publish all details of the notices or simply the summary in the newspapers? [Do not read out answer]

(i) The whole profit and loss accounts [If respondents don't understand, interviewer can explain: " 'The whole profit and loss accounts' provides the detailed data of the Income, Profit, Loss, Earnings per share, Dividend and so on."]

Details published in newspapers

Publishing summary only

No preference

Don't know/Hard to say

Refused

(ii) Analyses on income, financial statistics and other information [If respondents don't understand, interviewers can explain: "That means all other data pertinent to company income apart from those provided in 'The whole profit and loss accounts'"]

Details published in newspapers

Publishing summary only

No preference

Don't know/Hard to say

Refused

(iii) Financial well-being [If respondents don't understand, interviewer can explain: "That means Cash flow, Capital information, Debts and Liabilities"]

Details published in newspapers

Publishing summary only

No preference

Don't know/Hard to say

Refused

(iv) The management review and future business prospect

Details published in newspapers

Publishing summary only

No preference

Don't know/Hard to say

Refused

4. How about notices on shareholders' general meetings? That means all resolutions ending for passage that might affect the shareholders' interest. Do you think the current practice or the new proposal should be adopted? That is, whether to publish all details of the notices or simply the summary in the newspapers?

Details published in newspapers

Publishing summary only

No preference

Don't know/Hard to say

Refused

5. How about notices on merger, acquisition, sale of assets and important transition?

Details published in newspapers

Publishing summary only

No preference

Don't know/Hard to say

Refused

[READ OUT] During transition period, it is proposed that local Main Board listed companies only need to publish summary announcement or a notification where notification merely serves to notify investors of the publication of an announcement on the HKEx website and listed company's website without detailed information published like the figures on company results.

6. During the transition period, do you think "summary announcement" or "notification" should be adopted? [Interviewer note: if the respondents opt for "both", pls reiterate they could only choose one, as conceptually, the published summary will make the notification redundant.]

Summary announcement

Notification

Don't know/Hard to say

Object to the abolition

Refused

7. If "summary announcement" came into effect, in your opinion, what should be the minimum size of the summary to be published in the newspapers in order to maintain the same level of transparency of the company?

\_\_\_\_\_ (0-100%, a total of 11 answers can be opted)

Don't know/Hard to say

Refused

8. If "notification" came into effect, in your opinion, what should be the minimum size of the notification to be published in the newspapers for an effective drawing of readers' attention?

More than two pages

Two pages

Full Page

Half Page

1/4 Page

1/8 Page (roughly equal to 12cm x 10 cm)

Less than 1/8 Page

Don't know/Hard to say

Refused

9. HKEx considers a period of nine months (less than one fiscal year) to be sufficient to prepare the market for the transition. In your opinion, what should be the appropriate duration of transition period? [Interviewer note: pls encourage the respondents to provide an exact answer, if they say "don't' know/hard to say", pls prompt by asking "should it be less or more than nine months?", and record the nearest answer.]

Less than 9 months

9 months

1 year

1.5 years

2 years

More than 2 years

No preference

Don't know/Hard to say

Refused

10. Overall speaking, do you agree or disagree to retaining the current mechanism that notices should be published in newspaper for investors' information?

Agree

Disagree

No preference

Don't know/Hard to say

Refused

11. [Only for internal reference] Finally, which channel(s) would you usually use to acquire information about the company results, right issue and public offer of the GEM listed companies? [Read out the first 5 answers, the order is randomly arranged by computer. Multiple answers allowed. Interviewers need to probe 'Any others?' If respondents answered Internet, interviewer must probe further 'what kind of websites on the Internet then?'] [Remark: GEM is the transaction market for the growth enterprise.]

Newspapers/Magazines

Television/Radio

Internet [Please probe further]

Internet : Website of HKEx

Internet : Stock-brokers/Brokerage houses/Banks

Internet : Newspapers/Magazines

Internet : Television/Radio

Internet : Companies' annual reports

Internet: Others (Please specify) \_\_\_\_\_

Companies' annual reports

Stock-brokers/Brokerage houses/Banks

Others (Please specify) \_\_\_\_\_

Not heard of/Unaware of GEM

Forgotten/Don't know/Hard to say

Refused

## Part IV Personal Information

Some personal information will be asked for analysis purpose.

[DM1] Gender

Male

Female

[DM2] Age [Key in the actual number]

\_\_\_\_\_  
Refused

[DM3] Education

Primary or below

Secondary – F.1-5

F.6-F.7

Tertiary – non-degree

Tertiary - degree

Postgraduate

Refused

[DM4] Occupation

Executives/Managers and administrators

Professionals

Associate Professionals

Clerical

Service workers and Shop sales workers

Fishing & Agriculture skilled workers

Craft and related workers

Plant and machine operators and assemblers

Elementary occupations / unskilled workers

Students

Housewives

Can't be distinguished

Others (include unemployed and retired)

Refused

[DM5] Monthly personal income (including all income sources, e.g. domestic expenses, part-time income and pocket money, etc.)

No income

Below HK\$5,000

HK\$5,000-9,999

HK\$10,000-14,999

HK\$15,000-19,999

HK\$20,000-24,999

HK\$25,000-29,999

HK\$30,000-39,999

HK\$40,000-49,000

HK\$50,000-59,999

HK\$60,000-79,999

HK\$80,000-99,999

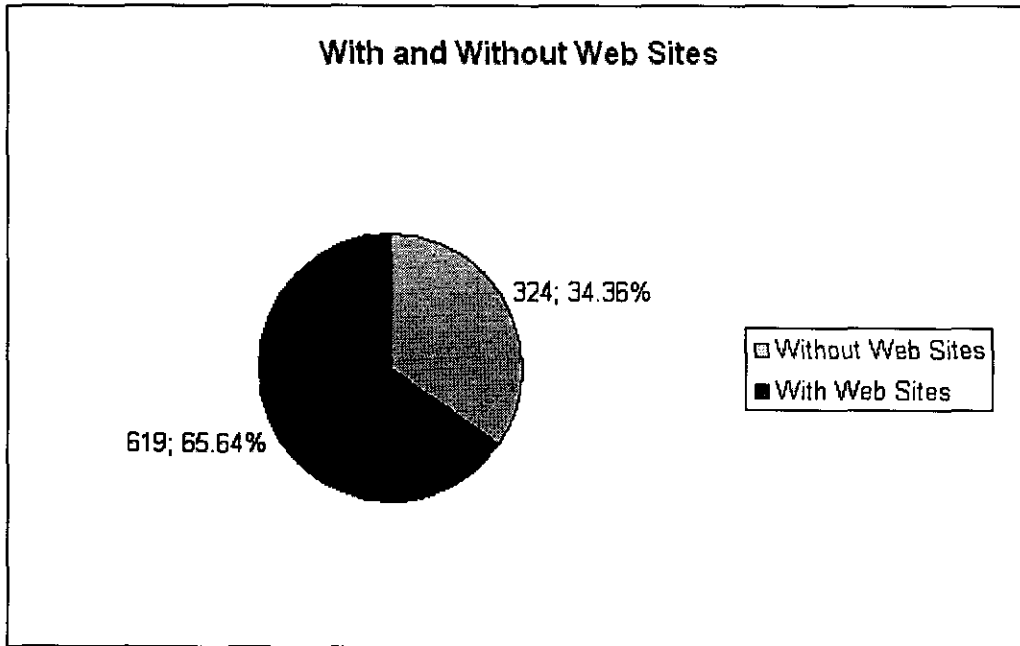
HK\$100,000 or above

Refused



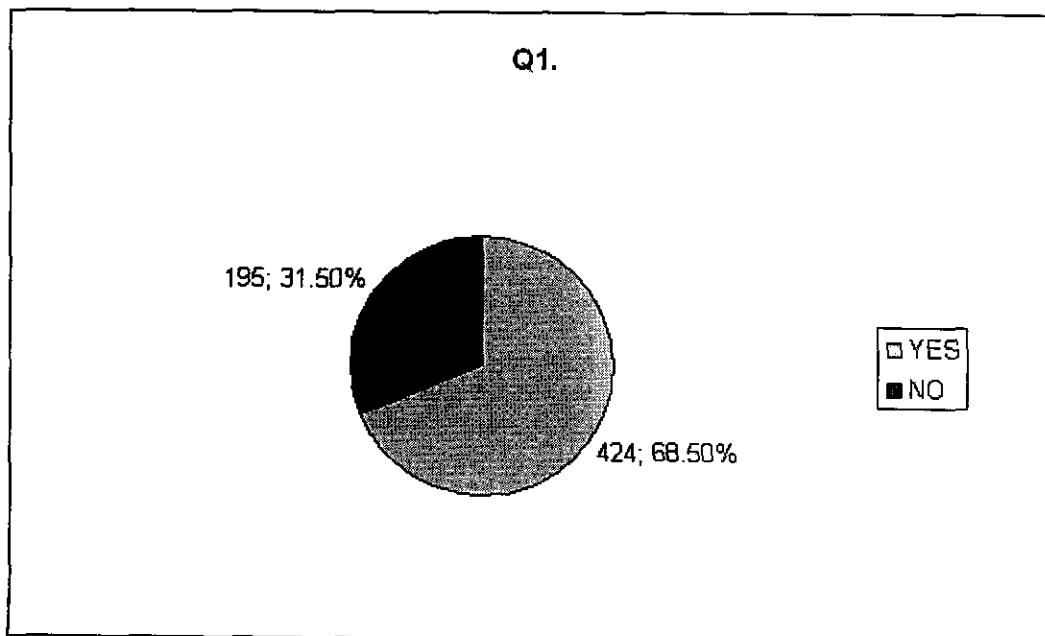
**Summary of Listed Companies Website Evaluation**  
 (Source: Sing Tao News Corporation Limited, December 2005)

<b>Without Web Sites</b>	<b>324</b>	<b>34.36%</b>
<b>With Web Sites</b>	<b>619</b>	<b>65.64%</b>
<b>TOTAL</b>	<b>943</b>	<b>100.00%</b>



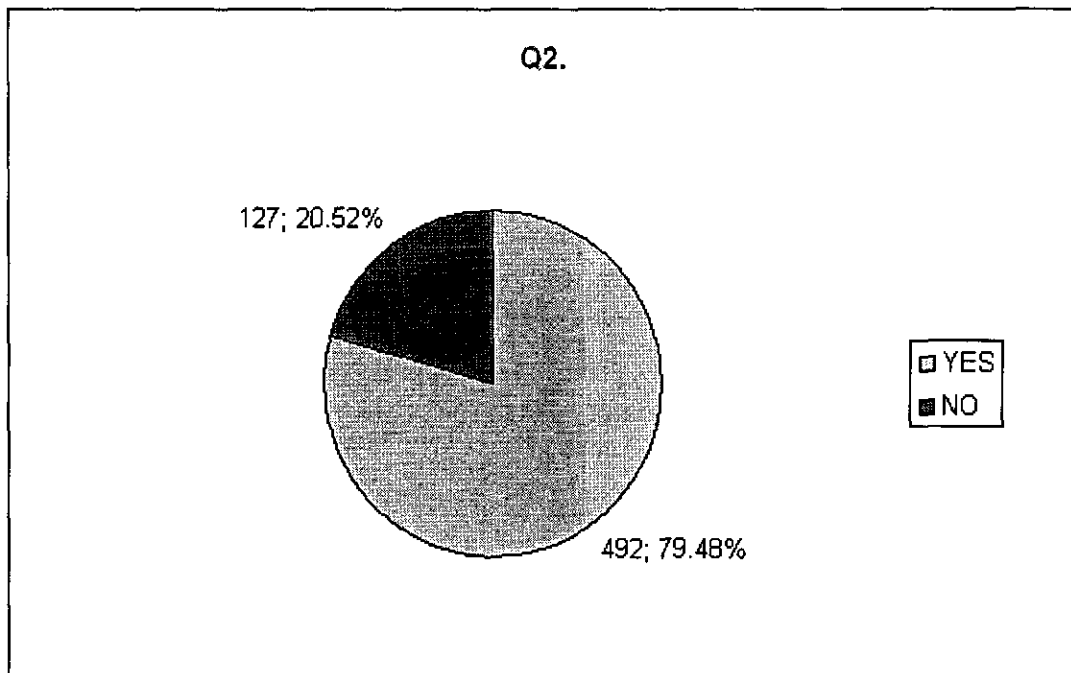
1. Is the company website a true bilingual site ? (Yes/No)

Q1.	<b>YES</b>	<b>424</b>	<b>68.50%</b>
	<b>NO</b>	<b>195</b>	<b>31.50%</b>
	<b>TOTAL</b>	<b>619</b>	



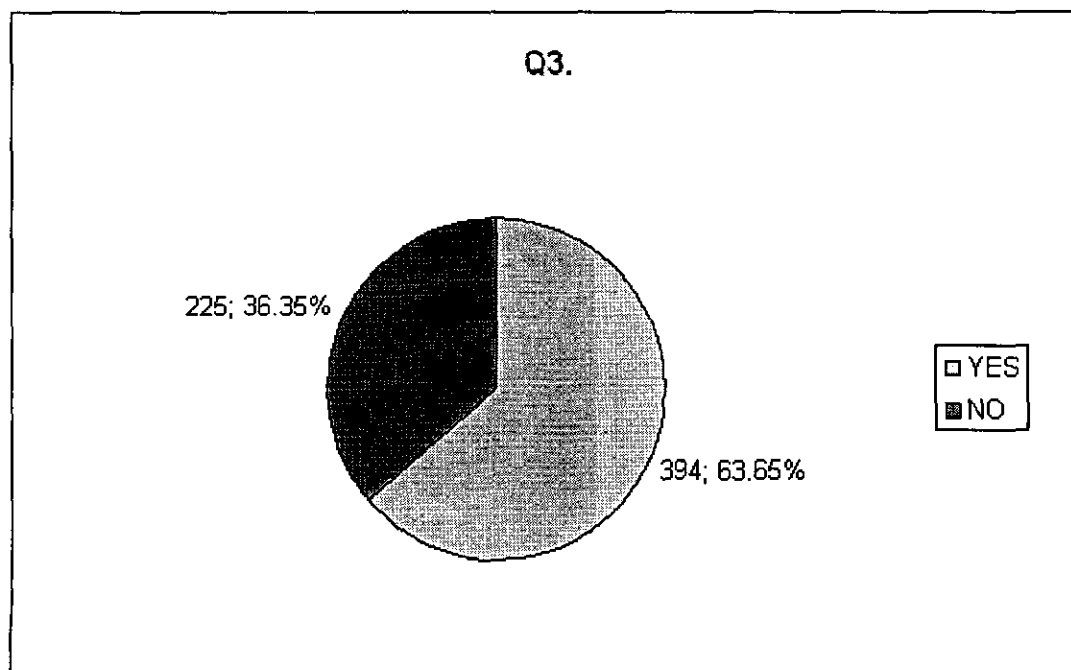
Q2. Do they have Interim/Annual reports for download? (Yes/No)

<b>YES</b>	<b>492</b>	<b>79.48%</b>
<b>NO</b>	<b>127</b>	<b>20.52%</b>
<b>TOTAL</b>	<b>619</b>	



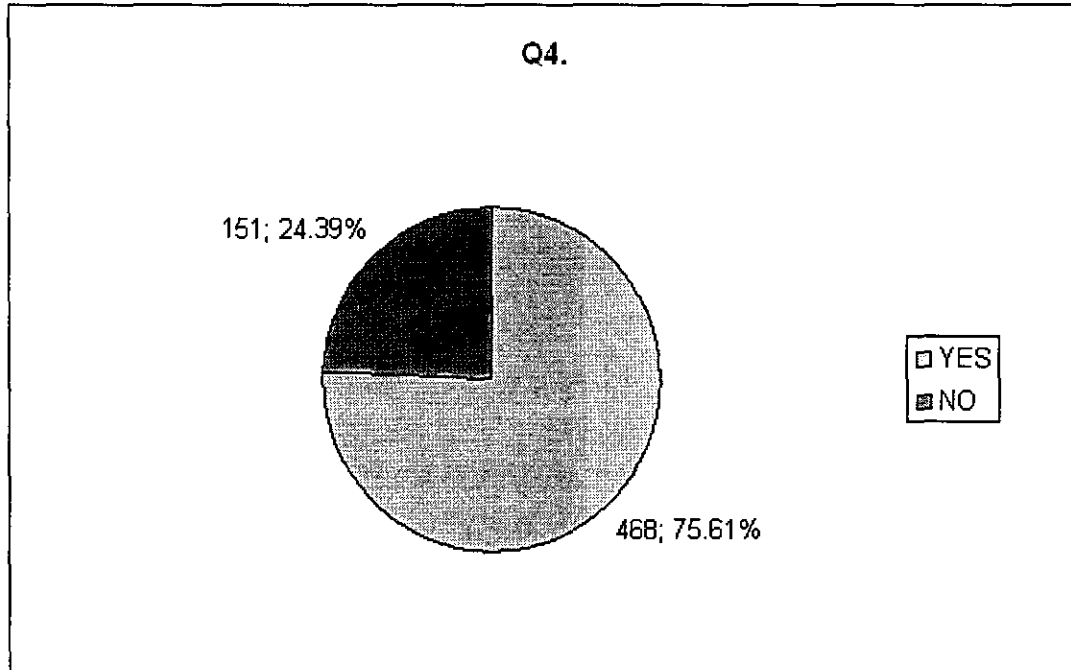
Q3. Do they have a section for IR notices? (Yes/No)

<b>YES</b>	<b>394</b>	<b>63.65%</b>
<b>NO</b>	<b>225</b>	<b>36.35%</b>
<b>TOTAL</b>	<b>619</b>	



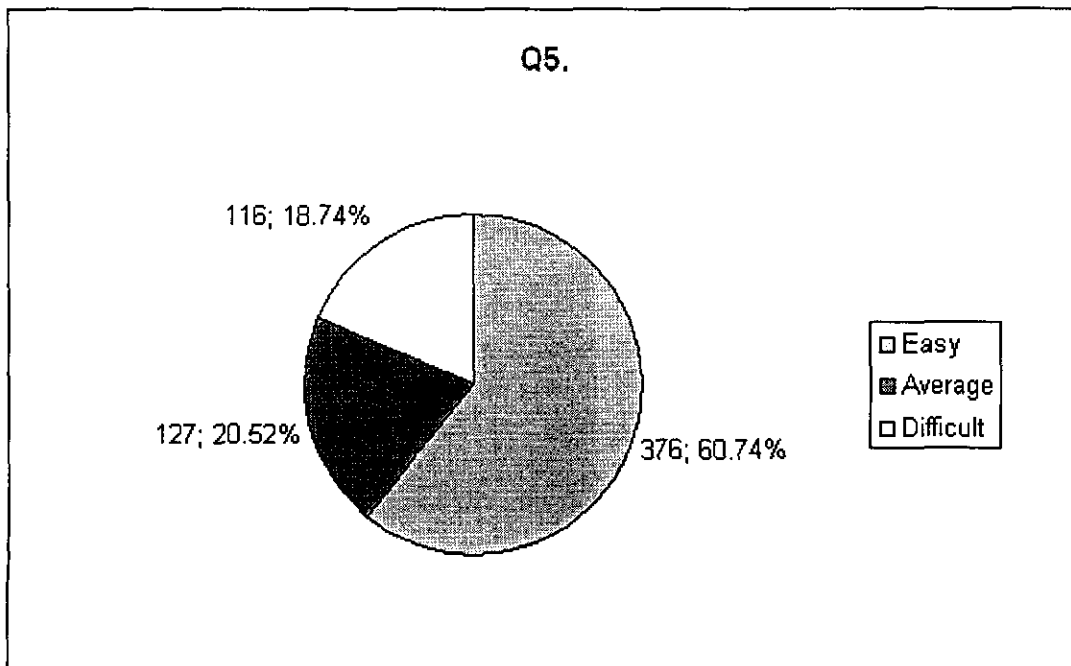
Q4. Do they have a section for IR contacts? (Yes/No)

<b>YES</b>	<b>468</b>	<b>75.61%</b>
<b>NO</b>	<b>151</b>	<b>24.39%</b>
<b>TOTAL</b>	<b>619</b>	



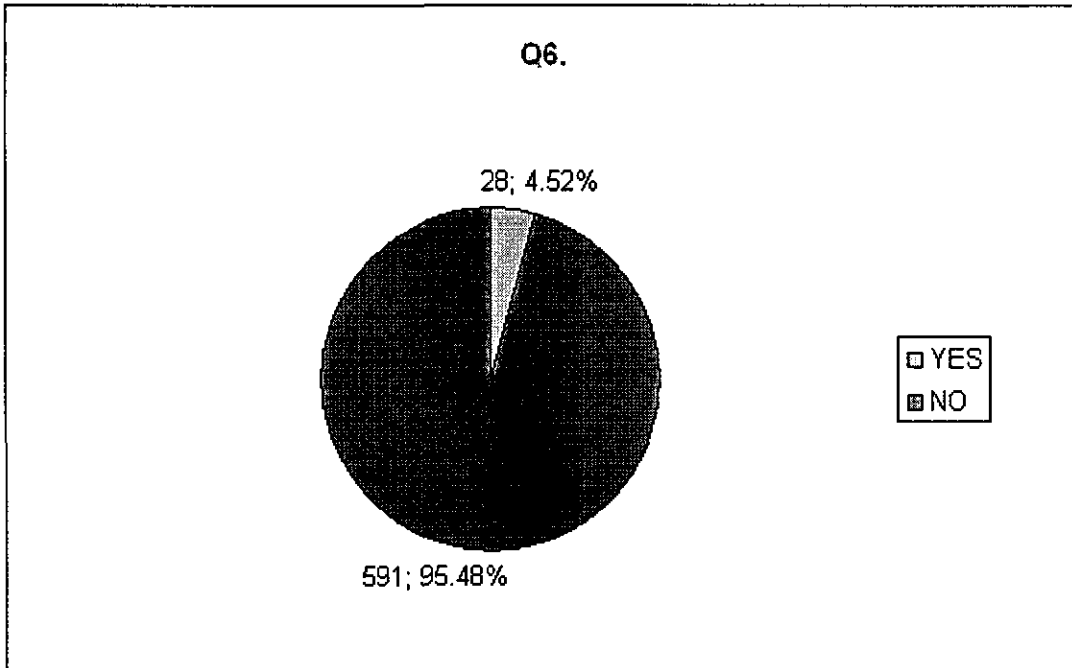
Q5. Is it easy to locate the IR information? (Easy/Average/Difficult)

<b>Easy</b>	<b>376</b>	<b>60.74%</b>
<b>Average</b>	<b>127</b>	<b>20.52%</b>
<b>Difficult</b>	<b>116</b>	<b>18.74%</b>
<b>TOTAL</b>	<b>619</b>	



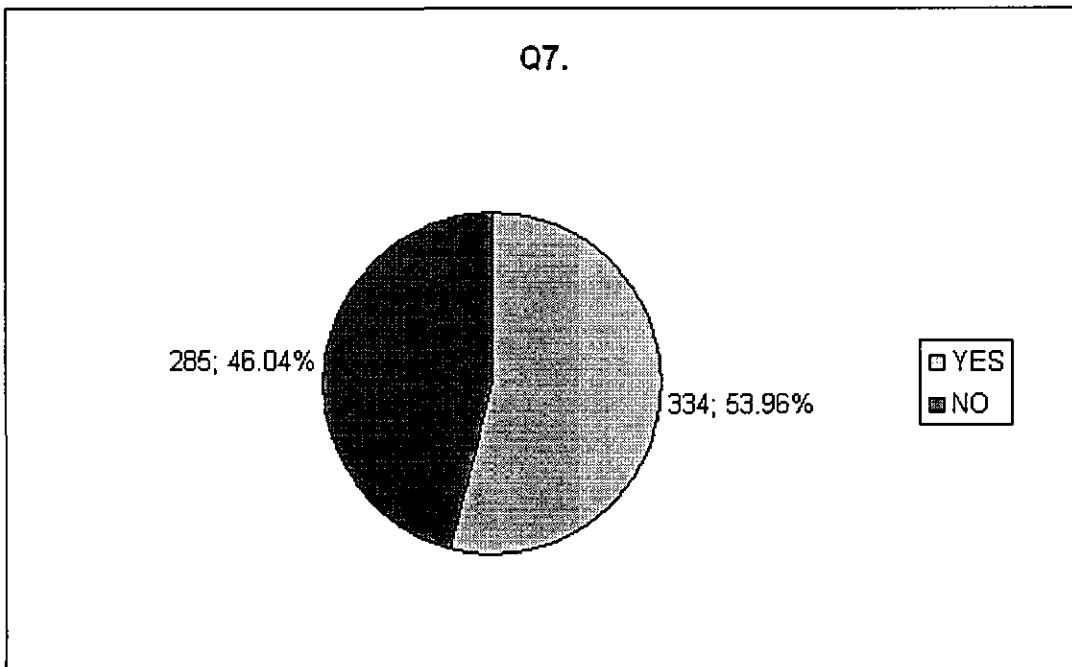
Q6. Do they have any broken links in the path for locating IR information (Yes/No)

<b>YES</b>	<b>28</b>	<b>4.52%</b>
<b>NO</b>	<b>591</b>	<b>95.48%</b>
<b>TOTAL</b>	<b>619</b>	



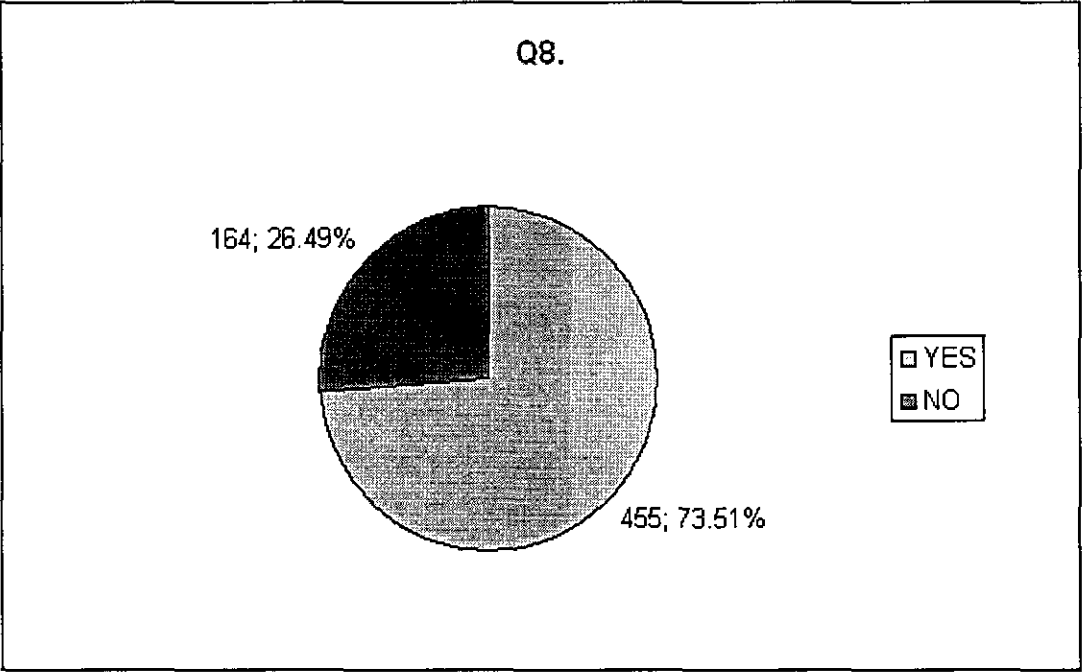
Q7. Do they have searchable archive of IR notices ? (Yes/No)

<b>YES</b>	<b>334</b>	<b>53.96%</b>
<b>NO</b>	<b>285</b>	<b>46.04%</b>
<b>TOTAL</b>	<b>619</b>	



Q8. Do they have searchable archive of Interim/Annual reports ? (Yes/No)

<b>YES</b>	<b>455</b>	<b>73.51%</b>
<b>NO</b>	<b>164</b>	<b>26.49%</b>
<b>TOTAL</b>	<b>619</b>	



## **Proposed Improvements on the HKEx Website and the HKEx-EPS**

### **The HKEx Website**

1. The authenticity of the identity of the website
  - There was no indication of Digital Certificate in the website which confirms the site identity.
  - The Digital Certificate should be deployed on the site and should be displayed prominently to visitors.
2. The security of the website
  - There should be a powerful firewall with anti-spy, anti-spam and anti-virus features to protect the web servers from hacker attacks.
  - The security system should be audited regularly to maintain a high standard.
3. The integrity of the content of the website
  - There should be a comprehensive and authoritative "Content Management System" and a set of well-defined procedures to govern the updating/modifying/deleting of the website's content.
  - The Content Management System and the relevant procedures should be audited regularly and the results published.
4. The availability of the servers
  - There should be an objective requirement on the uptime of the servers, e.g. 99.999% (i.e. an average of 5.26 minutes of down time per year).
  - There should be a Service Level Agreement (SLA) from the Internet Service Provider (ISP) to guarantee the uptime of the Internet connection.
  - There must be a fallback plan in case the primary and the secondary servers fail. Drills should be carried out at regular intervals to ensure all involved parties are well aware of the procedures.
  - There must be a sophisticated system to maintain the consistency of the content on the primary and the secondary server.
5. Single point of failure
  - The web system should be designed and implemented to avoid any single point of failure, e.g. the router to the ISP, a single link to the ISP, etc.

### **The HKEx-EPS**

1. The identity of the issuer
  - The Exposure Paper proposed to use paired passwords to authenticate the identity of the issuer. Passwords are low-level security mechanism, which are not powerful enough to guarantee the security and integrity of market-sensitive information.
  - There should be some more sophisticated measures for the authentication purpose:
    - i. A Digital Signature
    - ii. A Digital Certificate
    - iii. A portable device to generate security pass codes (similar to the devices used in e-banking)
  - There should be sufficient training to issuers for the use of this submission

system.

2. The electronic submission of announcements

- Transferring documents in an un-protected format through the Internet is a very dangerous exercise.
- The identity of the sender should be protected and authenticated by Digital Signature.
- The content of the documents should be protected from hostile intrusion/modification through secured connections.
- There should be a comprehensive log system to keep all the submission activities and the respective time and details for future reference.