



Media Contacts:

Henry Chua--Asia Pacific
852 3103 9363
852 2868 9912

henry.chua@cfainstitute.org

Mylene Kok Ogilvy Public Relations --
Singapore

Mylene.Kok@ogilvy.com

**QUALITY OF CORPORATE AND FINANCIAL REPORTING IN ASIA-PACIFIC
RATED AS AVERAGE BUT IMPROVING**

***CFA Centre for Financial Market Integrity Presents Results of 2004 Survey on
Asia-Pacific Corporate and Financial Disclosure***

Companion Report (PDF)
Country-Specific Executive Summaries

HONG KONG – January 11, 2005 – The quality of corporate information disclosed by listed companies in the Asia-Pacific region is improving, according to the results of the CFA Centre for Financial Market Integrity 2004 Asia-Pacific Corporate and Financial Disclosure Survey.

The results, which were released today, show that the majority of the portfolio managers, investment analysts, credit analysts and investment advisors polled believe that the overall quality of disclosure as either “average” (49%) or “good” (35%). 84% of the respondents thought that the quality of disclosed information in the region had improved either “a lot” or “some” during the past three years.

Key Survey Findings - Asia Pacific Region:

1. While 49% of all respondents rated the quality of corporate and financial disclosure as “average,” only 35% rated it as “good.” Public companies in the region received an average score of 3.2 on a five-point scale.

- The percentage of respondents giving an “average” rating ranges from a low of 28% in Australia to a high of 58% in Malaysia.

- The percentage of respondents giving a “good” rating ranges from a low of 23% in Mainland China and Malaysia to a high of 64% in Australia.
(See Table 1 and Chart 1 for regional and country grades and scores in Companion Report.)

2. 69% of respondents agreed that the quality of information disclosed had improved “some” over the past three years; 15% suggested quality had improved “a lot.”
(See Chart 2 for regional and country survey results in Companion Report.)

3. The vast majority of respondents thought that corporate issuance of comprehensive quarterly financial reports is a global best practice that should be emulated by public companies in the Asia-Pacific region (82%), even agreeing that regulators should

make it mandatory for public companies (75%).

(See Table 2 for regional and country survey results in Companion Report.)

4. The majority of respondents regarded disclosure practices and financial statement quality (83%) and corporate governance practices (75%) as either "very" or "extremely" important when making investment decisions.

(See Charts 3 and 4 for regional and country survey results in Companion Report.)

5. The cash flow statement, income statement, footnote disclosures to the financial statements and balance sheet were ranked as the four most important sources of corporate financial information.

- Respondents were asked to rate the importance of 20 sources of key financial information from listed companies and 28 specific types of information that may be found in the financial statements and related footnotes and disclosures.
(See Charts 5 and 7 for full rankings in Companion Report. See Table 3 for country ranking of the top five most important information sources in Companion Report.)

"The survey results suggest that Asia-Pacific companies have improved their disclosure practices and the quality of information disclosed. The survey respondents saw this as primarily being driven by greater requirements from regulators," commented Kurt Schacht, CFA, executive director of the CFA Centre for Financial Market Integrity. "The findings from the survey also provide strong evidence that listed companies' disclosure practices and financial statement quality, together with their corporate governance practices, are critical information to the investment decision-making process."

The survey also asked respondents to rate six non-corporate information sources.

31% of respondents felt that *buy-side (in-house) research reports* are extremely important while 42% of investment professionals said that they are very important.

28% of respondents also said that *data, news and information services* are extremely important. Other top non-corporate information sources include information made available and released by *regulators and stock exchanges*, as well as *analyst reports from independent research firms*.

Country Highlights:

1. Respondents from Australia and Korea gave public companies a relatively higher score (3.6 out of 5) on the disclosure quality of the companies they cover.
(See Chart 1 for country scores in Companion Report.)

2. Mainland China, Hong Kong and Malaysia respondents cited footnotes as the most important corporate information source.

3. Japan respondents viewed footnotes as important too, but only after financial statements and site visits, analyst meetings or other face-to-face meetings with company management. Mainland China respondents saw such kind of visits and meetings as one of the most important sources as well.

4. Other sources seen as important include Explanation of Extraordinary, Unusual, or Non-recurring Charges (Australia and Hong Kong); Interim Financial Statements (Korea and Malaysia); and News Releases about Earnings and Other Financial Information (Singapore)

(For points 2 to 4 above, see Table 3 for country survey results in Companion Report.)

5. Relatively more respondents from Korea, Japan, Malaysia and Mainland China saw greater improvements on disclosure quality over the past three years.

(See Chart 2 for country survey results in Companion Report.)

6. Strongest proponents on quarterly financial reporting were coming from Malaysia and Mainland China. There were some opposing views received from Australia. (See Table 2 for country survey results in Companion Report.)

7. More Malaysia and Singapore respondents relative to others saw companies' disclosure practices and financial statement quality, and their corporate governance practices as extremely important factors when making investment recommendations and decisions, or taking investment actions. (See Charts 3 and 4 for country survey results in Companion Report.)

View attached Country Specific Executive Summaries and selected written comments from respondents.

Appendix

Survey Overview: The survey was conducted over a three-week period during the last quarter of 2004. The web-based email survey was distributed to CFA Institute members and Level III CFA Program candidates in Australia, China, Hong Kong, Japan, Korea, Malaysia and Singapore. CFA Institute received 1,219 fully and partially completed and usable questionnaires. The number of responses for each question vary as respondents had the option to skip questions. On the question of whether one's current or past professional activities include analyzing the financial statements and other financial reports of listed companies, 80% of the respondents for that question indicated a positive response and the results mentioned in this release are based on the responses received from these respondents, and after deducting the "Do Not Know/ Does Not Apply" responses where applicable in determining percentage findings.

Key Characteristics of Respondents

Occupation:

Portfolio manager: 15%

Investment analyst/buy-side: 15%

Investment analyst/sell-side: 15%

Credit analyst: 10%

Investment advisor/private clients: 5%

Investment advisor/institutional clients: 5%

Years of Professional Investment Experience:

2 to less than 5 years: 37%

5 to less than 10 years: 27%

Less than 2 years: 16%

10 to less than 15 years: 12%

Chartered Financial Analyst (CFA) Designation:

Yes – 47%

No: - 53%

Type of Security Analyzed:

Equities: 49%

Both equity and fixed income: 23%

Fixed income securities: 11%

Employer:

Investment bank/broker-dealer: 25%

Commercial bank: 14%

Fund management firm with primarily institutional clients: 12%

Consultancy: 7%

Domestic Market of Country/Countries Followed:

Mainland China: 35%

Hong Kong: 27%

Singapore: 17%

Korea: 17%

Japan: 16%

Pan Asia: 16%

Malaysia: 13%

Australia or New Zealand: 12%

Global: 12%

About the CFA Centre for Financial Market Integrity

The CFA Centre for Financial Market Integrity was created to develop timely, practical solutions to global capital market issues, while advancing investors' interests by promoting the highest standards of ethics and professionalism within the investment community worldwide. Established by CFA Institute as a distinct division with its own executive director and advisory council, the CFA Centre will build upon the CFA Institute 40-year history of standards and advocacy work, especially its Code of Ethics and Standards of Professional Conduct for the investment profession, which were first established in the 1960s.

About CFA Institute

CFA Institute is the global, non-profit professional association that administers the CFA curriculum and examination program worldwide and, through its CFA Centre for Financial Market Integrity, sets voluntary, ethics-based professional and performance-reporting standards for the investment industry. CFA Institute has 73,000 members in 117 countries. Its membership includes the world's 62,000 CFA charterholders, as well as 131 affiliated professional societies in 52 countries and territories. CFA Institute is headquartered in Charlottesville, Va., USA, with additional offices in London and Hong Kong. CFA Institute was known as AIMR (Association for Investment Management and Research) from 1990 to early 2004, and before that was two separate organizations whose roots go back to 1947. More information can be found at www.cfainstitute.org or by calling 852-8228-8820.

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