Annual General Meetings in Large Chinese Companies: The Value Relevance of Released Information

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Abstract

This paper assesses the informative content of the Annual General Meeting (AGM) in the People's Republic of China. In this paper, we investigate stock returns, volatility, and trading volumes around the AGMs of companies belonging to the Shanghai Stock Exchange 50 index with the main purpose to evaluate the informational content of the information released. We propose using the classical Brown and Warner (1985) event studies methodology to test for abnormal behavior around AGM days. The results allow us to discuss the relevance of the information released during these AGMs. Additionally, we analyze the differences in the information content depending on company size.

Keywords Annual General Meeting, stock market reaction, market capitalization, Event Studies

Introduction

Good corporate governance involves a set of mechanisms to ensure that suppliers of finance get an adequate return on their investments (Shleifer and Vishny 1997). While corporate governance varies widely across countries, it is comprised of two main systems since the seminar paper of La Porta et al. (1998): the common-law, basically compound by Anglo-Saxon countries, and the civil-law system, commonly found in emerging economies and Continental Europe.

While Anglo-Saxon financial markets, specifically the UK and the US, have been broadly investigated   and are pioneers in almost all the research fields of financial economics, interest in emerging economies is increasing as they become more influential in international financial markets. Perhaps the most determining difference in the two kinds of corporate governances is the concentration of corporate ownership. While diffused corporate ownership and a high level of investor protection characterizes capital markets in the UK and the US, in most emerging markets like the People's Republic of China (PRC), ownership is concentrated in a few hands and shareholder protection is weak. Under these circumstances, the relationship between outside shareholders and inside managers generate agency problems in common-law countries. While, in most emerging capital markets countries, the conflicts arise between majority and minority shareholders.

The primary concern of corporate governance is to protect minority shareholders from expropriation by a controlling shareholder group (Shleifer and Vishny 1997). In China,

minority shareholders enjoy only moderate legal protection against expropriation, but the Chinese Securities Regulatory Commission is introducing new regulations aimed at reducing expropriation from minority shareholders by controlling shareholder groups. For instance, the China New Company Law, effective from January 1, 2006, improves corporate governance by introducing fiduciary duties and minority shareholder protection. In this study, we focus our attention on a main internal mechanism that allows guarantee good corporate governance, the Annual General Meeting (AGM).

In this study, our primary interest is in seeing whether the New Company Law has had any effect on the informational content of the AGM in China. Thus, we analyze the AGM and its incremental informational content in the PRC after the New Company Law became effective in 2006. We extend the existing research literature on AGMs by analyzing an emerging capital market in this respect for the first time.

The New Company Law requires every company to hold an AGM and, in general, it creates better rules about shareholder meetings by ensuring information and proposal rights for minority shareholders at such meetings. The items in the agenda mainly consist of the examination and approval of audited financial statements and the reports of directors and auditors, the appointment or re-appointment of directors, and decisions regarding compensation plans, shareholder compensation, and re-election of auditors, along with other less critical issues. In addition, we can also find specific Board of Directors' proposals that require shareholder approval. Since the New Company Law was passed, AGM content in the PRC is therefore close to that in the AGM notices of companies in developed civil-law countries.

The proposal rights give minority shareholders the opportunity to express their concerns during the AGM, without which the board of directors might control the agenda. By ensuring the regularity of AGMs and minority shareholder participation, the New Company Law enables the AGM to be an instrument of restraint (Feinerman 2007). Under these circumstances, we should not only expect the release of information prepared by the board of directors, but also a non-controlling board of directors agenda release of incremental information which minority shareholders conduct.

The ownership of listed companies is highly concentrated in PRC. Zeng et al. (2011) state that the biggest shareholders in PRC companies held 45 percent of the shares on average. Further, state-owned and legal-person shares representing the government indirectly accounted for over 70 percent of total shares listed in the PRC (Liu and Lu 2007). The high ownership concentration in Chinese companies, combined with an excess of power in controlling shareholders, may reduce the AGM to a formality and therefore reduce it to a non-information content corporate event. In that case, we would expect to see no market reaction or only a weak reaction around the AGM day.

Previous Research and Objectives
As far as we know, previous research on this issue only takes into account the informational content of AGMs in developed countries. We have only found a few articles addressing this question and, with a single exception, all of them have focused on companies listed in common-law stock markets. Previous scholars have found that in the UK, there is a very low market response during the Shareholders Meeting. The findings of Rippington and Taffler (1995) and Olive (2002) support this conclusion. By analyzing the changes in stock prices, these authors find practically no reaction to the AGM. Brickley (1985), however, shows evidence of abnormal returns around the AGM in the US, contradicting the findings of Firth (1981), whose study precedes that of Brickley by only a few years.

One can find the first investigation of this issue in a civil-law country in Garcia-Blandon et al. (2011, 2012), where the authors use daily data and two different methodologies to

assess the informational content of AGMs in Spain. Both methodologies show that AGMs have no significant effects, indicating that the financial market receives no relevant information during these meetings. Ownership structure is highly concentrated in Spain where, on average, the main shareholders hold 29 percent of the voting rights, and single owners control two-thirds of the firms (Santana-Martin and Aguiar 2007). Recently, Martinez-Blasco et al. (2014) have extended their research to include not only Spain but also other countries, analyzing the impact of the AGM in France, Germany, and Japan for the first time. The authors also update the relevant results for the United Kingdom and United States.

The purpose of our research is to assess the incremental informational content of the AGM held by companies in the People's Republic of China and to contribute to the already existing literature by analyzing this event in an emerging capital market for the first time. To assess the informational content of AGMs in China we test whether there are differences on stock returns, return volatility, and trading volumes for the day of the event compared with a window of days in which the AGM is not as relevant. This analysis considers the abnormal price changes reported by Beaver (1968) and the abnormal trading volumes observed by Kim and Verrecchia (1991) as investor responses to the disclosure of information.

Accordingly, and following the Brown and Warner (BW) methodology (1985), we posit the following null hypotheses:

Hypothesis 1: In the PRC, stock returns on the day of the AGM will not differ from those on ordinary days.

Hypothesis 2: In the PRC, the volatility of stock returns on the day of the AGM will not differ from that on ordinary days

Hypothesis 3: In the PRC, the volume of shares traded on the day of the AGM will not differ from the volume on ordinary days.

Based on studies in other markets, we should expect abnormal price changes and abnormal trading volumes whenever the event transmits new information to the financial market. Based on the concentration of ownership in the PRC however, we will probably not see any such reaction to the AGM. We have applied these hypotheses by company size, and grouped our sample according to market capitalization.

In Section 3, i.e. the methodology section, we explain both the data sample and the research design. Section 4 contains the results and a discussion of the findings. The final section presents the paper's main conclusions.

Methodology

In subsections 3.1 and 3.2, we present the sample and dataset used in our research and the methodology we have used to assess the informational content of AGMs in the PRC.

Sample and Dataset

To achieve our goal, we examined abnormal stock prices and trading volumes around AGMs in the PRC from January 2008 to June 2011. We selected the 50 companies listed in the Shanghai Stock Exchange 50 Index (SHSE50) at the end of December 2011.

Table 1: Companies in the sample, industry group and market size

Company Name	Industry Group	Market Cap (Millions of US $)	
PetroChina Co. Ltd.	Oil/Gas (Integrated)	$276,443.70	
Industrial and Commercial Bank of China Limited	Bank	$227,885.00	Q1

China Construction Bank Corporation	Bank	$174,684.80
Agricultural Bank of China Limited	Bank	$135,429.30
Bank of China	Bank	$121,346.40
China Petroleum & Chemical Corp.	Oil/Gas (Integrated)	$97,289.10
China Shenhua Energy Co. Ltd.	Coal & Related Energy	$81,008.00
China Life Insurance Co. Ltd.	Insurance (Life)	$76,663.40
Ping An Insurance (Group) Co. of China Ltd.	Insurance (Life)	$46,797.10
Bank of Communications Co., Ltd.	Bank	$45,683.00
China Merchants Bank Co., Ltd.	Bank	$41,168.40
Kweichow Moutai Co., Ltd.	Beverage (Alcoholic)	$31,833.30
China CITIC Bank Corporation Ltd.	Bank	$28,820.10
China Pacific Insurance (Group) Co., Ltd.	Insurance (General)	$25,739.40
Shanghai Pudong Development Bank Co.	Bank	$25,121.40
SAIC Motor Corporation Limited	Auto & Truck	$24,730.20
China Minsheng Banking Corp. Ltd.	Bank	$24,680.10
Industrial Bank Co., Ltd.	Bank	$21,421.90
China United Network Communications Limited	Telecom (Wireless)	$17,618.70 Q2
Daqin Railway Co., Ltd.	Railroad	$17,592.70
China Coal Energy Company Limited	Coal & Related Energy	$17,511.30
Citic Securities Co., Ltd.	Brokerage & Investment Banking	$17,093.00
China Yangtze Power Co. Ltd.	Power	$16,605.10
China State Construction Engineering Corporation Limited	Engineering	$13,848.10
Baoshan Iron & Steel Co., Ltd.	Steel	$13,472.70
Huaxia Bank Co., Ltd.	Bank	$12,202.00
Zijin Mining Group Co. Ltd.	Precious Metals	$11,835.30
Air China Ltd.	Air Transport	$11,788.40
Aluminum Corporation Of China Limited	Metals & Mining	$11,473.50
Jiangxi Copper Co. Ltd.	Metals & Mining	$10,216.80
Haitong Securities Co., Ltd.	Brokerage & Investment Banking	$9,671.20 Q3
Poly Real Estate Group Co Ltd.	Real Estate (Development)	$9,435.70
Bank of Beijing Co., Ltd.	Banks (Regional)	$9,167.30
China Railway Group Limited	Engineering	$8,148.90
CSR Corporation Limited	Heavy Construction	$7,899.20
Shanxi Lu'an Environmental Energy Development Co., Ltd.	Coal & Related Energy	$7,723.70
Metallurgical Corporation of China Ltd.	Engineering	$7,451.10
China Railway Construction Corporation Limited	Engineering	$7,313.20
GD Power Development Co., Ltd	Power	$6,813.20
Shandong Gold Mining Co., Ltd.	Precious Metals	$6,396.40
Jinduicheng Molybdenum Group Co., Ltd.	Metals & Mining	$5,824.60
Everbright Securities Company Limited	Brokerage & Investment	$5,530.30

	Banking	
Zhongjin Gold Corp., Ltd.	Precious Metals	$5,450.00
Wuhan Iron and Steel Co., Ltd.	Steel	$4,627.30
China CSSC Holdings Limited	Heavy Construction	$4,355.30
Western Mining Co. Ltd.	Metals & Mining	$3,541.90
Gemdale Corp.	Real Estate (Development)	$3,511.00
Liaoning Chengda Co.,Ltd.	Retail (Distributors)	$2,660.50
Baoding Tianwei Baobian Electric Co., Ltd.	Electrical Equipment	$2,434.90

Q4

Source: IQ Capital

Trading data has been obtained from the Thompson-Reuters 3000Xtra database. Information about AGM dates has been hand collected from the Shanghai Stock Exchange website in a first approach. The dates of AGMs missing from our primary source have been obtained from the China Securities Co., Ltd., web page.

The final sample includes 49 out of the 50 firms selected and 188 events; we excluded Tebian Electric Apparatus, since those market data were not available in our database at the time of this study. Table 1 shows the market capitalization of the sample companies as of December 2011, classified according to industrial sector.

Methodology

We have followed the BW event study methodology to assess the information content of the AGM. We have tested the average reaction of the aggregate market to the information released by testing the change in abnormal returns and the absolute value of abnormal returns. Additionally, we have tested for changes in trading volumes.

We define abnormal returns (AR) as the difference between actual and normal returns, while normal returns are defined as the expected returns under conditions which the AGM does not affect.

The return of security i over period t is defined as

$$R_{it} = E\left(R_{it}|X_t\right)_{it} + AR_{it} \qquad [1]$$

where R_{it}, $E\left(R_{it}|X_t\right)_{it}$, and AR_{it} are the actual, normal, and abnormal returns, respectively. X_t is the conditioning information set for the normal return model. We have computed expected or normal returns by using the market model.

We have estimated the normal security returns through a pre-event period of 151 days, from day -170 to day -20, with day 0 as the AGM day. We have also examined an 11 days event window [-5, +5] to capture leak of information before the meeting or a late reaction after it.

After estimating daily average abnormal returns (AAR) for each firm, we calculated the average abnormal return in day t (AAR_t) by simple average. We arrived at the t-statistic for AAR on any day in the event period is by dividing the AAR_t by the standard deviation of the abnormal return over the pre-event period. The cumulative average abnormal return (CAAR) was obtained by adding the average daily abnormal return for different time intervals within the event window. Following other researchers, we have also examined the stock price volatility around AGMs, measured as the absolute value of abnormal returns, correcting absolute returns by the mean value of the pre-event period.

The average absolute abnormal return (AAAR) and the t-statistic were then calculated as follows:

$$AAAR_t = \frac{1}{N}\sum_{i=1}^{N}|ARit| - \overline{AAAR_t}$$ [2]

$$t - statistic = \frac{AAAR_t}{S_p}$$ [3]

where $\overline{AAAR_{it}}$ is the AAAR mean over the pre-event period.

The cumulative average absolute abnormal return (CAAAR) was obtained by adding average daily absolute abnormal returns across different time intervals within the event window.

Following Menendez (2005), we define abnormal trading volumes, for stock i on day t as:

$$AV_{it} = \frac{V_{it}}{\left(\sum_{t=-94}^{-20} V_{it} + \sum_{t=30}^{104} V_{it}\right) x \frac{1}{150}}$$ [4]

where V_{it} is the traded volume in euros of stock i on day t.

Once abnormal daily volumes were computed for each firm, the average abnormal trading volume on day t (AAV) was calculated as:

$$AAV_i = \frac{1}{N}\sum_{i=1}^{N} AV_{it} - 1$$ [5]

We obtained the t-statistic for AAV and the cumulative average abnormal volume (CAAV) with stock returns and stock volatility.

We tested the three null hypotheses through a parametric and a non-parametric test (Corrado 1989). Following Ahern (2009), we only show the Corrado test results when analyzing grouped samples by market capitalization, since the t-statistic displays considerable bias in these circumstances.

Results
The results are presented in four tables. Table 2 shows AAR (panel 1), AAAR (panel 2), and AAV (panel 3) results and the significance levels for both the t-statistic and Corrado test for the entire table. Tables 3, 4, and 5 report AAR, AAAR, and AAV by company size. The bottom of each table shows the cumulative results for five distinct periods. Thus, the accumulated results are presented considering the day of the event as well as previous days [-5, 0], one day before [-1, 0], one day after [0, 1], the post-event [0, +5], and the accumulated effect for the entire period.

Results from the entire sample
Panels 1 and 2 in Table 2 show no evidence of price changes during the event day for either the parametric or the non-parametric test. Thus, the holding of the AGM does not affect returns or return volatility, and the two null hypotheses cannot be rejected. We characterized the changes in prices before the AGM by no significant abnormal results. On the other hand, we detected an increase in volatility the day after the event. The AAAR figure indicates that investors do not agree on selling or buying, thus increasing return volatility. The main conclusion regarding abnormal returns and absolute value abnormal returns is that market

expectations do not change because of shareholders' meetings on the day of the meeting, but we detect an increase in volatility the day after; thus, the PRC market reacts a day later and without agreement in respect of selling or buying.

Panel 3 also shows that there is no reaction in trading volumes; thus, the third null hypothesis cannot be rejected. However, we would like to emphasize that almost all trading volumes around the event day are negative. This reflects a level of negotiation, which is lower - but not significantly so - than normal, and one might interpret as caution among investors. It is likely that investors will await more information before taking a selling or buying decision.

Table 2: **This table summarizes daily average abnormal returns, absolute value abnormal returns, and abnormal trading volumes around annual general meeting dates. It also shows different accumulated periods results. Superscript *** and ** indicate significance at 1% and 5% levels, respectively.**

Event Day	Panel 1			Panel 2			Panel 3		
	AAR	t-statistic	Corrado	AAAR	t-statistic	Corrado	AAV	t-statistic	Corrado
-5	-0.0008	-0.5179	0.1264	-0.0011	-0.6134	-1.0910	-0.0735	-0.5119	-0.4073
-4	-0.0009	-0.5555	-0.0814	-0.0010	-0.5511	-0.1189	-0.0965	-0.6717	-0.5970
-3	-0.0005	-0.3081	-0.4605	-0.0019	-1.0970	-0.8852	-0.0749	-0.5213	-0.3569
-2	0.0018	1.1269	1.0053	-0.0013	-0.7547	-0.8870	-0.0816	-0.5680	-0.5005
-1	0.0006	0.3686	0.4493	-0.0002	-0.0874	0.0993	-0.0814	-0.5669	-0.5203
0	0.0004	0.2673	0.5026	-0.0008	-0.4499	0.1029	-0.0871	-0.6062	-0.5027
1	0.0022	1.3475	1.5023	0.0037	2.0684 **	2.4446 *	0.0571	0.3977	0.5975
2	-0.0012	-0.7606	-1.4798	-0.0014	-0.7702	-1.0272	-0.0908	-0.6325	-0.4812
3	0.0031	1.9046	2.1285 *	-0.0009	-0.5008	-0.0763	0.0181	0.1257	0.2101
4	-0.0007	-0.4047	-0.7104	-0.0005	-0.2588	-0.5003	-0.0466	-0.3244	-0.0354
5	0.0019	1.1761	1.3507	0.0008	0.4365	0.4364	-0.0138	-0.0964	-0.3655
-1 to 0	0.0010	0.4496	1.2727	-0.0009	-0.3800	0.1430	-0.1685	-0.8295	-0.7234
0 to 1	0.0026	1.1418	1.4177	0.0029	1.1444	1.8014	-0.0299	-0.1474	0.0671
-5 to 0	0.0006	0.1556	0.6294	-0.0063	-1.4507	-1.1349	-0.4949	-1.4068	-1.1776
0 to 5	0.0057	1.4412	1.3447	0.0009	0.2144	0.5635	-0.1632	-0.4638	-0.2356
-5 to 5	0.0059	1.0987	1.3064	-0.0046	-0.7774	-0.4531	-0.5710	-1.1988	-0.8922

*   Significant at 5%
**   Significant at 1%

For the multi-day tests, CAAR, CAAAR, and CAAV show no significant change for any of the sub-periods studied.

Average abnormal returns, absolute abnormal returns, and abnormal volumes according to company size
In order to refine our analysis we ranked the sample and split the results by company size, categorizing companies by market capitalization at the end of December 2011. Panel Q1 shows the results for the 12 highest companies belonging to the SSHE (average market

capitalization of $113,019.29 million). Panels Q2 (average market capitalization of $20,898.50 million) and Q3 (average market capitalization of $ 10,252.89 million) each show the results for the next set of 12 companies by market capitalization, and panel Q4 shows the results for the smallest 13 companies in our sample (average market capitalization of $ 5,069.98 million).

Average Abnormal Returns

Following the results in Table 3 (panels 1, 2, 3 and 4), we cannot reject null hypothesis 1, which posited average abnormal returns around AGMs in the PRC stock market independent of company size. The only two days during which a reaction occurs are day t=-4, during which a significant negative reaction can be seen, followed by the day after the AGM, when the opposite reaction can be seen for companies belonging to Q4. It appears logical that we should observe some reaction in respect of the smaller companies; a priori, the market has less information about small companies since analysts tend not to follow such companies too closely. In this specific case, it appears that on average the AGM transmits positive news to the market.

Table 3: This table summarizes daily average abnormal returns per size (market capitalisation) around annual general meeting dates. It also shows different accumulated periods results. Superscript *** and ** indicate significance at 1% and 5% levels, respectively.

Event Day	Panel 1	Q1	Panel 2	Q2	Panel 3	Q3	Panel 4	Q4	
	AAR	Corrado	AAR	Corrado	AAR	Corrado	AAR	Corrado	
-5	-0.0008	0.0233	-0.0025	-0.6202	-0.0038	-0.7155	0.0024	1.1155	
-4	-0.0014	-0.3087	0.0035	1.8498	0.0006	0.0055	-0.0072	-2.0941	*
-3	0.0023	0.6639	-0.0032	-1.3656	0.0008	0.3716	-0.0012	-0.3052	
-2	0.0032	1.5666	-0.0004	-0.5169	0.0027	0.2441	0.0024	0.9155	
-1	0.0021	0.6581	-0.0015	-0.5005	0.0010	0.9707	0.0015	0.0894	
0	-0.0004	-0.0815	0.0022	0.6855	0.0006	0.3661	-0.0002	0.1789	
1	0.0025	0.7105	-0.0020	-0.3047	0.0006	0.1498	0.0070	2.0941	*
2	0.0005	-0.0466	-0.0038	-1.7301	-0.0028	-1.0982	0.0016	0.2999	
3	0.0024	0.6348	-0.0004	-0.0653	0.0056	1.9469	0.0036	1.1944	
4	-0.0018	-0.6348	-0.0026	-1.2242	0.0018	0.2995	-0.0005	0.0421	
5	0.0017	1.1705	-0.0001	0.3645	0.0030	0.3661	0.0020	0.3736	
-1 to 0	0.0017	1.2930	0.0007	-0.1065	0.0016	1.0063	0.0012	0.3274	
0 to 1	0.0021	0.4447	0.0002	0.2983	0.0012	0.3883	0.0067	1.6073	
-5 to 0	0.0050	1.0294	-0.0018	-0.2116	0.0018	0.5400	-0.0024	-0.0408	
0 to 5	0.0049	0.7156	-0.0066	-1.0285	0.0087	0.8823	0.0134	1.7077	
-5 to 5	0.0104	1.3134	-0.0106	-1.1449	0.0099	0.9330	0.0112	1.1771	

Average Absolute Abnormal Returns

The results in table 4 (panels 1, 2, 3 and 4) show that we cannot reject null hypothesis 2, which posited average absolute abnormal returns around AGMs in the PRC stock market, independent of company size. However, the Corrado test shows an increase in volatility on the day after the meeting for companies belonging to Q1 and Q2 (see panels 1 and 2 in Table 4); this is only corrected on t+2 for Q2 companies. Given that we cannot find a significant

AAAR in panels Q3 and Q4, we can conclude that the change in price reaction found for the entire sample is mostly on account of the largest companies. We can also conclude that the market does not agree on how to analyze the information realized, as we do not find any clear sign of reactions in returns for the same period.

Table 4: This table summarizes daily average absolute abnormal returns per size around annual general meeting dates. It also shows different accumulated periods results. Superscript *** and ** indicate significance at 1% and 5% levels, respectively.

Event Day	Panel 1	Q1		Panel 2	Q2		Panel 3	Q3		Panel 4	Q4
	AAAR	Corrado		AAAR	Corrado		AAAR	Corrado		AAAR	Corrado
-5	-0.0039	-2.1921	*	-0.0009	-0.4319		-0.0020	-1.3684		0.0017	0.8929
-4	0.0001	0.6277		-0.0002	-0.0312		-0.0010	-0.2840		-0.0027	-0.8504
-3	0.0004	0.1218		0.0010	0.5984		-0.0043	-1.5337		-0.0039	-1.4616
-2	-0.0011	-0.7026		0.0008	0.3850		-0.0020	-0.8882		-0.0029	-1.3553
-1	-0.0002	0.1405		0.0007	0.7233		-0.0029	-1.3581		0.0020	0.9726
0	0.0020	1.1288		-0.0006	0.0728		-0.0010	0.2272		-0.0025	-0.8929
1	0.0040	2.1453	*	0.0025	2.1750	**	0.0029	1.4562		0.0057	1.3394
2	0.0020	0.7963		-0.0045	-2.7161	*	-0.0046	-1.6834		0.0016	0.4624
3	0.0008	0.4262		0.0009	1.1187		-0.0027	-1.0173		-0.0025	-0.9780
4	0.0013	0.2108		0.0006	0.6452		-0.0007	-0.5009		-0.0019	-1.4404
5	-0.0024	-0.8619		0.0041	1.9356		0.0001	-0.1498		0.0009	0.3455
-1 to 0	0.0018	-0.5101		0.0001	1.8801		-0.0039	-1.0662		-0.0005	0.9320
0 to 1	0.0061	2.3151	*	0.0019	1.5895		0.0019	1.1904		0.0032	0.3157
-5 to 0	-0.0027	-0.3576		0.0007	0.5374		-0.0131	-2.1250	*	-0.0083	-1.1001
0 to 5	0.0077	1.5699		0.0030	1.3192		-0.0059	-0.6809		0.0012	-0.4752
-5 to 5	0.0030	0.5550		0.0043	1.3492		-0.0180	-2.1409	*	-0.0046	-0.8942

Average Abnormal Volume

The AAV results indicate no changes in portfolio for individual investors due to the information released during the event. Following our results in Table 5 (panels 1, 2, 3, and 4), we cannot reject null hypothesis 3, which posited average abnormal volumes around AGMs in the PRC stock market, independent of company size. We do not find any significant cumulated result for the Corrado test either. As the results show that investors do not take any action resulting in abnormal and statistically significant trading volumes, we can conclude that the AGM is an empty informational event at this level.

Table 5: This table summarizes daily average abnormal volume per size around annual general meeting dates. It also shows different accumulated periods results. Superscript *** and ** indicate significance at 1% and 5% levels, respectively.

Event Day	Panel 1	Q1	Panel 2	Q2	Panel 3	Q3	Panel 4	Q4
	AAV	Corrado	AAV	Corrado	AAV	Corrado	AAV	Corrado
-5	-0.1402	-0.8210	-0.1478	-0.7125	-0.2381	-0.7125	-0.0649	-0.5457
-4	-0.1066	-0.5577	-0.1134	-0.4567	-0.1536	-0.4567	-0.0749	-0.4040
-3	-0.0733	-0.9457	-0.1282	-0.6769	-0.2425	-0.6769	-0.0614	-0.8895
-2	-0.0586	-0.4122	-0.0862	-0.2138	-0.1455	-0.2138	-0.0641	-0.5209
-1	-0.1106	-0.4226	-0.0936	-0.4777	-0.1170	-0.4777	-0.1023	-0.4058
0	-0.1022	-0.3984	-0.0844	-0.4550	-0.0959	-0.4550	-0.0946	-0.3810
1	0.0941	0.3603	0.0682	0.5247	-0.0714	0.5247	0.1003	0.4890
2	-0.0074	-0.3637	0.0190	-0.4275	-0.1922	-0.4275	0.0272	-0.1524
3	0.1987	0.6270	0.2388	0.5376	-0.0127	0.5376	0.2478	0.9320
4	0.1912	0.0831	0.1903	0.2267	-0.0855	0.2267	0.2136	0.3154
5	-0.0803	-0.2494	-0.0468	-0.4048	-0.1414	-0.4048	-0.0150	0.0284
-1 to 0	-0.2127	-0.5805	-0.1780	-0.6596	-0.2128	-0.6596	-0.1969	-0.5563
0 to 1	-0.0081	-0.0269	-0.0162	0.0492	-0.1673	0.0492	0.0057	0.0764
-5 to 0	-0.5914	-1.4523	-0.6536	-1.2217	-0.9926	-1.2217	-0.4622	-1.2847
0 to 5	0.2942	0.0240	0.3851	0.0007	-0.5990	0.0007	0.4794	0.5027
-5 to 5	-0.1950	-0.9348	-0.1840	-0.7646	-1.4958	-0.7646	0.1118	-0.4627

Conclusions

The main goal of this study was to analyze the informational content of AGMs for the largest companies in the PRC after the New Company Law came into effect. We analyzed changes in prices and volumes traded to determine if any relevant information is released to the aggregate market and to individual investors during these meetings. Following our results, we conclude that this question has a partially positive answer. Volatility does seem to be affected by the AGM, thus indicating that relevant information for the overall market is released during these meetings, particularly in respect of the 24 biggest companies. The increase in volatility without significant results seen in the returns measured also means that investors do not agree on how to interpret the information provided during the event. Hence, we find increases in volatility but not in returns because the positive returns we would see from investors who opt to buy after the release of information is counterbalanced by the negative returns of those who choose to sell. Nevertheless, we do not observe a significant increase in the number of shares traded before and on AGM dates, suggesting that these meetings are irrelevant for individual investors. Therefore, on average, the marginal informational content of the AGM is relevant for the market but not for individual investors.

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