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Inside the "black box" of private in-house meetings

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Abstract We examine information content and related insider trading around private in-house meetings between corporate insiders and investors and analysts. We use a hand-collected dataset of approximately 17,000 private meeting summary reports of Shenzhen Stock Exchange firms over 2012–2014. We find that these private meetings are informative and corporate insiders conducted over one-half of their stock sales (totaling $8.7 billion) around these meetings. Some insiders time their transactions and earn substantial gains by selling (purchasing) relatively more shares before bad (good) news disclosures while postponing selling (purchasing) when good (bad) news is to be disclosed in the meeting. Finally, we conduct a content analysis of published meeting summary reports and find that the tone in these reports is associated with stock market reactions around (1) private meetings themselves, (2) subsequent public release of private meeting details, (3) subsequent earnings announcements and (4) future stock performance.

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1 Introduction

Private in-house meetings have long served as a communication channel between firm management and analysts and investors.[1] Ng and Troianovski (2015) report that U.S. investors spend $1.4 billion a year for face time with executives. Private meetings are not unlawful per se, as long as managers do not disclose material nonpublic information to meeting participants.[2] These meetings may be popular because, according to "mosaic theory," participating investors and analysts can presumably piece together nonmaterial nonpublic information and derive financial gains through informed trading (Soltes 2014; Green et al. 2014; Bushee et al. 2011; Bushee et al. 2017). Furthermore, insiders may use their foreknowledge in an attempt to profit from these private meetings (Huddart et al. 2007).

To explore the consequences of private in-house meetings, we exploit a unique disclosure setting for firms listed on the Shenzhen Stock Exchange (SZSE) in China.[3] Beginning in July 2012, SZSE-listed firms were required to disclose summary reports within two trading days of the private meeting itself. We refer to these publications as "meeting summary reports" and hand collect approximately 17,000 reports from late July 2012 through December 2014. These new disclosures required firms to publish information about their previously private meetings, including the meeting date, the publication date of the report on the SZSE website, a summary of questions and answers, and the names of corporate and outside participants. The intent of the disclosure requirement was to level the playing field among investors in terms of access to information. The existence of these disclosures allows us to examine the information content of published meeting summary reports and identify potential insider trading associated with these private meetings.[4] Koch et al. (2013, p. 641) state

[1] Private in-house meetings are held at corporate headquarters with invited investors and sell-side analysts. In-house meetings differ from other management-investor interactions, such as investor conferences (Bushee et al. 2011) and analyst/investor days (Kirk and Markov 2016), in that they are generally not publicized in advance and their content may never become public unless hosting firms are required to disclose meeting details.

[2] While Fair Disclosure Regulation prohibits firms from making selective disclosure of material information, it does not prohibit the selective disclosure of nonmaterial information (Koch et al. 2013).

[3] The Shenzhen Stock Exchange is the second-largest stock exchange in China (with the largest being the Shanghai Stock Exchange). According to the World Federation of Exchanges report, as of December 2016, the Shenzhen exchange was ranked as the sixth largest stock exchange in the world with a $3.21 trillion of domestic market capitalization. We translate Chinese RMB into U.S. dollars using exchange rates at the end of each fiscal year.

[4] Research on private in-house meetings has been challenging due to data limitations. Outside of the SZSE, there is no systematic record of private interactions between management and investors and analysts for U.S. firms. Soltes (2014) managed to gather a proprietary dataset of 75 private interactions (mainly private phone calls) for one NYSE company. He found that studies using publicly available data in the United States to study private interactions (such as conference meetings) tends to have significant sample selection bias (e.g., Subasi 2014; Bushee et al. 2017; Green et al. 2014; Kirk and Markov 2016; Bushee et al. 2016). Furthermore, outside of the SZSE, there is no documentation of meeting content. Thus, we know little about what was discussed or who participated in these private meetings (Cheng et al. 2017).

that "how management benefits from these private meetings" remains an important yet unanswered question.

Our first set of tests examines stock market reactions to private in-house meetings (1) while they are still "private" and (2) when they are subsequently made "public." Cheng et al. (2017) pursued a similar analysis primarily under an older SZSE disclosure regime (pre-July 2012), when firms were only required to disclose private meeting information in their annual reports. In this earlier setting, (1) there could be long delays before public investors became aware of a meeting, (2) there was no information on the meeting's summary questions and answers, and (3) there was no disclosure of the corporate insiders who attended a meeting. Our tests are conducted on the sample period after the new disclosure regulation (post-July 2012), which nominally required a firm to publish a meeting summary report on the SZSE web portal within two trading days of the actual event. We find that three-day (-1 to +1) stock price and trading volume reactions are both statistically and economically significant around private meeting dates and the subsequent publication dates of meeting summary reports.

Our second set of tests examines insider trading around private meeting dates. According to Huddart et al. (2007), strong market reactions provide profitable opportunities for insider trading. Not surprisingly, we find that corporate insiders (including executives, board members, and their direct family members) are more likely to trade in the 41-day window (-20, +20) around private meeting dates. We find corporate insiders cashed out the equivalent of $8.7 billion by selling their shares during private (-20, +20) meeting windows, which accounts for more than 51% of the value of all insider sales for SZSE-listed firms in the sample period. We also find that some corporate insiders appear to be able to time their trades based on the content of the meetings themselves. Insiders tend to sell (purchase) relatively more shares *before* bad (good) news disclosures but hold off selling (purchasing) when good (bad) news is to be disclosed in the meeting. We find that insiders trade profitably around private meetings after controlling for risk and market benchmarks. By tracking insider purchase transactions during private meeting windows, we estimate that corporate insiders on average outperform the general SZSE market index by 19% in the 180-trading days after the meetings. This abnormal return is significantly higher for insiders who attended the meetings. Clearly, insider trading around private meetings is an economically important phenomenon for SZSE-listed firms, and these results suggest that some corporate insiders benefit greatly from trading around private in-house meetings.

Our third set of tests examines the content of SZSE-mandated meeting summary reports. We find that most of the disclosed meeting summary reports use an overwhelmingly positive tone. However, cross-sectional variation in tone does marginally explain market reactions around private meetings and the subsequent public disclosure of meeting summary reports. We also find that the tone in meeting summary reports exhibits a strong correlation with market reactions to subsequent earnings announcements and future stock performance up to 12 months after the meetings. Combined, these results suggest that SZSE-mandated meeting summary reports are informative to the capital market.

Our results are consistent with Solomon and Soltes' (2015) recommendation that all firms provide investors with quick access to information disclosed in private meetings. While we cannot directly detect selective disclosure of material new information or prove that some insiders misuse nonpublic information, timely publication of private

meeting summary reports clearly helps open the black box of private meetings. Because the SZSE made it mandatory to publish summary reports of previously private meetings, academics, analysts, policymakers and general investors can now monitor abnormal stock returns and insider trading around private meeting dates for SZSE-listed firms. Such disclosure could be potentially cost-effective if implemented in the other regulatory settings, including the United States. Of course, it is unclear whether fair disclosure principles can be effectively legislated. Mandatory new disclosure regulations could change the behavior of management and private meeting participants. In the extreme, an attempt to mandate new disclosures could arguably muzzle managers' ability to discuss their company with anyone outside the company, including its own stockholders.

We organize the paper as follows. Next, we present a brief background on the regulatory environment in China with respect to private in-house meetings and insider trading. In section 3, we introduce the sample, key measures and explain our methodology. In section 4, we provide results and robustness tests. In section 5, we summarize the results and conclude.

2 Private in-house meetings and insider trading

2.1 Chinese regulatory environment for private in-house meetings and insider trading

In China, there are no restrictions on holding private in-house meetings. In fact, Article 41 of the "Guideline of Investor Relations Management" issued by the SZSE in 2006 encouraged companies to accommodate requests from investors and market participants to have private in-house meetings. While private in-house meetings may be helpful to a select group of participants and perhaps to the firm itself, regulators in China have received complaints about material information leakage during these meetings and have been urged to implement more disclosure requirements (SZSE 2012). In 2006, the SZSE issued Fair Information Disclosure Guidelines, stating that SZSE-listed firms should not disclose material nonpublic information to participants during private in-house meetings (SZSE 2006). The SZSE took further steps to level the playing field by increasing disclosure requirements around private meetings in both 2009 and 2012. In 2009, the SZSE required listed firms to disclose information on the dates and brief summaries of private meetings in their annual reports. On July 17, 2012, SZSE issued new regulations that required firms to publish a standard summary report on each private meeting within two trading days of the meeting date through the stock exchange's web portal. While these meeting summary reports are not transcripts, they contain the following mandatory information: (1) meeting date, (2) publication date of the meeting summary report, (3) outside participants (names, affiliations), (4) corporate insiders who attended in the meeting (names, titles), (5) meeting location, (6) meeting elapsed time, and (7) a summary of questions and answers discussed during meeting. An example of a translated meeting summary report is provided in Appendix 1. In addition, all meeting participants must sign nondisclosure agreements and take on legal responsibility to not disclose or trade on any material nonpublic information they receive during the meeting. To our knowledge, no other jurisdiction (including the

United States) requires disclosure of the timing, participants, or content of private meetings.

The SZSE and the Chinese Securities Regulatory Commission (CSRC) have also taken a number of steps to regulate insider trading. Recognizing that insider trading can harm the development of healthy financial markets, China began developing its insider trading regulation in the early 1990s (Huang 2005, 2013). The relevant insider trading regulations were formally introduced in the Chinese Securities Law (1999) and updated in 2006 (Duan 2009; Tong et al. 2013). As per Article 75 of Chinese Securities Law, inside information is defined as "information that concerns the business or finance of a company or may have a major effect on the market price of the securities thereof and that hasn't been publicized." The article provides examples of material information (such as earnings news, acquisitions, restructuring, and paying dividends) but leaves room for regulators' discretion. As per Chinese regulation, all investors (including corporate insiders) are prohibited from taking advantage of such material nonpublic information. Despite its efforts, the CSRC recognizes that insider trading remains a significant issue in China (Huang 2013), and most of the cases do not face legal penalties (Huang 2005). Our own investigation leads to a similar conclusion. Using the CSMAR database, we searched the public records of notifications of sanctions made by the CSRC, the Shanghai Stock Exchange, and the Shenzhen Stock Exchange between 2012 and 2014. Out of the 1,663 published cases, we only found 75 cases (about 4.5%) related to violation of insider trading rules. Most insider trading cases only resulted in a cash penalty (with a median cash penalty of 159,960 RMB or $25,800). No criminal charge was detected in the sample period. Tong et al. (2013) discuss a number of factors, including vagueness in the definition of inside information and insider group identification, diverging interests of CSRC, and resource constraints that limit the impact of insider trading regulations in China.

2.2 How can corporate insiders benefit from private in-house meetings?

Corporate insiders can benefit from private in-house meetings in at least three ways. First, hosting firm insiders can use their foreknowledge to attempt to profit from their trades (Huddart et al. 2007). By the term "foreknowledge," we refer to both material nonpublic information and nonmaterial nonpublic information. By taking advantage of their foreknowledge, insiders can profit by trading on their expectations about whether outside investors and analysts will be relatively pleased or alarmed at the conclusion of the meeting.[5] Furthermore, these corporate insiders can, to some degree, control the conversation during private meetings. Insiders will tend to purchase (sell) relatively more shares before anticipated good (bad) news but hold off purchasing (selling) when bad (good) news is anticipated in the meeting.

Second, hosting firm insiders may trade on private information acquired around private in-house meetings. For example, outside investors may share private information about competitors and suppliers. Host company insiders may learn from these

[5] In China, it is only unlawful to carry out insider trading based on material nonpublic information. However, given low litigation risk in China and an imprecise definition of material information, insiders may rely on both types of foreknowledge to inform their trading. While it is difficult to provide direct evidence that insiders trade on material nonpublic information, it remains a possible explanation for our findings.

outside participants during private meetings and trade accordingly. Studies have found that corporate insiders can learn from outside investors. Luo (2005) finds that managers of merging companies learn from stock market reactions to initial merger and acquisition announcements and incorporate relevant information in deal closing decisions. Zuo (2016) finds that investors' private information helps managers improve their forecast accuracy. Thus, hosting firm managers may similarly update their information set around private meetings by learning from outside investors or analysts and adjust the timing of their trades.

Third, insiders can time their trades to take advantage of increased liquidity in their firm's stock to rebalance their portfolios. Insiders tend to be overinvested in their own firm's shares and may simply take the opportunity to liquidate their excess holdings around private in-house meetings. We find a sharp increase in both stock liquidity and insider trading around private meetings for hosting firms.

Given disclosures about private in-house meetings are only widely available for SZSE-listed firms, we use these data to investigate information content and insider trading around private in-house meetings in China. Human behavior being somewhat universal, we believe our results may raise questions about potential unforeseen consequences related to private meetings in the United States and other western economies. However, we recognize that one must be cautious in drawing a direct parallel, as there are significant institutional differences between China and other developed economies. At a minimum, our results can inform market participants on the potential value of requiring modest disclosures around private meetings in other regulatory settings.

3 Data and methodology

3.1 Sample description

Our sample includes all disclosed private in-house meetings conducted by SZSE-listed firms from July 2012 through December 2014. We manually downloaded all private meeting summary reports published on the SZSE web portal between July 17, 2012, and Dec. 31, 2014.[6] The initial sample includes 17,631 private in-house meetings for 1,316 firms.[7] Table 1 (Panel A) reports assorted characteristics of in-house meetings. We observe that the number of reported private in-house meetings increased slightly

[6] Beginning July 2012, the Shenzhen Stock Exchange required all listed firms to electronically publish a standard meeting report for each in-house meeting through its web portal, "Hu Dong Yi," at http://irm.cninfo.com.cn/szse/. All reports are written in Chinese and are uploaded in either Microsoft Word or PDF format. We manually collect and code information from these reports.

[7] The SZSE classifies investor relations activities into eight categories: in-house investor meeting, site visit, media interview, public news meeting, analyst conference meeting, performance announcement meeting, road show, and other. To be consistent with the literature on private in-house meetings (Soltes 2014; Solomon and Soltes 2015; Cheng et al. 2016), we focus on the largest two categories (in-house investor meetings and site visits). These two activities account for more than 90% of the total public relations activities reported by SZSE-listed firms. After reading the meeting summary reports, we observe that firms use these two meeting categories interchangeably to describe in-house meetings that host investors and analysts. Accordingly, we combine these two activities and use the general term, private in-house meetings.

from 2013 to 2014 (2012 was a partial year). In 2014, 72.7% of SZSE-listed firms hosted at least one private in-house meeting. On average, each sample firm hosts four to six in-house meetings per year. Table 1 (Panel A) also reports that the average number of outside participants is 4.7, while the average number of corporate insiders in the meetings is 2.1. A typical meeting lasts about one hour forty-five minutes. We also observe that listed firms modestly increased the word count in meeting summary reports from 1,122 Chinese characters in 2012 to 1,218 in 2014.

Table 1 (Panel B) reports the types of corporate insiders who attend private in-house meetings. We match corporate insiders' names disclosed in meeting summary reports with their title information in the CSMAR database. We find that about 30% of the meetings are attended by top executives, including CEO, CFO, and (vice) Chairman of the Board. About 79% of the meetings are attended by the secretary of the board, whose main responsibility is to communicate with outside investors. Since multiple executives may attend a meeting and the same executive may have multiple titles, the percentage values in each year do not add up to 100%.

3.2 Variables and methods

3.2.1 Informativeness of private in-house meetings

We re-examine whether private in-house meetings are informative to the capital market for two reasons. First, we examine the post-July 2012 disclosure regime to verify that the results of Cheng et al. (2017) apply to this later period. Second, we use stock market reactions as a proxy for the information content of private meetings in our subsequent analysis of insider trading around private meetings.

We use published meeting summary reports to manually collect each private meeting date and the subsequent publication date of private meeting summaries. We use the standard market model to examine daily abnormal stock returns around event dates for each hosting firm. We first collect daily stock return data and trading volume data from the CSMAR database. To measure meeting informativeness, we follow previous studies (e.g., Cready and Hurtt 2002; Bushee et al. 2011; Bushee et al. 2014; Cheng et al. 2017) and calculate SAB_CAR, the standardized absolute value of cumulative abnormal returns (CARs)[8] by taking the difference between the absolute value of three-day CARs in the event period and the mean of the absolute value of three-day CARs in the estimation period (-255, -43) days before the private meeting, divided by the standard deviation of the absolute value of three-day CARs in the estimation period.

$$SAB\_CAR_{i,j} = \frac{AB\_CAR_{i,j,(-1,+1)} - MEAN\_AB\_CAR_{i,j,S}}{STD\_AB\_CAR_{i,j,S}} \quad (1)$$

where $AB\_CAR_{i,j,(-1,+1)}$ is the absolute value of $CAR_{i,j,\ (-1,+1)}$ over the three-day window (-1,+1) centered on the private in-house meeting date for meeting i of firm j; $MEAN\_AB\_CAR_{i,j,S}$ is the mean of the absolute value of three-day CARs over 70

[8] CAR is summation of daily abnormal returns (ARs). We use market model to estimate ARs. In our main analyses, we report CAR for the window of (-1, +1). We also calculate CAR for multiple alternative event windows, including (-2, +2), (-5, +5). The conclusions are the same.

Table 1 Descriptive data on private in-house meetings for SZSE-listed firms: 2012–2014

Panel A. Characteristics of private-in-house meetings

Private meeting characteristics	**2012**	**2013**	**2014**	**Total sample**
# of private in-house meetings	3,258	6,997	7,376	17,631
# of hosting firms	756	1,063	1,166	1,316
% of hosting firms out of all SZSE listed firms	50.1%	69.9%	72.7%	64.2%
Average # of meetings per firm-year	4.310	6.584	6.326	4.466
Average # of outside participants in the meetings	4.964	4.349	5.018	4.743
Average # of corporate insiders in the meetings	2.112	2.094	2.174	2.131
Average # of days between the meeting date and the publication date	19.779	7.789	2.834	7.932
Average meeting time (minutes)	111.84	105.20	101.82	104.89
Average character count in the meeting summary reports	1,122	1,124	1,218	1,163

Panel B. Corporate insiders' participation in private in-house meetings

% Participation in private meetings	**2012**	**2013**	**2014**	**Total**
Chairman of the board	10.1%	10.5%	12.2%	11.2%
Vice chairman of the board	3.6%	2.4%	3.0%	2.8%
CEO	10.8%	11.2%	12.7%	11.8%
CFO	17.4%	18.5%	18.7%	18.4%
Total top executives	30.9%	30.7%	31.7%	31.2%
Other corporate insiders:				
Secretary of the board	77.7%	78.3%	80.0%	78.9%
Nonchairman board directors	40.8%	34.7%	35.7%	36.2%
Vice president	9.4%	7.5%	8.5%	8.3%
Vice general manager	46.5%	44.6%	44.9%	45.0%
Others	0.2%	0.3%	0.3%	0.3%

Panel C. Descriptive statistics for main variables

				Quintiles		
Variable Names	**N**	**Mean**	**S.D.**	**0.25**	**0.5**	**0.75**
Stock market reaction variables:						
Meeting date CAR (-1, +1)	16,509	0.002	0.046	-0.023	-0.002	0.022
Meeting date SAB_CAR (-1, +1)	16,538	0.245	1.411	-0.654	-0.151	0.654
Meeting date SAB_TURNOVER (-1, +1)	16,520	0.488	1.880	-0.587	0.004	0.969
Publication date CAR (0, +2)	16,573	0.001	0.043	-0.023	-0.002	0.021
Publication date SAB_CAR (0, +2)	16,571	0.163	1.288	-0.670	-0.186	0.577
Publication date SAB_TURNOVER (0, +2)	16,573	0.409	1.783	-0.611	-0.046	0.857
Firm level variables:						
# of analysts following	17,631	9.566	7.742	3.000	8.000	14.000
Total assets (log)	17,221	21.658	1.098	20.843	21.440	22.183
Leverage	17,221	0.037	0.062	0.000	0.001	0.047
Market-to-book ratio	16,916	1.665	1.128	0.815	1.310	2.165
Return on assets	17,209	0.071	0.042	0.040	0.065	0.095
Sales growth	17,612	0.195	0.257	0.033	0.165	0.314

Table 1 (continued)

R&D intensity	17,631	0.014	0.037	0.000	0.000	0.007
State ownership	17,221	0.029	0.104	0.000	0.000	0.000
Prior stock return (one-year BHAR)	16,631	0.199	0.493	-0.123	0.097	0.394
Information quality ranking	16,923	3.200	0.534	3.000	3.000	4.000
Market cap (log)	16,916	21.498	1.031	20.707	21.366	22.158
Manufacturing firms	17,631	0.723	0.448	0.000	1.000	1.000
Meeting level variables:						
Number of outside participants	17,631	4.743	6.745	1.000	2.000	5.000
% of brokerage firms in the total participants	17,592	0.468	0.368	0.143	0.449	0.857
% of investment funds in the total participants	17,592	0.298	0.331	0.000	0.231	0.500
% of private equity funds in the total participants	17,592	0.067	0.176	0.000	0.000	0.000
Top management presence in the meeting	17,631	0.312	0.467	0.000	0.000	1.000
Number of Chinese characters (log)	17,631	6.834	0.728	6.446	6.871	7.285
Other public investor relation activities	17,631	1.291	1.792	0.000	1.000	2.000
CAR (-1, +1) on the next quarterly earnings date	17,631	0.007	0.078	-0.041	-0.001	0.046
Trading days between meeting date and publication date	17,631	4.397	17.917	1.000	1.000	2.000
Days between meeting date and next quarterly earnings date	17,631	82.988	44.018	48.000	73.000	116.000
Within seven days after prior earnings announcement	17,631	0.137	0.344	0.000	0.000	0.000
Prior stock return (six-month BHAR)	17,197	0.111	0.308	-0.091	0.051	0.249
Insider trading in meeting window (-20, +20)	17,631	0.224	0.417	0.000	0.000	0.000
Positive-negative tone ratio	16,786	0.543	0.183	0.424	0.561	0.678

Table 1 provides descriptive data on private in-house meetings hosted by Shenzhen Stock Exchange (SZSE)-listed firms between July 17, 2012, and Dec. 31, 2014. Panel A reports characteristics of these private in-house meetings. Panel B provides data on corporate insiders who participated in these private in-house meetings. Panel C reports sample descriptive statistics for all of the variables that we use, including sample size, mean, standard deviation, and the 25%, 50%, and 75% quintile values. All financial variables (including total assets, leverage, market-to-book ratio, return on assets, sales growth, book-to-market ratio, and research and development intensity) are winsorized by 1% from both tails. We use the log transformed measures of total assets, market cap, and the number of Chinese characters in the meeting summary reports. Detailed descriptions of all variables can be found in Appendix 2.

three-day windows in estimation period *S*, which is (-255, -43) days before the meeting date; $STD\_AB\_CAR_{j,S}$ is the standard deviation of the absolute value of three-day CARs for meeting *i* of firm *j* in estimation period *S*.

As an alternative measure of informativeness, we follow Cheng et al. (2017) and calculate the abnormal stock trading volume (a.k.a., turnover) around private meetings.

$$SAB\_TURNOVER_{i,j} = \frac{TURNOVER_{i,j,(-1,+1)} - MEAN\_TURNOVER_{i,j,S}}{STD\_TURNOVER_{i,j,S}}, \quad (2)$$

where $TURNOVER_{i,j,(-1,+1)}$ is the total trading volume over the three-day window (-1,+1) divided by shares outstanding for meeting *i* of firm *j*. $MEAN\_TURNOVER_{i,j,S}$ is the average three-day turnover ratio in the estimation period (-255, -43), where the meeting

date is day 0; $STD\_TURNOVER_{i,j,S}$ is the standard deviation of the three-day turnover ratios for meeting i of firm j in estimation period S. This measure also captures the liquidity of company stock during meeting windows.

3.2.2 Insider trading around private meetings

Our main source of insider trading data is the Tonghuashun database, which contains all corporate insider trading reported to the SZSE from July 1, 2012 to Jan. 31, 2015.[9] The dataset contains the name of each filer, his or her position held in the firm (e.g., CEO, CFO), date of the transaction, number of shares bought or sold, and the amount paid or received.

We use a methodology similar to Huddart et al. (2007) and examine insider trading around private meeting dates over a 41-day window (-20, +20). To capture information-driven trading that does not follow mechanically from stock or option grants, we focus on open market sales and purchases and exclude trades made by blockholders who represent third-party companies holding more than 5% of the equity in the company (Huddart et al. 2007). We study three non-overlapping time windows: (1) the pre-meeting trading window is from -20 to -2 days prior to the private meeting date, (2) the three-day meeting window is from -1 to +1 days around the meeting date, and (3) the post-meeting window is from +2 to +20 days after the meeting date. We measure the U.S. dollar value and frequency count of insider purchases and sales separately in each window.

3.2.3 Other control variables

We use several firm-specific variables that also may explain variation in meeting informativeness, including analyst coverage, firm size, financial leverage, market-to-book ratio, return on assets, sales growth, research and development intensity, state ownership, and stock performance prior to the meeting. We also collect each firm's SZSE information quality ranking index, which ranges from D (low quality) to A (high quality).

In addition, we consider several meeting-specific control variables in our multivariate analyses, including number of participants, percentage of investment funds, percentage of brokerage firms (i.e., sell-side analysts) and percentage of private equity funds among the total participants, presence of top management in the meeting, length of the meeting summary reports, number of other public investor relations activities (such as road shows and analyst conference calls) in the past month before each private meeting, and the market reaction to the earnings announcement after each private meeting. We also control for private meetings that take place within seven days after a recent earnings announcement, as these could be more informative. Appendix 2

[9] The China Securities Regulatory Commission Regulation No. 56 (2007) requires all top executives, directors, and their direct family members (such as parents, spouses, children, or siblings) and beneficial owners who hold more than 5% of the company stock to report sales or purchases of the company's securities to the company and the stock exchange within two trading days after the transaction. The original disclosed insider trading information can be found in the SZSE website. The Tonghuashun database is developed by Hithink Royal Flush Information Network Co. Ltd. (Ticker 300033), which is listed on the Shenzhen Stock Exchange.

presents a full list of variables and their measurements. Table 1 Panel C provides descriptive statistics for the firm-specific and meeting-specific variables outlined above. On average, the market cap of SZSE sample firms is $350 million, the average annual sales growth rate is 18.5%, and average return on assets is 7.1%. On average, 9.6 analysts follow each sample firm. Government ownership only accounts for 2.9% of these firms' outstanding shares. We find 72.3% of private meeting firms are in the manufacturing sector.

4 Results and discussion

4.1 Informativeness of private in-house meetings and insider trading

Using the methodology outlined above, Table 2 (Panel A) presents results based on two measures of meeting informativeness: (1) abnormal stock returns, i.e., the standardized absolute value of CARs, and (2) abnormal trading volume, i.e., the standardized trading volume for sample firms during private meeting and summary report publication windows.[10] In our sample, the standardized absolute value of CAR is 0.244, and the standardized abnormal trading volume is 0.487 for the overall meeting window sample. Both measures are positive and statistically significant at the 1% level. These results confirm the findings of Cheng et al. (2017) in that private meetings remain highly informative after the implementation of new disclosure regulation in July 2012.

Table 2 Panel A also presents results based on samples partitioned on the presence of insider trading during the private meeting period. We find 3,863 private in-house meetings (23.4% of the meeting sample) report at least one insider purchase (or sale) in the (-20, +20) days around private meetings, while 12,626 meetings (76.6%) do not report insider trading. We compare the informativeness measures between the two subsamples and find that private meetings that experience insider trading are more informative. The standardized absolute value of CAR (and abnormal trading volume) in the insider trading subsample is 83.4% (92.1%) higher than in the non-insider trading sample. The difference between the two subsamples is significant at the 1% level for both measures.

In Table 2 Panel B, we report the same analyses for the publication dates of private meeting summary reports. To reduce overlap with corresponding private meeting dates, we report CAR and trading volume measures for the window of (0, +2) days around the publication date, where day 0 is the publication date and day +2 is two days afterward. Results indicate positive and significant stock market reactions on the publication date of the meeting summary reports. The standardized absolute value of CAR is 0.163, and the standardized abnormal trading volume is 0.407, both statistically significant at the 1% level. In addition, we find that the abnormal returns (and abnormal trading volume) in the three-day (0, +2) window around the publication date of private meeting summaries are 94.5% (and 112.4%) higher in the insider trading sample, compared to the non-insider trading sample. Some meeting summary reports are published on the meeting date or the day after, which causes overlapping time windows with the meeting

[10] We exclude meetings with confounding events, such as earning announcements, merger and acquisition announcements, and press releases.

Table 2 Abnormal stock returns and trading volume around private in-house meeting dates and meeting summary report publication dates

	Overall Sample				Insider Trading Sample				No Insider Trading Sample				Insider trading sample vs. No insider trading sample		
	N	Mean	S.D.	t stat	N	Mean	S.D.	t stat	N	Mean	S.D.	t stat	Mean difference	t stat	% difference
Panel A. Meeting date (full sample)															
SAB_CAR (-1, +1)	16,489	0.244	1.410	22.200***	3,863	0.374	1.556	14.94***	12,626	0.204	1.360	16.85***	0.170	6.563***	83.4%
SAB_TURNOVER (-1, +1)	16,489	0.487	1.880	33.239***	3,863	0.769	1.995	23.96***	12,626	0.400	1.835	24.51***	0.369	10.701***	92.1%
Panel B. Publication date (full sample)															
SAB_CAR (0, +2)	16,489	0.163	1.288	16.248***	3,863	0.260	1.372	11.75***	12,626	0.133	1.259	11.90***	0.126	5.334***	94.5%
SAB_TURNOVER (0, +2)	16,489	0.407	1.782	29.355***	3,863	0.685	1.954	21.79***	12,626	0.323	1.718	21.10***	0.363	11.103***	112.4%
Panel C. Publication date (with at least a two-day gap after meeting date)															
SAB_CAR (0, +2)	6,305	0.171	1.270	10.666***	1,392	0.286	1.353	7.88***	4,913	0.138	1.243	7.77***	0.148	3.839***	107.3%
SAB_TURNOVER (0, +2)	6,305	0.394	1.703	18.380***	1,392	0.629	1.770	13.26***	4,913	0.328	1.678	13.69***	0.301	5.831***	91.7%

Table 2 reports analyses of short-term market reactions around private in-house meeting dates and the subsequent publication of meeting summary reports. We use the market model to calculate daily abnormal stock returns around each private meeting date based on an estimation window of (-255, -43) days before the meeting date. We then calculate the SAB_CAR (-1, +1) by taking the difference between the absolute three-day accumulated abnormal return, CAR (-1, +1), around the meeting and the mean value of absolute three-day accumulated abnormal returns in the non-meeting period, (-255, -43), divided by the standard deviation of the mean absolute three-day model-adjusted cumulative abnormal return in the non-meeting period. We also report, SAB_TURNOVER (-1, +1), the abnormal trading volume, as the three-day cumulative trading volume divided by shares outstanding, less the average three-day cumulative turnover in the non-meeting period, (-255, -43), divided by the standard deviation of the mean trading volume in the non-meeting period.

Panel A report the sample size, mean, standard deviation, and t-statistics of both SAB_CAR (-1, +1) and SAB_TURNOVER (-1, +1) variables. We present the results for the overall sample and two subsamples: insider trading sample and no-insider trading sample. The mean difference, the t-statistics with significance level, and the percentage difference between the two subsamples mean values are reported in the last three columns.

Panel B reports similar results for meeting summary report publication date window (0, + 2 days around the publication dates). We use (0, +2) window to reduce potential overlap with the three-day meeting window.

Panel C conducts a robustness check by considering meeting summary report publication dates that are more than two trading days apart from the meeting dates. This removes any potential overlap with the three-day meeting window.

*** denotes 1% significance, ** denotes 5% significance, and * denotes 10% significance, all two-tailed.

window of (-1, +1). To mitigate potential bias due to overlapping dates, we repeat the analysis with a subsample of meetings where the publication date is at least two trading days later than the meeting date. As reported in Panel C of Table 2, the results remain qualitatively similar.

Table 3 presents multivariate tests of the association between private meeting informativeness and insider trading during the 41-day private meeting period. To mitigate potential reverse causality, we use firm-specific variables as of the latest fiscal year-end before the meeting dates. To address the issue that a number of sample firms host several meetings within a relatively short time span, we report clustered standard errors by each hosting firm and use these standard errors to conduct statistical tests.[11] We also adjust standard errors for heteroscedasticity and include year and industry fixed effects in all models.

Column 1 of Table 3 reports regression results for both informativness measures (i.e., SAB_CAR and SAB_turnover) around private in-house meeting dates (-1,+1). Insider trading activities are positively and significantly associated with both measures of private meeting informativeness, after controlling for other firm and meeting characteristics.[12] On average, the standardized absolute value of CAR is higher by 0.181 in the insider trading sample compared with non-insider trading sample, which is 74.2% of the overall sample mean (i.e., 0.181/0.244 = 0.742). Standardized abnormal trading volume (SAB_turnover) is higher by 0.431 in the insider trading subsample, which is 88.6% of the overall sample mean of the turnover measure (i.e., 0.431/0.487 = 0.886).

Similarly, results in columns 2 and 3 indicate that insider trading is positively and significantly associated with both measures of informativeness around the subsequent publication of meeting summary reports. Overall, insider trading is associated with stronger market reactions (in terms of price and trading volume) around both meeting and publication dates, after controlling for other firm and meeting characteristics.

4.2 Insider trading around private in-house meetings

In this section, we examine the magnitude and timing of insider trading and its profitability to the trader. We organize our results into three research questions. First, what is the extent of insider trading (-20, +20 days) around private in-house meetings compared to rest of the sample period? Second, do insiders appear to time their trades based on their private information about the existence or content of the meetings? Finally, how profitable is insider trading carried out around these private meetings?

[11] We also conduct a robustness check by only examining private meetings that do not have other in-house meetings hosted by the same firm in the past 40 days. Our results remain qualitatively similar.

[12] Consistent with the work of Cheng et al. (2017), we find that the number of outside participants and the presence of investment funds in the meeting have highly significant and positive associations with meeting informativeness. In addition, we find that analyst coverage and information quality ranking have negative and significant correlation with SAB_CAR, which supports the conclusion of Cheng et al. (2017) that market reactions around private in-house meetings are stronger for firms with relatively poor information environments. We also find that private meetings held in the week following an earnings announcement are more informative (i.e., higher SAB_CAR and SAB_turnover) than are meetings more than seven days from an earnings announcement.

Table 3 Insider trading and the informativeness of private in-house meetings

	(1) Meeting Date Market Reaction		(2) Publication Date Market Reaction		(3) Publication Date Market Reaction (with at least a 2-day gap after meeting date)	
Dependent variables:	SAB_CAR (-1, +1)	SAB_TURNOVER (-1, +1)	SAB_CAR (0, +2)	SAB_TURNOVER (0, +2)	SAB_CAR (0, +2)	SAB_TURNOVER (0, +2)
Insider trading in meeting window (-20, +20)	0.181***	0.431***	0.113***	0.425***	0.124***	0.349***
	(0.029)	(0.037)	(0.026)	(0.036)	(0.043)	(0.054)
Number of outside participants	0.012***	0.016***	0.004***	0.013***	0.003	0.014***
	(0.002)	(0.003)	(0.002)	(0.003)	(0.003)	(0.005)
Top management presence in the meeting	0.039	0.013	0.025	0.000	0.067*	0.041
	(0.026)	(0.033)	(0.023)	(0.032)	(0.038)	(0.048)
# of analysts following	-0.010***	-0.017***	-0.007***	-0.015***	-0.012***	-0.013***
	(0.002)	(0.003)	(0.002)	(0.002)	(0.003)	(0.004)
Total assets (log)	-0.010	0.049**	-0.009	0.056***	-0.004	0.082**
	(0.016)	(0.021)	(0.014)	(0.021)	(0.023)	(0.036)
Leverage	0.273	0.432	0.368*	0.625**	0.608*	0.385
	(0.235)	(0.310)	(0.218)	(0.302)	(0.360)	(0.481)
Market-to-book ratio	-0.062***	-0.004	-0.052***	-0.012	-0.072***	-0.079***
	(0.011)	(0.015)	(0.010)	(0.014)	(0.015)	(0.019)
Return on assets	0.737**	-0.153	-0.425	-0.580	0.065	-0.254
	(0.340)	(0.453)	(0.311)	(0.434)	(0.504)	(0.684)
Sales growth	-0.179***	0.020	-0.039	0.009	0.004	0.029
	(0.056)	(0.077)	(0.052)	(0.073)	(0.080)	(0.110)
R&D intensity	-1.063***	-1.093***	-0.956***	-1.113***	-0.658*	-0.691
	(0.280)	(0.368)	(0.243)	(0.350)	(0.377)	(0.521)

Table 3 (continued)

Dependent variables:	(1) Meeting Date Market Reaction		(2) Publication Date Market Reaction		(3) Publication Date Market Reaction (with at least a 2-day gap after meeting date)	
	SAB_CAR (-1, +1)	SAB_TURNOVER (-1, +1)	SAB_CAR (0, +2)	SAB_TURNOVER (0, +2)	SAB_CAR (0, +2)	SAB_TURNOVER (0, +2)
State ownership	-0.128	-0.327**	-0.092	-0.244*	-0.375**	-0.335
	(0.108)	(0.131)	(0.109)	(0.146)	(0.179)	(0.261)
Stock performance (one-year BHAR)	0.043*	-0.246***	0.042*	-0.287***	0.001	-0.308***
	(0.024)	(0.028)	(0.022)	(0.027)	(0.033)	(0.043)
Information quality ranking	-0.048**	-0.029	0.037*	0.001	0.060*	0.006
	(0.022)	(0.027)	(0.021)	(0.027)	(0.035)	(0.046)
Other public investor relation activities	0.020***	0.029***	0.015**	0.027***	0.010	0.018
	(0.007)	(0.008)	(0.006)	(0.008)	(0.009)	(0.013)
Number of words (log)	0.005	0.011	0.013	0.011	0.013	-0.023
	(0.016)	(0.019)	(0.014)	(0.019)	(0.018)	(0.027)
Days between meeting date and publication date	0.000	0.001**	0.000	-0.001***	0.000	-0.001***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
Days between meeting date and next quarterly earnings date	-0.001***	-0.002***	-0.000	-0.002***	-0.000	-0.002***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)
CAR (-1, +1) on the next quarterly earnings date	0.180	-0.502***	0.235	-0.448**	0.427*	-0.177
	(0.151)	(0.184)	(0.146)	(0.184)	(0.234)	(0.309)
% of brokerage firms in the total participants	0.043	0.074	-0.021	0.010	-0.024	0.104
	(0.042)	(0.053)	(0.039)	(0.054)	(0.064)	(0.083)
% of investment funds in the total participants	0.116**	0.219***	0.094**	0.118**	0.078	0.132
	(0.046)	(0.059)	(0.043)	(0.058)	(0.069)	(0.088)

Table 3 (continued)

	(1) Meeting Date Market Reaction		(2) Publication Date Market Reaction		(3) Publication Date Market Reaction (with at least a 2-day gap after meeting date)	
Dependent variables:	SAB_CAR (-1, +1)	SAB_TURNOVER (-1, +1)	SAB_CAR (0, +2)	SAB_TURNOVER (0, +2)	SAB_CAR (0, +2)	SAB_TURNOVER (0, +2)
% of private equity funds in the total participants	0.041	0.077	-0.063	0.018	-0.018	0.286*
	(0.067)	(0.090)	(0.063)	(0.091)	(0.110)	(0.170)
Within 7 days after prior earnings announcement	0.088**	0.207***	-0.024	0.030	-0.015	0.027
	(0.035)	(0.049)	(0.029)	(0.042)	(0.049)	(0.066)
Manufacturing firms	0.058	0.217*	-0.050	0.197*	-0.261*	0.069
	(0.087)	(0.111)	(0.091)	(0.103)	(0.157)	(0.155)
Constant	0.430	-0.997**	0.170	-1.166**	0.219	-1.394*
	(0.362)	(0.476)	(0.334)	(0.473)	(0.546)	(0.802)
Year and industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	15,666	15,666	15,654	15,654	5,984	5,984
R^2	0.026	0.041	0.018	0.039	0.028	0.045

In Table 3, we use multivariate regression to examine the association between the informativeness of private in-house meetings and insider trading around these meetings. Proxies for informativeness are abnormal stock returns, SAB_CAR, and abnormal trading volume, SAB_TURNOVER. The key independent variable is the "insider trading in meeting window" (-20, +20), a dummy variable which equals 1 if there is any insider buy (or sell) transactions observed in the 20-day window before or after the private meeting date; otherwise, it equals 0. We control for various firm- and meeting-specific factors in the models. Firm variables are measured as of the latest fiscal year-end before the meeting dates. To test the statistical significance of the regression coefficients, we use the robust standard errors corrected for heteroscedasticity and clustered by each hosting firm. We include year and industry fixed effects in all models. Column 1 presents multivariate regression results for private meeting date windows (-1, +1). Column 2 presents similar results for the full sample of meeting summary report publication windows. Column 3 presents a robustness check on column 2 results by using a subsample where the meeting summary report publication date is at least two trading days after the meeting date (so that there is no overlap in meeting and publication dates). Robust standard errors are reported in parentheses. *** denotes 1% significance, ** denotes 5% significance, and * denotes 10% significance, all two-tailed.

4.2.1 Magnitude of insider trading around private in-house meetings

Table 4 reports the aggregate U.S. dollar value and frequency of insider trading (with purchase and sale transactions reported separately) for all SZSE-listed firms between July 2012 and December 2014. We show insider trading in two separate windows: within the private meeting windows (-20, +20 days) and outside the meeting windows (outside of -20, +20 days). For those firms that never host private meetings in the sample period, we consider all insider trading as outside the meeting windows.

Panel A reports that, in total, SZSE-listed firms had over $17 billion of insider sales in the sample period. Of this, approximately $8.7 billion of insider sales (51% of total insider sales) were made within private meeting windows (-20, +20), while about $8.3 billion sales (49%) were made outside private meeting windows. Similarly, there were $972 million of insider purchases in the sample period. About 60% of purchases were made during private meeting windows. In our sample, private meeting windows cover 33.8% of all trading days, which indicates that insider trading tends to be clustered around private in-house meetings.

Next, we present similar results for insiders who participated in at least one private meeting versus those who did not (in our sample period).[13] We find that insider trading is more concentrated for those insiders who attended private meetings. Participating insiders made 69.1% (91%) of their sales (purchase) transactions within the meeting windows (-20, +20). In comparison, nonparticipating insiders made 49.4% (53.4%) of their sale (purchase) transactions within the meeting windows.

The U.S. dollar value of insider trading might be skewed by a few large transactions. As a robustness check, we report trading frequency, which gives equal weight to each insider purchase or sale in the sample period. Table 4 Panel B reports 52.2% of insider sales and 42% of insider purchases occurred in the (-20, +20) meeting window. Both statistics are higher than the 33.8% of the trading day coverage of the meeting windows, which again indicates that insider trades tend to cluster around private in-house meetings. We also find that, for those who participated in private meetings, 73.7% of the sales and 78.9% of the purchases occurred in the meeting window. Insiders who participated in private in-house meetings tend to trade more frequently in the meeting windows. Overall, our results indicate that the magnitude of insider trading around the private in-house meetings of SZSE-listed firms is concentrated and substantial.

4.2.2 Timing of insider trading around private in-house meetings

Next, we investigate whether insiders appear to time their trades based on their private information about the content of private meetings. Prior studies find that insiders trade opportunistically around various corporate events. For example, Huddart et al. (2007) examine insider trades around earnings announcements and 10-K and 10-Q report filing dates. They argue that, when corporate disclosures contain good (bad) news, insiders are likely to buy (sell) before the disclosure. If they need to liquidate their own shares, they will likely postpone the sale until after good news is disclosed.

[13] We match individual insider's name (and their company) with disclosed meeting participants' names (and their company) in the published meeting summary reports. If there is a match, we consider the insider has attended a private in-house meeting. Otherwise, we label the insider as not participating in the meeting.

Table 4 Magnitude of insider trading around the private in-house meetings

Insiders' trading value of all SZSE firms between July 2012 and December 2014	Insider Sales			Insider Purchases		
	Inside (-20, +20) Meeting Window	Outside (-20, +20) Meeting Window	Total	Inside (-20, +20) Meeting Window	Outside (-20, +20) Meeting Window	Total
Panel A. Insiders' trading U.S. dollar (USD) value inside vs. outside private meeting windows						
All insiders						
Insiders' trading value (USD)	8,717,973,278	8,312,002,388	17,029,975,665	584,018,231	387,640,585	971,658,816
Insiders' trading value (%)	51%	49%	100%	60%	40%	100%
Insiders who participated at least one private in-house meeting in the sample period						
Insiders' trading value (USD)	1,059,241,921	473,983,107	1,533,225,028	157,302,061	15,599,708	172,901,768
Insiders' trading value (%)	69.1%	30.9%	100.0%	91.0%	9.0%	100.0%
Insiders who never participated in private in-house meetings in the sample period						
Insiders' trading value (USD)	7,658,731,356	7,838,019,281	15,496,750,637	426,716,170	372,040,878	798,757,048
Insiders' trading value (%)	49.4%	50.6%	100.0%	53.4%	46.6%	100.0%
Panel B. Insiders' trading frequency inside vs. outside private meeting windows						
All insiders						
Insiders' trading frequency (count)	6,409	5,865	12,274	1,279	1,765	3,044
Insiders' trading frequency (%)	52.2%	47.8%	100.0%	42.0%	58.0%	100.0%
Insiders who participated at least one private in-house meeting in the sample period						
Insiders' trading frequency (count)	770	275	1,045	191	51	242
Insiders' trading frequency (%)	73.7%	26.3%	100.0%	78.9%	21.1%	100.0%
Insiders who never participated in private in-house meetings in the sample period						
Insiders' trading frequency (count)	5,639	5,590	11,229	1,088	1,714	2,802
Insiders' trading frequency (%)	50.2%	49.8%	100.0%	38.8%	61.2%	100.0%

Table 4 reports the aggregate U.S. dollar value and frequency of insider trading activities (sales versus purchases separately) for all SZSE-listed firms between July 2012 and December 2014. We present insider trading activities in two separate windows: within the meeting (-20, +20 days) and outside the meeting (outside of -20, +20 days). Panel A reports the dollar value of insider trading in these two windows, whereas Panel B reports the frequency of insider trading.

Similar to Huddart et al. (2007), we use signed CAR (-1, +1) to proxy for the positive or negative content of private meetings. We use both trade frequency and trade value to measure insiders' trading. More specifically, we subtract the number of insider sale transactions from the number of insider purchase transactions to calculate the net insider purchase frequency, FREQ, in the pre (-20, -2) and post (+2, +20) meeting windows. Similarly, we calculate the net U.S. dollar value of insider purchases, VALUE, by taking the difference between total purchase values and sale values in the pre- and post-meeting windows, respectively.

We include all three control variables used by Huddart et al. (2007), including the buy-and-hold return for the six calendar months before the beginning of the pre-meeting period (20 days before the meeting), the market value of equity, and the ratio of the book value to market value of equity.[14] We also include calendar-year and firm fixed effects in the model to control for any time-invariant characteristics of the meeting firms.

We first examine the relationship for all insiders. We then split the insiders sample into (1) those who attended the company's private in-house meetings (where insiders' names come from published meeting summary reports) and (2) those who did not. We label the first subsample as "participating insiders" and the second as "nonparticipating insiders." We present the relationship between insider trading and abnormal returns for these two subsamples separately. To make the regression coefficients comparable between the subsamples, we standardize the variables and report standardized regression coefficients of the regression models.

Table 5 Panel A reports descriptive statistics of insider trading in the pre- and post-meeting windows. Mean statistics of net purchase frequency and value are all negative because insiders tend to sell far more shares than they purchase.

Table 5 Panel B reports regression results for net purchase frequency both before and after meeting dates. For the sample of all insiders in column 1, the net signed *pre-meeting* purchase frequency is positively associated with abnormal stock returns during the three-day meeting window at the 5% significance level. This indicates that insiders make more purchases before good news meetings (where abnormal returns are higher) and sell more often before bad news meetings (where abnormal returns are lower). Similarly, the association between insiders' net purchase frequency and abnormal stock returns is negative at the 1% level in the *post-meeting* window, which suggests that insiders postpone their stock sales (purchases) until *after* good (bad) news is revealed.

In column 2 of Table 5 Panel B, we re-estimate the models for insiders who participated in private meetings. In column 3, we test the same models for insiders who did not participate in the meetings. We find similar results in that abnormal returns in the three-day meeting window are positively correlated with pre-meeting insider net purchases and negatively correlated with post-meeting insider net purchases. We test for differences in the standardized regression coefficients of CAR (-1, +1) between the participating and

[14] Rozeff and Zaman (1988) and Lakonishok and Lee (2001) find that insiders tend to be contrarian (i.e., insider buying is greater after low stock returns and lower after high stock returns). We include past stock returns to control for the potential contrarian behavior of insiders. We include market cap because Huddart et al. (2007) find that insiders at large firms tend to buy less stock. Finally, insiders tend to buy more stock in the value category, compared to the growth category (Rozeff and Zaman 1988). We use book value-to-market value of equity to control for value versus growth stocks. Our results are also robust if we include all the firm and meeting specific control variables as outlined in the section 3.2.3. For brevity, we only report the results of the parsimonious model used by Huddart et al. (2007).

nonparticipating insiders and find the coefficients are not statistically different at conventional levels. These results suggest that both insiders who participated in these private meetings and insiders who did not participate trade opportunistically around the meetings.

In Panel C of Table 5, we conduct the same analyses based on insiders' net purchases in U.S. dollars. Using similar calculations to those for net purchase frequencies above, we find similar statistically significant evidence of opportunistic trading both before and after private meetings. For all three insider samples, we find the standardized regression coefficients on abnormal stock returns are positive and significant in pre-meeting windows and negative and significant in post-meeting windows. The regression coefficients of CAR (-1, +1) are not statistically different between meeting participating and nonparticipating insiders.

Overall, these results suggest that insiders trade opportunistically before and after private meetings.[15] Insiders seem to be able to time their trades, depending on their foreknowledge of the private meetings.

4.2.3 Profitability of insider trading around private in-house meetings

Consistent with the insider trading literature (e.g., Ravina and Sapienza 2010; Lakonishok and Lee 2001), we define the profitability of insider trades as (unrealized) capital gains after purchases and losses avoided by selling shares. Trading profits are measured in terms of market-adjusted stock price returns over subsequent periods. If insiders' trades only reflect information already impounded in stock prices, average insider trading profitability should be zero. We calculate buy-and-hold abnormal returns (BHAR) for various horizons (30, 60, 90, and 180 trading days) after each insider trade by using the overall SZSE composite index as the benchmark:

$$BHAR_{k,j,T} = \prod_{t=1}^{T}\left(1 + R_{k,j,t}\right) - \prod_{t=1}^{T}\left(1 + M_{k,t}\right), \tag{3}$$

where $BHAR_{k,j,T}$ is the buy-and-hold-abnormal return for firm j during period T after insider trade k; $R_{k,j,t}$ is the daily stock return for firm j in day t after insider trade k; $M_{k,t}$ is the corresponding daily return on the Shenzhen Stock Composite Index on day t after insider trade k. T equals 30, 60, 90, and 180 days for different periods.

Consistent with Ravina and Sapienza (2010), we regress BHAR measures on firm and year fixed effects to control for time-invariant factors related to each firm that hosts private meetings. In addition, similar to the models in Table 5, we control for trade size, book-to-market ratio, firm size, and prior stock returns. To ease interpretation of the regression intercept (which is the average sample BHAR), we standardize all control variables so that their mean and standard deviation are 0 and 1, respectively. If the intercept (β_0) of the regression model is positive and significant for insider purchases, it suggests that stock returns, on average, increase after insider purchases—which makes the purchases more profitable than holding the market index portfolio. On the other hand, if the intercept (β_0) of the regression model is negative and significant for insider sales, it indicates that stock

[15] We conduct robustness checks by using the longer or shorter time windows, such as (-30, -2) or (-10, -2) as pre-meeting windows and (+2, +10) or (+2, +30) as post-meeting windows. The results remain qualitative similar. We also conduct the analysis on a subset of meetings where the meeting date is at least 40 days apart from prior or subsequent meetings hosted by the same firm (to avoid the overlapped insider trading). Our main conclusions remain the same.

Table 5 Insider trading and stock returns around the private in-house meetings

Panel A. Descriptive statistics on insider trading frequency and value before and after private meetings

Variable Names	N	Mean	S.D.
Pre-meeting (-20, -2) net purchase frequency (all insiders)	16,509	-0.225	1.314
Post-meeting (+2, +20) net purchase frequency (all insiders)	16,509	-0.259	1.225
Pre-meeting (-20, -2) net purchase frequency (participating insiders)	16,509	-0.019	0.371
Post-meeting (+2, +20) net purchase frequency (participating insiders)	16,509	-0.023	0.284
Pre-meeting (-20, -2) net purchase frequency (nonparticipating insiders)	16,509	-0.205	1.186
Post-meeting (+2, +20) net purchase frequency (nonparticipating insiders)	16,509	-0.237	1.138
Pre-meeting (-20, -2) net purchase value: million USD (all insiders)	16,509	-0.274	2.803
Post-meeting (+2, +20) net purchase value: million USD (all insiders)	16,509	-0.409	3.147
Pre-meeting (-20, -2) net purchase value: million USD (participating insiders)	16,509	-0.022	0.612
Post-meeting (+2, +20) net purchase value: million USD (participating insiders)	16,509	-0.050	0.979
Pre-meeting (-20, -2) net purchase value: million USD (nonparticipating insiders)	16,509	-0.251	2.729
Post-meeting (+2, +20) net purchase value: million USD (nonparticipating insiders)	16,509	-0.360	2.981

Panel B. Insiders' net purchase frequency before and after private meetings

Dependent variable:	**(1) All Insiders**		**(2) Insiders who participated in the meetings**		**(3) Insiders who didn't participate in the meetings**	
Insider net purchase frequency (purchase - sale)	**Pre-meeting (-20, -2)**	**Post-meeting (+2, +20)**	**Pre-meeting (-20, -2)**	**Post-meeting (+2, +20)**	**Pre-meeting (-20, -2)**	**Post-meeting (+2, +20)**
CAR (-1, +1) on meeting date	0.020**	-0.022***	0.025***	-0.022***	0.015*	-0.023***
	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.003)
Prior stock return	-0.068***	-0.030***	-0.044***	-0.030***	-0.062***	-0.016***
	(0.009)	(0.009)	(0.009)	(0.009)	(0.009)	(0.004)

Table 5 (continued)

Market cap (log)	0.107**	-0.022	0.123**	-0.022	0.080	0.029
	(0.049)	(0.050)	(0.050)	(0.050)	(0.049)	(0.021)
Book-to-market ratio	0.016	-0.011	0.057*	-0.011	-0.000	-0.013
	(0.029)	(0.030)	(0.030)	(0.030)	(0.029)	(0.012)
Constant	0.089***	0.078***	0.020	0.078***	0.092***	0.135***
	(0.023)	(0.024)	(0.024)	(0.024)	(0.023)	(0.010)
Year and firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	16,509	16,509	16,509	16,509	16,509	16,509
R^2	0.200	0.140	0.146	0.140	0.197	0.183

Panel C. Insiders' net purchase USD value before and after private meetings

Dependent variable:	**(1) All Insiders**		**(2) Insiders who participated in the meetings**		**3) Insiders who didn't participate in the meetings**	
Insider net purchase value (purchase - sale)	**Pre-meeting (-20, -2)**	**Post-meeting (+2, +20)**	**Pre-meeting (-20, -2)**	**Post-meeting (+2, +20)**	**Pre-meeting (-20, -2)**	**Post-meeting (+2, +20)**
CAR (-1, +1) on meeting date	0.022***	-0.028***	0.018**	-0.029***	0.019**	-0.020**
	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)	(0.008)
Prior stock return	-0.032***	-0.028***	-0.026***	-0.019**	-0.027***	-0.023**
	(0.010)	(0.010)	(0.010)	(0.009)	(0.010)	(0.010)
Market cap (log)	-0.006	-0.119**	0.107**	-0.009	-0.030	-0.123**
	(0.051)	(0.051)	(0.052)	(0.050)	(0.051)	(0.051)
Book-to-market ratio	-0.020	-0.003	0.044	0.048	-0.030	-0.019
	(0.031)	(0.030)	(0.031)	(0.030)	(0.031)	(0.031)
Constant	0.094***	0.096***	0.054**	0.020	0.085***	0.095***
	(0.024)	(0.024)	(0.024)	(0.023)	(0.024)	(0.024)

Table 5 (continued)

Year and firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	16,509	16,509	16,509	16,509	16,509	16,509
R^2	0.111	0.123	0.086	0.155	0.111	0.116

Table 5 Panel A provides descriptive statistics (sample size, mean, and standard deviation) for insider trading frequency and value (in million U.S. dollars) before and after private meeting dates.

Panel B presents regression models where the dependent variable is net purchase frequency (FREQ). Models are presented for the pre-meeting window (-20, -2) and the post-meeting window (+2, +20) separately. The key independent variable is signed CAR (-1, +1), which proxies for the information content of the private meeting. Following Huddart et al. (2007), we control for prior stock return, natural logarithm of market cap of the meeting firm, and book-to-market ratio of the meeting firm at the latest fiscal year-end before the private meeting. Further, we control for firm and year fixed effects in all models. The first two models in column (1) present results for all insider net purchase frequencies in the pre- and post-meeting windows. The next two models in column (2) present results for participating insiders' net purchase frequencies. The last two models in column (3) present results for nonmeeting participating insiders' net purchase frequencies. Participating insiders are identified based on published meeting summary reports.

Panel C shows the regression model where the dependent variable is net purchase value (VALUE). Models are presented for the pre-meeting window (-20, -2) and the post-meeting window (+2, +20). All independent variables and control variables are the same as those in Panel B. Robust standard errors are reported in parentheses.

*** denotes 1% significance, ** denotes 5% significance, and * denotes 10% significance, all two-tailed.

returns, on average, decrease after insider sales—which suggests that insiders avoided a loss and thus outperformed the market index.

Table 6 Panel A reports results for both insider purchases and sales. The regression intercept captures the level of abnormal stock returns earned by insiders. In column 1, on average, insider purchases yield an 18.7% market-adjusted return over 180 trading days (i.e., equivalent to an annualized abnormal return for a typical 243 trading-day year in China of 25.2%).[16] This effect is significant at the 1% level and indicates that insiders who purchase during private meeting windows earn higher returns than the market, even after controlling for firm and year fixed effects. We find similar results for shorter horizons, including 30, 60, and 90 days.

While the results above are interesting, the comparison of stock returns with market returns may not reflect the specific risk characteristics of firms that host private meetings. As a robustness check, we re-estimate abnormal returns using the Fama-French three-factor model.[17] We calculate abnormal stock returns as the intercept value (i.e., alpha) of the model for the time horizon of 180 trading days after each insider trade. Then we regress the alpha measure on the same control variables and firm and year fixed effects. We find the regression intercept is smaller, about 7.3%, for the 180-day trading period (or an annualized return of 9.85%, considering 243 trading days in a year) but remains significant at the 1% level.

Next, we follow Ravina and Sapienza (2010) to quantify the economic significance of the trading profits of corporate insiders. We compare trading profits to the annual compensation that a typical corporate insider would earn. We calculate typical compensation as the sum of the compensation paid to an average insider for all SZSE firms between 2012 and 2014 (using the dataset from CSMAR).[18] Average compensation is 339,130 RMB (about $54,700) per year. Given the median trading size for a purchase in the meeting window is 1,566,000 RMB (about $251,600), we estimate the average total annual gain from purchases is 292,842 RMB (i.e., 1,566,000 RMB × 18.7%), which corresponds to 86% (= 292,842/339,130) of the total annual compensation of an average corporate insider in a SZSE listed firm.[19] If we use Fama-French three-factor risk-adjusted returns, we estimate the total annual risk-adjusted gain would be 113,880 RMB (i.e., 1,560,000 RMB × 7.3%), which is 33.6% of the total annual compensation of an average corporate insider. These estimates suggest that profits from insider trading during private meeting windows are highly meaningful to these insiders.

[16] Similar to the Rule 16(b) of the U.S. Securities and Exchange Act of 1934, Article 47 in the 2014 Chinese Securities Law requires insiders to surrender any profit made on sales or purchases that are earned through reversing transactions within six months. This rule makes the 180-day trading day horizon particularly interesting.

[17] We collected Fama-French three factor variables for the Chinese stock market from the Resset database. We regress each firm's daily stock return on the daily three factor variables in 30, 60, 90, and 180 day windows after each insider trade. We estimate the intercept (alpha) from each regression model. We then use this alpha value to measure abnormal stock returns after each insider trade. For brevity, we only report results based on the alpha in the 180 trading days after each insider trade.

[18] We remove observations where the total compensation is zero in the CSMAR database.

[19] If we use the mean value, the average purchase value is 20,255,000 RMB (about $3,266,950). Thus the financial gain will be more than 10 times than the median value estimate.

Table 6 Post insider trading stock returns

Dependent variables	(1) Insider purchases in meeting window (-20, +20)					(2) Insider sales in meeting window (-20, +20)				
Post-insider trading abnormal stock returns	BHAR 180	BHAR 90	BHAR 60	BHAR 30	FF alpha	BHAR 180	BHAR 90	BHAR 60	BHAR 30	FF alpha
Panel A. Insider trading profitability around private meeting dates										
Inside trading value	-0.001	-0.006	0.005	0.011	0.010	-0.002	-0.007**	-0.007***	-0.004**	0.000
	(0.018)	(0.016)	(0.012)	(0.009)	(0.010)	(0.004)	(0.003)	(0.002)	(0.002)	(0.002)
Market cap (log)	-0.363***	-0.313***	-0.187***	-0.083***	-0.171***	-0.415***	-0.217***	-0.132***	-0.070***	-0.162***
	(0.028)	(0.033)	(0.025)	(0.019)	(0.020)	(0.023)	(0.015)	(0.012)	(0.009)	(0.009)
Market-to-book ratio	0.121***	0.078**	0.050*	-0.001	0.017	0.036	0.018	0.002	-0.005	0.007
	(0.036)	(0.037)	(0.028)	(0.021)	(0.023)	(0.024)	(0.015)	(0.012)	(0.009)	(0.009)
Prior stock return	-0.042***	-0.072***	-0.058***	-0.027***	-0.035***	-0.104***	-0.062***	-0.044***	-0.015***	-0.049***
	(0.009)	(0.009)	(0.007)	(0.005)	(0.006)	(0.005)	(0.003)	(0.003)	(0.002)	(0.002)
Constant	0.187***	0.088***	0.046***	0.043***	0.073***	-0.089***	-0.058***	-0.052***	-0.025***	-0.037***
	(0.016)	(0.020)	(0.015)	(0.012)	(0.012)	(0.017)	(0.011)	(0.009)	(0.007)	(0.007)
Year and firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,861	1,861	1,861	1,861	1,861	7,803	7,803	7,803	7,803	7,803
R^2	0.795	0.783	0.774	0.714	0.820	0.561	0.479	0.455	0.348	0.579
Panel B. Insider trading profitability around private meeting dates for those who attended private meetings										
Insider participated in the meeting	0.016*	0.030***	0.019***	0.016***	0.011**	0.001	-0.014*	-0.012**	-0.009*	0.001
	(0.009)	(0.007)	(0.006)	(0.004)	(0.005)	(0.011)	(0.007)	(0.006)	(0.005)	(0.005)
Inside trading value	-0.001	-0.006	0.005	0.011	0.010	-0.002	-0.007***	-0.007***	-0.004***	0.000
	(0.018)	(0.016)	(0.012)	(0.009)	(0.010)	(0.004)	(0.003)	(0.002)	(0.002)	(0.002)
Market cap (log)	-0.363***	-0.309***	-0.185***	-0.081***	-0.169***	-0.415***	-0.217***	-0.132***	-0.070***	-0.162***
	(0.028)	(0.033)	(0.025)	(0.019)	(0.020)	(0.023)	(0.015)	(0.012)	(0.009)	(0.009)

Table 6 (continued)

Dependent variables	(1) Insider purchases in meeting window (-20, +20)					(2) Insider sales in meeting window (-20, +20)				
Post-insider trading abnormal stock returns	BHAR 180	BHAR 90	BHAR 60	BHAR 30	FF alpha	BHAR 180	BHAR 90	BHAR 60	BHAR 30	FF alpha
Market-to-book ratio	0.123***	0.077**	0.050*	-0.001	0.016	0.036	0.018	0.002	-0.005	0.007
	(0.036)	(0.037)	(0.028)	(0.021)	(0.023)	(0.024)	(0.015)	(0.012)	(0.009)	(0.009)
Prior stock return	-0.043***	-0.072***	-0.057***	-0.026***	-0.035***	-0.104***	-0.062***	-0.044***	-0.015***	-0.049***
	(0.009)	(0.009)	(0.007)	(0.005)	(0.006)	(0.005)	(0.003)	(0.003)	(0.002)	(0.002)
Constant	0.185***	0.088***	0.046***	0.043***	0.073***	-0.089***	-0.057***	-0.052***	-0.025***	-0.037***
	(0.016)	(0.020)	(0.015)	(0.012)	(0.012)	(0.017)	(0.011)	(0.009)	(0.007)	(0.007)
Year and firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,861	1,861	1,861	1,861	1,861	7,803	7,803	7,803	7,803	7,803
R^2	0.795	0.786	0.776	0.717	0.820	0.561	0.479	0.455	0.348	0.579

Table 6 examines abnormal stock returns following insider purchases or sales that were made during the (-20, +20) days around private meetings. The dependent variable is the buy-and-hold abnormal returns (benchmarked by the SZSE market index) of holding an insider's buy or sell position for 30, 60, 90, and 180 trading days after the insider trading date. As a robustness check, we calculate the risk-adjusted abnormal stock returns (alpha) based on a Fama-French three-factor model using the market, size and book-to-market ratio risk factors collected from the Resset database. We estimate the Fama-French three-factor model based on daily stock returns and the three risk factors in a 180-day window after each insider trade. We regress BHAR measures (for 180 days, 90 days, 60 days, and 30 days) and Fama-French risk-adjusted abnormal returns (alpha) for 180 days on a set of control variables, which includes insider trading value (in million U.S. dollars), the natural logarithm of market cap of the meeting firm, book-to-market ratio of the meeting firm at the latest fiscal year-end before the meetings, and prior stock return measured by the buy-and-hold abnormal returns of the meeting firm's stock in the six months up to -21 days before the insider trade. We control for firm and year fixed effects in all models. The standard errors are corrected for heterogeneity and clustered by individual insiders. In Panel A, the constant terms in the regression models should be multiplied by 100 to measure the inside trader's abnormal stock returns in percentage form.

Panel B reports similar regression models but includes a participating insider dummy variable that equals to 1 if the insider attended a private in-house meeting in the (-20, +20)-day window around the insider trading date. Robust standard errors are reported in parentheses

*** denotes 1%, ** denotes 5%, and * denotes 10% significance, all two-tailed.

Next, we examine insider sale transactions. Column 2 of Table 6 Panel A reports abnormal returns in the 30, 60, 90, and 180 trading days after insider sales. While regression intercepts are generally smaller than the intercepts in the insider purchase models, all intercepts are negative and significant at 1% level. For example, the intercept for the BHAR 180 days is -0.089, which indicates that, on average, corporate insiders who sold their stocks during private meeting windows can avoid an 8.9% loss due to the decline in stock prices, relative to the market index, in the 180 trading days after the sale. This result differs from the results in Ravina and Sapienza (2010), who do not find any significant abnormal stock returns after insider sales. They argue insider sells are less informative than insider purchases because insiders may sell stock for liquidity reasons and sales are subject to more litigation and regulatory scrutiny. Our results suggest that insiders who sell around these private meetings have at least some information that is not known by the market; for example, insiders outperform the market by 8.9% in the 180-trading days after their sale. The median sales trading value in the meeting window of 9,222,000 RMB suggests loss avoidance of 820,758 RMB, which is 242% higher than the annual compensation of an average insider. The Fama-French three factor alphas are also negative and significant at 1% level. The intercept of -0.037 suggests loss avoidance of 341,213 RMB, which is equivalent to 100.6% of an average insider's annual total compensation.

In Panel B of Table 6, we compare the trading profitability for those insiders who participated in the meetings with those insiders who did not. We count a trade as being a meeting participant insider trade if we observe the insider's name in a published meeting summary report related to a private meeting occurring in a (-20, +20) window around the insider trading date. We introduce a dummy variable which equals 1 for participating insiders and 0 for nonparticipating insiders. We estimate the following regression.

$$BHAR = \beta_0 + \beta_1\ Participating\ Insiders + \beta_i\ Control\ Variable_i + \varepsilon. \quad (4)$$

If the regression coefficient β_1 is positive and significant in the insider purchase model, it suggests that participating insiders make more profitable purchase transactions than those insiders who did not participate in the meetings. In addition, if we find the regression coefficient β_1 is negative and significant in the insider sales models, we can conclude that participating insiders can avoid more losses than those insiders who did not participate in the meetings. According to Ravina and Sapienza (2010), these results should also suggest whether meeting participants have more private information than nonparticipants.

In column 1 of Table 6 Panel B, the regression coefficient on the indicator variable for insider participation in private meetings in the 180-day BHAR model equals 0.016, which it is significant at 10% level. This suggests that purchases of insiders who participated in private meetings yields an additional 1.6% abnormal return beyond that earned by insiders who did not attend the meetings over the same time horizon. We estimate that a 1.6% higher abnormal return translates into an additional 25,056 RMB or $4,041 (based on median purchase values), which is 7.4% of the total annual compensation of an average SZSE corporate insider.[20] The coefficients on the

[20] If we use the mean value of purchase values, the 1.6% abnormal returns translate into 324,081 RMB values, which is 96% of the total compensation that an average SZSE corporate insider earns per year.

Table 7 Descriptive analysis of meeting summary reports

Panel A. Summary of most frequently used words in meeting summaries

Key Words	English Translation	Total mention frequency	% of meeting mentions
公司	Company	316,734	99.4%
市场	Market	74,780	82.5%
产品	Product	102,687	79.5%
发展	Development	55,625	78.2%
行业	Industry	42,566	65.8%
未来	Future	30,965	63.4%
项目	Project	52,212	61.3%
销售	Selling	36,711	60.4%
业务	Business	52,919	58.8%
技术	Technology	39,680	57.6%
增长	Growth	28,041	56.5%
生产	Production	30,476	53.5%
企业	Enterprise	26,169	52.4%
客户	Customer	33,751	50.5%
优势	Advantage	20,134	48.4%
管理	Management	22,061	48.2%
经营	Operations	17,756	47.0%
领域	Field	25,327	46.2%
国内	Domestic	19,795	46.0%
需求	Demand	16,293	44.9%
研发	R&D	20,508	44.7%
建设	Construction	20,137	44.5%
提升	Improve	15,237	43.1%
成本	Cost	15,763	40.7%
计划	Plan	13,574	40.5%
比较	Compare	16,523	40.5%
战略	Strategy	14,330	40.3%
收入	Revenue	16,783	40.1%
竞争	Competition	14,043	38.8%
合作	Collaboration	15,793	37.9%

Panel B. Summary statistics on meeting summary reports

Summary statistics	2012	2013	2014	Total
% of meeting summary reports that mentioned financial phrases	67.17%	65.05%	64.25%	65.07%
% of meeting summary reports that mentioned technical phrases	36.24%	37.58%	46.05%	40.96%
% of meeting summary reports that mentioned forward-looking phrases	28.30%	32.74%	36.55%	33.60%
Average number of questions	8.51	7.91	7.67	7.91
Average positive/negative tone in questions	17.70%	18.40%	21.60%	19.60%
Average positive/negative tone in answers	47.60%	49.90%	53.70%	51.00%

Table 7 shows the content analysis of the meeting summary reports gathered from the SZSE website between July 2012 and December 2014. We first extract the most frequently used phrases (in Chinese) in the meeting

summary reports. Panel A shows the top 30 most frequently used phrases that are related to business or accounting/finance.

Panel B groups some frequently mentioned Chinese phrases together and reports the frequency of meeting summary reports that mention any of the three categories of phrases: financial-related phrases, forward-looking, and technical-related. Specifically, financial-related phrases include these key Chinese phrases: 成本(cost), 收入(revenue), 价格(price), 业绩(performance), 资金(fund), 订单(order), 披露(disclosure), 毛利率(gross margin), 费用(expense), 股权(equity), 份额(share), 风险(risk), 净利润(net income), 资产(assets), 资本(capital), 销量(sales), 现金(cash), 毛利(gross profit), 收益(earnings), 定价(pricing), 亏损(loss), 补贴(subsidy),租赁(lease), 存货(inventory), 汇率(exchange rate), and 存款(bank deposit). Forward-looking phrases include 未来(future), 计划(plan), 预计(forecast),目标(goal), and 预期(predict). Technical phrases include 技术(technology), 研发(R&D), 开发(develop), 创新(innovation), 科技(science and technology),智能(intelligence),自动化(automation), 信息化(information), and 机器人(robot). These phrase lists are not inclusive of all related phrases in a Chinese dictionary.

Panel B reports descriptive statistics on (1) the frequency that each category of phrases is mentioned in meeting summary reports, (2) the average number of questions, and (3) the average tone in questions and answers.

indicator variable for meeting participation for shorter term BHARs (i.e., 90, 60, and 30 days) are significant at the 1% level. For the Fama-French alpha, the coefficient is 0.011 and significant at the 5% level. We estimate that purchases of insiders who participated in the meetings yield an additional 1.1% of risk-adjusted stock returns on top of the 7.3% abnormal returns earned by a nonparticipating insider.[21]

Next, we examine insider sales in column 2 of Table 6 (Panel B). We do not find a statistically significant coefficient on participating insiders in the 180-day BHAR and Fama-French alpha models. As suggested by Ravina and Sapienza (2010), this could be driven by selling for liquidity reasons. However, we do find that the participating insiders indicator variable has negative and marginally significant coefficients in shorter time horizons. These latter results suggest that corporate insiders who attend private meetings may be able to avoid some losses in their sales, compared to insiders who didn't attend the meetings—perhaps because they have greater access to private information.

Overall, the results suggest the corporate insiders earn significant financial gains by trading around private in-house meetings. Furthermore, we find some evidence that those insiders who participated in the private meetings can generate even higher profits than those insiders who did not participate.

4.3 Content analysis of published meeting summary reports

In the analyses above, we use stock market returns in the three-day window around private meetings as a proxy for meeting content. Beginning July 2012, SZSE listed firms were required to publish meeting summary reports that

[21] We further examine whether the relationship between insider participation in the meeting and trading profitability is moderated by trading value. Using the method of Ravina and Sapienza (2010), we include an interaction term between trading value and an indicator variable for participating insiders (versus nonparticipating insiders) in the models of Table 6 Panel B. We find that the interaction term is not significant. After controlling for trading value, we find that corporate insiders who participated in private meetings make more profitable share purchases than those insiders who did not participate. This relationship does not vary by different levels of trading value.

include a summary of questions and answers discussed during private meetings. We use these summary reports to analyze the information and tone of these public disclosures. This analysis has practical significance for Chinese regulators, who implemented this requirement to improve the information environment.

We first extract the most frequently used phrases (in Chinese) in the question and answer section of meeting summary reports.[22] Table 7 Panel A shows the 30 most frequently used phrases (and their translations into English) that relate to business, accounting, or finance. The word "company" was mentioned at least once in 99.4% of all published meeting summary reports in our sample, which suggests that the many of the discussions during the meetings are firm specific. The question and answer summaries tend to be about the company's financial situation, prospects, and technical details of products.

In Table 7 Panel B, we categorize frequently mentioned Chinese phrases into three groups:[23] financial phrases, forward looking phrases, and technical phrases. Using a benchmark of at least five mentions, we find that 65% of the meeting summary reports mentioned financial phrases, 41% mentioned technical phrases, and 33.6% mentioned forward looking phrases. We next separate questions and answers in each meeting summary report. Table 7 Panel B reports that, on average, there are seven to eight questions in each meeting summary report.[24] We follow the methodology of Loughran and McDonald (2011) and count the frequency of positive and negative phrases in reported questions and answers. We adopt the dictionary in the NLPIR textual analysis software, which allows us to tag positive and negative phrases in the 17,631 meeting summary reports.[25] We measure tone as the number of positive phrases minus the number of negative phrases, scaled by one plus the sum of the number of positive and negative phrases (Piotroski et al. 2016). The ratio is calculated as:

$$Tone\ Ratio = \frac{\#Positive\ Phrases - \#Negative\ Phrases}{\#Positive\ Phrases + \#Negative\ Phrases + 1} \tag{5}$$

The value of the tone ratio asymptotically approaches +1 for extremely positive news, and -1 for extremely negative news. Table 7 (Panel B) reports the tone ratio for questions and answers separately. Both questions and answers exhibit a positive tone. The average tone ratio is about 19.6% in the questions and 51% in the answers. The time trend suggests that both questions and answers

[22] Most expressions in the Chinese language are only meaningful by combining individual Chinese characters into "phrases" (i.e., at least two Chinese characters combined together to make a phrase in Chinese). Because not all characters have meaning in isolation, we focus on Chinese phrases, which can be more meaningfully and accurately translated into English words.

[23] Frequently mentioned phrases must appear in at least 10 meeting summary reports in our sample.

[24] The question and answer summary is compiled by management and is therefore subject to management's discretion about what to include.

[25] http://ictclas.nlpir.org/ The textual analysis program is accessed from the Institute of Computing Technology, Chinese Lexical Analysis System and was developed by the Chinese Academy of Sciences.

Table 8 Informativeness of meeting summary reports

Dependent variables:	(1) Meeting date CAR (-1, +1)	(2) Publication date CAR (0, +2)	(3) Subsequent earnings announcement date CAR (-1, +1)	(4) Subsequent stock performance (12-month BHAR)
Positive/negative tone in meeting summary reports	0.003*	0.003*	0.010***	0.061**
	(0.002)	(0.002)	(0.004)	(0.027)
Number of outside participants	0.000***	0.000	-0.000	-0.003***
	(0.000)	(0.000)	(0.000)	(0.001)
Top management presence in the meeting	0.003***	0.001	0.002	0.009
	(0.001)	(0.001)	(0.001)	(0.011)
# of analysts following	-0.000	0.000	0.001***	-0.003***
	(0.000)	(0.000)	(0.000)	(0.001)
Total assets (log)	-0.001**	-0.001**	-0.007***	-0.128***
	(0.000)	(0.000)	(0.001)	(0.007)
Leverage	0.002	0.007	0.042***	0.135
	(0.006)	(0.006)	(0.012)	(0.101)
Market-to-book ratio	-0.001*	-0.001***	-0.001	-0.032***
	(0.000)	(0.000)	(0.001)	(0.005)
Return on assets	-0.022**	-0.022**	-0.061***	-1.611***
	(0.009)	(0.009)	(0.020)	(0.146)
Sales growth	-0.002	-0.003*	-0.004	0.049**
	(0.002)	(0.002)	(0.003)	(0.024)
R&D intensity	-0.010	-0.006	-0.014	0.325**
	(0.009)	(0.008)	(0.020)	(0.165)
State ownership	-0.001	0.002	-0.003	-0.336***
	(0.003)	(0.003)	(0.006)	(0.040)
Stock performance (prior one-year BHAR)	-0.009***	-0.006***	-0.007***	-0.122***
	(0.001)	(0.001)	(0.001)	(0.012)
Information quality ranking	-0.000	0.000	0.003***	0.063***
	(0.001)	(0.001)	(0.001)	(0.010)
Other public investor relation activities	0.001***	-0.000	0.001***	0.014***
	(0.000)	(0.000)	(0.000)	(0.003)
Number of words (log)	0.000	-0.000	-0.002***	-0.014**
	(0.000)	(0.000)	(0.001)	(0.006)
Days between meeting date and publication date	0.000	0.000	-0.000	0.000
	(0.000)	(0.000)	(0.000)	(0.000)
Days between meeting date and next quarterly earnings date	-0.000***	-0.000***	0.000*	-0.000**
	(0.000)	(0.000)	(0.000)	(0.000)
Percentage of brokerage firms in the total participants	-0.001	-0.001	-0.002	0.009
	(0.001)	(0.001)	(0.002)	(0.018)
Percentage of investment funds in the total participants	0.003**	0.002	0.001	0.046**
	(0.001)	(0.001)	(0.003)	(0.020)
Percentage of private equity funds in the total participants	0.002	-0.001	-0.001	-0.044
	(0.002)	(0.002)	(0.004)	(0.030)
	-0.000	-0.001*	-0.003	0.028*

Table 8 (continued)

Dependent variables:	(1) Meeting date CAR (-1, +1)	(2) Publication date CAR (0, +2)	(3) Subsequent earnings announcement date CAR (-1, +1)	(4) Subsequent stock performance (12-month BHAR)
Within seven days after prior earnings announcement	(0.001)	(0.001)	(0.002)	(0.015)
Manufacturing firms	-0.000	0.000	0.010	0.194***
	(0.003)	(0.002)	(0.006)	(0.040)
Constant	0.025***	0.021**	0.150***	2.749***
	(0.010)	(0.009)	(0.019)	(0.157)
Year and industry fixed effects	Yes	Yes	Yes	Yes
Observations	15,023	15,023	15,049	11,679
R^2	0.019	0.013	0.015	0.154

Table 8 reports the association between the positive/negative tone in published meeting summary reports and (1) the meeting date CAR (-1, +1) in model 1, (2) the publication date CAR (0, +2) in model 2, (3) the market reaction on the subsequent earnings announcement date CAR (-1, +1) in model 3, and (4) the 12-month BHAR after private in-house meetings in model 4. We use these financial outcomes as dependent variables in the four models below and regress each on the positive/negative tone ratio measure and control variables that were specified in Table 3. We measure the positive/negative tone of each meeting summary report as the number of positive phrases minus the number of negative phrases in the report, scaled by one plus the sum of the number of positive and negative phrases. Firm variables are measured as of the latest fiscal year-end before the meeting dates. We use robust standard errors corrected for heteroscedasticity and clustered by each hosting firm. Year and industry fixed effects are included in all models. Robust standard errors are reported in parentheses.

*** denotes 1% significance, ** denotes 5% significance, and * denotes 10% significance, all two-tailed.

in meeting summary reports have become more positive in tone over time. Reported answers (i.e., corporate insiders' responses to questions) are especially positive.

To investigate whether published meeting summary reports are informative, we conduct several regression analyses to examine the association between the tone of meeting summary reports and market reactions during the meeting window and subsequent publication window. We focus our content analyses on reported answers because these directly signal management's tone.[26] In addition, we regress market reactions around the subsequent earnings announcement (i.e., CAR (-1, +1) centered on the earnings announcement date) and long-term stock returns (i.e., 12-month buy-and-hold abnormal returns after the private in-house meetings) on the tone ratio.

Table 8 column 1 presents the association between meeting date CAR (-1, +1) and the tone ratio of reported management responses. We find weak evidence (significance at 10% level) that the stock market reacts positively when the insiders use a more positive tone in their responses during private in-house meetings. We repeat the analysis using the publication date CAR (0, +2) as the

[26] The questions reported in the meeting summary reports are usually short and tend to summarize key points raised by meeting participants. In the textual analysis, we separate questions from answers, and we find that the tone information embedded in answers are more useful to detect positive or negative signals revealed during private meetings. Our textual analysis using only "questions" does not reveal significant findings.

dependent variable (column 2) and find similar results. This provides some evidence that investors react to the positive and negative signals embedded in the meeting summary reports.

To validate the importance of positive and negative signals disclosed in the meeting summary reports, we examine the association between market reactions around subsequent earnings announcement and the tone measure (in column 3). We find a positive and significant (at 1% level) regression coefficient on the tone measure. This suggests that signals contained in meeting summary reports relate to future earnings performance. In addition, we track the stock performance of meeting firms (using the buy-and-hold abnormal returns benchmarked by the SZSE market index) in the 12-month window after each private in-house meeting. We regress long-term abnormal stock returns on the tone measure. Column 4 reports a positive and significant (at 5% level) regression coefficient on the tone measure, which suggests that meeting firms have better long-term stock performance if meeting summary reports reveal relatively positive signals to the market.

Overall, our content analyses suggest that the published meeting summary reports convey valuable signals.

5 Conclusions

Despite voluminous literature on corporate disclosure, relatively little is known about the attributes or consequences of private in-house meetings between management and outside parties, such as major investors and analysts. The literature suggests that private interactions are informative and investors and analysts can garner useful information (Soltes 2014; Solomon and Soltes 2015; Cheng et al. 2016, 2017). However, little is known about whether corporate insiders are involved in these meetings, whether insiders personally benefit, and whether mandated public disclosures of previously private meetings appear to be informative to investors.

The lack of empirical evidence on these issues is mainly due to the fact that U.S. and European firms are not required to disclose the existence or content of private meetings. Although recent studies by Bushee et al. (2016), Soltes (2014), and Solomon and Soltes (2015) have attempted to penetrate the black box of private meetings, these studies are limited due to the lack of large-sample cross-sectional data on actual private meetings.

Solomon and Soltes (2015) suggest that firms should publish information about their private interactions so that all market participants can be aware of meeting details, regardless of their ability to have private access. To lend evidence on their recommendation, we study firms listed on the Shenzhen Stock Exchange (SZSE) that must disclose information on the existence and details of private in-house meetings within two trading days of the actual meeting dates. We manually gather private in-house meeting data for all listed firms from documents on the SZSE website and provide evidence that the stock market responds to these new disclosures.

Next, we provide evidence that insiders concentrate their trades around private in-house meetings. Furthermore, we find that some corporate insiders anticipate the market reaction to private meetings and place purchase or sell trades accordingly. Insiders carry out relatively more sales (purchases) before bad (good) news events and postpone sales (purchases) if the private meetings are likely to reveal good (bad) news. In addition, we find that corporate insiders earn significant financial gains from trading during meeting windows—both in absolute values and relative to their normal annual compensation. Finally, insiders who attended private in-house meetings trade more profitably than those who did not. Combined, we provide direct evidence that at least some corporate insiders personally benefit by trading around private in-house meetings.

Although we document evidence of profitable insider trading concentrated around private meetings, we cannot directly observe insiders' motivations for such trades. While insider trading around private meetings may create an appearance of using material nonpublic information, trading by corporate insiders is not illegal per se. Corporate insiders may be merely relying on mosaic information to inform their trades. Insider trading is only illegal when insiders trade on material nonpublic information. While it is difficult to detect whether insiders are using material nonpublic information for their own trades, it remains a possible explanation of our findings.

If the principle of equal access to material information is a cornerstone of fair disclosure, other jurisdictions may want to consider regulations similar to those required by the SZSE. The large economic significance of our results for SZSE-listed firms suggests that disclosure of private in-house meetings and related details can be valuable to investors. Other regulatory bodies may find it cost-effective to require modest disclosures. For example, the mere disclosure of the existence of private meetings (either ex post or in advance) would allow academics, analysts, investors, and regulators to conduct studies similar to ours. Such disclosures can shine a light on possible opportunistic behavior.

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Appendix

Appendix 1 Example of Private In-house Meeting Report

Security code: 000413 Corporate name: Dongxu Optoelectronic Group

The Record of Dongxu Investors Relation Activities Code：2014-003

Type of Investors Relation Activities ■ In-house investor meeting
□ Analyst meeting □ Media interview □ Performance announcement meeting
□ Public news meeting □ Road show □ Site visit □ Other (conference call)

Meeting Participants	Xu Xingjun (Guangfa Securities), Liu Zhaowei (King Tower Asset Management), Chen Ping (Guosen Securities), Peng Junbin (GFUND), Chen Zhifeng (Yimin Asset Management), Wang Peng (China Venture), Liu Yuchen (Yinhua Fund), Qing Yi (Sunshine Asset), Wei Hongda (KGI Securities), Gu Xingfeng (China Asset Management), Chen Ming (CICC), Liu Kunpeng (Union Asset; Type: Private Equity), Qi Chen (eFunds), Sheng Zhenshan (Lion Fund), Qian Wenli (Chang Shen Fund).
Time	May 12, 2014; 14:00-15:30
Where	Company
Management attended	Board Chairman Li Zhaoting; Board Secretary Fu Yinfang; and Marketing Director Zhang Taisheng
Content of the meeting	**Visiting company's exhibition hall** **Conversation with executives:** ***Q1: What about the production and operation of the company's sixth production line?*** Answer: In the first production stage, the four production lines have been launched with 75% of the product meeting a high-quality standard. In the second stage, the four production lines have been gradually launched in 2014. The production capacity will be determined by sales volume. The remaining two lines will be launched when the market becomes mature. As to manufacturing technique, we need to spend three to six months fully mastering it. But as we are increasingly familiarized with it over time; the later production period will be shortened to reach a high-quality standard. ***Q2: What about the sixth product line's sales and marketing?*** Answer: Currently Jingdongfang and Zhonghua Yingguan have been substantially supplying it (the sixth product) with Jingdongfang reaching 40,000 pills per month and Zhonghua Yingguan 20,000 per month. We are actively communicating with the two companies in a hope to increase sales volume. Meanwhile, Taiwan Youda and Qunchuang have sent this product for inspection to the local government. ***Q3: What is the operational performance of the company's designated manufacturers?*** Answer: Zhengzhou Xufei Company's four lines and Shijiazhuang Xuxin's two lines have been put into production with 75% of product meeting a high-quality requirement. These products have also been supplied on a high-volume basis. These manufacturers have been recognized as best supplier by Zhonghang Guangdian Company and for best supplier service by Longteng Guangdian Company. Sichuan Xuhong launched a special aluminum glass product in February this year. It has already developed this product with types 0.7mm and 0.5mm; these have been sent to customers for inspection and evaluation. ***Q4: Can you explain the integration of designated manufacturers into the company's operations?*** Answer: As promised, if a designated manufacturer meets certain requirements, it can be merged into our company. Since the capital invested into designated companies is relatively high and their establishment, construction, operation and profitability are all different, merging time would not be the same. ***Q5: What is the company's future strategy?*** Answer: We will build on our glass board construction techniques and expand to new materials for optoelectronic screening, thereby forming an optoelectronic business that includes glass board and other materials. We aim to become a global leader in this industry.
Attachment:	No
Date of record	May 12, 2014

Appendix 2 Variable Definitions and Data Sources

Main variables	Measures	Data sources
Stock market reaction measures		
Meeting date CAR (-1, +1)	Cumulative abnormal returns (CARs) in (-1, +1) window around the meeting date is estimated based on the market model using daily stock returns of meeting companies and the SZSE market index; estimation window is between (-255, -43) days before the meeting dates	CSMAR database and calculation
Meeting date SAB_CAR (-1, +1)	Standardized absolute value of CAR (-1, +1) is calculated by taking the difference between the absolute value of CAR (-1,+1) around the meeting date and the mean of the absolute value of three-day CARs in the estimation period, (-255, -43) before the private meetings, divided by the standard deviation of the absolute three-day CARs in the estimation period.	CSMAR database and calculation
Meeting date SAB_TURNOVER (-1, +1)	Standardized abnormal share turnover measure is calculated as the three-day trading volume in (-1, +1) window around the meeting date divided by shares outstanding less the average three-day turnover in the estimation period, (-255, -43), divided by the standard deviation of the mean three-day share turnover rate in the estimation period before private meeting dates.	CSMAR database and calculation
Publication date CAR (0, +2)	Cumulative abnormal returns (CARs) in (0, +2) window after the publication date is estimated based on the market model using daily stock returns of meeting companies and the SZSE market index; estimation window is between (-255, -43) days before the meeting dates	CSMAR database and calculation
Publication date SAB_CAR (0, +2)	Standardized absolute value of CAR (0, +2) is calculated by taking the difference between the absolute value of CAR (-1,+1) after the publication date and the mean of the absolute value of three-day CARs in the estimation period, (-255, -43) before the private meetings, divided by the standard deviation of the absolute three-day CARs in the estimation period.	CSMAR database and calculation
Publication date SAB_TURNOVER (0, +2)	Standardized abnormal share turnover measure is calculated as the three-day trading volume in (0, +2) window after the publication date divided by shares outstanding less the average three-day turnover in the estimation period, (-255, -43), divided by the standard deviation of the mean three-day share turnover rate in the estimation period before private meeting dates.	CSMAR database and calculation

Appendix 2 (continued)

Main variables	Measures	Data sources
Insider trading measures		
Insider trading in meeting window (-20, +20)	Dummy variable that equals 1 if there is any insider transaction (buy or sell) in the (-20, +20) window around the private in-house meeting.	Tonghuashun financial database and SZSE disclosure documents
Pre-meeting net buy frequency: all insiders	Insider purchase frequency subtracts insider sale frequency in (-20, -2) window before the private meeting.	Tonghuashun financial database and SZSE disclosure documents
Post-meeting net buy frequency: all insiders	Insider purchase frequency subtracts insider sale frequency in (+2, +20) window after the private meeting.	Tonghuashun financial database and SZSE disclosure documents
Pre-meeting net buy frequency: participating insiders	Insider purchase frequency subtracts insider sale frequency made by the insiders who attended the private meeting in (-20, -2) window before the private meeting.	Tonghuashun financial database and SZSE disclosure documents
Post-meeting net buy frequency: participating insiders	Insider purchase frequency subtracts insider sale frequency made by the insiders who attended the private meeting in (+2, +20) window after the private meeting.	Tonghuashun financial database and SZSE disclosure documents
Pre-meeting net buy frequency: nonparticipating insiders	Insider purchase frequency subtracts insider sale frequency made by the insiders who didn't attend the private meeting in (-20, -2) window before the private meeting.	Tonghuashun financial database and SZSE disclosure documents
Post-meeting net buy frequency: nonparticipating insiders	Insider purchase frequency subtracts insider sale frequency made by the insiders who didn't attend the private meeting in (+2, +20) window after the private meeting.	Tonghuashun financial database and SZSE disclosure documents
Pre-meeting net buy value: all insiders	Insider purchase value subtracts insider sale value in [-20, -2) window before the private meeting (measured in million USD value).	Tonghuashun financial database and SZSE disclosure documents
Post-meeting net buy value: all insiders	Insider purchase value subtracts insider sale value in [+2, +20) window after the private meeting (measured in million USD value).	Tonghuashun financial database and SZSE disclosure documents
Pre-meeting net buy value: participating insiders	Insider purchase value subtracts insider sale value made by the insiders who attended the private meeting in (-20, -2) window before the private meeting (measured in million USD value).	Tonghuashun financial database and SZSE disclosure documents
Post-meeting net buy value: participating insiders	Insider purchase value subtracts insider sale value made by the insiders who attended the private meeting in (+2, +20) window after the private meeting (measured in million USD value).	Tonghuashun financial database and SZSE disclosure documents
Pre-meeting net buy value: nonparticipating insiders	Insider purchase value subtracts insider sale value made by the insiders who didn't attend the private meeting in (-20, -2) window before the private meeting (measured in million USD value).	Tonghuashun financial database and SZSE disclosure documents
Post-meeting net buy value: nonparticipating insiders	Insider purchase value subtracts insider sale value made by the insiders who didn't attend the private meeting in (+2, +20) window after	Tonghuashun financial database and SZSE disclosure documents

Appendix 2 (continued)

Main variables	Measures	Data sources
	the private meeting (measured in million USD value).	
Insider trading size	Transaction value of an insider trade (measured in million USD value)	Tonghuashun financial database
Participating insider dummy	Dummy variable that equals 1 if the insider trade is made by a corporate insider who attends a private meeting in the (-20, +20) window around the insider trading date, otherwise 0	Tonghuashun financial database and SZSE disclosure documents
Meeting summary report content analysis measure		
Positive-negative tone ratio	The number of positive words minus the number of negative words in the questions and answers of a meeting summary report, scaled by one plus the sum of the number of positive and negative words.	NLPIR content analysis software and calculation
Firm specific variables		
# of analysts following	Number of unique analyst firms providing financial forecasts on the firm	GTA database
Total assets (log)	Log transformed total assets of the firm	CSMAR database
Leverage	Long-term debt divided by the total assets of the firm	CSMAR database
Market to book ratio	Market value of equity divided by the book value of equity	CSMAR database
ROA	Operating income divided by year-end total assets	CSMAR database
Sales growth	Percentage growth rate of the current year's revenue relative to the last year's revenue	CSMAR database
State ownership	Percentage of issued shares owned by the government	CSMAR database
R&D intensity	R&D expense divided by revenue	CSMAR database
Prior stock return (One-year BHAR)	Buy-and-hold stock returns of the meeting firm subtracted by the buy-and-hold returns of the SZSE market index in the fiscal year	CSMAR database
Information quality ranking	Information quality ranking developed by the SZSE. The letter grade ranking ranges from D (poor information quality) to A (good information quality). We code the A grade firms with a value of 4, B grade as 3, C grade as 2, and D grade as 1.	SZSE website
Market cap (log)	Log transformed market capitalization of the firm	CSMAR database
Book to market ratio	Book value of equity divided by the market value of equity	CSMAR database
Meeting specific variables		
Number of outside participants	Number of investors, analysts and other outside participants attending the in-house meeting (excluding the staff and executives of the meeting firms)	SZSE disclosure documents

Appendix 2 (continued)

Main variables	Measures	Data sources
Top management presence in the meeting	Dummy variable which equals 1 if any of the top management (such as (vice) chairman of the board, CEO and CFO) attends the meeting, otherwise 0	SZSE disclosure documents
Percentage of brokerage firms in the total participants	Percentage of the meeting participants that are sell-side analysts (representing the brokerage firms)	SZSE disclosure documents
Percentage of investment funds in the total participants	Percentage of the meeting participants from investment funds (including mutual funds)	SZSE disclosure documents
Percentage of private equity funds in the total participants	Percentage of the meeting participants from private equity funds	SZSE disclosure documents
Number of Chinese characters (log)	Log transformed count of the number of Chinese characters in the content of the meeting summary reports	SZSE disclosure documents
Other public investor relation activities	Number of public investor relations activities (other than the in-house meetings) in the past month before the meeting	SZSE disclosure documents
Trading days between meeting date and publication date	Number of trading days before the meeting date and the publication date of the meeting summary reports disclosed on the SZSE web site	SZSE disclosure documents
Days between meeting date and next quarterly earnings date	Number of calendar days before the meeting and the next quarterly earnings announcement date	CSMAR database and SZSE disclosure documents
Within seven days after prior earnings announcement	Dummy variable that equals 1 if the meeting is within seven days after the last earnings announcement date, otherwise 0	CSMAR database and SZSE disclosure documents
CAR (-1, +1) on the next quarterly earnings date	Cumulative abnormal stock returns on the quarterly earnings announcement date after the private in-house meeting. CAR is estimated based on the market model for the time period (-1, +1).	CSMAR database and calculation
Manufacturing firms	Dummy variable that equals 1 if the meeting firm is in the manufacturing industry, otherwise 0	CSMAR database
Prior stock return (Six-month BHAR)	Buy-and-hold stock returns of the meeting firm subtracted by the buy-and-hold returns of the local market index in the six months prior to the private meetings	CSMAR database and SZSE disclosure documents

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