

CLSA Launches Corporate Governance Watch 2007

Hong Kong, 25 September 2007 – CLSA Asia-Pacific Markets ('CLSA'), Asia's leading, independent brokerage and investment group today launched its Corporate Governance Watch 2007, the fourth survey of corporate governance in Asia in conjunction with the Asian Corporate Governance Association ("ACGA"). Titled "*On A Wing And A Prayer: The Greening of Governance*", the report assesses the quality of corporate governance in 11 Asian markets and provides aggregate data from 582 listed companies.

The survey provides a score of Asian companies on seven key criteria: discipline, transparency, independence, responsibility, accountability, fairness and environmental responsibility. On common questions, the average corporate governance score for companies in the Asia ex-Japan sample rose only 1.2 points, a much smaller improvement than in previous years, a factor attributable to the region's thriving economies and markets.

Head of thematic research at CLSA and the author of the report, Amar Gill, said: "There is less pressure on companies and countries for corporate governance when the economies of the region are strong and this is quite clear in the results of our survey," Gill said.

"Including 'clean and green' scores for the first time, we have found that in Asia growth is a priority over the environment and corporates do not appear to be conscious of the need to implement green strategies. However, they will need to be mindful of this as consumer activism gains momentum and the call for companies to proactively measure and reduce their environmental impact increases."

Only 58% of the 582 companies surveyed responded to the 20 'Clean and Green' questions while 64% of our universe scored zero on the C&G criteria. The clear leaders in their commitment to environmental practices are large-cap companies from Japan, Taiwan and Korea, who dominated the top-30 list of companies that scored 80% or more on 'Clean and Green.'

In the country rankings, compiled by the ACGA, Hong Kong takes the lead over Singapore, followed by India in third place, Taiwan fourth and Japan fifth. The Philippines and Indonesia ranked the lowest of the 11 countries which were assessed on 87 issues under five criteria in the country rankings: rules and practices, enforcement, accounting, governance culture and political environment.

Secretary General of the ACGA, Jamie Allen said one of the reasons Hong Kong moved into first place over Singapore was that regulatory officials were well aware of the distance between local norms and international standards and were working to grapple with difficult reform issues.

"Hong Kong is very proactive, where as Singapore gives the impression that its reform process has reached a plateau. To be fair, many of Singapore's disclosure standards are higher than Hong Kong, but Singaporean officials do seem less concerned that some key local rules and practices are not in line with global best practices," Allen said.



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An additional element of the report was the measure of 'quality at a reasonable price' (Qarp), a concept CLSA introduced in the 2005 survey that includes price to book ('PB') and return on equity ('ROE') in stock selection of companies with higher-than-average corporate governance scores. Qarp stocks outperformed the MSCI Index in particular for China, Indonesia and Hong Kong. China Vanke, Hopson Development and Zhenhua Port Machinery, up between 460%-614%; from Indonesia, Inco and Bank Niaga were up 292% and 110% respectively; while from Hong Kong, Ports Design was up 289% and OOIL 125% for the two years to mid-2007. This year's Qarp picks, higher quality companies at reasonable valuations, are weighted towards Japan and Taiwan, and by sector favouring regional financials, materials and infrastructure.

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About CLSA Asia-Pacific Markets

CLSA Asia-Pacific Markets is a leading, independent investment group in Asia focused on delivering investment banking, capital markets, equity broking and alternative investment services to global corporate and institutional clients.

Renowned for its product innovation and award-winning market intelligence, CLSA has built its reputation on unrivalled equity research and economic analysis which is consistently voted as the best in Asia. CLSA ranked No.1 for Most Accurate Research in Asia in Bloomberg's poll 2006; No.3 overall in Institutional Investor's All-Asia Research Poll 2006; and No.2 in The Asset's Asian Equities Benchmark Survey 2005.

CLSA is one of Asia's largest independent equity brokerages and one of the world's largest agency brokers. The group's investment banking and equity capital markets services include M&A advisory, equity transactions and public offerings. Alternative asset management is offered through eight Asia-based funds under CLSA Capital Partners.

Founded in 1986 and is headquartered in Hong Kong, CLSA has more than 1,000 dedicated professionals located in 13 Asian cities, plus Dubai, London and New York. CLSA's major shareholder is France's Credit Agricole, which merged in 2003 with Credit Lyonnais, to form the 6th largest bank in the world by Tier One capital and the 7th largest bank in the world by assets. CLSA enjoys substantial staff ownership which contributes to its independent stance and operations.

Additional information is available at www.clsa.com