

# Asian Corporate Governance Association (ACGA)

## “A Preview of ACGA’s China CG Report”

Presentation by:  
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ACGA 2017 Mumbai Annual Conference  
Panel Discussions-China Market Focus  
November 15, 2017

# Agenda

1. Selected Report Survey Results
2. Preview of China CG Report

## **Important notice:**

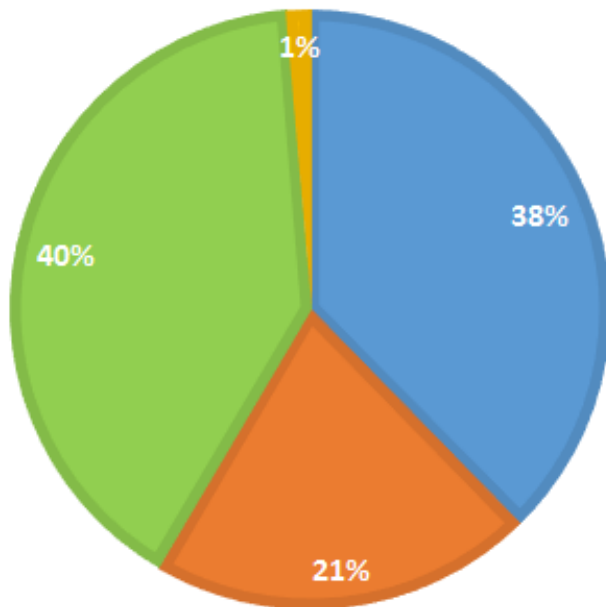
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# 1. Selected survey results: The future of the China market

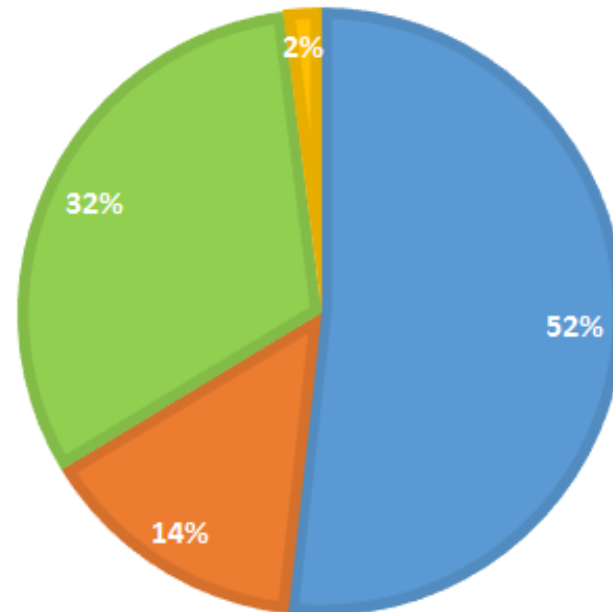
## ARE YOU POSITIVE ABOUT THE INVESTMENT POTENTIAL OF MAINLAND CHINA'S A-SHARE CAPITAL MARKET OVER THE NEXT FIVE TO 10 YEARS?

■ Yes ■ No ■ Neutral ■ No view

Foreign Institutional Investor Survey  
(154 respondents)



Chinese Listed Company Survey  
(199 respondents)

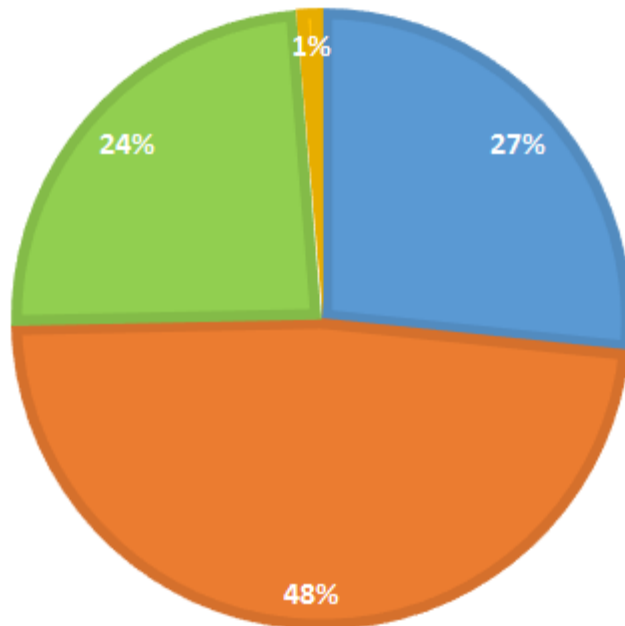


# MSCI Index inclusion

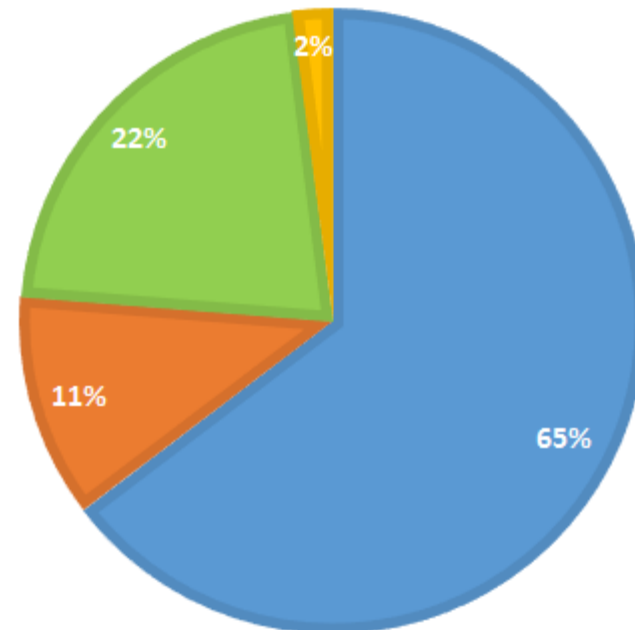
## DID YOU AGREE WITH MSCI'S RECENT DECISION TO INCLUDE 222 A SHARES IN ITS EMERGING MARKETS INDEX?

■ Yes ■ No ■ Neutral ■ No view

Foreign Institutional Investor Survey  
(154 respondents)



Chinese Listed Company Survey  
(198 respondents)

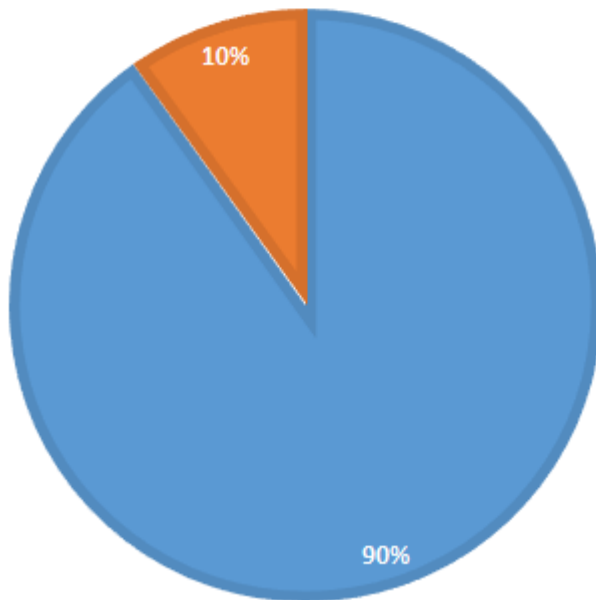


# Additional research on CG of A-share companies?

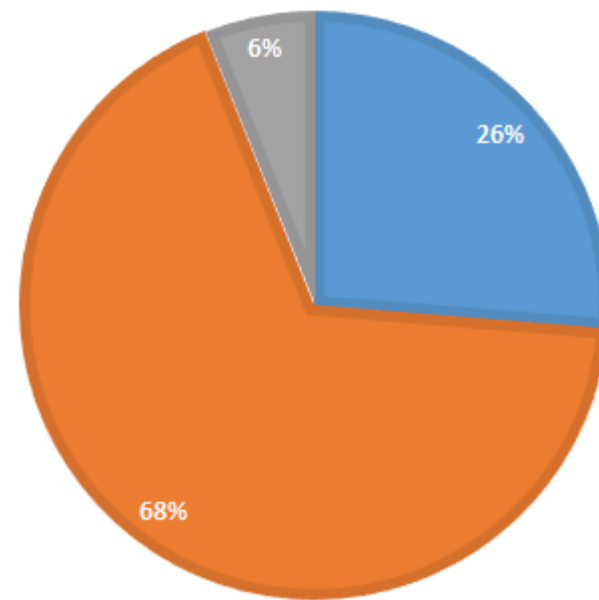
## DO YOU CONSIDER IT ESSENTIAL TO DO SIGNIFICANT ADDITIONAL ANALYSIS ON THE CORPORATE GOVERNANCE OF CHINA A-SHARE FIRMS?

■ Yes ■ No ■ Not sure

Foreign Institutional Investor Survey  
(152 respondents)



Chinese Listed Company Survey  
(198 respondents)



## 2. Preview of ACGA China CG Report

Report to be completed in late 2017. A press conference will be held in HK, early 2018, to publish the report in both English and Chinese.

### Table of contents

1. Introduction and Methodology
2. Political and Regulatory Backgrounder
3. “CG with Chinese Characteristics”
  - The Party Committee
  - The Board of Directors
  - The Supervisory Board
  - Independent Directors
  - SOEs vs POEs
  - Audit Quality
4. ESG Risk and Reporting
5. Risk Management and M&A
6. Company Case Studies
7. CG diagnostics for PRC firms

The report will also contain interviews with individual directors, supervisors, investors, board secretaries, ESG experts, and others.

And recommendations for companies and investors.

# Highlights of issues discussed

1. The leadership role of Party Committee in SOEs reinforced.
2. Complex board dynamics in the Chinese boardroom.
3. Unclear functions of supervisors and independent directors.
4. Different agency costs in SOEs and POEs.
5. An integrated auditing system has not been established.
6. The lack of synergies from M&A deals.

תודה  
 Dankie Gracias  
 Спасибо شكراً  
 Köszönjük Merci Takk  
 Grazie Dziękujemy Terima kasih  
 Ďakujeme Vielen Dank Děkojame  
 Kiitos Täname teid 谢谢  
**Thank You** Tak  
 感謝您 Obrigado Teşekkür Ederiz  
 Σας Ευχαριστούμ 감사합니다  
 Bedankt ඔබට  
 Děkujeme vám  
 ありがとうございます  
 Tack