Corporate Governance Assessment on the Top 100 Chinese Listed Companies

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1. Introduction

Corporate governance of listed companies has become a focus in China capital market. Corporate governance being the most important organization structure and control mechanism of modern enterprises is directly affected by its external environment and internal mechanism. In view of the external environment, legal system, market system, monitoring capability, socio-economic system, cultural environmental etc. will all affect the effectiveness of corporate governance from different aspects. The effectiveness of corporate governance is very much related to government governance or the even broader public governance. In view of a company's internal environment, corporate governance involves the balance amongst the board of directors, the management, shareholders and other stakeholders. The core objective is to solve the agency issues of the company's internal and external parties by appropriately arranged policies, so that management can endeavor for the maximization of profits for shareholders and stakeholders. Well corporate governance not only can provide effective monitoring, but can also encourage enterprises to create wealth for the society to the uttermost, and become a pattern for enterprise citizen.

To implement corporate governance, there is urgently a need for a set of comprehensive assessment standard to measure the balance of a corporate governance structure, effectiveness and transparency, and to unveil the existing problems and major risks of corporate governance objectively and comprehensively, so as to enhance maximization of corporate value.

Under rapid economic globalization, the international standard of corporate governance shows tendency to convergence. To develop an assessment system for Chinese corporate governance which meets international standard and at the same time be localized, is a challenging task. Corporate governance assessment system must realize the common principles of the best governance, which includes: fairness, accountability, openness and transparency. However, just like there is no the best corporate governance in the world, there is no fixed corporate governance assessment system neither. Corporate governance assessment system serves as a "signal indicating" mechanism, not only can provide enterprise with a maneuverability basis and instruction for furnishing its corporate governance, and provide corporate governance assessment record to the society, but also at the same time, review timely the changes of policy environment and provide a favourable environment for social mutual governance.

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Therefore, in this year's assessment report, we have modified and improved some of the indicators in order to review the latest changes in implementation of policy.

After more than ten years development, Chinese listed companies have basically achieved a consensus about the objective and importance of corporate governance. As the Chinese stock market is an emerging market and also a market experiencing the switching of planned economy to market economy, the basic framework of corporate governance still exists policy restriction and problems from various aspects. In the progress of establishing modern enterprise system, corporate governance has experienced a step-by-step process. In recent years, surveillance authorities, judiciary and related self-regulatory organization have respectively issued a series of guidelines for improving corporate governance system, ushering corporate governance to the norm. In 2005, the kick-off of Split Share Structure Reform for Chinese listed companies has further strengthened the foundation of corporate governance. Favorable corporate governance is not a single step, it requires long term perseverance from all aspects. Through the systematic assessment of corporate governance situation, every progresses attained are recorded, and more importantly, existing problems are being identified and more comprehensive policies can be established.

2. Assessment methodology

1、Companies subject to assessment

Companies which are selected for assessment of corporate governance this year are still the top 100 Chinese listed companies ranked by "FORTUNE China" ranked according to annual revenue (see list of names of companies in Appendix). Compared with 2005, although there are some changes to the names of top 100 Chinese listed companies, their assessment criteria remains the same, and their characteristics of being the representative population of Chinese listed companies also remain the same. Therefore, we believe that the assessment results in 2006 have continuity to and comparability to the assessment results in 2005.

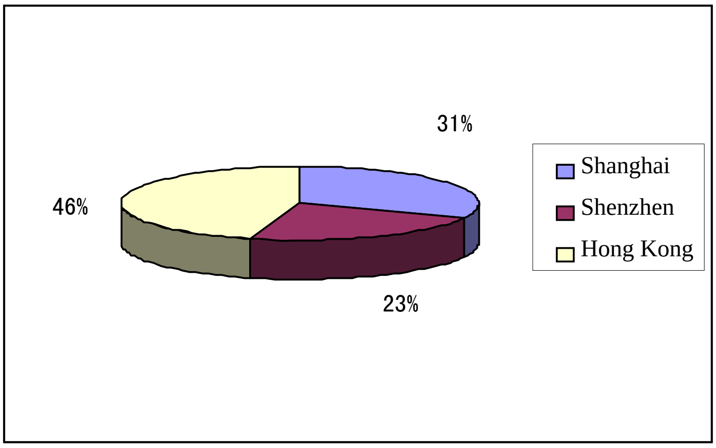


Figure 1 Distribution of the market locations of 99 listed companies in our

sample[2]

2、About information collection

Same as last year, the sources of information for this assessment are publicly available information gathered from listed companies' company websites, company's annual reports, company's quarterly reports, company announcements, China Securities Regulatory Commission's announcements, announcements from various Stock Exchanges, so as to maintain the independency of assessment.

3、About the indicating system

China securities market has experienced significant changes in 2005. Relevant authorities have launched a series of substantially influencing policies and regulations such as the Split Share Structure Reform, pilot independent auditing, cumulative voting method etc. We have adjusted certain indicators and their weighing from last year's corporate governance assessment system to reflect the changes made as a result of these new policies and regulations. It is believed that through these adaptive adjustments and under the prerequisite of maintaining the annual continuity and international comparability, the changes of Chinese companies' corporate governance situation can be better reviewed.[3]

3. Data and analysis[4]

（1）Aggregate analysis[5]

1、Distribution of aggregate data for all sampled companies

The combined average score in corporate governance of all sampled companies in 2006 is 56.08. The lowest score is 46.59. The highest score is 67.54. The median is 56.17. This indicates that the top 100 Chinese listed companies are still in the average standard. (The list of the top 20 ranks in "Top 100 Chinese Listed Companies in 2005" Corporate Governance Assessment is shown in Appendix 1)

The combined average score in corporate governance of all sampled companies in 2005 is 53.79. The lowest score is 42.31, the highest score is 64.78 and the median is 53.65. Comparing with that in last year, the combined scores of all sampled companies in 2006 is slightly higher.

[2]Companies listed in both mainland China and Hong Kong is regarded as Hong Kong listed companies.

[3]In the corporate governance assessment process this year, we have changed the rating system from "1 (poor) – 2 (fair) – 3 (good)" to "0 (poor) – 1 (fair) – 2 (good)", to better comply with our practice. At the same time, for comparison purpose, the scores in 2005 under the section "Data and analysis" below are adjusted to "0 (poor) – 1 (fair) – 2 (good)" rating system.

[4] For better comparison, the aggregate data, and all partial data in different parts and indicators are changed to 100-mark system.

[5] The total sample of this report is selected from "The Top 100 Chinese Listed Companies in 2005" announced by "FORTUNE China". Excluding UTStarcom Inc, the total number of samples are 99 companies.

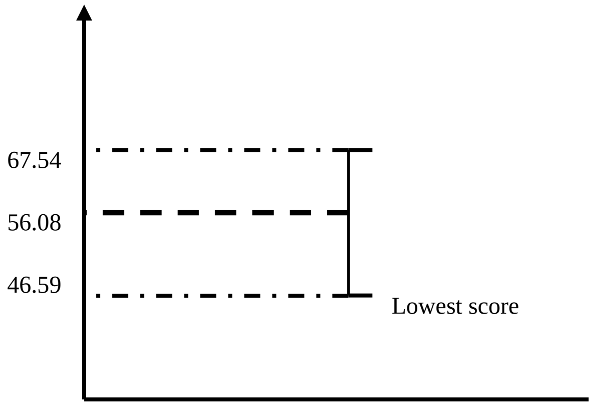
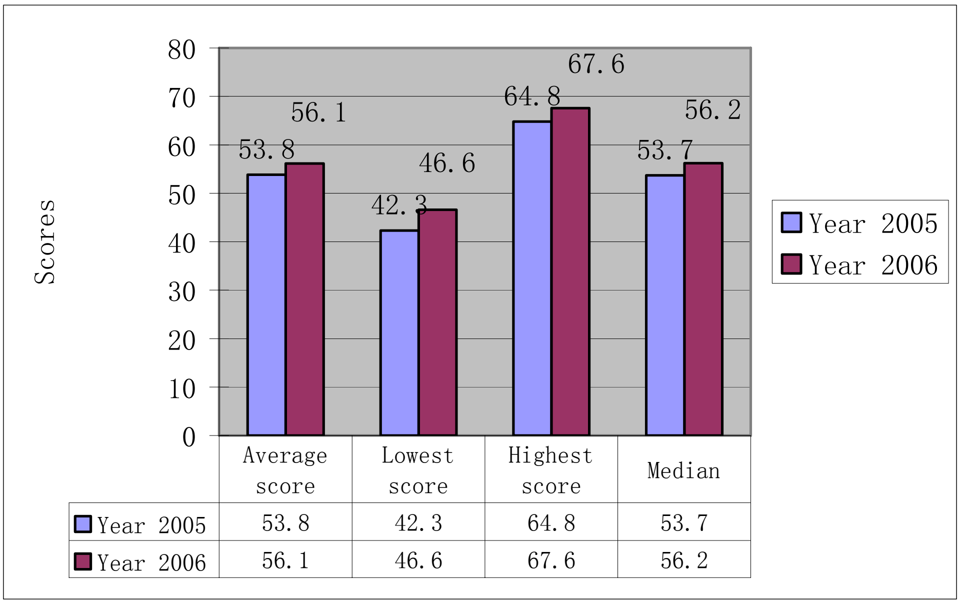


Figure 2 Distribution of combined scores of all sampled companies in 2006



	Average score	Lowest score	Highest score	Median
Year 2005	53.8	42.3	64.8	53.7
Year 2006	56.1	46.6	67.6	56.2

Figure 3 Comparison between combined scores of all sampled companies in 2005 and 2006

2、Distribution of combined scores of sampled companies

If the above score ranges are divided into four equal intervals, the number of companies in each interval, from bottom to top, are 20, 35, 33 and 11, which show certain characteristics of a normal distribution.

3、The correlation between corporate governance assessment score and capital market premium

Tobin's Q is commonly used to reflect company's premium in capital market. To better reflect the correlation between the sampled companies' Tobin's Q value and corporate governance assessment score, our report this year still, according to the stock markets they listed, classifies the sampled companies into two sample groups: Shanghai-Shenzhen listed companies (54 in total), and Hong Kong listed companies (45 in total; companies listed in both mainland China and Hong Kong are regarded as Hong Kong listed companies).

The average Tobin's Q value of Shanghai-Shenzhen listed companies[6][7] is 2.62, and the average Tobin's Q value of Hong Kong listed companies is 2.24. The average Tobin's Q value of the former is 17% higher than that of the latter, which indicates that the average capital market premium of Shanghai-Shenzhen listed companies is higher than that of Hong Kong listed companies. However, when compared with the average Tobin's Q values in the two areas in 2005, their average capital market premium is close to each other. The distribution is shown below:

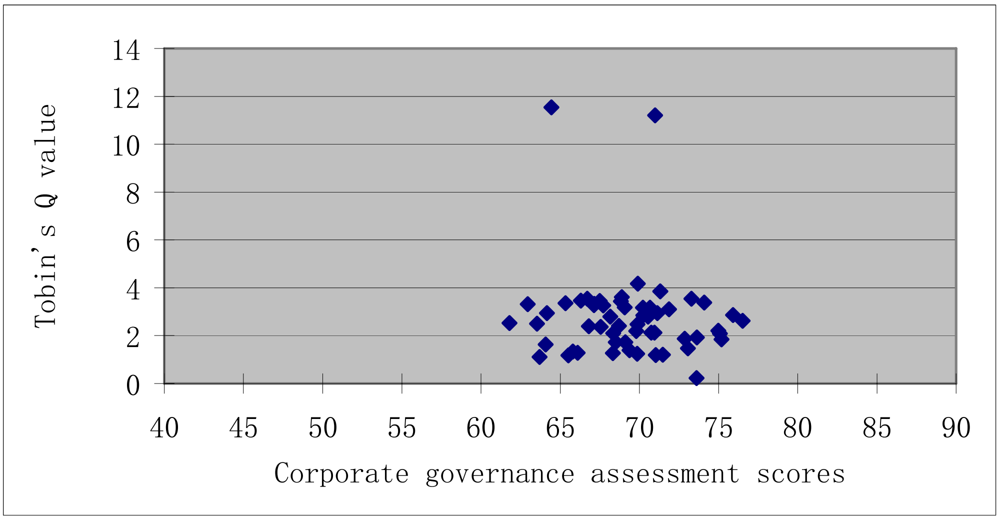


Figure 4 Tobin's Q value of Shanghai-Shenzhen listed companies VS corporate governance assessment scores in 2006

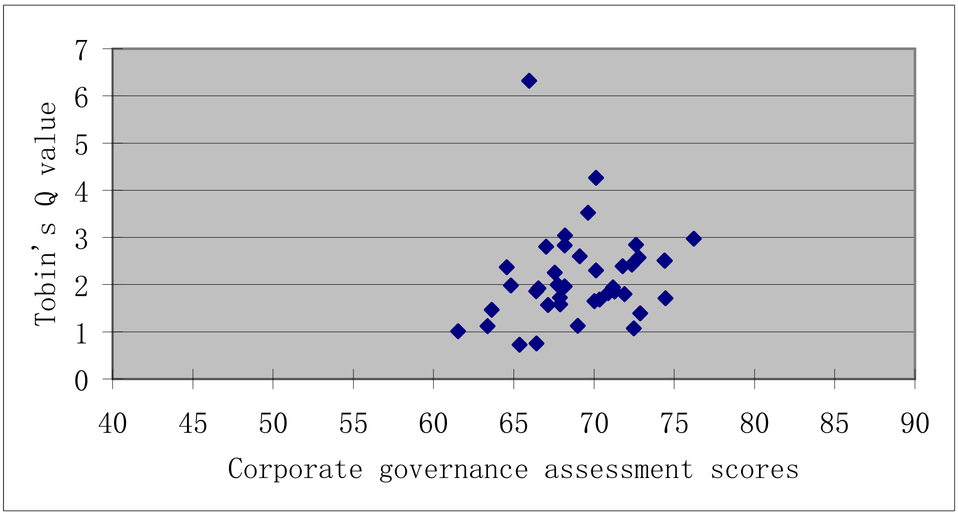


Figure 5 Tobin's Q value of Hong Kong listed companies

[6] In this report, Tobin's Q value=Company market capitalization/net assets; where net assets=total assets-total liabilities, excluding minority shareholders' interest.

[7] In this report, average Tobin's Q value=ΣTobin's Q value of sampled companies/number of sampled companies.

VS corporate governance assessment scores in 2006

As shown in figure 4 and figure 5, there is no significant correlation between Tobin's Q value of sampled companies and corporate governance assessment in general. However, by comparison, the correlation between the scores of corporate governance of mainland China companies listed in Hong Kong and capital market premium is significantly higher than that listed in Shanghai-Shenzhen.

4、Combined scores in corporate governance assessment and scores in each section

Among the various sections of corporate governance assessment this year, average score of "shareholders' rights" is 37, average score of "fairness to shareholders" is 68.75, average score of "roles of stakeholders" is 21, average score of "information disclosure and transparency" is 80.8, and average score of "responsibilities of board of directors" is 45.87. Comparatively speaking, listed companies have the best performance in "information disclosure and transparency", followed by "fairness to shareholders", "responsibilities of board of directors" and "shareholders' rights", "roles of stakeholders" has the biggest gap to the best practice of corporate governance.

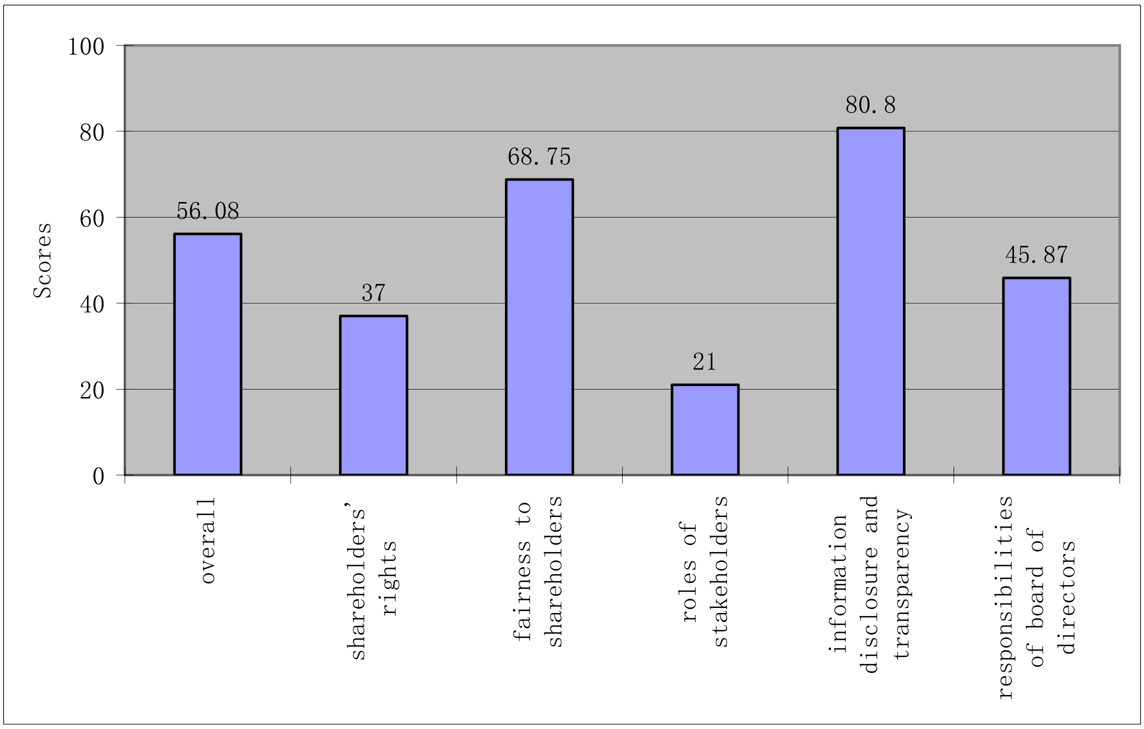


Figure 6 Overall scores of corporate governance assessment and the comparison of scores between various sections

Compared with the information we obtained in 2005, there has been no change to the ranking of the above 5 sections. Among them, "roles of stakeholders" and "information disclosure and transparency" show obvious improvements, whereas the scores of "shareholders' rights" and "responsibilities of board of directors" sections are lowered

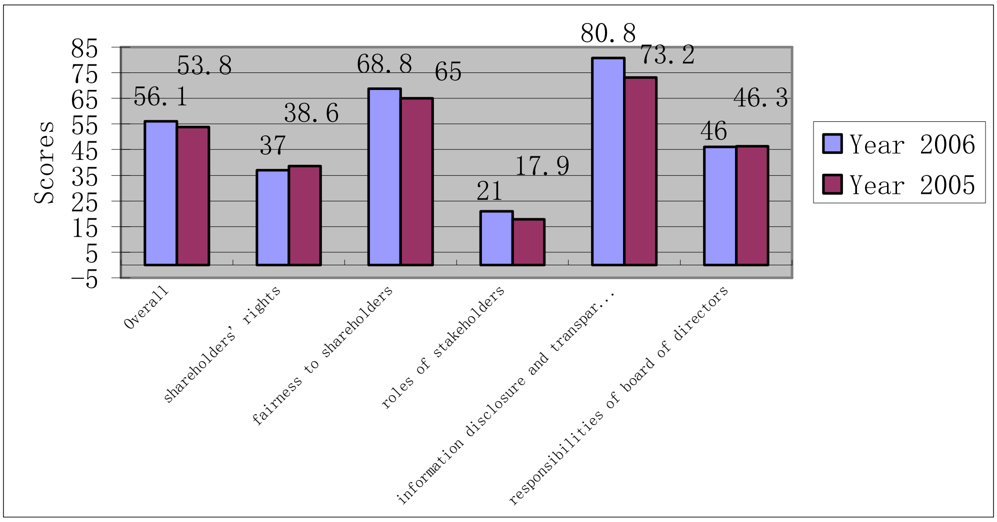


Figure 7　Comparison of scores between various sections of corporate governance assessment in 2005 and 2006

5、Distribution of scores of corporate governance assessment by market location

If we categorized the sampled companies selected in this year according to their market locations into Shanghai-Shenzhen listed companies and Hong Kong listed companies, the average combined score of Shanghai-Shenzhen listed companies is 56.29. The lowest score is 48.91, the highest score is 67.06 and the median is 55.85; the average combined score of Hong Kong listed companies is 55.83. The lowest score is 46.59, the highest score is 67.54 and the median is 55.32. There is no significant difference between the two groups. Meanwhile, when compared with the 2005 data, there is an increase in scores of both groups.

Table 1　Comparison of combined scores of sampled companies by market location in 2005 and 2006

	Average score		Lowest score		Highest score		Median	
	2006	2005	2006	2005	2006	2005	2006	2005
Shanghai-Shenzhen	56.29	53.84	48.91	42.69	67.06	64.78	55.85	53.67
Hong Kong	55.38	53.74	46.59	42.31	67.54	64.32	55.32	53.5

4. Problems and challenges

1·Guiding listed companies to conduct self-assessment on corporate governance is an urgent issue

Compared with 2005, Chinese listed companies' corporate governance standard has shown an overall improvement, but the degree of improvement is minimal. Measuring by the scores in our combined assessment, the overall standard has been uplifted by 4.25%. It is worth our attention that this improvement is mainly due to the uplifted standards of mandatory regulations, such as "information disclosure and transparency" and "fairness to shareholders", whereas in more concrete and self-disciplined areas, such as "shareholders' rights", "responsibilities of board of directors" and "roles of stakeholders", the governance standards are lowered. The inconsistent pace of corporate governance improvement between mandatory areas and self-conscious areas indicates that, up to this moment, Chinese listed companies' improvement on corporate governance is mainly compelled by the pressure from monitoring authorities; its improvement in form is more than improvement in substance. Considering that the Split Share Structure Reform of Chinese listed companies is still in progress, there is lack of refinancing channels to improve, it is not difficult to understand why listed companies are lacking motivations and initiatives for corporate governance.

The intrinsic meaning of corporate governance is on the enhancement in corporate value and long-term business performances. All regulations are subject to the improvement in effectiveness and good conduct. In recent years, apart from the US, developed countries such as Japan and European countries are improving corporate governance towards a way of providing enterprises more autonomy. The US was giving much autonomy in enterprises' corporate governance in the past. However, due to the continuous outbreak of the incidents of company deceits such as the Enron incident, the Sarbanes-Oxley Act has been adopted to strengthen compliance of the companies. The Company Law newly amended by China has shown improvement in strengthening company's self-governance, and provided legal support to enterprises for self-reformation of corporate governance. However, competition of capital market, particularly competition in financing, is required to boost up management initiatives to improve corporate governance by self-discipline. Since the listing of the few major banks, self-governance of banks has been enhanced. As the lender, bank's requirements on governance standard to its client enterprises are uplifted, which will assist the Chinese enterprises in enhancing corporate governance standard. Meanwhile, due to the increase of transaction cost of borrowing, and the deregulation and channel expansion of direct financing such as IPO, share placement and corporate bond, etc., listed companies will gradually tend to raise fund in capital market more. Only when capital market becomes an important source for enterprises' capital and corporate governance as an instrument for capital marketing is being fully recognized, enterprises will then actually have the initiative to improve corporate governance by self-discipline, and to learn the best corporate governance practices from outstanding enterprises.

2 · Enhance responsibilities of board of directors in two areas: legal enforcement and management requirements

Although "Responsibilities of board of directors" scores higher marks than "roles of stakeholders" and "shareholders' rights", special attention should be drawn to its low score and the descending trend when compared with that in 2005. The cores of contemporary corporate governance are focused on the sufficiency of the responsibilities of directors and board of directors as well as the smooth operation of the board of directors, because improvements in other areas of corporate governance are to be administered by the board of directors.

A major reason for the low marks scored in “responsibilities of board of directors” is related to understanding of corporate governance by the board of directors. Members of board of directors are seldom participating in training provided by relevant regulatory authorities, and training for members of board of directors are also rarely provided by the company. As a result, many members do not sufficiently know their own responsibilities as a director. It is not surprising under the present conditions of business culture and Company Law in China. From related authorities to the society in general, managers are always the ones to be in concern and investigated, especially the responsibilities of the so-called “process owner”. The concept of board of directors’ joint decision making and responsibilities of individual directors has not yet been developed. The newly amended Company Law has just clearly outlined the fiduciary duties and duties of due care of directors. However, there is still lack of legal precedents that directors are judged due to misconduct at court. As far as legal enforcement is concerned, to strengthen the binding authority of related legal regulations in director’s responsibilities, particularly the implementation of legal regulations in relation to civic responsibilities of directors, is currently a crucial step to improving Chinese corporate governance.

In addition to improving the level of legal authority, it is also necessary to enhance board of directors’ responsibilities on lifting the standard of listed company management. The greater emphasis placed on managers and the negligence of board of directors’ responsibilities are because of the small size of Chinese listed companies and thus, managing a listed company is not difficult, and the decision making process is not complicated. In the past, the quota system has led to the large amount of Chinese listed companies with small size; the split of shareholding structure has hindered the capital market development; the excessive supervision on share placement and allotment financing has led to the same pacing of listed companies. Hence, poor companies are hard to be merged and good companies are difficult to expand in great strides. Small company size and lack of urgency for board of directors’ joint decision making in internal management result in people hardly able to realize the importance of board of directors’ responsibilities in corporate governance. As a result, enhancement of corporate governance is mainly for the purpose of satisfying the formal regulatory requirements. After the all-tradable reform, regulation on capital market is loosened and competition is keen, thus the requirement on board of directors’ responsibilities in the management aspect will be increased.

3 · Enhance and strike for balance between shareholders and stakeholders in corporate governance

Developed countries and regions such as the US, Japan and the European countries are facing a dilemma, in the direction of corporate governance reform, to choose between shareholders and stakeholders oriented. The US and UK give the first place to shareholders, whereas Japan and the European countries tend to be influenced by stakeholders. Yet neither of these two modes put emphasis on only one side and totally ignore the other, it is indeed a prioritization of importance. The idea of those who are shareholders oriented is to convert the stakeholders issue to long-term shareholders’ interests issue, whereas those who are stakeholders oriented emphasize the restriction on company's behaviour and demand for interests from different social functions on the same level.

Comparatively speaking, the development of Chinese corporate governance is in a very preliminary stage, not even to mention choosing between shareholders and stakeholders oriented. From our assessment results, the performance of "shareholders' rights" and "roles of stakeholders" in Chinese listed company's corporate governance are poor, which scores the second lowest mark and the lowest mark respectively among the five areas, and the scores have been lowered when compared with that in the last year. While shareholders' rights are insufficient, stakeholders being ignored, and responsibilities of board of directors inadequate, the areas having better performance in Chinese listed companies' corporate governance including "information disclosure and transparency" and "fairness to shareholders" appear to be in form rather than in substance.

Among the corporate governance chain of agents between shareholders, directors and managers, directors and managers are responsible for the company's operation. If there is no strict legal requirements that directors and managers should be responsible to shareholders and the whole company; if there is no efficient functioning of company control in the market; and if there is no sufficient growth of directorial and managerial market, a company will become a company of the operators, instead of a company of the shareholders. From this point of view, to enhance Chinese companies' corporate governance, it is not necessary to transform the leading and latest concepts and approaches from the developed countries at present. Nevertheless, the foundation of some fundamental policies for a sound corporate governance should be further strengthened. Shareholders' interests should be protected by various means and different channels, in order to increase shareholders' importance and interests in corporate governance system. Regarding this aspect, many measures can be taken, such as changing the assessment criterion of national capital, protecting the shareholders' right of private capital, improving the relief system for minority shareholders and enhancing the derivative lawsuit system etc.

4 · Enhance the efficiency of capital market and its revealing function on corporate governance value

Our assessments on the top 100 Chinese listed companies' corporate governance in two consecutive years have revealed the following structural characteristic: corporate governance shows more on improvement in form rather than in substance. The reason may be that greater improvements are initiated from regulatory requirements than from market pressure. The causes include the hope of regulators to achieve immediate results, learning too many the superficial procedures from the developed markets and ignoring many important systematic factors; slow market growth caused by the restrictions which are set in the preliminary stage of reform but are now totally not applicable to market development and cannot bring the capital market into function. This can be partly affirmed by the low degree of correlation between corporate governance standard and the market premium of company stock. Hong Kong market is better than the two mainland markets.

The degree of correlation between corporate governance and Tobin's Q value in Hong Kong market is higher.

There are many factors affecting the effectiveness of a capital market. System design and regulatory polices are one of the aspects whilst composition of investors is another important aspect. The system design deficiency in mainland capital market has not been rectified, there is still a "supervising authority" culture in the regulatory policies. Listed companies are not regarded as a completely self-responsible legal entity and market behaviour body. Permission of the China Securities Regulatory Commission (CSRC), which acts as a "supervising authority", is required in too many cases. There are lack of marketing factors in IPO, share allotment and share placement. This is similar to the behaviour of national enterprises after the reform, keeping an eye on the market and an eye on the mayor. Listed companies are also keeping an eye on the market and an eye on the CSRC and Issuance Examination Committee of the CSRC.

Another reason for market immaturity and ineffectiveness is due to the unreasonable composition of investors. Shareholders holding two-third of the shares have been excluded from the capital market due to the split of share structure. They are not real investors in the capital market and they do not have the right to trade the company's shares in the tradable shares market. The performance of company's shares in the capital market has no direct relation to their interests. Shareholders holding one-third of the shares are mainly highly dispersed and minority individual shareholders. They are usually acting by blindly chasing the hype of the market rather than for investment, and they are lacking the ability to analyze on the fundamental issues and more profound issues such as corporate governance, corporate finance and corporate strategies, etc. In a market of structural deficiency, corporate investors are lacking inner motivation to become value investors. The practice of corporate governance oriented investment strategies by corporate investors have become prevailing in the US, major developed countries and some open emerging markets for more than ten years. In Japan, where investors are characterized by their friendly, stable and quiet attitude, investors' concerns on corporate governance have been largely raised in the past few years. After so many years of demanding for corporate governance by China, there is still no institutional investor who shows specific concern on corporate governance issues.

We foresee that the coming period of time, the China capital market will show some positive structural improvements and changes. After the all-tradable issue is solved, the promotion of shares held by directors and managers will be appropriately speed up, and regulations on listing and financing will be gradually loosened. This will lead to competition among the companies and the market will decide. The market should have the right to choose and judge on companies' senior management, and let the capital market to regulate the listed companies. A sound corporate governance practice can achieve good performance in corporate value and share price. It has a positive correlation on the mutual encouragement with the directors and managers' initiatives to enhance corporate governance by self-discipline.

5 · Continuously enhance information disclosure system, brighten the Chinese listed companies and capital market

Although the 100 top Chinese listed companies have achieved better performance in "information disclosure and transparency" section than other sections, we note from the assessment that there still exists some problems related to "information disclosure and transparency". There are still many rooms for improvement in some tiny but critical issues. For example, on some critical issues of corporate governance such as the attendance of directors to meetings, board of directors' committee meetings and the total amount and composition of the senior management's individual remuneration, as there is no mandatory disclosure requirement, there are not many companies disclosing this information willingly and consciously.

From our analysis, an important reason for the higher marks scored by Chinese listed companies in "information disclosure" section is that there are more specific standards and strict regulatory requirements on "information disclosure", and companies are just following accordingly. However, those internationally leading companies have regarded information disclosure as a tool for strategic performance communication between the company and the capital market, as well as various outsiders. Chinese listed companies' behaviour in information disclosure and their understanding of the meaning of information disclosure are still at a very elementary level. They are merely following the regulatory requirements in order to avoid breaking the rules.

High standard of "information disclosure" is closely related to areas such as the self-disciplined improvement in corporate governance, the enhancement of board of directors' responsibilities, the improvement in shareholders' interests and roles of stakeholders, and the full functioning of capital market. The formation of a mutual encouraging relationship among these areas is essential for the development of a self-reinforcement mechanism in corporate governance.

Appendices: Survey Indicators

Indicator No.	Content of Indicator
A.l	Besides voting right, does the company provide shareholders with other rights?
A.2	Are the remunerations of members of board of directors or (senior) management reviewed by shareholders annually?
A.3	Disclosure of directors' remunerations
A.4-1	The names and profiles of directors should be announced when they are appointed.
A.4-2	Upon appointing a Certified Public Accountant, its name and audit fee should be disclosed.
A.4-3	In dividend policy, the amount and basis of dividend should be announced and explained.
A.5	Has the Chairman of board of directors attended the AGM at least once in the past two years?
A.6-1	Has General Manager/CEO attended at least one of the Annual General Meeting (AGM) over the past two years?

A.6-2	Is directors' attendance record known?
A.7	According to the minutes of AGM in the past one year, do shareholders have a chance to raise question or motion?
A.7-1	Are there any records of questions and answers?
A.7-2	Has a particular problem been resolved?
A.8-1	Is there any cross-holding?
A.8-2	Is there any pyramid-holding?
A.8-3	Does any member of board of directors hold more than 25% of issued shares?
A.9	Does the company have a dispersed shareholding structure?
A.10	Percentage of tradable shares to total shares.
B.1	Is the company's voting system a "one share one vote system"?
B.2	Does the company implement a "Public shareholders voting on corporate major events system"?
B.3	Does the company have a mechanism to allow participation by minority shareholders on shareholders' resolution?
B.4	Has internet voting etc. been used to foster minority shareholders' influences to company's resolution?
B.5	Is there any insider trading that involves directors and management of the company over the past one year?
B.6	Has the company provided basic principles or description in relation to related party transaction?
B.7	Does the company belongs to part of a group company whereas its parent company or controlling shareholder also controls the major suppliers, clients or competing business of the company?
B.8	Is there any non-complied related party transaction over the past one year?
B.9	Does the company give convenience to proxy voting?
B.10-1	Is the notice of AGM detailing the requirement of proxy voting?
B.10-2	Is confirmation of proxy voting by the shareholder required?
B.11	How much time before the AGM does the company distributes the notice?
C.1	Does the company clearly mention about the safety and welfare of employees?
C.2	Does the company mention about the roles of key stakeholders, including clients or surrounding community (or creditor or supplier)?
C.3	Does the company describe clearly in public disclosure about environmental protection, company's social responsibilities and charitable activities?
C.4	Does the company provide employee share scheme, or other long term incentive compensation plan that will result in generation of shareholder's value?
D.1-1	Does the company disclose information about detailed composition of

	shareholding interest and changes of major shareholders?
D.1-2	Is it easy to distinguish beneficially owned shares?
D.1-3	Is directors' shareholding interest disclosed?
D.1-4	Is the management's shareholding interest disclosed?
D.2-1	Assessment on information disclosure about financial performance in annual report.
D.2-2	The quality of the content "Operational review and competitiveness" in Annual Report?
D.2-3	The quality of the content "Profiles of members of board of directors" in Annual Report?
D.2-4	Assessment on remuneration of board of directors in annual report.
D.2-5	Assessment on information about operational risk in annual report.
D.3	Are directors required to report their transactions of company's shares?
D.4	Is the company adopting International Financial Reporting Standard?
D.5	Does the company set up an independent internal audit function?
D.6	Does the company employ independent and reputable external auditors for annual audit?
D.7	The audit opinion of Certified Public Accountant
D.8	Besides uncertainties and qualified opinion, is there any alert about accounting in the financial report?
D.9	Does the company provide multiple information channels?
D.10	Is financial report being disclosed timely?
D.11	Does the company have a website for disclosure of updated information?
E.1	Does the company develop a comprehensive internal control system?
E.2-1	Does the company have its own written corporate governance principles, which clearly indicate its value and responsibilities of board of directors?
E.2-2	Has the board of directors provided all directors and employees with company's code of ethics or code of conduct and ensure they understand these codes (corporate governance principles)?
E.2-3	Does the company have a corporate vision and mission?
E.3	In the past three years, has the company been penalized or publicly censured by China Securities Regulatory Commission or Stock Exchange?
E.4	Assessment on the quality of audit committee's report in annual report.
E.5	Are there comments of independent directors published in the annual report?
E.6	Do members of the board of directors participate in the corporate governance training provided by the China Securities Regulatory Commission and Stock Exchanges?
E.7	Is there any disclosure on the number of board of directors meeting per year?

E.8-1	Is the Chairman of the board of directors an independent director?
E.8-2	Is the Chairman of board of directors also the General Manager/CEO of the company?
E.9	Does the company have performance incentive measures for senior management?
E.9-1	Does the company have performance incentive measures in the past?
E.9-2	Does the company have performance incentive measures now?
E.10	The size of the board of directors?
E.11-1	Does the board of directors appoint independent audit committee comprising independent directors?
E.11-2	Does the board of directors appoint independent remuneration committee comprising independent directors?
E.11-3	Does the board of directors appoint independent directors' nomination committee comprising independent directors?
E.12	Is the number of meetings per year of professional committee known?
E.13	How many members of the board of directors are non-executive directors?
E.14	Does the company define "independent" in the annual report?
E.15	Among the members of the board of directors, how many of them are independent directors?
E.16	Does the company provide information on personnel (department) responsible for investors' relation and their contact details?
E.17	Is the Directors' Report including an analysis of the company's operations?
E.18	Does the company disclose remuneration paid to independent non-executive directors?
E.19	Does the company provide training to directors (including executive and non-executive directors)?