

Reform and Practice of Corporate Governance in China

March 2017

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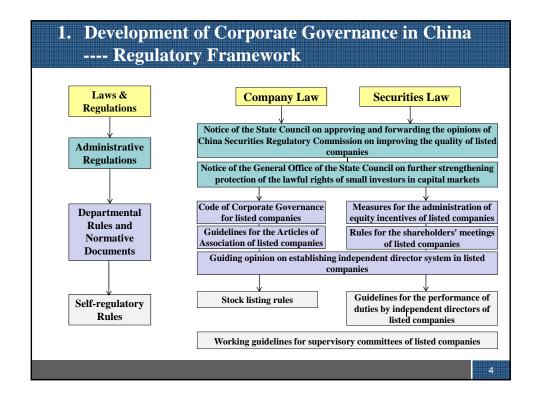
Listed Companies in China

3. Reform on Corporate Governance of

Listed Companies

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Development of Corporate Governance in China ---- History China's corporate governance dates back to the state-owned-enterprise Decentralizing authority and reform. It evolved over time in the reducing profit in the early stage course of building up a modern of state-owned-enterprise reform enterprise system for the state-owned enterprises, and grew in strength along Advocating the with the development of listed companies establishment of a groups. There has been continuous modern enterprise improvement in China's corporate system governance over the past 30 years. **Promulgation of** Establishment of capital **Company Law in** 1993 market, which is conducive to the establishment and improvement of corporate governance



Practice of Corporate Governance of Listed Companies in China 2. Continuously strengthen the protection 1. Enhance the transparency of listed companies of minority investors' lawful rights 3. Deepen the reform on state-owned 4. Encourage participation in corporate enterprises, Continue to change the Standard of governance by institutional investors operation mode of state-owned corporate assets supervision and state-owned shareholders governance of listed companies is improving steadily Improve the motivation and restraint 6. Actively implement social mechanism of listed companies responsibilities to better protect stakeholders' interests

2. Practice of Corporate Governance of Listed Companies in China

- 1. Enhance the transparency of listed companies
- ✓ Continuously improve the information disclosure system of listed companies
- ✓ Consistently improve the quality of information disclosure of listed companies
- 2. Consistently improve the quality of information disclosure of listed companies
- ✓ More regulation on the operation of shareholders' general meetings, boards of directors and supervisory committees
- ✓ Refine the profit allocation policy of listed companies
- ✓ Enhance civil mediation
- 3. Deepen the reform on state-owned enterprises, Continue to change the operation mode of state-owned assets supervision and state-owned shareholders
- ✓ Effecting changes in state-owned assets supervision to enhance the independence of state-owned enterprise
- ✓ Continue to deepen the mixed ownership reform

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2. Practice of Corporate Governance of Listed Companies in China

4. Encourage participation in corporate governance by institutional investors

 Participation in corporate governance of listed companies through voting in important matters and nomination of directors, etc.

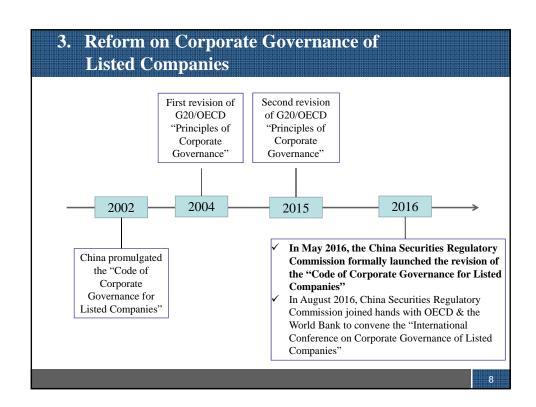
5. Improve the motivation and restraint mechanism of listed companies

- ✓ In July 2016, the China Securities Regulatory Commission promulgated the "Measures for the Administration of Equity Incentives of Listed Companies"
- ✓ Increased number of listed companies implementing equity incentives plans
- ✓ Continue to push forward the Employee Stock Ownership Plan

6. Actively implement social responsibilities to better protect stakeholders' interests

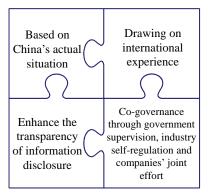
- Encourage listed companies to disclose the measures on pollution prevention, ecological protection, etc.
- ✓ Define the employee representation system by laws to safeguard employees' right to participate in corporate governance

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3. Reform on Corporate Governance of Listed Companies

Being the advocator and supporter of G20/OECD "Principles of Corporate Governance", China is and will be dedicated to revising the "Code of Corporate Governance for Listed Companies".



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Thank you!