

# Chinese Companies Listing in ASX

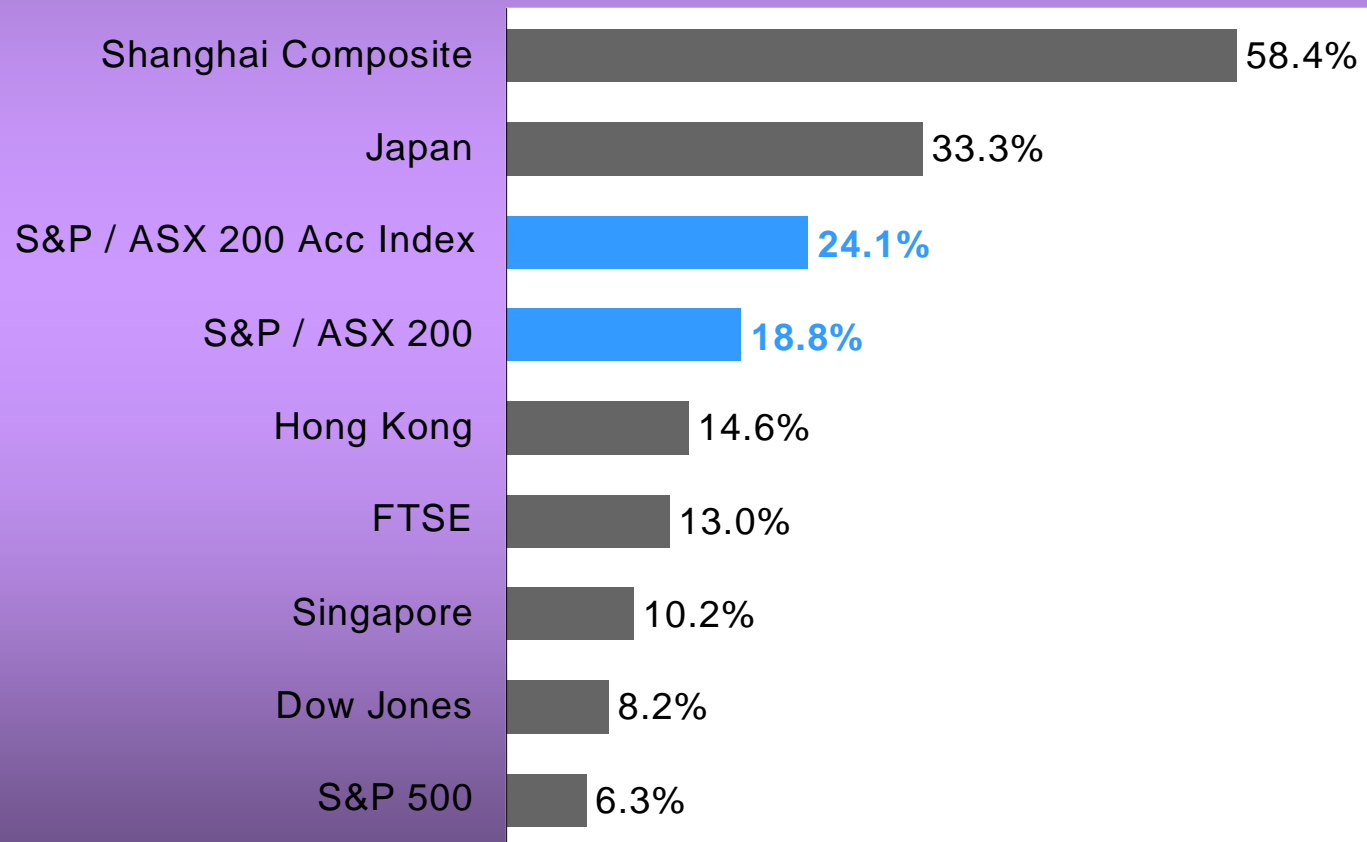
---- Corporate Governance

Lily Li

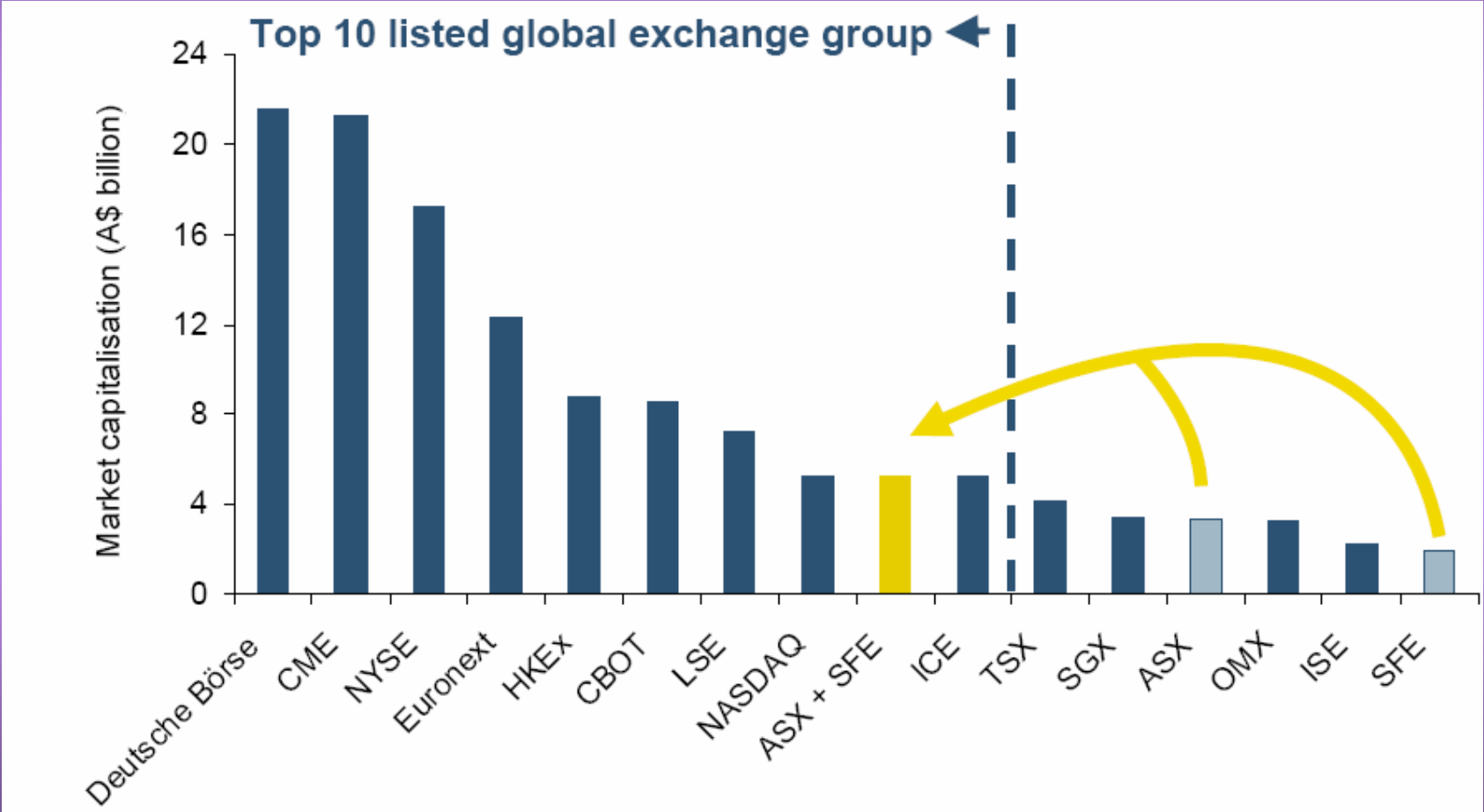
10 June 2008

# ASX – Strong Recent Performance

## FY06 Returns

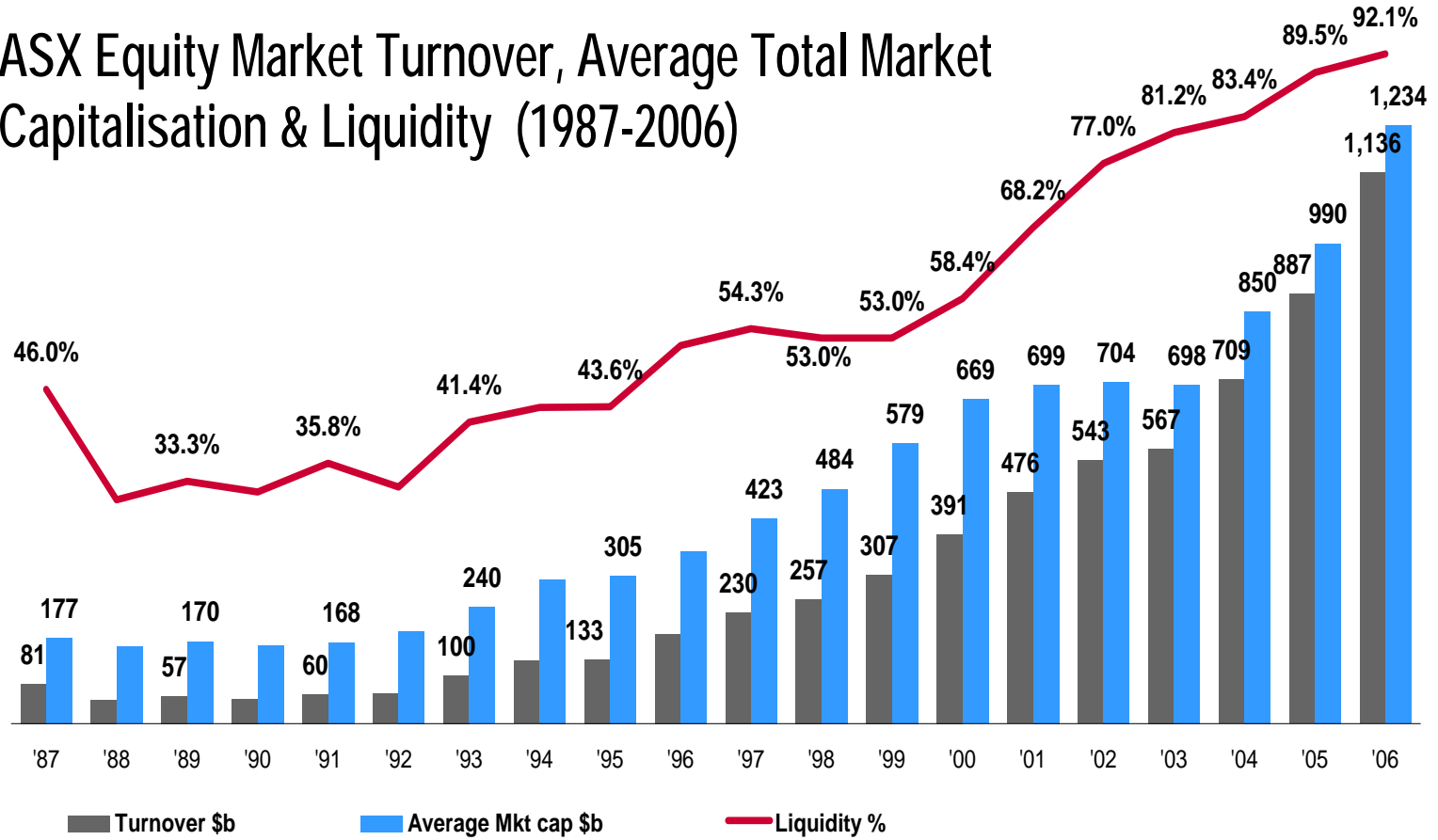


# ASX in Top10 Listed Global Exchange



# Strong, long-term growth

ASX Equity Market Turnover, Average Total Market Capitalisation & Liquidity (1987-2006)



# ASX Listing: 2006 Calendar Year

Total of 244 listings

Total capital raised at IPO was c. \$11.4 billion

Total capital raised by existed listings was c. \$44.5 billion

Average IPO capital raising was c. \$59 million

Median IPO capital raising was c. \$6 million

# Corporate Governance Principles and Recommendations

## ASX Corporate Governance Council

- Take effect on 1 January 2008
- ASX encourages companies to adopt Principles and Recommendations
- The “If not, why not” approach

# Corporate Governance

## Principles and Recommendations

### 1 Lay solid foundations for management and oversight

- Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions
- Companies should disclose the process for evaluating the performance of senior executives

### 2 Structure the board to add value

- A majority of the board should be independent directors
- The chair should be an independent director
- The role of chair and chief executive officer should not be exercised by the same individual
- The board should establish a nomination committee

# Corporate Governance

## Principles and Recommendations

### 3 Promote ethical and responsible decision-making

- Companies should establish a code of conduct and disclose the code or a summary of the code
- Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy

### 4 Safeguard integrity in financial reporting

- The board should establish an audit committee
- The audit committee should be structured so that it:
  - consists only of non- executive directors
  - consists of a majority of independent directors
  - is chaired by an independent chair, who is not chair of the board
  - has at least three members
- The audit committee should have a formal charter

# Corporate Governance Principles and Recommendations

## 5 Make timely and balanced disclosure

- Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability as a senior executive level for that compliance and disclose those policies or a summary of those policies

## 6 Respect the rights of shareholders

- Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy

# Corporate Governance

## Principles and Recommendations

### 7 Recognise and manage risk

- Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies
- The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks
- The board should disclose whether it has received assurance from CEO and CFO that the declaration provided in accordance with section 295A of the Corporate Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks

### 8 Remunerate fairly and responsibly

- The board should establish a remuneration committee
- Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives

# Suggestions for Chinese Companies

Establish corporate governance structures in comply with Principles and Recommendations

Disclose truthfully, clearly and timely

Regularly give presentations to investors and introduce company's performance

Regularly communicate with shareholders, especially the main shareholders

Promote the market after listed

Goal – Create values for shareholder

Thank You