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The Inaugural China Capital Market Development Forum

**Information Quality in China's Capital Market
and the Information Transparency Index White Paper**

Guanghua-Rotman Centre for Information and Capital Market Research

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May 2019



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© 2019, all rights reserved. The report is completed by Professor Hai Lu with the support from PhD students, Shaokun Li, Lulin Song, Yue Zhang, and Mingyue Zhang at Peking University and the University of Toronto. We thank Professors Scott Liao, Jee-Eun Shin, and Wendy Rotenberg for their helpful suggestions. The White Paper and Index will be issued annually by Guanghua-Rotman Centre for Information and Capital Market Research in collaboration with New Fortune in China. We thank Datago Technology Limited, Hong Kong, for providing the sentiment index and for raw media articles. The report will be posted on the websites of New Fortune, Guanghua School of Management, and Rotman School of Management.

Introduction

The economy in China has been growing steadily for four decades. With the opening of the Shanghai and Shenzhen Stock Exchanges in the 1990s, more than 3,000 companies have been listed on the two Exchanges. To deepen the understanding of the Chinese markets and to facilitate comparative research on developed and emerging markets, in 2018 the Guanghua School of Management at Peking University and the Rotman School of Management at the University of Toronto provided funding to establish the Guanghua-Rotman Centre for Information and Capital Market Research. One of the main missions of the Centre is to create an Information Transparency Index for all listed Chinese companies and to publish this White Paper on the information quality of the capital market in China.

The transparency index integrates both subjective and objective measures. Subjective measures consist of the survey opinions of different market participants such as financial analysts, institutional investors, and corporate executives. Objective measures consist of measures of the quality of accounting earnings, enforcement action records of regulatory authorities, and machine learning-based evaluation of media articles about listed companies. Surveys and field interviews further allow us to obtain the perceptions of senior executives on corporate integrity and information quality. We summarize our findings in this White Paper and hope that they will enhance the information quality in Chinese capital markets and increase their credibility for the investors in the Chinese equity market.

Our surveys show that:

- Some companies are likely to manipulate their financial reports by inflating income, overstating assets, and understating costs. Low legal costs are perceived to be the main reason for such manipulations, dominating other potential drivers such as a weak legal system, incomplete regulations, pressure from investors, etc...
- Improvements in integrity and transparency will require the joint efforts of regulatory agencies, companies, and investors.

Our field interviews reveal that:

- Companies receive pressure from investors, large shareholders, and other stakeholders when share prices fluctuate. Chinese institutional investors are concerned with short-term performance, thus effective communication is very important;
- Management style and corporate culture constitute the basis for the promotion of a transparent corporate information environment;
- Executives are concerned about information leakage, sustainability, and comparability when disclosing information voluntarily.

Studying the 300 most transparent companies, we find that:

- They are large firms, equally split between state-owned and private firms;
- Return on Assets and Return on Equity are high;
- Transparent companies enjoy valuation premiums. They perform several times better than the market in both bull and bear markets.

Part I of this White Paper describes the research we have conducted on the status quo of information disclosure in Chinese capital markets. Part II describes the methodology used to construct the Information Transparency Index and provides descriptive statistics on the 300 most transparent companies as well as a list of these companies.

Part I:

Status Quo of Information Disclosure in China's Capital Market

I. Research Motives

Corporate information transparency can be summarized as the extent to which market players external to listed companies may obtain corporate information about them. It encompasses the quality of corporate information disclosure (such as the quantity and contents of information disclosure, timeliness of information disclosure, accounting methods and audit quality), and the extent to which information intermediaries obtain and transmit information (such as analyst coverage, media reports and Internet communication).

With respect to information disclosure quality, the companies listed on Shanghai and Shenzhen Stock Exchanges (A-share) are satisfactory as a whole. Figure 1 depicts the 2016-2017 Assessment Result of Information Disclosure of Listed Companies by Shanghai Stock Exchange and the 2017 Appraisal Result of Information Disclosure by Shenzhen Stock Exchange. Of all the A-share companies, there are 663 Grade-A (Excellent) companies, accounting for 20%; 2,070 Grade-B (Good) companies, accounting for 64%; 435 Grade-C (Pass) companies, accounting for 13%; and 82 Grade-D (Fail) companies, accounting for 3%. It shows that the majority of A-share companies have complied with laws and regulations regarding information disclosure, with only 16% exhibiting defects or non-compliance in this regard.

With respect to timeliness of information disclosure, A-share companies perform well in the disclosure of

periodic reports. According to the China Stock Market & Accounting Research (hereafter CSMAR) database on the timing of periodic report issuances by A-share listed companies for 2017, Q1 and Q3 reports were issued within 26 days following the quarter end on average (within the one month required by the Chinese Securities Regulatory Commission (CSRC)), semi-annual reports were issued within 52 days following the quarter end (within the two months required by the CSRC), and annual reports were issued within 96 days following the end of a fiscal year (within the four months required by the CSRC). Figure 2 shows the number of delay days for annual report releases in 2017. Three percent of the companies issued annual reports within two months upon the end of the fiscal year, 32% within three months, and 65% within four months. There are only nine companies issuing their annual report after four months. These results show that the majority of the companies comply with the regulatory standards, and even release their annual reports to the market earlier than required.

With respect to information sources for investors, analysts play an important role. They analyze businesses and publish research reports, thus facilitating investors' collection and interpretation of corporate information. They also promote transparency and enhance the overall corporate information environment in the capital market. Based on the data from CSMAR and shown in Figure 3, in 2017, 39% of the listed companies had 1-10 analyst

Figure 1: Results of Information Disclosure Assessment by Shanghai Stock Exchange and Shenzhen Stock Exchange in 2017

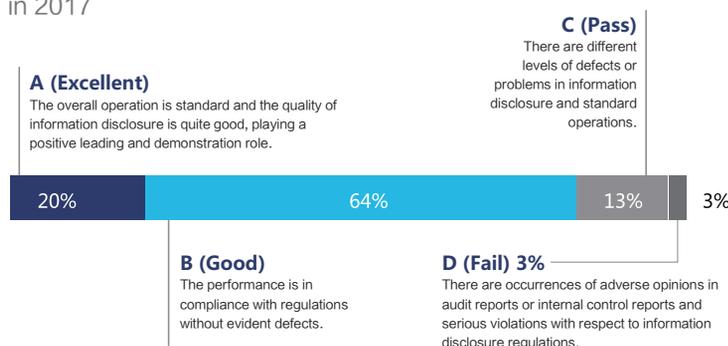
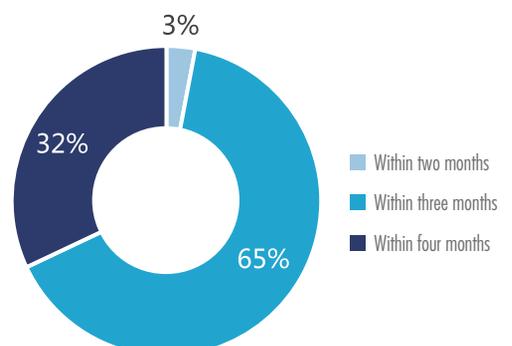


Figure 2: Timeliness of Annual Report Releases in 2017



research reports, 13% had 11-20 and 23% had over 20. Moreover, looking at the number of financial analysts that follow a particular firm, in 2017, 29% of the listed companies were followed by 1-3 analysts, 26% by 4-10 analysts and 20% by more than 10 analysts. Generally speaking, analysts cover quite a large percentage of listed companies, but there are still 25% that have not been followed by any analysts.

With respect to the regulatory consequences from violating information disclosure-related compliance standards, the data from CSMAR show that during the five years from 2013 to 2017, there were 1,877 cases of enforcement actions for the violation of disclosure-related compliance standards by A-share firms. This accounts for 62% of all cases of enforcement actions. As shown in Figure 4, there were 814 cases of information disclosure falsification, accounting for 27% of all cases of enforcement actions. These cases include falsified profits or assets, false records, dishonest disclosure and IPO fraud. Another 1,498 cases (50% of all cases of enforcement actions) are for disclosure non-compliance. Included here are 756 cases of significant omission and 930 cases of delayed disclosure. With respect to earnings restatements, there were 3,326 cases between 2013 and 2016 (The DIB database is used and its data on earnings restatements has been updated up to 2016). As shown in Figure 4, there are 764 cases of accounting-related restatements, accounting for 23% of all restatements. In addition, the number of enforcement actions on information disclosure and earnings restatements has not decreased in recent years (Figure 5).

In terms of the companies involved in disclosure violations and earnings restatements, from 2013 to 2017, there were 944 listed companies punished for violations, accounting for 27% of all A-share companies as of the end of 2017. This represents 20% of the total market value of all A-share companies. Focusing on earnings restatements, from 2013 to 2016, there were 1,620 listed companies with earnings restatements, accounting for 53% of all A-share companies as of the end of 2016. This represents 35% of the total market value of all A-share companies and 51% of the transaction amount. These

Figure 3: The Number of Analyst Reports and Analyst Following in 2017

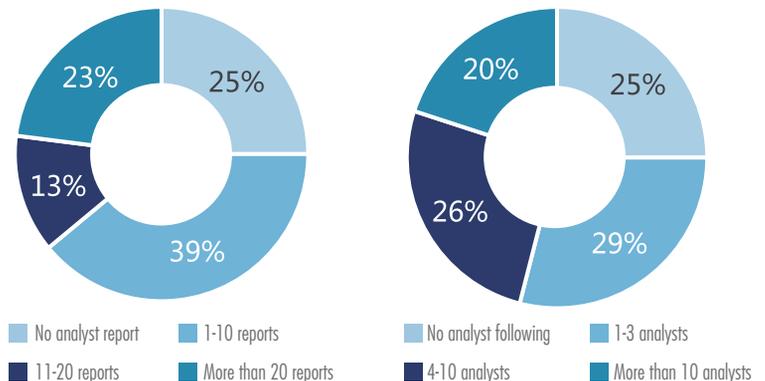


Figure 4: Categories of Violation of Disclosure-related Compliance Standards and Earnings Restatements

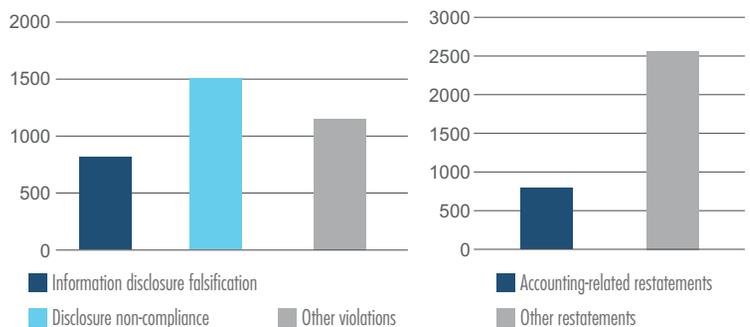


Figure 5: Number of Violations of Disclosure-related Compliance Standards and Earnings Restatements

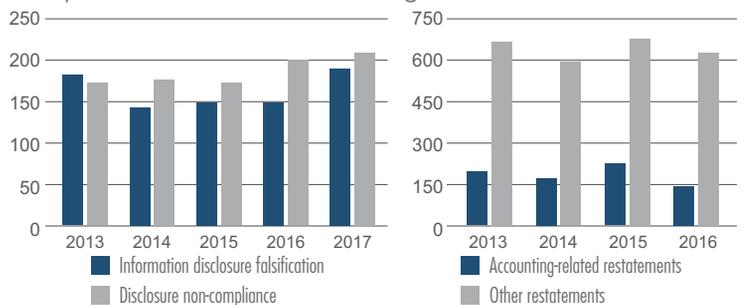
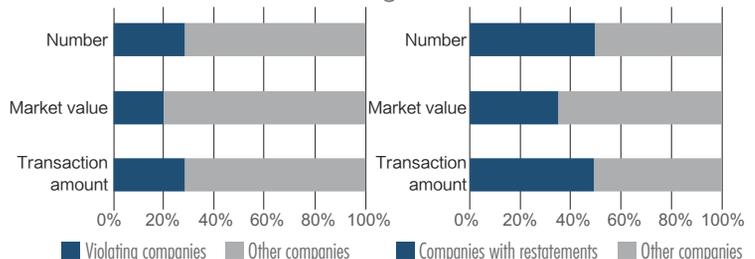


Figure 6: Proportion of Companies Involved in Information Disclosure Violations and Earnings Restatements



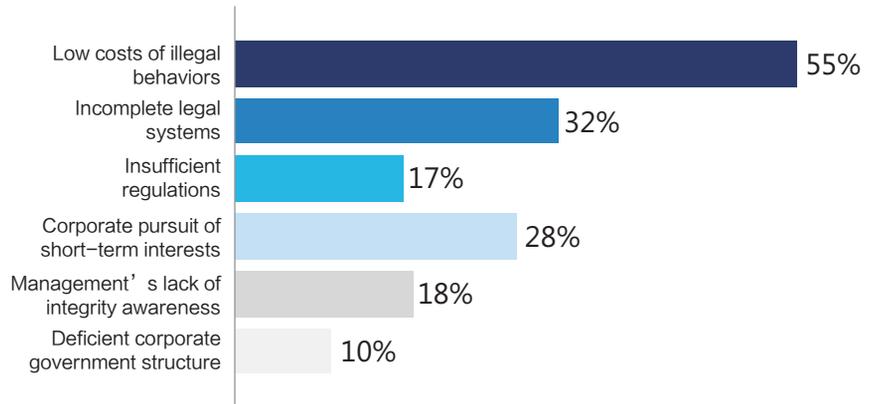
numbers reported in Figure 6 suggest that companies with disclosure violations or earnings restatements constitute a significant portion of the listed companies in the Chinese capital market.

Among the companies involved in violations or earnings restatements, approximately half had multiple information disclosure violations or earnings restatements. 46% of the companies with information disclosure violations had multiple records of punishments for violation, 34% had 2-3 such records and 12% had more than 3 such records. Among the companies with earnings restatements, 39% had 2-3 occurrences of earnings restatements and 13% had over 3 occurrences of financial restatements.

Summing up these findings, we observe that although the quality of information disclosure in China's capital market has significant challenges, information transparency varies considerably from company to company. While there are leading companies with good reputations that exhibit high levels of transparency, there are also companies with multiple information disclosure-related violations. How can investors differentiate between companies with good and bad reputations? How can the companies with good reputations gain more recognition? How should companies with poor information disclosure practices be restrained and motivated to enhance their information transparency? Answering these questions is central to motivating listed companies to enhance their information quality and this enhancement is fundamental for the development of a transparent capital market.

Currently, the market's assessment of listed companies' information transparency remains ambiguous. First, the information disclosure assessment of Shanghai Stock Exchange and Shenzhen Stock Exchange is only based on the financial statements filed, and the score consists of Grade A, B, C and D only. Second, corporate information transparency includes not only the disclosure quantity, contents, and timeliness of mandatory

Figure 7: What are the underlying causes of illegal and dishonest behaviors in China's capital market?



information disclosures, but also massive voluntary information disclosures. Transparency is also affected by information intermediaries such as analyst following and media coverage. Therefore, existing indicators can only provide limited insight with respect to a firm's corporate information environment. Accordingly, investors are unable to recognize companies with high information transparency, and companies with high information transparency could fail to gain investors' recognition. This problem escalates in that companies with low information transparency are not well motivated to enhance their information transparency and instead, are engaged in multiple financial manipulations and earnings restatements.

To assess the information transparency of listed companies in a more comprehensive manner, we created an Information Transparency Index. The index is based on the assessments of board secretaries, analysts and institutional investors, as well as on earnings quality indicators from academic research, enforcement action records, and intelligent assessments of media articles. The index aims to reflect corporate transparency and reputation as perceived by market participants, and to help companies with good reputations and high information transparency gain investors' recognition. Additionally, to collect direct opinions from the executives, we have also conducted surveys and field interviews with listed companies.

Refer to Part II of the White Paper for the detailed method of constructing the Information Transparency Index.

II. Analysis of Survey

Our Center and the New Fortune magazine invited the 300 companies ranked at the top of the Information Transparency Index to participate in a survey. We contacted the board offices of these 300 companies via email and telephone. The survey aims to learn about corporate executives' perceptions about the roles of integrity, legal and compliance operations and information disclosure on the development of a transparent capital market. We received detailed replies from 98 respondents, representing their boards. The response rate is 33%.

1. Integrity and Compliance Operations

The importance of integrity: 48% of the surveyed companies deem integrity (honest operation) to be an indispensable factor in building up a big, strong, and stable company. Corporate strategies and goals, culture, and core competitiveness are generally regarded as the most important determinants of the success of corporate operations. This result shows that the importance of integrity (48%) to the success of companies has exceeded the importance of corporate strategies and goals (37%),

corporate culture (28%), core competitiveness (27%), and human capital (24%). 50% of the companies believe that corporate integrity and reputation play a fundamental role in a company's operations followed by promoting corporate development (30%) and enhancing corporate image (20%).

Through the survey replies, we then further explore the causes of illegal, dishonest behaviors and the means, motives, and pressures for financial manipulation.

Causes of illegal and dishonest behavior in the capital market: 55% of the companies believe that an important cause lies in the low cost for illegal behaviors relative to the economic gains from such behaviors. The predominant view in the past was that the incomplete legal system in China's capital market provides loopholes for such illegal and dishonest behaviors of listed companies. However, the survey results show that, compared with insufficient regulations, low cost of illegal behaviors has been considered to be the primary reason for the failure of preventing dishonest behaviors. This result implies that increasing the cost of committing illegal behaviors could effectively reduce such behaviors. The survey results in Figure 7 also reveal other causes of illegal and dishonest behaviors. Pursuit of short-term interests (28%), management's lack of awareness about integrity (18%), and deficient corporate governance structures (10%)

Figure 8: Do you think earnings management at Chinese listed companies is serious?

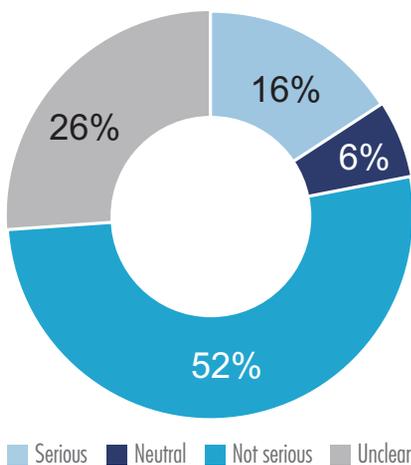


Figure 9: What do you think are the major means for earnings management?

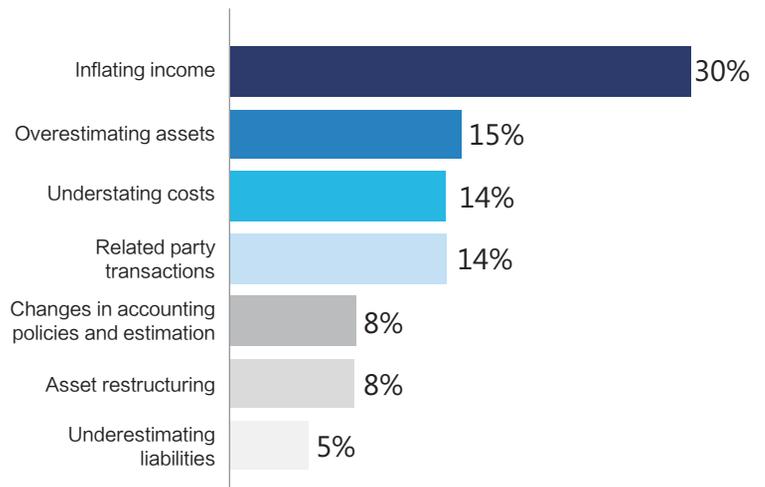
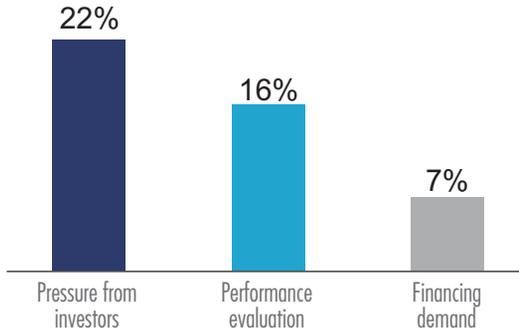


Figure 10: Why do managers manipulate earnings?



provide the motives and opportunities for illegal and dishonest behaviors.

Earnings Management: The survey respondents express different opinions on the status quo of earnings management in Chinese listed companies (Figure 8). 16% of the companies believe that earnings management is quite serious. 52% think that only a few companies are involved in earnings management since regulations have been reinforced in recent years to curb such behaviors. Meanwhile, only 6% express a neutral opinion while 26% do not reply or are unclear about it.

Means of earnings management: What are the possible means adopted by listed companies to manage their earnings numbers? Survey answers indicate that the most common means include inflating income and profits through earlier recognition of income and accelerating reporting of transactions (30%). Approximately 15% of the surveyed companies say that overstatement of assets, understatement of costs, and related party transactions are other means of earnings management. A number of companies manage earnings via improper changes in accounting policies and accounting estimation, asset restructuring, and liabilities underestimation. Figure 9 summarizes the survey responses on the means of earnings management.

Motivations for earnings management: 22% of the survey respondents believe that some companies resort to earnings management due to pressure from investors. The factors such as stock price fluctuation, expectations from large shareholders, and delisting risks all contribute to the

Figure 11: What will companies face after engaging in earnings management?

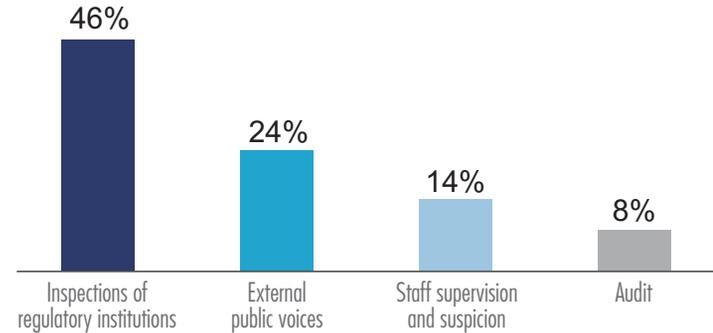


Figure 12: What benefits does reliable information disclosure bring to companies?

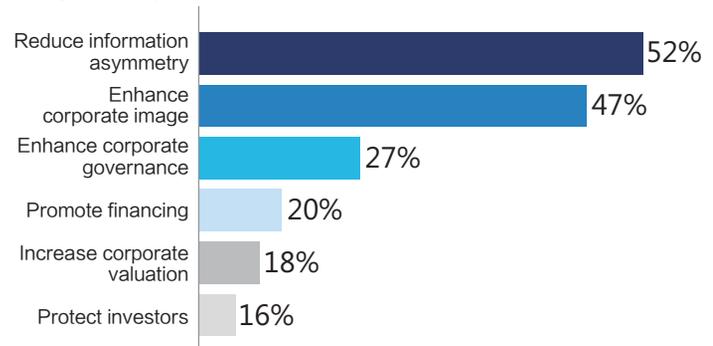
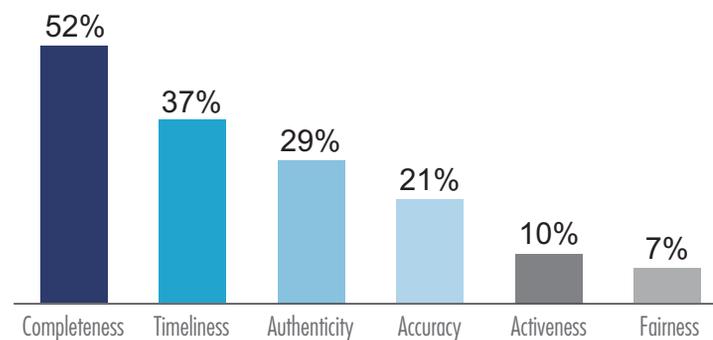


Figure 13: What problems do you think exist in the information disclosure at Chinese listed



pressure to report good business performance. Second, high expectations on performance provides executives with additional motives to manage earnings, for example, demand for high growth and performance-based management remuneration. The demand for successfully raising future equity and debt financing also constitutes a motive for earnings management.

Pressure after earnings management: 46% of survey respondents say that inspections and punishments from regulatory agencies are the main pressures companies face after engaging in earnings management, showing that external regulations deter earnings management. Second, external public voices also create pressure. Companies worry that external investors, analysts, and media will challenge the reliability of their financial statements, which will in turn affect their corporate reputation. If earnings management is revealed, external public voices will amplify such effects. Companies' internal staff supervision also plays a monitoring role. Only 8% of the companies say that external audit is associated with external pressure after engaging in earnings management.

2. The Status Quo of Information Disclosure

Information disclosure is an important communication channel and affects how market participants assess the transparency of listed companies. We solicit the opinions of the survey respondents on their recognition of the importance of information disclosure and possible problems related to information disclosure.

Roles of information disclosure: 52% of the surveyed respondents believe that information disclosure is an important communication channel with external stakeholders. Reliable information disclosure can alleviate

information asymmetry between listed companies and investors and can help investors and the public gain a fuller understanding of companies' operations and development status. This build-up of more comprehensive and accurate knowledge of listed companies will facilitate rational investment decisions. Reliable information disclosure is therefore helpful for companies to establish a good brand image, enhance corporate reputation, and to gain public recognition. In addition, good information disclosure plays an important role in corporate governance and access to financing. Further, reliable information is believed to increase corporate valuation and to protect investors. Figure 12 shows the statistics.

The quality of information disclosure: 52% of the surveyed companies believe that listed companies' information disclosure is insufficient and incomplete. One concern is that the information required to be disclosed by regulations is sometimes ignored or deliberately concealed, including related party transactions and external guarantees. Furthermore, some companies intentionally conceal important information on the grounds of protecting trade secrets. Second, timeliness is a pervasive issue in the disclosure of listed companies (37%). The timeliness of information acquisition is very important to investors' decision making. This is because late disclosure may provide opportunities for insiders to

Figure 14: Does the company voluntarily publish some company specific information?

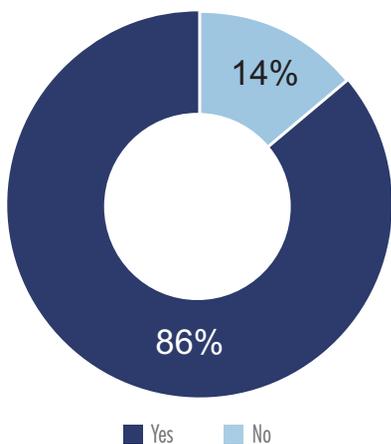
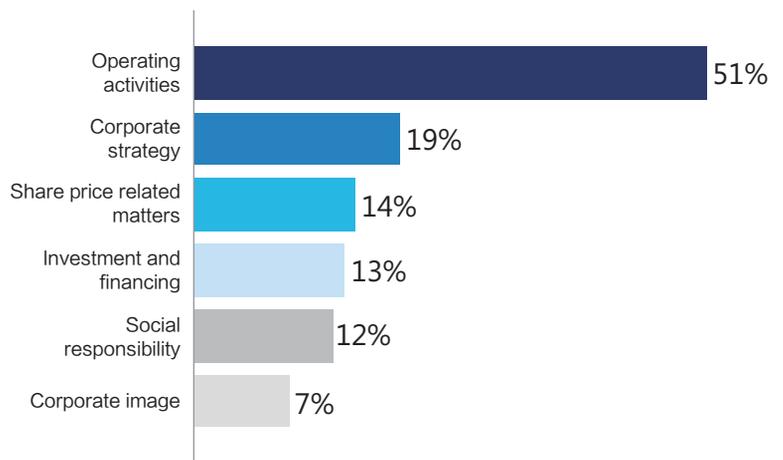


Figure 15: What information does the company voluntarily publish?



pursue illegitimate interests through insider transactions, which would be harmful for minority investors. Figure 13 also shows that problems such as inauthentic and inaccurate information, and passive and unfair information disclosure are considered prevalent at Chinese listed companies.

The disclosure of corporate specific information: Figure 14 shows that 86% of the companies say that they will voluntarily publish some corporate specific information besides the disclosures required by laws and regulations. As Figure 15 shows, among others, most voluntarily disclosed information (51%) is related to operating activities, including information that has important effects on the market, although not yet reaching the legal disclosure criteria. These operating activity disclosures are related to corporate performance forecasts, business cooperation, and significant contracts. Information related to strategy, vision, and development orientation is also disclosed frequently (19%). Share price related disclosures are voluntarily made by 14% of companies while 13% disclose investment and financing information voluntarily. Chinese listed companies have not attached much importance to the disclosure of the information on corporate social responsibilities, with only 12% saying that they will disclose such information. Finally, only 7% of companies voluntarily disclose corporate image related information.

3. The Development of a Clean Capital Market

With respect to the development of a clean capital market, we have requested survey participants to offer advice to different capital market participants (including regulatory institutions, entrepreneurs, and investors).

Advice to regulatory agencies: 49% of the surveyed companies believe that regulatory agencies should strengthen fair and strict execution of laws. In particular, companies believe regulatory agencies should enhance the strength of punishments for violations and execute laws fairly without any special treatment, in order to build a favorable capital market environment. Surveyed companies believe regulatory agencies should refine legal systems without leaving any legal loopholes or gray

Figure 16: What do you think regulators should do to build up a clean capital market?

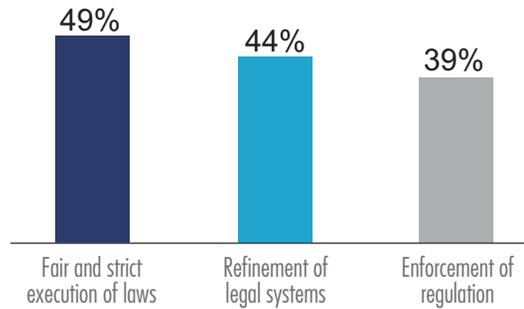


Figure 17: What do you think entrepreneurs should do to build up a clean capital market?

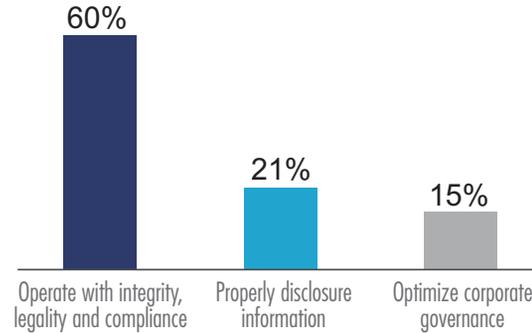
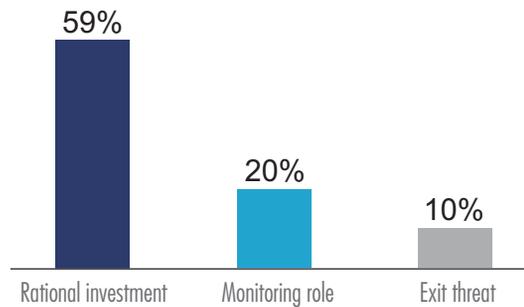


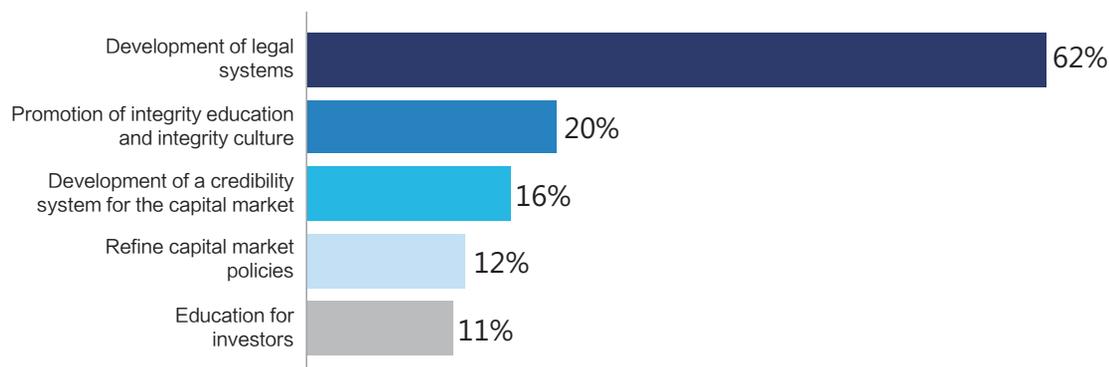
Figure 18: What do you think investors should do to build up a clean capital market?



zones to companies with an intent to violate laws. Finally, surveyed companies believe regulators should intensify regulations, and increase the probability of investigation and penalty for violations in order to exercise a strong deterrence role.

Advice to entrepreneurs: 60% of survey respondents believe that entrepreneurs should carry out operating activities based on the principles of integrity,

Figure 19: What opinions and advice do you have on the development of a transparent information disclosure environment and honest capital market in China in the next 15 years?



legality, and compliance, instead of merely depending on external supervision or internal governance and control to refrain companies' illegal and dishonest behaviors. In addition, properly disclosing information and optimizing corporate governance are also important for building up a clean capital market.

Advice to investors: 59% of survey respondents believe that investors should invest rationally and avoid speculations. Investors should conduct independent analyses, establish risk awareness, and form their own investment opinions without blindly following others. Second, investors should assume a monitoring role, including making full use of shareholders' meetings to strengthen communication with managers. Meanwhile, investors are advised to avoid investing in less transparent companies.

Finally, 62% of survey respondents mention the development of legal systems, including strict execution of laws and strengthening legal supervision. They express a high degree of consensus on the development of legal systems. 20% of the companies mention the reinforcement of education on integrity and the promotion of a culture valuing integrity. The respondents also mention other measures such as the development of a credibility system for the capital market (e.g. credibility platforms and credit information systems), refinement of capital market policies (e.g. delisting policies), and education for investors. Figure 19 shows the percentage for each category.

4. Summary of Survey Results

The above survey results can be summarized as follows: Although the importance of honest operations is recognized by listed companies, illegal and dishonest behaviors still exist in China due to factors such as low costs for illegal behaviors, incomplete legal systems, and insufficient regulations. Meanwhile, the pressure from investors, corporate internal performance evaluation, and financing requirements forces some companies to resort to earnings management by inflating income, overestimating assets, and underestimating costs. With respect to their information disclosure, listed companies are aware that information disclosure can alleviate information asymmetry. Most companies voluntarily publish corporate-specific information that includes information on operating activities, strategies, and goals. Surveyed companies express that the development of a capital market with integrity and business reputation requires the joint efforts of regulatory agencies, listed companies and investors.

III. Field Interviews and Analysis

We made site visits and interviewed the executives of ten companies that exhibit high information transparency. The companies interviewed are all leading enterprises in their respective industries. The interviews allow us to directly capture the opinions of executives and to learn their views on core issues relating to information disclosure.

1. Pressure on Listed Companies during Stock Price Fluctuations

Stock prices fluctuate because of many external factors, such as capital market sentiment, China's fiscal and monetary policy, the performance of listed companies and other business-related information. When companies disclose information, it is inevitable to consider the impact on stock prices. In particular, when disclosing information that is unfavorable to the company's business, companies expect negative stock price reactions. Specifically, listed companies face the following pressures when stock prices exhibit large fluctuations.

(1) Pressure from investors

First, China's capital market is dominated by individual investors. There is significant information asymmetry between individual investors and institutional investors. This often leads individual investors to overreact to or misunderstand the information disclosed by companies. At the same time, the uninformed individual investors may in turn cause some listed companies to leverage their investment behavior to "release news", thus resulting in low-quality or even false information disclosure.

Importantly, there are also investment norms established by China's institutional investors. The performance of fund managers and analysts is assessed by short-term oriented indicators, which leads institutional investors to pay more attention to the short-term performance of listed companies, and even to follow commercial hypes for speculative investment. In fact, business life cycles have their own characteristics, and it may take time to reap benefits from immediate investment decisions. Companies with stronger fundamentals tend to pay more attention to the medium and long-term arrangements, which may contradict investors' short-term demand for returns. Investors' excessive sensitivity to short-term performance and excessive demand for short-term returns can overwhelm the operations of listed companies, forcing them to overemphasize short-term

goals.

In contrast, foreign institutional investors generally focus more on long-term value investment and are more concerned about the long-term strategic development of listed companies. The vision of management constitutes an important indicator for their choice of stocks. For example, environmental protection and corporate social responsibility have received much attention. Moreover, foreign institutional investors adjust their investment strategies based on considerations of long-term changes such as possibilities for industry consolidation, and industry changes due to environmental protection policies.

In response to the problem, the management of listed companies we interviewed generally state that companies should first respect and understand the style of domestic institutional investors, whose survival needs determine their views of the value orientation of companies. However, according to the companies we interviewed, companies should not simply cater to investors, but should try to communicate with them with faith and confidence. The challenge in this process is that the company's management must accurately inform investors about the company's business operations. Moreover, it is necessary to accurately absorb the views of investors and reflect them in the current business process of the company to tighten the link between the operation of the company and the capital market.

(2) Pressure from substantial shareholders and other stakeholders

When stock prices fluctuate, shareholders increase their scrutiny of the management of the company, and the audit committee raises more questions about managerial decisions. Survey respondents generally agree that such an ecology is healthy. Managers will openly listen to the opinions of directors and shareholders at the board meeting and the general meeting of shareholders and transform their opinions into the company's business strategies. Some companies with more standard corporate governance

practices will make detailed records of the board of directors' meeting or summarize the opinions and suggestions put forward during the last board of directors' meeting.

In addition, companies will face pressures from other stakeholders when stock prices fluctuate. For example, in some companies that implement employee equity incentive programs, when stock prices fall, employees will become anxious about losing money. Furthermore, customers will also pay attention to the stock price of listed companies and evaluate the company's operating condition partly through stock prices, so that the management will be subject to pressures when stock prices decline.

When talking about how to deal with the above pressures, survey respondents suggest that it is normal for stock prices to rise and fall during the course of business operations. They argue that the key is to determine whether stock price fluctuations are temporary and whether there are any foreseeable and preventive measures. Management should attach more attention to how companies can develop more sustainably, duly carry out business and management, and achieve cultural development and branding, rather than being overly affected by short-term stock price fluctuations. In the event of an overall industry decline, companies must first survive, and then retain their strength to take the lead in recovering from the downturn.

2. Key Factors in the Construction of Information Transparency

(1) Management and corporate culture

Through our research, we found that management style and corporate culture are considered to be the most important factors for the integrity of management at listed companies. Both culture and the legal system must ultimately be implemented by senior executives. While the style of the executives determines the style of the company, the style of the company affects investor relations. Establishing a corporate culture is a long-term process, and stable management is a crucial

factor in developing a long-lasting corporate culture.

The chairmen and CEOs of listed companies with high information transparency value the company's long-term development, which is the most important internal driving force for the company's code of conduct. The mentality of a company's middle and senior managers also casts a significant impact on its corporate behavior, as they need to plan the development of the company, rather than focus on short-term appraisals as professional managers.

(2) Communication with investors

Our research shows that companies with high information transparency attach great importance to communication and exchanges with investors, and that they help investors better understand the business status of listed companies in various ways.

First, comprehensive disclosure is an important element of information quality. Investors can only make unbiased judgements on the basis that both positive and negative information are accurately and objectively disclosed. In periodic reports, companies should first give a material risk warning to fully and thoroughly explain anticipations about the industry, the difficulties faced by the company, and the risks that may arise in the operations. While risk warnings may be pessimistic, companies still need to help investors anticipate the uncertainty of subsequent results in a responsible manner. At the same time, companies can disclose some additional information, such as a list of key indicators, so that investors can quickly and intuitively interpret the changing trend of key operating indicators. Companies can also clarify the major events and the factors that the management believes can bring long-term benefits in the report. These measures can help investors to quickly grasp the substance of the periodic report. In terms of temporary announcements, both positive and negative news should be disclosed promptly, transparently and comprehensively. In particular, news disclosures should be timelier if they are negative. This practice is appealing to the investor community and is also an effective way to help

companies to avoid market rumors. When bad news spreads in the market, it is smarter for companies to disclose information in a correct, objective and timely manner rather than in a strategic one.

Second, after the performance announcement, a performance briefing should be held. Holding performance briefings is an efficient way to promote interaction between listed companies and investors. Performance briefings are generally held in cities where investors are concentrated, facilitating the participation of investors from different regions. Companies will also invite media for live broadcasts. Prior to the performance briefing, rigorous discussion and rehearsals must be conducted by the company's management. At the performance briefing, the chairman introduces the strategies, the general manager interprets the operations, and the chief financial officer makes the performance announcements. For information that the company cannot disclose, its management can also explicitly state the reasons as "involving confidential business operations" or "subject to periodic reports".

Third, non-regular investor meetings should be carried out. Investor meetings are mainly organized by the board secretary, who will convene investors to conduct research in companies. Some companies upload all issues related to their interactions with investors on a public platform for disclosure to achieve sufficient fairness and transparency. It is necessary to strengthen communication with investors during the company's business ups and downs, difficulties and adjustments. In communication, the company must acknowledge what it has done well and what it has not done well and explain the causes and countermeasures.

(3) Policy and training

Highly transparent companies construct complete investor relations and information disclosure systems to ensure that all disclosed information is true, accurate, and in compliance with policies. Information disclosure is not just the work of the board of director's office and the finance department. For high quality information disclosure, companies must first create a set of policies

and systems to explicitly and specifically stipulate the work arrangements and the distribution of information disclosure processes, such as the authority of each department over different types of disclosures and the corresponding rewards and punishments.

For a well-defined disclosure system, the company's internal training is also important. Companies need to provide training and guidance to responsible persons of each subsidiary and relevant information disclosure departments. They need to clarify the requirements for information disclosure, such as the scope of authority of information disclosure of certain departments, and the types of information to be temporarily announced by the board secretary's office. The number of emergencies will increase with company scale and business distribution. Therefore, with larger scale and distribution it is more important to detail the information disclosure of special matters. It is necessary to continuously summarize the experience and lessons learned in the course of practice and to carry out timely promotion and training. Furthermore, the board secretary's office itself also needs to engage in continuous learning and training. It is necessary to promptly follow updates of policies of regulators such as the China Securities Regulatory Commission and stock exchanges and to convey the new policies to the personnel of departments and subsidiaries responsible for timely information disclosure.

3. Other Issues Related to Information

Disclosure of Listed Companies

(1) Risk of information leakage

Listed companies and especially leading enterprises are often subject to public information leakage. This exposure can be harmful because competitors analyze industry leaders' actions or strategies to take countermeasures, and thus weaken firms' competitiveness. The executives we interviewed all agree that it is a big challenge for listed companies to strike a balance between information disclosure and information leakage in order to keep the company transparent while avoiding excessive disclosure

of details such as the company's business model and core competitiveness. They also share their experience in protecting their trade secrets.

First, for matters involving trade secrets, companies should avoid disclosing detailed information. For example, in order to protect core technologies, listed companies can disclose data on R&D inputs in financial reports to inform the company's technology investment to investors without disclosing details. For the list of customers and suppliers, listed companies can also choose not to disclose the specific names of customers and suppliers as needed.

Second, effective communication with regulators should be maintained. Sometimes, regulators have very detailed requirements for listed companies' information disclosure, even exceeding international standards, which may be detrimental to the operation of listed companies. As such, it is necessary to communicate with regulators and to seek guidance for compliance and to try to avoid excessive disclosure. For example, when regulatory authorities require information disclosure at a detailed product level, listed companies can, after communicating with regulatory authorities, create product categories for disclosures in order to meet the guidelines while avoiding more detailed product information disclosure. Another example is the financial derivatives operation of listed companies. If the detailed operations of financial derivatives are disclosed, it may be targeted by speculators to trade against the firm's position, thus

causing great losses to the company. In this case, the company can also apply to the regulatory authority for exemption from disclosure. With the continuous improvement of the system, the new disclosure rules have become more accommodating. Some exempted disclosures allow companies to make their own judgements and report for filing without disclosure.

(2) Sustainability and comparability of disclosed information

In order to enhance investors' confidence in listed companies, many of them disclose information voluntarily. For information voluntarily disclosed by companies, continuous disclosure is very important on the basis of meeting necessary disclosure conditions. A certain type of information should be continuously disclosed in the future once it is chosen. In addition, when disclosing information, it is also necessary to pay attention to the comparability of disclosure standards of peers, as the usefulness of information will be reduced by standards that are too different from that of peers. An emphasis on sustainability and comparability will make the information disclosed by the company more convincing. Therefore, listed companies need to be cautious about the information disclosed voluntarily, and each piece of new information needs to filter through the internal process, in-depth communication with business departments, judgement of the company's management, or even the deliberation of the board of directors.

Part II:

Information Transparency Index of Listed Companies in China



The Guanghai-Rotman Centre for Information and Capital Market Research was established with the support of Guanghai School of Management of Peking University and the Rotman School of Management of University of Toronto. In collaboration with New Fortune, the Centre developed the Information Transparency Index of listed companies in China. There are a total of 3,027 companies in the sample of index companies for 2018, including all the companies listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange before December 31, 2016. These include Main board, Small and Medium Enterprise (SME) board, and Growth Enterprise Market (GEM) board companies.

The Transparency Index covers both subjective indicators (50%) and objective indicators (50%). The former contains assessments of analysts, institutional investors, and board secretaries of listed companies (each accounting for 1/3 of the weight). The latter contains the analysis of financial statements (20%), the records of enforcement actions (20%) and media assessments based on machine learning (10%).

Methods for index construction and the list and statistical description of the top 300 listed companies in the index are provided below.

1. The Methods for Index Construction

The construction and standardization of each indicator are as follows:

A. Analysts (weight 1/6, 16.67%)

Questions answered by analysts: For the industry you follow, which three companies do you think have a) the most reliable financial information, and b) the most comprehensive information disclosure?

Number of votes/Total number of votes for all companies	Number of companies	Proportion of companies (%)	Standard value
0-5%	10	5.6	5
6-15%	19	10.6	4
16-40%	53	29.6	3
41-100%	97	54.2	2
Not nominated	2,848		1
Total: 3,027			

B. Institutional investors (weight 1/6, 16.67%)

Questions answered by institutional investors: For the industry you focus on, which three companies do you think have a) the most reliable financial information, and b) the most comprehensive information disclosure?

Number of votes/Total number of votes for all companies	Number of companies	Proportion of companies (%)	Standard value
0-5%	11	5.0	5
6-15%	25	11.4	4
16-40%	39	17.8	3
41-100%	144	65.8	2
Not nominated	2,808		1
Total: 3,027			

C. Board secretaries (weight 1/6, 16.67%)

Questions answered by board secretaries: a) In your industry, which three companies (excluding your company) do you think have the most reliable financial information; b) in your industry, which three companies (excluding your company) do you think have the most comprehensive information disclosure; and c) in your industry, what are the three most promising listed companies?

Number of votes/Total number of votes for all companies	Number of companies	Proportion of companies (%)	Standard value
0-5%	15	3.9	5
6-15%	36	9.3	4
16-40%	139	35.9	3
41-100%	197	50.9	2
Not nominated	2,640		1
Total: 3,027			

D. Regulatory penalties (weight 1/5, 20%)

The incidence of enforcement actions in the past eight years (2010-2017) include manipulation (misleading statements), false disclosures, postponed disclosures, significant omissions, and overstating profits or assets. The regulators include the China Securities Regulatory Commission, local securities regulatory bureaus, Shanghai Stock Exchange, and Shenzhen Stock Exchange. The data was obtained from the China Stock Market & Accounting Research (CSMAR) Database.

Number of enforcement actions / Number of enforcement actions that all companies have received in the past eight years	Number of penalties	Number of companies	Proportion of companies (%)	Standard value
0-5%	6 or above	87	6.0	1
6-15%	4-5	142	9.8	2
16-40%	2-3	517	35.5	3
41-100%	1	709	48.7	4
No penalties (After 2010)		1,572		5
Total: 3,027				

E. Indicator from financial statements analysis (weight 1/5, 20%)

Big data statistical analysis was conducted using information from the company's 2015-2017 financial statements. Earnings quality indicators widely used in academia were adopted. For manufacturing firms, we used mean values of the Jones model (modified by Kothari ROA) and the Dechow-Dichev-McNichols model in the past two years. According to the ranking within industries classified by CSRC, as an enterprise deviates from the mean value of the industry its ranking will be lower. For banks, the model recommended by Beatty-Liao was adopted. The "3" was taken as the missing value for the financial and banking enterprises.

	DAK mean value	Number of DAK companies	DDM mean value	Number of DDM companies	Standard value
0-20%	0.015	541	0.010	480	5
21-40%	0.041	545	0.032	488	4
41-60%	0.071	547	0.059	488	3
61-80%	0.114	545	0.099	487	2
81-100%	0.285	547	0.234	493	1
		Total :2,725	Total :2,436		

F. Indicator from media analysis (weight 1/10, 10%)

Big data intelligence analysis was carried out for all the Chinese newspaper articles of WiseNews released in 2017. The mean value was obtained through the following two indicators: Financial Media Attitude (FinSenti) and Artificial Intelligence Evaluation (AIE).

FinSenti: The articles released in 2017 were categorized into different types using machine learning techniques. Those about finance and economics were kept for assessment of public sentiment. A positive value represents a positive public sentiment while a negative one represents a negative public attitude. The FinSenti score was provided by the Chinese University of Hong Kong and Datago.

AIE: The frequency of being nominated by analysts, institutional investors, and board secretaries as a transparent and credible company was used as the machine learning sample. All media articles were analyzed using AI methods to estimate the transparency of each company. The AIE score was calculated by the Machine Learning Research Group at the Guanghua-Rotman Centre for Information and Capital Market Research of the University of Toronto.

	CUHK mean value	Number of CUHK companies	UOFT mean value	Number of UOFT companies	Standard value
0-20%	0.679	612	0.523	612	5
21-40%	0.433	607	0.375	607	4
41-60%	0.277	604	0.326	604	3
61-80%	0.064	607	0.302	607	2
81-100%	-0.490	597	0.247	597	1
		Total: 3,027	Total: 3,027		

2. Descriptive Index of the Top 300 Listed Companies

Index score: The top 300 companies have an average Transparency Index of 3.02. Among them, SAIC MOTOR has the highest score of 4.53. More than 25% of the top 300 companies have been recommended by analysts and institutional investors, and more than 50% have been recommended by board secretaries. The top 300 companies rarely received punishments from regulatory authorities and more than 75% of them have no violation records. Companies with the lowest scores violated relevant requirements 2-3 times between 2010 and 2017. The average earnings quality score and media score of the top 300 companies are 3.44 and 4.09 respectively, both of which are among the top for all participating companies.

Scoring items	Mean value	Minimum	P25	Median	P75	Maximum
Index	3.02	2.72	2.79	2.89	3.09	4.53
Score by analysts	1.74	1.00	1.00	1.00	2.00	5.00
Score by institutions	1.77	1.00	1.00	1.00	2.00	5.00
Score by board secretaries	2.31	1.00	1.00	2.00	3.00	5.00
Punishments by regulatory authorities	4.78	3.00	5.00	5.00	5.00	5.00
Earnings quality	3.44	1.00	3.00	3.50	4.00	5.00
Media score	4.09	2.00	3.50	4.00	4.50	5.00

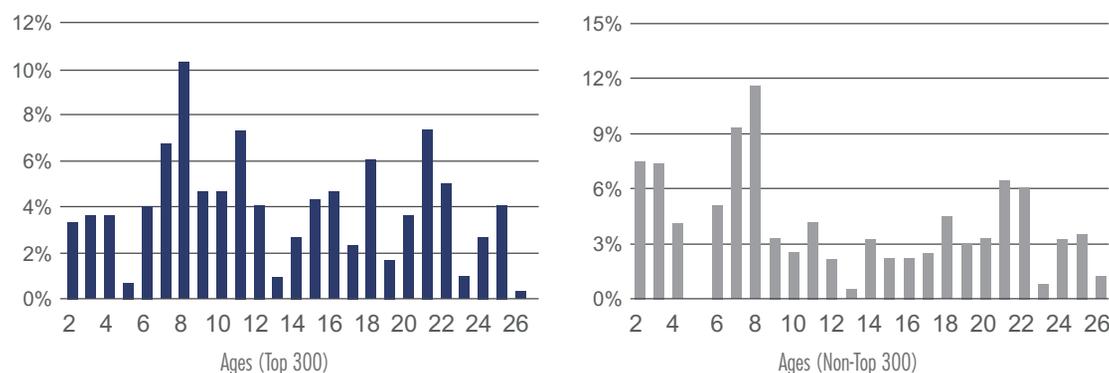
Industry distribution: More than 50% of the top 300 companies are engaged in the manufacturing industry. This is mainly because there is a large base of manufacturing companies. In terms of the average index score, companies in finance, mining, real estate, and manufacturing industries have a high value.

Nature of ownership rights: Of the top 300 enterprises, 49% are private enterprises, 27% local state-owned enterprises (SOEs), and 24% are central SOEs.

Stock exchange: Among the top 300 enterprises, 143 are listed on the Shanghai Stock Exchange, and the remaining 157 are listed on the Shenzhen Stock Exchange, of which 49 were listed on the main board, 71 on the SME board, and 37 on GEM.

Time of listing: Both young and mature enterprises can be found among the top 300. Compared with the distribution of the

Figure 20: Percentage of Enterprise of Different Ages



age (years from listing) of all the 3,027 enterprises, mature companies occupy a higher proportion in the top 300 as shown in Figure 20 below.

3. High-quality Information and High Transparency are Rewarded

We calculated the cumulative stock returns of the top 300 (weighed by market value) and compared them with the returns of the Shanghai Stock Index. The stock returns for the year 2017 and the period between May 1 and December 13 of 2018 (the data deadline of this White Paper) were calculated respectively. The period between January and April of 2018, which is the index development period, was thus excluded. As a normal year, the year 2017 witnessed the Shanghai Stock Index rise by 6.72%, while the top 300 companies reported a market value weighted return of 36.36%. To further compare, we also analyzed the stock returns of the top 50 companies and found that the stock return was 50.23% (as illustrated in Figure 22). Starting from the beginning of 2018, China's stock market has been continuously declining, as a result of macro factors such as Sino-U.S. trade frictions. From May 1, 2018 to December 13, 2018, the Shanghai Stock Index plummeted by 12.65%, while the top 300 and top 50 only saw their cumulative stock returns decline slightly by 1.88% and 2.22% respectively. All these results prove that the enterprises featuring high-quality information have been rewarded in the capital market. They outperformed the overall market trend in the bull market and demonstrated a strong resilience in the bear market.

Figure 21: Comparison in Market Value and Profitability

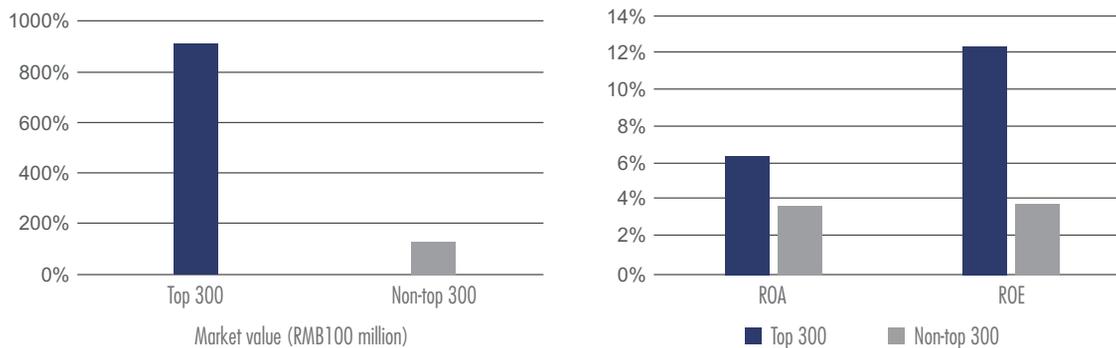
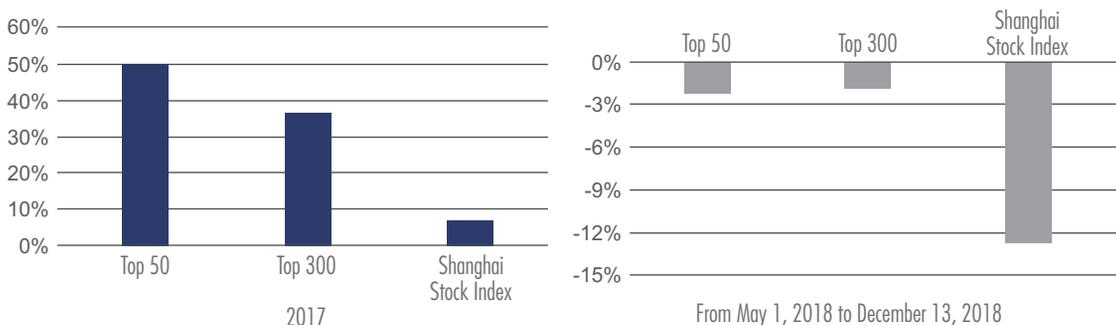


Figure 22: Stock Returns of Top 300 and 50 Companies and Shanghai Stock Index



Appendix. List of the Top 300 Companies (Sorted by Industry)

Ticker	Stock ID	Industry	Ticker	Stock ID	Industry
登海种业	002041	Agriculture, Forestry, Husbandry, and Fishing	牧原股份	002714	Agriculture, Forestry, Husbandry, and Fishing
温氏股份	300498	Agriculture, Forestry, Husbandry, and Fishing	雪榕生物	300511	Agriculture, Forestry, Husbandry, and Fishing
露天煤业	002128	Mining	中国石化	600028	Mining
兖州煤业	600188	Mining	西藏珠峰	600338	Mining
山东黄金	600547	Mining	中国神华	601088	Mining
陕西煤业	601225	Mining	潞安环能	601699	Mining
中海油服	601808	Mining	中国石油	601857	Mining
中煤能源	601898	Mining	紫金矿业	601899	Mining
中集集团	000039	Manufacturing	深天马 A	000050	Manufacturing
中金岭南	000060	Manufacturing	中兴通讯	000063	Manufacturing
特发信息	000070	Manufacturing	中联重科	000157	Manufacturing
美的集团	000333	Manufacturing	潍柴动力	000338	Manufacturing
许继电气	000400	Manufacturing	东阿阿胶	000423	Manufacturing
徐工机械	000425	Manufacturing	晨鸣纸业	000488	Manufacturing
柳工	000528	Manufacturing	云南白药	000538	Manufacturing
格力电器	000651	Manufacturing	东方电子	000682	Manufacturing
京东方 A	000725	Manufacturing	振华科技	000733	Manufacturing
中核科技	000777	Manufacturing	万年青	000789	Manufacturing
云铝股份	000807	Manufacturing	京山轻机	000821	Manufacturing
鲁西化工	000830	Manufacturing	张裕 A	000869	Manufacturing
双汇发展	000895	Manufacturing	中国重汽	000951	Manufacturing
安泰科技	000969	Manufacturing	浪潮信息	000977	Manufacturing
新和成	002001	Manufacturing	大族激光	002008	Manufacturing
中航机电	002013	Manufacturing	航天电器	002025	Manufacturing
紫光国芯	002049	Manufacturing	国轩高科	002074	Manufacturing
金智科技	002090	Manufacturing	青岛金王	002094	Manufacturing
银轮股份	002126	Manufacturing	顺络电子	002138	Manufacturing

Ticker	Stock ID	Industry	Ticker	Stock ID	Industry
通富微电	002156	Manufacturing	中航光电	002179	Manufacturing
华天科技	002185	Manufacturing	金风科技	002202	Manufacturing
江南化工	002226	Manufacturing	塔牌集团	002233	Manufacturing
大华股份	002236	Manufacturing	歌尔股份	002241	Manufacturing
联化科技	002250	Manufacturing	海陆重工	002255	Manufacturing
利尔化学	002258	Manufacturing	博深工具	002282	Manufacturing
海大集团	002311	Manufacturing	理工环科	002322	Manufacturing
巨力索具	002342	Manufacturing	杰瑞股份	002353	Manufacturing
康力电梯	002367	Manufacturing	伟星新材	002372	Manufacturing
长青股份	002391	Manufacturing	雅克科技	002409	Manufacturing
海康威视	002415	Manufacturing	贵州百灵	002424	Manufacturing
海格通信	002465	Manufacturing	天齐锂业	002466	Manufacturing
立讯精密	002475	Manufacturing	荣盛石化	002493	Manufacturing
雅化集团	002497	Manufacturing	老板电器	002508	Manufacturing
新界泵业	002532	Manufacturing	鸿路钢构	002541	Manufacturing
索菲亚	002572	Manufacturing	比亚迪	002594	Manufacturing
豪迈科技	002595	Manufacturing	卫星石化	002648	Manufacturing
睿康股份	002692	Manufacturing	博实股份	002698	Manufacturing
三圣股份	002742	Manufacturing	易尚展示	002751	Manufacturing
乐普医疗	300003	Manufacturing	鼎汉技术	300011	Manufacturing
机器人	300024	Manufacturing	双林股份	300100	Manufacturing
长盈精密	300115	Manufacturing	汇川技术	300124	Manufacturing
信维通信	300136	Manufacturing	海伦哲	300201	Manufacturing
聚光科技	300203	Manufacturing	洲明科技	300232	Manufacturing
新莱应材	300260	Manufacturing	和晶科技	300279	Manufacturing
利亚德	300296	Manufacturing	晶盛机电	300316	Manufacturing
苏大维格	300331	Manufacturing	天银机电	300342	Manufacturing
天翔环境	300362	Manufacturing	东方网力	300367	Manufacturing

Ticker	Stock ID	Industry	Ticker	Stock ID	Industry
蓝思科技	300433	Manufacturing	景嘉微	300474	Manufacturing
贝达药业	300558	Manufacturing	宝钢股份	600019	Manufacturing
三一重工	600031	Manufacturing	中直股份	600038	Manufacturing
中国医药	600056	Manufacturing	宇通客车	600066	Manufacturing
新疆天业	600075	Manufacturing	同仁堂	600085	Manufacturing
特变电工	600089	Manufacturing	同方股份	600100	Manufacturing
上汽集团	600104	Manufacturing	乐凯胶片	600135	Manufacturing
金发科技	600143	Manufacturing	生益科技	600183	Manufacturing
中牧股份	600195	Manufacturing	复星医药	600196	Manufacturing
浙江医药	600216	Manufacturing	恒瑞医药	600276	Manufacturing
安琪酵母	600298	Manufacturing	万华化学	600309	Manufacturing
澳柯玛	600336	Manufacturing	江西铜业	600362	Manufacturing
海澜之家	600398	Manufacturing	华鲁恒升	600426	Manufacturing
三元股份	600429	Manufacturing	片仔癀	600436	Manufacturing
通威股份	600438	Manufacturing	宝钛股份	600456	Manufacturing
时代新材	600458	Manufacturing	士兰微	600460	Manufacturing
六国化工	600470	Manufacturing	扬农化工	600486	Manufacturing
亨通光电	600487	Manufacturing	烽火通信	600498	Manufacturing
中化国际	600500	Manufacturing	贵州茅台	600519	Manufacturing
中天科技	600522	Manufacturing	江南高纤	600527	Manufacturing
天士力	600535	Manufacturing	厦门钨业	600549	Manufacturing
天地科技	600582	Manufacturing	长电科技	600584	Manufacturing
海螺水泥	600585	Manufacturing	青岛啤酒	600600	Manufacturing
老凤祥	600612	Manufacturing	福耀玻璃	600660	Manufacturing
青岛海尔	600690	Manufacturing	三安光电	600703	Manufacturing
祁连山	600720	Manufacturing	一汽富维	600742	Manufacturing
华新水泥	600801	Manufacturing	上工申贝	600843	Manufacturing
东方电气	600875	Manufacturing	航天电子	600879	Manufacturing

Ticker	Stock ID	Industry	Ticker	Stock ID	Industry
杉杉股份	600884	Manufacturing	伊利股份	600887	Manufacturing
晋亿实业	601002	Manufacturing	隆基股份	601012	Manufacturing
小康股份	601127	Manufacturing	博威合金	601137	Manufacturing
广汽集团	601238	Manufacturing	中国铝业	601600	Manufacturing
上海电气	601727	Manufacturing	中国中车	601766	Manufacturing
正泰电器	601877	Manufacturing	中国重工	601989	Manufacturing
晶方科技	603005	Manufacturing	中科曙光	603019	Manufacturing
海天味业	603288	Manufacturing	九洲药业	603456	Manufacturing
纽威股份	603699	Manufacturing	三棵树	603737	Manufacturing
威龙股份	603779	Manufacturing	华友钴业	603799	Manufacturing
歌力思	603808	Manufacturing	国泰集团	603977	Manufacturing
兆易创新	603986	Manufacturing	深圳能源	000027	Electric, Heat, Gas, and Water Production and Supply
粤电力 A	000539	Electric, Heat, Gas, and Water Production and Supply	华能国际	600011	Electric, Heat, Gas, and Water Production and Supply
浙能电力	600023	Electric, Heat, Gas, and Water Production and Supply	华电国际	600027	Electric, Heat, Gas, and Water Production and Supply
广州发展	600098	Electric, Heat, Gas, and Water Production and Supply	国电电力	600795	Electric, Heat, Gas, and Water Production and Supply
国投电力	600886	Electric, Heat, Gas, and Water Production and Supply	长江电力	600900	Electric, Heat, Gas, and Water Production and Supply
深圳燃气	601139	Electric, Heat, Gas, and Water Production and Supply	中工国际	002051	Construction
金螳螂	002081	Construction	东南网架	002135	Construction
东方园林	002310	Construction	广田集团	002482	Construction
瑞和股份	002620	Construction	葛洲坝	600068	Construction
中国铁建	601186	Construction	中国建筑	601668	Construction
中国交建	601800	Construction	国药一致	000028	Wholesale and Retail Trade
深圳华强	000062	Wholesale and Retail Trade	英特集团	000411	Wholesale and Retail Trade

Ticker	Stock ID	Industry	Ticker	Stock ID	Industry
合肥百货	000417	Wholesale and Retail Trade	泰山石油	000554	Wholesale and Retail Trade
中百集团	000759	Wholesale and Retail Trade	苏宁易购	002024	Wholesale and Retail Trade
广百股份	002187	Wholesale and Retail Trade	一心堂	002727	Wholesale and Retail Trade
英唐智控	300131	Wholesale and Retail Trade	力源信息	300184	Wholesale and Retail Trade
百联股份	600827	Wholesale and Retail Trade	王府井	600859	Wholesale and Retail Trade
上海医药	601607	Wholesale and Retail Trade	永辉超市	601933	Wholesale and Retail Trade
老百姓	603883	Wholesale and Retail Trade	莱绅通灵	603900	Wholesale and Retail Trade
益丰药房	603939	Wholesale and Retail Trade	深赤湾 A	000022	Transportation, Warehousing, and Postal Service
深圳机场	000089	Transportation, Warehousing, and Postal Service	粤高速 A	000429	Transportation, Warehousing, and Postal Service
顺丰控股	002352	Transportation, Warehousing, and Postal Service	上港集团	600018	Transportation, Warehousing, and Postal Service
东方航空	600115	Transportation, Warehousing, and Postal Service	山东高速	600350	Transportation, Warehousing, and Postal Service
深高速	600548	Transportation, Warehousing, and Postal Service	锦江投资	600650	Transportation, Warehousing, and Postal Service
宁波港	601018	Transportation, Warehousing, and Postal Service	广深铁路	601333	Transportation, Warehousing, and Postal Service
中远海控	601919	Transportation, Warehousing, and Postal Service	首旅酒店	600258	Accommodation and Catering
高升控股	000971	Information Transmission, Software, and Information Technology Services	科大讯飞	002230	Information Transmission, Software, and Information Technology Services

Ticker	Stock ID	Industry	Ticker	Stock ID	Industry
拓维信息	002261	Information Transmission, Software, and Information Technology Services	中电鑫龙	002298	Information Transmission, Software, and Information Technology Services
四维图新	002405	Information Transmission, Software, and Information Technology Services	广联达	002410	Information Transmission, Software, and Information Technology Services
启明星辰	002439	Information Transmission, Software, and Information Technology Services	三七互娱	002555	Information Transmission, Software, and Information Technology Services
博彦科技	002649	Information Transmission, Software, and Information Technology Services	捷成股份	300182	Information Transmission, Software, and Information Technology Services
美亚柏科	300188	Information Transmission, Software, and Information Technology Services	华宇软件	300271	Information Transmission, Software, and Information Technology Services
蓝盾股份	300297	Information Transmission, Software, and Information Technology Services	恒华科技	300365	Information Transmission, Software, and Information Technology Services
中国联通	600050	Information Transmission, Software, and Information Technology Services	国电南瑞	600406	Information Transmission, Software, and Information Technology Services
恒生电子	600570	Information Transmission, Software, and Information Technology Services	贵广网络	600996	Information Transmission, Software, and Information Technology Services
宁波银行	002142	Finance	中信证券	600030	Finance
招商银行	600036	Finance	海通证券	600837	Finance
国泰君安	601211	Finance	中国平安	601318	Finance
新华保险	601336	Finance	工商银行	601398	Finance
中国太保	601601	Finance	中国人寿	601628	Finance
建设银行	601939	Finance	中国银行	601988	Finance
中信银行	601998	Finance	万科A	000002	Real Estate
深深房A	000029	Real Estate	泛海控股	000046	Real Estate
金融街	000402	Real Estate	美好置业	000667	Real Estate
招商蛇口	001979	Real Estate	保利地产	600048	Real Estate
长春经开	600215	Real Estate	云南城投	600239	Real Estate

Ticker	Stock ID	Industry	Ticker	Stock ID	Industry
华夏幸福	600340	Real Estate	金地集团	600383	Real Estate
西藏城投	600773	Real Estate	北辰实业	601588	Real Estate
中青旅	600138	Leasing and Business Services	中国国旅	601888	Leasing and Business Services
苏交科	300284	Scientific Research and Technical Services	华侨城 A	000069	Water Conservancy, Environmental, and Public Facilities Management
碧水源	300070	Water Conservancy, Environmental, and Public Facilities Management	曲江文旅	600706	Water Conservancy, Environmental, and Public Facilities Management
爱尔眼科	300015	Health and Social Work	迪安诊断	300244	Health and Social Work
华数传媒	000156	Culture, Sports, and Entertainment	万达电影	002739	Culture, Sports, and Entertainment
华谊兄弟	300027	Culture, Sports, and Entertainment	华策影视	300133	Culture, Sports, and Entertainment
光线传媒	300251	Culture, Sports, and Entertainment	中文传媒	600373	Culture, Sports, and Entertainment
皖新传媒	601801	Culture, Sports, and Entertainment	中广核技	000881	Comprehensive

The Chinese economy has been rapidly growing over the last decades and has become an integral part of the global economy. The internationalization of the Chinese market has attracted many international investors who have raised awareness about the information quality of Chinese listed companies. Consequently, there is a growing demand for a better understanding of Chinese capital markets.

As a means to enhance the integrity of the Chinese capital market, Guanghai-Rotman Centre for Information and Capital Market Research in collaboration with New Fortune has developed the Information Transparency Index for all Chinese listed companies and released a white paper in January 2019.

Based on the Information Transparency Index surveys, and site visits, New Fortune and Guanghai-Rotman Centre will co-generate a list of the Best Chinese Listed Companies annually. Those top ranked 50 companies are named as New Fortune Best Listed Companies NFLC. The purpose of creating NFLC is to facilitate the development of a transparent capital market in China.

The 1st "New Fortune Best Listed Company" List (In order of time to market)

Stock ID	Ticker	Company Name
000002	万科A	China Vanke Co.,Ltd.
600690	青岛海尔	Qingdao Haier Co.,Ltd.
000538	云南白药	Yunnan Baiyao Group Co., Ltd.
000039	中集集团	China International Marine Containers (Group) Co., Ltd
600887	伊利股份	Inner Mongolia Yili Industrial Group Co.,Ltd.
600795	国电电力	GD Power Development Co.,Ltd.
600104	上汽集团	SAIC Motor Corporation Limited
600276	恒瑞医药	Jiangsu Hengrui Medicine Co.,Ltd.
600019	宝钢股份	Baoshan Iron & Steel Co.,Ltd.
600309	万华化学	Wanhua Chemical Group Co.,Ltd.
000725	京东方A	BOE Technology Group Co.,Ltd.
600028	中国石化	China Petroleum & Chemical Corporation
600519	贵州茅台	Kweichow Moutai Co.,Ltd.
600548	深高速	Shenzhen Expressway Company Limited
600585	海螺水泥	Anhui Conch Cement Company Limited
600584	长电科技	Jiangsu Changjiang Electronics Technology Co.,Ltd.
600406	国电南瑞	NARI Technology Co., Ltd.
600900	长江电力	China Yangtze Power Co., Ltd.
600340	华夏幸福	China Fortune Land Development Co.,Ltd.
002024	苏宁易购	SUNING.COM CO.,LTD.
002049	紫光国微	Unigroup Guoxin Microelectronics Co., Ltd.
600048	保利地产	Poly Developments and Holdings Group Co., Ltd.
601398	工商银行	Industrial and Commercial Bank of China Limited
601628	中国人寿	China Life Insurance Company Limited
601318	中国平安	Ping An Insurance (Group) Company of China, Ltd.
601919	中远海控	COSCO SHIPPING HoldingsCo., Ltd.
601088	中国神华	China Shenhua Energy Company Limited

Stock ID	Ticker	Company Name
601601	中国太保	China Pacific Insurance (Group) Co., Ltd.
002202	金风科技	Xinjiang Goldwind Science&Technology Co.,Ltd
002230	科大讯飞	Iflytek Co.,Ltd.
002236	大华股份	Zhejiang Dahua Technology Co., Ltd.
601766	中国中车	CRR Corporation Limited
300015	爱尔眼科	Aier Eye Hospital Group Co.,Ltd
002311	海大集团	Guangdong Haid Group Co.,Limited
601801	皖新传媒	Anhui Xinhua Media Co., Ltd
002415	海康威视	Hangzhou Hikvision Digital Technology Co.,Ltd.
002466	天齐锂业	Tianqi Lithium Corporation
601018	宁波港	Ningbo Zhoushan Port Company Limited
300124	汇川技术	Shenzhen Inovance Technology Co., Ltd
300131	英唐智控	Shenzhen Yitao Intelligent Control Co., Ltd.
002572	索菲亚	Suofeiya Home Collection Co.,Ltd
300232	洲明科技	Unilumin Group Co., Ltd.
002594	比亚迪	BYD Company Limited
601800	中国交建	China Communications Construction Company Limited
300296	利亚德	Leyard Optoelectronic Co., Ltd.
601238	广汽集团	Guangzhou Automobile Group Co., Ltd.
601012	隆基股份	Longi Green Energy Technology Co., Ltd.
000333	美的集团	Midea Group Co.,Ltd.
603939	益丰药房	Yifeng Pharmacy Chain Co., Ltd.
001979	招商蛇口	China Merchants Shekou Industrial Zone Holdings Co.,Ltd



Guanghua-Rotman Centre for Information and Capital Market Research is a strategic partnership between Guanghua School of Management of Peking University and Rotman School of Management of University of Toronto. The Centre aims to deepen the understanding of Chinese capital markets and facilitate comparative research on developed and emerging markets through field studies and new technology.

Grounded in the rich cultural legacy of Peking University, Guanghua School of Management is at the forefront of China's social and economic progress. Over its more than 30-year history, Guanghua has become one of the leading business schools in Asia. At Guanghua, we share an unshakable commitment to advancing management knowledge, inspiring innovations and developing business leaders for China and the global community. Our faculty, known for their deep understanding of China's rapidly changing economy and complex business ecosystem, continue to redefine business education by mixing international perspectives with local knowledge and applying cutting-edge methodology to tackle economics and management issues on both a local and global scale.

The Rotman School of Management is part of the University of Toronto, a global centre of research and teaching excellence at the heart of Canada's commercial capital. Rotman is a catalyst for transformative learning, insights and public engagement, bringing together diverse views and initiatives around a defining purpose: to create value for business and society.

Guanghua School, Peking University



Rotman School, University of Toronto

新財富

NEW FORTUNE

New Fortune is a financial service provider that focuses on the main products of evaluation and data. We are committed to creating the standard of Chinese capital market. Combining the subjective and objective methods, New Fortune carries out transparent and independent evaluation of the major participants in capital market. Based on the capital market data and analysis, we provide reference for investment, financing and analysis for various parties in the market, promoting more effective allocation of resources.

Founded in March 2001, New Fortune has focused on the subdivision of capital market. Through launching a series of professional rankings such as "Best Analyst of New Fortune" and "New Fortune Golden Board Secretaries", New Fortune has established the evaluation criteria for core positions and institutions in the capital market. New Fortune also expands the influence and formed the voice among the listed companies and financial investment institutions. The soft and hard power of our brand and the basic database is growing. Every year, the rankings of New Fortune affect the flow of trillions of institutional funds.

Based on the evaluations, New Fortune has collected the exclusive data on Chinese capital market across aspects such as investment, research, behavior preferences of capital intermediaries and listed companies, occupational value and survival status of major groups. Based upon that, New Fortune conducts the yearly in-depth analysis and publishes reports, which shows the status as one of the institutions that understand the capital market best.

Meanwhile, New Fortune owns the leading Finance & Economic magazine New Fortune, an official Weibo account and an official Wechat account which have more than 3 million subscribers. In this way, the evaluations, research results and derivatives of New Fortune are widely disseminated on the media platforms and interacts with users in depth.