



Putting Beneficial Ownership Disclosure into
Practice in Asian Publicly Listed Companies:

A Missed Opportunity

Draft Background Report

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Executive Summary

There is a broad consensus amongst regulators and other stakeholders that investor confidence in financial markets is contingent on the existence of an accurate disclosure regime that provides transparency in the beneficial ownership and control structures of publicly listed companies. This is seen as being particularly significant in financial markets that are characterized by concentrated ownership structures, such as Asia or Europe. In these regions, large investors with significant voting rights may facilitate long-term growth and firm performance. However, there is a well-documented risk that beneficial owners, with a controlling share of voting rights, may also have an incentive to divert corporate assets for personal gain.

In responding to this issue, many jurisdictions have passed legislation or introduced regulations obliging shareholders, usually up to the level of ultimate beneficial owners, to disclose a substantial ownership of shares¹. The rationale of such disclosure requirements seems obvious: by alerting minority investors or potential investors to the control and ownership structure of a firm, we allow them to make better investment decisions.

In order to understand how disclosure and transparency rules and regulations operate in practice this report examines information disclosure strategies amongst the largest listed firms in seven Asian jurisdictions. Four different sources of information on ownership (annual reports, company websites, security exchange and “securities and exchange commission” websites and English language wiki-pages) that are publicly available in the English language are examined. One question is particularly important in this report: How easy is it for a foreign investor to quickly collect information on beneficial ownership in a listed company from these publicly available sources (without doing additional research and going through the nuisance of collecting information from less accessible resources)?

Based on the findings of this analysis, the report concludes that regulators need to acknowledge the limits of the current regulatory model predicated on only mandatory disclosure. That is not to say that the current regime regarding beneficial ownership is always failing. It is widely acknowledged that disclosure of beneficial ownership needs to be mandated. However, the empirical analysis seems to suggest that these mandatory rules are usually not enough, since they incentivize a legalistic and minimal style of disclosure. For instance, the empirical study clearly shows that most firms adopt a “check-the-box” attitude to disclosure and, in many cases, online media and wiki-type websites can provide more useful information than the “official” sources. Moreover, the “cold” and formalistic presentation of the “facts” (in

¹ The definition of beneficial ownership varies across jurisdictions. For the definition used in this report, see Section 3.

the form of tabulated statistics) usually requires some prior technical knowledge of the company or the country where that company operates.

What should be done to improve the disclosure practice of listed companies? Again, the empirical study provides some important clues as to policy recommendations. First, the regulatory regime should require an additional description of who the ultimate beneficial owners are and how the ultimate beneficial owners own the shares of the company (e.g., through pyramid structures) as well as their role in the governance of the company is necessary to make the information relevant and useful for investors (particularly investors who are unfamiliar with the local situation). Second, accurate and accessible figures and charts of shareholdings up to the ultimate beneficial owners need to be provided. Such a visual representation of shareholdings is essential to give an instant and reliable feel for what is going on within the company. Third, the study highlights how a small number of firms are adopting a more open approach to communication. Such firms seem to recognize the multiple financial and strategic benefits that an open approach to disclosure can create. In this context, the task of regulators needs to be re-thought. The focus on merely disclosing ownership information needs to be complemented with a more complex and subtle task of encouraging firms to embrace open communication and providing meaningful guidance as to best practice in communication strategies.

1. Introduction

This Report is the third in a series of studies on the disclosure of beneficial ownership of large publicly listed companies. By way of a preliminary definition, a beneficial owner is usually defined as the natural person who has power to exercise controlling influence over the voting rights attached to shares. Current thinking suggests that investor confidence in financial markets depends, to a significant degree, on an effective regulatory regime that aims at transparency in the beneficial ownership and control structures of such companies. Investors with such information are better situated to make reliable investment decisions about the prospects of such firms, improving the efficiency in capital allocation of financial markets.

An earlier OECD report “Disclosure of Beneficial Ownership and Control in Listed Companies in Asia” focused on the status of regulation in selected Asian jurisdictions. The report summarized “questionnaire responses” from ten Asian “OECD Corporate Governance Roundtable” jurisdictions. It described the legal and regulatory regimes and best practices governing the rules and regulations regarding the disclosure and reporting of ownership and control structures in listed companies in Asian jurisdictions. The report showed that in dealing with beneficial ownership and control issues, the responding countries have implemented an array of legal and regulatory instruments aimed at information disclosure. In most jurisdictions, these instruments are included in their securities laws and regulations (including listing rules), but can sometimes also be found in tax and company laws. Moreover, the report concluded that there was a significant degree of convergence in regulatory frameworks.

In a second report for the World Bank, the accurateness and accessibility of such disclosure was examined by looking at the annual reports of the twenty largest companies across fourteen selected jurisdictions around the world. The key takeaway from this empirical study on disclosure in annual reports was that – even in those jurisdictions that have a robust disclosure regime – the majority of firms engage in “grudging” or “boilerplate” compliance in which ownership and control structures are not adequately revealed in an accessible way. Perhaps more importantly, the study also revealed that the impact of these ownership structures on the governance of a company was often obscured, leaving investors and other stakeholders contemplating entering into a business relationship with inadequate information.

Interestingly, however, a small number of firms in the sample engaged in what we characterized as “open communication” in which information on ownership structures and its effect on governance were presented in a clear, direct and personalized form. Such firms recognized the commercial and other strategic benefits to be gained from “open communication”, and the World Bank report explored the implications of such an approach for both business and regulators. In particular, the report argued that open communication about

ownership and control structures could bring multiple financial and strategic benefits for individual firms. Moreover, an open communication strategy highlights the “gap” in approach between the different types of company, alerting all stakeholders to the possible risks associated with engaging with companies that do not embrace such openness. In this way, the efficiency of the market mechanism can also be enhanced, by creating some pressure on more recalcitrant firms to engage in more meaningful communication.

The starting point for this study is the suggestion that, in the modern world, company annual reports are not the only – or the most natural – place that a potential investor would look in order to establish accessible and reliable information on the beneficial ownership of a company. As the earlier study found, such reports do not usually provide extensive information and the limited information that is disclosed (which may not even be current) is usually presented in a formalistic and legalistic style.

It was therefore decided to conduct a further study that compares, in more detail, alternative sources of information for selected Asian jurisdictions in order to establish whether the earlier conclusions about “grudging” disclosure are generally applicable to a range of information sources. In this study, four types of source of information are discussed and analyzed, notably (i) annual reports, (ii) company websites, (iii) stock exchange and securities regulators websites and (iv) “social and online media”, in the form of English language “wiki” pages.

The report is structured as follows: to provide some context, Section 2 briefly introduces the issue of beneficial ownership, Section 3 offers an overview of the current regulatory approach to the issue (i.e., mandatory disclosure rules) and Section 4 examines the accessibility and available mechanisms for verifying the accuracy of disclosed information. Section 5 outlines the methodology adopted for the empirical analysis in this report. Section 6 provides country specific findings on disclosure for each of the different sources examined. Section 7 summarizes the main conclusions, namely that existing regulatory approaches that seek to compel disclosure seem to incentivize “grudging” compliance. Finally, Section 8 offers recommendations and an alternative approach that aims to “nudge” both firms and regulators into recognizing the financial and strategic benefits of accessible and open communication. Section 9 concludes.

2. What is Beneficial Ownership?

Public trust in corporations and markets depends on the existence of an accurate disclosure regime that provides transparency in the beneficial ownership and control structures of companies. Beneficial ownership information is necessary to detect and prevent tax evasion, corruption, money laundering, terrorist financing, and other illicit behavior involving one or more companies.

What is particularly important in the context of this report is that investor confidence in financial markets is contingent on the existence of an accurate regulatory disclosure regime that provides transparency in the beneficial ownership and control structures of publicly listed companies. Clearly, this regime is of significance in financial markets that are characterized by concentrated ownership structures, such as Asia, Europe and increasingly also the United States. In these regions, large investors with significant voting rights may facilitate long-term growth and firm performance. However, there is a well-documented risk that beneficial owners, with a controlling share of voting rights, may also have an incentive to divert corporate assets and exploit opportunities for personal gain. Such actions are clearly to the detriment of minority investors and run counter to the best interests of the company. Protecting minority investors and ensuring the most efficient allocation of capital is therefore seen as a key issue in the contemporary regulation of capital markets.

In responding to this issue, jurisdictions have passed legislation, obliging shareholders to disclose substantial “beneficial ownership” of shares. The rationale of such disclosure requirements seems obvious: by alerting minority investors or potential investors to the control and ownership structure of a firm, we allow them to make a better judgment on the question of the company’s operations, performance and prospects.

However, designing an effective legal framework that facilitates the disclosure of beneficial owners has not been easy. At least in their annual reports, the majority of companies engage in a “grudging” or “boilerplate” style of disclosure in which formal requirements are met, but the ultimate owner is often difficult and, in many cases, impossible to identify with any degree of certainty. Such firms signal to the market the greater risk that attaches to an investment. In the medium to long term, there are doubts about their capacity to attract sustained rounds of new investment.

The result? The ownership of a company is often obscured or, in many cases, is impossible to establish in a clear way. Unsurprisingly, this failure has led to calls for stricter disclosure rules and regulations. Although strict mandatory disclosure rules have an important role to play notably in relation to anti-money laundering or corporate corruption, this report argues that

“smarter” disclosure rules and other options might complement the current rules-based regime.

Indeed, the earlier OECD report showed that even with a disclosure regime in place there are a number of strategies that companies often employ for concealing the true identity of the ultimate beneficial owner of a company’s shares. Examples of the strategies, which were also used in the Panama Papers saga, are the use of pyramid structures and chains of local and particularly offshore corporate vehicles. The availability of multiple strategies for concealment creates a perception that the regulatory framework – and particularly the disclosure regime – is failing to adequately and accurately address the issue of beneficial ownership and control.

However, an interesting finding of this and earlier studies is that a small number of companies with concentrated ownership structures go beyond what they are obliged to reveal by the disclosure rules. Such companies present additional information and this additional information is presented in an accessible, engaging and sometimes even personalized style. The suggestion here will be that this approach – which could be characterized as “open communication” – is an effective means of generating investor confidence and new relationships that can add value to a business.

In what follows, it is suggested that the current approach of merely providing ownership information needs to be complemented by a regulatory regime that focuses on encouraging and empowering companies to better communicate with the market by adopting more open, imaginative and individualized disclosure policies. This will highlight the “gap” in approach between the two types of company and alert investors to the risks associated with investing in companies that do not employ such openness. By doing so, the operation of the market mechanism can be accelerated further reinforcing the need for meaningful disclosure.

Before turning to these issues, however, it is worth briefly considering the agency problems that have been identified in different types of securities markets and the underlying rationale for rules requiring greater disclosure of control structures.

In those markets that are characterized by small, and widely dispersed shareholdings – i.e., liquid trading markets – the focus of the corporate governance discussion has been on creating mechanisms that are intended to curtail agency problems, notably those that arise between self-interested management and passive investors. These problems are usually explained by the “vertical agency relationship” in which the managers are the agents and the shareholders are the principals. This type of agency problem stems from shareholders being disengaged from the task of monitoring and, if necessary, disciplining management. The “separation of ownership and control” provides management with the opportunity to take advantage of their informational advantage regarding a company’s strategies, policies and prospects, without the

risk of being detected.

In the concentrated ownership – or “blockholder” systems – the scale of the “vertical agency problem” is mitigated because some investors tend to hold a disproportionately larger stake in listed companies. Such investors have both the incentive and capacity to monitor and discipline management.

With regard to blockholder systems, a distinction can be made between two types of listed firms. Firstly, there are institutional investor “controlled” companies, in which the substantial voting rights and cash-flow rights are identical and based on the proportion of total shares held. These institutional investors, generally referred to as “outside block holders”, make listed companies susceptible to a three-way conflict between controlling shareholders, managers and minority shareholders. Since outside blockholders usually mitigate the problems related to managerial opportunism, it is not surprising that policy makers and regulators focus on possible conflicts that may occur in the “horizontal agency relationship” between outside blockholders (and the managers who have an incentive to respond to their demands) and passive minority investors.

Note that in the current financial world, institutional investors are inclined to focus on short-term returns. The short-term stance of the outside blockholders’ investment strategy exposes the minority shareholders to opportunistic behavior. The fact that outside blockholders have increasingly used derivative instruments and short-selling techniques in order to make profits, merely serves to compound the “horizontal agency problem” between outside blockholders and minority investors.

Secondly, there are those listed companies, such as the many family-owned – and sometimes even state-owned – companies, with “inside blockholders”, who actually hold management positions or serve on the board of directors of the companies in which they invest. “Vertical agency problems” are irrelevant in this context, but “horizontal agency problems” are a major concern in listed companies with sizeable inside blockholders.

In this context, the controlling shareholders may employ several strategies to extract resources and assets from firms that they control, thereby significantly increasing horizontal agency costs. Obvious risks include: (1) dilutive share issues, (2) insider trading, (3) withholding important information from prospective investors, (4) allocation of corporate opportunities and business activities and (5) related party transactions.

Disclosure rules are seen as an effective solution to these risks and the rationale behind such disclosure requirements seems clear: disclosure and transparency regarding material changes

in control and ownership structures allows investors and other stakeholders to have a better understanding of a company's prospects and capital allocations.

3. The Legal and Regulatory Landscape

In dealing with beneficial ownership and control issues, countries have implemented an array of legal and regulatory provisions aimed at information disclosure. In most jurisdictions, these provisions are included in their securities laws and regulations, including the listing rules of stock exchanges. This Section will briefly summarize some of the main features of the current legal framework for ensuring disclosure of beneficial ownership.

At the core of most disclosure laws is a definition of the beneficial owner. In general terms, a beneficial owner is usually defined as the natural person who is entitled to the benefits accruing from the beneficial ownership of securities, and/or has power to exercise controlling influence over the voting rights attached to the shares. In the context of this report, this definition is too limited, since a significant number of listed companies are owned and controlled by governments (so-called state-owned enterprises).

Different jurisdictions fill out this basic conception of beneficial ownership in various ways. In some jurisdictions, the definition of beneficial ownership is restricted to certain benefits, most obviously the pecuniary benefits attached to the shares. In contrast, other jurisdictions define a beneficial owner as the ultimate owner of the deposited securities who is entitled to all rights, benefits, powers and privileges and is subject to all liabilities, duties and obligations in respect of, or arising from, the deposited securities. Despite the differences, it is fair to say that there is a significant degree of convergence regarding the disclosure of beneficial ownership in the various legal and regulatory systems around the world.

Broadly speaking, three groups of natural persons/legal entities are required to disclose beneficial ownership information. The first group consists of directors and chief executives/senior officers regardless of their actual shareholding percentage. The second group includes substantial shareholders which are classified by a minimum shareholding percentage, usually fixed at 3%, 5%, 10% or sometimes as high as 25%. Finally, listed companies are often required to disclose information about the names of their major shareholders (and usually also the beneficial owners).

In general, disclosure of beneficial ownership is mandated first from the (potential) beneficial owners themselves. These persons (including their authorized nominees) have the obligation to report the relevant information about their beneficial ownership in the company, which in turn,

should record such information in its register of shareholders, prospectus, and/or periodical reports (if and where applicable).

Here it should be noted that most jurisdictions distinguish between *de jure* and *de facto* beneficial ownership. Because it is the rule rather than the exception to look at *de facto* beneficial ownership in addition to *de jure* beneficial ownership, a crucial issue is the content of such *de facto* ownership. Applying such an approach will result in shares held under the name of third parties also being counted under the control of the beneficial owner.

The first and most straightforward category is when the shareholders are natural persons. Applying the concept of *de facto* beneficial ownership results in the securities held by a person's spouse and/or children being counted as securities held by that person. This is a common practice adopted in most jurisdictions around the world.

The second category is when another company holds the shares of a listed company. The *de facto* approach would certainly require disclosure being made beyond the level of the signatory of the "institutional" shareholder, but the key issue here is how far the disclosure could reach. Is a beneficial owner recognized at the first, second, or the ultimate layer of beneficial ownership of shares in listed companies? Although most jurisdictions do mandate the disclosure to be made to the level of ultimate beneficial owner(s), their answers to this question still vary a great deal in terms of the technical particularities about how to reach the ultimate beneficial owners. One example is the threshold of shareholding that would constitute "control" in a company. In the earlier OECD report, the threshold varied from 20% to 33%.

The third category consists of owners who employ control-enhancing mechanisms to attain voting/control rights in excess of the cash flow rights. Typically, such mechanisms include pyramid structures, cross-shareholdings, dual class shares and non-voting shares, derivative products of shares (depository receipts), and shareholder coalitions, agreements and other "acting in concert" arrangements. Certainly, while using mechanisms to enhance control in general is not uncommon, one jurisdiction can differ from another in terms of the extent of regulatory acceptance of these mechanisms, resulting in one or more of them being illegal or, at least, somehow conditioned in certain countries.

Once disclosure rules are in place, the next consideration is to ensure that the information is clear, accurate and easily accessible.

4. The Accessibility and Accurateness of Disclosure

In the previous Section, we have seen that rules and regulations tend to acknowledge that both beneficial owners and the listed company are under a general obligation to disclose. Unsurprisingly, they must do this in an accurate and timely manner by, for instance, making changes to the shareholders' register, the articles of association and/or the prospectus. Moreover, jurisdictions usually require reports to be filed and public announcements to be made when changes in beneficial ownership arrangements occur through an acquisition or disposal of securities. Finally, beneficial ownership and control information usually has to be included in annual reports, shareholder circulars and other periodical reports. In order to ensure that the information is easily accessible to and verifiable by investors and other stakeholders, most jurisdictions require that the reports are made available through the companies' websites and often also through the websites of the national stock exchanges and/or securities regulators.

What is interesting (and to a certain extent surprising) is that regulators appear to believe (see also the earlier OECD report) that the disclosed information is accurate and up-to-date. Three different regulatory approaches are available to ensure such accuracy:

- (1) The disclosed information can be compared with earlier and/or later reports, and/or with the information received from other sources.
- (2) Regulatory authorities are often empowered to investigate and verify the disclosed information.
- (3) The correctness, reliability, timing and accurateness of the information is ensured by imposing different forms of liability – including criminal liability – for the failure to comply with the disclosure rules and regulations.

Clearly, these three regulatory approaches are not mutually exclusive, and many jurisdictions adopt some combination of approaches.

This approach to ensuring access to accurate information sounds plausible in theory, but questions remain. Indeed, despite the regulatory regime, companies use a plethora of strategies to conceal the true identity of the ultimate beneficial ownership positions. This raises the following questions: How does disclosure of beneficial ownership and control work in practice? Other obvious questions that need to be explored would include: Do the regulatory approaches result in the disclosure of useful information or have they merely created a "check-the-box" attitude in which firms disclose the information in a formalistic way in order to meet

the minimum requirements set by law? Where can you *actually* find the best information on the ultimate beneficial owner? And for potential overseas investors unfamiliar with the local situation, how easy is it to find the information and how complete is the information regarding the beneficial ownership structures?

In order to address some of these questions, we now turn to the empirical study of disclosure in selected jurisdictions, starting with an introduction to the methodological approach adopted in this study.

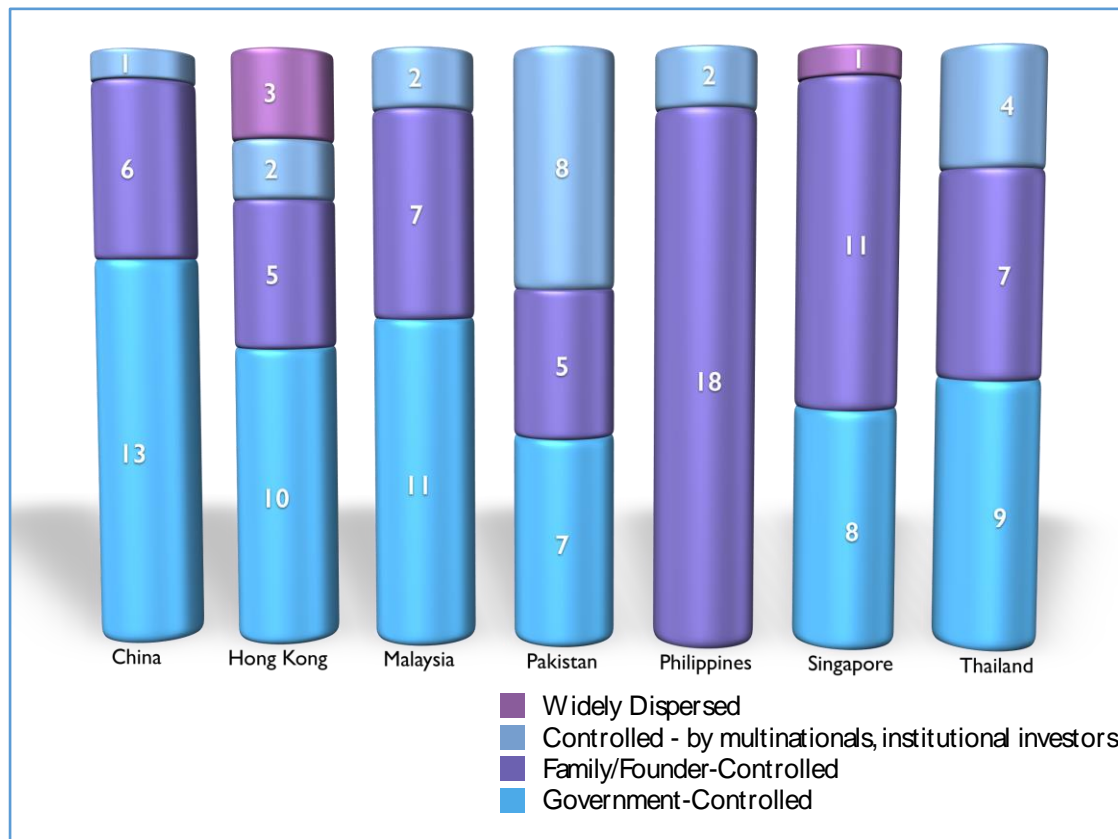
5. A Note on Methodology

The earlier World Bank study on disclosure of beneficial ownership focused on the narrow question of information disclosure in annual reports. That study was one part of a larger project that focused on annual reports only and the content of such reports. In particular, different elements of such reports were examined empirically, notably corporate governance statements, financial statements, related party transactions and beneficial ownership.

The aim of this study is to dig deeper into the issue of beneficial ownership disclosure by examining multiple possible sources for such information and comparing those sources across several jurisdictions. The intention was to ask whether the findings of the study of annual reports were generalizable to other possible sources of information on beneficial ownership.

In order to achieve this goal, the information disclosure for the top twenty firms across seven selected jurisdictions was examined. The seven selected jurisdictions were People's Republic of China; Hong Kong, China; Malaysia; Pakistan; the Philippines; Singapore; and Thailand. The top twenty firms selected to be included were the largest firms in each jurisdiction according to market capitalization on the local stock index as of May 29, 2015. In China, the list of the top twenty firms with the largest market capitalization was derived from both the Shanghai and Shenzhen Exchanges. Among the twenty firms, sixteen were from Shenzhen and four from Shanghai, after excluding the firms that were overlapping with the Hong Kong, China dataset (due to a dual-listing in Hong Kong, China).

Figure 1: Ownership Structures in the Researched Jurisdictions



With regard to the choice of jurisdictions there were a number of considerations. First, since this study is a follow-up to the earlier OECD report “Disclosure of Beneficial Ownership and Control in Listed Companies in Asia”, it was preferable to focus on the jurisdictions which were included in the questionnaire survey conducted in 2014/2015. What was interesting is that the selected jurisdictions showed significant differences when taking the prevailing ownership structures into account. Clearly, most jurisdictions could be characterized as blockholder systems. However, there were significant differences between the ownership structures. In China, for instance, state-owned enterprises play a pivotal role, whereas the Philippines market is clearly “dominated” by family-owned companies. Moreover, as indicated in *Figure 1*, Pakistan has a relatively large number of multinational-controlled companies.

The decision was made to focus on the largest listed companies in the selected jurisdictions. Why? The answer is straightforward and simple. The aim of this study was not to examine the issue of whether companies comply with local transparency and disclosure rules, but rather to examine *how* companies present information on beneficial ownership. The assumption was that the largest companies within each jurisdiction are most likely to be in compliance with the rules, partly because it is those firms that are most likely to be subjected to a higher degree of regulatory scrutiny. The fact that many of the selected firms are frequent winners of “best-in-class” corporate governance awards (according to the disclosed information in the annual reports) is a clear indicator that this assumption is probably correct. In general, this is less likely

to be true of smaller, less scrutinized firms, raising concerns that those firms are simply not complying with the rules.

In this study, four sources for the information for each of the twenty companies in the seven jurisdictions were examined:

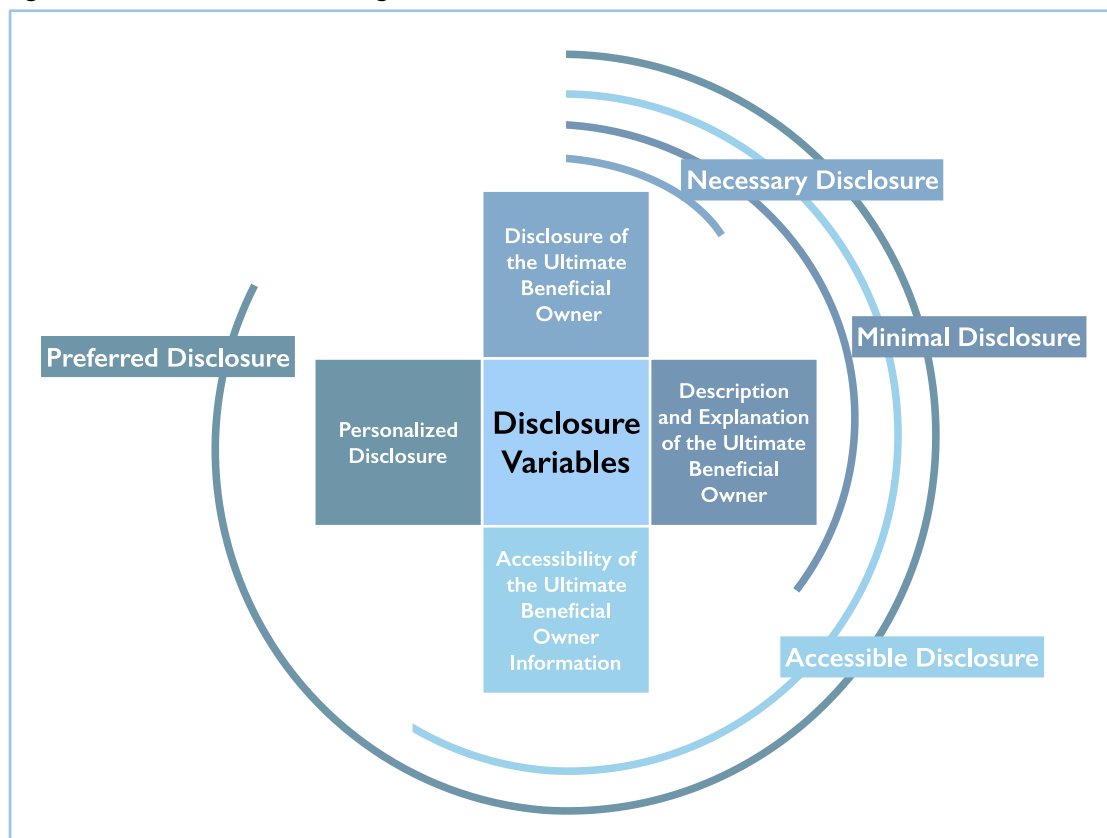
- (1) *Company Annual Reports*. The 2015 editions of the annual reports were examined.
- (2) *Company Websites*. The study focused on the ownership information on the company's websites, particular attention was given to the "investor relations" sections of the respective websites.
- (3) *Stock Exchange and Securities Regulator Websites*. Publicly available information on stock exchange and websites or securities regulator websites were also analyzed.
- (4) *English-language "wiki" pages*. As a final step, a "non-official" possible source of information was included in the study. Since we live in an age of social media and networked technologies, the last source of information that was selected was English language wiki pages for each of the companies in the study. Such web pages are produced on a voluntary basis by third parties. The hypothesis that was explored was whether such pages provided a more accessible and meaningful source of information than the companies themselves or regulators.

In analyzing each of the above four sources of information for each company in each of the selected jurisdictions, we asked four questions about the presence or absence of four different variables (see also *Figure 2*):

- (1) *Name of Ultimate Beneficial Owner*. Is the name of the ultimate beneficial owner revealed? This could be a person (natural or legal) or the state. If "only" the name of the ultimate beneficial owner is disclosed the company is included in the "necessary disclosure" category.
- (2) *A Description or Explanation of the Ultimate Beneficial Owner*. Is there a description of the owner or an explanation of who the ultimate beneficial owner is? Is more information given than simply a name? A positive answer means that the company could be included in the "minimal disclosure" category.
- (3) *Accessibility of Information*. Is the information easily accessible? Is it instantly visible? The "accessible disclosure" category consists of companies for whom the beneficial ownership structure is disclosed through visually accessible charts and figures.

(4) *A Message Connecting Ownership with Control*. Is there a more personalized message explaining what the owner wants from their ownership? What are the intentions of the owner and how is the ownership connected to the owners' "personal" goals and objectives? Is the information available to judge whether the ownership is an active or passive "investment"? How do the ownership goals impact upon the governance of the company? Clearly, a more "personalized" message would provide investors and other stakeholders with the most effective information. This category is referred to as "preferred disclosure".

Figure 2: The Variables and Categories of Disclosure



The highlights of the analysis and complete study results will be discussed in the next Section.

Moreover, the research allows for the identification of best practices based upon what the analyzed listed companies are doing right now in terms of information disclosure. These practices focus not only on the type of information that is being disclosed, but also the style and method of such disclosure. The report will thus enable policy makers and regulators to focus on communicating to the business community that by adopting such "best practice" a firm will be better placed to engage more effectively with the market. Such an approach offers the most effective means of minimizing risk to investors and ensuring the best allocation of resources in financial markets.

6. Disclosure in Practice

This section presents the country specific data derived from the empirical study. For each of the seven jurisdictions under review, we present the type of disclosure for each source of information in turn (i.e., annual reports, company websites, stock exchange and securities regulators websites, and English-language wiki pages). Each section also includes “best practices” and ends with some country specific conclusions.

6.1 China

Companies that are listed in China generally fall into the accessible disclosure category, suggesting that law matters in terms of affecting company practice. Undoubtedly, China Securities Regulatory Commission (CSRC) rules and regulations are the main drivers of the disclosure practice of Chinese listed companies. The *Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 - Contents and Formats of Annual Reports* (2014 Revision) contain detailed and stringent rules about the format in which the beneficial ownership information has to be disclosed (Article 40 of the Standards). The results are therefore not surprising. As *Figure 3* shows, most Annual Reports include the necessary (name of the ultimate beneficial owner) and minimal (description of the ultimate beneficial owner) information about the actual controlling owners and their relationship with the respective companies.

Figure 3: China: Beneficial Ownership and Annual Reports/Company Websites

	Annual Reports				Company Websites			
	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure
	95%	95%	80%	0%	10%	5%	0%	0%
Shenwan Hongyuan Group	●	●	●					
Guosen Securities Co.,Ltd.	●	●	●					
Ping An Bank Co., Ltd.								
GREE ELECTRIC APPLIANCES, INC.	●	●	●					
HANGZHOU HIKVISION DIGITAL TECH.	●	●	●					
BOETECHNOLOGY GROUP CO.LTD	●	●	●		●	●		
Midea Group CO., LTD	●	●	●					
GF SECURITIES CO., LTD	●	●	●					
CHINA VANKE CO., LTD	●	●	●					
WANDA CINEMA LINE CO., LTD	●	●	●					
SUNING COMMERCE GROUP CO., LTD.	●	●	●					
East Money Information Co., Ltd	●	●	●					
LESHI INTERNET INFORMATION & TECHNOLOGY	●	●	●					
BYD COMPANY LIMITED	●	●	●					
AVIC AIRCRAFT Co., Ltd.	●	●	●					
WULIANGYEYIBIN CO., LTD	●	●	●					
Agricultural Bank of China	●	●	●					
China Merchants Bank	●	●	●					
China South Locomotive & Rolling Stock	●	●	●		●			
Industrial Bank	●	●	●					

It should be noted, however, that these statements risk becoming standardized and somewhat “meaningless”. Indeed, most companies comply with the recently introduced rules and regulations without going beyond the “boilerplate” compliance. For instance, only 10 percent of the companies in our dataset have a reference to the ownership structure on their website, and such references are not what you would expect in the digital and networked age in which an online footprint becomes more and more important. The references found merely offer a simplified summary of what is found in the annual reports. The information provided on BEO Technology Group’s website is indicative of this approach (see *Figure 4*).

Figure 4: Beneficial Ownership - BOE Technology Group (*website*)

The screenshot shows the 'Investor Relations' section of the BOE Technology Group website. Under 'Stock Information', the 'Top 10 Shareholders' tab is selected. A dropdown menu for 'Select time' is highlighted with a blue box and labeled 'Up-to-date information', showing '2016Q1' selected. Below this is a table listing the top 10 shareholders with their names, nature, shareholding percentages, and the number of shares held.

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of the shares held	Number of restricted shares held
Beijing State-owned Capital Operation and Management Center	State-owned Corporation	11.56%	4,063,333,333	4,063,333,333
Chongqing Ezcapital Opto-electronics Industry Investment Co., Ltd.	State-owned Corporation	8.53%	3,000,000,000	3,000,000,000
Hefei Jianxiang Investment Co., Ltd.	State-owned Corporation	8.13%	2,857,142,857	2,857,142,857
Hua An Fund-ICBC-Zhongrong International Trust-Zhongrong-Assembled Funds Trust Plan of Rongjing No. 1	Other	4.45%	1,564,126,904	
China Securities Finance Corp.	Other	2.49%	876,935,991	
Beijing BOE Investment & Development Co., Ltd.	State-owned Corporation	2.34%	822,092,180	
Beijing Economic-Technological Investment & Development Corp.	State-owned Corporation	1.93%	677,423,641	
Hefei Rongke Project Investment Co., Ltd.	State-owned Corporation	1.92%	675,026,803	
Beijing BDA Technological Investment Development Co., Ltd.	Other	1.60%	564,000,000	
Beijing Electronics Holdings Co., Ltd.	Nation	0.78%	273,735,583	

What is good about the information on the website is that it provides the company the opportunity to keep the information up-to-date. For instance, the website of BEO technology Group provides quarterly updates, making the information more relevant than the information found in the Annual Report. Still, the Annual Report provides more detailed information, such as an explanation about “acting in concert” arrangements and shareholders agreements, a description of the controlling shareholder and the actually controlling shareholder/ultimate beneficial owner, and a chart depicting the ownership structure. See *Figures 5a to 5c*.

Figure 5a: Beneficial Ownership - BOE Technology Group (annual report)

The 2015 Annual Report of BOE Technology Group Co., Ltd.

III. Shareholders and actual controller

1. Total number of shareholders and their shareholding situation

Unit: share

Total number of common shareholders at the period-end	1,408,570 (including 1,361,095 A-share holders and 47,475 B-share holders)	Total number of common shareholders at the prior month-end before the disclosure of this Report	1,455,885 (including 1,408,069 A-share holders and 47,816 B-share holders)					
Shareholdings of shareholders with a shareholding percentage over 5% or the top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase/decrease during the Reporting Period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares	
							Status of shares	Number of shares
Beijing State-owned Capital Operation and Management Center	State-owned Corporation	11.56%	4,063,333,333	0	4,063,333,333	0		
Chongqing Ezcapital Opto-electronics Industry Investment Co., Ltd.	State-owned Corporation	8.53%	3,000,000,000	0	3,000,000,000	0	Pledged	955,000,000
Hefei Jianxiang Investment Co., Ltd.	State-owned Corporation	8.13%	2,857,142,857	0	2,857,142,857	0		
Hua An Fund-ICBC-Zhongrong International Trust-Zhongrong-Assembled Funds Trust Plan of Rongjing No. 1	Other	4.45%	1,564,126,904	-340,635,000	0	1,564,126,904		
China Securities Finance Corp.	Other	2.99%	1,051,078,931	1,051,078,931	0	1,051,078,931		

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The 2015 Annual Report of BOE Technology Group Co., Ltd.

Beijing BOE Investment & Development Co., Ltd.	State-owned Corporation	2.34%	822,092,180	-38,888,900	0	822,092,180		
Beijing Economic-Technological Investment & Development Corp.	State-owned Corporation	1.93%	677,423,641	-170,226,359	0	677,423,641		
Hefei Rongke Project Investment Co., Ltd.	State-owned Corporation	1.92%	675,026,803	0	675,026,803	0		
Beijing BDA Technological Investment Development Co., Ltd.	Other	1.60%	564,000,000	-36,000,000	0	564,000,000		
Beijing Electronics Holdings Co., Ltd.	On behalf of the State	0.78%	273,735,583	-1,568,300	0	273,735,583		
Strategic investors or general corporations becoming top-ten shareholders due to placing of new shares (if any) (see Note 3)	N/A							
Related or acting-in-concert parties among the shareholders above	<p>1. Beijing State-owned Capital Operation and Management Center held 100% equities of Beijing Electronics Holdings Co., Ltd.</p> <p>2. Beijing Electronics Holdings Co., Ltd. held 66.25% equities of Beijing BOE Investment & Development Co., Ltd. and was its controlling shareholder.</p> <p>3. Beijing Economic-technological Investment & Development Corp held 49% equities of Beijing BDA Technological Investment Development Co., Ltd., and the above two companies were both controlled by Beijing Economic and Technological Development Zone Management Committee as well as were persons acting in concert.</p> <p>4. After the non-public issuing of BOE in 2014, Hefei Jianxiang Investment Co., Ltd. and Chongqing Capital Photoelectricity Investment Co., Ltd., by entering into <i>Implementation Protocol of Voting Right</i> respectively, agreed to maintain all of the shares held by them respectively unanimous with Beijing BOE Investment & Development Co., Ltd. when executing the voting rights of the shareholders.</p> <p>5. After the non-public issuing of the Company in 2014, Beijing State-owned Capital Operation and Management Center handed over 70% of the shares directly held by it to Beijing Electronics Holdings Co., Ltd. for management through <i>Stock Management Protocol</i>, and Beijing Electronics Holdings Co., Ltd. gained the incidental shareholders' rights except for disposing right and usufruct of the shares, of which the</p>							

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Figure 5b: Beneficial Ownership - BOE Technology Group (annual report)

The 2015 Annual Report of BOE Technology Group Co., Ltd.			
	rest 30% voting right maintained unanimous with Beijing Electronics Holdings Co., Ltd. through the agreement according to <i>Implementation Protocol of Voting Right</i> .		
	6. Except for relationship among the above shareholders, the Company is not aware of whether the other top ten shareholders exist associated relationship or not, or they are persons acting in concert or not.		
Shareholdings of the top ten non-restricted shareholders			
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares	
		Type	Number
Hua An Fund-ICBC-Zhongrong International Trust-Zhongrong-Assembled Funds Trust Plan of Rongjing No. 1	1,564,126,904	RMB ordinary shares	1,564,126,904
China Securities Finance Corp.	1,051,078,931	RMB ordinary shares	1,051,078,931
Beijing BOE Investment & Development Co., Ltd.	822,092,180	RMB ordinary shares	822,092,180
Beijing Economic-Technological Investment & Development Corp.	677,423,641	RMB ordinary shares	677,423,641
Beijing BDA Technological Investment Development Co., Ltd.	564,000,000	RMB ordinary shares	564,000,000
Beijing Electronics Holdings Co., Ltd.	273,735,583	RMB ordinary shares	273,735,583
Central Huijin Asset Management Co., Ltd.	248,305,300	RMB ordinary shares	248,305,300
ChongqingJiangbeizui CBD Investment Group Co., Ltd.	107,095,238	RMB ordinary shares	107,095,238
Sinotrans Air Transportation Development Co., Ltd.	78,200,000	RMB ordinary shares	78,200,000
ICBC Credit Suisse fund- Agricultural Bank of China-ICBC Credit Suisse China Securities Finance Assets Management	55,558,900	RMB ordinary shares	55,558,900
Related or acting-in-concert parties among the top ten non-restrictedly tradable share holders and between the top ten non-restrictedly tradable share holders and the top ten	1. Beijing State-owned Capital Operation and Management Center held 100% equities of Beijing Electronics Holdings Co., Ltd. 2. Beijing Electronics Holdings Co., Ltd. held 66.25% equities of Beijing BOE Investment & Development Co., Ltd. and was its controlling shareholder.		

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The 2015 Annual Report of BOE Technology Group Co., Ltd.	
shareholders	<p>3. Beijing Economic-technological Investment & Development Corp held 49% equities of Beijing BDA Technological Investment Development Co., Ltd., and the above two companies were both controlled by Beijing Economic and Technological Development Zone Management Committee as well as were persons acting in concert.</p> <p>4. After the non-public issuing of BOE in 2014, Hefei Jianxiang Investment Co., Ltd. and Chongqing Capital Photoelectricity Investment Co., Ltd., by entering into <i>Implementation Protocol of Voting Right</i> respectively, agreed to maintain all of the shares held by them respectively unanimous with Beijing BOE Investment & Development Co., Ltd. when executing the voting rights of the shareholders.</p> <p>5. After the non-public issuing of the Company in 2014, Beijing State-owned Capital Operation and Management Center handed over 70% of the shares directly held by it to Beijing Electronics Holdings Co., Ltd. for management through <i>Stock Management Protocol</i>, and Beijing Electronics Holdings Co., Ltd. gained the incidental shareholders' rights except for disposing right and usufruct of the shares, of which the rest 30% voting right maintained unanimous with Beijing Electronics Holdings Co., Ltd. through the agreement according to <i>Implementation Protocol of Voting Right</i>.</p> <p>6. Except for relationship among the above shareholders, the Company is not aware of whether the other top ten shareholders exist associated relationship or not, or they are persons acting in concert or not.</p>
Top ten common shareholders conducting securities margin trading	N/A
Did any top 10 common shareholder or any top 10 common shareholder with non-restricted share of the Company carry out an agreed buy-back in the Reporting Period?	
☐ Yes ☐ No	
No top 10 common shareholder or any top 10 common shareholder with non-restricted share of the Company carried out any agreed buy-back in the Reporting Period.	

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Figure 5c: Beneficial Ownership - BOE Technology Group (annual report)

The 2015 Annual Report of BOE Technology Group Co., Ltd.					The 2015 Annual Report of BOE Technology Group Co., Ltd.																								
2. Particulars about the controlling shareholder					Nature of the actual controller: Local management organization for state-owned assets Type of the actual controller: Corporation																								
Corporation					<table border="1"> <thead> <tr> <th>Name of actual controller</th> <th>Legal representative / company principal</th> <th>Date of establishment</th> <th>Organization code</th> <th>Business scope</th> </tr> </thead> <tbody> <tr> <td>Beijing Electronics Holdings Co., Ltd.</td> <td>Wang Yan</td> <td>1997-04-08</td> <td>63364799-8</td> <td>Operation and management of state-owned assets within authorization; communications equipments, audio & visual products for broadcasting and television; computer and its supporting equipments and the applied products; electronic raw material and components; home electric appliances and electronic products; electronic surveying instruments and meters; mechanical and electric equipments; electronic transportation products and investment in business fields other than electronics and its management; development of real estate, lease and sales of commodity apartments; property management.</td> </tr> </tbody> </table>					Name of actual controller	Legal representative / company principal	Date of establishment	Organization code	Business scope	Beijing Electronics Holdings Co., Ltd.	Wang Yan	1997-04-08	63364799-8	Operation and management of state-owned assets within authorization; communications equipments, audio & visual products for broadcasting and television; computer and its supporting equipments and the applied products; electronic raw material and components; home electric appliances and electronic products; electronic surveying instruments and meters; mechanical and electric equipments; electronic transportation products and investment in business fields other than electronics and its management; development of real estate, lease and sales of commodity apartments; property management.										
Name of actual controller	Legal representative / company principal	Date of establishment	Organization code	Business scope																									
Beijing Electronics Holdings Co., Ltd.	Wang Yan	1997-04-08	63364799-8	Operation and management of state-owned assets within authorization; communications equipments, audio & visual products for broadcasting and television; computer and its supporting equipments and the applied products; electronic raw material and components; home electric appliances and electronic products; electronic surveying instruments and meters; mechanical and electric equipments; electronic transportation products and investment in business fields other than electronics and its management; development of real estate, lease and sales of commodity apartments; property management.																									
<table border="1"> <thead> <tr> <th>Name of controlling shareholder</th> <th>Legal representative / company principal</th> <th>Date of establishment</th> <th>Credibility code</th> <th>Main business scope</th> </tr> </thead> <tbody> <tr> <td>Beijing Electronics Holdings Co., Ltd.</td> <td>Wang Yan</td> <td>1997-04-08</td> <td>63364799-8</td> <td>Operation and management of state-owned assets within authorization; communications equipments, audio & visual products for broadcasting and television; computer and its supporting equipments and the applied products; electronic raw material and components; home electric appliances and electronic products; electronic surveying instruments and meters; mechanical and electric equipments; electronic transportation products and investment in business fields other than electronics and its management; development of real estate, lease and sales of commodity apartments; property management.</td> </tr> </tbody> </table>					Name of controlling shareholder	Legal representative / company principal	Date of establishment	Credibility code	Main business scope	Beijing Electronics Holdings Co., Ltd.	Wang Yan	1997-04-08	63364799-8	Operation and management of state-owned assets within authorization; communications equipments, audio & visual products for broadcasting and television; computer and its supporting equipments and the applied products; electronic raw material and components; home electric appliances and electronic products; electronic surveying instruments and meters; mechanical and electric equipments; electronic transportation products and investment in business fields other than electronics and its management; development of real estate, lease and sales of commodity apartments; property management.	<table border="1"> <thead> <tr> <th>Name of actual controller</th> <th>Legal representative / company principal</th> <th>Date of establishment</th> <th>Organization code</th> <th>Business scope</th> </tr> </thead> <tbody> <tr> <td>Beijing Electronics Holdings Co., Ltd.</td> <td>Wang Yan</td> <td>1997-04-08</td> <td>63364799-8</td> <td>Operation and management of state-owned assets within authorization; communications equipments, audio & visual products for broadcasting and television; computer and its supporting equipments and the applied products; electronic raw material and components; home electric appliances and electronic products; electronic surveying instruments and meters; mechanical and electric equipments; electronic transportation products and investment in business fields other than electronics and its management; development of real estate, lease and sales of commodity apartments; property management.</td> </tr> </tbody> </table>					Name of actual controller	Legal representative / company principal	Date of establishment	Organization code	Business scope	Beijing Electronics Holdings Co., Ltd.	Wang Yan	1997-04-08	63364799-8	Operation and management of state-owned assets within authorization; communications equipments, audio & visual products for broadcasting and television; computer and its supporting equipments and the applied products; electronic raw material and components; home electric appliances and electronic products; electronic surveying instruments and meters; mechanical and electric equipments; electronic transportation products and investment in business fields other than electronics and its management; development of real estate, lease and sales of commodity apartments; property management.
Name of controlling shareholder	Legal representative / company principal	Date of establishment	Credibility code	Main business scope																									
Beijing Electronics Holdings Co., Ltd.	Wang Yan	1997-04-08	63364799-8	Operation and management of state-owned assets within authorization; communications equipments, audio & visual products for broadcasting and television; computer and its supporting equipments and the applied products; electronic raw material and components; home electric appliances and electronic products; electronic surveying instruments and meters; mechanical and electric equipments; electronic transportation products and investment in business fields other than electronics and its management; development of real estate, lease and sales of commodity apartments; property management.																									
Name of actual controller	Legal representative / company principal	Date of establishment	Organization code	Business scope																									
Beijing Electronics Holdings Co., Ltd.	Wang Yan	1997-04-08	63364799-8	Operation and management of state-owned assets within authorization; communications equipments, audio & visual products for broadcasting and television; computer and its supporting equipments and the applied products; electronic raw material and components; home electric appliances and electronic products; electronic surveying instruments and meters; mechanical and electric equipments; electronic transportation products and investment in business fields other than electronics and its management; development of real estate, lease and sales of commodity apartments; property management.																									
Situation of the equities of the other domestic listed companies for the share controlling and share participating of the controlling shareholders during the Reporting Period.					Situation of the equities of the other domestic listed companies for the share controlling and share participating of the controlling shareholders during the Reporting Period.																								
Change of the controlling shareholder during the Reporting Period † Applicable † Not applicable					Change of the actual controller during the Reporting Period † Applicable † Not applicable																								
<table border="1"> <thead> <tr> <th>New controlling shareholder</th> <th>Beijing Electronics Holdings Co., Ltd.</th> </tr> </thead> <tbody> <tr> <th>Date of change</th> <td>2015-03-10</td> </tr> <tr> <th>Index to relevant information on designated website</th> <td>http://www.cninfo.com.cn</td> </tr> <tr> <th>Date of disclosure</th> <td>2015-03-12</td> </tr> </tbody> </table>					New controlling shareholder	Beijing Electronics Holdings Co., Ltd.	Date of change	2015-03-10	Index to relevant information on designated website	http://www.cninfo.com.cn	Date of disclosure	2015-03-12	There was no change of the actual controller during the Reporting Period. Ownership and control relations between the actual controller and the Company																
New controlling shareholder	Beijing Electronics Holdings Co., Ltd.																												
Date of change	2015-03-10																												
Index to relevant information on designated website	http://www.cninfo.com.cn																												
Date of disclosure	2015-03-12																												
3. Information about the actual controller																													

The 2015 Annual Report of BOE Technology Group Co., Ltd.					The 2015 Annual Report of BOE Technology Group Co., Ltd.														
					5. Limits on the Company's shares held by its controlling shareholder, actual controller, reorganizer and other commitment subjects † Applicable † Not applicable														
Notes: 1. The Company regards Beijing Intelligent Kechuang Technology Development Co., Ltd. as a platform to implement equity incentive for the whole core technology manager, the aforesaid 20 subscribers are nominal shareholders, each investment proportion is not actual equity proportion, the equities of Beijing Intelligent Kechuang Technology Development Co., Ltd. are held in common by all implemented objectives of simulate plan of equity incentive mechanism. 2. When the Company completed private offering of shares in 2014, Beijing State-owned Capital Operation and Management Center transferred the 70% shares directly held to Beijing Electronic Shareholding Co., Ltd. for managing through Shares Management Protocol, and Beijing Electronic Shareholding Co., Ltd. acquired the shareholders rights except for the disposition rights and equity rights attached to the equities; Beijing State-owned Capital Operation and Management Center maintained its voting rights of the rest 30% equity directly held by itself in accordance with Beijing Electronic Shareholding Co., Ltd. through the agreement of the Voting Rights Exercising Agreement. The actual controller controls the Company via trust or other ways of asset management † Applicable † Not applicable																			
4. Other corporate shareholders with a shareholding percentage above 10%																			
† Applicable † Not applicable																			
<table border="1"> <thead> <tr> <th>Name of corporate shareholder</th> <th>Legal representative / company principal</th> <th>Date of establishment</th> <th>Registered capital</th> <th>Business scope</th> </tr> </thead> <tbody> <tr> <td>Beijing State-owned Capital Management Administrative Center</td> <td>Lin Fusheng</td> <td>2008-12-30</td> <td>35,000,000,000</td> <td>Investment and investment management; assets management; organize the reorganization as well as the merger and acquisition of the enterprise assets.</td> </tr> </tbody> </table>					Name of corporate shareholder	Legal representative / company principal	Date of establishment	Registered capital	Business scope	Beijing State-owned Capital Management Administrative Center	Lin Fusheng	2008-12-30	35,000,000,000	Investment and investment management; assets management; organize the reorganization as well as the merger and acquisition of the enterprise assets.					
Name of corporate shareholder	Legal representative / company principal	Date of establishment	Registered capital	Business scope															
Beijing State-owned Capital Management Administrative Center	Lin Fusheng	2008-12-30	35,000,000,000	Investment and investment management; assets management; organize the reorganization as well as the merger and acquisition of the enterprise assets.															

The annual reports of Chinese listed companies thus provide a fairly comprehensive overview of the ownership structure (up to the ultimate level of beneficial ownership). What is missing, however, is more “personalized” information and communication about the ownership of the company. The text used in the annual reports is mostly boilerplate and repetitive. The question then is whether there are other sources of information investors and other stakeholders can use to get a better idea about the owners’ goals and objectives as well as their impact on the governance and performance of the company.

A first possible source of information are the websites of the stock exchanges and securities regulators, since these institutions are usually involved in collecting this type of information. Unfortunately, however, these websites are more focused on explaining rules and regulations. As for company specific information, the stock exchange websites in China have references and links to the annual reports of the company. Certainly, it can be useful to have the annual reports of the Chinese listed companies at your fingertips. However, the English version of the stock exchanges websites are often slow and difficult to navigate.

Figure 6: China – Beneficial Ownership and Wikipedia

	Wiki-Pages				Wanda Cinemas
	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure	
	85%	85%	0%	12.5%	
Shenwan Hongyuan Group	●	●			<p>Wanda Cinemas From Wikipedia, the free encyclopedia</p> <p>Wanda Cinemas (simplified Chinese: 万达院线; traditional Chinese: 萬達院線; pinyin: Wándǎ Yuǎnwǎn) is a cinema operator in China, headquartered in the Wanda Plaza (万达广场) in Chaoyang District, Beijing.^[1] It is a part of the Dalian Wanda Group. As of 2014 Wang Jianlin is the head of the company.^[1] It is the largest exhibitor in China, with 2,700 screens in 311 theaters.^[2]</p> <p>Contents [hide]</p> <ol style="list-style-type: none"> Operations Recent news References External links <p>Operations [edit]</p> <p>As of 2014, the company had a total of 1,816 screens, including 94 IMAX screens, in 162 cinema complexes in almost 100 cities in China, making it the largest movie theater operator in Asia. As of December 2015, the number of screens has since risen to an estimated 2,200 screens.^[6] In 2014 the company had 4.2 billion yuan (\$681.7 million) in box office revenue, the highest grossing in China.^[7] In 2014 the China Securities Regulatory Commission gave approval for the company's IPO.^[4] In 2015 it was again the largest cinema chain by box office gross, with US\$1.2 billion, representing 13.5% of the market. Some locations are named Wanda International Cinema (Chinese: 万达国际影城; pinyin: Wándǎ Guójì Yǐngchéng).</p>
Guosen Securities Co., Ltd.	●	●			
Ping An Bank Co., Ltd.	●	●			
GREE ELECTRIC APPLIANCES, INC.	●	●			
HANGZHOU HIKVISION DIGITAL TECH.	●	●		○	
BOE TECHNOLOGY GROUP CO. LTD					
Midea Group CO., LTD	●	●			
GF SECURITIES CO., LTD					
CHINA VANKE CO., LTD					
WANDA CINEMA LINE CO., LTD	●	●		○	
SUNING COMMERCE GROUP CO., LTD.	●	●			
East Money Information Co., Ltd	●	●		○	
LESHI INTERNET INFORMATION & TECHNOLOGY	●	●		○	
BYD COMPANY LIMITED	●	●		○	
AVIC AIRCRAFT Co., Ltd.	●	●			
WULIANGYE YIBIN CO., LTD	●	●			
Agricultural Bank of China	●	●			
China Merchants Bank	●	●			
China South Locomotive & Rolling Stock	●	●			
Industrial Bank	●	●			
					<p>Wang Jianlin From Wikipedia, the free encyclopedia</p> <p>This is a Chinese name; the family name is Wang.</p> <p>Wang Jianlin (Chinese: 王健林; pinyin: Wáng Jiànlin; born 1954) is a Chinese businessman and philanthropist. He serves as the Chairman of the Dalian Wanda Group, China's largest real estate developer, as well as the world's largest movie theater operator.^[1] He owns 20% of the Spanish football club Atlético Madrid.^[4]</p> <p>Contents [hide]</p> <ol style="list-style-type: none"> Early life Career Politics Personal life References <p>Early life [edit]</p> <p>Wang Jianlin was born in October 24, 1954, in Cangxi County, Guangyuan, Sichuan, China. He father fought for Mao Zedong's People's Liberation Army during the Long March (October 1934–October 1935).^[2]</p> <p>Career [edit]</p> <p>After sixteen years in the People's Liberation Army, Wang started working as the Office Administrator for the Xigang District in the city of Dalian.^[6] In 1989, he became the General Manager of Xigang Residential Development. He was Head of Factory in a Jiangyin-based factory. In 1992, he started working as the General Manager for the Dalian Wanda Group, where he has been CEO since 1993. He has also been serving as Executive Deputy General Manager and Director in Jiangsu Jianshan Water Co.^[7]</p>

Somewhat surprisingly, a more intuitive and interactive tool to gather knowledge about the ownership and control structures of Chinese listed companies is Wikipedia and its related “sister” websites. Not only do these websites give a clear and succinct description of the ultimate beneficial owners of a company. They also allow investors and other stakeholders to “click through” (via hyperlinks) to other related pages giving a more complete and “personalized” view of the owner. It should come as no surprise that this is particularly true if the companies are founder-controlled or family-controlled (see *Figure 6*). It should be noted, however – and this is highlighted by *Figure 6* - that the information provided by Wikipedia only offers a partial solution to this need for more personalized information. The reason for this is that the Wikipedia information is of a somewhat general character and does not usually provide specific, precise information related to the ownership position.

In conclusion, China shows that rules do matter, but they seem to have created a “box ticking” attitude in which firm communication strategies are focused on simply meeting the minimum standards required by law. The result is that more “personalized” and helpful information is missing. Of course, more online research might provide investors and other stakeholders with a deeper perspective and greater insight as to the ownership structure and owners of particular companies. However, it would be preferable to have this information on the “investor relations” websites of the companies.

Let us next consider whether companies that are listed in countries that occupy the “top spots” in the corporate governance rankings in Asia are also the best in class when it comes to transparency and disclosure in the area of beneficial ownership and control.

6.2 Hong Kong, China

According to the Asian Corporate Governance Association (ACGA), Hong Kong, China (together with Singapore) ranks first in corporate governance in Asia (see *Figure 7*). It is, therefore, interesting to consider whether the four variables of disclosure examined in this study (i.e., name of the ultimate beneficial owner, description, accessibility and personalized disclosure) are present in the communications of the largest companies listed on the Hong Kong stock exchange.





























Figure 7: ACGA Corporate Governance Ranking (2014)

	Ranking	2010 Score	2012 Score	2014 Score
1	Hong Kong, China	65	66	65
1	Singapore	67	69	64
3	Japan	57	55	60
4	Thailand	55	58	58
4	Malaysia	52	55	58
6	Chinese Taipei	55	53	56
7	India	48	51	54
8	Korea	45	49	49
9	China	49	45	45
10	Philippines	37	41	40
10	Indonesia	40	37	39

Source: Asian Corporate Governance Association

Unsurprisingly, the name of the beneficial owner was present in the majority of the annual reports (see *Figure 8*). These companies formalistically revealed the ultimate beneficial ownership structure (approximately 82.5 percent of the companies in our sample). However, they often did so in a dry and literal, boilerplate-style that did not reveal much beyond the bare bones of ownership structures.

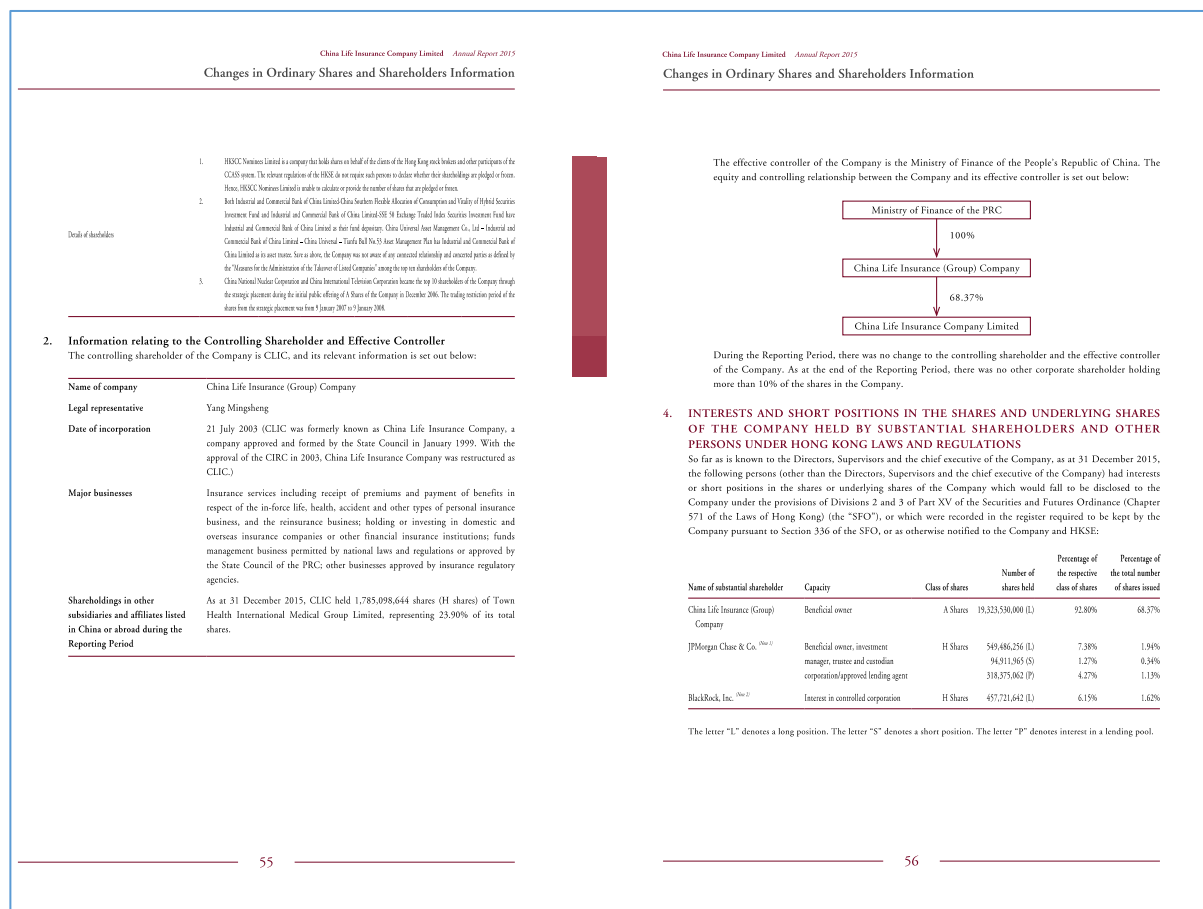
Figure 8: Hong Kong, China: Beneficial Ownership and Annual Reports/Company Websites

	Annual Reports				Company Websites			
	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure
	82.5%	55%	25%	0%	5%	5%	0%	0%
Yes 								
Partly 								
HSBC Hldgs								
Tencent								
China Construction Bank								
China Mobile								
AIA Group Limited								
Industrial and Commercial Bank of China								
Bank of China								
HKEEx								
CKH Holdings								
Ping An Group								
China Life								
CNOOC Limited								
SHK Properties Limited								
PetroChina								
Sinopec Corp								
CLP Hldgs								
Hang Seng Bank								
BOC Hong Kong								
HK & China Gas								
China Overseas								

Moreover, such firms adopted a legalistic style when presenting the information that provided little indication as to *who* was the controlling owner and *how* such control impacts upon the governance and directions of that firm. It also appeared that a certain degree of expertise or local knowledge was often required to “de-code” the information, as it was usually presented in a technical (footnote heavy) style rather than in a more reader-friendly manner. For example, only 25 percent of the companies included figures or charts in their annual reports. *Figure 9* provides an example of a company that provided the ownership information in an accessible way.

Here it should also be noted that the Hong Kong, China dataset included companies with a widely dispersed shareholder base. Unsurprisingly, these companies have adopted a “boilerplate” disclosure strategy. It is often impossible for these companies to give more information about the institutional investors that hold a significant number of their shares. Yet, if institutional investors pursue a more active role in the operation of the company (or give this impression by owning, for instance, approximately ten percent of the outstanding shares), it could very well be argued that, similar to companies with a controlling shareholder, these “activist investors” (and the company) might see some value in thinking “out of the box” and going beyond the what is required as boilerplate compliance and embrace a more substantive disclosure approach. This issue will be considered further below.








































Figure 9: Beneficial Ownership - China Life Insurance Company (annual report)





Since annual reports are the main source of information regarding ownership and control structures in Hong Kong, China establishing the beneficial ownership information of Hong Kong, China companies was not always easy. Downloading and trawling through a 200+ pages Annual Report in order to identify the ultimate beneficial owner was often a time-consuming exercise as the websites were slow and the information was not always readily accessible.

In order to increase the speed, accessibility and precision in finding the identity of the ultimate beneficial owners, it is again (like in China) necessary to find other resources. The Hong Kong Stock Exchange website provide a number of tools to find significant shareholders in its listed companies. Particularly, the "Shareholding Disclosures" option appears to be an accessible tool. However, it revealed the name of the *shareholders*, their addresses, shareholdings and percentage of the issued and/or tradable shares. Also, it adopted a very legalistic format and, since the focus was on shareholders, there was a risk that any information about the ultimate beneficial owners would not be 100% accurate. It was, therefore, often necessary to use Wikipedia to establish more information. To be sure, the information about ownership found on Wikipedia is often murky, but at least it points users in the right direction (see *Figure 10*).

Figure 10: Hong Kong, China – Beneficial Ownership and Wikipedia

	Wiki-Pages			
	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure
	82.5%	82.5%	0%	15%
Yes 				
Partly 				
HSBC Hldgs				
Tencent				
China Construction Bank				
China Mobile				
AIA Group Limited				
Industrial and Commercial Bank of China				
Bank of China				
HKEx				
CKH Holdings				
Ping An Group				
China Life				
CNOOC Limited				
SHK Properties Limited				
PetroChina				
Sinopec Corp				
CLP Hldgs				
Hang Seng Bank				
BOC Hong Kong				
HK & China Gas				
China Overseas				

 <p>中国平安 PING AN 保险 · 银行 · 投资</p>		 <p>C.P.GROUP</p>
Native name 中国平安 Type Public company Industry Financial services Founded 1988; 28 years ago Headquarters Shenzhen, Guangdong, China Area served People's Republic of China Key people Ma Mingzhe, Chairman & CEO Products Diversified Insurance Revenue ▲ US\$ 64.5 Billion (2012) ^[1] Net income ▲ US\$ 4.9 Billion (2012) ^[1] Total assets ▲ US\$ 645.7 Billion (2015) ^[2] Owner Charoen Pokphand (15.6%) ^[3] Number of employees 190,000 ^[1] Parent China Ping An Insurance Group Website pingan.com	Type Private (family-owned) Industry Agro-Industry & Food Telecommunications Retailing Founded 1921 Headquarters Bangkok, Thailand Key people Dhanin Chearavanont, Chairman and CEO Products Meat, Frozen food, Restaurants, Telephone companies, Internet service provider, Hypermartets, Convenience Stores, Automobiles, Cable Television, Revenue ▲ US\$ 46.5 billion (2013) ^{[1][2]} Owner Chearavanont family Number of employees 300,000 Subsidiaries Ping An CP ALL Charoen Pokphand Foods True Corporation Lotus Supercenter Super Brand Mall Siam Makro Chester Grill Restaurants Dayang Motors Website www.cpgroupglobal.com	

6.3 Malaysia

At first glance, the disclosure practices in Malaysia appear to be similar to those found in China and Hong Kong, China. Indeed, the most accessible and reliable source of information is the annual reports (see *Figure 11*).

Figure 11: Malaysia: Beneficial Ownership and Annual Reports/Company Websites

	Annual Reports				Company Websites			
	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure
	80%	55%	0%	0%	45%	35%	0%	0%
PUBLIC BANK BHD	●	●						
TENAGA NASIONAL BHD	●				●			
MALAYAN BANKING BHD	●							
CIMB GROUP HOLDINGS BERHAD	●							
AXIATA GROUP BERHAD	●				●	●		
SIME DARBY BHD	●				●			
DIGI.COM BHD								
GENTING BHD								
MAXIS BERHAD	●	●			●	●		
PETRONAS CHEMICALS GROUP BHD	●	●						
PETRONAS GAS BHD	●	●			●	●		
IOI CORPORATION BHD	●	●						
IHH HEALTHCARE BERHAD								
TELEKOM MALAYSIA BHD	●	●			●	●		
GENTING MALAYSIA BERHAD								
MISC BHD	●	●			●	●		
KUALA LUMPUR KEPONG BHD	●	●			●	●		
AMMB HOLDINGS BHD	●	●			●	●		
BRITISH AMERICAN TOBACCO (M)	●	●						
PPB GROUP BHD	●	●						

What is remarkable, however, is that the nature of the ultimate beneficial owner (i.e., government, family, founder or multinational) is not always clear. Information about the ultimate beneficial owners was sometimes indirectly determinable by meticulously examining the Annual Report. It was sometimes possible to “guess” who the ultimate beneficial owners actually are. This was particularly so when such individuals also held senior management positions or directorships. However, from the perspective of a foreign investor, trying to gather meaningful information in English, such “indirect” disclosure cannot provide reliable information. For instance, it was not always clear for foreign investors that a particular entity or entity name was connected or related to a family or government.

There is however an interesting difference between China and Hong Kong, China, on the one hand, and Malaysia, on the other. The largest companies in Malaysia were more frequently using their websites to disclose ownership information to the market. The websites “only” offer

a summary overview of the information in the annual reports and are not very interactive, but it saves the time of downloading and going through the annual report (see *Figure 12*). Moreover, it provides companies with the opportunity to update the information on a more regular basis.

Figure 12: Beneficial Ownership - Axiata Group (*website*)

Summary of Shareholding						
Category of Shareholders		No. of ordinary shares of RM1.00 each		% of Issued Shares		
Bumiputera						
i. Government Agencies		3,385,387,829		38.40		
ii. Others		2,352,130,404		26.68		
SUB TOTAL		5,737,518,233		65.08		
Non-Bumiputera						
Foreigner		1,337,004,085		15.16		
GRAND TOTAL		8,816,857,743		100.00		

List of Substantial Shareholders (holding 5% & above) as per Register of Substantial Shareholders as at 31 December 2015

No.	Name	Direct Interests		Indirect/Deemed Interests		Total Interests	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Khazanah Nasional Berhad	3,285,606,277	37.27	84,415,540±	0.97±	3,371,238,617	38.24
2.	Employees Provident Fund Board	1,264,298,116	14.34	-	-	1,264,298,116	14.34
3.	AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	981,140,852	11.13	-	-	981,140,852	11.13

Notes:
± Includes 412,000 Ordinary shares of RM1.00 each of Axiata Group Berhad ("**Axiata Shares**") being the number of Axiata Shares to be returned to Khazanah Nasional Berhad ("**Khazanah**") under the Selling Flexibility Arrangement to facilitate the sale of Axiata Shares by Axiata's employees who have exercised their Axiata ESOS options. Khazanah is deemed to have an interest in the Axiata Shares pursuant to Section 6A of the Companies Act, 1965

The website of the stock exchange Bursa Malaysia is another example of Malaysia embracing the Internet and online resources more than their Chinese or Hong Kong, China counterparts. The website contained an interactive mechanism to search through the "company announcements", including "changes in shareholdings" and "changes in substantial shareholding positions. Moreover, by entering the company name and the requested categories and subcategories the website provided an overview of announcements containing ownership and control information. Unfortunately, however, the information in such overviews was not always very detailed. The result is that investors and other stakeholders are often better off with an analysis of the information available on Wikipedia (see *Figure 13*).

Figure 13: Malaysia – Beneficial Ownership and Wikipedia

	Wiki-Pages			
	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure
	70%	70%	0%	10%
PUBLIC BANK BHD	●	●		○
TENAGA NASIONAL BHD				
MALAYAN BANKING BHD				
CIMB GROUP HOLDINGS BERHAD				
AXIATA GROUP BERHAD				
SIME DARBY BHD	●	●		
DIGI.COM BHD	●	●		
GENTING BHD	●	●		
MAXIS BERHAD	●	●		○
PETRONAS CHEMICALS GROUP BHD	●	●		
PETRONAS GAS BHD	●	●		
IOI CORPORATION BHD	●	●		○
IHH HEALTHCARE BERHAD	●	●		
TELEKOM MALAYSIA BHD				
GENTING MALAYSIA BERHAD	●	●		
MISC BHD	●	●		
KUALA LUMPUR KEPONG BHD				
AMMB HOLDINGS BHD	●	●		
BRITISH AMERICAN TOBACCO (M)	●	●		
PPB GROUP BHD	●	●		○


IOI Corporation Berhad (MYX: 1961 [☞]) commonly referred to as **IOI**, was incorporated on 31 October 1969 as **Industrial Oxygen Incorporated Sdn Bhd**. IOI is one of **Malaysia's** biggest conglomerates that started off from industrial gas manufacturing. It ventured into property development in 1982, followed by oil palm plantations in 1985. As at June 2009, IOI Group employs more than 30,000 personnel of more than 23 different nationalities in 15 countries.

IOI is listed on the main board of the **KLSE** (now known as Bursa Malaysia). Subsidiaries IOI Properties Berhad and IOI Oleochemical Industries Berhad (Industrial Products) were separately de-listed from the exchange and duly privatised under **IOI Corporation Berhad [☞]** in April 2009^[1] and March 2006,^[2] respectively.

IOI also owns 2 resort hotels namely Marriott Putrajaya Hotel and Palm Garden Hotel in **Putrajaya**. In 2005, IOI Properties was ranked second in The Edge's Malaysia Top 10 Property Developers Award.

The group is currently headed by **Tan Sri Dato' Lee Shin Cheng**, the executive chairman. Lee has two sons and four daughters, all were trained as lawyers.^[3] Lee and his family's control of IOI Corporation is held via Progressive Holdings Sdn Bhd [☞]. Although all of Lee's children work for the company, sons **Dato' Lee Yeow Chor [☞]** and **Lee Yeow Seng [☞]** are given more prominence as seen in their representation in IOI Corporation Berhad board of directors.^[4]

IOI Group



IOI GROUP

Type Public limited company
Industry Conglomerate (Plantations, agriculture, chemical manufacturing, consumer marketing, property development, investment, & resorts management)
Founded 1969
Headquarters Kuala Lumpur, Malaysia & Singapore
Area served South-East Asia
Key people Tan Sri Dato' Lee Shin Cheng (Chairman)
Products Hotels
Number of employees 32,000
Website www.ioigroup.com[☞]

6.4 Pakistan

The largest listed companies in Pakistan engage in what could be characterized as a grudging style of disclosure in which the formal reporting requirements are met, but the ultimate beneficial owner is difficult to identify (see *Figure 14*). What is interesting here is that there seems to be a certain amount of herd behavior; that is to say, if it is difficult to find the information in one company, then other companies seem to adopt a similar minimal style of compliance (for instance, the disclosed information fails to explain the nature and relationship between the controlling shareholders, the ultimate beneficial owners and the company). Also, acting-in-concert arrangements are not always clear from the disclosed information. This seemed to be a particular issue in Pakistan where companies appear to assume that certain information about shareholders and beneficial owners can be regarded as “local” or “public” knowledge.

Figure 14: Pakistan: Beneficial Ownership and Annual Reports/Company Websites

	Annual Reports				Company Websites			
	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure
	55%	35%	0%	0%	30%	20%	0%	0%
Habib Bank XD	●							
MCB Bank Ltd SPOT XD								
Oil & Gas Devel	●	●			●	●		
Fauji Fert.XD								
Hub Power Co.								
Pak Petroleum								
United Bank XD	●							
Engro Corp XD	●	●						
Lucky Cement								
Pakistan State Oil Company Ltd	●	●			●	●		
Nestle Pak	●	●			●	●		
Pak Oilfields								
Kot Addu Power	●	●			●			
Dawood Hercules	●							
D.G.K.Cement								
Bank AL-Habib					●			
National Bank	●	●			●	●		
Fauji Cement	●	●						
K-Electric Ltd.								
Indus Motor Co. XD	●							

Of course, the market does not always need very detailed information in order to figure out *who* is the ultimate beneficial owner (see *Figure 15*).

Figure 15: Beneficial Ownership - National Bank of Pakistan (*website*)

Pattern of Shareholding Report As of December 31, 2015			
Description	No. of Shareholders	No. of Shares	%
Government			
Privatisation Commission of Pakistan, Ministry of Privatisation & Investment	1	1,656,788	0.08
Federal Government of Pakistan	1	6,238,919	0.29
Pakistan Atomic Energy Commission	1	679,424	0.03
Associated Companies, Undertakings And Related Parties			
Taurus Securities Limited	2	11,475	0.00
First Credit & Investment Bank Limited	1	70,000	0.00
State Bank of Pakistan			
	1	1,599,845,728	75.20
Mutual Funds			
	21	13,265,275	0.62
Directors, Chief Executive and their Spouse and Minor Children			
Syed Ahmad Iqbal Ashraf	1	50,000	0.00
Tariq Kirmani	1	44,168	0.00
Executives			
	8	52,096	0.00
Public Sector Companies and Corporations			
	9	84,295,372	3.94
Banks, Development Finance Institutions, Non-banking Finance Companies, Insurance Companies, Takaful Companies, And Modarbas			
	30	42,513,733	2.00
General Public			
- Local	12,225	91,117,072	4.28
- Foreign	54	675,982	0.03
Foreign Companies			
	68	216,615,260	10.18
Others			
	176	70,883,221	3.33
Totals			
	12,599	2,127,513,026	100.00
Shareholders holding five percent or more voting rights in the bank.			
State Bank of Pakistan		1,599,845,728	75.20


Figure 16: Pakistan – Beneficial Ownership and Wikipedia

	Wiki-Pages			
	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure
	80%	80%	0%	12.5%
Habib Bank XD	●	●		○
MCB Bank Ltd SPOT XD	●	●		
Oil & Gas Devel	●	●		
Fauji Fert.XD	●	●		○
Hub Power Co.				
Pak Petroleum	●	●		
United Bank XD	●	●		○
Engro Corp XD	●	●		○
Lucky Cement	●	●		
Pakistan State Oil Company Ltd	●	●		
Nestle Pak				
Pak Oilfields	●	●		
Kot Addu Power				
Dawood Hercules	●	●		○
D.G.K.Cement				
Bank AL-Habib	●	●		
National Bank	●	●		
Fauji Cement	●	●		
K-Electric Ltd.	●	●		
Indus Motor Co. XD	●	●		

Major shareholders (holding more than 5% of total paid-up capital)

Name of shareholder	2015		2014	
	Number of shares held	Percentage of shareholding	Number of shares held	Percentage of shareholding
Bestway (Holdings) Limited	631,728,895	51.60%	631,728,895	51.60%
Bestway Cement Limited	93,649,774	7.65%	93,649,744	7.65%

As at December 31, 2015, Bestway Group (Bestway) held 61.46% (2014: 61.44%) shareholding (including GDRs) of the Bank.



Type Private
Industry Wholesale, Cement, Banking, Pharmacy,
Founded 1976
Founder Sir Anwar Pervez
Headquarters Bestway Head Office, Abbey Road, Park Royal, London, NW10 7BW, United Kingdom
Key people Chairman: Sir Anwar Pervez, CEO: Zameer Choudrey CBE, MD: Younis Sheikh, Director: AK Bhatti, Director: AM Chaudhary, Director: AK Chaudhary, Director: R Pervez, Director & Company Secretary: D Pervez
Revenue £3.4 billion
Number of employees 33,600
Website www.bestwaygroup.co.uk

If an investor or other stakeholder does not have *any* knowledge or background information about controlling entities in Pakistan, Wikipedia is again a useful source to obtain a better understanding about the information than that provided in, for instance, the annual accounts (see *Figure 16*). Wikipedia can, at least in part, fill gaps in local knowledge.

6.5 Philippines

The largest companies in the Philippines, according to their market capitalization, are mostly controlled by family-owned conglomerates. These conglomerates, more specifically the *Ayala Group* and *Aboitiz Group*, understand the importance of adopting a slightly more “personalized” approach to the information contained in their Annual Reports (including the SEC Forms 17-A, which have to be filed pursuant to Section 17 of the Securities Regulation Code) and on their websites. These companies appear to understand that their investors and other stakeholders are not only interested in dry, formal financial statements, but are also looking for more personalized content and authenticity. Their companies present additional information, but more than that they present such information in a more accessible and personalized way. That is to say, the controlling – and ultimate – owners address their “fellow shareholders” in the Annual Reports with a mix of business facts, succession and ownership issues, as well as innovations and long-term expectations (see *Figure 17*).

Figure 17: Beneficial Ownership - Equity Ventures (*annual reports*)

Item 11. Security Ownership of Certain Beneficial Owners and Management					
(1) Security Ownership of Certain Record and Beneficial Owners (more than 5%) as of March 27, 2015					
Title of Class	Name/Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner	Citizenship	No. of Shares and Nature of Ownership (Record or Beneficial)	Percent of Class
Common	1. Aboitiz & Company, Inc. ¹ Aboitiz Corporate Center Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City 6000 (Stockholder)	ACO ²	Filipino	2,735,600,915 (Record and Beneficial)	49.35%
Common	2. PCD Nominee Corporation ¹⁰ (Filipino) G/F MSE Bldg, Ayala Avenue, Makati City (Stockholder)	PCD participants acting for themselves or for their customers ¹¹	Filipino	576,392,975 (Record)	10.40%
Common	3. PCD Nominee Corporation ¹² (Foreign) G/F MSE Bldg, Ayala Avenue, Makati City (Stockholder)	PCD participants acting for themselves or for their customers ¹¹	Non-Filipino	566,272,831 (Record)	10.21%
Common	4. Ramon Aboitiz Foundation, Inc. ¹⁴ 35 Lopez Jaena St., Cebu City (Stockholder)	RAFI	Filipino	424,538,863 (Record and Beneficial)	7.66%

Making the Aboitiz Leader ‘Future Proof’
 The Aboitiz Group is at a crucial crossroad where the passing of the baton from the current to the future generation of leaders is about to take place. The younger leaders, including young members of the 5th generation Aboitiz family, with high potential talents are being prepared on accelerated development programs for the transition. Aboitiz is among the few multi-generational family-based conglomerates that seeks to preserve its mission and core values for generations to come. HR closely monitors and regularly evaluates the performance of 5th generation Aboitiz family members who have actively joined the workforce as management associates in recent years.

As the Groups younger set of new leaders inch their way up the corporate ladder, reaching a delicate balance of wisdom gained through experience and having a fresh contemporary perspective is the ultimate combination HR seeks to attain in order to develop trust for the senior leadership of the future.

¹ ACO, the major shareholder of AEV, is a corporation wholly-owned by the Aboitiz family. No single stockholder, natural or juridical, owns 5% or more of the shareholdings of ACO.
² Mr. Erramon I. Aboitiz, ACO President and Chief Executive Officer, will vote for the shares of ACO in AEV in accordance with the directive of the Board of Directors of ACO.
¹⁰ PCD Nominee Corporation (Filipino and Foreign) is not related to AEV. The beneficial owners of the shares held through a PCD participant are the beneficial owners thereof to the extent of the number of shares registered under the respective accounts with the PCD participant.
¹¹ AEV has no record relating to the power to decide how the shares held by PCD Nominee Corporation (Foreign and Filipino) to be voted. Of the 576,392,975 shares held by PCD Nominee Corporation (Filipino), at least 343,525,686 share or 6.20% of the voting stock of AEV are for the account of Papa Securities Corporation (PapaSec). AEV is not related to PapaSec.
¹² *Supra* Note 11.
¹⁴ *Supra* Note 12.
¹⁵ Mr. Roberto E. Aboitiz and/or Mr. Jon Ramon Aboitiz, Chairman/President and Vice President, respectively, of the RAFI, will vote for the shares of RAFI in AEV in accordance with the directive of the RAFI Board of Trustees.

Although the ownership information in the annual reports and company websites is not always clear and straightforward (see *Figure 18*), it could be argued that local market participants know exactly how the ownership and control arrangements are structured and organized in these family-controlled companies. Moreover, foreign investors, by reading through the company’s communications, will soon develop a pretty good idea about the families and their interests in the listed companies.

Figure 18: Philippines: Beneficial Ownership and Annual Reports/Company Websites

	Annual Reports				Company Websites			
	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure
	75%	65%	0%	5%	27.5%	27.5%	12.5%	0%
SM INVESTMENTS CORPORATION	●	●			●	●		
PHILIPPINE LONG DISTANCE TELEPHONE COMPANY COMMON	○	○			○	○		
AYALA LAND, INC.	●	●			●	●		
SM PRIME HOLDINGS, INC.	●	●						
JG SUMMIT HOLDINGS, INC.	●	●						
AYALA CORPORATION	●	●		○				
UNIVERSAL ROBINA CORPORATION	●	●						
BDO UNIBANK, INC.	●	●						
BANK OF THE PHILIPPINE ISLANDS	●	●			○	○	○	
GLOBETELECOM, INC.	●	●			○	○	○	
MANILA ELECTRIC COMPANY	○	○			○	○	○	
ABOITIZ POWER CORP.	●	●			○	○	○	
ABOITIZ EQUITY VENTURES, INC.	●	●		○	○	○	○	
METROPOLITAN BANK & TRUST COMPANY								
GT CAPITAL HOLDINGS, INC.								
ALLIANCE GLOBAL GROUP, INC.	●	○						
INTERNATIONAL CONTAINER TERMINAL SERVICES, INC.								
JLLIBEE FOODS CORPORATION	●	○						
DMCI HOLDINGS, INC.	○							
Semirara Mining and Power Corporation	○				○	○		

The Philippines Stock Exchange Electronic Disclosure Generation Technology or PSE EDGE, the fully automated system that facilitates the processing, submission, distribution and analysis of disclosure reports, undoubtedly enhances the market transparency of the respective listed companies in the Philippines. However, it does not provide an instant or visualized overview of the ownership and control structures of the listed companies. Investors, stakeholders and other interested parties have to go through the “company announcements” to find the relevant bits of information.

The involvement of well-established and entrepreneurial families in the Philippines’ business market makes wiki-like websites a valuable source of “business intelligence”. Wikipedia, in combination with WikiPilipinas which mainly focuses on Philippine-related topics and issues,

appeared to be remarkably detailed and useful (see *Figure 19*). Predictably, the knowledge database offered – in almost 100% of the analyzed cases – important and valuable insights as to the identity and nature of the ultimate beneficial owners (see *Figure 20*).

Figure 19: Ayala Corporation and Wikipedia/WikiPilipinas

Retirement of the Ayala chairman [edit]

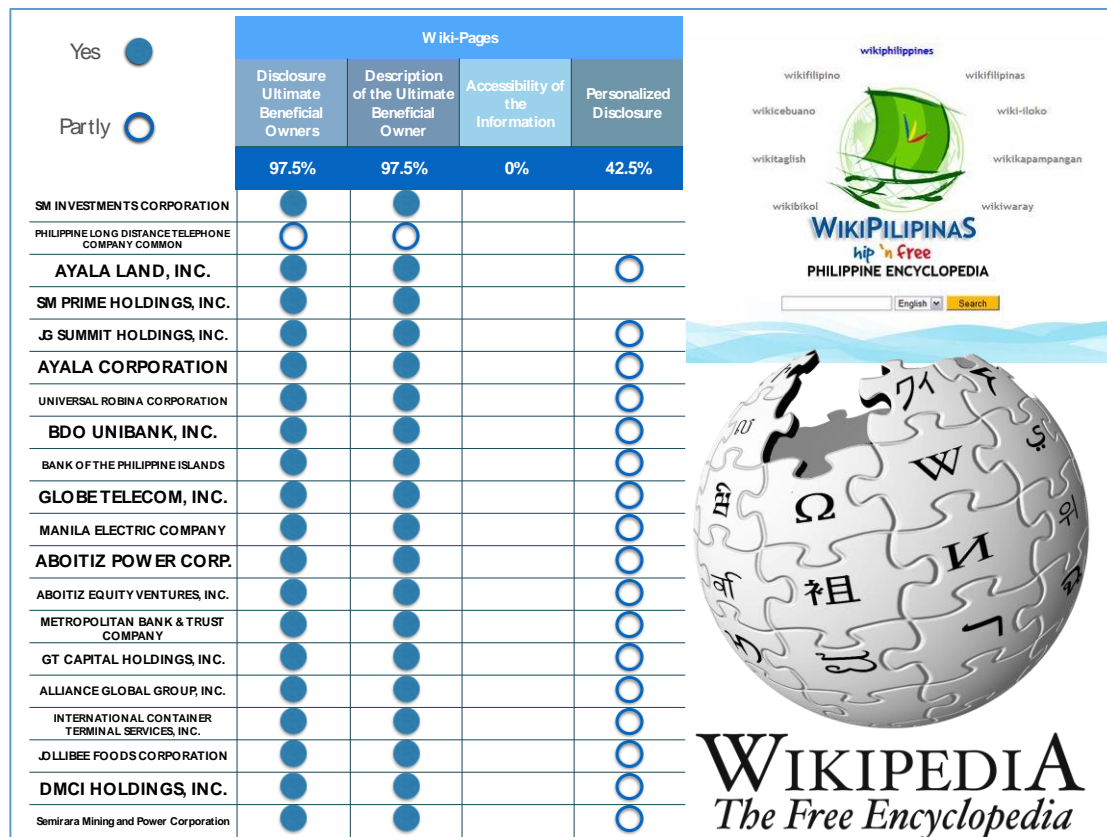
In January 2006, the [board of directors](#) publicly announced the decision by [Jaime Zóbel de Ayala](#) to retire as chairman of the corporation by April 2006. The board also announced Zobel de Ayala's appointment as chairman *emeritus* upon his retirement. His elder son, [Jaime Augusto Zóbel de Ayala](#), succeeded him as Chairman and Chief Executive Officer of the corporation, while his younger son, [Fernando Zóbel de Ayala](#), has assumed the position of President and Chief Operating Officer. The [Zóbel de Ayala family's](#) holding company, Mermac, Inc., continues to hold the controlling stake in Ayala Corporation.^[49]

The Zóbel de Ayalas are among several Filipino families listed in [Forbes magazine's](#) list of the world's richest people. The family owns and controls [Ayala Corporation](#), the country's largest and oldest conglomerate that includes the [Bank of the Philippine Islands](#), [Ayala Land Inc.](#), the [Manila Water Company](#), and [Globe Telecom](#), one of the largest mobile phone networks in the Philippines. The Ayala Corporation was also responsible for developing large areas of [Makati City](#) into a central business district and residential subdivisions ([gated communities](#)) between the 1940s and 1960s. Ayala developed the center of Makati City into a mixed-use industrial development now known as the Ayala District, a district composed of [Ayala Center](#) and its surrounding thoroughfares (Ayala Avenue, Makati Avenue, Paseo de Roxas & Sen. Gil Puyat Ave.), which now comprise the Philippines' financial capital, Makati City. Ayala Corporations' residential subdivisions include [Forbes Park](#), [Dasmariñas Village](#), [Bel-Air Village](#), San Lorenzo Village, Urdaneta Village, San Antonio Village, Magallanes Village, Ayala Westgrove Heights and Anvaya Cove.

In 2001, Ayala acquired the 54-hectare [Bonifacio Global City](#) development in Metro Manila. Other industrial and real estate developments also exist in other parts of Luzon, Visayas and Mindanao including several international partnerships in banking, construction and Information Technology^[*citation needed*].

Ayala's electronics manufacturing group, Integrated Microelectronics, Inc. (IMI), began in 1980 as a small company with a few hundred employees. Today, it is one of the top 50 electronics manufacturing services (EMS) providers in the world. IMI has a total of eleven manufacturing sites: five in China, three in the Philippines, one each in Singapore, Bulgaria and the United States. Its sales offices are located in the Philippines, China, Singapore, Japan, the United States, and Germany.

Figure 20: Philippines – Beneficial Ownership and Wikipedia



6.6 Singapore

From the perspective of regulatory design, the insights gained from the empirical review of different disclosure strategies across multiple information sources prove to be extremely useful. Countries that rank in the top of the Asian market as far as their regulatory “corporate governance” framework are concerned have clear and detailed rules on the disclosure and transparency of beneficial ownership. It is, therefore, not particularly surprising that the listed companies in these jurisdictions are also “best in class” when it comes to the disclosure of the ultimate beneficial owners of these companies (see *Figure 27* in the next Section). The exception is China, which does not have a “top” position in the corporate governance”, but as we have seen, has recently updated the disclosure rules, leading to a greater degree of compliance. What is remarkable, however, is that these companies do generally not engage in more substantive, open disclosure, suggesting that a stringent and detailed regulatory framework merely incentivizes boilerplate compliance.

Figure 21: Singapore: Beneficial Ownership and Annual Reports/Company Websites

	Annual Reports				Company Websites			
	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure
	77.5%	52.5%	5%	0%	32.5%	12.5%	0%	0%
Singtel	●	●	●		●	○		
Jardine Matheson Hldgs Ltd								
DBS Group Holdings Ltd	●							
Jardine Strategic Hldgs Ltd								
Oversea-Chinese Banking Corp	○							
United Overseas Bank Ltd	●	●						
Hongkong Land Holdings Limited	○							
Wilmar International Limited	●	●						
Thai Beverage Public Co Ltd	●	●			○			
Keppel Corporation Limited	●							
Capitaland Limited	●	●			●	○		
Jardine Cycle & Carriage Ltd								
Global Logistic Prop Limited	●							
Singapore Airlines Ltd	●	●			●	○		
Genting Singapore Plc	●	●						
Singapore Tech Engineering Ltd	●	●			●	○		
City Developments Limited	●	○			●			
Singapore Exchange Limited	●	●						
Hutchison Port Holdings Trust	○							
Capitaland Mall Trust	●	●			●	○		

Since Hong Kong, China and Singapore consistently retain the top positions in the ACGA ranking of corporate governance in Asia (see *Figure 7*), the results in *Figure 21* do not need any further explanation. As was the case with Hong Kong, China the companies that are listed on the Singapore Stock Exchange generally disclose the identity of the ultimate beneficial owner. Also, both the Hong Kong Stock Exchange and Singapore Stock Exchange (through SGXNet) provide investors, stakeholders and other interested parties access to the announcements (including ownership statements) they have received from the issuers/listed companies.

Figure 22: Beneficial Ownership - Genting Singapore (annual report)

STATISTICS OF SHAREHOLDINGS					STATISTICS OF SHAREHOLDINGS				
AS AT 29 FEBRUARY 2016					AS AT 29 FEBRUARY 2016				
Issued and paid-up capital : US\$3,710,508,383.33 Class of shares : Ordinary shares Voting rights : One vote per share No. of issued shares (excluding treasury shares) : 12,012,375,524 No. of treasury shares : 81,651,300 Percentage of treasury shares : 0.68%					DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY (CONTINUED) (i) The interests of the Directors in the Genting Singapore PLC Employee Share Option Scheme ("Option Scheme") as recorded in the Register of Share Options are set out below:				
DISTRIBUTION OF SHAREHOLDINGS					(ii) The interests of the Directors in the approved Genting Singapore Performance Share Scheme ("PSS") are set out below:				
Size of Shareholdings	Number of shareholders	%	Number of Shares (excluding treasury shares)	%	Directors	Granted in financial year ended 31/12/2015	Aggregate granted since commencement of the PSS to 31/12/2015	Aggregate vested since commencement of the PSS to 31/12/2015	Aggregate outstanding as at 31/12/2015*
1 - 99	568	0.66	10,773	0.00	Tan Sri Lim Kok Thay	750,000	6,750,000	5,760,000	750,000
100 - 1,000	8,084	9.40	5,112,497	0.04	Tan Hee Teck	750,000	33,190,000	9,219,100	23,750,000
1,001 - 10,000	42,922	49.88	244,275,634	2.04	Lim Kok Hoong	100,000	900,000	768,000	100,000
10,001 - 1,000,000	34,310	39.88	1,755,063,607	14.61	Tjong Yik Min	100,000	800,000	768,000	100,000
1,000,001 and above	156	0.18	10,007,913,013	83.31	Koh Seow Chuan	100,000	780,000	654,480	100,000
Total	86,040	100.00	12,012,375,524	100.00					

STATISTICS OF SHAREHOLDINGS					STATISTICS OF SHAREHOLDINGS				
AS AT 29 FEBRUARY 2016					AS AT 29 FEBRUARY 2016				
STATISTICS OF SHAREHOLDINGS Issued and paid-up capital : US\$3,710,508,383.33 Class of shares : Ordinary shares Voting rights : One vote per share No. of issued shares (excluding treasury shares) : 12,012,375,524 No. of treasury shares : 81,651,300 Percentage of treasury shares : 0.68%					STATISTICS OF SHAREHOLDINGS (i) The interests of the Directors in shares of the Company as recorded in the Register of Directors' Shareholdings are set out below:				
DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF THE COMPANY (i) The interests of the Directors in shares of the Company as recorded in the Register of Directors' Shareholdings are set out below:					STATISTICS OF SHAREHOLDINGS (ii) Figures take into account share awards lapsed in 2011 and 2012.				
Size of Shareholdings	Number of shareholders	%	Number of Shares (excluding treasury shares)	%	Direct Interest (Number of shares)	Deemed Interest (Number of shares)	Deemed Interest (Number of shares)	Deemed Interest (Number of shares)	Aggregate outstanding as at 31/12/2015*
1 - 99	568	0.66	10,773	0.00	At beginning of year	At end of year	At end of year and as at 21/01/2016	At beginning of year	At end of year and as at 21/01/2016
100 - 1,000	8,084	9.40	5,112,497	0.04	Tan Sri Lim Kok Thay ⁽¹⁾	7,311,100	11,945,063	11,945,063	6,353,828,069 ⁽²⁾
1,001 - 10,000	42,922	49.88	244,275,634	2.04	Tan Hee Teck	8,064,477	11,677,877	11,677,877	9,600
10,001 - 1,000,000	34,310	39.88	1,755,063,607	14.61	Lim Kok Hoong	173,496	94,496	94,496	800,000
1,000,001 and above	156	0.18	10,007,913,013	83.31	Tjong Yik Min	955,600	-	-	-
Total	86,040	100.00	12,012,375,524	100.00	Koh Seow Chuan	338,880	321,000	321,000	-

STATISTICS OF SHAREHOLDINGS					STATISTICS OF SHAREHOLDINGS				
AS AT 29 FEBRUARY 2016					AS AT 29 FEBRUARY 2016				
STATISTICS OF SHAREHOLDINGS Issued and paid-up capital : US\$3,710,508,383.33 Class of shares : Ordinary shares Voting rights : One vote per share No. of issued shares (excluding treasury shares) : 12,012,375,524 No. of treasury shares : 81,651,300 Percentage of treasury shares : 0.68%					STATISTICS OF SHAREHOLDINGS (i) The Directors, including Independent Non-Executive Directors (other than Mr Koh Seow Chuan), have been granted share options to subscribe for shares pursuant to the Option Scheme. The Directors have also been granted awards pursuant to the PSS of the Company. The vesting of the awards under the PSS is contingent upon achievement of various performance targets.				
STATISTICS OF SHAREHOLDINGS (ii) Figures take into account share awards lapsed in 2011 and 2012.					STATISTICS OF SHAREHOLDINGS (ii) Figures take into account share awards lapsed in 2011 and 2012.				
Size of Shareholdings	Number of shareholders	%	Number of Shares (excluding treasury shares)	%	Substantial Shareholders (5% or more)	Direct Interest (Number of shares)	Deemed Interest (Number of shares)	Deemed Interest (Number of shares)	Deemed Interest (Number of shares)
1 - 99	568	0.66	10,773	0.00	Genting Overseas Holdings Limited ("GOHL") ⁽¹⁾	6,353,685,269	52,8928	-	-
100 - 1,000	8,084	9.40	5,112,497	0.04	Genting Berhad ("GENT") ⁽¹⁾	-	-	6,353,685,269	52,8928
1,001 - 10,000	42,922	49.88	244,275,634	2.04	Kien Huat Realty Sdn Berhad ("KHR") ⁽⁴⁾	142,800	0.0012	6,353,685,269	52,8928
10,001 - 1,000,000	34,310	39.88	1,755,063,607	14.61	Kien Huat International Limited ("KHIL") ⁽⁴⁾	-	-	6,353,685,269	52,8940
1,000,001 and above	156	0.18	10,007,913,013	83.31	Parkview Management Sdn Berhad ("Parkview") ⁽⁵⁾	-	-	6,353,685,269	52,8940
Total	86,040	100.00	12,012,375,524	100.00	Tan Sri Lim Kok Thay ⁽²⁾	12,695,063	0.1057	6,353,685,269	52,8940

Notes:
 (1) The Directors, including Independent Non-Executive Directors (other than Mr Koh Seow Chuan), have been granted share options to subscribe for shares pursuant to the Option Scheme. The Directors have also been granted awards pursuant to the PSS of the Company. The vesting of the awards under the PSS is contingent upon achievement of various performance targets.
 (2) Tan Sri Lim Kok Thay is the Executive Chairman. He is a director of GENT, certain companies within the Genting Group and certain companies which are substantial shareholders of GENT. Tan Sri Lim Kok Thay is also one of the beneficiaries of a discretionary trust, the trustee of which is Parkview (please see Note (5) for information on this trust). A discretionary trust is one in which the trustee (and in the case where the trustee is a company, its board of directors) has full discretion to decide which beneficiaries will receive, and in whichever proportion of the income or assets of the trust when it is distributed and also how the rights attached to any shares held by the trust are exercised. The deemed interests of Parkview in the shares of the Company are explained in Note (5). On account of Tan Sri Lim Kok Thay being a beneficiary of the discretionary trust, he is deemed interested in the shares of the Company by virtue of the deemed interest of Parkview.
 (3) GOHL is a wholly-owned subsidiary of GENT. Therefore, GENT is deemed to be interested in the shares of the Company held by GOHL.
 (4) KHR and its wholly-owned subsidiary control more than 20% of the voting share capital of GENT. KHR is deemed to be interested in the shares of the Company held by KHR and KHIL.
 (5) The voting share capital of KHR is wholly-owned by KHR. Therefore, KHR is deemed to be interested in the shares of the Company through KHR and GOHL.
 (6) Parkview acts as trustee of a discretionary trust, the beneficiaries of which are Tan Sri Lim Kok Thay and certain members of his family. Parkview, through its wholly-owned company, namely KHR, owns the entire issued voting share capital of KHR. As such, Parkview is deemed to be interested in the shares of the Company held through KHR and GOHL. Parkview is owned by Amlaine (M) Sdn Berhad (a company controlled by Tan Sri Lim Kok Thay), Puan Sri Lim (nee Lee) Kim Hua (mother of Tan Sri Lim Kok Thay), Tan Sri Lim Kok Thay and Mr. Rosdhan Nao-Kam Lim each holding one share respectively, and Mr Gerald Lim Ewe-Kong holding two shares. The board members of Parkview are Tan Sri Lim Kok Thay and Datuk Joseph Lai Khue Sir.
 (7) Mr Lim Keong Hui is one of the beneficiaries of a discretionary trust, the trustee of which is Parkview. On account of Mr Lim Keong Hui being a beneficiary of the discretionary trust, he is deemed interested in the shares of the Company by virtue of the deemed interest of Parkview.

Because the empirical research (from the perspective of a “foreign investor”) mainly focuses on explicit, direct and detailed disclosure of ultimate beneficial owners, this can explain why the precise nature of the beneficial owner is not always clear. Particularly, it is not always possible to distinguish between state-owned or multinational-owned companies from such “indirect” disclosure without a more informed understanding and knowledge of the local situation.

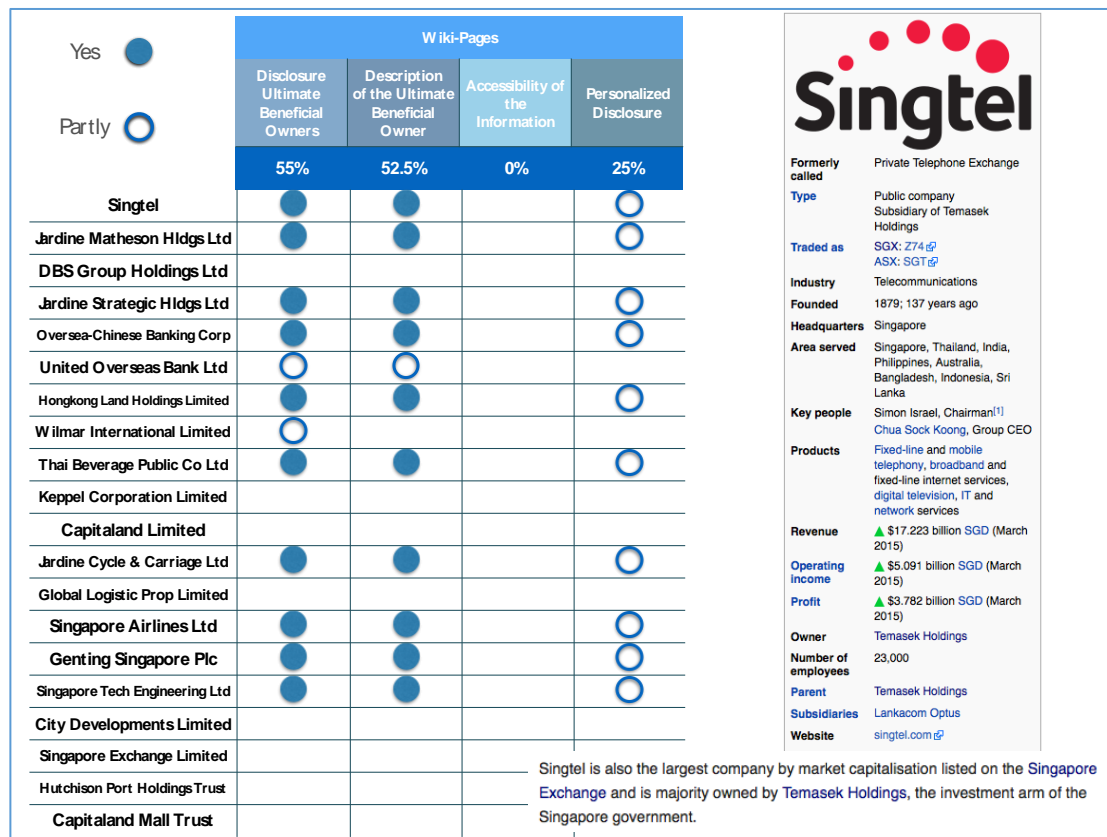
Indeed, the “Genting Singapore” example shows that when an individual is the ultimate beneficial owner, the disclosure of Singaporean companies is clear and straightforward. For instance, Genting Singapore offers more direct information about the ultimate beneficial owner in its annual report than its listed parent company in Malaysia (see *Figure 22*).

Finally, *Figure 27* shows that Singapore seems to differ somewhat from Hong Kong, China companies in the use of websites. More specifically, they offer a greater degree of transparency in their ownership and control structures. *Figure 23* gives an example of such a website. Finally (and unsurprisingly), in Singapore Wikipedia is also a convenient source of information (see *Figure 24*).

Figure 23: Beneficial Ownership - Singapore Airlines (*website*)

MAJOR SHAREHOLDERS (AS AT 31 MARCH 2016)	NUMBER OF SHARES	%
1) Temasek Holdings (Pte) Ltd	657,306,600	56.48
2) DBS Nominees Pte Ltd	120,244,282	10.33
3) Citibank Nominees (Singapore) Pte Ltd	108,436,499	9.32
4) HSBC (Singapore) Nominees Pte Ltd	34,881,889	3.00
5) DBSN Services Pte Ltd	23,110,382	1.99
6) United Overseas Bank Nominees	19,696,449	1.69
7) Raffles Nominees (Pte) Ltd	15,075,131	1.30
8) BNP Paribas Securities Services	8,076,715	0.69
9) Bank of Singapore Nominees Pte Ltd	5,256,775	0.45
10) OCBC Nominees Singapore	2,718,240	0.23
TOTAL	994,802,962	85.48

Figure 24: Singapore – Beneficial Ownership and Wikipedia



6.7 Thailand

When we compare the disclosure practice in Thailand to the practices in other Asian countries, it becomes clear that companies that are listed on the Stock Exchange of Thailand are less transparent with regard to their ownership and control structures than companies in other countries (see *Figure 25*).

Figure 25: Thailand: Beneficial Ownership and Annual Reports/Company Websites

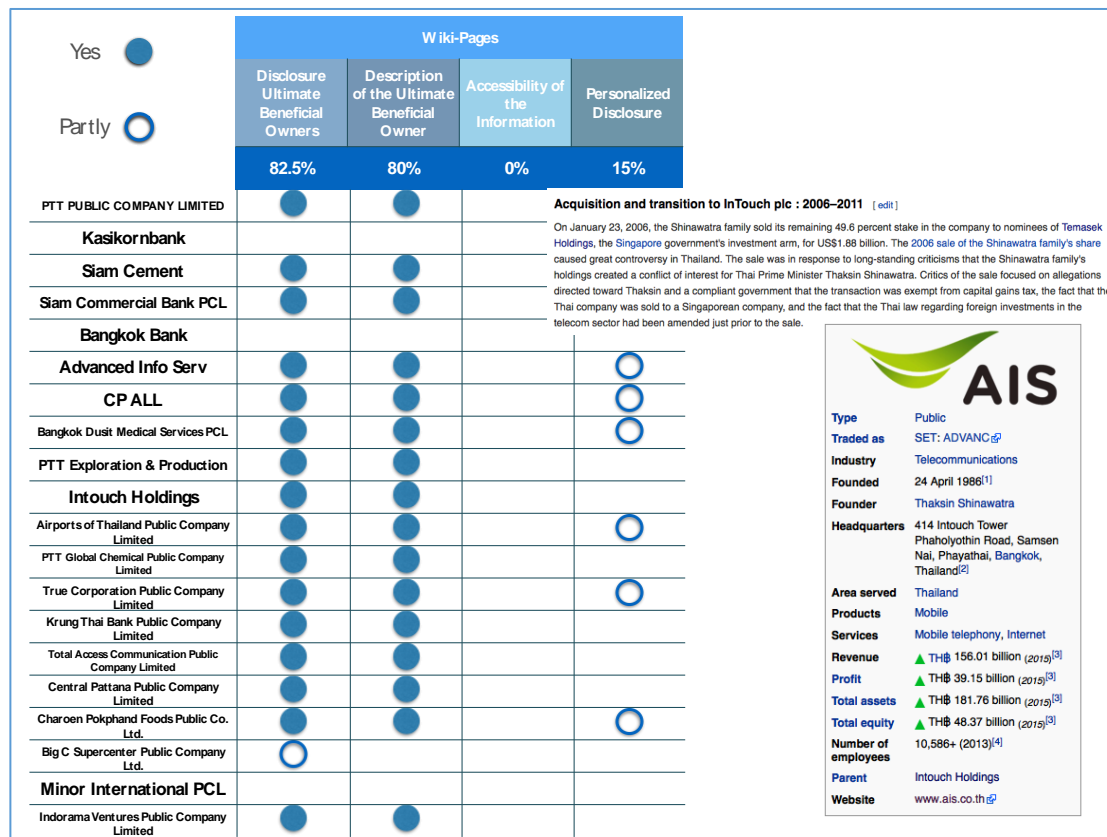
	Annual Reports				Company Websites			
	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure
	67.5%	62.5%	5%	0%	62.5%	57.5%	7.5%	0%
PTT PUBLIC COMPANY LIMITED	●	●			●	●		
Kasikornbank								
Siam Cement	●	●			●	●		
Siam Commercial Bank PCL	●	○			●	○		
Bangkok Bank								
Advanced Info Serv								
CP ALL	●	●			●	●		
Bangkok Dusit Medical Services PCL	●	●			●	●		
PTT Exploration & Production	○	○			○	○		
Intouch Holdings	○	○			○	○		
Airports of Thailand Public Company Limited	●	●			●	●		
PTT Global Chemical Public Company Limited	○	○			○	○	○	
True Corporation Public Company Limited	●	●			●	●		
Krung Thai Bank Public Company Limited	○				○			
Total Access Communication Public Company Limited	●	●	●		●	●	●	
Central Pattana Public Company Limited	○	○			○	○		
Charoen Pokphand Foods Public Co. Ltd.	●	●			●	●		
Big C Supercenter Public Company Ltd.								
Minor International PCL	●	●						
Inorama Ventures Public Company Limited	●	●			●	●		

There are, however, two apparent reasons for the “lower” disclosure rate:

- (1) Listed subsidiaries of multinationals are not always clear about the ultimate beneficial owner of the parent company.
- (2) It is not always evident for a foreign investor that a major/substantial shareholder is affiliated or connected with the government, a family or a multinational.

The disclosure rate would significantly increase if the information from Wikipedia is also taken into account by investors and other interested parties (see *Figure 26*).

Figure 26: Thailand – Beneficial Ownership and Wikipedia



What is positive and noteworthy in Thailand is that both the listed companies and the Stock Exchange of Thailand (SET) make much more extensive use of online strategies to disclose shareholder and ownership information. Based on the sample of this study, it is fair to say that Thailand is best in class when it comes to the use of on-line resources (see *Figure 27*).

However, as *Figure 28* clearly shows - and we have seen this also in other countries - the information on the company websites is usually a summary overview of the information found in the annual report. Also, the Stock Exchange appears to focus particularly on major shareholders (who are not necessarily the ultimate beneficial owners) (see *Figure 29*).

Still, this does not make the online information less important. The information on the website not only has the potential to save time and energy from the perspective of the investor, it also offers companies the opportunity to periodically update and disclose material changes in the ownership and control structures. It is only to be expected that more interactive and intuitive information will be provided on websites in the future.

Figure 27: Comparative Overview – Disclosure (*countries*)

	Annual Reports				Company Websites			
	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure
China	95%	95%	80%	0%	10%	5%	0%	0%
Hong Kong	82.5%	55%	25%	0%	5%	5%	0%	0%
Malaysia	80%	55%	0%	0%	45%	35%	0%	0%
Singapore	77.5%	52.5%	5%	0%	32.5%	12.5%	0%	0%
Philippines	75%	65%	0%	5%	27.5%	27.5%	12.5%	0%
Thailand	67.5%	62.5%	5%	0%	62.5%	57.5%	7.5%	0%
Pakistan	55%	35%	0%	0%	30%	20%	0%	0%

Figure 28: Beneficial Ownership - Total Access Communication Public Company Limited (*website and annual report*)

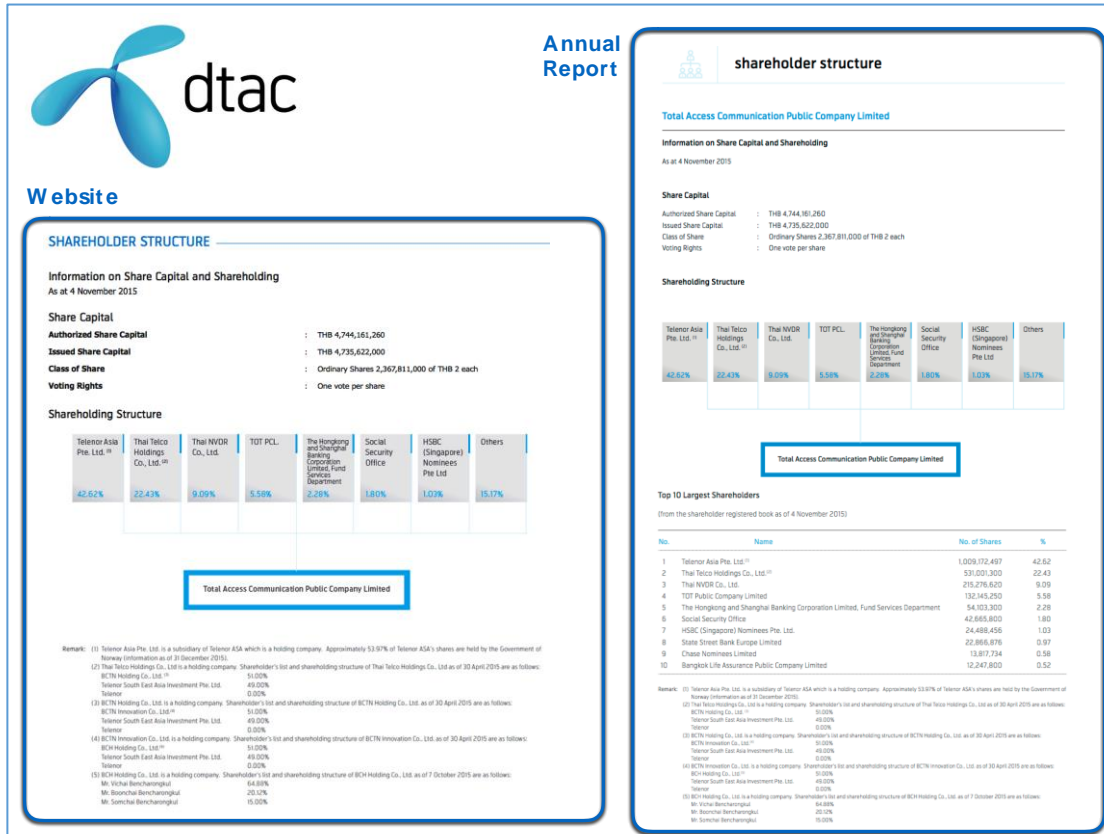
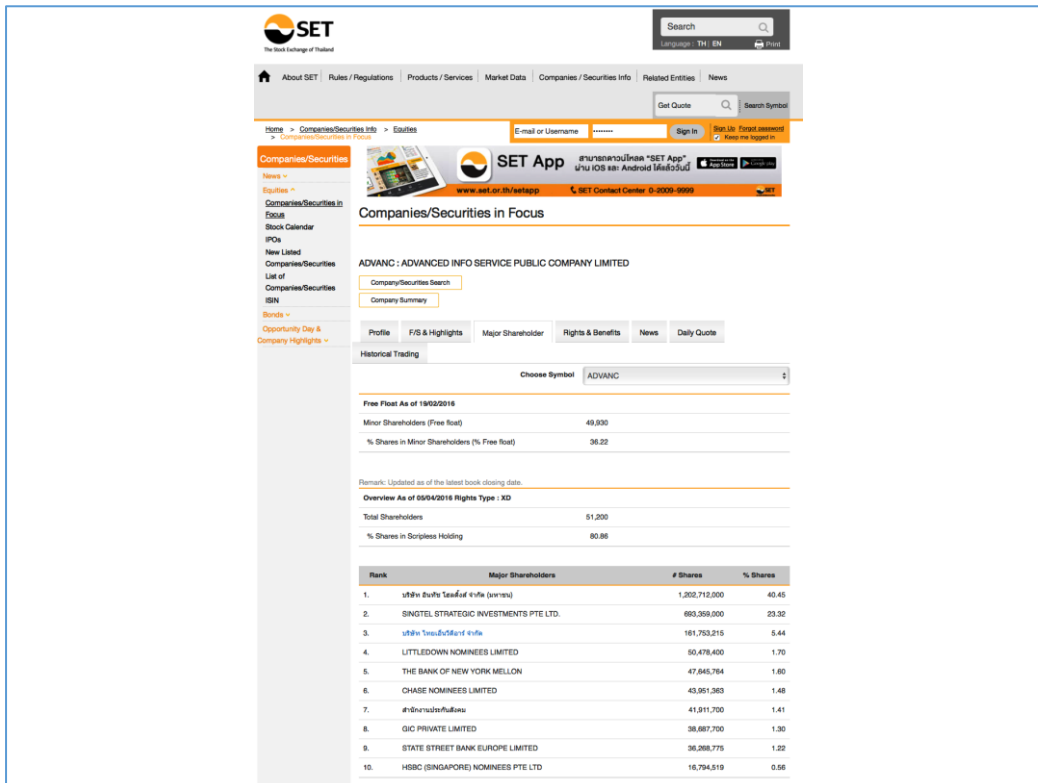


Figure 29: Beneficial Ownership - AIS (*website SET*)



7. Disclosure: The Overall Picture

If the data is taken as a whole, i.e., the data from all seven countries and all four sources of information is taken together, what patterns are revealed? Which sources provide the most information and the most accessible information? What possible general conclusions can be reached about the different sources of information considered in this study? *Figure 30* provides an overview of the data and points to some possible answers to these questions.

Figure 30: Comparative Overview – Disclosure (*sources of information*)

	Disclosure Ultimate Beneficial Owners	Description of the Ultimate Beneficial Owner	Accessibility of the Information	Personalized Disclosure
Annual Reports	76%	60%	17%	0%
Company Websites	30%	23%	3%	0%
Stock Exchange Websites	50%	0%	0%	0%
Wiki-pages	79%	78%	0%	19%

Five conclusions, in particular, seem to stand out from the above figure.

- (1) Social media and online resources – as represented in this study by English-language “wikis” – are, in most cases, a better source of information on ownership and control than annual reports, company websites or stock exchange web pages.
- (2) Most of the main and obvious sources for finding information on beneficial ownership – namely the company’s annual reports – do not always contain helpful or accessible information. The companies do what regulations require them to do, but little else. There is a minimal level of compliance that results in formulaic and generic statements. In this respect, it could be argued that the current approach to information disclosure

seems to be failing (at least from the perspective of a foreign investor who does not have specific local knowledge about the region or company).

- (3) The companies' investor relations websites are usually not very interactive. If information is provided (which is only done in a minority of the cases), the websites are slow and once opened only give the viewer formalistic and legalized information. What is perhaps less surprising is that this information is usually highly standardized.
- (4) The Stock Exchange websites often provide an interactive means of going through the corporate announcements. They do not, however, give an instant overview of the current ownership and control structures of the listed companies.
- (5) A very small minority of firms in the sample is currently engaged in what can be characterized as a form of "open communication". Open communication involves the adoption of a much greater degree of openness in both the style and format of information disclosure, as well as the actual content of information that is being disclosed.

A closer look at the analysis shows that adding more layers of mandatory disclosure rules does not guarantee that the disclosed information will be more effective.

Does this mean that the correct response is for regulators to do nothing? This type of argument can seem legitimate, particularly if one claims that social/online media and wiki-type information sources will become better anyway.

Yet, even though relying on social media and online "wikis" has certain benefits (such as the ease to find relevant information, the availability in more languages, the clear and comprehensive content, and the instant links to further sources of information that facilitates further verification), the drawbacks of such information as a source for "control and ownership information" appear to outweigh the benefits.

Four weaknesses/shortcomings of such information appear particularly relevant:

Firstly, the content does not usually provide a technical description of *how* the ultimate beneficial owners own the shares of the company (e.g., through pyramid structures) as well as their role in the governance of the company. Indeed, identifying the ultimate beneficial owner does not necessarily reveal the actual governance structure or strategies that are employed by the ultimate owner, and it is this information that is of most interest to investors.

Secondly, the credibility of the persons contributing to the online encyclopedia can be questionable.

Thirdly, the accuracy of the information contained in the online articles also has to be checked. This is particularly the case when such articles are based on outdated resources.

Fourthly, the delayed timing between a change in the ownership and control structure and the Wikipedia update is significant, i.e., the “wiki-update” necessarily lags behind the update in ownership.

Thus, the next step involves asking *what* strategies regulators might consider in order to ensure that the market will receive up-to-date, reliable and accessible information. Also, what should regulators do to convince companies of the potential benefits offered by more open forms of communication, particularly in the context of communicating information on beneficial ownership and its effect on control structures? These steps will be addressed in the next Section.

8. What is Next?

First and foremost is the need for detail and clarity in the information on ultimate ownership and its relationship with control and governance within the company. This might seem obvious, but the grudging and boilerplate disclosure-type approaches to compliance reveal that a relatively large number of firms do not even meet this minimal threshold of disclosure. Of course, knowing exactly how much information to share is never going to be easy (partly due to competition and security considerations), but both firms and regulators need to be more aggressive in pursuing openness.

8.1 The First Step: Accessible Information

The first step in improving the accuracy of transparency and disclosure is to package the information in a form that is as accessible as possible. For instance, the use of engaging visuals in the presentation of information is absolutely vital, as is a clear (i.e. non-legalistic) style of writing.

Moreover, the use of state-of-the-art charts and figures helps ensure that information is available to all relevant investors and stakeholders as well as potential investors and stakeholders.

Figure 31a: Beneficial Ownership - BMW (*website*)

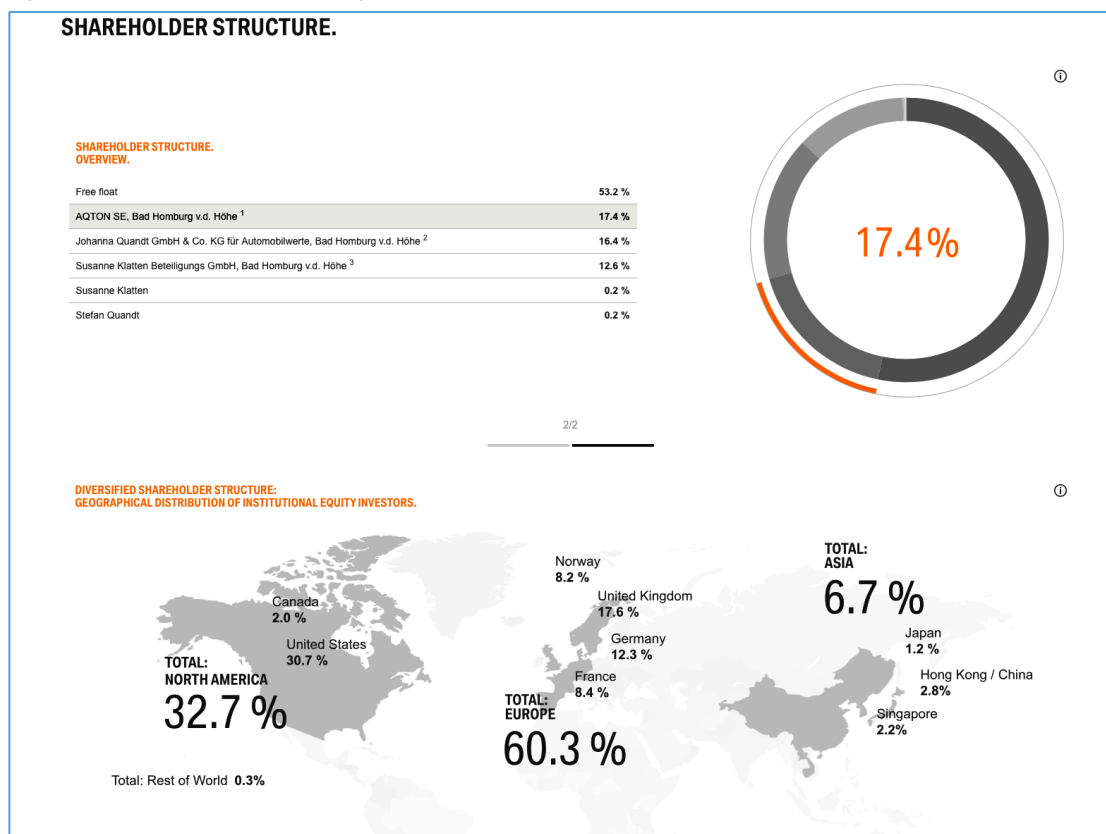
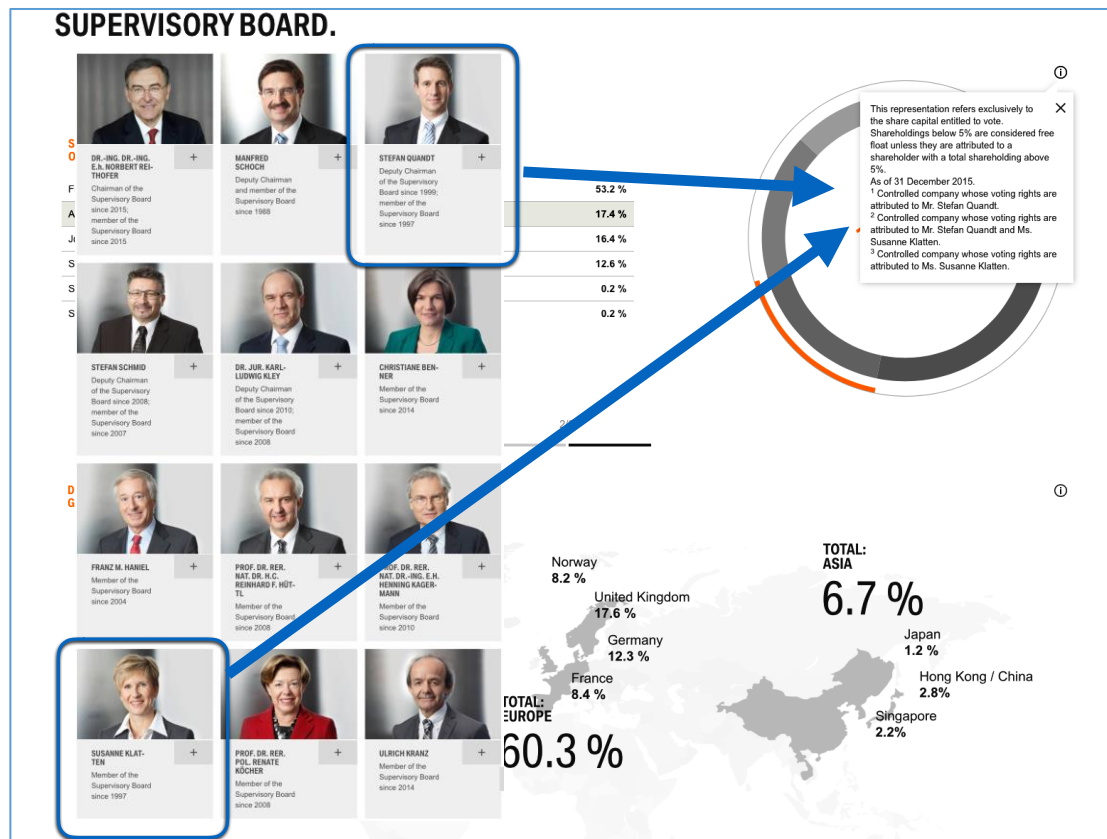


Figure 31b: Beneficial Ownership - BMW (*website*)



Clearly, this type of approach seems particularly relevant in the connected age in which companies now operate. Social media and investor relations' websites offer multiple opportunities for more imaginative, interactive and intuitive information dissemination. *Figures 31a* and *31b* give clear examples of a company (BMW) that has fully embraced the new Internet era by including interactive and intuitive ownership information on its website.

However, not only should companies be more imaginative, but regulators also need to do more to assist investors and other stakeholders in obtaining current and up-to-date information.

An obvious example of regulator making a non-standardized and clear statement about the ownership and control structure of a listed company can be found on the website of CONSOB, the Italian securities regulator. CONSOB's website offers all kind of information from the listed companies in Italy (see *Figure 32*). For instance, the website has links to the ownership structure, share capital, and major shareholders.


Figure 33 shows what this information looks like for *Luxottica*, the Italian eyewear company with its controlling-owner, Leonardo Del Vecchio.

Figure 32: CONSOB's website

Home - Versione italiana - Accessible mode - Site map - Contacts and certified e-mail - Privacy - Links - RSS

Investors Market participants Accesso rapido

Registers
Lists
Listed firms



Commissione Nazionale per le Società e la Borsa

Issuers - Listed Companies

[Consob](#)
[Issuers](#)
 Listed Companies
 Auditing firms
[Intermediaries](#)
[Markets](#)
[Legal framework](#)
[Financial education](#)
[Conciliation and Arbitration Chamber](#)

Includes:

Ownership (shareholders holding, directly or indirectly, more than 2% of the share capital – in accordance with the provisions of article 120 of Legislative Decree no. 58/1998);

Share capital (in accordance with the provisions of article 85-bis of Consob Regulation no. 11971/1999)

Board members (in accordance with the provisions of article 85-quater of Consob Regulation no. 11971/1999)

Major holdings declared since 01/12/2000 (in accordance with the provisions of article 120 of Legislative Decree no. 58/1998)

Potential major holdings (in accordance with the provisions of article 119, paragraph 1, of Consob Regulation no. 11971/1999)

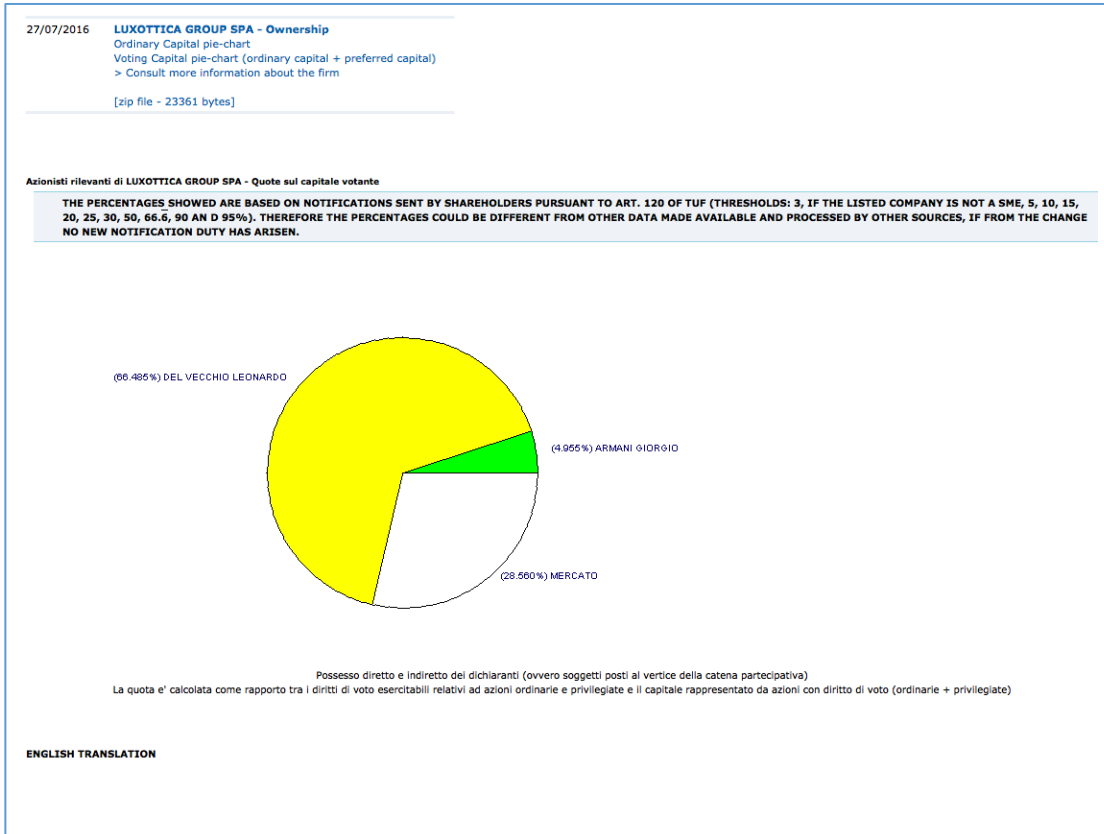
Company's name

Search by letter
A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

- ▶ Search
- ▶ Legislative Decree 58/1998
- ▶ Consob Regulation 11971/1999
- ▶ Ownership
- ▶ Share capital
- ▶ Listed Companies with increased voting shares or multiple-voting shares
- ▶ Board members
- ▶ Major holdings
- ▶ Disclosure of investments in financial instruments and aggregate investments

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Figure 33: Beneficial Ownership - LUXOTTICA GROUP (*website CONSOB*)



Commissione Nazionale per le Società e la Borsa 28/07/16 20:36

PRINT EDIT

Situation at 27/07/2016
 Pie-chart Capitale ordinario
 Pie-chart Capitale votante
Azionisti rilevanti di LUXOTTICA GROUP SPA

THE PERCENTAGES SHOWN ARE BASED ON NOTIFICATIONS SENT BY SHAREHOLDERS PURSUANT TO ART. 120 OF TUF (THRESHOLDS: 3, IF THE LISTED COMPANY IS NOT A SME, 5, 10, 15, 20, 25, 30, 50, 66.6, 90 AND 95%). THEREFORE THE PERCENTAGES COULD BE DIFFERENT FROM OTHER DATA MADE AVAILABLE AND PROCESSED BY OTHER SOURCES, IF FROM THE CHANGE NO NEW NOTIFICATION DUTY HAS ARISEN.

Soggetto vertice della catena partecipativa	Denominazione	Titolo di Possesso	di cui Senza Voto		Ordinario		Intestataria	Su Tot. Capitolo	Su Cap. Ordinario	Su Cap. Altre Categorie	
			Quota %	Il Voto Spetta a	Quota %	Il Voto Spetta a					
DEL VECCHIO LEONARDO	DEL VECCHIO LEONARDO	Proprietà	66,485	0,000	66,485	0,000			0,000	0,000	0,000
	Totale		66,485	0,000	66,485	0,000			0,000	0,000	0,000
DEUTSCHE BANK TRUST COMPANY AMERICAS	DEUTSCHE BANK TRUST COMPANY AMERICAS	Int. conto terzi (ADR)	7,466	0,000	7,466	0,000					
	Totale		7,466	0,000	7,466	0,000			0,000	0,000	0,000
ARMANI GIORGIO	ARMANI GIORGIO	Proprietà	0,044	0,000	0,044	0,000					
	Totale		0,044	0,000	0,044	0,000					
	ARMANI GIORGIO	Proprietà	4,911	0,000	4,911	0,000	DEUTSCHE BANK TRUST COMPANY AMERICAS	2,947	2,947		
	Totale		4,911	0,000	4,911	0,000			2,947	2,947	0,000
	Totale		4,955	0,000	4,955	0,000			2,947	2,947	0,000

ENGLISH TRANSLATION

Azionisti rilevanti = List of major shareholders
 Dichiarante ovvero soggetto posto al vertice della catena partecipativa = Declarant or party at the top of the investment chain
 Azionista Diretto = Party directly holding the major shareholding
 Titolo di possesso = Title of possession
 Denominazione = Name
 Titoli di possesso = Title of possession
 Proprietà = Beneficial ownership
 Ripartitore/Prestatario = Trustee/Lender
 Ripartitore/Prestatario = Trustee/Borrower
 Intestazione a terzi = Registration on behalf of third parties
 Gestione discrezionale del risparmio = Discretional asset management
 Gestione non discrezionale del risparmio = Non-discretional asset management
 Pegno = Pledge
 Mandato = Mandate
 Deposito = Deposit
 Delega = Power of attorney (proxy voting)
 Trasferimento retribuito dal diritto di voto = Transfer of the voting rights
 Su Tot. Capitale = Total
 Quota sul capitale votante = Percentage of the voting share capital
 Quota sul capitale ordinario = Percentage of the ordinary share capital
 Di cui senza voto = Of which without voting rights
 Il voto spetta a = Voting rights assigned to
 Soggetto = Holder of the voting rights
 Intestazione a terzi = Holding on behalf of third parties
 Intestataria = Holder
 Proprietari delle azioni il cui diritto di voto è esercitato dal dichiarante = Beneficial owners of the shares whose voting right is exercised by the declarant
 Proprietario = Party owning the shares (or holdings)
 Su Tot. Capitale = As percentage of the total share capital
 Su Cap. Ordinario = As percentage of the ordinary share capital
 Su cap. altre categorie = As percentage of the preference shares
 Su cap. altre categorie = As percentage of other category shares
 Di cui senza voto = Of which without voting rights

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http://www.conso.it/main/.../documenti/asset1/proprietari/semestre..._le-votante=documenti/asset1/semestre-2016/112882_VotDich.html Page 1 of 1

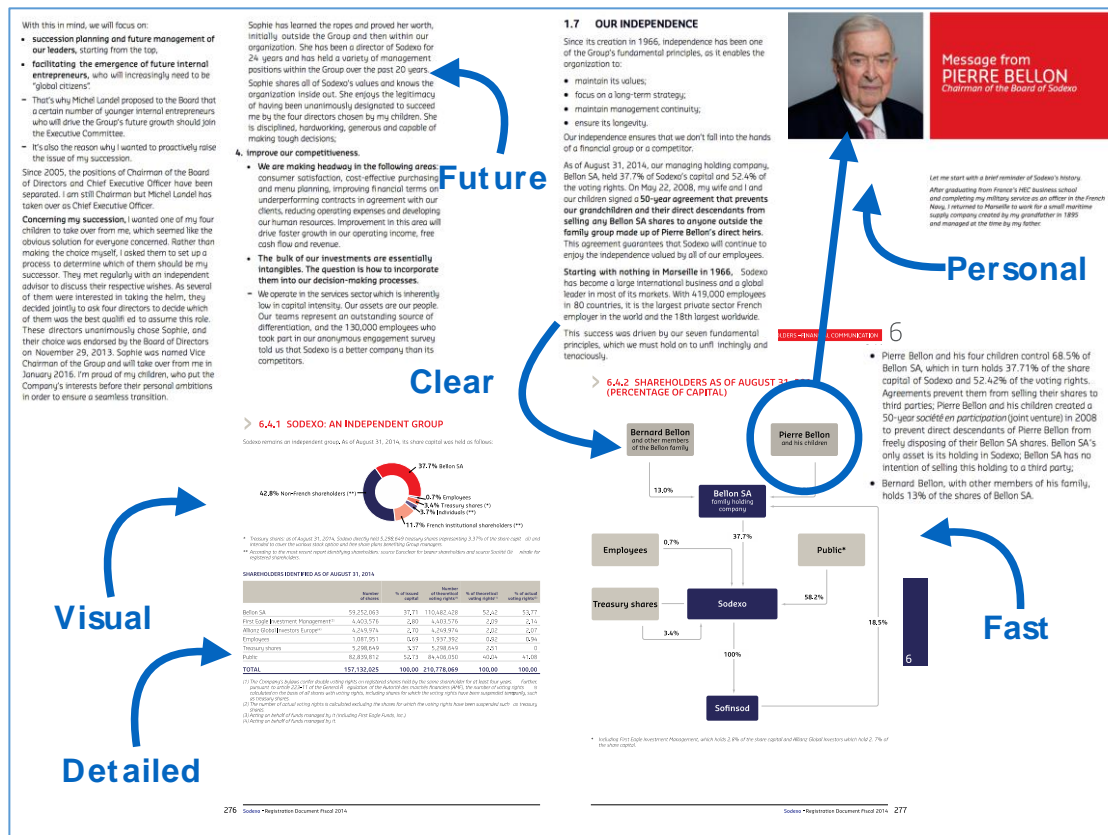
8.2 The Second Step: Personalized Information

The style of disclosure matters enormously. It is important to think about the potential audience (e.g., current investor, prospective investor – professional or otherwise – etc.) and to try to speak to *all* of the different constituencies in an engaging and personalized manner.

The legalistic forms of writing that currently dominate this area need to be abandoned in favor of more direct and honest forms of expression. Moreover, information on control structures needs to be embedded in a clear and distinctive narrative about the past, present and future direction of the firm and the governance structures of that company. Narrative creates a context that is vital in generating confidence and a willingness to engage. The current prevalence of a more legalistic style merely communicates evasiveness and seems unlikely to be effective in building or sustaining the necessary degree of trust.

Figure 34 contains an example of an owner who understands that the key challenges confronting his company – for example, the questions of succession – need to be addressed directly and should not be obscured or hidden.

Figure 34: Beneficial Ownership - SODEXO (annual report)



Indeed, the French food services and facilities management firm, *Sodexo*, provides a good example of how this type of personalized, visual and clear, integrated report has been used effectively. The firm's founder, Pierre Bellon, has used dual class shares to guarantee long-term control. Nevertheless, the company has presented its reports in an open and visually attractive way that goes way beyond the regulatory requirements. For instance, as is reflected in *Figure 34*, Bellon has been very open in focusing on the succession issue, in particular the question of which one of his children would succeed him. The suggestion is that by openly confronting such a sensitive issue he was able to create trust and this trust ensured investors remained confident in the firm's prospects, in spite of the governance concerns that might (from the conventional perspective) otherwise deter them from making an investment in such a company.

8.3 The Third Step: Alternative Media

There are many alternative means that can now be utilized as a platform for communicating. For instance, an increasing number of company owner-leaders now communicate with investors via an “annual letter” and, in many cases such letters have become more important to investors as a source of information than the annual reports. Again, such letters work best when written in a highly personalized and honest style (i.e., one (albeit controlling) shareholder communicating openly with other shareholders). Finally, social media and other online media (such as blogs) are becoming more and more important as a forum for disclosing information about a company. As such, there are multiple new opportunities and possibilities for more imaginative forms of information dissemination.

Figure 35 contains a well-documented example of a company that has adopted this type of approach. Warren Buffet’s annual letters to shareholders are considered a “must read” for anyone with an interest in the corporate world. What is perhaps most interesting is that these letters not only provide investors and other stakeholders with last year’s financial information and future developments and growth prospects but also include business advice and insights. It is therefore not surprising that these letters attract enormous attention on social media. They have created significant hype, which makes the communication even more personalized, open, and effective. It is hardly surprising, therefore, that tech moguls, like Jeff Bezos (*Amazon*) and Larry Page (*Google, Alfabet*) have also embraced this type of strategy.

Figure 35: Warren Buffet’s Letters

BERKSHIRE HATHAWAY INC.

To the Shareholders of Berkshire Hathaway Inc.:

BERKSHIRE HATHAWAY INC.
SHAREHOLDER LETTERS

Many of the letters below are presented in PDF format. If you do not have Adobe Acrobat® Reader® software on your computer, use the link to go to Adobe's web site for a free download. [Adobe](#)

1977	1997
1978	1998
1979	1999
1980	2000
1981	2001
1982	2002
1983	2003
1984	2004
1985	2005
1986	2006
1987	2007
1988	2008
1989	2009
1990	2010
1991	2011
1992	2012
1993	2013
1994	2014
1995	2015
1996	


For shareholders and others who are interested, a book that compiles the full unedited versions of each of Warren Buffet's letters to shareholders between 1965 and 2012 is available for sale at [this link](#).

ALL SHAREHOLDER LETTERS INCLUDE COPYRIGHTED MATERIAL REPRODUCED WITH PERMISSION


We've had experience with both outcomes: I've made some dumb purchases, and the amount I paid for the economic goodwill of those companies was later written off, a move that reduced Berkshire's book value. We've also had some winners – a few of them very big – but have not written those up by a penny.

Our flexibility in capital allocation – our willingness to invest large sums passively in non-controlled businesses – gives us a significant edge over companies that limit themselves to acquisitions they will operate. Woody Allen once explained that the advantage of being bi-sexual is that it doubles your chance of finding a date on Saturday night. In like manner – well, not exactly like manner – our appetite for either operating businesses or passive investments doubles *our* chances of finding sensible uses for Berkshire's endless gusher of cash. Beyond that, having a huge portfolio of marketable securities gives us a stockpile of funds that can be tapped when an elephant-sized acquisition is offered to us.

Can you imagine another very large company – we employ 361,270 people worldwide – enjoying that kind of employment stability at headquarters? At Berkshire we have hired some wonderful people – and they have stayed with us. Moreover, no one is hired unless he or she is truly needed. That's why you've never read about “restructuring” charges at Berkshire.



Front Row – Billie Annis, Sharon Fack, Melissa Hink, Jolynn Chase, Warren Buffett, Angie Walsh, Mike Krueger, Deb Ray, Carrie Sova, Ellen Schmitt. Back Row – Tracy Britt Cook, Jennifer Turlinski, Ted Wexler, James Manhart, Bill Brown, Todd Curtis, Dan Jankin, Debbie Bennett, Mark Sioley, Mark Hamberg, Kerry Ham, Mark Millard, Alison Ballard, Stacy Gettochuk, Tiffany Yaki



The above elements are merely indicative and need to be developed further based on empirical research on current best practice. What is clear, however, is the overarching concept and direction of an open communication strategy: clear and accessible information on ultimate ownership and its relationship with governance needs to be located within a coherent and meaningful narrative of the firm's current situation and future direction. In this way, information can become an important resource that firms leverage in order to build more inclusive relationships with all stakeholders.

9. Conclusion

The key conclusions from this report are twofold. Firstly, regulators need to acknowledge the unintended effects of a regulatory model predicated on solely mandatory disclosure of beneficial ownership. Such a model seems to incentivize a formalistic, legalistic and minimal style of disclosure that does not always achieve the initial regulatory objectives. The empirical study clearly shows that, in many cases, online media can provide more useful information than the "official" sources.

This is not to suggest that disclosure rules should be repealed, rather that they need to be supplemented by alternative regulatory strategies that aim to show how open communication and transparency represents a "missed opportunity" for many firms.

Secondly, the empirical study highlights how a small, but increasing, number of firms are recognizing the multiple benefits of more open communication. As such, companies need to be proactive and imaginative in building open communication strategies that maximize the financial and strategic opportunities that such openness can create.

In this context, the task of regulators needs to be re-thought and the focus needs to include the more complex and subtle task of encouraging firms to embrace open communication and then providing guidance as to best practice in such communication strategies.

Ultimately, however, the task of adopting more open forms of communication regarding ownership and control is contingent on the leaders and other key stakeholders within a firm developing effective disclosure policies and practices. In doing so, a firm can give itself the best opportunity to ensure that it offers a meaningful experience for all stakeholders within that firm. This, in turn, will attract further investors and the other "talent" that is necessary to develop the products and services that will allow a firm to have the best opportunity to be successful in the hyper-competitive, global markets that characterize the economy today.