

The Role of Hong Kong Capital Markets in China's SOE Reforms and Private Sector Development

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SOE Reforms

1. 1980s: Revitalization

- Decentralization
- Improvement of internal managerial and incentive systems
- Introduction of market competition

SOE Reforms

2. 1990s: Creation of “Modern Enterprise System”

- Mergers and acquisitions
- Standardizing bankruptcy procedures
- Redundancy of surplus workers
- Formation of limited companies

SOE Reforms

3. 2000 - : Corporate Governance Reforms

- Board functions and responsibilities
- Board composition and Board committees
- Disclosure and transparency
- Internal control and accounting standards

Role of Hong Kong Capital Markets

1. SOE's Access to International Capital

Hong Kong, New York, London, Singapore

Hong Kong: 66 H Shares

72 Red Chips

13 N Shares, 5 L Shares, 2 S Shares

- Modernization and Revitalization
(management and technology)
- Increased Productivity and Profitability
- Increased Privatization of SOEs
- Expansion

2. Corporate Governance Reform

- The Role of Hong Kong's SFC and SEHK and China's CSRC
- Listing Learning Processes
- Compliance and Convergence towards International Standards

3. Private Sector Development

- Impact on Domestic-listed and non-listed SOEs (Demonstration and Contagion Effects)
- Expansion of the Private Sector and China's Economic Change and Performance