Hong Kong's Role in Mending the Disclosure Gap

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Since 2006, the Institute of Public and Environmental Affairs (IPE), a Beijing-based nongovernment organization, has operated the China Water and Air Pollution Database[1]. This web-based resource is the first of its kind in China to publish air and water quality data and feature a government-sourced list of companies cited for environmental violations in the mainland. By March 2010, IPE has uploaded more than 58,000 records of monitoring and enforcement from official mainland sources to its water and air pollution databases.[2]

On 1 March 2010, IPE identified 175 companies listed on the Hong Kong Exchanges and Clearing Limited[3] (HKEx) with environmental infraction records in the mainland. Figure 1 reveals that 16 percent of companies listed on the main board of HKEx have publicly available records of violations in their mainland operations.[4]

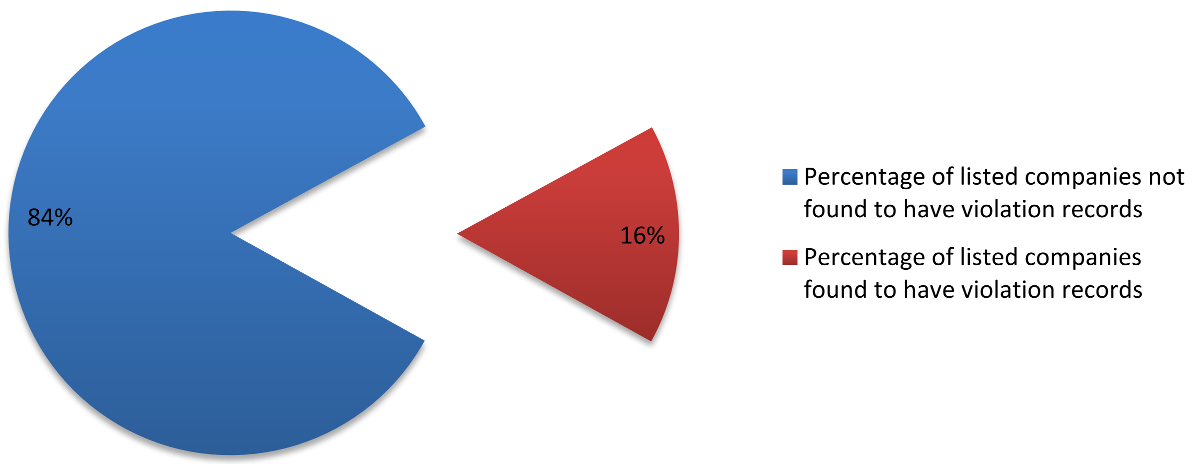

Figure 1: Environmental violations of HKEx listed companies[5]

To date, the total number of environmental violations by these 175 companies exceeds 750, revealing that many are repeat offenders. These are Hong Kong-owned companies, as well as companies incorporated in mainland China, traded on the HKEx (H-shares) and companies based in mainland China but incorporated internationally and listed on the HKEx (Red Chips). Figure 2 reveals that of the companies with violation records, about two-thirds are Hong Kong-owned. H-share companies, however, have the highest total number of violations overall.

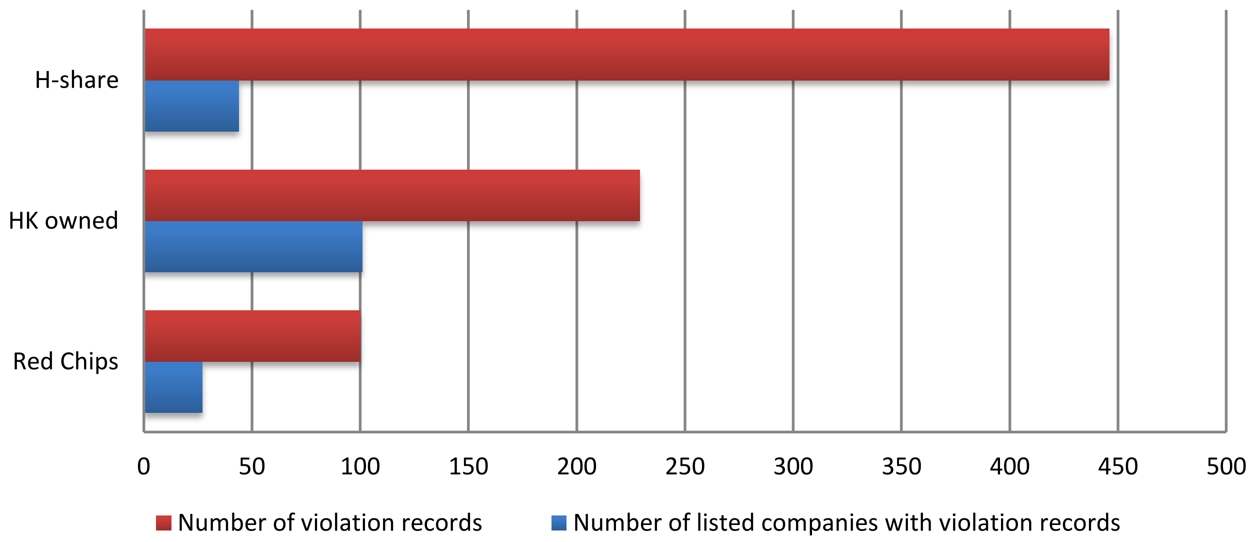

Figure 2: Multiple violations of companies on the HKEx

Multiple violations are clearly evident

Among the Hong Kong-owned companies, subsidiaries of Kingboard Chemicals Holdings Ltd.[6] (KINGBOARD CHEM148) and Kingboard Laminates Holdings Ltd. (KB LAMINATES 1888)[7] have multiple environmental violation records on the mainland. In May 2009, the Guangdong Provincial Oceanography and Fishery Administration highlighted one of Kingboard Laminate's factories for having exceeded permitted levels of wastewater discharge into the Pearl River Estuary for two consecutive years.[8] The same year, the Guangzhou Municipal Environmental Protection Bureau (EPB) also placed Kingboard Laminates on its list of major polluters requiring monitoring and correction.[9] Moreover, when the Guangdong Provincial EPB published its annual list of 20 major polluters that required monitoring in 2010, three of them were identified to be among Kingboard Chemicals' printed circuit board (PCB) factories.[10]

Another Hong Kong owned company with multiple violations is United Laboratories International Holdings Ltd.[11] (UNITED LAB 3933). As early as 2004, the Company's Pengzhou factory was checked by the local EPB for being listed as an enterprise required to fix environmental problems within a set timeframe.[12] In 2007, residents of Pengzhou were angered by the offensive odor emanating from its operations. The local environmental agency responded by issuing seven notices to the company for corrective action.[13] In 2009, the local government ordered the company's Inner Mongolia operation in Bayan Nur to deal with its offensive odor.[14] In 2010, the local government ordered the Bayan Nur factory to comply with the discharge standards and to stop discharging wastewater to the municipal wastewater system by 1 July, 2010[15].

Another example of a Hong Kong-owned company with multiple violations is KO YO Ecological Agrotech (Group) Ltd.[16] (KO YO GROUP 827). In 2007, its subsidiary in Dazhou, Sichuan was placed on the province's watch list for polluting a local river and was ordered to resolve this infraction within a specified timeframe.[17] The following year, the local EPB found the same factory violating wastewater discharge standards in both the first and the second quarters of 2008.[18] In January 2010, acting on complaints from local residents, the local EPB caught the factory discharging large volumes of untreated industrial wastewater into a local tributary of the Yangtze River. According to a local media report, residents reported that the factory was dumping "black" wastewater at night.[19]

Among H-share companies, IPE identified Tsingtao Brewery Co. Ltd.[20] (TSINGTAO BREW 168) as having more than 20 environmental violations records in its operations across China from 2004 to 2009. One of Tsingtao Brewery's factories in Chongqing was found to have committed environmental violations in 2006, 2007 and 2008.[21] According to records published by the local EPB, the factory discharged wastewater without proper treatment in 2007; with suspended solids exceeding the government's standard by 45.6 times and phosphate exceeding the standard by 36.2 times.[22] Another of its factories in Baoji had multiple violation records in 2004, 2007, 2008 and 2009.[23] In 2007, it was found by the central government's investigation team to be exceeding the chemical oxygen demand (COD) discharge standard by 4.92 times.[24]

Since 2005, the Zijin Mining Group[25] (ZIJIN MINING 2899), an H-share company, has had a series of environmental violations and pollution incidents in Hebei, Xinjiang and Guizhou, with some of them discharging toxics into local waters.[26]

In another example, Zhuzhou Smelter Group Co., Ltd., a subsidiary of Hunan Nonferrous Metals Corporation Ltd[27] (HNC 2626), was found by the Zhuzhou EPB to have frequently exceeded discharge standards for COD[28], ammonia nitrogen and total cadmium in the first half of 2008. The discharge of total lead and total arsenic were also found to have exceeded standards.[29]

Among Red Chip companies, China Resources Enterprise Ltd. (CHINA RESOURCES 291) and China Resources Power Holdings Co. Ltd. (CHINA RES POWER 836) were cited for having more than 20 environmental violation records combined from 2005 to 2008. In 2007, a subsidiary of China Resources Enterprise Ltd. located in Nantong was found to be discharging 5,000 tons of untreated wastewater daily, into a local river. According to the local EPB, the factory expanded production capacity over four years but failed to make the corresponding adjustments to its wastewater treatment facilities.[30] In early 2008, the factory exceeded the COD discharge standards by 3.24 times and was ordered to suspend production.[31]

From December 2007 until January 2009, another Red Chip company, Guangxi Huanyin Aluminum Co. Ltd., a subsidiary of Minmetals Resources Limited[32] (MIN RESOPURCES 1208), was responsible for eight slurry spills.[33] As a result of one spill in March 2008, the slurry leaked into a local river contaminating the drinking water source of local villagers. Six months later, another spill covered 50 acres of paddy fields with 15 centimeters of slurry, destroying the crops just before harvest. The slurry also damaged local irrigation brooks and flooded local farmers' houses. Despite all the corrective action required by the authorities, another spill occurred in January 2009 and contaminated three springs of local communities[34].

HKEx listed companies found to have major gaps in disclosure

In most cases, very little disclosure of violation records, including any explanation or corrective actions, can be found in HKEx listed companies' annual reports or official websites.

In recent years, some HKEx listed companies have begun to follow global trends and publish corporate responsibility reports or sustainability reports. However, the reports reviewed by IPE also provided little disclosure about the violations, making it a clear gap in such CSR reports.

For example, neither of PetroChina Co. Ltd.'s (PETROCHINA 857) 2007 or 2008 Corporate Social Responsibility Reports[35] disclosed the multiple environmental violation records of the company's subsidiaries in those two years.[36]

Another example is Datang International Power Generation Co., Ltd. (DATANG POWER 991). Its official website [37] provides no explanation of the company's more than 20 environmental violations that occurred between 2005 and 2010. Half of these violations occurred in one year (2008). For example, one of Datang Power's subsidiaries in Chaozhou, Guangdong Province was fined RMB 100,000 in 2008 for breaking air emission standards, and for false reporting and refusing to report on various types of emissions, and was ordered to address the infractions.[38] Another of the company's power plants in Taiyuan, Shanxi Province was listed in 2006 and 2007 for severe violations of emission standards.[39] The same plant was openly censured by the Taiyuan city EPB in 2008 for legal violations of discharge rules,[40] and in 2010, it was again ordered to comply with environmental standards.[41] The company's 2008 Social Responsibility Report[42] failed to cite or explain any of these violations in 2008.

Improving enforcement in the mainland

Historically, violation of environmental regulations and standards in China has been of little financial consequence to companies because of weak enforcement and insignificant fines. As such, penalties have often been regarded as part of the cost of doing business. Despite this, the trend is veering towards tighter enforcement and the imposition of higher punitive fines, a clear indication that environmental violations will become more costly to companies.

As an example, Sinopec Guangzhou Company, a subsidiary of Sinopec Corporation (SINOPEC CORP 386), has records of violations in 2004, 2005, 2007 and 2008[43]. In 2008 alone, the company paid RMB 20 million in discharge fees and penalty fines. Yet in 2009, it was again placed on the list of major polluters required to correct under intensive monitoring by the Guangdong Provincial EPB. According to an official media report, the company also received a "red" card[44] in an annual review of its environmental performance. The report noted that if the company could not control its pollution, its future ability to obtain credit from local banks would be affected[45]. Under increasing pressure from local communities and government to fix the problem or even to relocate, the company announced in mid-2009 that it would invest RMB 140 million to build and maintain pollution control facilities.[46]

As another example, in 2008, the Yulin city EPB imposed a fine of up to RMB 1 million and charged double the discharge fee on one of the coalmines of China Shenhua Energy Co. Ltd. (CHINA SHENHUA 1088) that violated wastewater standards. The coalmine was also required to suspend production until the pollution was controlled.[47] In 2009, when the same mine failed to meet environmental standards yet again, it was fined RMB 1 million.[48]

Another well-known example is the Hong Kong company Fountain Set Holdings Limited (FOUNTAIN SET 420). In 2006, local environmental officials found that the company's Fuan Textile factory in Dongguan was discharging daily 22,000 tons of untreated wastewater through a secret pipe into a nearby river. The local EPB imposed a fine of RMB 210,000, and the company was made to pay RMB 11.5 million in fees for its previous illegal wastewater discharge.[49]

Improved enforcement is most marked in the more developed coastal regions in China, such as the Yangtze River Delta and the Lake Tai watershed. Beyond imposing higher fines, local authorities have also ordered polluters to suspend production, with obvious financial impact on the companies in question. In the above mentioned case in Nantong, the subsidiary of China Resources had to halt production in 2008 and as a consequence lost RMB 20,000-30,000 per day during the closure. The case also impacted other China Resources' subsidiaries, particularly in their ability to obtain credit from local banks. According to a media report, in April 2009, the Nantong unit was shut down for good and the business liquidated.[50]

Increased requirements to report and disclose environmental information

Companies operating in China are under increasing pressure from the government to report and disclose environmental information. The State Council's *Open Government Information Regulations* and the Ministry of Environmental Protection's *Environmental Information Disclosure Measures* (EIDM) that went into effect on 1 May 2008 represent a major watershed in improving environmental governance.

As a result, mainland environmental protection agencies are now legally required to publicly disclose a wide range of environmental information. As defined under the EIDM, this includes environmental plans, pollution discharge permits and environmental statistics. Particularly relevant to corporations is the requirement to disclose a list of companies that have violated discharge standards, total volume controls, or had serious pollution accidents, as well as been the subject of confirmed complaints and letter writing from the public, investigations, lawsuits, offences and penalties. Failure to comply is a violation.[51]

EIDM also requires corporate disclosure from companies that exceed national or local discharge standards, or exceed the total volume quota authorized by local governments. Specifically, the EIDM require the disclosure of "names of major pollutants, discharge methods, the concentration and total volume of emissions, information on emissions that have exceeded the standards or total emissions that have surpassed the prescribed limits", all to be made within 30 days through local media.[52]

While the enforcement of corporate disclosure requirements has yet to be proven, sustained central government pressure on local agencies to release information on pollution incidents and violations will only lead to increasing disclosure on corporate environmental performance in the future.

In addition to this trend towards increased transparency, the Chinese government has adopted a policy framework that encompasses the use of financial instruments to encourage environmentally sustainable private sector development. In February 2008, the State Environmental Protection Administration (SEPA)[53] issued *Guidelines on Strengthening Environmental Protection Supervision and Management of Listed Companies*.[54] The Guidelines make it clear that "SEPA intends to implement EIDM and other rules to promote and supervise the disclosure of environmental information by listed companies", and that local EPBs shall report the names of listed companies that fail to disclose environmental information to SEPA. "SEPA will then provide the names to the China Security Regulatory Commission (CSRC)".[55]

In response to these laws and policies, in May 2008 the Shanghai Stock Exchange (SSE) issued the *Notice of Improving Listed Companies' Assumption of Social Responsibilities* and the *Guideline on Environmental Information Disclosure by Listed Companies*, which coincided with the introduction of EIDM. Companies listed on SSE are requested to devise a social responsibility strategic plan, disclose initiatives and achievements, and post annual social responsibility reports together with their annual reports on the exchange's website. The guidelines also require companies to disclose information regarding:

- Investigations made by environmental agencies concerning legal violations;
- Any major administrative or criminal penalties;
- Whether the companies have been ordered by local governments to suspend production, move, or shut down; and
- Whether the companies have been listed by environmental protection agencies as serious polluters.[56]

In addition, the guidelines further require that companies listed by environmental agencies as major polluters to publically disclose information within two days of the list being published. This information required reiterates SEPA's guidelines and includes "names of major pollutants, discharge method, the concentration and total volume of emission, information on emissions that have exceeded the standards or total emissions that have surpassed the prescribed limits". The guidelines stress that listed companies should not refuse to disclose on the grounds of commercial confidentiality[57].

Although the enforcement of the SSE rules is still limited, some listed companies are taking steps to comply. Since late 2009, a few companies listed on SSE have published their corporate environmental information disclosure rules based on the 2008 *Notice* issued by the Exchange[58]. These companies thereby commit to disclosing environmental information, which has to date included investigations made by environmental agencies concerning legal violations, and have even internal punitive measures for non-compliance.

Although, as indicated previously, the sustainability reports reviewed were found to have major gaps in disclosing infraction records, the very fact that major listed companies such as PetroChina, Sinopec and Datang have begun to release such reports is an encouraging sign that there is increasing appreciation of the value of transparency within the corporate community. Companies like PetroChina and Sinopec for example did release discharge data (although still incomplete) relevant to their mainland operations[59]. Furthermore, it is encouraging that in a recent corporate responsibility, PetroChina disclosed the diesel oil leakage accident that contaminated the Yellow River at the end of 2009,[60] bringing hope that disclosure of such cases will continue.

NGOs are also playing an important role by using the EIDM to demand information from local authorities[61]. Progress made in improving environmental transparency means that environmental data is increasingly accessible. Since it launched its websites in 2006, IPE has uploaded more than 58,000 records of monitoring and enforcement from official mainland sources to its water and air pollution databases.

Encouragingly, some HKEx listed companies are responding directly to NGO enquiries. One example is DaChan Food (Asia) Ltd.[62] (DACHAN FOOD 3999), which has been proactive in approaching NGOs to explain its violation records.[63] Other examples include Tingyi (Caymen Islands) Holding Corp[64] (TINGYI 322), Want Want China Holdings Ltd. (WANT WANT CHINA 151), and Tsingtao Brewery Ltd. In early 2010, 34 local NGOs launched a consumer campaign, which identified brands with pollution records. As a result of the campaign, Tingyi, Want Want China and Tsingtao Brewery engaged IPE in dialogue, and Tingyi in particular disclosed the discharge data of its subsidiaries with pollution records.[65] In March 2009, through IPE's Green Supply Chain program, heavy industry giant Maanshan Iron & Steel Co. Ltd. (MAANSHAN IRON 323), initiated dialogue with local NGOs concerning its violations records, as a result of pressure from a buyer.

Globally, investors are showing greater interest in corporate environmental reporting and disclosure as the risks to business increase. But it will inevitably take time for China to establish new and improved norms on reporting and disclosure. The speed of change however will accelerate if financial institutions and investors join the government and NGOs in applying pressure.

Hong Kong's role

Hong Kong can play a positive role too in helping to quicken the pace of environmental improvement on the mainland. The HKSAR government has already stepped-up liaison and collaboration with the Guangdong authorities on environmental protection. For example, the Cleaner Production Partnership, jointly organized by the Hong Kong Environmental Protection Department and the Economic and Trade Commission of Guangdong Province launched in April 2008 is a case in point. Under the program, the HKSAR government provides funding to support Hong Kong-owned factories in the Pearl River Delta region to help them to improve environmental practices.[66]

HKEx's role

But there is more that Hong Kong can do. HKEx has a special role to play in light of the fact that many listed companies in Hong Kong have operations on the mainland. This point is not lost on HKEx, as its chairman, Ronald Arculli, stated in HKEx's 2009 Corporate Social Responsibility Report that:

> "Investors now demand more transparency and accountability. I strongly believe that this experience can accelerate our pursuit of sustainable business strategy and practices. Given that stakeholders nowadays increasingly turn to broader measures of business value such as impacts on the environment and community, it is important for HKEx to not only focus on business growth but also affirm our CSR objectives and convey positively to our stakeholders our continued investment in the marketplace, workplace, community and environment as well as our long term commitment to ethical and responsible business practices".[67]

New Listing Rules for mining companies

It is also noted that HKEx, published a consultation paper in September 2009 setting out proposals to update the Main Board Listing Rules for companies involved in natural resource exploration, extraction or production. The proposals were aimed at aligning the Listing Rules' requirements for resources companies with international best practices, in order to further promote Hong Kong as a major international listing and fund raising centre for natural resource companies.[68]

While HKEx noted that no other jurisdictions it reviewed endorsed specific social and environmental disclosures, although some set internal guidelines on them, the consultation paper proposed that mineral and exploration companies be required to consider and provide disclosure on the following matters, where material to their business operation:

- Project risks arising from environmental, social and health issues;
- NGO impact on sustainability of projects;
- Compliance with host country laws, regulations and permits; and
- Environmental liabilities of the project.

The consultation period has closed and HKEx is doing further consultation on drafting and technical matters. The Listing Committee is expected to consider the results of the consultation in April 2010 and for the new Listing Rules to become effective shortly thereafter. It is believed that HKEx is already applying the proposals to consideration of any mining Initial Public Offering candidates.

Recommendations for HKEx's new CSR Code for Listed Companies

The HKEx's proposal to amend the Listing Rules for mining companies is a step in the right direction. Moreover, it is also encouraging that HKEx's new strategic direction includes drafting a Corporate Social Responsibility Code for consultation later this year, which would presumably cover all listed companies.

Beyond creating the Corporate Social Responsibility Code, HKEx should:

1. Require listed companies to notify HKEx of environmental violations on the mainland and elsewhere committed by any of its subsidiaries, what follow-up remedial measures are being taken, and updated monitoring data, and create a disclosure system on its website of these notices;
2. Take advantage of the mainland's increasing environmental transparency and require companies preparing for an IPO to make mandatory disclosure about publicly available infraction records;
3. Encourage its listed companies to make regular public disclosure of corporate pollution discharge data.

We believe that the disclosure requirement set by HKEx will be a strategic move for the following reasons:

1. It will help reduce risks of investment and protect the interests of the investors;
2. It will help promote the trend to expand environmental transparency in China (and elsewhere);
3. It will encourage environmentally responsible investment and help pollution control efforts in China (and elsewhere).

Conclusion

Hong Kong and HKEx have special roles and responsibilities to play in light of the fact that many companies, including listed companies in Hong Kong, have operations on the mainland. We strongly believe that a good start for HKEx to promote its own stated values is to create a level playing field for its listed companies to broaden environmental disclosure as soon as possible.

Endnotes

[1] Website: China Water Pollution Map (http://en.ipe.org.cn/) and China Air Pollution Map (http://air.ipe.org.cn/en/qyInfoEn.do).
[2] The database allows one to type in a key word of any company operating in China in order to see if the company has an official record of violation during the past six years.
[3] http://www.hkex.com.hk/eng/index.htm.
[4] However, this does not necessarily mean that the remaining 84% have been compliant with China's environmental regulations since enforcement remains weak and environmental transparency is still at a very basic level. Consequently the actual number of violations and the percentage of listed companies with such records may be higher.
[5] Scope of the investigation: Companies listed in the main board of HKEx until 27 August, 2009.
[6] The Group operates more than 60 manufacturing facilities, turning out a large spectrum of products ranging from paper laminates to PCBs, chemicals, such as methanol, formalin, hydrogen peroxide, phenol/ acetone, BPA, caustic soda, PVC, coking coal and coke, copper foil, glass fabric, glass yarn, bleached kraft paper, liquid crystal displays and magnetic products. Website: http://www.kingboard.com/about.asp.
[7] Kingboard Laminates Holdings currently operate 21 manufacturing facilities in southern China and eastern China. Website: http://www.kblaminates.com/index.asp.
[8] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=24425.
[9] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=37227.
[10] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=44296, http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=44283 and http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=44289.
[11] TUL has six production bases: The United Laboratories (Hongkong) Limited (finished products), Zhuhai United Laboratories Co., Ltd. (bulk medicine), Zhuhai United Laboratories (Zhongshan) Co., Ltd., (finished products), United Laboratories Kingly Capsule Factory (capsule casings), United Laboratories (Chengdu) Co. Ltd. (intermediate products), and United Laboratories (Inner Mongolia) Co. Ltd. (intermediate products). Website: http://www.tul.com.cn/en/about.asp.
[12] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=7540.
[13] http://air.ipe.org.cn/gyqyxxDetailsEn.do?id=3147.
[14] http://air.ipe.org.cn/gyqyxxDetailsEn.do?id=14573. .
[15] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=44835.
[16] The Group has five wholly-owned subsidiaries, Chengdu Ko Yo Chemical Industry Co., Ltd., Chengdu Ko Yo Compound Fertiliser Co., Ltd., Qingdao Ko Yo Chemical Industry Co., Ltd., Dazhou City Dazhu Ko Yo Chemical Industry Co., Ltd., and Dezhou Ko Yo compound Fertiliser Co., Ltd.
[17] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=9228.
[18] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=33142.
[19] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=44832.
[20] By the late 1990s, Tsingtao Brewery Co. Ltd. had more than 50 breweries in 18 provinces, municipalities and autonomous regions. Website: http://www.tsingtao.com.cn/2008/en/index.jsp.
[21] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=5481, http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=17402 and http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=40950.
[22] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=17402.
[23] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=5990, http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=5991, http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=6763, http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=16885, http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=31905 and http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=38732.
[24] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=6763.
[25] Website: http://www.zjky.cn/english/tabid/172/Default.aspx.
[26] http://www.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=3375, http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=34807 and http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=10063.
[27] Website: http://www.hng.com.cn/English/About.asp?class_id=7.
[28] Chemical oxygen demand (COD) is commonly used to indirectly measure the amount of organic compounds in water. It measures the capacity of water to consume oxygen during the decomposition of organic matter and the oxidation of inorganic chemicals such as ammonia and nitrite.
[29] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=31837.
[30] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=9213.
[31] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=12019 and http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=14547.
[32] Website: http://www.minmetalsresources.com/eng/index.html.
[33] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=45623.
[34] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=45623.
[35] http://www.petrochina.com.cn/resource/pdf/qyshzrbg/2007e.pdf and http://www.petrochina.com.cn/resource/pdf/xwygg/2008shzrbg_en.pdf.
[36] The records of violations can be viewed by typing in the keywords of the Chinese names of subsidiaries of PetroChina Company Limited on http://air.ipe.org.cn/en/bdbqy_cx.jsp and http://en.ipe.org.cn/bdbqy/index.jsp.
[37] Website: http://www.dtpower.com/en/index.jsp.
[38] http://air.ipe.org.cn/gyqyxxDetailsEn.do?id=15813.

[39] http://air.ipe.org.cn/gyqyxxDetailsEn.do?id=1186.
[40] http://air.ipe.org.cn/gyqyxxDetailsEn.do?id=12065.
[41] http://air.ipe.org.cn/gyqyxxDetailsEn.do?id=17319.
[42] http://www.dtpower.com/upload/news/2009-05-1109-17-31ppic0.pdf.
[43] http://air.ipe.org.cn/gyqyxxDetailsEn.do?id=846, http://air.ipe.org.cn/gyqyxxDetailsEn.do?id=887, http://air.ipe.org.cn/gyqyxxDetailsEn.do?id=3021and http://air.ipe.org.cn/gyqyxxDetailsEn.do?id=8515.
[44] An Environmental Performance Credit System; companies are classified into three grades according to their environmental performance: Green Card, Yellow Card and Red Card. The Red Card companies are the worst. http://www.gdepb.gov.cn/upload/file/20051219001.doc.
[45] http://air.ipe.org.cn/gyqyxxDetailsEn.do?id=15900.
[46] http://air.ipe.org.cn/gyqyxxDetailsEn.do?id=15900.
[47] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=23839.
[48] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=34784.
[49] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=4215.
[50] http://en.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=14547.
[51] For reference, an unofficial translation can be viewed at http://www.epa.gov/ogc/china/open_environmental.pdf.
[52] For reference, an unofficial translation can be viewed at http://www.epa.gov/ogc/china/open_environmental.pdf.
[53] SEPA has since been replaced by the Ministry of Environmental Protection.
[54] http://www.gov.cn/zwgk/2008-02/25/content_900324.htm.
[55] CSRC is an institution of the State Council that is the main securities regulator in China.
[56] http://www.cnstock.com/jysgg/2008-05/14/content_3314423.htm.
[57] http://www.cnstock.com/jysgg/2008-05/14/content_3314423.htm.
[58] http://stock.jrj.com.cn/cominfo/disc,2009-10-30,600526,000000000000021pi0.htm, http://stock.jrj.com.cn/cominfo/ggdetail_2009-12-26_002131_970343_stock.htm and http://stock.stockstar.com/JI2010031600000001.shtml.
[59] http://www.petrochina.com.cn/resource/pdf/qyshzrbg/2007e.pdf, http://www.petrochina.com.cn/resource/pdf/xwygg/2008shzrbg_en.pdf, http://english.sinopec.com/download_center/reports/2008/20090413/download/SustainReport2008en.pdf.
[60] http://www.petrochina.com.cn/Resource/pdf/xwygg/2009kcxfzbg_ft.pdf.
[61] In July 2009, IPE and the Natural Resources Defense Council (NRDC) launched the Pollution Information Transparency Index (PITI). The PITI benchmarks over 100 cities across China on various aspects of their environmental information disclosure performance. Only four of the 113 evaluated cities scored over 60 of a possible 100 points, with 32 cities falling under 20 points.
[62] Website: http://www.dachanfoodasia.com/en/.
[63] http://en.ipe.org.cn/news/news_view.jsp?BH=178.
[64] Website: http://irhk.com/listco/hk/tingyi/.
[65] http://www.ipe.org.cn/bdbqy/gyqyinfo.jsp?ID=21331 and http://en.ipe.org.cn/uploadFiles/2010-03/1268675671391.pdf.
[66] http://www.hkpc.org/html/eng/event_highlight/cleaner_pro.jsp.
[67] HKEx's Corporate Social Responsibility Report, *Our Commitment to Sustainable Value*, 2009, p. 3.
[68] Resource companies have become increasingly important to HKEx for metals and mining related companies have emerged as the primary source of IPO fund raising in Hong Kong in 2009. The dual listing of Metallurgical Corporation of China, the state-owned construction company, on the Hong Kong and Shanghai stock exchanges raised a total of US$5.12 billion and was the world's second largest IPO to date in 2009 (until August). The listings of aluminium producer, China Zhongwang, and Realgold Mining, which together raised US$1.39 billion in the first half of 2009 were also significant.

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