Research on Voluntary Information Disclosure of Listed Companies in China

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Abstract. Voluntary disclosure of information is a matter for the company's management to decide on its own disclosure. However, because Chinese voluntary information disclosure system is not mature at present, there are some problems in voluntary information disclosure. This paper selects the top enterprises in hydropower, thermoelectricity, environmental protection engineering and services, and new energy power generation as samples to analyze the status quo and problems of voluntary information disclosure content and disclosure quality and proposes countermeasures.

Introduction
With the rapid development of China's securities market and the progress of the disclosure consciousness of listed companies, the upsurge of voluntary information disclosure has gradually arisen in China. Voluntary information disclosure is an important channel for managers to transmit information to investors and reduce asymmetric information. The investor collects, analyzes and anticipates the macro and micro information of the release, and then makes investment decision. The result of investment behavior will be reflected in the price and index of the securities, with the formation of new information, then go into a new round of information processing. Timely, accurate, complete, true and normative voluntary information disclosure of listed companies can help protect the interests of investors, but also promote the effectiveness of the securities market and the benign development of the securities market. Voluntary information disclosure is a matter that the management authority decides to disclose externally. But because the voluntary information disclosure system is not mature, there are some problems in the voluntary information disclosure.

The Theoretical Basis of Voluntary Information Disclosure

Principal-agent Theory
The company is the product of economic development of the times, whose main characteristic is the separation of its ownership and the management right, forms the principal-agent relationship between the modern enterprise owner and the manager. The principal-agent theory provides a theoretical basis for the voluntary information disclosure of listed companies, which is the proposition of non-coercive theory of information disclosure. In the listed companies, the owners and potential investors to make investment decisions need to master real and complete and accurate information. However, under the principal-agent relationship, agents who lack institutional constraints and effective incentives have the tendency to conceal information, the information obtained by the principal and the agent is different in content and quality, which is the problem of asymmetric information. In the public company under the modern enterprise system, the principal-agent relationship between the owner and the operator becomes the source of asymmetric information.

Signaling Models Theory
The theory holds that the voluntary information disclosure of listed companies can transfer information about enterprise value to external investors, and divides the company into different quality grades to help investors make the right investment decision. As capital competition
intensifies, companies with good business performance are eager to disclose voluntary information, separating them from underperforming companies for investors to choose from. Companies that have lost money also want voluntary information disclosure, proactively explain the existing problems and operation strategy and objectives, to reduce investors’ wrong estimates of the valuation of their company’s stock and the long-term development. By that means, they can regain the confidence of the broad masses of investors in the capital market.

The Contents of Voluntary Information Disclosure of Listed Companies in China

Referring to the content and format of the corporate information disclosure contents and formats of the publicly issued securities issued by the CSRC in December 2009, the content and format of the annual report of the IPO company of Gem 30th, we further set of detailed indicators. After we have removed the mandatory information Disclosure index, we have found that there are some secondary indicators. The New Year's earnings forecasts, countermeasures and measures to deal with the future development of strategic risk has been (or proposed), marketing plan, internal control structure, analysis of major financial indicators, sales contract and order acquisition, stock price fluctuation trend, inflation and price change statement, corporate culture, training and performance assessment are all included.

The accounting information of voluntary disclosure includes the following aspects: (1) strategic information of enterprises. Such as business objectives and strategic development planning, include mergers and acquisitions of enterprises, research and development, the future development prospects, industrial structure of the impact of the enterprise; (2) Financial information. It includes branch information, Financial Analysis, foreign exchange information, stock market information, etc. (3) non-financial information. It includes board information, employee information and social responsibility information, etc. (4) risk information. It includes opportunities and risks arising from the operation of other industries, opportunities and risks resulting from changes in the industrial structure of the industry involved, and (5) information on intangible assets. It includes unconfirmed goodwill, good customer relationship, etc. (6) Multiple measurement mode information. It includes the current cost information, fair value information.

The Status of Voluntary Information Disclosure of Listed Companies in China

According to the industry classification by CSRC, we select power and thermal industry production and supply industry, in a total of 74 listed companies to conduct conditional sampling. According to the net assets return rate and operating income growth rate of listed companies in the production and supply industry in Chinese electric power and heat industry, this paper selects the top enterprises in hydropower, thermoelectricity, environmental protection engineering and services, and new energy power generation. This paper analyzes the status quo and problems of voluntary information disclosure content.

| Industry | Return on equity | Industry ranking | Increase rate of business revenue | Industry ranking | Net profit growth rate | Industry ranking |
|----------|------------------|------------------|-------------------------------|------------------|-----------------------|------------------|
| Beijing Huayuanyitong Thermal Power Technology Co., Ltd | 12.615% | 1 | 7.313% | 4 | -24.009% | 4 |
| Yunnan Wenshan Electric Power Co., Ltd | 9.913% | 1 | -4.916% | 17 | 97.511% | 3 |
| Tunghsu Azure Renewable Energy Co., Ltd | Environmental engineering and service industries | 8.628% | 1 | 29.343% | 20 | 2909.079% | 1 |

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Table 1. The content of voluntary disclosures.

| Company Name | Industry Type         | Background Information | Management Discussion and Analysis | Information Prediction | Financial Indictors' Analysis | Social Responsibility Letter | Intangible Assets |
|--------------|-----------------------|-------------------------|------------------------------------|-------------------------|-------------------------------|-----------------------------|-------------------|
| Beijing Huayuan iTong Thermal Technology Co., Ltd. | Thermal Power industry | no                      | √                                  | no                       | no                            | yes                          | no                |
| Yunnan Wenshan Electric Power Co., Ltd. | Thermal Power industry | no                      | no                                 | no                       | no                            | no                          | no                |
| Tunghsu Azure Renewable Energy Co., Ltd. | Thermal Power industry | no                      | yes                                | no                       | no                            | yes                          | no                |
| Dalian Thermal Power Co., Ltd. | Thermal Power industry | no                      | no                                 | no                       | no                            | no                          | no                |
| Huadian Energy Co., Ltd. | Thermal Power industry | no                      | no                                 | no                       | no                            | no                          | no                |
| Chongqing Fuling Electric Power Company Ltd. | Hydroelectric industry | no                      | yes                                | no                       | no                            | no                          | no                |
| SPIC Dongfang New Energy Corporation | Thermal Power industry | no                      | no                                 | no                       | no                            | no                          | no                |
| Zhongmin Energy Co., Ltd. | New energy power generation industry | no                      | yes                                | no                       | no                            | no                          | no                |

Analysis on the Problem of Voluntary Information Disclosure of Listed Companies in China

Insufficient Content of Voluntary Information Disclosure

The content of voluntary information disclosure of listed companies mainly includes background information, social responsibility, forecast information and management discussion and analysis. At present, the voluntary information disclosure of listed companies in China is generally insufficient, and the disclosure is not specific, whose main reason is that voluntary information disclosure is not like mandatory information disclosure which is imposed by national laws and regulations. Therefore, the management of most listed companies is driven by short-term interests, unwilling to disclose the adverse impact of the news, or even deliberately conceals some of the important information to achieve short-term growth of the company's shares. In the longer run, this will not only increase the company's financing costs, but also the loss of market confidence, and form a "normal" of the capital market. Therefore, the measures to strengthen voluntary information disclosure are not only the needs of safeguarding social fairness, justice and stability, but also the development needs of the company itself.
Monotonous Forms of Voluntary Information Disclosure

The disclosure information of listed companies is usually through reports, Internet, television, newspapers, magazines and press conferences. At present, the voluntary information disclosure of listed companies mainly relies on the two traditional forms of periodic report and interim report. The form of disclosure has not yet formed uniform norms, and through the television, network and other emerging media disclosed less. This situation will cause the listed companies to lack information and investors, especially the majority of small and medium-sized investors communication, aggravate information asymmetry, causing adverse selection.

Poor Quality of the Voluntary Information Disclosure

The information of voluntary information disclosure of listed companies in China is mostly qualitative and marginal information, which involves less quantitative information, such as sales forecast, profit forecast and future cash flow forecast, or the difference between actual data and forecast information, which makes the content of voluntary information disclosure in China a mere formality, lack of substantive value. Generally speaking, high-quality companies will disclose some favorable information, but this will inevitably cause investors to doubt, resulting in a fall in the share price, therefore, the management of passive or mandatory disclosure, resulting in the content is not standardized, the disclosure is not timely and so on.

Unwillingness to Disclose Voluntary Information

The main motive of the listed companies for voluntary information disclosure is to obtain more economic resources and enable the company to finance successfully. Voluntary disclosure is based on the market value of information, and other securities market is believed to help evaluate the company's stock price information. The aim is to reduce the loss of information related to capital market analysis and Reduce business risk. In the review of the sample company's annual report, we found that voluntary information disclosure willingness of listed companies in China is low. Much voluntary information is not disclosed in depth, while the disclosure of voluntary information in the search is difficult, and the disclosure of information is not complete. Those indicate that listed companies do not pay much attention to voluntary disclosure. Compared with developed countries, the securities market of China starts late, besides the market can't really reflect the transparency of the company. Investors in the stock market, the investment channel is limited, the capital supply is greater than the demand for funds. Listed companies do not have sufficient power to voluntary disclosure. Besides, the overall market’s integrity and transparency is low. Those led to China's listed companies’ unwillingness to voluntary information disclosure.

Suggestions on Improving Voluntary Information Disclosure of Listed Companies

Improve the Quality of Voluntary Information Disclosure of Enterprises.

Voluntary disclosure of information related to the credibility of the enterprise and the realization of market value, in order to ensure the quality of information, should do the following aspects of the work:

1. Establish and improve the basic work of enterprises, to collect, collate, processing of voluntary information to create good conditions;
2. Actively seek out-of-the-table information, non-monetary information, qualitative analysis information and so on to meet the needs of information users, so that voluntary information in line with the user's requirements;
3. Improve the quality of business of accounting information providers and professional judgment. Voluntary information should be done by experienced professionals with high professional judgment in the enterprise.
4. In order to facilitate the user's understanding, the basic assumptions, accounting policies, methods of estimating information generation should be presented. Besides the nature, uncertainties
and risks of information should be disclosed, so as to prevent users from blindly relying on voluntary information to reduce the cost or loss of information.

**Strengthen Supervision and Management of Voluntary Information disclosure**

Information disclosure its reliability will be compromised by the complexity of the measurement and disclosure of voluntary accounting information and the lack of sound disclosure rules. Compared with the developed countries’ voluntary Information disclosure, voluntary information disclosure in China started late, the development process is short, the corresponding laws and regulations system are not perfect. Therefore, on the one hand, China's enterprises should fully learn from the international development of relevant policies and regulations experience. Based on the close integration of domestic capital market development and supervision practice, the Government should standardize and govern the voluntary information disclosure of listed companies in China. On the other hand, regulators should strengthen the penalties for listed companies and establish a credible mechanism as soon as possible. Through the regulatory agencies to the information disclosed in the non-pragmatic enterprises to give severe penalties to promote the listed companies to improve the quality of voluntary information disclosure. This will attract investors, and enhance corporate image and value. The government can refer to the principle of mandatory information disclosure, combined with the practice that developed countries can use for reference. It is in line with our national conditions, but also considers the industry differences. Thus, the Government can formulate a form of information disclosure with a fixed pattern but still flexible and diversified.

In order to guarantee the reliability of voluntary information, the supervision of voluntary accounting information disclosure should be strengthened, and the following points should be done concretely:

1. Emphasize the CPA's auditing and visa for voluntary information to improve and guarantee the credibility of information;
2. Establishment of a voluntary accounting information insurance system and compensation system to ensure the quality of voluntary information;
3. The regulatory authorities shall stipulate the anti-fraud clauses and the necessary legal liability, and shall be liable for malicious disclosure and misleading the investors in decision-making;
4. Establish the relevant evaluation system for voluntary information disclosure.

**Improve the Governance Structure**

The listed companies are the cornerstone of the sustainable and healthy development of listed companies. To improve the governance structure of listed companies, we can start from the following aspects: 1.The Independent Director system should be established to ensure the independence of directors and supervise the daily operation and management of the management of the company;

Accelerate the development of professional managers. Managers are no longer directly appointed by a few major shareholders to enhance the market competition of professional managers;

The formation of management incentives, such as blue and stock options, tends to align management and shareholder interests.

**Improve the Intermediary Service Organization of Securities Market**

In the process of financing, there are some institutions that are specially charged through the market to deal with the buyers and sellers. Such departments are securities market intermediary service institutions, such as accounting firms, law firms, investment advisory firms and securities rating agencies. Investors can make full use of intermediary information to reduce the cost of investment, control investment risk, making rational investment decisions. The government needs to improve the intermediary service agencies of the securities market and accelerate the development of intermediary service agencies.
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