

**CORPORATE GOVERNANCE UPDATE**  
企業管治概況

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# CONTENTS

## 目錄

<b>INTRODUCTION</b> 引言	3
<b>ANALYSIS OF THE RESULTS</b> 結果分析	4
<b>A WAY FORWARD</b> 展望	9
<b>ABOUT BDO</b> 關於立信德豪	10

# INTRODUCTION

## 引言

Our corporate governance update focuses on certain disclosures made by Hong Kong listed companies in their annual reports as they look to meet the standards established in the Corporate Governance Code (the Code) and the Rules Governing the Listing of Securities on the Stock Exchange (Listing Rules). Concentrating on those companies that comprise the Hang Seng Composite Index (HSCI), the analysis factors in more than 260 large and mid-cap companies and serves as a barometer of the state of corporate governance in Hong Kong.

Since the introduction of the Code in 2005, the Hong Kong Exchanges and Clearing Limited (the Exchange) has updated the Code to keep pace with the evolving nature of corporate governance in an effort to maintain high standards. Among other things, changes introduced over the past couple of years add emphasis to the risk management function, clarify the accountability of the board and management, and strengthen the guidelines for environmental, social and governance (ESG) reporting. These new changes will take effect for reporting periods beginning this year.

立信德豪的年度企業管治概況報告主要探討香港上市公司根據《企業管治常規守則》（下稱《守則》）及《香港聯合交易所有限公司證券上市規則》（下稱《上市規則》）的標準而於年度報告中作出的披露情況，集中分析恒生綜合指數成分股公司，當中涵蓋合共超過260間大中型企業，作為反映香港企業管治的資料披露質素。

自2005年引入《守則》以來，香港交易及結算所有限公司（下稱交易所）已進一步修訂《守則》，以緊貼不斷變化的企業管治，維持高標準的披露質素。此外，過去幾年交易所實施的修訂強調風險管理的職能、釐清董事會及管理層的責任，以及加強環境、社會及管治報告指引。這些新修訂將於本年報告期生效，有望於下年度的檢討報告中反映這些修訂對年度報告的影響。



# ANALYSIS OF THE RESULTS

## 結果分析

### OVERALL COMPLIANCE

As the Code takes a "comply or explain" approach to its provisions, the analysis revealed how effectively companies have been making this effort. Focusing on HSCI companies, we found that 40% (Fig 1) were fully compliant with the Code's provisions. This continues a slow but steady trend of improvement since 2013, when there was a noticeable drop in compliance. At that time, many companies were still acclimatising to the various changes affecting the Code and Listing Rules that had just taken effect.

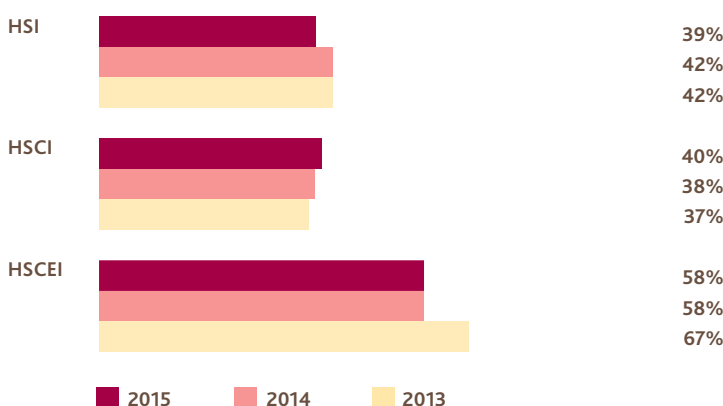
A deeper look into the results revealed that many of the companies that are not in full compliance fell short in only one or two of the Code's provisions, such as not splitting the roles of chairman and chief executive or not establishing a nomination committee. It is an encouraging sign that many of these companies are close to full compliance, however, the standards set by the Exchange should be something that listed companies aim to meet without any exceptions.

### 整體合規情況

由於《守則》條文採納「不遵守就解釋」的做法，我們的檢討報告主要分析顯示公司在這方面的工作成效。我們發現，在恒生綜合指數成份股公司中，有40% (Fig 1) 的公司完全遵守《守則》條文規定，自我們於2013的檢討報告中錄得下跌後，首次看到穩步改善的趨勢。當時，許多公司仍在適應各種剛生效的《守則》及《上市規則》修訂。

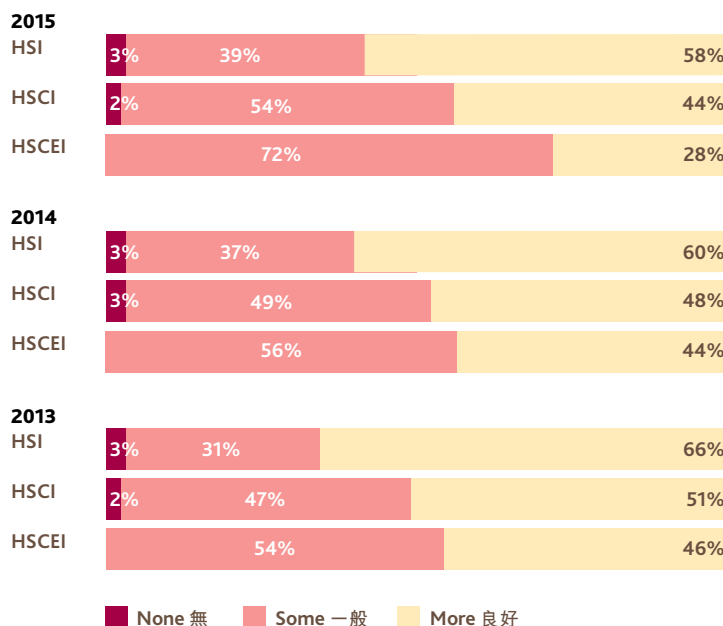
結果進一步顯示，許多沒有完全合規的公司僅僅不符合《守則》內一項或兩項條文，如未能委任不同人士分別擔任主席及行政總裁職位，或未能設立提名委員會。可喜的是，這些公司大部分接近完全合規，這與我們過往年度的檢討一致；然而，上市公司應致力達到交易所制訂的標準，不應存有例外。

Fig 1



Q Do they claim full compliance with the Code? (Appendix 14 G(a)&(b) of the LR)  
 公司有否聲稱完全遵守《守則》？（《上市規則》附錄十四G(a)及(b)）

Fig 2



Q If not compliant, to what degree do they explain their reason for noncompliance? (Appendix 14 G(c) of the LR)  
 如有未遵守的情況，公司對此作出如何的解釋？（《上市規則》附錄十四G(c)）

Of those companies that did not fully comply, nearly all provided some level of explanation as to why they did not do so. The quality of these explanations varied, but overall there were marked decreases in the number of high-quality explanations provided by HSCI and Hang Seng China Enterprises Index (HSCEI) companies compared with previous years. In particular, HSCEI companies experienced a significant drop, with only 28% (Fig 2) of companies providing high-quality disclosures. This is a decrease of 16% from the previous year's rate of high-quality explanations.

This was caused by a few companies that, though previously in full compliance, are now unable to meet a few of the provisions. These companies are taking a more minimalist approach to their explanations, which is something they should improve upon next year.

絕大多數未能完全合規的公司都在某程度上解釋了未能完全合規的原因。但這些披露質素參差，整體而言，恒生綜合指數成分公司及恒生中國企業指數成分公司所提供的高質素披露明顯較往年少。當中以恒生中國企業指數成分公司的表現尤其遜色，只有 28% (Fig 2) 的公司提供高質素披露，較去年的比率下降 16%。

箇中原因是少數曾經完全合規的公司，現在未能符合部分條文。這些公司所披露的內容比從前更為簡單，希望他們明年在這方面加以改善。

Fig 3

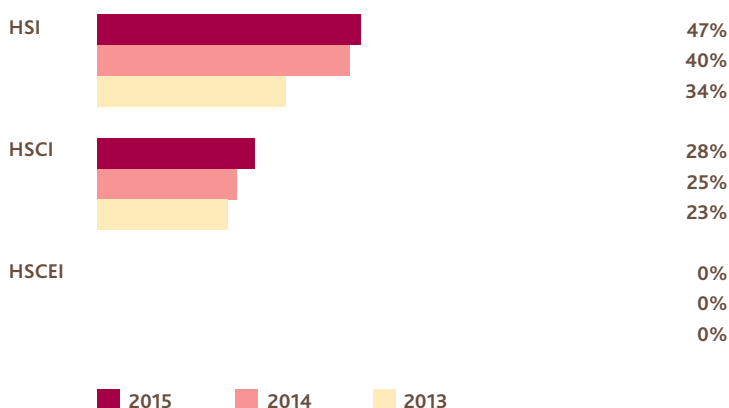
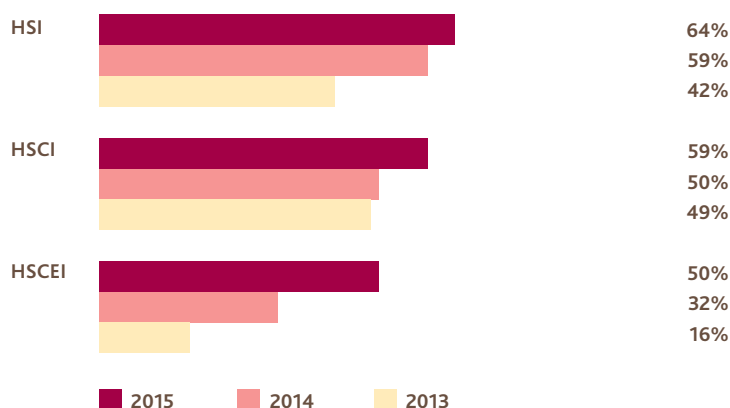


Fig 4



Q Do companies have a whistleblowing policy in place? (C.3.8 of the Code)

公司是否設有舉報政策？(《守則》C.3.8)

Q If the external auditor provides nonaudit services, do companies disclose how the external auditor's objectivity and independence are ensured? (C.3.3 of the Code & Appendix 14 M of the LR)

若外聘核數師提供非核數服務，公司有否披露如何確保外聘核數師的獨立客觀性？(《守則》C.3.3，《上市規則》附錄十四M)

## RISK MANAGEMENT AND INTERNAL CONTROL

Recent revisions from the Exchange have renewed the focus on risk management and internal control. These changes largely add clarity to the Code through a combination of changes and additions to the provisions and Recommended Best Practices. This may prove to benefit many companies that have previously struggled to explain their risk management process and its integration within the business.

Our analysis focuses on the broader disclosures surrounding internal control as an indicator of where companies can look to make further improvements. They support a slight overall improvement in companies meeting many of the Code's related provisions and the Listing Rules. This is a positive sign that companies are on the right path to focusing on risk and it may help them to integrate the latest revisions more quickly.

## 風險管理及內部監控

交易所最近的修訂再度集中加強風險管理及內部監控。這些修訂透過修改及新增建議最佳常規及條文，使《守則》更為明確清晰，對於很多過往未能清晰理解風險管理程序及如何將有關程序融入業務的公司，現在因此受惠。

本年度的檢討報告分析更全面的內部監控披露，作為公司尋求進一步改善的指標。結果顯示符合許多《守則》相關條文及《上市規則》的公司整體上略有改善，並在關注風險管理方面踏上正軌，有助公司更快引入最新修訂，這是一個良好現象。

Fig 5

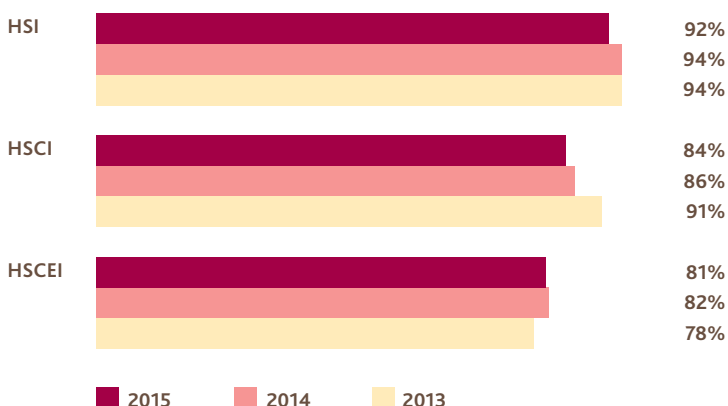
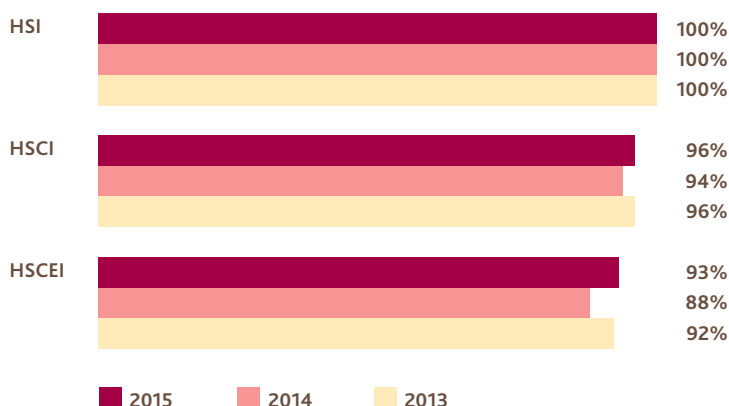


Fig 6



Q Does the audit committee monitor and review the effectiveness of internal audit activities? (C.3.3 of the Code)  
審核委員會是否監察及檢討內部核數功能的有效性？（《守則》C.3.3）

Q Is there a statement that a review of the effectiveness of the group's risk management and internal control systems has been undertaken at least annually? (C.2.1 of the Code & Appendix 14 Q(c) of the LR)  
是否有說明要求最少每年檢討一次集團風險管理及內部監控系統的有效性？（《守則》C.2.1及《上市規則》附錄十四Q(c)）

Fig 7

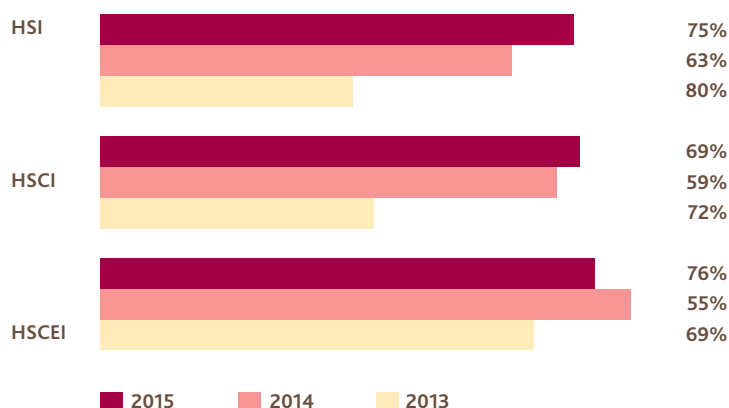
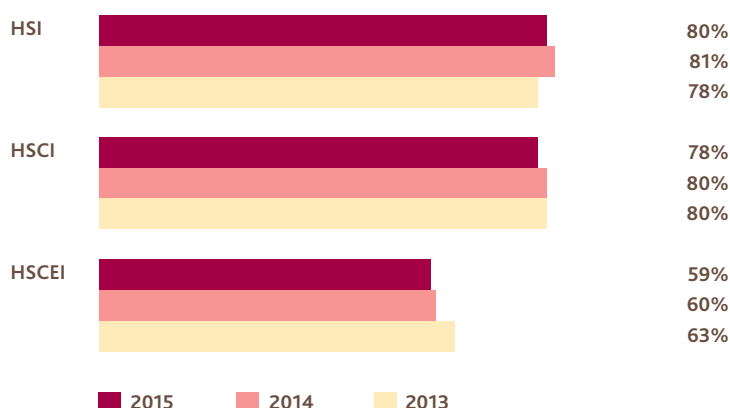


Fig 8



Q If yes, is there a concluding statement about the effectiveness and adequacy of the company's internal control systems? (Appendix 14 Q(c) of the LR)

如有，是否有任何有關公司的內部監控系統的有效性及恰當性的總結陳述？（《上市規則》附錄十四 Q(c)）

Q If a review of the effectiveness of the group's internal controls has been performed, is there a statement that the review covers all material controls including financial, operational and compliance controls, and risk management systems? (C.2.1 of the Code)

檢討集團內部監控的有效性時，是否有說明有關檢討涵蓋所有重要監控方面，包括財務、運作及合規監控系統，以及風險管理系統？（《守則》C.2.1）

Fig 9

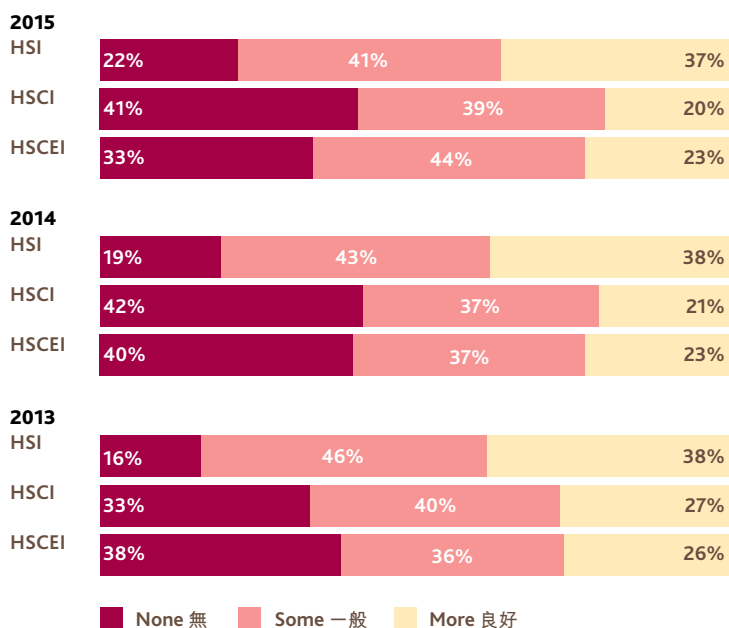
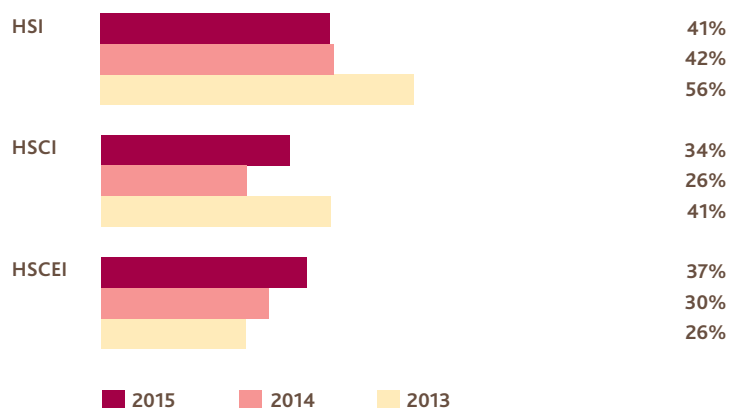


Fig 10



Q Are there disclosures about the procedures and internal controls for the handling and dissemination of price sensitive information? (C.2.3(a) of the Code)

有否披露任何關於處理及散播股價敏感資料的程序及內部監控措施？（《守則》C.2.3(a)）

Q Is there a disclosure of the process the board and committees applied when they reviewed the effectiveness of the risk management and internal control systems? (C.2.4(d) of the Code)

董事會及委員會有否披露用以檢討風險管理及內部監控系統的有效性所採取的程序？（《守則》C.2.4(d)）

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) REPORTING

The most recent changes from the Exchange, issued in December 2015, expand on the existing ESG guidelines and reframe them as a combination of provisions and recommendations in a “comply or explain” model, similar in approach to the Code. This revised approach presents new reporting challenges for companies, even for those that are already providing some form of ESG reporting, which our analysis notes is 62% (Fig 13) of HSCI companies.

The new guidelines organise the provisions and recommendations across two areas, covering environmental and social topics, with some of these recommendations scheduled for upgrade to provision status from next year. This will not only contribute to a more comprehensive set of guidelines but also require companies to reassess their ESG reporting. For those companies that have not already been addressing ESG in some form, the transition will be a wake-up call to revisit the impact of their businesses in a wider context.

## 環境、社會及管治報告

交易所於 2015 年 12 月發佈的最新修訂擴大現行的環境、社會及管治指引，並結合「不遵守就解釋」模型中的條文及建議，做法與《守則》類似。這個新方法對已作出某程度的環境、社會及管治報告的公司而言也是一項挑戰。報告顯示恒生綜合指數成分公司在這方面的合規比率僅為 62% (Fig 13)。

新指引旨在整合環境及社會兩個範圍的條文及建議，其中若干建議計劃於明年提升為條文。這不僅有助交易所制訂更全面的指引，亦要求公司重新評估其環境、社會及管治報告。至於沒有提供環境、社會及管治報告的公司，這次過渡期正好讓他們再次審視有關條文對他們的業務將有更大的影響。

Fig 11

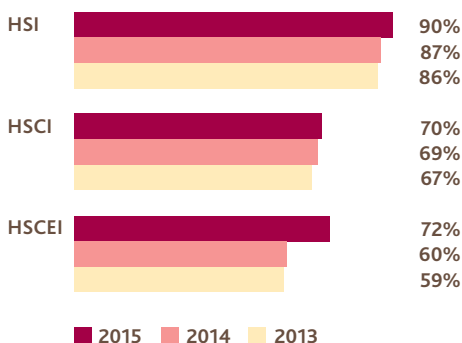


Fig 12

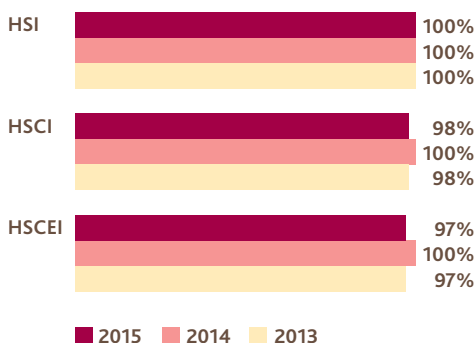
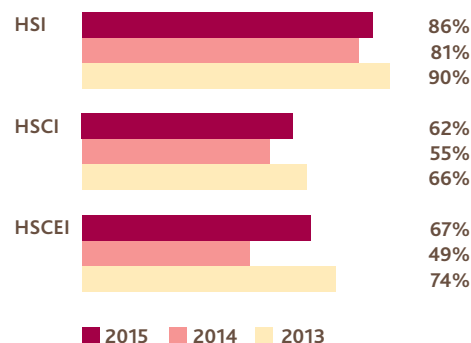


Fig 13



Q Is there a statement of the process applied for identifying, evaluating and managing the significant risks faced by the company? (C.2.3(a) of the Code)  
有否說明公司用於辨認缺失、評估和管理重大風險的程序？(《守則》C.2.3(a))

Q Do they have an internal audit function or equivalent? (C.2.5 of the Code)  
公司是否設有內部核數功能或同等功能？(《守則》C.2.5)

Q Do they disclose whether they have established dedicated structures and processes that support the company's Environment, Social and Governance (ESG), or similar, reporting requirements? (Appendix 27 (3) of the LR)  
公司有否披露是否設立專責部門及程序以達到公司的環境、社會及管治或類似的申報要求？(《上市守則》附錄 27(3))



# A WAY FORWARD

## 展望

Hong Kong listed companies have been generally slow to react to changes in the Code and take several iterations of annual reports to properly reflect the changes being adopted. This behaviour was observed most recently with the changes ushered in over the last few years and will undoubtedly be noticeable again as companies look to implement the latest changes. Given the increased role corporate governance plays in being successful in the marketplace, companies should use these waves of change as opportunities to evaluate and improve upon their corporate governance framework.

香港上市公司一般對《守則》的修訂反應緩慢，並需要數次年報反覆陳述才能恰當反映所採納的修訂。這種情況於過去幾年的修訂可見一斑，相信亦會從公司實行最新修訂中反映出來。去年，我們呼籲企業將新一輪修訂視為評估及改善企業管治架構的良機，我們認為這點仍然對保持競爭優勢至關重要。



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## 關於立信德豪

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### 關於立信德豪

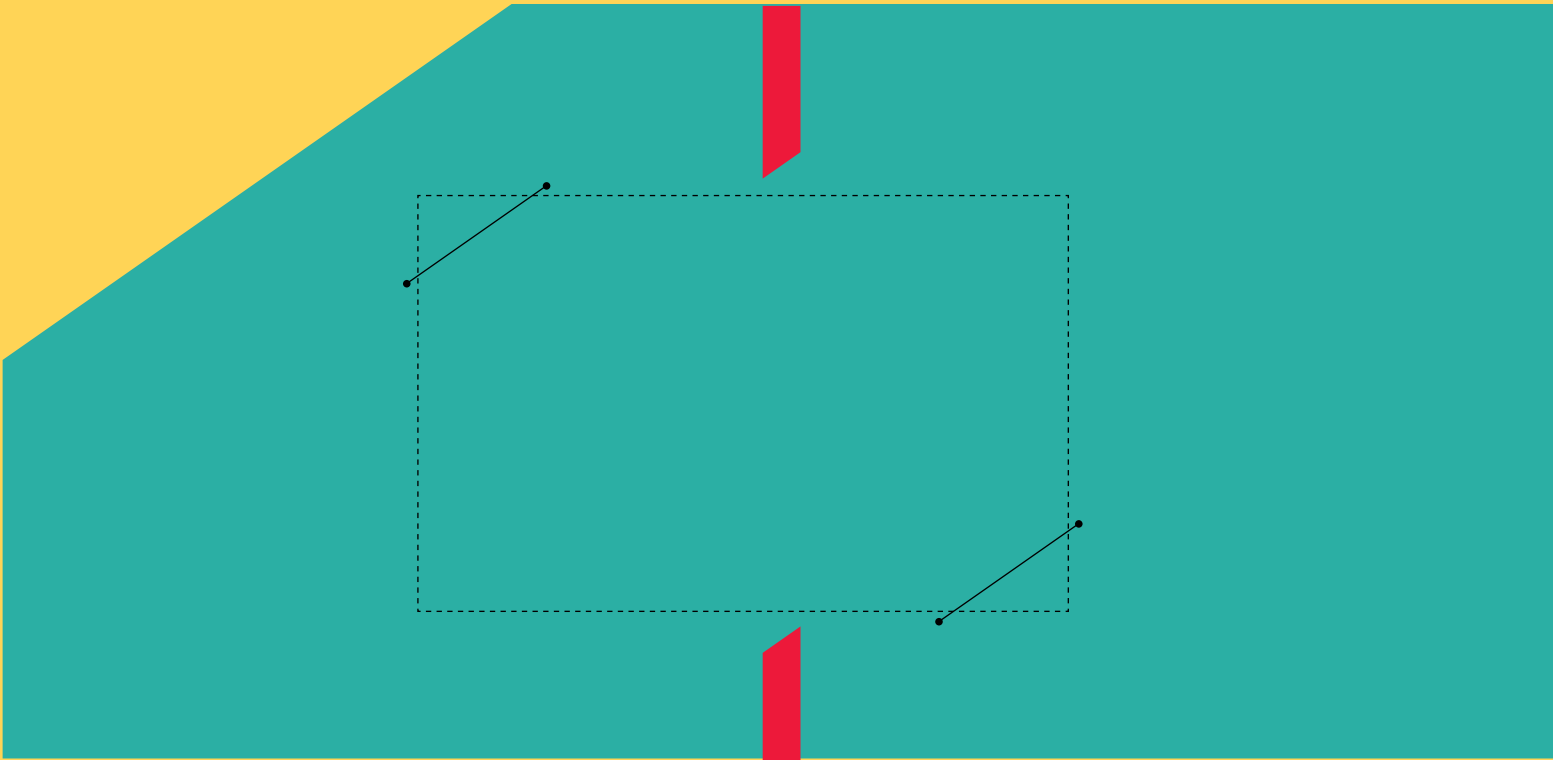
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  - 資訊科技、網絡安全及電子支付風險諮詢
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