

香港聯合交易所有限公司
(香港交易及結算所有限公司全資附屬公司)

THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

Our Ref: CRO20181116-033

16 November 2018

To: Main Board Listed Issuers (Attn: Authorised Representatives)
GEM Listed Issuers (Attn: Authorised Representatives)

Dear Sirs,

Re: Publication of Latest Review of Listed Issuers' Corporate Governance Practices and Updated Guidance Material on ESG Reporting

We have today published the findings of the latest review of listed issuers' corporate governance practices (Review) and updated guidance material on environmental, social and governance (ESG) reporting.

Latest Review of Listed Issuers' Corporate Governance Practices

The Review examined issuers' corporate governance disclosures as well as their level of compliance with the Corporate Governance Code and Corporate Governance Report (Code).

For the Review findings, please see the report entitled "[Analysis of Corporate Governance Practice Disclosure in June and December Year-End 2017 and March Year-End 2018 Annual Reports](#)" in the Exchange Reports section of the HKEXnews website.

The Review is a part of the Exchange's ongoing commitment to promote and maintain high corporate governance standards amongst issuers. Whilst the Review noted an improvement in some aspects of reporting, it also gives valuable insight and guidance on ways in which corporate governance reporting can be improved.

New Corporate Governance Code and Related Listing Rules

Issuers are reminded that following the Exchange's publication of its "[Consultation Conclusions on Review of the Corporate Governance Code and Related Listing Rules](#)" (Consultation Conclusions), new amendments to the Code and related Listing Rules will come into effect on 1 January 2019. Important changes that relate to independent non-executive directors (INEDs) include requiring greater disclosure on the process of their identification as a possible INED, their time commitment and their potential contribution to the board, including diversity. It will be mandatory for issuers to have and to disclose their board diversity and nomination policies. The criteria determining an INED's independence has also been

enhanced. For details of these and other changes to the Code and related Listing Rules, we encourage issuers to read the Consultation Conclusions to gain a better understanding of the new corporate governance regime.

In light of the new corporate governance regime, it is an opportune time for issuers to review their policies and practices on important corporate governance issues such as board diversity, particularly gender diversity, and their INEDs' availability and time commitment to the board.

Updated ESG Reporting Guidance

We have updated "[How to prepare an ESG report?](#)" and [Frequently Asked Questions \(FAQs\)](#) on the ESG-related Listing Rules, taking into account recent international climate-related disclosure recommendations and with an emphasis on the issuer's governance structure for ESG reporting.

We are seeing increased demand for effective ESG reporting frameworks as more market participants become interested in sustainable economic development. The Exchange plans to review our framework and have informal discussions with stakeholders with a view towards consulting the market in mid-2019 on proposed changes to our rules.

For additional information, please see the [ESG section](#) of the HKEX website.

If you have any questions, please contact your case officers.

Yours faithfully
For and on behalf of
The Stock Exchange of Hong Kong Limited

[Signed]

David Graham
Head of Listing