

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: CRO20160513-012

13 May 2016

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

Dear Sirs,

Re: Publication of Analysis of Corporate Governance Practice Disclosure in March Year-end 2015 Annual Reports

As a part of our continuous monitoring effort, we conduct regular reviews of our issuers' corporate governance disclosures based on the Corporate Governance Code and Corporate Governance Reporting (the "**Code**").

We have today reported the findings of our latest review (the "[Report](#)") of listed issuers' corporate governance practices. In the Report, we reviewed the corporate governance reporting for the 1 April 2014 to 31 March 2015 financial year by 318 issuers ("**March FYE issuers**") and analysed the issuers' compliance with the Code. The Report was intended to provide a more holistic view of issuers' overall compliance with the Code following a similar review of disclosures for 2014 by the issuers with a financial year-end date of 31 December ("**December FYE issuers**").

Overall, the March FYE issuers' compliance level with the Code was high and comparable to the December FYE issuers', with two notable exceptions. Firstly, fewer March FYE issuers (21 per cent) reported that they had an internal audit function compared with the December FYE issuers (47 per cent). Secondly, more March FYE issuers (28 per cent) did not report a board diversity policy compared with the December FYE issuers (12 per cent).

As with the December FYE issuers, the quality of explanations given for deviating from Code Provisions ("**CPs**") by the March FYE issuers was varied and reflected a degree of "boilerplate" use.

Issuers should bear in mind that no single set of corporate governance standards will fit all issuers; and by the same token, no single explanation will apply to all issuers. The Exchange expects that the explanation of any deviation from a CP should be informative and clear, and should:

- Explain the manner in which the company deviates from the CP;
- Explain the measure(s) taken instead of compliance;
- Describe the decision process; and
- Give considered reasons.

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
Chief Regulatory Officer and Head of Listing