

## Checklist on HKEX's compliance with the Corporate Governance Code

This checklist summarises HKEX's compliance with the provisions under the Corporate Governance Code (CG Code, as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules)) with some practices exceeding the CG Code. The code provisions and recommended best practices set out below are only extracts from the CG Code. Please click [here](#) to view the CG Code's full version.

### A. DIRECTORS

#### A.1 The Board

**Principle** - An issuer should be headed by an effective board which should assume responsibility for its leadership and control and be collectively responsible for promoting its success by directing and supervising its affairs. Directors should take decisions objectively in the best interests of the issuer.

The board should regularly review the contribution required from a director to perform his responsibilities to the issuer, and whether he is spending sufficient time performing them.

| Code Provisions   | Comply or explain  | HKEX's practice (as set out in the HKEX Group website)             |
|---|--|--|
| A.1.1 The board should meet regularly and board meetings should be held at least 4 times a year at approximately quarterly intervals.   | √<br><i>(The Board meets twice quarterly with additional meetings if and when required.)</i> | <a href="#">Board process</a><br>(Board/committee meetings)        |
| A.1.2 Arrangements should be in place to ensure that all directors are given an opportunity to include matters in the agenda for regular board meetings.  | √  | <a href="#">Board process</a><br>(Board/committee meetings)        |
| A.1.3 Notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. For all other board meetings, reasonable notice should be given.  | √  | <a href="#">Board process</a><br>(Board/committee meetings)        |
| A.1.4 Minutes of board meetings and meetings of board committees should be kept by a duly appointed secretary of the meeting and should be open for inspection at any reasonable time on reasonable notice by any director.   | √  | <a href="#">Board process</a><br>(Board/committee meetings)        |
| A.1.5 Minutes of board meetings and meetings of board committees should record in sufficient detail the matters considered and decisions reached, including any concerns raised by directors or dissenting views expressed. Draft and final versions of minutes should be sent to all directors for their comment and records respectively, within a reasonable time after the board meeting is held.                         | √  | <a href="#">Board process</a><br>(Board/committee meetings)        |
| A.1.6 There should be a procedure agreed by the board to enable directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the issuer's expense. The board should resolve to provide separate independent professional advice to directors to assist them perform their duties to the issuer.   | √  | <a href="#">Board process</a><br>(Independent professional advice) |
| A.1.7 If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting. | √  | <a href="#">Board process</a><br>(Conflict of interest)            |
| A.1.8 An issuer should arrange appropriate insurance cover in respect of legal action against its directors.  | √  | <a href="#">Board process</a><br>(Liability insurance)             |

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### A.2 Chairman and Chief Executive

**Principle** - There are two key aspects of the management of every issuer - the management of the board and the day-to-day management of business. There should be a clear division of these responsibilities to ensure a balance of power and authority, so that power is not concentrated in any one individual.

| Code Provisions   | Comply or explain | HKEX's practice (as set out in the HKEX Group website)     |
|---|-------------------|--|
| A.2.1 The roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.  | √                 | Roles and responsibilities of Chairman and Chief Executive |
| A.2.2 The chairman should ensure that all directors are properly briefed on issues arising at board meetings.   | √                 | Roles and responsibilities of Chairman and Chief Executive |
| A.2.3 The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable.  | √                 | Roles and responsibilities of Chairman and Chief Executive |
| A.2.4 The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. He should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary. | √                 | Roles and responsibilities of Chairman and Chief Executive |
| A.2.5 The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.   | √                 | Roles and responsibilities of Chairman and Chief Executive |
| A.2.6 The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the issuer. The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.  | √                 | Roles and responsibilities of Chairman and Chief Executive |
| A.2.7 The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.   | √                 | Roles and responsibilities of Chairman and Chief Executive |
| A.2.8 The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.   | √                 | Roles and responsibilities of Chairman and Chief Executive |
| A.2.9 The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.   | √                 | Roles and responsibilities of Chairman and Chief Executive |

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### A.3 Board composition

**Principle** - The board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the issuer's business. It should ensure that changes to its composition can be managed without undue disruption. It should include a balanced composition of executive and non-executive directors (including independent non-executive directors (INEDs)) so that there is a strong independent element on the board, which can effectively exercise independent judgement. Non-executive directors should be of sufficient calibre and number for their views to carry weight.

| Code Provisions  | Comply or explain | HKEX's practice (as set out in the HKEX Group website) |
|--|-------------------|--|
| A.3.1 The independent non-executive directors should be identified in all corporate communications that disclose the names of directors.   | √                 | Independence of Directors                              |
| A.3.2 An issuer should maintain on its website and on the Exchange's website (ie, HKEXnews website) an updated list of its directors identifying their role and function and whether they are independent non-executive directors. | √                 | Announcements  |

### A.4 Appointments, re-election and removal

**Principle** - There should be a formal, considered and transparent procedure for the appointment of new directors. There should be plans in place for orderly succession for appointments. All directors should be subject to re-election at regular intervals. An issuer must explain the reasons for the resignation or removal of any director.

| Code Provisions  | Comply or explain   | HKEX's practice (as set out in the HKEX Group website) |
|--|---|--|
| A.4.1 Non-executive directors should be appointed for a specific term, subject to re-election.   | <i>The Government Appointed Directors, all being Non-executive Directors, are not subject to election or re-election by shareholders as their appointments are governed by Section 77 of the Securities and Futures Ordinance (SFO).</i>  | Appointment, election and removal of Directors         |
| A.4.2 All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every 3 years.   | <i>The Government Appointed Directors are not subject to election by shareholders as their appointments are governed by Section 77 of the SFO.</i><br><br><i>The term of office of HKEX's Chief Executive in his capacity as a Director is governed by HKEX's Articles of Association and is not subject to retirement by rotation.</i> | Appointment, election and removal of Directors         |
| A.4.3 Serving more than 9 years could be relevant to the determination of a non-executive director's independence. If an independent non-executive director serves more than 9 years, his further appointment should be subject to a separate resolution to be approved by shareholders. The papers to shareholders accompanying that resolution should include the reasons why the board believes he is still independent and should be re-elected. | √   | Independence of Directors                              |

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### A.5 Nomination Committee

**Principle** – In carrying out its responsibilities, the nomination committee should give adequate consideration to the Principles under A.3 and A.4.

| Code Provisions   | Comply or explain   | HKEX's practice (as set out in the HKEX Group website)   |
|---|---|--|
| A.5.1 Issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.   | √<br>(All the Nomination and Governance Committee members are INEDs.) | Nomination and Governance Committee  |
| A.5.2 The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties. It should perform the duties specified in the CG Code.  | √   | Nomination and Governance Committee's terms of reference   |
| A.5.3 The nomination committee should make available its terms of reference explaining its role and the authority delegated to it by the board by including them on the Exchange's website (ie, HKEXnews website) and issuer's website.   | √   | Nomination and Governance Committee's terms of reference   |
| A.5.4 Issuers should provide the nomination committee sufficient resources to perform its duties. Where necessary, the nomination committee should seek independent professional advice, at the issuer's expense, to perform its responsibilities.  | √   | Board Committees   |
| A.5.5 Where the board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent. | √   | Independence of Directors  |
| A.5.6 The nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report.   | √   | Board Diversity Policy/ Corporate Governance Report/ Nomination Committee Report/ Appointment, election and removal of Directors |

### A.6 Responsibilities of directors

**Principle** - Every director must always know his responsibilities as a director of an issuer and its conduct, business activities and development. Given the essential unitary nature of the board, non-executive directors have the same duties of care and skill and fiduciary duties as executive directors.

| Code Provisions  | Comply or explain | HKEX's practice (as set out in the HKEX Group website)                                  |
|--|-------------------|---|
| A.6.1 Every newly appointed director of an issuer should receive a comprehensive, formal and tailored induction on appointment. Subsequently he should receive any briefing and professional development necessary to ensure that he has a proper understanding of the issuer's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the issuer's business and governance policies. | √                 | Responsibilities and conduct of Directors (Induction and continuing development)        |
| A.6.2 The functions of non-executive directors should include those functions specified in the CG Code.  | √                 | Responsibilities and conduct of Directors (Responsibilities of Non-executive Directors) |
| A.6.3 Every director should ensure that he can give sufficient time and attention to the issuer's affairs and should not accept the appointment if he cannot do so.  | √                 | Responsibilities and conduct of Directors (Time commitment and external appointments)   |
| A.6.4 The board should establish written guidelines no less exacting than the Model Code (ie, the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules) for relevant employees in respect of their dealings in the issuer's securities.  | √                 | Responsibilities and conduct of Directors (Conduct on securities dealings)              |

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### A.6 Responsibilities of directors (continued)

| Code Provisions  | Comply or explain | HKEX's practice (as set out in the HKEX Group website)                                  |
|--|-------------------|---|
| A.6.5 All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The issuer should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.  | √                 | Responsibilities and conduct of Directors (Induction and continuing development)        |
| A.6.6 Each director should disclose to the issuer at the time of his appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The board should determine for itself how frequently this disclosure should be made. | √                 | Responsibilities and conduct of Directors (Time commitment and external appointments)   |
| A.6.7 Independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.                                | √                 | Responsibilities and conduct of Directors (Responsibilities of Non-executive Directors) |
| A.6.8 Independent non-executive directors and other non-executive directors should make a positive contribution to the development of the issuer's strategy and policies through independent, constructive and informed comments.  | √                 | Responsibilities and conduct of Directors (Responsibilities of Non-executive Directors) |

### A.7 Supply of and access to information

**Principle** - Directors should be provided in a timely manner with appropriate information in the form and quality to enable them to make an informed decision and perform their duties and responsibilities.

| Code Provisions   | Comply or explain   | HKEX's practice (as set out in the HKEX Group website) |
|---|---|--|
| A.7.1 For regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).                     | √<br>(Board/committee meeting agenda and papers are normally distributed to Directors/ committee members 4 days in advance of the meeting.) | Supply of and access to information                    |
| A.7.2 Management has an obligation to supply the board and its committees with adequate information, in a timely manner, to enable it to make informed decisions. The information supplied must be complete and reliable. The board and individual directors should have separate and independent access to the issuer's senior management. | √   | Supply of and access to information                    |
| A.7.3 All directors are entitled to have access to board papers and related materials. These papers and related materials should be in a form and quality sufficient to enable the board to make informed decisions on matters placed before it. Queries raised by directors should receive a prompt and full response, if possible.        | √   | Supply of and access to information                    |

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### B. REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT AND BOARD EVALUATION

#### B.1 The level and make-up of remuneration and disclosure

**Principle** - An issuer should disclose its directors' remuneration policy and other remuneration related matters. The procedure for setting policy on executive directors' remuneration and all directors' remuneration packages should be formal and transparent. Remuneration levels should be sufficient to attract and retain directors to run the company successfully without paying more than necessary. No director should be involved in deciding his own remuneration.

| Code Provisions  | Comply or explain  | HKEX's practice<br>(as set out in the<br>HKEX Group website) |
|--|--|--|
| B.1.1 The remuneration committee should consult the chairman and/or chief executive about their remuneration proposals for other executive directors. The remuneration committee should have access to independent professional advice if necessary. | √  | Remuneration review/<br>Board Committees                     |
| B.1.2 The remuneration committee's terms of reference should include, as a minimum, the duties specified in the CG Code.   | √  | Remuneration<br>Committee's terms of<br>reference            |
| B.1.3 The remuneration committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on the Exchange's website (ie, HKEXnews website) and the issuer's website.       | √  | Remuneration<br>Committee's terms of<br>reference            |
| B.1.4 The remuneration committee should be provided with sufficient resources to perform its duties.   | √  | Board Committees   |
| B.1.5 Issuers should disclose details of any remuneration payable to members of senior management by band in their annual reports.   | √  | Remuneration<br>Committee Report/<br>Regulatory Reports      |
| Recommended Best Practices   | Adopted  | HKEX's practice<br>(as set out in the HKEX<br>Group website) |
| B.1.6 Where the board resolves to approve any remuneration or compensation arrangements with which the remuneration committee disagrees, the board should disclose the reasons for its resolution in its next Corporate Governance Report.           | <i>No such<br/>circumstances<br/>have arisen so<br/>far.</i> |  |
| B.1.7 A significant proportion of executive directors' remuneration should link rewards to corporate and individual performance.   | √  | Remuneration review/<br>Employees' remuneration<br>structure |
| B.1.8 Issuers should disclose details of any remuneration payable to members of senior management, on an individual and named basis, in their annual reports.  | √  | Remuneration<br>Committee Report                             |
| B.1.9 The board should conduct a regular evaluation of its performance.  | √  | Board evaluation/<br>Corporate Governance<br>Report          |

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### C. ACCOUNTABILITY AND AUDIT

#### C.1 Financial reporting

**Principle** - The board should present a balanced, clear and comprehensible assessment of the company's performance, position and prospects.

| Code Provisions  | Comply or explain | HKEX's practice (as set out in the HKEX Group website)                                     |
|--|-------------------|--|
| C.1.1 Management should provide sufficient explanation and information to the board to enable it to make an informed assessment of financial and other information put before it for approval.   | √                 | <a href="#">Accountability and audit (Financial reporting)</a>                             |
| C.1.2 Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.   | √                 | <a href="#">Accountability and audit (Financial reporting)</a>                             |
| C.1.3 The directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about their reporting responsibilities in the auditors' report on the financial statements.<br><br>Unless it is inappropriate to assume that the company will continue in business, the directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. | √                 | <a href="#">Corporate Governance Report/ Regulatory Reports</a>                            |
| C.1.4 The directors should include in the separate statement containing a discussion and analysis of the group's performance in the annual report, an explanation of the basis on which the issuer generates or preserves value over the longer term (the business model) and the strategy for delivering the issuer's objectives.   | √                 | <a href="#">Corporate Governance Report/ Regulatory Reports</a>                            |
| C.1.5 The board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.   | √                 | <a href="#">Board's terms of reference/ Accountability and audit (Financial reporting)</a> |
| <b>Recommended Best Practices</b>  | <b>Adopted</b>    | <b>HKEX's practice (as set out in the HKEX Group website)</b>                              |
| C.1.6 An issuer should announce and publish quarterly financial results within 45 days after the end of the relevant quarter. These should disclose sufficient information to enable shareholders to assess the issuer's performance, financial position and prospects. An issuer's quarterly financial results should be prepared using the accounting policies of its half-year and annual accounts.   | √                 | <a href="#">Announcements/ Accountability and audit (Financial reporting)</a>              |
| C.1.7 Once an issuer announces quarterly financial results, it should continue to do so for each of the first 3 and 9 months periods of subsequent financial years.  | √                 | <a href="#">Announcements/ Accountability and audit (Financial reporting)</a>              |



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### C.2 Risk management and internal controls

**Principle** - The board is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the issuer's strategic objectives, and ensuring that the issuer establishes and maintains appropriate and effective risk management and internal control systems. The board should oversee management in the design, implementation and monitoring of the risk management and internal control systems, and management should provide a confirmation to the board on the effectiveness of these systems.

| Code Provisions   | Comply or explain | HKEX's practice (as set out in the HKEX Group website)  |
|---|-------------------|---|
| C.2.1 The board should oversee the issuer's risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the issuer's and its subsidiaries' risk management and internal control systems has been conducted at least annually and report to shareholders that it has done so in its Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls.   | √                 | Corporate Governance Report/<br>Audit Committee Report/<br>Risk Committee Report/<br>Accountability and audit (Risk management and internal control)  |
| C.2.2 The board's annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the issuer's accounting, internal audit and financial reporting functions.  | √                 | Audit Committee Report/<br>Assessment of risk management and internal control effectiveness   |
| C.2.3 The board's annual review should, in particular, consider: <ul style="list-style-type: none"> <li>(a) the changes, since the last annual review, in the nature and extent of significant risks, and the issuer's ability to respond to changes in its business and the external environment;</li> <li>(b) the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and where applicable, the work of its internal audit function and other assurance providers;</li> <li>(c) the extent and frequency of communication of monitoring results to the board (or board committee(s)) which enables it to assess control of the issuer and the effectiveness of risk management;</li> <li>(d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the issuer's financial performance or condition; and</li> <li>(e) the effectiveness of the issuer's processes for financial reporting and Listing Rule compliance.</li> </ul> | √                 | Audit Committee Report/<br>Risk Committee Report/<br>Assessment of risk management and internal control effectiveness                                 |
| C.2.4 Issuers should disclose, in the Corporate Governance Report, a narrative statement on how they have complied with the risk management and internal control code provisions during the reporting period. The disclosures should also include the items specified in the CG Code.   | √                 | Corporate Governance Report/<br>Audit Committee Report/<br>Risk Committee Report  |
| C.2.5 The issuer should have an internal audit function.  | √                 | Accountability and audit (Internal audit)   |
| Recommended Best Practices  | Adopted           | HKEX's practice (as set out in the HKEX Group website)  |
| C.2.6 The board may disclose in the Corporate Governance Report that it has received a confirmation from management on the effectiveness of the issuer's risk management and internal control systems.  | √                 | Corporate Governance Report/<br>Audit Committee Report/<br>Risk Committee Report/<br>Assessment of risk management and internal control effectiveness |
| C.2.7 The board may disclose in the Corporate Governance Report details of any significant areas of concern.  | √                 | Corporate Governance Report/<br>Audit Committee Report/<br>Risk Committee Report  |



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### C.3 Audit Committee

**Principle** - The board should establish formal and transparent arrangements to consider how it will apply financial reporting, risk management and internal control principles and maintain an appropriate relationship with the issuer's auditors. The audit committee established under the Listing Rules should have clear terms of reference.

| Code Provisions  | Comply or explain                                | HKEX's practice (as set out in the HKEX Group website)  |
|--|--|---|
| C.3.1 Full minutes of audit committee meetings should be kept by a duly appointed secretary of the meeting (who should normally be the company secretary). Draft and final versions of minutes of the meetings should be sent to all committee members for their comment and records, within a reasonable time after the meeting.                  | √  | Board process (Board/committee meetings)  |
| C.3.2 A former partner of the issuer's existing auditing firm should be prohibited from acting as a member of its audit committee for a period of 1 year from the date of his ceasing:<br>(a) to be a partner of the firm; or<br>(b) to have any financial interest in the firm, whichever is later.   | √  | Objectivity and independence of external auditor  |
| C.3.3 The audit committee's terms of reference should include at least the duties specified in the CG Code.  | √  | Audit Committee's terms of reference  |
| C.3.4 The audit committee should make available its terms of reference, explaining its role and the authority delegated to it by the board by including them on the Exchange's website (ie, HKEXnews website) and the issuer's website.  | √  | Audit Committee's terms of reference / Risk Committee's terms of reference  |
| C.3.5 Where the board disagrees with the audit committee's view on the selection, appointment, resignation or dismissal of the external auditors, the issuer should include in the Corporate Governance Report a statement from the audit committee explaining its recommendation and also the reason(s) why the board has taken a different view. | <i>No such circumstances have arisen so far.</i> |   |
| C.3.6 The audit committee should be provided with sufficient resources to perform its duties.  | √  | Board Committees  |
| C.3.7 The terms of reference of the audit committee should include additional requirements of the audit committee specified in the CG Code.  | √  | Audit Committee's terms of reference  |
| Recommended Best Practice  | Adopted  | HKEX's practice (as set out in the HKEX Group website)  |
| C.3.8 The audit committee should establish a whistleblowing policy and system for employees and those who deal with the issuer (eg, customers and suppliers) to raise concerns, in confidence, with the audit committee about possible improprieties in any matter related to the issuer.  | √  | Key control procedures/ Marketplace - Management approach (Anti-bribery and Anti-corruption / Product and Service responsibility) |

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### D. DELEGATION BY THE BOARD

#### D.1 Management functions

**Principle** - An issuer should have a formal schedule of matters specifically reserved for board approval. The board should give clear directions to management on the matters that must be approved by it before decisions are made on the issuer's behalf.

| Code Provisions  | Comply or explain | HKEX's practice (as set out in the HKEX Group website) |
|--|-------------------|--|
| D.1.1 When the board delegates aspects of its management and administration functions to management, it must, at the same time, give clear directions as to the management's powers, in particular, where management should report back and obtain prior board approval before making decisions or entering into any commitments on the issuer's behalf. | √                 | Management functions                                   |
| D.1.2 An issuer should formalise the functions reserved to the board and those delegated to management. It should review those arrangements periodically to ensure that they remain appropriate to the issuer's needs.   | √                 | Board's terms of reference/<br>Management functions    |
| D.1.3 An issuer should disclose the respective responsibilities, accountabilities and contributions of the board and management.   | √                 | Board's terms of reference/<br>Management functions    |
| D.1.4 Directors should clearly understand delegation arrangements in place. Issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.   | √                 | Appointment, election and removal of Directors         |

#### D.2 Board Committees

**Principle** - Board committees should be formed with specific written terms of reference which deal clearly with their authority and duties.

| Code Provisions   | Comply or explain | HKEX's practice (as set out in the HKEX Group website) |
|---|-------------------|--|
| D.2.1 Where board committees are established to deal with matters, the board should give them sufficiently clear terms of reference to enable them to perform their functions properly.   | √                 | Board Committees                                       |
| D.2.2 The terms of reference of board committees should require them to report back to the board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements). | √                 | Board Committees                                       |

#### D.3 Corporate Governance Functions

| Code Provisions  | Comply or explain | HKEX's practice (as set out in the HKEX Group website) |
|--|-------------------|--|
| D.3.1 The term of reference of the board (or a committee or committees performing this function) should include at least the duties specified in the CG Code.  | √                 | Nomination and Governance Committee                    |
| D.3.2 The board should be responsible for performing the corporate governance duties set out in the terms of reference in D.3.1 of the CG Code or it may delegate the responsibility to a committee or committees. | √                 | Nomination and Governance Committee                    |

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### E. COMMUNICATION WITH SHAREHOLDERS

#### E.1 Effective communication

**Principle** - The board should be responsible for maintaining an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with them and encourage their participation.

| Code Provisions  | Comply or explain  | HKEX's practice (as set out in the HKEX Group website) |
|--|--|--|
| E.1.1 For each substantially separate issue at a general meeting, a separate resolution should be proposed by the chairman of that meeting. Issuers should avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", issuers should explain the reasons and material implications in the notice of meeting.  | √  | General meetings                                       |
| E.1.2 The chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.<br><br>The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.<br><br>An issuer's management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence. | √<br><br><i>No transaction which is subject to independent shareholders' approval so far.</i><br><br>√ | General meetings<br><br>General meetings               |
| E.1.3 The issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.  | √  | General meetings                                       |
| E.1.4 The board should establish a shareholders' communication policy and review it on a regular basis to ensure its effectiveness.  | √  | Shareholders Communication Policy                      |

#### E.2 Voting by Poll

**Principle** - The issuer should ensure that shareholders are familiar with the detailed procedures for conducting a poll.

| Code Provisions  | Comply or explain | HKEX's practice (as set out in the HKEX Group website) |
|--|-------------------|--|
| E.2.1 The chairman of a meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll. | √                 | General meetings                                       |

## Checklist on HKEX's compliance with the Corporate Governance Code

### F. COMPANY SECRETARY

**Principle** - The company secretary plays an important role in supporting the board by ensuring good information flow within the board and that board policy and procedures are followed. The company secretary is responsible for advising the board through the chairman and/or the chief executive on governance matters and should also facilitate induction and professional development of directors.

| Code Provisions  | Comply or explain | HKEX's practice (as set out in the HKEX Group website) |
|--|-------------------|--|
| F.1.1 The company secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs.   | √                 | <a href="#">Company Secretary</a>                      |
| F.1.2 The board should approve the selection, appointment or dismissal of the company secretary.   | √                 | <a href="#">Company Secretary</a>                      |
| F.1.3 The company secretary should report to the board chairman and/or the chief executive.  | √                 | <a href="#">Company Secretary</a>                      |
| F.1.4 All directors should have access to the advice and services of the company secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed. | √                 | <a href="#">Company Secretary</a>                      |