

Hong Kong Corporate Governance Charter

Launched by CHKLC and CCGF-HKBU



A. General Principles & Commitments

1. The Charter embodies the paramount aspects of corporate governance (CG) and highlights the principles and core values of good corporate governance. It encourages organizations to recognize the importance of CG to their business and adopt these principles, values and aspirations incorporated therein. This Charter also reflects the board of director's commitment to monitoring the effectiveness of policy and decision-making both at the board and management levels, with a view to enhance long-term firm values.
2. We recognize that corporate governance is a system or institutional arrangement that delineates the rights and responsibilities of each primary (internal) stakeholder and decision-maker (i.e. shareholders, the board of directors, and the executive management) of a company, and the design of institutions and mechanisms that induce or control board directors and executive management to maximize firm values and best align the interests of different stakeholders of the company.
3. We believe good CG is paramount to the health and long-term sustainability of a company, the financial market and the economy. It is a basic element of a company's commitment to being an organization that is responsible to its stakeholders. We believe good CG yields tangible results in the long-term. On the other hand, poor governance affects how all stakeholders perceive us, and is often too visible and costly.
4. We are voluntarily committing to higher than legally required standards of CG. We embrace the principles and values behind CG and move away from an attitude of box-ticking compliance. We are continuously seeking improvements and innovations in CG. We treasure the spirit and substance of CG, not the fad or form.
5. While we share the core values and spirit of good CG, we understand and accept not every CG measure is suitable to every company because of the different stages of company development. The cost-effectiveness of each specific CG measure has to be assessed carefully before adoption in each organization.
6. By signing this Charter, our companies agree to observe the core values and spirit embodied in it and will treat them as the cornerstone of the way forward for our own CG development.

B. Specific Principles & Commitments

Commitment	Substance
7. We provide leadership to champion the CG spirit within our organizations and adopt appropriate corporate structure and policies.	As leaders of companies, we lead by example in demonstrating good CG and in educating and coaching staff members of its importance. We develop the necessary infrastructural framework and cultivate a healthy corporate culture conducive to integrity, fairness, transparency, accountability and responsibility.
8. We protect the rights and interests of shareholders and treat all shareholders fairly.	We respect that all shares have equal rights. We will do our best to communicate with shareholders and enable them to attend, raise agenda items, ask questions, express opinions, vote and appoint proxies at shareholders' general meetings. A controlling shareholder, if in existence, should not make any decisions for its own interests at the expense of the company or the minority shareholders.
9. We fulfill not only shareholders' but also other stakeholders' expectations and honour ethical, social, environmental and human values.	We believe that our efforts to perform well financially and to protect our shareholders' interests are not in conflict with our respect for the needs and well being of other stakeholders including employees, customers, suppliers and the general public. We continuously communicate and work closely with different stakeholders to make sure the company is responsive to the needs of others, and their concerns.
10. We ensure effective composition and structure of the board of directors.	We find the right people to sit on the board of directors, people who will engage, and who are committed, competent and independent. There are well-defined nomination, election, appointment, renewal and assessment procedures. We provide directors with effective orientation and training, resources support, access to information, and fair and performance-linked remuneration.
11. We empower the board to set strategic directions for the company and monitor corporate performance, risks and opportunities.	The board delegates authority and allocates responsibilities by setting up effective board committees and establishing effective accountability mechanisms. Working for the interests of the company as a whole, the board and its committees work with good division of labour, with each committee having its clearly defined role and measurable performance objectives. We seek an optimal balance between directors' conformance role and performance role.

<p>12. Our board of directors oversees information inflow to the board, financial reporting, and corporate disclosures and transparency.</p>	<p>The board will communicate with, and report to, shareholders and other stakeholders on important corporate policies and decisions. It works closely with the executive management to ensure the relevancy, accuracy, completeness and timeliness of disclosures relating to financial and other corporate information.</p>
<p>13. Our board of directors upholds business ethics and integrity via appropriate control systems, audit processes, code of conduct and staff training.</p>	<p>The board will oversee the design and effectiveness of its internal control system, risk management system, and the internal as well as external audit process so as to minimize the likelihood of fraud, corruption and other malpractices. Code of conduct, guidelines and policies concerning transactions in company shares (insider trading), connected party transactions, gift & entertainment, use (abuses) of company property, and conflict of interests as well as anti-corruption and bribery, are available.</p>
<p>14. We define clearly the role of executive management and hold them accountable to the board.</p>	<p>The board will lay down policies that guide the search, selection, coaching, supervision, assessment, retention and compensation of the executive management. It ensures continuity and effective succession plan of the CEO. While maintaining appropriate independence, we promote culture, dynamics and mutual trust between the board and management.</p>

ENDORSEMENT

Name: (Mr/Mrs/Ms/Dr) _____ Signature: _____

Title: _____ Date: _____

Tel: _____ Fax: _____ Email: _____

Company: (English) _____

(Chinese) _____ Stock Code: _____

Address: _____

Please sign and return a copy to:
The Chamber of Hong Kong Listed Companies
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