

## **Enhancing Corporate Governance (提升企業管治)**

### **The Mission (使命)**

Maintaining and enhancing our competitiveness as a leading international financial centre and the premier capital formation centre for our country。 (維持及強化香港作為國際金融中心及國家首選集資中心的競爭力)

### **Objective (目標)**

To upgrade the quality of our market by bringing our corporate governance standards in line with international standards, and to be the preferred support base for Hong Kong and Mainland companies by providing quality international financial and other professional services. (提升企業管治水平，與國際標準看齊，從而改善我們市場的質素；作為香港及內地企業首屈一指的支援基地，為這些企業提供高質素的國際金融和其他專業服務。)

### **The Corporate Governance Action Plan for 2003 (2003年企管行動綱領)**

The Administration has, together with the Securities and Futures Commission (SFC) and the Hong Kong Exchanges and Clearing Limited (HKEx), reviewed the measures proposed by concerned parties to improve corporate governance; and taken the lead in drawing up an Action Plan for 2003 to identify priority areas (優先工作), assign ownership (委託負責人) and devise a timeframe for implementation (制定執行時間表).

The Administration, SFC and HKEx are fully committed to this Action Plan. Together we shall review progress regularly; and coordinate efforts to close any gaps and remove inconsistencies in implementation.

The Action Plan (行動綱領) in no way pre-empts the findings of the Expert Group (專家小組), and will be amended and adapted as necessary to meet any structural or procedural changes flowing from those recommendations. (由這些建議產生的結構性或程序上的改變)

### **Five Priority Areas (五項主要優先工作)**

#### **Priority I: Upgrading the Listing Rules and Listing Functions (改善上市規則及上市功能)**

- By Q2 2003: HKEx to introduce amendments to the Listing Rules (上市規則) and promulgate a revised Code on Best Practice (最佳應用守則) to implement various corporate governance measures consulted since Jan 2002.
- By Q1 2003: HKEx to complete streamlining of the listing process(使上市程序更順暢) in order to improve quality control at the point of entry (提升上市質素) by focussing on critical matters (關鍵事項).
- By phases, starting from Q2 to Q4 2003: HKEx to amend the Listing Rules to improve the initial and continuing listing requirements (改善上市及持續上市的要求) and delisting procedures (退市安排), following

consultation started in July and November 2002.

- By Q4 2003: The Administration to follow up recommendations of the FS-appointed Expert Group (專家小組) scheduled for publication in March 2003 with a view to improving Listing Functions; and delineating roles of FSTB, SFC and HKEx under the tiered regulatory structure.

### **Priority II: Tightening the regulation of IPO intermediaries**

- By Q1 2003: HKEx to consult the market on amendments to the Listing Rules to tighten regulation of IPO intermediaries (對處理首次公開招股的中介人收緊監管), in particular sponsors (保薦人) and financial advisors (財務顧問). Target is implementation in H2, 2003.
- By Q1 2003: SFC to put forward proposals to the Standing Committee on Company Law Reform (SCCLR) on amendments to the Companies Ordinance to extend the prospectus-related liability to IPO sponsors, and possibly, other IPO intermediaries, for ensuring quality disclosure to investors (擴闊公司法內與招股書有關的法律責任的範圍，以包括保薦人及其他中介人的行爲，以確保上市公司向投資者披露資料的質素).
- By Q3 2003: FSTB, in consultation with the Hong Kong Society of Accountants, to finalise legislative proposals to enhance the regulation of the accountancy profession (加強會計專業的監管).

### **Priority III: Effective Roll Out of the Securities and Futures Ordinance**

- By 1 April 2003: SFC to formulate an effective strategy in enforcing the Securities and Futures Ordinance (SFO) (證券及期貨條例), in particular with regard to execution of “dual filing” (上市公司須同時向證監會和港交所呈報資料), inquiries into corporate misconduct (查訊企業失當行爲), regulation of licensed IPO sponsors (監管持牌 IPO 保薦人) cooperation with HKEx in combating pre-IPO market manipulation (打擊在首次公開招股前操控市場), etc. SFC to adopt a case specific approach as a corporate regulator under SFO and ‘dual filing’.

### **Priority IV: Successful completion of SCCLR Phase II**

#### **Corporate Governance Review**

- By Q1 2003: The Administration, SFC and HKEx to render full support to the SCCLR for completion of its Phase II Review, with SFC and HKEx putting forward further proposals to SCCLR, including amendments to the Companies Ordinance on related party transactions (關連人士交易), shareholders’ rights (股東權益), disclosure requirements (披露要求), liability of professional advisers relating to misstatements (專業顧問失實聲明的責任) in listing documents etc.

## **Priority V: Early implementation of SCCLR Recommendations from its Phase I Corporate Governance Review**

- By Q1 2003: FSTB and SFC to release a joint consultation paper (諮詢文件) on the concept to empower SFC to conduct derivative actions for minority shareholders against a listed company (賦權予證監會，代小股東向上市公司提出衍生訴訟), including legal issues, scope and effectiveness of remedies, and possible implementation arrangements.
- By Q2 2003: FSTB to introduce to LegCo a Companies (Amendment) Bill (公司(修訂)條例草案) to enhance corporate governance by implementing SCCLR Phase I recommendations relating to shareholders' remedies (維護股東權利).
- By Q4 2003: FSTB, in consultation with the listed sector and the accountancy profession, to finalise and take forward a proposal to establish a Financial Reporting Review Panel (財務報告檢討委員會) to investigate financial statements (財務報表) of companies and enforce changes thereto (執行對財務報表的修改).

Financial Services Branch/Financial Services and the Treasury Bureau

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