CG Watch 2016 - MEDIA COVERAGE SUMMARY as of 30 September 2016

No	Date	Media	Journalist / Presenter	Headline
1.	30Sep16	**CNBC Asia**	Bernie Lo	**How can Asian companies improve corporate governance?** http://video.cnbc.com/gallery/?video=3000555408&play=1
2.	30Sep16	***South China Morning Post***	Enoch Yiu	**Hong Kong loses out to Singapore in corporate governance survey (Online version)** http://www.scmp.com/business/companies/article/2023697/hong-kong-loses-out-singapore-corporate-governance-survey **Singapore pips HK in corporate governance rankings (Print version)**
3.	30Sep16	***Nikkei Report***	Joyce Ho	**Singapore pips HK to Asia corporate governance crown**
4.	30Sep16	***The Edge Financial Daily***	Cindy Yeap	**1MDB drags down Malaysia's CG ranking**
5.	30Sep16	***The Business Times***	Michelle Quah	**Singapore tops regional corporate governance rankings**
6.	30Sep16	***The Australian Financial Review***	Vesna Poljak	**Two big glitches noted in Australian regulation**
7.	29Sep16	**Thomson Reuters Breakingviews**	Quentin Webb	**Powerful owners hobble Asia’s governance reform**
8.	29Sep16	***Financial Times***	Hudson Lockett & Jennifer Hughes	**Australia (good) to China (poor) - Asia corporate governance in charts**

9.	29Sep16	**Bloomberg News**	Benjamin Robertson	**Singapore Beats Hong Kong in Corporate Governance: CLSA, ACGA**
10.	30Sep16	***Hong Kong Economic Times***		**CLSA: Corporate Governance in Hong Kong ranks second behind Singapore**
11.	30Sep16	***Hong Kong Economic Journal***		**Industry organization agrees reform of listing regime**
12.	30Sep16	***Ta Kung Pao***		**Singapore and Hong Kong lead the Corporate Governance in Asia-Pacific**
13.	30Sep16	***Apple Daily***		**Corporate Governance in Hong Kong is inferior compare to Singapore**

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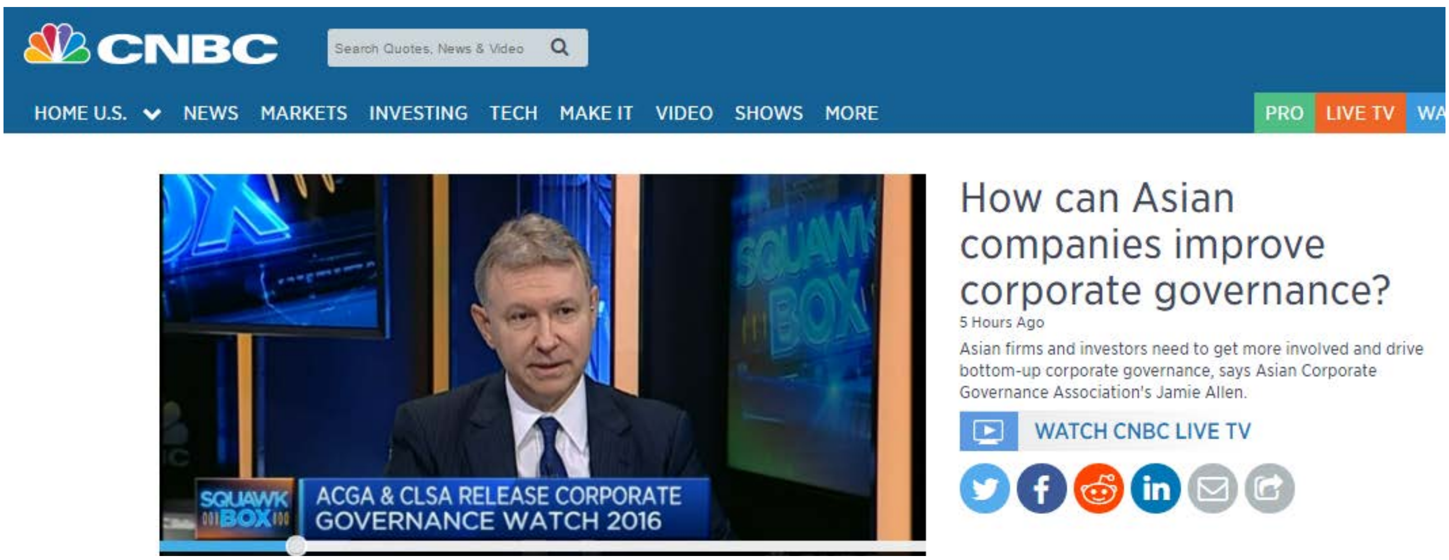
CNBC Asia LIVE TV interview: How can Asian companies improve corporate governance?

Asian firms and investors need to get more involved and drive bottom-up corporate governance, says Asian Corporate Governance Association's Jamie Allen.

http://video.cnbc.com/gallery/?video=3000555408&play=1



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South China Morning Post EDITION: HONG KONG

Hong Kong loses out to Singapore in corporate governance survey
30 September 2016
http://www.scmp.com/business/companies/article/2023697/hong-kong-loses-out-singapore-corporate-governance-survey

Hong Kong loses out to Singapore in corporate governance survey

Hong Kong's ranking in the Corporate Governance Watch 2016 suffered because it lacks an independent audits regulator

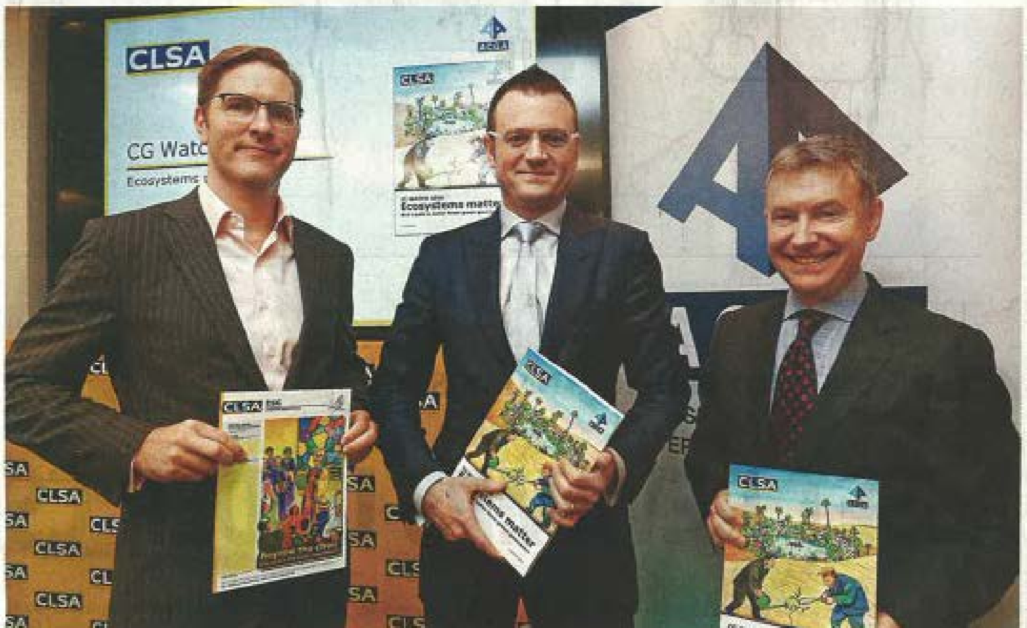
PUBLISHED : Thursday, 29 September, 2016, 6:08pm
UPDATED : Thursday, 29 September, 2016, 11:01pm

COMMENT: 1

CG Watch 2016 - MEDIA COVERAGE SUMMARY as of 30 September 2016

South China Morning Post
南華早報

GOVERNANCE



ACGA secretary general Jamie Allen, right, says Hong Kong, India and Philippines are yet to have independent audit regulators. Also seen are CLSA head of sustainable research Charles Yonts, left, and CLSA global head of thematic research Shaun Cochran. Photo: Jonathan Wong

Singapore pips HK in corporate governance rankings

Enoch Yiu
enoch.yiu@scmp.com

Hong Kong lost out to Singapore in regional corporate governance rankings as it still does not have an independent audit regulator, according to a joint report by brokerage and investment group CLSA and the Asian Corporate Governance Association.

The findings were revealed in the Corporate Governance Watch 2016, a biannual study that tracks corporate governance of more than 1,000 companies across 12 Asia-Pacific markets.

Australia, which was included in the survey for the first time, was ranked top with a total score of 78.

Singapore grabbed the second spot with a score of 67, nudging ahead of Hong Kong on 65. Mainland China ranked tenth in the report on 45, ahead of the Philippines on 38 and Indonesia on 36.

Hong Kong topped the last survey, in 2014, and was also placed first in 2007. Singapore has come out on top in five of the last seven surveys, before Australia was included.

The results are based on a survey of fund managers and institutional investors who give scores that evaluate accounting and auditing, corporate governance culture, enforcement and regulatory environment, and corporate governance rules.

Speaking at the launch of the report yesterday, Jamie Allen, secretary general of ACGA, said Hong Kong lost out mainly due to the lack of an independent body to handle the regulation of auditors. The Hong Kong Institute of Certified Public Accountants, an industry body, currently acts as the regulator.

The government wants to shift regulatory responsibility to the independent Financial Reporting Council, but this is unlikely to happen until 2018.

"Singapore's accounting and auditing standards are of a high quality and policed by an effective regulator in the Accounting and Corporate Regulatory Authority," according to the report.

Allen said: "Hong Kong, India and Philippines are the three last markets not yet to have independent audit regulators."

But Singapore's recent decision to consider allowing companies with dual-class shares to raise funds on the stock exchange may lead to a decline in its corporate governance standing, he said.

"Hong Kong got a high corporate governance rating as its securities regulator says a firm 'no' to dual class shares, which violate the 'one share, one vote' principle. Many institutional investors will discount a market if there is dual-share structure," Allen said.

Hong Kong lost out on the world's largest IPO two years ago when mainland e-commerce giant Alibaba opted to list on the New York Stock Exchange which allows dual-share structures. Hong Kong banned dual-class

» CONTINUED ON B3

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Nikkei Report
Singapore pips HK to Asia corporate governance crown
30 September 2016

JOYCE HO, Nikkei staff writer

HONG KONG -- Singapore has regained its crown in the corporate governance rankings of 11 Asian economies, according to research released on Thursday.

The city-state saw its corporate governance rating rise to 67 points from 64 two years ago, dislodging Hong Kong, which remained at 65 points. Japan came third on 63 points, followed by Taiwan, which made the greatest leap and scored 60 points. China dropped further to ninth, while Indonesia ranked at the bottom with only 36 points.

The findings were released by Hong Kong-based brokerage CLSA and the Asian Corporate Governance Association, a non-profit organization largely funded by the investment community. They are based on a survey of 1,047 companies across Asia, which included Australia for the first time, as a benchmark with 78 points. Countries are judged against five broad categories -- corporate governance rules, enforcement, political and regulatory environment, accounting and auditing standards, and corporate governance culture.

The ACGA said Singapore's performance was helped by its revamped securities enforcement strategy, as the Monetary Authority of Singapore is taking a much tougher approach to insider trading and market manipulation by joining in a closer partnership with the Commercial Affairs Department of the Singapore Police Force. It also saw merits in local regulators providing greater disclosure of their actions, and in the Singapore Exchange hiring a new regulatory chief while moving its regulatory arm into a separate company, much like Australia did in 2010.

But the association warned that the SGX's possible introduction of dual-class shares, a system which awards founders and executives more voting power despite holding a relatively small amount of total equity versus other shareholders, might cast a shadow on the country's good standing in corporate governance, and add regulatory risks.

"We would be disappointed if they introduced dual-class share," said Jamie Allen, secretary general at the ACGA. "Any company that's been in dual-class shares is immediately seen as having problematic corporate governance because you have a team of owner-managers who want to control the companies with their small shareholdings," said Allen. "Immediately investors start distrusting them. They also distrust the market that brings that in," he added, citing research which suggested institutional investors tend to discount markets with dual-class shares system by 13% on average.

Room for improvement

On Hong Kong, Allen said its strong regulatory enforcement, which ranked highest among all markets covered in the survey, was encouraging. But the city's lack of clear government strategy on corporate governance, problematic financial reporting in terms of frequency and timing, and above all the absence of an independent audit regulator were undermining the city's standing.

He pointed out that Hong Kong, along with the Philippines and India, is one of the few markets in Asia that is still without an independent audit regulator. "There are changes going through, but it's just taking an awfully long time," said Allen.

The survey found that Indonesia, South Korea, and the Philippines have most room for improvement. In South Korea, the introduction of an investor stewardship code has stalled, while the Philippines is suffering from a culture of weakness when confronting management. It has never seen resolutions proposed by management be rejected. Indonesia continues to be affected by poor financial reporting standards and loose enforcement. "Indonesia has rarely, if ever, convicted anyone of insider trading, even though market practitioners will all tell you that it remains a key problem," the report said.

Although the survey was not able to establish linkage between companies' share price and the quality of corporate governance, it found a high correlation between better governance and better financial fundamentals, which was especially valid during market downturns.

Companies the survey highlighted as showing strong governance include: JD.com, Tencent, and CNOOC in China; AIA, Swire Pacific, Wharf, and CLP in Hong Kong; NAVER, Shinhan, LG Household & Health Care, LG Chem, and KB Financial Group in South Korea; IHH, Maxis, Axiata, Petronas Chemicals Group, and Sime Darby in Malaysia; Ayala Corp., Ayala Land, SM Investments, JG Summit Holdings, and SM Prime Holdings in the Philippines.

In Singapore the survey highlighted Singapore Telecommunications, CapitaLand, Oversea-Chinese Banking Corp., United Overseas Bank, and Wilmar International. Taiwan Semiconductor Manufacturing, MediaTek, Uni-President Enterprises, and LARGAN Precision were highlighted in Taiwan; and Siam Cement, Advanced Info Service, Bangkok Dusit, Kasikornbank, and PTT in Thailand.

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The Edge Financial Daily
1MDB drags down Malaysia's CG ranking
30 September 2016

BY CINDY YEAP

KUALA LUMPUR: Malaysia fell two notches to sixth place in the biennial Corporate Governance (CG) Watch 2016 ranking of 11 Asia-Pacific countries, undermined by the 1Malaysia Development Bhd (1MDB) saga, which "cast a pall over [the] country and key government institutions".

Malaysia, with 56 points, came behind Singapore (67), Hong Kong (65), Japan (63), Taiwan (60) and Thailand (58), according to data released by investment banking group CLSA and the Asian Corporate Governance Association (ACGA) in Hong Kong yesterday morning. Australia, which was included as a benchmark but not in the final ranking, scored 78 points.

"In 2014, we noted that Malaysia was unique in consistently improving in score across each of our four CG Watch surveys since 2007. Unfortunately, this trend has now come to an end.

"While we upgrade Malaysia this year for enforcement of capital market offences and several favourable regulatory and policy changes, the fallout from the 1MDB crisis has had an adverse effect on the political and regulatory environment for public and corporate governance. This has resulted, on balance, in a modest decline in the overall score," Benjamin McCarron, ACGA specialist consultant wrote in the biennial report resulting from a 95-question survey covering five pillars: CG rules and practices, enforcement, political and regulatory environment, accounting and auditing, and CG culture.

Malaysia's 56 points placed it just ahead of India (55), South Korea (52), China (43), the Philippines (38) and Indonesia (36).

Malaysia would have scored 58 points, the same as Thailand, had its score under the "political and regulatory" pillar been the same as that in the 2014 survey, ACGA secretary-general Jamie Allen told The Edge Financial Daily in a phone interview. Malaysia's score rose from 55 to 58 in 2014.

Malaysia would have done "much better" had there been no 1MDB, Allen said. "1MDB has affected capital markets' perception of Malaysia. People are concerned about what's going on. When public governance standards drop, over the medium-to-long term, it does have an impact on [investment] decisions."

It is learnt that Malaysia's overall score was dragged lower by a sharp 11-point fall under the "political and regulatory" pillar, under which public governance-related questions were asked - cancelling out a commendable seven-point climb under "enforcement", which covers listing rules and security laws.

"Notwithstanding the trouble at the top, regulators in Malaysia managed a strong showing on new reforms and a number of wins in enforcement," McCarron wrote in the report, referring to new regulation and improvements on disclosure requirements and sustainability reporting as among notable positives.

"The enforcement score for Malaysia increased significantly as we took a more positive view of efforts by the Securities Commission Malaysia and Bursa Malaysia in a number of areas, including insider trading, market manipulation and audit oversight, and to a lesser extent market enforcement from institutional investors. A broader interpretation of enforcement would include accountability at non-listed companies such as 1MDB, and the role of banks in facilitating payments. However, we have covered this in the political and the regulatory section," McCarron said.

"Frankly, it has been a shame to see the fallout from the 1MDB crisis in Malaysia. There has been a stark difference in findings and approach between international and domestic investigations into the organisation, with many leadership changes at the organisations responsible for domestic investigations. It is worth noting that the direct financial impact of these incidents appears to have been contained.

"And they have not tarnished the entire Malaysian capital market: There remain many listed companies both under family and state control that are well removed from the issues. However, the 1MDB saga carries implications for the integrity of some key government institutions," he wrote, adding that the suspension of The Edge weekly and The Edge Financial Daily in 2015 "also led to concerns of a reduction in press freedom in Malaysia".

The report went on to say that Malaysia's score under the "political and regulatory" pillar fell on "the lack of a clear, consistent and credible government policy on CG, a perception of reduced effectiveness on the part of the central bank in exercising its powers, the depth of media skill and freedom in reporting on CG, the independence of anti-corruption commission, and whether [the] government was making progress in improving standards of public governance".

Factors that could force Malaysia's score to fall in the next survey in 2018 include a lack of improvement in public governance, a slowdown in the pace of regulatory reforms and "continued slow adoption of stewardship practices at the leading funds", the report read.

"A lot of markets are moving forward. If you don't improve, scores would be lower next time," Allen said.

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The Business Times
Singapore tops regional corporate governance rankings
30 September 2016

BY MICHELLE QUAH

SINGAPORE has pipped its closest competitor, Hong Kong, to emerge at the top of closely watched regional corporate governance rankings, "Corporate Governance (CG) Watch 2016".

But the city-state's top spot could potentially be in jeopardy, if it decides to proceed with plans to allow listed companies here to adopt dual-class share structures.

The much-anticipated CG Watch 2016 was released by brokerage and investment group CLSA and independent, non-profit organisation, the Asian Corporate Governance Association (ACGA), yesterday morning. The report is produced once every two years.

This year's report analysed and rated 1,047 Asian companies and 12 key Asia-Pacific markets on their performance in corporate governance, over February to August this year.

The markets are assessed based on their cumulative score across five categories: CG rules and practices, enforcement, political and regulatory environment, accounting and auditing, and CG culture.

Singapore beat fiercest rival Hong Kong, as well as Japan, Taiwan, Thailand, Malaysia, India, South Korea, China, Philippines and Indonesia.

Singapore and Hong Kong tied for top spot in the previous rankings in 2014, while Singapore had been ranked ahead of Hong Kong in 2012.

ACGA secretary-general Jamie Allen said that Singapore regained the ground it lost in 2014 because it revamped its enforcement strategy and brought its overall CG regime more up to date.

"Singapore seems to have undergone a period of existential self-reflection about its CG and capital-markets strategy over the past two years. A reinvigorated Monetary Authority of Singapore (MAS) and new regulatory leadership at the Singapore Exchange (SGX) have brought significant tightening in regulation and enforcement and a renewed sense of direction."

Mr Allen noted that the MAS has substantially rethought its approach to tackling securities crime and joined in a closer partnership with the Commercial Affairs Department (CAD) of the Singapore Police Force. He also cited, as winning points, the appointment of the SGX's new regulatory chief (Tan Boon Gin), the exchange's recent decision to move its regulatory arm into a separate company, and the greater disclosure by regulators about their actions.

Hong Kong, he noted, despite some "courageous regulatory decisions", lost points because it still lacks any sort of overarching government strategy on CG, remains one of the few markets in Asia without an independent audit regulator, and the culture of governance in companies, while improving, is moving forward glacially.

"Singapore is a beneficiary of Hong Kong's dysfunctionality, really," Mr Allen said.

Some of Singapore's moves, however, "are starting to cast an unwelcome shadow over all the good progress". Mr Allen was particularly critical of the recent decision by the SGX's Listings Advisory Committee (LAC) to give the market regulator the go-ahead to permit dual-class share structures among listed companies - calling it "disappointing" and "opportunistic".

"While officially this is not a done deal, it is certainly being viewed as such by market practitioners in Singapore and elsewhere; and with just one mainboard listing in 2015, the pressure to drive new foreign listings is strong.

"Any company with dual-class shares is immediately seen as having problematic corporate governance . . . When you bring in dual-class shares, you create more corporate governance problems for the market; if you want to make your life more difficult as a regulator, then bring in dual-class shares."

SGX has said that it would conduct a public consultation before deciding on the issue. Mr Allen also said that SGX has raised eyebrows by proposing to scrap its own Minimum Trade Price regime and reopening a discussion on whether to do away with quarterly reporting.

And, while it's difficult to say if these moves will necessarily cost Singapore the top spot in future rankings, because much will depend on how its competitors Hong Kong and Japan perform, Mr Allen said that these developments may be enough to drop Singapore to below its neighbours.

Commenting on these results were two corporate governance advocates who have been very vocal about Singapore's move towards allowing dual-class share structures. NUS associate professor of accounting Mak Yuen Teen told The Business Times: "The big downside going forward is the introduction of dual-class shares. I believe over time that will not only affect shareholder rights, but affect other areas of CG, like the effectiveness of CG rules and enforcement. So, we could see a quite significant impact on our future rankings."

David Smith, head of corporate governance at Aberdeen Asset Management Asia, said: "If adopted, (having dual-class share structures) would be a step backwards, and it would be no surprise if it impacted Singapore's standing in the eyes of the investment community in terms of corporate governance. This is perhaps the biggest shame given the very hard work that Singapore has rightly been recognised for over the years."

Also of note in this year's CG Watch was the inclusion of Australia for the first time, due to "popular demand". But it was excluded from the rankings, so as not to skew past results - as its CG score was significantly higher than top-ranked Singapore's.

It will, however, be included in the 2018 rankings - and, given that its score currently far surpasses the scores of Singapore and Hong Kong, there is "no question" that Australia will top the rankings in two years, Mr Allen said.

He said that Australia, which possesses the most robust governance ecosystem in Asia, provides a benchmark of the deficiencies in the region's governance. "There is such a big difference in CG culture between Australia and the rest of the region. In Australia, you have companies talking to investors, investors being very active earners, lots of director training, accountant training, strong investor bodies, and a very strong civil society.

"In contrast to Australia, the controlled and hierarchical management-shareholder communication system in Asia may become, if it does not evolve, a significant impediment to corporate governance and capital market development in Asia."

Still, Mr Allen added, Singapore has much to be commended. "Singapore and Hong Kong do not consistently top the survey by accident, they do it because they have the best institutions - legal, regulatory and economic - for CG in the region. But this year, the inclusion of Australia brought many things into sharper focus, allowing us to look at old issues from a fresh perspective.

"If there is a single message from our survey this year, it is that the ecosystem of CG in any market is not just important, it is the differentiating factor between long-term system success and failure."

FINANCIAL REVIEW

The Australian Financial Review
Two big glitches noted in Australian regulation
30 September 2016

BY VESNA POLJAK

Australia has been urged to fix two major shortfalls in its corporate governance standards centred around show-of-hands voting on remuneration at annual meetings, and the absence of protections for minority shareholders in reverse takeovers.

Findings by the Asian Corporate Governance Association (ACGA), published on Thursday in conjunction with CLSA, also highlight the haphazard structure of the corruption watchdog ICAC, as well as the worrying trend of floats missing prospectus forecasts.

But it is in AGM polling and reverse takeover situations that ACGA finds Australia scores worse than its counterparts in Asia. On most other governance measures it leads the region.

When a strike is looming against a board at an AGM, a vote can be taken by a show of hands to decide whether to pass the remuneration report. This practice strikes Jamie Allen, secretary general of the Hong Kong-based ACGA as "just a really archaic way of running an AGM". A vote on a show of hands is a popular way to short-circuit shareholder meetings, if the chairman believes the strike is inevitable.

"Voting at AGMs in Asia used to be by show of hands, which is farcical in the modern business era," Mr Allen said. "We're big believers in voting by poll, mandatory voting by poll."

His report advocates mandating polls to properly recognise the will of shareholders on the two-strikes rule. A strike is recorded when more than 25 per cent of votes challenge a company's remuneration report.

"There have been cases where proxy votes against are more than 30 per cent, yet the resolution is passed on a show of hands. While such cases appear to be rare, requiring a poll would seem a sensible and relatively painless reform," the organisation says.

Reverse takeovers are the other area where Australian practice is lagging behind what protections are afforded in Hong Kong and Singapore, for example. In this case, it is the shareholders of the bidder company that are most overlooked.

"If you are shareholder of a bidder company then you don't get to vote on a transaction," Mr Allen said. "It became an issue a couple of years of ago with the decline of commodity prices; junior miners looking to sell themselves to overseas companies from China or elsewhere."

The state-based structure of ICAC is also singled out by the ACGA as inconsistent with the federal powers of ASIC and the ASX.

"Why wouldn't you have a federal ICAC which has stronger powers?" Mr Allen asked. "Creating strong anti-corruption commissions is a real challenge [in Asia]. Yet in Australia you still have a state-based system that is out of sync with the strong federal securities and company regulatory systems."

Australia is not alone in having several companies going public,only to miss forecasts. These include: McGrath, MYOB, Spotless, Integral Diagnostics and Estia Health. When the downgrade is disclosed, the share price falls, causing losses for investors.

Mr Allen thinks the investment banks have to lift their game. "I don't know that issue in great detail in Australia, but that comes down to the role of the sponsoring investment bank. Our view on pre IPO corporate governance preparation in companies generally is it's quite weak, that is an area where we'd like to see much more work done by IPO candidates."

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Thomson Reuters Breakingviews
Powerful owners hobble Asia's governance reform
29 September 2016

BY QUENTIN WEBB

HONG KONG, Sept 29 (Reuters Breakingviews) - Powerful owners hold back Asia's corporate governance push. A flagship review of the region's standards says it is gradually improving, despite frequent blow-ups. The assessment by regional brokerage CLSA and the Asian Corporate Governance Association urges institutional investors to speak up more. Fair enough - but unless outsiders get more say over independent directors, they remain at the mercy of majority shareholders.

The report recounts scandals from book-cooking at Toshiba to the crisis at Malaysian fund 1MDB. And it throws up arresting statistics. In Japan, India, South Korea and Indonesia, CLSA analysts doubt the cost of capital informs management thinking at a majority of companies - a worrying harbinger of future value-destruction.

Meanwhile, CLSA's scribblers in Seoul, Jakarta and Bangkok reckon a majority of firms in those countries have undertaken harmful related-party transactions. Thailand is the only place where they think even a fifth of directors behave independently.

There are signs of light. Japan in particular is improving, after a broad push to make companies better-run and more profitable. Overall, CLSA and ACGA reckon regional governance is getting better, and suggest investors and company executives could take the baton from regulators to drive future improvement.

True: they could. It's fair to say that money managers, especially domestic houses, often hesitate to call out bad behaviour, or vote against management. But a dose of realism is advised.

Corporate governance works best when ownership is diffuse and management is professional. However, many Asian companies remain controlled by powerful families, giant parent conglomerates or state actors. Sometimes outsiders get meaningful vetoes: as Hong Kong shareholders have for related-party deals, for example. But public grumbling and protest votes rarely work unless the board and the majority owner have enough conscience to be shamed into doing the right thing.

One useful idea floated in the report would be to let outside shareholders vote separately on independent directors. This already happens for controlled companies in Britain. Such a policy would surely encounter serious resistance from majority owners. All the more reason to support it.

On Twitter https://twitter.com/qtwebb

CONTEXT NEWS

- "Asia is getting better" when it comes to corporate governance, brokerage CLSA and the Asian Corporate Governance Association concluded in a biennial report released on Sept. 29.

- CLSA's "bottom-up" survey of companies covered by its equity analysts saw Japan move up the rankings to second place behind Australia, as domestic reforms "tangibly improve behaviour." Third, fourth and fifth place were taken by Singapore, Hong Kong, and Taiwan, followed by Thailand, India and Malaysia. The lowest scores in the CLSA survey, which covers 11 Asian nations and includes Australia for comparison, were awarded to China, the Philippines, Indonesia and South Korea.

- The ACGA's "top-down survey" of overall market practice, which grades markets by their discipline, transparency, independence, responsibility, fairness and environmental and social responsibility, was led by Singapore and Hong Kong.

- "Reforms matter but how companies respond and deliver them is crucial. Investor engagement makes persistent improvement more likely," the authors wrote. "Asia is getting better and will continue to do so if stakeholders, including agitators, remain engaged."

FINANCIAL TIMES

Financial Times
Australia (good) to China (poor) - Asia corporate governance in charts
29 September 2016

BY HUDSON LOCKETT & JENNIFER HUGHES

Australia's corporate governance is streets ahead of the rest of Asia-Pacific, according to a regional benchmark that once more has China fighting with the Philippines and Indonesia for last place.

CLSA's biannual corporate governance report, compiled jointly with the Asian Corporate Governance Association, has been running for more than a decade and has become a region-wide marker on the topic, writes Jennifer Hughes.

Australia shows a clean pair of heels

Australia's full inclusion for the first time makes it clear how far the rest of the region can still improve. CLSA score on a bottom-up company basis while the ACGA measures governance on a top-down basis. Either way, Australian governance is more than 10 percentage points better than its nearest rival and more than twice as good as Indonesia in last place. And no, corporate governance isn't really a linear series of measurements, but the report scores it, so we'll use that.

At the other end of the scale…

Not all countries exhibit a strong trend over time, but China certainly does – and it is downwards.

Its falling score this time comes largely from its heavy-handed actions following the stock market crash a year ago, and the failure to materialise of much state-owned enterprise reform, in spite of promises. On the plus side, the weaker markets have prompted China's market regulator to step up its enforcement. In the first half of 2016, it issued 109 sanctions in 88 general enforcement cases – an 85 per cent increase year on year.

Form over substance

One problem the report highlights is the risk that companies meeting accepted standards may just be paying lip service to governance. In 2014, CG Watch counted the percentage of companies where half the board were independent – a widely used governance measure.

This time, CLSA's analysts counted the number of companies where they found evidence of directors behaving independently – and in many cases, the percentage of companies halved. Not all companies where there was no evidence would be railroading their boards, but the charts show a marked difference between form and substance.

Warren Buffett, the Asia edition

Warren Buffett once said that companies ultimately get the shareholders they deserve. The more active end of the Asia shareholder spectrum might feel that applied better if they got any access whatsoever to management of directors at some of their investments. Korea and Taiwan stand out here as home to companies most leery of engaging with their investors.

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Bloomberg News
Singapore Beats Hong Kong in Corporate Governance: CLSA, ACGA
29 September 2016

BY BENJAMIN ROBERTSON

By Benjamin Robertson
(Bloomberg) -- Improved securities enforcement strategy, cooperation between MAS and police, sees Singapore topping ranking of corporate governance in Asia ex-Australia, CLSA analyst Shaun Cochran and Asian Corporate Governance Association Secretary General Jamie Allen say at press conference.

* Singapore ranked No. 1 in Asia ex-Australia, outstripping H.K. vs last survey in 2014 when they both ranked first equal
* There is a positive correlation between high corporate governance and better fundamentals in firms; Asian markets remain weak overall on corporate governance issues
* Asia has ''controlled and hierarchical'' shareholder communications which become ''significant impediment'' to capital market development: Allen
  * Japan, Taiwan, India, Korea improved vs 2014
    * Malaysia, China, Philippines, Indonesia fell
    * Hong Kong, Thailand unchanged
* Australia added to survey this year for first time
  * There is "very big difference" between Australia vs rest of Asia: Allen
  * Australia's corporate governance regime "broader, deeper" vs rest of Asia; Australian companies willing to talk to investors
* Singapore taking tougher strategy on market manipulation
  * Negative is possible inclusion of dual class shares
* Hong Kong positives include stewardship code, block on dual class shares
  * Negatives include lack of govt. strategy on corporate governance, frequency of financial reporting, no independent audit regulator

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Hong Kong Economic Times
CLSA: Corporate Governance in Hong Kong ranks second behind Singapore
30 September 2016

里昂：港公司管治亞洲第2 落後星洲

【本報訊】中信里昂與亞洲公司治理協會聯合發表《2016年公司治理觀察報告》，香港在亞洲區內排名第二，屈居在新加坡之後。其中，香港在會計及審計，以及公司管治文化的範疇中，排名較低。

亞洲公司治理協會秘書長艾哲明（左）表示，香港未有獨立的審計監管機構，令本港在會計及審計環節的得分較低。右為中信里昂證券全球主題研究部主管 Shaun Cochran。（車耀開攝）

亞洲公司治理協會秘書長艾哲明（Jamie Allen）指出，由於香港未有獨立的審計監管機構，令本港在會計及審計環節的得分較低。他相信，隨着日後上市公司核數師的監管權力，由香港會計師公會轉移到財務滙報局後，料有助推動香港在此環節的表現。

港董事會組成 過於保守

至於公司管治文化方面，艾哲明指，在董事培訓等均見到本港上市公司在企業管治文化有正面改進，但在董事會組成上仍過於保守，未能有效多元化董事會成員，例如委任更多的女性作為董事會成員。

中信里昂亦同時向1,047間企業進行調查發現，股價表現與公司管治質素未有具體的關連性，主要由於影響股價表現的因素超出公司管治可直接影響的範疇。

不過，中信里昂證券全球主題研究部主管 Shaun Cochran 指，在公司管治表現較好的公司，往往其基本因素及資產負債表的質素亦會較高。中信里昂證券可持續發展研究部主管楊立志（Charles Yonts）亦指，在環境、社會及管治（ESG）有較好表現的公司，在派息及現金流方面都有較好表現。

上市架構改革諮詢旨在改善上市流程及審批，從而提高市場質素。艾哲明指，改革建議雖非盡善盡美，但仍支持相關改革。他認為，建議有效加快上市流程及上市政策研究，特別是能加強證監會及港交所（00388）間的溝通。對於有市場人士指上市問題源於證監會執法不力，他表示，香港在執法上在區內首屈一指，再加強執法亦不能夠解決現時上市方面的問題。

引同股不同權 或損港股投資價值

新加坡有意引入同股不同權，艾哲明指，香港新股市場在世界排名繼續第一，證明同股同權制度在港行之有效。他表示，若本港引入同股不同權，投資者會對港股投資價值有所折讓。

另外，羅兵咸永道發表香港上市公司的企業管治報告。調查結果顯示，69%上市企業已符合企業管治守則內，有關內部監控及風險管理系統的部分披露要求。

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財經新聞
HONG KONG ECONOMIC JOURNAL

Hong Kong Economic Journal
Industry organization agrees reform of listing regime
30 September 2016

業界組織贊成上市監管改革

亞洲公司治理協會總裁艾哲明周四表示，支持證監會及港交所（00388）推出的上市監管架構改革，認為改革建議雖未盡完善，但方向正確。

艾哲明認為改革無關證監會增加權力，而是加強證監會與港交所的溝通，以改善上市決策效率，他表示很多投資者都贊成改革。

亞洲公司治理協會與中信里昂證券發表《2016年公司治理觀察報告》，新加坡獲得67分，企業管治水平在亞太地區排行第一，香港則排第二，得65分。

報告指出，香港的不足主要在於缺乏獨立審計監管機構，亦是區內唯一市場未有要求主板公司刊發季度報告。

此外，企業董事會組成相對保守，儘管本港有許多具能力的女性，女性出任董事的比例只有12%，在發達市場中明顯偏低。

同股不同權損企業管治

另一方面，艾哲明對新加坡建議引入同股不同權架構感到失望，或影響新加坡在下次報告的評分；他不贊成同股不同權，認為有損企業管治，投資者會因此降低對市場的估值。

對於有部分投資者認為同股不同權並無問題，他指乃出於自身利益的考慮，但對監管者而言，要顧及市場的長遠制度利益。

CLSA

ACGA

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大公報
Takungpao

Ta Kung Pao
Singapore and Hong Kong lead the Corporate Governance in Asia-Pacific
30 September 2016

星港企業管治領先亞太區

【大公報訊】記者陳盈妝報道：里昂證券和亞洲企業管治協會（ACGA）昨日聯合發表《2016年企業管治觀察報告》，對12個主要亞太區市場以及1047間亞洲上市企業進行分析和評分。報告顯示，在市場評分排行中，新加坡與香港分列前一、二位。

女性董事港比例偏低

報告根據亞太區各間企業的治理表現、市場監管相關事宜及趨勢進行詳細評核。亞洲企業管治協會總裁艾哲明（Jamie Allen）表示，新加坡與香港的市場管治表現整體較佳，仰賴於兩地均擁有完善的法律、監管和經濟體系。

他續表示，香港在提高企業管治方面仍面對一些難題，例如缺乏獨立核數監管機構、女性佔董事會成員比例偏低、家族成員同任董事會成員人數過多等。此外，艾哲明又以管治生態系統完善的澳洲作爲比較對象，指出亞洲企業管理層與股東的溝通形式流於層級化，如未能改善，或成爲亞洲區企業管治和資本市場進一步發展的障礙。

中信里昂方面，透過向1047間企業進行調查發現，企業管治質素與股價表現沒有具體相關性。里昂證券全球主題研究部主管Shaun Cochran進一步解釋指，股價表現受衆多因素影響，大部分均超出企業管治可直接影響到的範圍。

藍籌企管新規準備勝國企

里昂證券可持續發展研究部主管楊立志（Charles Yonts）亦發表補充報告指，對企業就環境、社會、管治（ESG）進行了評核。他直言，ESG評分較高的企業，於盈利預測調整及股息支付方面的表現較佳，自由現金流亦較理想，資產負債表的風險則較低。

另外，羅兵咸永道於昨日記者會表示，即將發表企業管治研究報告。該報告研究了230間恒指成份股、國企指數成份股，及其他金融、房地產、零售及科技範疇的上市公司年報（截至今年3月），結果發現，在落實企業管治規則修訂的預備工作方面，恒指成份股比國指成份股預備充分；行業方面，則爲金融類比房地產、零售及科技類的表現較佳。

69%上市企做好風險披露

有關企業管治守則的修訂由港交所於2014年12月確定，並已對今年1月1日起開始上市的企業生效。羅兵咸永道風險及控制服務合夥人梁嵐表示，230家上市企業樣本中，69%的上市企業早已符合企業管治守則內有關內部監控及風險管理系統的部分披露要求，其中86%的恒指成份股企業已提前披露，而國指成份股則只有60%。

對於恒指成份股於提前披露方面做得較好，羅兵咸永道另一合夥人余潔雯解釋指，主要爲該類公司的規模大，有充足的資源可供投入，以加強風險管理及內部控制工作，回應監管制度的轉變及市場對他們的期望。至於金融及房地產行業之企業透明度較高，梁嵐指，因金融業本身已有相關法規監管，而房地產業則與公衆高度相關，加上資源較多，故該類公司會主動披露較多資料。

里昂亞太企業管治報告重點

- 企業管治市場評分中新加坡居首，香港第二
- 新加坡與香港的法律、監管、經濟體系完善令企業管治表現佳
- 香港企業董事會成員比例需改善（女性比例較低、家庭成員佔多）
- 企業的環境、社會、管治評分高，其盈利預測調整及股息支付表現亦較佳

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Apple Daily
Corporate Governance in Hong Kong is inferior compare to Singapore
30 September 2016

港企業管治遜新加坡

【本報訊】中信里昂證券與亞洲公司治理協會聯合發表「2016公司治理觀察報告」，12個亞太區市場中，新加坡整體企業管治水平奪得首位，較上屆升2分至67分，香港排行第二，維持65分。亞洲公司治理協會秘書長艾哲明稱，本港企業管理層與股東之間傾向層級式，對公司治理及資本市場發展易受阻礙，應加以改善。

缺獨立核數監管機構

他又指，香港缺乏獨立核數監管機構，成為企業提高管治水平障礙；此外，董事會組成過於保守，女性董事比例僅11%左右，亦有過多家族成員成為企業董事。對於新加坡引入「同股不同權」架構，艾哲明表明不支持架構及感失望，認為會影響新加坡下次報告評分。

羅兵咸永道發表香港上市公司企業管治報告，於230間上市公司2015年年報發現，恒指成份股在落實企業管治整體比國指成份股優勝，86%恒指成份股符合「加強內部監控與風險管理系統」要求，約60%國指成份股做法相同。按類別而言，金融服務業及房地產公司內部監控及風險管理系統披露較佳。