



Summary of HKEX Corporate Governance Consultation Conclusions Effective 1 July 2025

On 19 December 2024, The Stock Exchange of Hong Kong Limited (the **HKEX**) published the [Consultation Conclusions on the Review of the Corporate Governance Code and related Listing Rules](#) (the **HKEX Corporate Governance Consultation Conclusions**). For a summary of the Consultation Paper, please see Charltons' [July 2024 newsletter](#).

From 1 July 2025, the proposed amendments will come into effect except for certain rules in relation to independent non-executive directors (**INEDs**). Rules concerning "overboarding" INEDs will be effective by the first annual general meeting held on or after 1 July 2028 except for new listing applicants, while a two-phased implementation over a six-year transition period will apply to the nine-year cap on tenures of INEDs. The HKEX will publish updated guidance on the HKEX's Corporate Governance Practice Portal in the first half of 2025 to assist listed companies in complying with the new requirements.

Key Amendments to HKEX corporate governance requirements

Set out below is a summary of the key amendments to the HKEX Corporate Governance Code and the Listing Rules, a more detailed newsletter outlining the details of the changes and the HKEX Corporate Governance Consultation Conclusions will be published on the Charltons' website shortly.

Improving Board Effectiveness for HKEX listed companies

Designation of Lead INED	<ul style="list-style-type: none"> The new Recommended Best Practice C.1.8 will be introduced to encourage listed companies with a chairman who is not an INED to appoint a Lead INED who will serve as an intermediary for other directors and shareholders and act as an alternative communication channel when normal communication channels are inadequate. The HKEX clarified in the HKEX Corporate Governance Consultation Conclusions that the appointment of a Lead INED is not necessary when the board chairman is an INED.
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	<ul style="list-style-type: none"> • The HKEX also clarified that the designation of a Lead INED does not require an announcement to be made under HKEX Main Board Rule 13.51(2), however, listed companies should publish an updated list of directors and their roles and functions when there are changes in the designation of Lead INED. • The amended Mandatory Disclosure Requirement B(a) will require listed companies to disclose the Lead INEDs of the company (if any) in the corporate governance report. • The new Mandatory Disclosure Requirement L(d) and Code Provision F.1.1 will require disclosures of the board’s engagement with shareholders in the corporate governance report. The enhanced disclosure requirements include: <ul style="list-style-type: none"> (i) the nature and number or frequency of such engagements; (ii) the group(s) of shareholders involved; (iii) the representatives of the listed company involved; and (iv) the listed company’s approach to following up on the outcomes of these engagements.
Mandatory director training	<ul style="list-style-type: none"> • The new HKEX Listing Rule provisions¹ will require all directors to receive mandatory continuous professional development that covers the topics specified under HKEX Main Board Rule 3.09G or GEM Rule 5.02G, which includes: <ul style="list-style-type: none"> (i) the roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness; (ii) the listed company’s obligations and directors’ duties under Hong Kong law and the HKEX Listing Rules, and key legal and regulatory developments (including HKEX Listing Rule updates) relevant to the discharge of these obligations and duties; (iii) corporate governance and environmental, social, and governance matters (including developments on sustainability or climate-related risks and opportunities relevant to the listed company and its business); (iv) risk management and internal controls; and (v) updates on industry-specific developments, business trends and strategies relevant to the listed company. • Principle C.1 and the Code Provisions under this section will also be amended to emphasise the requirements of continuous professional development. • “First-time directors”, meaning directors who have not been appointed as a director of a company listed on the HKEX or directors who have not served as a director of a company listed on the HKEX for the three preceding years, must complete at least 24 hours of training within the first 18 months of appointment on the specified topics listed above². • For “First-time directors” who have been appointed as a director of companies listed on the exchanges of other jurisdictions within the three preceding years, only 12 hours of training within the first 18 months of appointment will be required. • The HKEX has also amended the original proposals to state that if a “First-time director” resigned before completing the minimum training hours, and is subsequently re-appointed as a director within three years, the number of training hours completed will still be counted towards fulfilling the minimum training requirements.
Mandatory disclosure on director training	<ul style="list-style-type: none"> • HKEX listed companies must disclose the details required under the new Mandatory Disclosure Requirement B(i) in their corporate governance reports. In particular, the listed companies must confirm that all directors have fulfilled the continuous professional development requirements and set out the following information with respect to each director: <ul style="list-style-type: none"> (i) the total number of hours of continuous professional development completed; (ii) the format or mode of continuous professional development taken, including whether an external or internal provider was used or whether the professional development was the result of self-study;

1 HKEX Main Board Rules 3.09F and 3.09G; GEM Rules 5.02F and 5.02G

2 HKEX Main Board Rules 3.09H; GEM Rules 5.02H

	<ul style="list-style-type: none"> (iii) for each mode of continuous professional development taken, the number of hours completed, the training topics covered and a description of the relevant training provider(s), where applicable; and (iv) for “First-time director(s)”, a confirmation statement that the relevant director has completed the minimum training requirement under HKEX Main Board Rule 3.09H or GEM Rule 5.02H.
Board Performance Review	<ul style="list-style-type: none"> • The new Code Provision B.1.4 will require listed companies to conduct a board performance review at least every two years to assess whether the performance of the board and the board’s skills as a whole aligns with the business and strategic goals of the listed company. • In the corporate governance report, listed companies must make the following disclosures: <ul style="list-style-type: none"> (i) whether the review was conducted internally or by external services providers; (ii) the scope of the review and responsible persons involved in conducting the review; (iii) if an external review is conducted, the relationship between the external provider and the listed company and/or its directors (if any); (iv) the findings and results of the review, significant areas of improvement identified and the measures to be taken in response to the results of the review. • The HKEX clarified in the HKEX Corporate Governance Consultation Conclusions that the review should be conducted on the board as a whole rather than on each director individually. • The original Code Provision B.1.5 on conducting a regular evaluation of the board’s performance will be removed. • The HKEX will issue further guidance on the expected scope of the review and level of detail required in relevant disclosures. • The amended Code Provision B.3.1 will also impose the duty to support the listed company’s regular evaluation of the performance of the board on the nomination committee.
Disclosure of board skills matrix	<ul style="list-style-type: none"> • The new Code Provision B.1.5 will require listed companies to maintain and disclose a board skills matrix in its corporate governance report which should include: <ul style="list-style-type: none"> (i) details of the mix of skills the board currently possess; (ii) explanations on how the said mix of skills, experience and diversity of the directors serves the purpose, values, long-term strategy, goals and desired culture of the listed company; and (iii) the types of skills the board is looking to acquire, the plans to acquire these skills and the progress of achieving this type of plans made in the previous year. • The HKEX will issue further guidance on the suggested format of the skills matrix and level of detail required in relevant disclosures. • The amended Code Provision B.3.1 will also impose the duty to assist the board in maintaining a board skills matrix on the nomination committee.
New cap on concurrent directorships for INEDs	<ul style="list-style-type: none"> • The new HKEX Main Board Rule 3.12A and GEM Rule 5.07A will be added to impose a hard cap of six concurrent Hong Kong-listed company directorships on INEDs. Directorship positions will include both executive and non-executive director positions. • For existing listed companies, a three-year transition period will be allowed and this rule will come into effect from the first AGM held on or after 1 July 2028. The current requirements under Code Provision B.3.4(b) for INEDs who will be holding their seventh or more listed company directorship will apply during the transition period up to 30 June 2028. • On the other hand, new listing applicants submitting their listing application on or after 1 July 2025 must ensure that their INEDs comply with the cap on concurrent directorships.

	<ul style="list-style-type: none"> Listed companies should note that the cap on concurrent directorships for INEDs does not apply to secondary listed overseas listed companies³.
Disclosure requirements on assessment of the time commitment of directors	<ul style="list-style-type: none"> The amended Mandatory Disclosure Requirement E(d)(iii) will include additional disclosure requirements in relation to the nomination committee's annual assessment of the time commitment and board contribution of each director. The assessment should consider circumstances such as the the nature of the director's involvement on the board, the professional qualifications and work experiences of the directors as well as other directorships and significant external time commitments. "Significant external time commitments" under this requirement broadly includes directorships on companies listed on other exchanges, full-time occupations, major consultancy work, major public service commitments, as well as directorships of and involvement in statutory bodies or non-profit organisations. The HKEX will issue further guidance on the assessment criteria and the level of detail required in relevant disclosures.

HKEX listed company INEDs' Independence

Nine-year cap on INEDs' Tenure	<ul style="list-style-type: none"> The new HKEX Main Board Rule 3.13A and GEM Rule 5.09A will impose a hard cap of nine years on the tenure of INEDs. INEDs serving for more than nine years (Long-Serving INEDs) will not be considered as independent and can only continue to serve the listed company in the capacity of a non-executive director or executive director. The HKEX Corporate Governance Consultation Conclusions also provides a lengthened cooling-off period, where Long-Serving INEDs can be re-appointed as INEDs by the same listed company only if the relevant Long-Serving INED has not been a director of the listed company, its holding company, any of their respective subsidiaries or core connected persons for three years and satisfies the independence guidelines under the Listing Rules. The nine years will commence from the date of the appointment of the INED or the date of listing if the INED is appointed before the company is listed on the HKEX . If the INED ceases to serve as an INED for the relevant company for less than three years and is then re-appointed by the same listed company to serve as an INED, this period will also be counted towards the nine-year tenure. This requirement will be implemented in two phases over a period of six years: <ol style="list-style-type: none"> Phase one – listed companies must ensure that Long-Serving INEDs do not represent the majority of INEDs on the board by the first annual general meeting held on or after 1 July 2028; and Phase two – nine-year cap on INEDs' tenure will be effective on all INEDs by the first annual general meeting held on or after 1 July 2031. During the transition period, the current requirements on tenure disclosure and appointment of new INEDs when all of the INEDs are Long-Serving INEDs⁴, and current requirements on the re-election of Long-Serving INEDs will continue to apply⁵. Listed companies should note that the cap on the tenure of INEDs does not apply to secondary listed overseas listed companies⁶.
Disclosure on the length of tenure of each director	<ul style="list-style-type: none"> The amended Mandatory Disclosure Requirement B(a) will require listed companies to disclose the length of tenure and current period of appointment of all directors in the listed company's corporate governance report.

HKEX Board Diversity Proposals

3 HKEX Main Board Rule 19C.11
4 Code Provision B.2.4
5 Code Provision B.2.3
6 HKEX Main Board Rule 19C.11

At least one director of a different gender the nomination committee	<ul style="list-style-type: none"> The new Code Provision B.3.5 will require listed companies to appoint at least one director of a different gender to serve on the nomination committee.
Workforce diversity policy	<ul style="list-style-type: none"> The amended HKEX Main Board Rule 13.92(1), GEM Rule 17.104(1) and Mandatory Disclosure Requirement J(b) will impose a new requirement on all listed companies to maintain and disclose a workforce diversity policy in addition to a board diversity policy. The full workforce diversity policy or a summary of it must be included in the listed company's corporate governance report. The disclosures should include at least: <ul style="list-style-type: none"> (i) the plans or measurable objectives, for example, numerical targets and timelines for achieving gender diversity (note that setting measurable objectives is not compulsory); (ii) the progress on achieving these objectives; and (iii) any mitigating factors which make achieving gender diversity in the workforce less relevant or more challenging (where applicable).
Annual review of board diversity policy	<ul style="list-style-type: none"> The amended Mandatory Disclosure Requirement J(a) will require listed companies to review its board diversity policy annually and disclose the results of the review in the corporate governance report. The disclosure should also contain the progress towards achieving the board diversity objectives and how the listed company has arrived at the disclosed conclusion. The HKEX also clarified in the HKEX Corporate Governance Consultation Conclusions that annual reviews will still be required even if the listed company has already achieved its current board diversity objectives.
Gender ratio disclosure	<ul style="list-style-type: none"> The amended Mandatory Disclosure Requirement J(c) will require separate disclosures on the gender ratio of the workforce excluding senior management in addition to the gender ratio of senior management only.
Arrangements during temporary deviations	<ul style="list-style-type: none"> The amended HKEX Main Board Rule 13.92(2) and GEM Rule 17.104(2) will codify the arrangements during temporary deviations from the requirement on listed companies to have directors of different genders on the board. As all listed companies must have at least one director of a different gender on the board after 31 December 2024, listed companies that fail to comply with this rule must immediately publish an announcement explaining the details and reasons for this breach and must use all reasonable endeavors to re-comply with this requirement as soon as possible and in any case within three months of the breach.

HKEX Listed Company Risk Management and Internal Control

Proposed emphasis on the board's responsibility for risk management and internal control systems and mandatory annual review of these systems	<ul style="list-style-type: none"> The requirement to conduct annual reviews on the effectiveness of the risk management and internal control systems of the listed company will be upgraded to a Mandatory Disclosure Requirement⁷ in addition to being a Code Provision⁸. Under the amended Mandatory Disclosure Requirement H, listed companies must disclose: <ul style="list-style-type: none"> (i) a board statement acknowledging its responsibility for the listed company's risk management and internal control systems and confirming that the risk management and internal control systems are appropriate and effective; (ii) the features of the risk management and internal control systems in place (such as the process used to identify, evaluate and manage significant risks, the procedures for ensuring timely and accurate disclosures);
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	<ul style="list-style-type: none"> (iii) significant changes in the assessment of risks and the risk management and internal control systems; (iv) whether the listed company has an internal audit function; (v) the responsibilities of internal departments and external providers in the review; (vi) the process through which the review of the risk management and internal control systems was conducted and the frequency; (vii) confirmations from management, the relevant board committee(s), other internal departments, the company's independent auditors and other external providers to support the board's conclusion that the risk management and internal control systems are appropriate and effective; (viii) the scope of the review; and (ix) results of the review and details of any significant control failings or weaknesses identified during the review and/or previously reported but unresolved, and any remedial steps taken or proposed. <ul style="list-style-type: none"> • The amended Code Provision D.2.1 will also clarify that the review should cover all material controls of the listed companies and their subsidiaries. In addition to existing requirements on the scope of the review, under the new requirements, listed companies should also conduct reviews on the adequacy of various types of resources for designing, implementing and monitoring the risk management and internal control systems. • The HKEX will issue further guidance on the level of detail required in relevant disclosures and the scope of the reviews. • The amended Principle D.2 and the Code Provisions under this section will also be amended to emphasise the responsibility of the board to maintain and establish effective risk management and internal control systems on an ongoing basis.
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HKEX Listed Company Dividend Proposals

Disclosure of dividend policy and board dividend decisions	<ul style="list-style-type: none"> • The new Mandatory Disclosure Requirement M will require listed companies with a dividend policy to disclose this policy or a summary of it in their corporate governance report. The disclosure shall include the aim or objective of the policy as well as the key considerations of the board when deciding on whether to recommend payment of dividends. The corporate governance report should also include either a confirmation that all dividend decisions made during the reporting period conform with the dividend policy or otherwise an explanation on any deviations from the dividend policy. • If the listed company does not have a dividend policy, the listed company must clearly state this in its corporate governance report and explain the reasons for not having a dividend policy. • In any case, all listed companies must disclose material variations in the dividend rate declared compared to that of the previous relevant period if the board has declared a dividend during the reporting period. Where the board has not declared any dividends, the corporate governance reports must contain reasons on the board's decision and any alternative measures to enhance investor's return.
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Other HKEX Listing Rule Changes

New requirement to set a record date	<ul style="list-style-type: none"> • The amended HKEX Main Board Rule 13.66(1) and GEM Rule 17.78(1) will codify the existing guidance concerning requirements on setting a record date to determine the eligibility of shareholders to attend general meetings and receive corporate entitlements.
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7 Mandatory Disclosure Requirement H
8 Code Provision D.2.1

	<ul style="list-style-type: none"> Consequential amendments will also be made to require the announcement of the record date as well as any alterations to the announced record date when there is no book closure.
Disclosure requirements in relation to modified auditors' opinions	<ul style="list-style-type: none"> Paragraph 3.1 of Appendix D2 to the HKEX Main Board Rules and Note to GEM Rule 18.47 will also be amended to codify the disclosure requirements regarding modified auditor's opinion. Under this provision, listed companies must disclose: <ul style="list-style-type: none"> (i) details of the modifications and their actual or potential impact on the listed company's financial position; (ii) the management's position and basis concerning major judgmental areas and how the management's view differs from that of the auditors; (iii) the audit committee's view towards the modifications, and whether the audit committee has reviewed and is in agreement with management's position concerning major judgmental areas; and (iv) the proposed plans to address the modifications.
Provision of monthly financial information to the board	<ul style="list-style-type: none"> The amended Code Provision D.1.2 will allow directors to request for monthly updates on the listed company's financial and operating performance, provision and prospects if the management of the listed company fails to provide them to the directors. This Code Provision will also clarify that the monthly updates should include monthly management accounts and management updates if they are available.
Alignment of nomination committee requirements with audit and remuneration committee requirements	<ul style="list-style-type: none"> HKEX Main Board Rules 3.23 and 3.27 and GEM Listing Rules 5.33 and 5.36 will be amended to clarify that when a listed company is unable to set up an audit or remuneration committee or unable to provide their terms of reference, the listed company must issue an announcement with details and reasons for the breach and ensure re-compliance with the rule within three months from the breach. New HKEX Main Board Rules 3.27B and 3.27C and GEM Listing Rules 5.36B and 5.36C (for all listed companies except those with a weighted voting rights structure), and new HKEX Main Board Rule 8A.28A (for listed companies with a weighted voting rights structure) will be added to align the requirements on the setting up committees, the requirements on the terms of reference and the arrangements in the case of temporary deviation from the rules that will be applicable to nomination committees with those in relation to audit and remuneration committees.

Other than the above key amendments, the HKEX Corporate Governance Consultation Conclusions also includes other consequential and relevant amendments to the Corporate Governance Code and the HKEX Listing Rules.

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