

Submission on Consultation Paper on Review of the Code on Corporate Governance Practices and associated Listing Rules.

	Consultation Questions	Yes	No	Reasons to support our views
Q.4	Do you agree to include a new duty (CP A.5.2(e)) in the nomination committee’s written terms of reference that it should regularly review the time required from a director to perform his responsibilities to the issuer, and whether he is meeting that requirement?		√	We do not think time spent should be a criterion of evaluating director’s effectiveness on discharging his duty and responsibility. It should more depend on the quality and outcome of work. It will be difficult to predict the time required for each director on the Company’s business because their areas of competence may vary. It is also difficult to assess whether a director is spending adequate time on the Company’s business as the actual time required would depend on the amount of business activities and transactions during the year.
Q.5	Do you agree to include a new duty (CP A.5.2(f)) in the nomination committee’s written terms of reference that it should review NEDs’ annual confirmation that they have spent sufficient time on the issuer’s business ?		√	See answer to Q.4.
Q.6	Do you agree to include a disclosure requirement in the Corporate Governance Report (paragraph L(d)(ii) of Appendix 14) that NEDs have made annual confirmation to the nomination committee that they have spent sufficient time on the issuer’s business?		√	See answer to Q.4.

Q.7	Do you agree to expanding CP A.5.3 (re-numbered CP A.6.3) to state that a director should limit his other professional commitments and acknowledge to the issuer that he will have sufficient time to meet his obligations?		√	It is unfair to impose a limit on director's other professional commitments as different people would have different capacity for work. Upon appointment, director should disclose his other significant professional commitments and should inform the board of any subsequent changes. The board will exercise discretion in deciding whether a director will have the capacity to fulfill his responsibilities.
Q.8	Do you agree to expanding CP A.5.3 (re-numbered CP A.6.3) to state that an NED should confirm annually to the nomination committee that he has spent sufficient time on the issuer's business?		√	See answer to Q.4.
Q.9	Do you agree to upgrading RBP D.1.4 to a CP (re-numbered CP D.1.4) and amending it to state that an NED's letter of appointment should set out the expected time commitment?		√	See answer to Q.4.
Q.11	Do you consider that there should be a limit on the number of INED positions an individual may hold?		√	Under the current regulatory regime, a director understands that he owes fiduciary duties to the Company and should exercise duty of skill, due care and diligence upon appointment. He would devote sufficient time and commitment to each appointment. It may

				unfairly penalize a competent and diligent INED who could be able to devote sufficient time to his multiple directorships. To impose a cap artificially would be to deprive more companies to benefit from such experienced and qualified individual.
Q.19	Do you agree that we should upgrade RBP A.4.3 (shareholder to vote on a separate resolution for the further employment of an INED who has served more than nine years) to a CP?		√	There is no direct link between a director's length of service and independence. Under the Company's Articles of Association, all directors are subject to retirement by rotation at least every three years and one-third of directors shall retire from office every year at the Company's AGM. Although the non-executive directors of the Company do not have a specific term of appointment, their appointment cannot exceed three years. Shareholders do have the opportunity to consider and vote on director's appointment at each AGM.
Q.42	Do you agree with introducing RBP D.3.3 stating that an issuer should establish a corporate governance committee?		√	There is no need to establish a separate corporate governance committee as we think the proposed duties could be carried out by existing committees.
Q.43	Do you agree the duties of an existing committee or committees can be expanded to include those of a corporate governance committee?		√	The propose duties of the corporate governance committee could be handled by the Company's existing R&N Committee and Audit Committee. It would avoid

				incurring additional compliance expenses and increasing the burden of existing directors.
Q.44	Do you agree with the addition of CP D.3.2 stating that the committee performing the proposed duties listed in paragraph 141 of the Consultation Paper should comprise a majority of INEDs?		√	Corporate governance is the responsibility of all board members. It involves many internal compliance issues so the participation of executive directors is more important than the INEDs. We do not think it is a must to comprise a majority of INEDs at the corporate governance committee.
Q.65	Do you agree with our proposal to upgrade RBP A.2.7 to a CP and amend it to state that the chairman should hold separate meetings with only INEDs and only NEDs at least once a year?		√	We think it would be too redundant to have two separate meetings with INEDs and NEDs respectively. It is encouraged to have such separate meetings but it is not a must to become a CP.
Q.74	Do you agree that we should add CP C.1.2 stating issuers should provide board members with monthly updates as described in paragraph 240? (i.e. Management should provide board members with monthly updates which present a balanced and understandable assessment of the issuer's performance and current financial position. This monthly update may include monthly management accounts and management updates.)		√	Management would update the board its financial performance at each board meeting which is held on a regular basis. It would place additional workload on the directors, in particular, for the non-executive directors to read and digest monthly management accounts or management updates with/without guidance from the Finance people. Furthermore, preparation and provision of a monthly basis may not be so meaningful to reflect the business operation or trend. Non-executive

				Directors who are not involved day-to-day management may not be necessary to receive monthly updates.
Q.77	Do you agree that we should introduce the proposed CP (CP C.1.4) as described in paragraph 250? (i.e. directors should include in the issuer's annual report an explanation of the basis on which the company generates or preserves value over the longer term (the business model) and the strategy for delivering the objectives of the company (corporate strategy).)		√	Long term business strategy may be treated as a business secret of a listed issuer. The listed issuer may lose its competitive edge over its competitors. Therefore, disclosure of the long term business strategy of a listed issuer may be very sensitive, in particular for a single business listed issuer. The current disclosure of business outlook in the annual report is sufficient to enable the investors to appraise the future development of the listed issuer.