

### **Question 1**

**Do you agree with our proposal to introduce a code provision ("CP") requiring an issuer's board to set culture in alignment with issuer's purpose, value and strategy?**

Yes

**Please give reasons for your views.**

We agree with the proposal to introduce a CP requiring an issuer's board to set culture in alignment with issuer's purpose, value and strategy as the board is the ultimate decision maker as well as the top management of the issuer. Only when the culture is championed by the highest authority of the issuer, it can then be integrated into the issuer's purpose, value and strategy.

Other than the above, we agree with the proposal as it could help to align with the requirement for IPO applicants and other jurisdictions.

### **Question 2a**

**Do you agree with our proposal to introduce a CP requiring establishment of an anti-corruption policy?**

Yes

**Please give reasons for your views.**

We agree to require the issuers to establish an anti-corruption policy and whistleblowing policy as anti-corruption is a popular issue in the market. It is good to enforce the establishment of the policy in all listed companies so as to protect the interests of the shareholders. Besides, the issuers should develop a whistleblowing policy to support the reporting of any corruption incident. The policy should demonstrate how the whistle blower will be protected from any acts of reprisal and ensure all communications through these channels will be assessed, prioritized, and investigated as soon as practicable.

Other than the above, we agree with the proposal as it could help to align the ESG guide and the Code as they are correlated.

### **Question 2b**

**Do you agree with our proposal to upgrade a Recommended Best Practice ("RBP") to CP requiring establishment of a whistleblowing policy?**

Yes

**Please give reasons for your views.**

We agree to require the issuers to establish an anti-corruption policy and whistleblowing policy as anti-corruption is a popular issue in the market. It is good to enforce the establishment of the policy in all listed companies so as to protect the interests of the shareholders. Besides, the issuers should develop a whistleblowing policy to support the reporting of any corruption incident. The policy should demonstrate how the whistle blower will be protected from any acts of reprisal and ensure all communications through these channels will be assessed, prioritized, and investigated as soon as practicable.

Other than the above, we agree with the proposal as it could help to align the ESG guide and the Code as they are correlated.

### **Question 3**

**Do you agree with our proposal to introduce a CP requiring disclosure of a policy to ensure independent views and input are available to the board, and an annual review of the implementation and effectiveness of such policy?**

Yes

**Please give reasons for your views.**

We agree with the proposal to introduce a CP requiring disclosure of a policy to ensure independent views and input are available to the board as the directors are appointed to make operating decision on behalf of the shareholders. As such, the board should make sure there is no disruption and conflict of interests during the decision making processes. With such policy, it helps the board to determine the issues that required independent views and input. Besides, having a regular review on the policy allows the board to assess if the policy is implemented effectively and if it is applicable to the operation of the issuers and the market.

### **Question 4a**

**Do you agree with our proposal regarding re-election of an independent non-executive director serving more than nine years ("Long Serving INEDs") to revise an existing CP to require (i) independent shareholders' approval; and (ii) additional disclosure on the factors considered, the process and the board or nomination committee's discussion in arriving at the determination in the explanation on**

**why such Long Serving INED is still independent and should be re-elected?**

Yes

**Please give reasons for your views.**

We agree with the proposal regarding re-election of Long Serving INEDs to revise an existing CP to require (i) independent shareholders' approval; and (ii) additional disclosure to prevent conflict of interests since some of the shareholders are likely the executive directors of the issuer.

Besides, having an additional disclosure would assist the shareholders to assess the suitability and competence of the INEDs.

#### **Question 4b**

**Do you agree with our proposal to introduce a CP requiring an issuer to appoint a new independent non-executive director ("INED") at the forthcoming annual general meeting where all the INEDs on the board are Long Serving INEDs, and disclosing the length of tenure of the Long Serving INEDs on the board on a named basis in the shareholders' circular?**

Yes

**Please give reasons for your views.**

We agree with the proposal to introduce a CP requiring an issuer to appoint a new INED at the forthcoming AGM where all the INEDs on the board are Long Serving INEDs, and disclosing the length of tenure of the Long Serving INEDs on the board on a named basis in the shareholders' circular as appointing a new INED could help bring a fresh perspective to the issuer and prevent its reliance on the Long Serving INEDs and their familiarity with the management. Besides, disclosing the length of tenure of the Long Serving INEDs on the board on a named basis in the shareholders' circular could assist the shareholders to assess the suitability, competence and independence of the INEDs during the time of re-election.

#### **Question 5**

**Do you agree with our proposal to introduce a new RBP that an issuer generally should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to INEDs as this may lead to bias in their decision-making and compromise their objectivity and independence?**

Yes

**Please give reasons for your views.**

We agree with the proposal to introduce a new RBP that an issuer generally should not grant equity-based remuneration with performance-related elements to INEDs as they are appointed to help address the issuer's business and affairs with an objective perspective and independent judgment. They should be free from the influence of any interruption. As such, they should not be granted with equity-based remuneration with performance-related elements

#### **Question 6a**

**Do you agree with our proposal to highlight that diversity is not considered to be achieved by a single gender board in the note of the Rule?**

Yes

**Please give reasons for your views.**

We agree with the proposal as diversity should not be limited to gender, it should also include age, cultural, professional experience and knowledge, length of services, etc. Besides, a growing number of studies have shown that gender and other aspects of diversity enable the board to understand their customers' and stakeholders' needs and are positively associated with the issuer's financial performance, which will in turn lead to a more effective board and better risk management.

#### **Question 6b**

**Do you agree with our proposal to introduce a Mandatory Disclosure Requirement ("MDR") requiring all listed issuers to set and disclose numerical targets and timelines for achieving gender diversity at both: (a) board level; and (b) across the workforce (including senior management)?**

Yes

**Please give reasons for your views.**

We agree to introduce a MDR requiring all listed issuers to set and disclose numerical targets and timelines for achieving gender diversity, which could enable the transparency of their board diversity policy and support their initiative to enhance their corporate governance practice. Besides, we suggest providing targets and timelines for issuers to achieve the diversity in other aspects.

#### **Question 6c**

**Do you agree with our proposal to introduce a CP requiring the board to review the implementation and effectiveness of its board diversity policy annually?**

Yes

**Please give reasons for your views.**

We agree to introduce a CP requiring the board to review the implementation and effectiveness of its board diversity policy annually as the policy should be established for implementation. A regular review on the policy allows the board to assess if the policy is implemented effectively and if it is applicable to the operation of the issuer and the market.

**Question 6d**

**Do you agree with our proposal to amend the relevant forms to include directors' gender information?**

Yes

**Please give reasons for your views.**

We agree to amend the relevant forms to include directors' gender information so as to align with the above-mentioned proposal.

**Question 7**

**Do you agree with our proposal to upgrade a CP to Rule requiring issuers to establish a nomination committee chaired by an INED and comprising a majority of INEDs?**

Yes

**Please give reasons for your views.**

We agree to establish a NC chaired by an INED and comprising a majority of INEDs in order to enhance the transparency and independence of the INED nomination and appointment process to promote better practices and standards, as INEDs must ensure the interests of all shareholders but not only the interest of a particular group. The INED could also help to ease tensions when a listed company makes a transition from a founder-dominated culture to a more arm's length management style.

**Question 8**

**Do you agree with our proposal to upgrade a CP to a MDR to require disclosure of the issuer's shareholders communication policy (which includes channels for shareholders to communicate their views on various matters affecting issuers, as well as steps taken to solicit and understand the views of shareholders and stakeholders) and annual review of such policy to ensure its effectiveness?**

Yes

**Please give reasons for your views.**

We agree to upgrade a CP to a MDR to require disclosure of the issuer's shareholders communication policy and annual review of such policy to ensure its effectiveness because a successful and effective communication among shareholders will build trust. Having channels for shareholders and stakeholders to communicate on various issues as well as steps taken by the issuer will be an important part of on how they understand and evaluate the issuer. With the fast-moving nature of public markets, accurate and timely disclosures and communication build trust and enhance the reputation of the issuer. Besides, having a regular review on the policy allows the board to assess if the policy is implemented effectively and if it is applicable to the operation of the issuer and the market.

#### **Question 9**

**Do you agree with our proposal to introduce a Rule requiring disclosure of directors' attendance in the poll results announcements?**

Yes

**Please give reasons for your views.**

We agree to introduce a Rule requiring disclosure of directors' attendance in the poll results announcements. As directors are appointed as the agent of the shareholders to cope with the issues of the issuers, the attendance of the directors can be one of the criteria for the shareholders and stakeholders to assess the involvement and commitment of the directors.

#### **Question 10**

**Do you agree with our proposal to delete the CP that requires issuers to appoint non-executive directors for a specific term?**

Yes

**Please give reasons for your views.**

We agree to delete the CP as long as there is a rotation requirement mentioned in their memorandum of association.

#### **Question 11**

**Do you agree with our proposal to elaborate the linkage in the Code by (a) setting out the relationship between corporate governance and environmental, social and governance ("ESG") in the introductory section; and (b) including ESG risks in the context of risk management under the Code?**

Yes

**Please give reasons for your views.**

We agree with the proposal since CG and ESG are complementary to each other, with CG inextricably linked to good governance of environmental and social issues. In addition, CG and ESG cover all aspects of a company's business, from day-to-day operations to different aspects of commercial viability. To maintain a good corporate governance practice, it is not only a prerequisite for managing ESG issues, but also a bedrock for managing environmental and social risks.

**Question 12**

**Do you agree with our proposal to amend the Rules and the ESG Guide to require publication of ESG reports at the same time as publication of annual reports?**

Yes

**Please give reasons for your views.**

We agree with the proposal since it allows the shareholders and stakeholders to have a full picture on the performance of the issuer, in both financial and operating aspects.

**Question 13**

**Do you have any comments on how the re-arranged Code is drafted in the form set out in Appendices III and IV to the Consultation Paper and whether it will give rise to any ambiguities or unintended consequences?**

No

**Please give reasons for your views.**

We do not have any comment on the rearrangement. The rearrangement could help to avoid ambiguities.

**Question 14**

**In addition to the topics mentioned in the Consultation Paper, do you have any comments regarding what to be included in the new guidance letter on corporate governance (i.e. CG GL) which may be helpful to issuers for achieving the Principles set out in the Code?**

Yes

**Please give reasons for your views.**

We suggest that the Exchange could provide more guidance on the disclosure requirements which will

assist the issuers on fulfilling the expectation of the Exchange.

**Question 15a**

**Do you agree with our proposed implementation dates for all proposals (except the proposals on Long Serving INED): the financial year commencing on or after 1 January 2022?**

Yes

**Please give reasons for your views.**

We agree with the proposed implementation dates since it takes time for the issuers to seek for suitable candidates on fulfilling the board diversity requirement. Besides, it is supposed that the issuers are required to enhance their practices and enlarge the scope of disclosure. Thus, we believe the issuers would have sufficient time to adopt the changes.

**Question 15b**

**Do you agree with our proposed implementation dates for proposals on Long Serving INED: the financial year commencing on or after 1 January 2023?**

Yes

**Please give reasons for your views.**

We agree with the proposed implementation dates since it takes time for the issuers to seek for suitable candidates on fulfilling the board diversity requirement. Besides, it is supposed that the issuers are required to enhance their practices and enlarge the scope of disclosure. Thus, we believe the issuers would have sufficient time to adopt the changes.