

8 December 2017

Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Dear Sirs

Re: Consultation Paper on Review of the Corporate Governance Code and Related Listing Rules

Tricolor Services Limited is pleased to submit our response to Hong Kong Exchanges and Clearing Limited (“HKEX”) regarding certain proposals set out in the captioned consultation paper (the “Consultation Paper”).

We welcome HKEX’s continued efforts in monitoring corporate governance developments and relevant regulatory requirements for promoting and ensuring good corporate governance standards among issuers.

Our comments on the following proposals are focused on the implementation issues from our perspective as professional corporate secretarial services provider.

1. **Board diversity policy (*Item no. 2 of Part I of the Consultation Paper*)**
 - **Proposed upgrading of Code Provision A.5.6 to new Listing Rule 13.92:
To require issuers to have a board diversity policy and to disclose the policy or a summary of it in their corporate governance reports**

Nomination policy (*Part II of the Consultation Paper*)

- **Proposed amendment of the Mandatory Disclosure Requirement (“MDR”) L.(d)(ii) of Appendix 14:
To state that an issuer should disclose its policy for the nomination of directors, performed by the nomination committee (or the board if there is no nomination committee) during the year**

We support the view that the disclosure of the above policies would improve the performance and transparency relating to the appointment and election of directors and that diversity could be achieved by a broad spectrum of factors and criteria according to issuers’ own perspectives.

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However, the proposed upgraded Listing Rule only refers to board diversity whereas issuers have already been required under the existing MDR L.(d)(ii) to disclose in their corporate governance reports the relevant nomination procedures and the process and criteria for selection and recommendation of individuals for directorships, as well as their board diversity policy and how such policy has been implemented.

We therefore suggest amending the proposed upgraded Listing Rule for clarity and bringing it in line with the relevant Mandatory Disclosure Requirement:

“13.92 The nomination committee (or the board) shall have a set of nomination policies and procedures (including the policy concerning board diversity) for selection and recommendation of board members, and shall disclose such policies and procedures in accordance with the provisions set out in Appendix 14.

Note: Board diversity will differ according to the circumstances of each issuer. Diversity of board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. Each issuer should take into account its own business model and specific needs, and disclose the rationale for the factors it uses for this purpose.”

2. Factors affecting INED’s independence: Family ties (Item no. 3D of Part I of the Consultation Paper)

- **Proposed introducing a new note to Listing Rule 3.13:
To state that when determining the independence of a director under Listing Rule 3.13, the same factors should also apply to such director’s “immediate family members” (as defined under Listing Rule 14A.12(1)(a))**

According to Listing Rule 14A.12(1)(a), “immediate family members” of a director include such director’s spouse, and his (or his spouse’s) child or step-child, natural or adopted, under the age of 18 years.

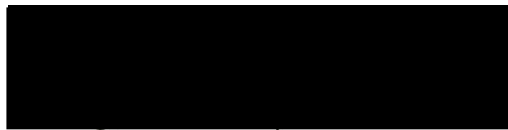
Listing Rule 3.13 currently sets out a list of factors (the “Independence Factors”) that HKEX would take into account when assessing the independence of INEDs. Prior to appointment, the issuer would need to demonstrate to HKEX that such individual is independent. Subsequently, each INED shall inform HKEX as soon as practicable if there is any change of circumstances which may affect his independence and must provide an annual confirmation of his independence to the issuer. The issuer must confirm in its annual reports whether it has received such confirmations from INEDs and whether it still considers the INED to be independent.

Some of the Independence Factors have a wide scope of connection coverage of “core connected persons” that may include mere passive investors and joint venture parties connected with the issuer’s subsidiary on one single project. The new proposal of applying the independence factors to the director’s immediate family members would be too restrictive on certain circumstances that would not necessarily affect the INED’s independence, for instance, an INED’s spouse engages in providing professional services to the aforesaid investors and parties.

To strike the balance, please consider to make adjustments to the proposal such as providing exceptions to circumstances where independence would be less questionable, or when applying the independence factors to INED’s immediate family members, considerations may be confined to issuer’s group and its holding company’s group (where applicable), etc.

Thank you for your attention.

Yours faithfully
For and on behalf of
TRICOR SERVICES LIMITED



Natalia Seng
Executive Director and Chief Executive Officer