

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?

Please give reasons for your views.

No comment.

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.

Question 2b

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

Please give reasons for your views.

No comment.

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?

Please give reasons for your views.

No comment.

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?

No

Please give reasons for your views.

Whilst we agree to the promotion of good corporate governance and directors' independence, we do not agree with the proposal regarding re-election of Long Serving INEDs to require independent shareholders' approval on the following grounds:

- Year of service is but one – and far from being the most important one – of the measures of an INED's independence. There is no convincing let alone conclusive evidence that the independence of an INED is compromised once he has served beyond a certain number of years.
- A listed company should have in place a well-functioning Nomination Committee to evaluate the independence, among other essential attributes, of a person to decide if the candidate should be nominated as a Director or an INED. This is a well-established and proven system which issuers, regulators like HKEX and SFC, and the investing public have relied on and trusted. The proposal sends confusing signals to the market about the role of the Nomination Committee, and diminishes its responsibility and authority in carrying out its duties.
- Independence is very much a mindset which reflects the integrity of a Board member. As mentioned above, there is no scientific evidence that correlates the length of service of an INED with his independence. An INED could, for different reasons, compromise his independence in his first year of service. Conversely, a long-serving INED, with his intimate knowledge of the issuer and status in the company, could be in a superior position to challenge management and Board decisions in upholding his independence.
- Long-serving Directors, whether they are designated INEDs or otherwise, can play an important role in the company because of their experience, skills and institutional knowledge. The proposal has the effect of discouraging long-serving Directors to seek re-election, depriving a company of an important institutional asset.

- Independent shareholders usually do not have intimate and accurate knowledge of how INEDs perform. They are not in a better position than the other shareholders or the Board to judge how well a long-serving INED actually discharges his independent undertaking and duties. The proposal puts the burden of the re-election decision on a group of stakeholders who are not best-equipped to make the decision, risking the overall interest of the company and all stakeholders.

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?

No

Please give reasons for your views.

Please refer to reply to Question 4(a).

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?

Please give reasons for your views.

No comment.

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?

No

Please give reasons for your views.

We do not agree with the proposal as we consider that diversity covers much more than simply gender.

There is no reason why gender diversity should be singled out. The proposal would negate issuers' efforts in achieving other aspects of diversity, such as skill sets, age, education background, professional experience, etc.

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)?

No

Please give reasons for your views.

Whilst we agree that diversity should be promoted, we do not agree to set numerical targets and timelines for gender diversity. We consider that board diversity should be determined by each listed issuer considering circumstances that best suit their needs. Furthermore, listed issuers should consider merit and background of each candidate and should not be forced upon in meeting certain targets or timelines in achieving gender diversity.

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?

Please give reasons for your views.

No comment.

Question 6d

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

Please give reasons for your views.

No comment.

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.

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?

Please give reasons for your views.

No comment.

Question 9

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

Please give reasons for your views.

No comment.

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.

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?

Please give reasons for your views.

No comment.

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?

Please give reasons for your views.

No comment.

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?

Please give reasons for your views.

No comment.

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?

Please give reasons for your views.

No comment.

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.

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?

No

Please give reasons for your views.

Please reply to reply to Question 4(a).