

### **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.**

Sound culture in a listed issuer is critical for its successful and sustainable development. We agree to the proposal to introduce a code provision for the board of a listed issuer to set culture in alignment with the company's purpose, value and strategy. However, culture is difficult to set or measure and thus more guidance should be made available to listed issuers.

### **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 believe that anti-corruption is core to the successful development of a business and an anti-corruption policy can show a listed issuer's commitment to ethical and anti-corruption practices in doing business, and its position and key measures against corruption.

### **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 believe that channels to reporting actual or potential misconduct that may be occurring in a company is crucial for a company in promoting transparent, effective and clear communication. A formal whistleblowing policy can provide reporting channels and guidance for employees and other relevant parties who have serious concerns about any aspects of a listed issuer's work to come forward and voice those concerns with confidentiality assured.

### **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?**

No

**Please give reasons for your views.**

Every director has fiduciary duties to protect the interests of the listed issuers at all times and all shareholders at a whole. Directors are expected to make enquiries and to have probing minds and express their views for the affairs of the listed issuer. As such, views from all directors should be available to and valued by the board and stress on independent views may restrict board dynamics.

#### **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.**

Long Serving INEDs are independent and not representing a specific shareholder and it is difficult to define independent shareholders in this sense. If it is going to restrict the substantial or controlling shareholders' from voting on the re-election of Long Serving INEDs, it is depriving the right of such substantial or controlling shareholders as it seems to assume that the Long Serving INEDs are connected to them with the passage of time.

#### **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.**

Long Serving INEDs are independent individual and the proposal seem to assume that INEDs will loss their independency with the passage of time. In addition, it is arbitrary when setting the time limit.

The provision of additional information to shareholders, including disclosure of length of tenure of all directors (including Long Serving INEDs) on a named basis can assist the shareholders to make an informed decision on the re-election of directors.

#### **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.**

Equity-based remuneration with performance-related elements to INEDs should be avoided as it may compromise their objectivity in making decision for the development of a listed company.

#### **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.**

To achieve diversity in the board, it should compose of directors with varying characteristics, such as gender, religion, race, age, ethnicity, education, and other attributes.

#### **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.**

Although the setting of numerical targets and timelines may demonstrate listed issuers attaching high importance in achieving gender diversity, it may be difficult to align with among industries, as different industries will have their unique features. In addition, disclosure of numerical targets may not be achieved due to unexpected change in personnel. Should the undertakings by a listed issuer are too

specific (e.g. specific timelines for achieving minimum quota of female director or senior management), the continuity of listed issuer's succession planning may somehow be affected. Gender diversity should be a practice pursued by listed issuers rather than mandatory requirement for all listed issuers to comply with.

#### **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.**

The implementation of policies adopted by the board should be regularly monitored and reviewed to ensure that those policies remain fit for the purposes and cover the latest regulatory requirements and trend in corporate governance.

#### **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.**

To provide additional information on gender is beneficial to the public at a whole.

#### **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.**

The Nomination Committee is an important committee responsible for identifying individuals suitably qualified to become board members. The proposal of upgrading the current Code Provision to a Rule for the establishment of Nomination Committee is welcomed as from the analysis of the HKEx, 95% of the sample listed issuers fulfilled this requirement.

#### **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.**

A formal policy to provide information on channels for communication with shareholders and stakeholders are important for the issuers to solicit and understand their view which is also important for the success of a company. Annual review of such policy is also recommended.

#### **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.**

Timely disclosure of information of listed issuers to the shareholders and stakeholders are critical to make them informed on the latest development of the company.

#### **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.**

As similar requirement (rotation requirement) is provided in the Listing Rules, the purpose of seeking shareholders' re-election of directors periodically to prevent entrenchment is served. Duplicated requirement can be deleted to streamline the Listing Rules and make it more user friendly.

#### **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.**

Clarity on rules and requirements of the CG Code and ESG Guide will help listed companies in complying relevant rules and requirements.

### **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.**

Aligning the reporting timeframe of the annual reports and ESG report can provide a more comprehensive picture of the financial and non-financial information of a listed company to the shareholders and stakeholders on a timely manner. However, a longer transitional period should be given to listed companies for complying the Rules as it takes time for a listed issuer to build effective system for the collection and analyse of relevant information for disclosure.

### **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?**

Yes

**Please give reasons for your views.**

Clarity on rules and regulations are welcomed by listed companies for easy understanding and compliance.

### **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?**

No

**Please give reasons for your views.**

**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?**

No

**Please give reasons for your views.**

Additional of one year (i.e. financial year commencing on or after 1 January 2023) transitional time be given to listed companies to comply with the new requirements.

**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.**

Not agree to the proposals on Long Serving INEDs as mentioned above.