

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.

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?

Yes

Please give reasons for your views.

This proposal is alongside the proposal of making the anti-corruption policy a CP. It implies that the whistle-blowing policy is intended for the anti-corruption policy. However once the whistle-blowing policy is set up, its use will not be limited to report corruption. Our view is companies and especially the Exchange should advocate and encourage matters to be resolved by direct liaison with management instead of via whistle-blowing which should be used in very limited situations as a last resort.

This is very important to ensure this policy does not contradict with the a culture of openness and transparency.

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.

We greatly appreciate the input of all our Directors and their valuable independent view.

But the "No" answer reflects the impracticality of putting in place mechanisms to ensure independent views and input that can be objectively measured and evaluated. The Listing Rules already contain provisions to govern the independence of a director and these rules are specific. Once a director is considered independent, one must then assume his /her view and input is also independent. It is not possible to objectively measure independence. This proposal runs the risks of (i) undermining the quality and standards of all the current INEDS (there should be trust and respect given to them) and (ii) creating a policy with no real substance. If the Exchange is going to pass this proposal, please provide examples objective mechanisms.

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.

Exchange please kindly appreciate that there are very limited number of INED candidates in Hong Kong.

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.

Exchange please kindly appreciate that there are very limited number of INED candidates in Hong Kong.

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.

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.

Please refer to previous comments that there are very limited number of INED candidates in Hong Kong. Female INED candidates are even more limited and it is a global situation. And for certain industries dominated by a single gender, it may be unfair and an unreasonable burden for these companies to search for a person in the opposite gender. Secondly we cannot see the merit in singling out gender as a diversity consideration. Diversity is multifaceted. Should a board has a director with a banking background or any other specific background? Should nationalities be diversified? There is no end to these questions. The key is for the Board to ensure all angles are explored when it comes to diversity. Thirdly, this proposal has the risk of not promoting or hiring the best person because the company is forced to meet the requirement for the sake of fulfilling the rule.

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.

Please see comments to the previous question.

This proposal runs the risk of promoting or hiring the wrong person because the company is forced to meet the requirement for the sake of doing so.

Gender is one of the key factors for diversity consideration, but it is NOT the only one.

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.

Question 6d

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

No

Please give reasons for your views.

Please refer to comments on the proposal of gender diversity.

Gender is one of the many key factors for diversity consideration, but it is NOT the only one. We cannot see the merit of singling out gender in diversity consideration.

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?

Yes

Please give reasons for your views.

Question 9

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

No

Please give reasons for your views.

While we agree that general meetings are important meetings of a listed company and should receive full attention by the Directors, Exchange should appreciate the logistic challenge (and very costly both in terms of time and money) for overseas directors to travel to HK (impossible under covid) for a very short general meeting. Therefore it is not appropriate to relate non-attendance of general meeting as a sign of non-commitment in the issuer's affairs. The two has no direct correlation. The risk of this proposal is giving misleading information to shareholders and investors about a director's commitment to the listco's affairs. We consider the current disclosure requirement adequate and disagree with the proposal.

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?

Yes

Please give reasons for your views.

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.

That means a lot of sense and will enable truly integrated reporting.

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.

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.

(1) If the Exchange is going to pass the proposal of having mechanisms to ensure independent view and input available to the board, please provide practical guidance as to reasonable mechanisms.

(2) If the Exchange is going to pass the proposal of a target timeline to achieve gender diversity, please clarify what kind of target the Exchange expects a listed issuer to disclose if it already meets gender diversity.

(3) Follow on (2), please also provide clear guidance to the listed issuer in case a director is being voted down at the general meeting resulting in the board being a single gender board, what kind of actions and timeline are available to the listed company to remedy the situation.

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.

Subject to the comments on the proposal about gender diversity.

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.