

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.

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.

- INED is an indispensable component of board of the issuer to secure the corporate governance of the issuer.
- The system of INED under existing Listing Rules operates well that the system consisting of defined role of INED, the requirements of number of INEDs, retirement by rotation, independence requirements, independent review of connected transactions and continuing connected transactions, annual review of CCT with confirmation in annual report, protect the interests of independent investors or public from conflicts of interest with transparency and independent assessment of decisions made by the board.
- Extra policy requirements may impose unnecessary responsibilities on the INED and the board as the existing rules have already provided sufficient measures to ensure the functions of INED be delivered.

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.

- As a matter of fairness, every shareholder is entitled to same right in appointment of directors in accordance with number of shares she/he holds. Deviating from this principle creates a class of shareholders who enjoys more right than the others regardless of the shareholding which is unfair. Independent shareholder's right is limited to cases of potential conflict of interest such as connected transaction but should not be extended to appointment of directors which runs against the fair principle of decision by majority.
- Since there are well established rules on role and requirements of INEDs and independence of INEDs and fiduciary duties of directors, it is unreasonable to assume long serving INEDs are unable to perform their duties independently. Familiarity with the issuer by long serving INEDs may only strengthen instead of discount the accountability and responsibilities of the INEDs. In any event, INEDs appointment is subject to shareholders' appointment and re-election with detailed information requirements under the Listing Rules. So additional rules and disclosure are unnecessary.

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.

- As mentioned in our reply 4(a), we do not agree that long serving of INEDs will necessarily affect independence. Service period may not be relevant to delivery of function of INEDs because independence, role and function of INEDs are also governed by Listing Rules. Changing INEDs may have no relevance with independence but impose unnecessary burden on the board to accommodate unnecessary change of board members due to mandatory tenure. Also availability of INEDs may not be taken for granted as director should only be appointed if the appointment is in the interest of the company and the shareholder as a whole and mandatory tenure of INEDs creates unnecessary issues and administration for the board.
- Length of service of INEDs are available at issuer's and HKEX websites in numerous publication e.g. annual reports. It's not necessary to highlight and repeat such information.

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?

No

Please give reasons for your views.

- Like other directors, INEDs take their role in giving independent views and judgement to the board on numerous matters. As they contribute to the company for the interest of the company and the shareholders as a whole by their professional knowledge like other directors, there is no reason that they will be deprived of any specific form of remuneration e.g. equity-based remuneration. It's unreasonable to assume INEDs will compromise their independence due to equity-based remuneration because there are already restrictions on maximum shareholding and options by INEDs.
- Also, INEDs are contributors to good performance of the company by helping the management to arrive good business decision in the interest of the company while protecting interests of minority shareholders, so there is no reason to exclude them from equity-based reward as a matter of fairness.

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.

- Gender diversity is only one of the considerations in the board diversity but it is not necessary be the one that must be fulfilled. In particular, it may not be easy for certain business and industry such as E&M engineering to identify a female candidate that possesses the relevant qualifications and/or professional experiences. So, “diversity is not considered to be achieved by a single gender board” may prejudice those issuers that face difficulty in identifying the appropriate female candidate.
- Equal Opportunities Commission states that “Men and women are entitled to equal consideration for jobs, irrespective of their sex. It is unlawful under the Sex Discrimination Ordinance, for employers to single out men only, or women only, for a job. They can only do so in exceptional circumstances where being a man or being a woman is a Genuine Occupational Qualification for a particular job.” So, the proposal on mandatory requirement of diversity of gender of the board member regardless of abilities of the candidates may not be consistent with the principles of equal opportunities policy of the Hong Kong Government.

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 refer to our reply to question 6(a) for reasoning and practical difficulties of issuers of certain industry and circumstances.

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?

No

Please give reasons for your views.

- Please refer to our reply to question 6(a) for reasoning and practical difficulties of issuers of certain industry and circumstances.

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 our reply to question 6(a) for reasoning and practical difficulties of issuers of certain industry and circumstances.

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?

No

Please give reasons for your views.

We agree to NC comprising a majority of INEDs but disagree on NC be chaired by INED because the Chairman as majority shareholder in many circumstances ought to have an influential and more significant input in deliberating the choice of board directors. Denying such rights is not fair.

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.

The director's attendance is of little relevance to the subject matter of such meeting.

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?

No

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?

No

Please give reasons for your views.

From practical perspective, it is unlikely that the two reports be completed and published on the same date. Publication of both reports on same date is not necessary as publication on different dates does not hinder the reports from achieving their purposes.

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.

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.

In view of our above comments, more time is required for discussions on direction, details and implementation.

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.

Same as our comment in 15(a) above.