

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.

- Support a CP to require company to set out its culture, such that employees have clearer guidance on what is expected from them, and it becomes a yardstick for shareholders to evaluate the performance of the company in respect of its alignment to the culture
- More emphasis should be placed on measurable implementation of the culture, including incentive schemes, whistleblowing data, employee surveys, consequences of breach of code of conduct etc.
- More guidance should be given to the company, e.g. a step by step guide, a suggested framework, which can help companies effectively transform the culture into actionable steps.

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.

- The policy should be reviewed regularly such that it can conform to the latest global market standard
- We propose material breaches of this policy be disclosed to the Board and HKEX to further its monitoring effect

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.

- The policy should be reviewed regularly such that it can conform to the latest global market standard

- We propose material breaches of this policy be disclosed to the Board and HKEX to further its monitoring effect

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?

Yes

Please give reasons for your views.

- HKEX should continue to strengthen independent requirements of INEDs including examination of cross directorship and family ties, such that capable and truly independent and INEDs from more diverse background can be included in the board.

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.

- Setting the limits can enhance turnover and board refreshment which will aid board diversity and improve board quality.

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.

- Setting the limits can enhance turnover and board refreshment which will aid board diversity and improve board quality.

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?

Yes

Please give reasons for your views.

- Diversity policy should apply not only to the board, but also to management, senior management and workforce generally.

- The board should be required to set objectives for achieving gender diversity in the composition of its board, management, senior management and workforce generally

- Setting the bar to ban only “single gender board” is not conforming to international standard. Developed markets such as Iceland (40%), Spain (40%), France (40%), Italy (33%), Belgium (33%), Netherlands (30%), and Australia (30%) have much higher requirements. We urge HKEX to set a target of 30% or above.

- Transition period of 3 years is too long.

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)?

Yes

Please give reasons for your views.

- We question the effectiveness of a soft recommendation which invites individual issuers to set their own targets for achieving gender diversity. Despite previous active encouragement by HKEX, there has not been much progress in having more female representation in the board.
- See our response in (a) above to bring Hong Kong market in line with international standard.

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.

- Diversity policy should be applicable across the issuer (board, management, senior management and workforce generally) and not only in relation to the board.

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.

- HKEX should provide more data for the public to evaluate the development on directors diversity initiatives, including for example, the percentage of women on boards on HSI, percentage of women on boards amongst all issuers, percentage of women appointed to new IPO issuers and the number and percentage of women newly appointed to boards during the period.

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?

Yes

Please give reasons for your views.

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.

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?

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?

Yes

Please give reasons for your views.