

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?

No

Please give reasons for your views.

While the Corporation believes that corporate culture is a key aspect of corporate governance and is glad to see the Exchange recognizing this and setting out a role for Boards of Directors in relation to culture, we do not think that a requirement for a Board to "set" a culture can really address this issue given the more intangible and pervasive nature of culture. A more appropriate approach might be for a Board to be obliged to seek to understand the corporate culture and to align it with the company's vision and strategy and to have to disclose the steps that it has taken in this regard.

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.

Anti-corruption is important to good corporate governance not only to a company but also to the whole society. HKSAR is one of the leading international financial centers, anti-corruption should be upheld in all walks of businesses.

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.

Whistleblowing policy is important in providing a proper channel for whistleblowers while protecting their interest. It is also important to obtain Management's support.

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.

The existing independence factors set out in Listing Rule 3.13 are quite comprehensive. In addition, in considering the suitability of a candidate, the Nominations Committee will also take into account the principles set out in the company's Nominations Policy and Board Diversity Policy. Formulating an additional Independence Policy may most probably pull together the factors and principles laid down in the said documents with very minimal additional values.

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.

Although we support the proposal on requiring issuer to make additional disclosure regarding the re-election of Long Serving INEDs, restricting only independent shareholders to vote on such re-election may not sound reasonable or fair.

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.

This move would serve as a good reminder for companies having only Long Serving INEDs to get in new blood with new ideas and indirectly broaden the diversity in the boardroom. In addition, proposing a slightly longer transitional period to implement this change (commencing 1 Jan 2023) is considered reasonable.

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.

Granting equity-based remuneration with performance-related elements to INEDs may lead to biased behavior.

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.

The Corporation appreciates that this is a world trend and the benefits of having both genders in the boardroom.

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.

Difficult to set numerical targets and timeline since gender is not the only factor for the composition of a board and what is the relevance to the effectiveness of a board by having a fixed number of each gender in the board. These questions would be more difficult to handle or less relevant at the workforce level.

Suggest to change this MDR to a "comply or explain" CP.

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.

To ensure the effectiveness of a policy, an annual review is considered reasonable.

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.

Question 7

Do you agree with our proposal to upgrade a CP to a 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.

To ensure the effectiveness of the shareholders communication policy, an annual review is appropriate.

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.

We do not find this will help shareholders in considering and deciding whether to support the re-election of a retiring director as (i) the poll results announcement is published after an annual general meeting where shareholders have already voted on the re-election of directors; and (ii) if this is for the following year's re-election, it will be 12 months later. Instead, disclosure in the Corporate Governance Report in the annual report which is despatched to shareholders a few weeks before the annual general meeting will best serve the purpose.

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.

By including ESG risks in the context of risk management under the new CP will provide a more comprehensive risk management assessment.

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.

Given the Exchange had indicated its proposal to align the publication of annual report and ESG report simultaneously in its 2019 consultation conclusion, issuers should already be prepared to comply with this requirement. In addition, this is in the interest of shareholders/potential investors to get a complete picture of an issuer's business and ESG performance simultaneously.

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.

The proposed change would render Appendix 14 more reader-friendly.

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?

No

Please give reasons for your views.

Proposing a slightly longer transitional period to implement this change (commencing 1 Jan 2023) is considered reasonable.