

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.

- Independent view of an INED is always one of the core values of the corporate governance of the issuer.
- The existing mechanism (such as annual confirmation of independence and time commitment by each INED, disclosures in the corporate governance report, and the disclosure of independent views of INEDs on connected transactions or continuing connected transactions) under the Listing Rules is already well designed to allow the issuers, the shareholders (including independent shareholders) and investing public to understand and assess the independence and the views of INEDs.
- In addition, more up-to-date requirements have been implemented in assessing the independence of INEDs with effect from January 2019 under the prevailing Listing Rules. Therefore, we do not see there is any need to introduce a policy to ensure independent views and input are available to the board of the issuers, nor any disclosure of effectiveness review.
- It could be an unnecessary burden to the issuer to establish such a policy where similar measures are already in place and governed under the requirements of the Listing Rules.

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.

- Each shareholder should have an equal right to vote in respect of the appointment of a director candidate. The new requirements simply deprive the rights of the major or controlling shareholders of the issuers.
- Also, there is no ground to support a presumption that the Long Serving INEDs are less capable of bringing fresh perspectives and independent judgement to the board of the issuers.
- The simply re-election of Long Serving INEDs by independent shareholders does not resolve the governance matters if there is no other or better INED choice(s) available to the issuer nor the shareholders (including independent shareholders) due to whatever reason(s).
- The accountability of the board to the shareholders (including the independent shareholders) has been governed under relevant laws, rules and regulations applicable to the issuers. The Long Serving INEDs (being offered for re-election) should not only comply with the independence requirements of the Listing Rules but should also be well aware of his/her obligations and fiduciary

duties as a director under various laws, rules and regulations. Therefore, the accountability of Long Serving INEDs should not be undermined.

- Additional disclosures are considered to be unnecessary since the existing provisions in the Listing Rules have already set out the detailed information requirements for Long Serving INEDs to be included in the circular proposing their re-election, such as the reasons why the board believes the director candidate is still independent and should be re-elected.

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.

- Judgment on the independence and quality of an INED is not solely by means of the length of tenure of services to the board.

- Despite the circumstances that all the INEDs of the issuers are Long Serving INEDs, this does not indicate any impairment of their independence and may affect their independent views and judgements to the board. As the qualification or criteria for appointment and re-election of INEDs are provided in the Listing Rules, the appointment of a new INED to the board does not address the independence issue which does not necessarily exist.

- In addition, the composition and number of board members (including INEDs) should be comparable to the size and nature of the business of the issuers. Any appointment of a director candidate (including INEDs) should only be made if it is beneficial to the Company and the shareholders as a whole. A new CP requiring an issuer to appoint a new INED may create other issues to the board that may not be reasonably foreseen.

- Relevant information (including his/her length of services) of the directors (including INEDs) of the issuers can normally be found in the respective companies' websites and every annual report and circular for directors' re-election. Therefore, additional disclosures highlighting the length of tenure of Long Serving INEDs on the board on a named basis do not give extra information to the shareholders as the information has already been announced and published by the issuers.

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.

- The INEDs are giving their independent views and judgements to the board on various issues and operating matters of the issuers. Therefore, they should be eligible to be rewarded by equity-based remuneration and this could be one of the many rewards that the issuers may adopt to attract and retain directors (including INEDs).
- Under the Listing Rules, there are already guidance and restrictions on the maximum number of shares of the issuers that can be held by as well as granted under the shares options to INEDs. More stringent remuneration requirements (despite that it will be in the form of a new RBP) could cause those competent candidates not willing to join the board of the issuers as the rewards are not commensurate with the duties and obligations owed by the INEDs to the issuers and the shareholders (including the independent shareholders).
- One of the roles of the INEDs is to provide a balanced view to the board and consider and protect the interests of minority shareholders on business matters and transactions of the issuers. The issuers with good operation results would normally reward the directors and key management for their contributions to the success, and as such, we do not see the point that the INEDs should be excluded from sharing the potential rewards under the equity-based remuneration options.
- Even if the INEDs could be remunerated with equity-based remuneration, it does not necessarily impair their independent judgments nor lead to any bias in their decision-making and compromise their objectivity and independence views as an INED to the board.

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.

As stated in the note to MB LR13.92 “Board diversity will differ according to the circumstances of each issuer”. Gender diversity is only one of the many considerations in the board diversity but it is not necessary the one that must be fulfilled to enhance the board diversity of issuers. In particular, it may not be easy for certain business and industry, such as the mining industry, to identify an appropriate director candidate of a particular gender (“female” as illustrated in the consultation paper) that possesses the relevant qualifications and/or professional experiences. To set the expectation that “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.

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 the 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?

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?

Yes

Please give reasons for your views.

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.

No comment.

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.

No further comment.

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.

The issuers need to invest resources and time to understand and get ready for the rule changes (after the new Rules are finalised and released by the Exchange). The time for preparation is simply not sufficient as the consultation is scheduled to be closed in mid-June 2021 and the conclusion is to be announced at a later date.

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 concur with the need to make amendments as stated in the replies above.