

### **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.**

Setting a culture in alignment with a corporation's purpose, value and strategy leads to a long-term sustainable performance. It is board's responsibility to illustrate to employees what are the expected behaviours that underpin the overall performance of the company.

### **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.**

Corporates play a part in committing to ethical and anti-corruption practices. The integrity and conduct of all employees are also crucial to the success of a corporation.

### **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.**

Establishing a whistleblowing policy is an effective way to ensure the anonymity of whistle-blowers and preserving confidentiality. A clear whistleblowing policy provides the underpinnings to identify wrongdoings and therefore supports remedial or disciplinary actions.

### **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.**

The independent non-executive directors of the board should be independent from management and the business so as to provide unbiased business judgement and to act in the best interest of shareholders. Such annual review ensures the board continue to demonstrate strong independence and are free from business or other relationships which could interfere with their ability to discharge their duties effectively.

**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.**

Independent shareholders' approval enhances the objectivity and independence of the overall election result. Additional disclosure reinforces the Long Serving INED's independence and effectiveness of the board.

**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.**

New INEDs bring refreshed insight and new initiatives promoting board effectiveness. This is beneficial to the board comprising of Long Serving INEDs only.

**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.**

The remuneration of INEDs should reflect their responsibilities and time commitment. Granting performance-related remuneration to INEDs may have the potential to conflict with their role as an independent representative of shareholders. We suggest the Exchange to clarify that issuers are not discouraged to grant tenure-based equity remuneration to INED without performance-related elements. Such practice is consistent with 3.13 of the Listing Rules that an INED would still be considered independent if he/she (i) holds not more than 1% of the number of issued shares of the issuer; and (ii) receives shares or interests in securities from the issuer as part of his/her director's fee.

#### **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.**

A balanced and diverse Board brings a broad range of views to bear upon discussions and critical decision-making. Board diversity is a contributor to Board effectiveness and the long-term success of a corporation. It is also a global trend to promote gender diversity in company boards and it has become one of the important factors for investors in making their investment decisions.

#### **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.**

In order for a corporate to select the best capable talent, it should first consider his/her capability by looking into his/her past experience, hard skills, soft skills and cultural fit etc. Gender is not the only consideration to achieve diversity, and should not be fatal to the decision making. A corporate should also take into account a candidate's race, age, religion, ethnicity, sexual orientation and physical disabilities to achieve diversity. Therefore, we consider that it is not appropriate for a corporate to set and disclose numerical targets and timelines for achieving gender diversity given that the proposal on

Question 6a has imposed sufficient measures to address this issue.

**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.**

It is the board's duty to ensure the effectiveness of any policy enforced within the organisation. We are of the view that reviewing the board diversity policy annually is an appropriate frequency to serve the purpose. However, we consider that such review can be performed by Nomination Committee.

**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.**

We agree with having a more transparent disclosure on directors' gender information.

**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.**

We are of the view that having majority of INEDs in the nomination committee enhance the objectivity and independence of the directors' nomination and appointment process.

**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.**

Disclosure of an effective communication channel reinforces a company's commitment to provide two-way communication between the company and its shareholders.

**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.**

Such requirement allows shareholders to assess the directors' commitment to company's affairs.

**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.**

We are of the view that the rotation requirement serves the same purpose of preventing entrenchment.

**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.**

The global trend is to take ESG into consideration when deciding a company's business strategy and making investment decisions. Many investors have become more attentive to ESG issues related to a company's overall operations. ESG is highly correlated with a company's financial status and corporate governance, and we therefore agree with the proposal so issuers could have a better understanding and

evaluate and manage risks and opportunities.

**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.**

We agree that ESG reports should be presented to the investors at the same time as publication of annual reports so as to provide a more comprehensive picture of a company's overall performance.

**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.**

We have no comment in this regard.

**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.**

We have no comment in this regard.

**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.**

We are of the view that the set time frame is sufficient for issuers to be well prepared.

**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.**

We are of the view that the set time frame is sufficient for issuers to recruit new INEDs with desired qualifications and experience.