

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.

Yes – however, it is further suggested that the CP should also be clear that an issuer's board should have a responsibility to review and consider the issuer's purpose, value and strategy, what it means by the issuer's purpose and value, within which to set the issuer's culture.

Further, from the explanations provided on this proposed change, a key intention for this proposed CP is to require culture of transparency, open communication and compliance with law and regulations, and these should be expressly provided in the CP, besides corporate purpose, value and strategy.

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.

Yes – establishing and adopting an anti-corruption policy is part of minimum standards of sound business conduct and building a healthy corporate culture

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.

Yes – establishing and adopting whistleblowing policy is part of minimum standards of sound business conduct and building a healthy corporate culture

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.

Yes – this proposal supports requiring issuers to ensure availability of independent views and engaging with independent shareholders. However, more guidance is required on what is expected beyond existing requirements (such as INEDs) and as CP A.1.5 already requires dissenting views of board members to be recorded in board minutes.

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.

Yes – regarding having Additional Disclosures on Long Serving INEDs.

However, for shareholder voting for re-election of Long Serving INED(s), the criteria for "independent shareholders" with respect to the Long Serving INED(s) need to be clarified, and also a view can also be taken that all shareholders should be allowed to vote, as INEDs are intended to act in the interest of all shareholders. Disallowing certain shareholders may be on certain presumption of conflict or relationship between such shareholders and the INEDs which may not be accurate or may be difficult to actually establish.

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.

No – if all the INEDs on the board are Long Serving INEDs, a possible measure that may be more preferable or effective is to require the issuer’s nomination committee to propose a plan to replace the Long Serving INEDs over a period of time, which will serve to require the INEDs and nomination committee to establish succession planning.

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.

Yes – as a RBP for general best practice, but more importantly, consider instead to require issuer to disclose or explain remuneration policy and how the remuneration committee of the issuer ensures independence in decision-making or objectivity or rationale for incentives

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.

Yes – as a RBP, and require issuer to explain how diversity is achieved through gender, skills, experience and “refresh” in the mix of board directors

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.

Yes – and suggest to further require issuer to review and explain on an annual basis how diversity is achieved through gender, skills, experience and “refresh” in the mix of board directors and senior management, relevant targets and measures to achieve them

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.

Yes – issuer should review diversity policy and effectiveness at least annually

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.

No – disclosure of all listed companies’ board directors’ age, gender and directorships involve extensive personal information of each director, while such information may not be necessarily decision-useful with respect to each issuer, as whether diversity is achieved needs to be considered in the context of each issuer and its own mix of directors

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.

No – this should be intended towards enabling INEDs to perform a key function of supporting the issuer’s diversity of skills, capabilities and independence in the issuer’s board appointments; however, the effectiveness of this measure depends on whether the continuing independence of the INEDs can be established. See comments on question 4 above.

Further, as it is already an existing requirement for the NC to comprise a majority of INEDs, requiring the NC to be chaired by an INED may not be a meaningful additional measure.

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.

Yes – this proposal will support more engagement with shareholders. Besides, would HKEX consider with SFC the issuance of a stewardship code, updating the Principles for Responsible Ownership issued by SFC in 2016?

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.

No – this may not be an effective way to ensure or assess directors' discharge of duties. To address concern of directors' attendance, requiring issuer to report on directors' attendance (as existing requirement) and further requiring issuer or issuer's nomination committee to consider or justify how a director with a record of absence should be eligible for continuing appointment or re-appointment may be more effective measures

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.

Yes – agree there is no need for a fixed term for NEDs

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.

Yes – these proposals will further support the ESG Reporting requirements and the need for board oversight on ESG risk management and strategy.

While the proposal encourages adoption of TCFD Recommendations (short of making mandatory for now), suggest adding a provision in RBP for issuer's remuneration committee to consider where relevant to link executive compensation to the issuer's key ESG performance or targets.

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.

Yes – this will facilitate review of the ESG reports and materiality of ESG matters from a financial perspective alongside the annual reports, although materiality assessment of ESG matters should not be limited to immediate financial materiality but issuer should also consider longer term materiality implications, risks and opportunities of ESG factors.

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.

The re-arranged Code should help sharpen the focus on the mandatory requirements and expected corporate governance standard for issuers.

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?

Yes

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.