

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.

While we have no objection to stating a company's culture, listed issuers might need some guidance in how to express culture in clear terms and in particular how to link it with the purpose, value and strategy. Most issuers would have a mission and vision statement but culture is much broader than that and is something more intangible and not easy to pin down in words.

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?

Yes

Please give reasons for your views.

We do not object to adding this if it may help raise awareness and induce actions to devise policy and measures. However, implementation and monitoring may be an issue.

For example, if all board members agree to matters discussed at the board meetings and no independent views or input are offered, will this policy be considered effective or not. It may then be difficult to assess the implementation and effectiveness of these policies.

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.

We oppose to requirement (i).

The rationale of requirement (i) is to ensure the independence of the board but the assumption that INEDs who have served the board for 9 years would lose their independence is wrong. Independence is not defined by the length of tenure but a matter of discipline and mentality. INEDs are very well aware of their duty in protecting minority shareholders' interests, particularly in connected transactions, overseeing audit and risks and other key board matters. Failure to discharge their responsibilities would subject them to high liabilities. There's no reason to believe they would collude with major shareholders to exploit minority shareholders. In fact, long serving independent directors have established an in-depth understanding of the operations of the listed company and are best positioned to identify any mischief and protect the minority shareholders.

From the experience of the west, minority-elected INEDs often times represent certain shareholder groups and armed with their own agenda. This is not the best scenario for board unity and stability.

One must not forget board directors are jointly and severally responsible for all decisions and the ability of the entire board to work together with the common interests of the company is very important.

We agree to requirement (ii). Issuers could provide more information about the long serving INED's experience and contribution when nominating them for the consideration of minority shareholders. But it is important that majority shareholders be able to vote.

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.

We do not object to disclosing the length of tenure of long serving INEDs on the board on a named basis in the shareholders' circular. As for appointing an additional INED, we do not see the necessity. As discussed, we do not believe directors serving over 9 years would lose their independence. Appointing another one serve no particular purpose but would augment the size of the board and increase issuer's expenses in this respect.

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.

This is not a common practice amongst our members.

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.

There is no reason why such importance is attached to gender when it comes to appointing directors. Appointment of directors should always be by merit. If a board has a mix of directors from different age

groups, industry background and ethnic communities but so happen it is of single gender, then the whole board is not considered diverse? We think this negates an issuer's efforts in achieving other aspects of diversity which are as important.

If gender is the single most important criterion of diversity, we recommend the Exchange spell out gender diversity as a separate requirement. This way a single gender board but with other aspects of diversity would at least get the recognition it deserves.

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 can agree to disclose numerical targets and timelines for achieving board diversity.

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.

We do not object to adding this if it may help raise awareness and induce actions to devise policy and measures. But as with many other things, it is the implementation that counts. A lack of real commitment will render such disclosure as just words on paper. Many smaller issuers with limited resources might find it a stretch to cope with the increasingly long disclosure list.

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.

We agree and believe this can be done without too much extra effort.

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 agree with the rationale of this change.

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.

We agree and believe it is rather necessary.

More clarification and delineation would be helpful.

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.

Many companies are publishing both annual report and ESG report at the same time.

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 other comments.

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 other comments.

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.

We disagree with the proposals.