

### **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.**

Good company culture that aligns with the company's purpose, value, and strategy will foster positive performance of the company and its employees. Higher transparency from open communications will also send positive signals to the market that the company is well-managed and interests of management are aligned with other stakeholders, thereby increasing investor confidence in 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.**

The two policies are fundamental to establishing and maintaining 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.**

The two policies are fundamental to establishing and maintaining 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?**

No

**Please give reasons for your views.**

Given that the Listing Rules now impose a stricter independence criteria on companies and views of board members are reflected in circular to shareholders, we believe that such a proposal may not be necessary. Moreover, it is unclear if the disclosure is made to the Exchange or the companies' shareholders, what the disclosure entails, and whether such disclosure overlaps with current independence criteria.

**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.**

It is important to leave internal matters like election of INEDs to the company. Requiring additional disclosures would be to interfere with the company's business excessively and at the unnecessary expense of the company's resources, especially where the Long Serving INEDs have been providing valuable contributions to company. Moreover, the term "independent shareholders" is ambiguous and it is unclear why other shareholders are not allowed to vote on the matter.

**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.**

Appointing new INEDs require company's expenses and should be up to the company's discretion on whether to replace an INED.

**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.**

We believe that equity-based remuneration does not interfere with INED's objectivity. Instead, equity-based remuneration has the function of motivating INEDS to work harder to improve the corporate governance of company. Moreover, in prohibiting companies from granting equity-based remuneration, this proposal will hinder companies' ability to conserve cash flow for other expenses and operations.

**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.**

We agree with this proposal because it will boost female representation in boards of listed issuers in Hong Kong, which, as of 2019, is at 13.9% according to the statistics published by the Women's Foundation of Hong Kong in 2019 and is trailing behind Australia, Malaysia, and Singapore in the Asia Pacific.

Furthermore, according to statistics published by the Women's Commission of Hong Kong, as of 2018 in Hong Kong, females make up 39.3% of professionals, 47.7% of associate professionals, and 39.2% of directorate officers in the Civil Service. These figures suggest that women are capable of and available to serve on boards and the proposal will improve Hong Kong's standing for workplace gender equality.

**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.**

In line with the 30% Club, a global campaign led by chairs and CEOs taking action to increase gender diversity at board and senior management levels, we would suggest for companies to aim for at least 30% representation of women on board as a starting point.

**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.**

We have no further comment.

**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 have no further comment.

**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.**

Requiring INED to chair the NC will be burdensome for INEDs who already form a majority of the board.

**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.**

However, the Exchange could consider that the position of lead or senior INED may deter talents from taking up INED positions because it is burdensome to facilitate shareholders' access to the board. Therefore, we disagree with appointing INED for this task.

#### **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 have no further comment.

#### **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 have no further comment.

#### **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 have no further comment.

#### **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 have no further comment.

**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 further 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.**

We have 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.**

We suggest all proposals to be implemented at the same time: financial year commencing on or after 1 January 2023.

**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 suggest all proposals to be implemented at the same time: financial year commencing on or after 1 January 2023.