

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed change discussed in the Consultation Paper downloadable from the HKEX website at:

<https://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp20171111.pdf>.

Where there is insufficient space provided for your comments, please attach additional pages.

PART I: INDEPENDENT NON-EXECUTIVE DIRECTORS

Overboarding and INED's time commitment

1. Do you agree with our proposed amendment to Code Provision ("CP") A.5.5 (on a "comply or explain" basis) so that in addition to the CP's current requirements, the board should also explain, if the proposed independent non-executive director ("INED") will be holding his seventh (or more) listed company directorship, why he would still be able to devote sufficient time to the board?

☐ Yes

☐ No

Please give reasons for your views.

I do not have a particular view on this question.

Board diversity

2. Do you agree with our proposals to upgrade CP A.5.6 (on a "comply or explain" basis) to a Rule (Rule 13.92) requiring issuers to have a diversity policy and to disclose the policy or a summary of it in their corporate governance reports?

☒ Yes

☐ No

Please give reasons for your views.

You have cited several studies which point out the importance of diversity on companies' boards to enhance corporate governance, effective decision making all the way to improved financial performance of companies with more diverse boards.

Hong Kong's board diversity stands at ~12% and this statistic has not materially improved since the introduction of CP A.5.6 in 2013.

I concur with The Women's Foundation's suggestion to:

- 1) Ask nomination committees to have in place a policy specifically concerning gender diversity;
- 2) Set measurable objectives to achieve gender diversity;
- 3) Provide recommended best practice and guidelines for diversity policy; and
- 4) Limit the tenure of independent directors to nine years to reduce the lack of diversity due to entrenched Boards.

3. Do you agree with our proposal to amend CP A.5.5 that it requires (on a "comply or explain" basis) the board to state in the circular to shareholders accompanying the resolution to elect the director:

- (i) the process used for identifying the nominee;
- (ii) the perspectives, skills and experience that the person is expected to bring to the board; and
- (iii) how the nominee would contribute to the diversity of the board.

☒ Yes

☐ No

Please give reasons for your views.

Explaining the process used for identifying a nominee, and the perspectives, skills and experiences that the person is expected to bring to the board, and by outlining how the nominee would contribute to the diversity of the board, forces the nomination committee of the board to try to think about this aspect of board representation, and hopefully result in greater transparency on the committee's considerations and process it has applied to selecting a board nominee who fulfills the diversity criteria.

4. Do you agree with our proposal to amend Mandatory Disclosure Requirement L.(d)(ii) to reflect the upgrade of CP A.5.6 (on a "comply or explain" basis) to a Rule (Rule 13.92) requiring issuers to have a diversity policy and to disclose the policy or a summary of it in their Corporate Governance Reports?

☒ Yes

☐ No

Please give reasons for your views.

Same reasons as stated above.

Factors affecting INED's independence

A. Cooling off periods for former professional advisers

5. Do you agree with our proposal to revise Rule 3.13 (3) so that there is a three-year cooling off period for professional advisers before they can be considered independent, instead of the current one year?

☐ Yes

☐ No

Please give reasons for your views.

I do not have a particular view on this question.

6. Do you agree with our proposal to revise CP C.3.2 (on a "comply or explain" basis) so that there is a three-year cooling off period for a former partner of the issuer's existing audit firm before he can be a member of the issuer's audit committee?

☐ Yes

☐ No

Please give reasons for your views.

I do not have a particular view on this question.

B. Cooling off period in respect of material interests in business activities

7. Do you agree with our proposal to revise Rule 3.13(4) to introduce a one-year cooling off period for a proposed INED who has had material interests in the issuer's principal business activities in the past year?

☐ Yes

☐ No

Please give reasons for your views.

I do not have a particular view on this question.

C. Cross-directorships or Significant Links with other Directors

8. Do you agree with our proposal to introduce a new Recommended Best Practice A.3.3 (i.e. voluntary) to recommend disclosure of INEDs' cross-directorships in the Corporate Governance Report?

☒ Yes

☐ No

Please give reasons for your views.

This will provide an additional level of transparency and understanding of potential conflicts of interest which are important for shareholders and the nomination committee to consider.

D. Family ties

9. Do you agree with our proposal to introduce a Note under Rule 3.13 to encourage inclusion of an INED's immediate family members in the assessment of the director's independence?

☐ Yes

☐ No

Please give reasons for your views.

I do not have a particular view on this question.

10. Do you agree with our proposal to adopt the same definition for "immediate family member" as Rule 14A.12(1)(a) which defines an "immediate family member" as "his spouse, his (or his spouse's) child or step-child, natural or adopted, under the age of 18 years"?

☐ Yes

☐ No

Please give reasons for your views.

I do not have a particular view on this question.

PART II: NOMINATION POLICY

11. Do you agree with our proposal to amend Mandatory Disclosure Requirement L.(d)(ii) of Appendix 14 to require an issuer to disclose its nomination policy adopted during the year?

☒ Yes

☐ No

Please give reasons for your views.

It will improve the transparency around the board nomination process.

In line with The Women's Foundations suggestions, I would also suggest that:

1) The circular to shareholders should include numerical and graphical information to illustrate the composition of the incumbent Board by reference to the factors in the diversity policy and length of service, and how these factors would change following the election of the nominated individual (i.e. before & after); and

2) Annual disclosure of nomination policy should include evaluation of performance and how it has met measurable objectives for achieving gender diversity and progress towards achieving those objectives by disclosing proportions of men and women on the Board, in senior executive positions and across the whole organisation.

PART III: DIRECTORS' ATTENDANCE AT MEETINGS

Directors' attendance at general meetings

12. Do you agree with our proposal to amend CP A.6.7 (on a "comply or explain" basis) by removing the last sentence of the current wording (i.e. they should also attend general meetings and develop a balanced understanding of the views of shareholders.)?

☐ Yes

☐ No

Please give reasons for your views.

I do not have a particular view on this question.

Chairman's annual meetings with INEDs

13. Do you agree with our proposal to revise CP A.2.7 (on a "comply or explain" basis) to state that INEDs should meet at least annually with the chairman?

☐ Yes

☐ No

Please give reasons for your views.

I do not have a particular view on this question.

PART IV: DIVIDEND POLICY

14. Do you agree with our proposal to introduce CP E.1.5 requiring (on a “comply or explain” basis) the issuer to disclose its dividend policy in the annual report?

☐ Yes

☐ No

Please give reasons for your views.

I do not have a particular view on this question.

PART V: ELECTRONIC DISSEMINATION OF CORPORATE COMMUNICATIONS – IMPLIED CONSENT

15. Do you think that the Rules should be amended to allow shareholders’ consent to be implied for electronic dissemination of corporate communications by issuers?

☐ Yes

☐ No

Please give reasons for your views.

I do not have a particular view on this question.

- End -