

**Submitted via Qualtrics**

**Steve Ong, FCA FCPA**

**Personal view**

**Others (please specify)**

**Question 1**

**Do you agree with our proposal to introduce a new Code Provision (CP) under the Corporate Governance Code (CG Code) requiring issuers without an independent board chair to designate one independent non-executive director (INED) as a Lead INED to enhance engagement with investors and shareholders?**

Yes

**Please provide reasons for your views.**

For Hong Kong to establish itself as investors preferred venue of investment and attract high networth individuals and family offices from South East Asia and the Middle East in the next decade and beyond, it is very important that the HKEX takes steps NOW to enhance the corporate governance framework of all listed companies in Hong Kong. HKEX must take bold steps and not merely follow international developments in corporate governance because the dynamics in the region are different.

In addition, to having a lead INED, HKEX should seriously reconsider a previous listing requirement (removed in around 2010 or before), of the need to have a full time qualified accountant looking after the Board of Directors. This is to guide the Board of Directors and remind them of their fiduciary duties. These qualified Accountants must be registered with the AFRC. This is to prevent the large number of enforcement cases published by the SFC in 2023/2024 where Board of Directors were merely diverting funds from HK listed companies without regard to their fiduciary duties and responsibilities to minority shareholders. This has damaged the credibility of companies listed on the HKEX with GEM companies all trading at 90% of their IPO price. In addition, certain listed companies trade at 50% of their IPO price in the first week if trading. HKEX must also look into the Valuations of IPOs as investors from South East Asia will be put off by such incidents. The HK market has lost credibility over the last 5 years due to many of such incidents. HKEX must take this seriously and reestablish that the HK stock market is the best in the region with credibility and integrity.

**Question 2(a)**

**Regarding continuous professional development for directors, do you agree with our proposal to make continuous professional development mandatory for all existing directors, without specifying a minimum number of training hours?**

Yes

**Please provide reasons for your views.**

Please note that training non-professionals on ethics, integrity and collective responsibility can be a challenge as businessmen are more prone towards money making. This is therefore important to have a full time qualified accountant on the board who will be able to guide fellow directors of what can or cannot be done.

Such qualified Accountants MUST be registered with the AFRC and attend specific training with AFRC and the SFC regarding prevention of common fraudulent activities by listed companies. Over time, HK listed companies will be held on high regard, and investors from South East Asia and Middle East will be attracted by how well regulated the HK markets are. Otherwise, it would be difficult for HK to differentiate itself from the regional markets.

**Question 2(b)**

**Regarding continuous professional development for directors, do you agree with our proposal to require First-time Directors to complete a minimum of 24 hours of training within 18 months following their appointment?**

Yes

**Please provide reasons for your views.**

**Question 2(c)**

**Regarding continuous professional development for directors, do you agree with our proposal to define “First-time Directors” to mean directors who (i) are appointed as a director of an issuer listed on the Exchange for the first time; or (ii) have not served as a director of an issuer listed on the Exchange for a period of three years or more prior to their appointment?**

Yes

**Please provide reasons for your views.**

**Question 2(d)**

**Regarding continuous professional development for directors, do you agree with our proposal to specify the specific topics that must be covered under the continuous professional development requirement?**

Yes

**Please provide reasons for your views.**

**Question 3**

**Do you agree with the proposed consequential changes to Principle C.1 and CP C.1.1 of the CG Code?**

Yes

**Please provide reasons for your views.**

**Question 4**

**Do you agree with our proposal to upgrade the current Recommended Best Practice (RBP) in the CG Code to a CP requiring issuers to conduct regular board performance reviews at least every two years and make disclosure as set out in CP B.1.4?**

Yes

**Please provide reasons for your views.**

**Question 5**

**Do you agree with our proposal to introduce a new CP requiring issuers to maintain a board skills matrix and make disclosure set out in CP B.1.5?**

Yes

**Please give reasons for your views.**

**Question 6(a)**

**In relation to our proposal to introduce a “hard cap” of six listed issuer directorships that INEDs may hold, do you agree with the hard cap to ensure that INEDs are able to devote sufficient time to carry out the work of the listed issuers?**

006

Yes

**Please provide reasons for your views.**

**Question 6(b)**

**In relation to our proposal to introduce a “hard cap” of six listed issuer directorships that INEDs may hold, do you agree with the proposed three-year transition period to implement the hard cap?**

Yes

**Please provide reasons for your views.**

**Question 7**

**Do you agree with the proposal to introduce a new Mandatory Disclosure Requirement (MDR) in the CG Code to require the nomination committee to annually assess and disclose its assessment of each director’s time commitment and contribution to the board?**

Yes

**Please provide reasons for your views.**

**Question 8(a)**

**In relation to our proposal to introduce a “hard cap” of nine years on the tenure of INEDs, beyond which an INED will no longer be considered to be independent, do you agree with the proposed hard cap to strengthen board independence?**

Yes

**Please give reasons for your views.**

**Question 8(b)**

**In relation to our proposal to introduce a “hard cap” of nine years on the tenure of INEDs, beyond which an INED will no longer be considered to be independent, do you agree that a person can be re-considered as an INED of the same issuer after a two-year cooling-off period?**

No

**Please provide reasons for your views.**

**Question 8(c)**

**In relation to our proposal to introduce a “hard cap” of nine years on the tenure of INEDs, beyond which an INED will no longer be considered to be independent, do you agree with the proposed three-year transition period in respect of the implementation of the hard cap?**

Yes

**Please provide reasons for your views.**

**Question 9**

**Do you agree with the proposal to require all issuers to disclose the length of tenure of each director in the CG Report?**

Yes

**Please provide reasons for your views.**

**Question 10**

**Do you agree with our proposal to introduce a CP requiring issuers to have at least one director of a different gender on the nomination committee?**

Yes

**Please provide reasons for your views.**

**Question 11**

**Do you agree with our proposal to introduce a Listing Rule to require issuers to have and disclose a diversity policy for their workforce (including senior management)?**

Yes

**Please provide reasons for your views.**

**Question 12**

**Do you agree with our proposal to upgrade from a CP to a MDR the requirement on the annual review of the implementation of an issuer's board diversity policy?**

Yes

**Please provide reasons for your views.**

**Question 13**

**Do you agree with our proposal to require as a revised MDR separate disclosure of the gender ratio of: (i) senior management; and (ii) the workforce (excluding senior management) in the CG Report?**

Yes

**Please provide reasons for your views.**

**Question 14**

**Do you agree with our proposal to codify the arrangements during temporary deviations from the requirement for issuers to have directors of different genders on the board as set out in draft Main Board Listing Rule 13.92(2) in Appendix I?**

Yes

**Please provide reasons for your views.**

**Question 15(a)**

**Do you agree with our proposal to emphasise in Principle D.2 the board's responsibility for the issuer's risk management and internal controls and for the (at least) annual reviews of the effectiveness of the risk management and internal control systems?**

Yes

**Please provide reasons for your views.**

However, to enhance the system, there should be a full time qualified accountant on the Board of Directors. Such a qualified accountant must be registered with the AFRC and attend training courses provided by AFRC and the SFC. As highlighted by the SFC, all relevant parties must be part of the ecosystem to ensure all HK listed companies act properly with integrity and in the interest of all shareholders.

**Question 15(b)**

**Do you agree with our proposal to upgrade the requirement to conduct (at least) annual reviews of the effectiveness of the issuer's risk management and internal control systems to mandatory and require the disclosures set out in MDR paragraph H?**

Yes

**Please provide reasons for your views.**

**Question 16**

**Do you agree with our proposal to refine the existing CPs in section D.2 of the CG Code setting out the scope of the (at least) annual reviews of the risk management and internal control systems?**

Yes

**Please provide reasons for your views.**

**Question 17**

**Do you agree with our proposal to introduce a new MDR requiring specific disclosure of the issuer's policy on payment of dividends and the board's dividend decisions during the reporting period?**

Yes

**Please provide reasons for your views.**

Yes, for a listed company to be sustainable, it must eventually have to make profits. In addition, it must pay dividends and be good corporate citizens. High networth investors will mostly be attracted to a good dividend policy.

**Question 18**

**Do you agree with our proposal to introduce a Listing Rule requirement for issuers to set a record date to determine the identity of security holders eligible to attend and vote at a general meeting or to receive entitlements?**

Yes

**Please provide reasons for your views.**

**Question 19**

**Do you agree with our proposal to codify our recommended disclosures in respect of issuers' modified auditors' opinions into the Listing Rules?**

Yes

**Please provide reasons for your views.**

Modified auditors opinions must be taken seriously. Most corporate failures arose from a modified audit opinions and HK has its fair share of such failures.

**Question 20**

**Do you agree with our proposal to clarify our expectation of the provision of monthly updates in CP D.1.2 and the note thereto?**

Yes

**Please provide reasons for your views.**

**Question 21**

**Do you agree with our proposal to align requirements for the nomination committee, the audit committee and the remuneration committee on establishing written terms of reference for the committee and the arrangements during temporary deviations from requirements as set out in draft Main Board Listing Rules 3.23, 3.27, 3.27B, 3.27C and 8A.28A in Appendix I?**

Yes

**Please provide reasons for your views.**

**Question 22**

**Do you agree with the proposed implementation date of financial years commencing on or after 1 January 2025, with transitional arrangements as set out in paragraphs 182 to 183 of the Consultation Paper?**

Yes

**Please provide reasons for your views.**