<u>Submitted via Qualtrics</u>

(Anonymous)

Personal view

Corporate Finance Staff

<u>Question 1</u>

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.

<u>Question 2(a)</u>

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?

No

Please provide reasons for your views.

<u>Question 2(b)</u>

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?

No

Please provide reasons for your views.

<u>Question 2(c)</u>

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?

No

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?

No

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?

No

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?

No

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?

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?

No

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?

No

Please give reasons for your views.

Regarding your proposal to introduce a “hard cap” of nine years on the tenure of Independent Non-Executive Directors (INEDs), beyond which an INED will no longer be considered independent, I express my strong disagreement and present the following points:

1. Comparison with Major Markets

When examining the regulations for INEDs in major global markets, we find that most do not impose such strict tenure limits. Here are the practices in key markets:

United States: The U.S. Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE) do not have fixed tenure limits for INEDs. Independence assessments rely more on annual board evaluations rather than tenure restrictions.

United Kingdom: The UK Corporate Governance Code recommends that if INEDs serve more than nine years, the company should provide a detailed explanation for their continued independence, but it does not automatically strip their independent status.

Australia: The Australian Securities Exchange (ASX) Corporate Governance Principles suggest that INEDs serving over nine years should have their independence reassessed but do not mandate a hard tenure cap.

These practices reflect the importance of flexibility, allowing companies to make independence assessments based on their specific circumstances rather than a one-size-fits-all rule.

2. No Direct Correlation Between Tenure Length and Independence

While extended tenure might affect an INED's independence, it is equally important to recognize that experienced directors offer valuable historical perspectives and strategic continuity. Companies should evaluate independence through multiple dimensions, including the director’s background, behavior, and relationship with management, rather than solely based on tenure.

3. Importance of Experience and Continuity

Long-serving INEDs bring deep industry knowledge and a comprehensive understanding of the company's operations, which are crucial for effective governance and long-term strategic planning. Frequent turnover of INEDs can result in the loss of experience and increase operational uncertainty and governance costs.

4. Impact on Investor Interests

Investors generally prefer a board that provides stable governance and consistent strategic direction. Frequent changes in INEDs may negatively affect the company's strategic execution and long-term objectives, undermining investor confidence and market performance.

5. Need for Flexibility and Adaptability

The Hong Kong market should align with international practices to maintain its competitiveness and appeal. Strict tenure limits could disadvantage Hong Kong in the global capital markets. Flexibility and adaptability in governance structures are essential to sustaining the market's attractiveness.

Conclusion

In conclusion, I strongly urge HKEx to reconsider the proposal to impose a nine-year hard cap on INED tenure. We should adopt global best practices that ensure comprehensive and flexible assessments of independence, thereby maintaining the competitiveness and appeal of the Hong Kong market.

<u>Question 8(b)</u>

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.

Regarding your proposal to introduce a "hard cap" of nine years on the tenure of Independent Non-Executive Directors (INEDs), beyond which an INED will no longer be considered independent, I express my strong disagreement and present the following points:

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4. Impact on Investor Interests

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Conclusion

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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?

No

Please provide reasons for your views.

Regarding your proposal to introduce a "hard cap" of nine years on the tenure of Independent Non-Executive Directors (INEDs), beyond which an INED will no longer be considered independent, I express my strong disagreement and present the following points:

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Conclusion

In conclusion, I strongly urge HKEx to reconsider the proposal to impose a nine-year hard cap on INED tenure. We should adopt global best practices that ensure comprehensive and flexible assessments of independence, thereby maintaining the competitiveness and appeal of the Hong Kong market.

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?

No

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.

<u>Question 12</u>

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?

No

Please provide reasons for your views.

<u>Question 13</u>

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?

No

Please provide reasons for your views.

<u>Question 14</u>

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?

No

Please provide reasons for your views.

<u>Question 15(a)</u>

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?

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No

Please provide reasons for your views.

<u>Question 15(b)</u>

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.

<u>Question 16</u>

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.

<u>Question 17</u>

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.

<u>Question 18</u>

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.

<u>Question 19</u>

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.

<u>Question 20</u>

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.

<u>Question 21</u>

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.

<u>Question 22</u>

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?

No

Please provide reasons for your views.