

Submitted via Qualtrics

(Anonymous)

Personal view

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?

No

Please provide reasons for your views.

1. INED is not involved in company's daily operations. The Lead INED cannot offer "a clear point of contact for potential investors and existing shareholders". The Lead INED may not be able to answer all those queries from investors/shareholders who may be sophisticated in asking questions. Lead INED may not equip with sufficient details of company's operation to answer those queries.
2. Lead INED has higher responsibility should be remunerated with higher pay if proceed with Lead INED proposal.
3. The role and responsibility of Lead INED is not specified clearly in the CG code and it may confuse with the role of Chairman, leading confusion to the public and internal management.

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.

1. Agreed with the proposal but need to specify a minimum number of training hours for all existing directors. Same practice as HKICPA or HKCGI. Otherwise, you cannot justify the director is equipped with sufficient knowledge if, for example, he just attends one-hour training per annum.

2. Suggest to have a minimum of 10 hours' training per annum.
3. Suggest to specify whether the in-house legal to provide relevant training/seminar to the company's directors is acceptable or not.

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.

Suggest to shorten the period of training to "12 months" following their appointment since many non-compliance events happened for newly-listed companies shortly after their listing. Sufficient knowledge should be maintained by the First-time directors before accepting the new appointment as a director.

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.

Agreed with your above proposal.

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.

It must be related to directors' responsibility or listing updates for the course/seminar provided by external course providers (e.g. HKICPA or HKCGI or HKIoD) and/or internal legal department

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.

1. The board performance review is suitable to carry out every two years.
2. The review should be done by either external auditors or INED since the board of directors are difficult or may not be objective in assessing their OWN performance.
3. A checklist of performance review is suggested to be provided in the CG code for reference.

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.

1. Not useful to disclose the board matrix as it's difficult to assess the impact of having different board skills every year since the board diversity may have long-term impact on the company.
2. The disclosure may not be helpful but create burdensome to the company.

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.

Agreed with the hard cap of 6 listed issuer directorships.

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?

No

Please provide reasons for your views.

1. Suggest to shorten the transition period to 2 years only as it's not difficult to replace board members in Hong Kong given a pool of resources. Three-year period is too long and not necessary.
2. The hard cap of directorship and the board matrix changes can be implemented together.

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.

1. Disclosure of each director's time commitment and contribution to the board may not be useful for investors. Also, it's a bit difficult to assess the commitment and contribution of each director without assessment basis. Every company may have its own assessment basis. I estimated that the assessment outcome would be generic and vague.

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.

Agreed with proposal

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?

Yes

Please provide reasons for your views.

Agreed with the proposal.

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.

Agreed with the proposal but three-year transition is too long. Same as Question 6(b), the change of INED should not be difficult to implement in Hong Kong. Company's status can change significantly for three years' period. I suggest the transition period should be shortened to at most 2 years only.

INED tenure is easy to calculate. Company can make searching and recruiting of new INED well in advance before the INED tenure is expired. Therefore, 2-3 years transition period is too long.

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.

Agreed with the proposal.

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.

Agreed with the proposal

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)?

No

Please provide reasons for your views.

ESG report should be similar disclosure requirements already.

Diversity policy on workforce may not be useful for investors' analysis.

Different industry may have specific characteristic of having imbalance diversity of workforce.

No hard-push on this diversity policy is suggested.

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.

Agreed with the proposal.

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?

No

Please provide reasons for your views.

Same views as Question 11 above.

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.

Agreed with the proposal.

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.

Agreed with the proposal.

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.

Agreed with the proposal.

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.

Agreed with the proposal.

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?

No

Please provide reasons for your views.

1. Dividend policy can be more detailed in providing the range of dividend payout ratio and rationale in distribution and non-distribution of dividend.
2. Payment of dividend and reasons of dividend deviation are the company's commercial decision. If the new MDR is implemented, it would become a commitment to the shareholders.
3. More detailed explanation and disclosure of dividend policy and decision can be made in the Directors' Report / MD&A which is sufficient for the investors.

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.

Agreed with the proposal.

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.

Agreed with the proposal.

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.

Suggest to have some flexibility that at least a quarterly update is required to provide if the company is not able to provide monthly updates frequently.

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.

Agreed with the proposal.

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.

Agreed with the proposal.