

Submitted via Qualtrics

Wing Tai Properties Limited

Company/Organisation view

Listed Company

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?

Please provide reasons for your views.

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?

Please provide reasons for your views.

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?

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?

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?

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?

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?

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?

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?

No

Please provide reasons for your views.

We disagree with this proposed amendment.

- We are of the view that this proposal amounts to an Over-Regulation.
- The hard cap of 6 directorships is arbitrary.
- The hard cap of 6 directorships is a One-Size-Fits-All without regard to the differences in (i) INEDs’ characters and backgrounds and (ii) the sizes, complexities and nature of business of the listed issuers concerned.
- Directors have already been required to ensure that they can give sufficient time and attention to the issuers’ affairs and not to accept an appointment if they cannot do so.
- Where the board proposes a resolution to elect an individual as an INED who will be holding his/her seventh (or more) listed company directorship, the board has already been required to set out in the circular to shareholders and/or explanatory statement with the reasons why the board believes that such individual would still be able to devote sufficient time to the board.
- The board has already been required to provide the biographical details of the Overboarding INED and the reasons and recommendations for election of the Overboarding INED to the shareholders in the circular. We are of the view that the shareholders should be given the opportunity at general meetings to make an educated decision as to whether to elect the Overboarding INED candidate as an INED.
- The Exchange is also proposing the nomination committee to annually assess and disclose its assessment of each director’s time commitment and contribution to the board, taking into consideration of his/her professional qualifications and work experience, his/her directorships with listed issuers (and other significant external time commitments) as well as other factors or

circumstances relevant to his/her character, integrity, independence and experience.

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?

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?

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.

We strongly object against this proposed amendment.

- We are of the view that this proposal amounts to an Over-Regulation.
- The hard cap of 9 years is arbitrary.
- The hard cap of 9 years is a One-Size-Fits-All without regard to the differences in the INEDs’ integrity, independence and experience.
- Given that INEDs will not be involved in the day-to-day management of the company and their director’s fees are not linked to the company’s

performance, they can maintain their independent view on the board's decisions.

- INEDs' familiarity with the management can lead to better coordination, identify potential risks or opportunity more quickly, ensure the company's strategic direction remains aligned, and inspire greater trust and credibility among the board members, rather than impairing their independence.
- The current CG Code has already required that, in the event of proposing a resolution to re-elect a Long Serving INED, that resolution should be a separate shareholders' resolution and the papers to shareholders accompanying that proposed resolution should state why the board (or the nomination committee) believes that that director is still independent and should be re-elected.
- The Exchange is also proposing the nomination committee to annually assess and disclose its assessment of each director's time commitment and contribution to the board, taking into consideration their professional qualifications and work experience, their listed issuer directorships (and other significant external time commitments), and other factors or circumstances relevant to their character, integrity, independence and experience. We believe that such regular assessments are more practical to identify any potential risks of impairing the INEDs' independence.
- We are of the view that the shareholders should be given the opportunity at general meetings to make an educated decision as to whether to elect a Long Serving INED candidate as an INED.
- Despite of our view that all directors (including INEDs) should be elected/re-elected by the shareholders, not regulators, to manage the company whereby the Exchange should respect the shareholders' willingness, the Exchange may consider to consult the market again on its 2021 proposal that independent shareholders' approval is required for re-election of Long Serving INEDs.

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?

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?

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?

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?

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)?

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?

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?

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?

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?

Please provide reasons for your views.

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?

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?

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?

Please provide reasons for your views.

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?

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?

Please provide reasons for your views.

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?

No

Please provide reasons for your views.

We are of the view that the provision management accounts to all board members on a monthly basis should be a recommended best practice and that whether such provision is to be made should be decided by the board in the light of the nature of the business of the listed issuer concerned.

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?

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?

Please provide reasons for your views.

Overall Comments

1. Avoid Over-Regulation

We appreciate the Exchange's mission to ensure that its CG framework remains fit for purpose, continues to promote high quality corporate governance standards, and is adequate for maintaining investors' confidence in the market.

We hope that the pendulum is not swinging towards over-regulation. Over-regulation may give rise to compliance complexities and/or compliance fatigue particularly on the part of small to medium-sized issuers and may not be conducive to SMEs going public.

2. Avoid One-Size-Fits-All

We are of the view that a provision should not be introduced to Hong Kong because there are provisions similar thereto in the UK, Australia or elsewhere. Local situations must be sufficiently considered.

Even if it is decided that a cap should be adopted for the definition of Long Serving INED, the proposed cap of 9 years of service should not be applicable to all INEDs regardless of the differences in their character, integrity, independence and experience.

Even if it is decided that a cap should be adopted for the definition of Overboarding INED, the proposed cap of 6 directorships should not be applicable to all INEDs regardless of the differences in (i) their capabilities and backgrounds, and (ii) the sizes, complexities and nature of businesses of the listed issuers concerned.

3. Avoid Arbitrariness

We do not agree to set the hard cap for Overboarding INEDs at 6 directorships.

We do not agree to set the hard cap for Long Serving INEDs at 9 years.