

**Submitted via Qualtrics****Avista Risk Advisory Limited****Company/Organisation 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.**

We agree the proposal to introduce a new board role, i.e. the Lead INED. Actually, this practice has been long discussed even in the Higgs Review.

We would like to further suggest HKEx to provide example or even best practice recommendations of the following aspects in the Lead INED-related guideline:

1. The role of Lead INED, including in special situations (e.g. In case of sudden resignation of board chair)
2. Communication mechanism between shareholders and the board
3. Minimum meeting frequency with shareholders
4. How the Lead INED can deputise Board Chair
5. Compliance and industry-based advices for critical transaction
6. How the Lead INED can interact with 3 major committee chairs
7. How the Lead INED can evaluate the chair's performance and interaction with the board performance review
8. Disclosure of Lead INED's workdone

**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.**

We agree to mandate the continuous professional development for all existing directors in the CG Code. Besides we would like to suggest specifying the minimum training hours in annual basis as well (e.g. 12 hours per annum) with the same training scope as First-time Directors.

In current practice, even without mandating the training requirement, a significant portion of listed entities have disclosed that directors have provided training for board members. Therefore, we believe that proposed amendment to codify the training requirement for existing directors provides no significant burden.

**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.**

We agree with the proposed amendment. This can ensure directors are well-equipped before undertaking their duties in the board.

**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.**

We agree with the proposed definition of “First-time Director”, as it is considered reasonable.

**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.**

We agree with the proposed amendment because it covers the required compliance and industry knowledge requirements.

To further improve the training scope, we would like to suggest 1 more scope of “Updates on latest development in professional knowledge and skills facilitating board-decision making processes (e.g. valuation and cybersecurity)”.

### **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.**

We agree with the proposed amendment. Currently, most of the remediation of non-compliance incident includes trainings, which evidences the importance of directors training in fulfilling the compliance requirements. Therefore, it is worth to emphasise this through upscaling the directors’ training requirement from Code Provision to Principle.

### **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.**

We agree the proposal to upscale board performance review from RBP to CP.

Board performance review requirement is an effective tool in identifying weakness in board performance (e.g. boardroom dynamic) and prioritising

resources to enhance those weakness areas. Routine review (i.e. every 2 years) can thus provide opportunities for continuous improvement in board performance, which is a considered a good CG practice.

On top, we would like to suggest HKEx to explain the importance of the gap year between each review. For example, HKEx should recommend the board to assess the prioritized areas in board performance and/or desired performance objectives subject to the next performance review, which thus improves the value of each review. In case this recommendation cannot be included in CP, we suggest incorporating this recommendation in RBP as a supplementary best practice guide in implementation of board performance review.

For the disclosure requirement, on top of the proposed amendment, we also recommend to formulate a table listing out the identified strength and weakness in the review, which can provide a full picture of the overall board performance. Besides, approaches of the review should also be disclosed, such as face-to-face interview, questionnaires and observation of boardroom processes. This can further enhance the reliability (and value) of the review and its result.

### **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.**

We agree with the proposed amendment. In current practice, by formulating a board skills matrix, reader can easily identify if the board composition, in terms of capabilities, is considered reasonable.

On top, we would like to suggest listed entities to further disclose why those directors are considered processing the relevant skills. In practice, for example, it can mention certain industry-wise or professional institute issued certificates and/or qualifications are obtained in formulating the skills matrix.

**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.**

Overboarding is of course a major concern in INED’s time commitment to discharge their liabilities in their roles and responsibilities in the board. However, it should be carefully considered case by case regarding no. of directorship of INED as long as they can provide sufficient contribution to the board.

**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.**

To avoid unnecessary board discontinuity problem, having a 3 year transition period is considered reasonable.

**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.**

The proposed amendment is considered a necessary move. This ensure the NC can assess all board members’ time commitment and contribution which is an important parameter of overall board performance.

We would like to suggest to further strengthen the value of the assessment by enhancing the board emolument policy. For example, before conducting the assessment, NC should conduct a market INED salaries and contribution review to determine the average hourly rate for INED. Taking reference to the review result and the existing board emolument policy, the NC can then consider if the INED's contribution is reasonable and may suggest to improve the emolument arrangement as well.

**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.**

Establishing a cap for INED tenure is considered reasonable. However, it should be carefully consider if it is necessary to define INED with 9 years tenure as non-independent. INED performance should be monitored by the board in terms of the carefully designed KPI. In case there is satisfactory performance, INED should not be criticized to be not qualified just because of long tenure.

If it needs to set link up independence with a certain INED tenure hard-cap, it would be better to put it in CP in CG code rather than in other listing rules (e.g. Chapter 5), so that entities can provide explanation in details (e.g. criteria to assess for independence and procedures undergone for the assessment) in CG report while those INEDs are considered independent

**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.**

The cooling off period is reasonable.

**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.**

To avoid unnecessary board discontinuity problem, having a 3 year transition period is considered reasonable.

**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.**

We agree with the proposed amendment. Disclosing the length of tenure should be of no extra burden at all. Besides, this can provide stakeholder a more transparent picture of the board composition, especially in terms of INED’s independence.

**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.**

We agree with the proposed amendment. Board diversity is always an important factor in board composition. Being the board nomination function, this practice can effectively incorporate different gender’s voice into the director nomination process which we consider that it is a significant enhancement in board effectiveness.

**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.**

We agree with the proposed amendment. Establishing and disclosing workforce diversity policy can provide stakeholder a strong impression for the entity's corporate responsibilities and should be considered a good move in improving transparency in the listed entities' governance.

**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.**

We agree with the proposed amendment. Board diversity policy review is a fundamental move in enhancing the board composition and thus board effectiveness. A well designed policy can absolutely help the nomination committee to ensure considering incorporating different gender's voice in the board during director selection process.

**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.**

We agree with the proposed amendment. Enhanced disclosure requirement should be of no burden for listed entity as the current listing rule already requires to disclose workforce gender ratio. Besides, gender diversity in senior management can also supplement the board diversity to ensure the information prepared by senior management has already considered voices from different gender which is a good move in entity's ESG and CG performance.

**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.**



We agree with the proposed amendment. Codifying the temporary deviation's disclosure requirement can provide clear guidance for listed entities for what must be done in dealing with the temporary deviation, which facilitates listing rule compliance.

**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.**

We agree with the proposed amendment. Annual review of the effectiveness of the risk management and internal control systems is a must considering that it provides timely feedback to the board how good and bad the RM and IC system is, to minimize the risk exposure of the entity.

**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.**

Making this requirement as CG Principle (mandatory in nature) helps emphasizing the importance of the review.

**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.**

We agree with the proposed amendment. The scope are basic and should already be taken in account in annual internal control review as part of the control environment (under COSO framework). Therefore, this practice is just codify some general practices in listing rules which should be considered reasonable.

On top, we would like to suggest the IC review scope to include ESG, which is considered as a crucial and hot topic in this business world.

**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.**

We agree with the proposed amendment. Increasing transparency of the dividend policy and practice is absolutely an encouraging CG practice.

**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.**

We agree with the proposed amendment.

**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.**

We agree with the proposed amendment. Actually, this is just a codification of the previously generally accepted practice, which should impose no further burden and difficulty in compliance practice.

**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.**

We agree with the proposed amendment. The proposed amendment can help clarify HKEx's expectation on what the board should be received to support its operation and decision-making.

**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.**

We agree with the proposed amendment. Even without the proposed amendment, as we know, most of the listed entities have already set up the ToR for nomination committee. Therefore, codifying the requirement should impose no burden on the listed entities and can help clarify that nomination committee is of equal importance to other 2 committees.

**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.**

We agree the proposed transitional arrangements. We expect there will be significant change in board composition for certain portion of listed entities. To avoid unnecessary board discontinuity problem, having a 3 year transition period is considered reasonable.