

Submitted via Qualtrics**Quam Plus International Financial 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?

No

Please provide reasons for your views.

- The CG Codes require the listed company to review and confirm the effectiveness of its shareholders communication policy annually. In other words, there are already shareholders communication channels available to enable shareholders to reflect their view and communicate with the listed company, such as shareholders meetings, press conferences and emails etc.
- It put an unnecessary burden to the Lead INED as directors should take joint and several responsibilities for the board's actions and the Lead INED (as not taking up an executive role in the company) is not an appropriate person to represent the Company in answering the questions from shareholders and it will put extra burden on the Lead INED to discharge his/her fiduciary duties.
- Although paragraph 28 of the Consultation states that "The Lead INED designation is not intended to create a separate or higher level of responsibility", it is difficult to see how this can be avoided. This is especially true when guidance on the expected role and functions of a Lead INED is yet to be given (paragraph 27 of the Consultation) but yet a Lead INED is expected to provide existing shareholders with independent insight on aspects of the listing company's governance, such as the quality of board discussions on matters including corporate strategy and INED performance (paragraph 34 of the Consultation).
- It is a push factor to attract calibre to act as INED.

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.

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.

Agree. But disagree (i) to require those that are/have been an INED of listed companies of stock exchanges recognised by the Exchange; and (ii) to have reset mechanism as discussed in paragraph 43 of the Consultation. It's unfair to reset and the First-time Director should be treated as comply so long as he completes a minimum of 24 hours of training within 18 months from the date of his first appointment. In any case, the director is still required to take CPTs subsequently after his appointment as mentioned in (a).

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.

Agree (but please also refer to (b)(i) above).

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.

Agreed that board performance reviews help to enhance the board effectiveness. But the proposed two years interval seems a bit short as suggestions or recommendations may require longer time to change. It would better to change the intervals from two years to three years.

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?

No

Please provide reasons for your views.

Disagree.

Based on the information provided in paragraph 81 of the Consultation, it seems that the vast majority of issuers do not have Overboarding INED. There is no analysis provided on whether the situation is worsening on the issues with Overboarding director have a poor corporate governance record. Furthermore, paragraph 85 of the Consultation states that “It is the Exchange’s practice when vetting IPOs to discourage the appointment, by a listing applicant, of INEDs who will be holding their seventh (or more) listed issuer directorship.” Accordingly, there is already a practice in place to control Overboarding INEDs. Therefore, this matter doesn’t seem to have a significant impact on the overall corporate governance quality of Hong Kong.

The number of directorships an INED holds is not the key factor to affect whether the INED could devote sufficient time to the listed issuer. Other factors such as the full-time occupations, other commitments or remuneration package could play a bigger role. The current approach to allow the listed issuer to set out their view in the circular why the individual would still be able to devote sufficient time to the board should be maintained.

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.

But In case if (a) is implemented, we agreed to (b).

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?

No

Please give reasons for your views.

Disagree.

We disagree with the assumption that familiarity with the issuer’s management will create complacencies and hamper independence. This assumption is not grounded and can at best be a perception of certain investors, not from all.

It is not easy to find new INED equipped with specific industry expertise.

Long serving INED is familiar with the listed issuer’s affair who in turn could make valuable recommendations on the improvement and contributions to the Company.

The current approach to allow the listed issuer to set out their view in the circular why the individual would still be able to devote sufficient time to the board should be maintained.

Given the increasing in the obligations and liabilities to act as a director, an INED who is willing to continue to serve for a tenure of more than nine years can be a sign to show that the listed issuer is proper and compliant.

Alternatively, we would suggest to modify to at least one-third of INEDs must be below 9 years.

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.

But in case if this (a) is implemented, we agree to (b) + (c).

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.

But in case if this (a) is implemented, we agree to (b) + (c).

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)?

No

Please provide reasons for your views.

Disagree.

The workforce diversity should be decided by the Company itself in considering of their operating environment and should not be governed by Listing Rule. Senior management and workforce appointment should be based on merit and workforce diversity policy may hinder the interests of shareholders if adherence thereto compromise the overall staff quality.

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?

No

Please provide reasons for your views.

Please refer to the response for Question 11.

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.

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.

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.

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.

Agree, except for the lead INED and the transitional period for a “hard cap” of six listed issuer directorships that INEDs may hold and a “hard cap” of nine years on the tenure of INEDs as explained above.