

Submitted via Qualtrics

(Anonymous)

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.

We respectfully disagree.

While [REDACTED] (hereinafter, “we”) is secondarily listed on the Exchange and thus exempted from complying with requirements under the Corporate Governance Code (the “CG Code”) in Appendix C1 of the Listing Rules, we respectfully disagree on the proposal to designate one INED as a Lead INED.

- Like other secondary-listed companies on the Exchange, we continuously assess the compliance costs associated with transitioning to a dual primary listing, including compliance with the currently effective CG Code and its proposed new requirements.
- As a secondary-listed company incorporated in the Cayman Islands and primarily listed in New York Stock Exchange (“NYSE”), we, along with other similarly situated issuers, are not required to designate a Lead INED (or a similar role) under the U.S. securities laws, the rules and regulations of the U.S. Securities and Exchange Commission, NYSE rules and the Cayman Islands laws. Imposing such a requirement would disrupt the alignment of the legal requirements across different jurisdictions and increase compliance burdens if a secondary-listed company opts to convert to dual-primary in the future.
- In general, imposing the proposed requirement may weaken the willingness of those issuers to convert to dual-primary listing, potentially making HK capital market less competitive compared to other major capital markets such as NYSE.

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.

No Comment.

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?

No

Please provide reasons for your views.

We respectfully disagree, consistent with our position in Response #1.

In addition, even though the proposal may not be applicable to secondarily listed issuers like us, we believe the appointment of directors shall be based on skill sets he/she already possesses prior to their appointment, rather than relying on extensive training hours post-appointment. Therefore, in our opinion, it is sufficient to complete 12 hours of training (including general induction) for a First-time Director as the purpose of such training is simply to provide him/her with necessary knowledge about the relevant Listing Rules requirements.

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.

No comment.

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.

We respectfully disagree, consistent with our position in Response #1.

In addition, even though the proposal may not be applicable to secondarily listed issuers like us, specifying the specific topics that must be covered may prevent the issuer from preparing its training based on its true needs because the topics may have to vary based on each issuer's different situation such as industry, size or directors' background. For example, experienced directors may already possess the knowledge and skills under a specific topic, making the mandatory training redundant and ineffective.

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.

No comment.

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.

No comment.

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.

We respectfully disagree, consistent with our position in Response #1.

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 respectfully disagree, consistent with our position in Response #1.

In addition, while we recognize the intent behind this proposal to ensure that INEDs can devote sufficient time to fulfill their duties effectively, we respectfully disagree with its application to issuers that are currently secondarily listed in Hong Kong.

- As a “foreign private issuer” primarily listed in the United States, we operate under the regulatory framework of the U.S. securities laws, the rules and regulations of the U.S. Securities and Exchange Commission, NYSE rules and Cayman Islands laws, which do not impose similar compulsory restrictions on directorships. We believe that secondarily listed companies should be exempted from this requirement to (1) avoid conflicts with the regulations of the primary listing jurisdiction, (2) reduce the compliance burden and costs associated with dual listings and (3) maintain consistency in corporate governance practices.

- Given that secondarily listed companies like ours are exempted from complying with requirements under the CG Code in Appendix C1 of the Listing Rules, we respectfully request that this exemption be preserved in the updated rules by amending Rule 19C.11 to explicitly state the exceptions should the Exchange decide to adopt the proposal in the end.

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.

We respectfully disagree, consistent with our position in Response #6(a).

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.

We respectfully disagree, consistent with our position in Response #1.

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 respectfully disagree, consistent with our position in Responses #1 and #6.

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.

We respectfully disagree, consistent with our position in Response 8(a).

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.

We respectfully disagree, consistent with our position in Response 8(a).

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.

No comment.

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.

We respectfully disagree, consistent with our position in Response #1.

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.

No comment.

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.

No comment.

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.

No comment.

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.

No comment.

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?

No

Please provide reasons for your views.

We respectfully disagree because we believe that the risk management and internal control system should exclude HKSE primary listing issuers' insignificant subsidiaries (as defined under Rule 14A.09 of the Listing Rules) even though the proposal is not directly applicable to secondary listed companies.

As we are an insignificant subsidiary of an issuer primarily listed on HKSE (the “Parent Company”), imposition of such requirement upon the Parent Company may indirectly result in additional compliance and communication costs for us.

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?

No

Please provide reasons for your views.

We respectfully disagree, consistent with our position in Response #15(a).

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.

No comment.

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.

No comment.

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.

No comment.

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.

No comment.

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 respectfully disagree, consistent with our position in Response #1.

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.

No comment.

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.

No comment.

