

Submitted via Qualtrics**SHINEWING Risk Services Limited****Company/Organisation view****Accounting Firm****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 support the proposal as it could help to improve and strengthen communication among INEDs, as well as between INEDs and the rest of the board. The Lead INED could also play a crucial role as a bridge between directors and shareholders.

However, it is recommended to provide clear guidelines regarding the responsibilities of the Lead INED. Currently, the primary duties of an INED include offering independent opinions and participating in the annual general meeting to facilitate the communication between the board and shareholders. Furthermore, the listed company has implemented a shareholder communication policy to facilitate interaction between shareholders and the company. Additionally, Investor Relations and Corporate Secretary have been appointed by the listed company to enable shareholders to express their views and enhance communication among directors. Therefore, it is recommended that the Exchange should consider providing guidance on expressing their expectation regarding the duties of the Lead 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.

We agree with the proposed amendment because there is already a requirement for directors to participate in training programs aimed at

developing and refreshing their knowledge and skills. Therefore, we believe that implementing the proposed amendment would not be difficult, and it is intended to enhance the abilities of directors in carrying out their duties, thus improving the overall effectiveness of the board.

Furthermore, we suggest that the Exchange should consider incorporating requirements on the training hours, formats for training hours and mandating the retention of training records. This is to ensure that directors genuinely comply with the training requirements as specified.

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 requirement for first-time directors to participate in at least 24 hours of training within the first 18 months of their appointment. This is to ensure that first-time directors understand their responsibilities as directors of a listed company and the regulatory requirements they need to comply with. In addition to the duties of directors and compliance with listing rules, first-time directors should also undergo training related to the company's business. This will provide directors with a clear understanding of the company's affairs and enable them to contribute appropriate insights and opinions for the company's benefit.

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" because the market conditions, as well as the listing rules and relevant regulations, change each year. Therefore, we believe that individuals who have not served as

directors of a listed company for more than three years may not have a good understanding of the current market conditions, should be considered as first-time directors.

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 support the inclusion of specific training topics as part of the training requirements. The proposed topics are closely aligned with the daily involvement of directors in the operations of listed companies, allowing them to gain a comprehensive understanding of their responsibilities and effectively fulfill their duties.

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 to emphasize the importance of directors' training.

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 with the proposed amendment to conduct board performance evaluations in order to enhance board effectiveness and provide valuable feedback to the board, identifying areas for improvement.

However, we suggest that in addition to the biennial reviews, the Exchange should require listed companies to conduct a board evaluation a year after appointing a new directors. This evaluation would assess the board's performance after the addition of new directors, evaluate their contribution to

board effectiveness, and assess the effectiveness of their collaboration. Furthermore, we recommend that such evaluations be conducted by individuals independent of the listed group to ensure impartiality. In addition, it is recommended that the Exchange should consider providing guidance on expressing their expectations regarding board performance reviews.

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 requiring listed companies to establish a board skills matrix and disclose it in the corporate governance report. We believe that such practice not only involves changing the current disclosure method, as this change facilitates investors' analysis of the listed company's board of directors, it also helps the company to understand the board talents required for its business operations.

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.

We support the proposal to limit the number of listed issuers' boards on which independent non-executive directors can serve to a maximum of six. However, we suggest that the Exchange should also consider extending this requirement to all directors of the board, as they all represent the interests of the shareholders.

Independent non-executive directors have the responsibility of offering impartial viewpoints to the listed company, while all directors play a vital role in critically evaluating the group's operations, making their presence essential for the shareholders. Moreover, each listed company, regardless of its operations and size, possesses its own distinct characteristics. Hence, it is imperative that all directors allocate sufficient time to comprehensively review the business of each listed company they are associated with.

Furthermore, it is suggested that the Exchange should consider imposing a limit of six directorships for all listed companies worldwide, not just limited to Hong Kong listed companies.

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.

We agree to provide a transition period, but we believe that a three-year transition period is a bit long. This is because currently only about thirty directors have been serving on the boards of more than six listed companies.

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.

We agree that the nomination committee should evaluate the time and contributions of each director and make appropriate disclosures to the board annually since one of the responsibilities of the nomination committee is to review the composition of the board, including the skills, knowledge, and experience, at least once a year. The committee should also provide recommendations on any proposed changes to the board that align with the issuer's corporate strategy. We are of the opinion that this procedure assists investors in evaluating the board of directors of the listed company and aids the company in identifying the essential board skills required for its business operations.

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.

We agree to introduce a mandatory requirement that limits the tenure of independent non-executive directors to nine years, after which they will no longer be considered independent. This is because independent non-executive directors are expected to provide impartial and fair opinions to the listed company. If an independent non-executive director has served the company for more than nine years, they may become overly familiar with the company's operations and management, which could potentially compromise their ability to detect issues or provide independent and innovative opinions. Therefore, we believe that this proposed requirement is reasonable.

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.

We agree to provide a cooling-off period, but we suggest extending the duration of the cooling-off period to enhance the independence of independent non-executive directors, also enabling them to provide independent and fresh perspectives after the longer cooling-off period.

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.

We agree to provide a three-year transition period because there is a significant number of independent non-executive directors within the board who have served the listed company for more than nine years. It takes time for the listed company to search for independent non-executive directors who meet the company's requirements.

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 suggestion to disclose the length of tenure of each director in the corporate governance report. This information is already publicly available, and the purpose of this disclosure is to facilitate investors in assessing the directors' experience and independence, among other factors. It also allows the listed company to evaluate whether there is a need to appoint additional directors to enhance the effectiveness of the board.

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 to include a member of the opposite gender in the nomination committee to ensure diverse perspectives on gender during the appointment process. Additionally, it is currently required that the board of directors should not consist of a single gender, hence we believe that implementing such a recommendation would not be difficult.

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 suggestion to include a disclosure on the diversity policy for the workforce (including senior management) as a Listing Rule requirement. Diversity mitigates the risk of succumbing to "group think" and fosters an environment of constructive discourse and robust decision making, which is crucial for achieving success. Therefore, we agree that listed companies should have relevant systems in place to enhance diversity within their workforce.

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 to elevate the annual review of the board diversity policy's implementation to a mandatory disclosure requirement. As board diversity and its associated regulations have been formally implemented, listed companies have a responsibility to regularly review their performance in terms of board diversity and take necessary actions accordingly.

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 to modify the requirements of mandatory disclosure by separately disclosing the gender ratio of senior management and the workforce (excluding senior management). This distinction is necessary because the total number of individuals in each category differs, and the factors contributing to gender diversity may vary across different industries in which listed companies operate. By presenting the data separately, it allows for a more effective evaluation of the progress and underlying reasons behind a company's diversity initiatives, both for the listed company itself and for investors. Additionally, it assists listed companies in making further directional adjustments in their diversity efforts.

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 to elevate the requirement of having directors of different genders on the board from being a guideline to a listing rule requirement. This is necessary to promote the implementation of gender diversity and enhance the diversity of the board of directors.

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 to the suggestion of emphasizing in Principle D.2 the board's responsibility for the issuer's risk management and internal controls, as well as conducting (at least) annual reviews of the effectiveness of the risk management and internal control systems. Effective risk management assists the company in identifying potential and existing risks, enabling prompt implementation of mitigation measures to mitigate the risk. The internal control system, on the other hand, helps safeguard the company's assets, ensures operational effectiveness and compliance, and accurate financial reporting. Therefore, emphasizing the board's responsibility for these systems and conducting regular reviews contribute to the long-term development of the company.

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.

We agree to upgrade the requirement of conducting (at least) annual reviews of the effectiveness of the issuer's risk management and internal control systems to a mandatory obligation and to include the disclosures outlined in the mandatory disclosure requirement. As mentioned earlier, risk management and internal control systems are crucial factors for the effective operation and achievement of goals within the group. Therefore, we agree with the proposed suggestion and also concur that the results of the reviews should be disclosed in the corporate governance report, which enables investors to evaluate the group's systems.

Furthermore, it is advisable for the Exchange to contemplate making it mandatory for listed companies to establish an internal audit function within the group or outsource the function to an independent third party. This requirement aims to ensure that the review process is conducted independently.

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 to refine the existing Corporate Governance Code provisions in section D.2. This will provide greater clarity to listed companies regarding the factors to be considered during the review and establish specific guidelines on the scope of the review.

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 to introduce a new MDR that mandates specific disclosure of the issuer's policy on payment of dividends and the board's dividend decisions during the reporting period. Dividends are an important factor for investors to consider when deciding whether to invest in a company. Therefore, publicly disclosing the dividend policy and the underlying reasons behind dividend distributions not only enhances the transparency of the company but also facilitates the evaluation of the company's performance.

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 support the introduction of a Listing Rule requiring issuers to set a record date to determine the identity of eligible security holders, yet not to specify the timing of the record date. Setting a clear record date will provide greater transparency and makes Hong Kong more in alignment with global best practices.

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 to codify the recommended disclosures regarding issuers' modified auditors' opinions into the Listing Rules. This will enable the public and investors to have a better understanding of the company's situation and provide them with more information for evaluation.

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 to clarify the expectations regarding the provision of monthly updates in CP D.1.2 and the accompanying note. This will enable listed companies to provide sufficient information to the directors for evaluating the company's situation and to offer appropriate opinions.

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 to align the requirements for the nomination committee, audit committee, and remuneration committee regarding the establishment of written terms of reference for the committee and the arrangements during temporary deviations from requirements, ensuring consistent management approach across the three mandatory board 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 with the proposed implementation date of financial years commencing on or after 1 January 2025, along with transitional arrangements for overboarding Independent Non-Executive Directors (INED) and long-serving INED. However, we suggest that the transition period could be shortened as the number of listed companies currently unable to meet the requirements is relatively small.