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Federation of Hong Kong Industries

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Our Ref: PRCD/2024/011

16 August 2024

Mr Carlson Tong, GBS, JP  
Chairman  
Hong Kong Exchanges and Clearing Limited

Dear Mr Tong,

**Re: Consultation on Corporate Governance Code and Related Amendments to the Listing Rules**

We refer to your Consultation Paper on the Corporate Governance Code and Related Amendments to the Listing Rule published on 14 June 2024.

Further to our discussions with our members, including, relevant professional parties, and taking into account, in particular, their nature, we submit the attached paper covering our views on various aspects of the proposals (please refer to attached Appendix I and II). With a membership base of over 2,000, predominantly small-cap and mid-cap companies and high-growth enterprises, with a certain number of which are listed in Hong Kong, we emphasise the importance of maintaining a balance between corporate governance enhancement and a favourable business environment at all times, while expressing serious concerns over excessive regulation.

If you have any questions on our submission, please directly contact our [REDACTED], [REDACTED] [REDACTED] (Tel: [REDACTED] [REDACTED] / email: [REDACTED]).

Your sincerely,

[REDACTED]

[REDACTED]

[REDACTED]

Federation of Hong Kong Industries

Encl.

**Submitted via Qualtrics****Federation of Hong Kong Industries****Company/Organisation view****Professional Body / Industry Association****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.**

HKEX already has a robust regulatory system in place that effectively utilises INEDs to enhance accountability and protect shareholder interests, especially, minority shareholder interests, for listed issuers. This regulatory system is more stringent compared to many other international financial centres. Introducing the appointment of a Lead INED is unnecessary and risks undermining the existing governance framework.

To elaborate, HKEX's Listing Rules already mandate the appointment of INEDs representing at least one-third of the Board for issuers. INEDs are also required to form the majority in key Board committees, with an INED serving as the Chair of the nomination committee. In the governance committee, all members must be INEDs. In contrast, in well-developed markets, including, the UK and Australia, the proportion of INEDs on Boards is merely a recommendation in their CG Codes.

Appointing INEDs to the board can broaden opinion base and provide impartial views through their different backgrounds and expertise. However, appointing a Lead INEDs goes against this principle. Although, theoretically speaking, INEDs will still be subject to the same fiduciary duties and bear the same responsibilities as any other director, including, executive directors, appointment as the Lead INED has the potential acting as the leader to influence the perception of the roles and responsibilities of other INEDs within the board, which in turn, may undermine their initiatives to fulfil their duties, and thereby reduce the effectiveness of INEDs in balancing views in the board.

The designation of a Lead INED is not mandated by regulations for companies listed on the NYSE and NASDAQ. In the UK, the position of Senior Independent Director, introduced in 2003, remains a recommended practice. Similarly, Australia suggests the appointment of a senior independent director as a recommendation in its Corporate Governance Principles and Recommendations.

The consultation paper proposes that the primary role of the Lead INED is to enhance communication, especially with minority shareholders. However, many issuers already have well-established investor relations channels in place to facilitate communication with their investors. Afterall, they have been reminded of their obligation to ensure equal communication to all shareholders, particularly concerning inside information under Section 307C of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Furthermore, under Code Provision C.1.6 of the current CG Code, all Directors are mandated to attend general meetings to understand shareholders' views. The potential overlap of responsibilities between the Lead INED and these existing channels is absolutely unnecessary and will undoubtedly lead to confusion among investors regarding the official communication channel of the issuer. Considering the negative impact, designating a Lead INED would not be an effective solution for improving communication in cases where issuers have poor communication practices.

### **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?**

No

**Please provide reasons for your views.**

The consultation paper proposes mandatory training for directors under the assumption that their knowledge and skillsets would remain stagnant without regular updates. However, this assumption is unfounded. Executives are senior managers deeply involved in daily operations, while non-executives, particularly INEDs, are appointed based on their qualifications and expertise to provide crucial oversight and strategic guidance.

In Australia, listed companies have the flexibility to design training programs tailored to the company's business and the experience of newly recruited directors. Similarly,

Singapore mandates training for directors of listed companies, but exempts those with relevant experience. Considering all these references, the only necessary training for non-executive directors would be induction programs regarding company structure and operations, which already exist.

Furthermore, as we have discussed earlier, listed companies frequently encounter difficulties in attracting highly qualified and experienced candidates for the role of INEDs. Introducing additional training requirements would only worsen this scarcity by placing additional burdens on potential candidates. The minimum requirement of a 24-hour training mandate is especially discouraging for experienced professionals with demanding responsibilities, as they are precisely the individuals who possess the essential expertise necessary for effective corporate governance. This is particularly unacceptable if we require directors of overseas listed companies who already have the relevant experience to undergo such mandatory training; this will only further reduce Hong Kong's competitiveness as an international financial centre in attracting financial talent round the world.

FHKI believes that such training programs, even if introduced, should be introduced as best practices, rather than rigid mandates with fixed minimum time requirements. This approach would give INEDs the autonomy to voluntarily enhance their knowledge in areas that they find most relevant and beneficial to their roles.

### **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.**

Same as Question 2(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?**

No

**Please provide reasons for your views.**

Same as Question 2(a)

### **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.**

Same as Question 2(a)

### **Question 3**

**Do you agree with the proposed consequential changes to Principle C.1 and CP C.1.1 of the CG Code?**

No

**Please provide reasons for your views.**

Same as Question 2(a)

### **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?**

No

**Please provide reasons for your views.**

The proposal has the potential to complicate the existing regulatory framework and increase compliance costs for both issuers and INEDs. Collectively, these factors may negatively impact the vibrancy of Hong Kong's financial market.

**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.**

The Consultation Paper proposes a new requirement for issuers to maintain and disclose a board skill matrix in the CG Report. While the proposed disclosure may provide transparency, it oversimplifies the multifaceted nature of assembling a high-performing board. The selection of directors involves nuanced considerations beyond just skills, such as personality, and overall chemistry and dynamics within the boardroom. The composition of an effective board cannot be adequately captured through disclosure of skills matrix.

Furthermore, there is a risk that investors might be misled by focusing solely on the skills matrix, overlooking other critical aspects of board composition, maintaining and disclosing the skills matrix would create a 'check-box' mentality. Issuers tend to appoint board members who can satisfy skill matrix compliance requirements, rather than seeking highly qualified individuals who are truly suitable for the company's development.

Such disclosures could also lead to an unfair representation of the issuers, potentially impacting their reputation and market perception, ultimately affecting stock value and investors' decisions. A more holistic approach to board member disclosure may be more beneficial and fairer to all stakeholders.

**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.**

The practice of overboarding in corporate governance refers to individuals holding an excessive number of simultaneous board positions. The impact of overboarding in

governance vary depending on factors, such as, the individual's ability to effectively manage multiple roles, their level of dedication and engagement, and potential conflicts of interest etc. It is important to note that the effectiveness of a director should not be solely determined by the number of board positions he or she holds.

In the case of NYSE and NASDAQ, the maximum number of external appointments allowed varies. For instance, companies like Apple Inc. limit directors to holding four additional appointments on publicly listed companies, while Nvidia has similar caps but allows the board or relevant committees to grant exceptions if they determine that an additional appointment will not hinder the director's ability to fulfill their duties to the listed company.

It is crucial to consider this issue in the context of Hong Kong, which faces a limited talent pool / qualified persons to be INEDs of Hong Kong listed companies, and the stringent qualification requirements imposed by HKEX on INEDs. Arbitrarily imposing a limit of six directorships for INEDs may seriously hinder issuers from onboarding and accessing the most suitable candidates, potentially having a negative impact on governance.

20. The HKEX Listing Rules set high eligibility requirements for INEDs. According to section 5.09, a director cannot serve as an INED for an issuer if they meet any of the eight specified conditions, including being a director, partner, or adviser of the company currently or within the past two years, or having a material interest in business dealings with the issuer within the past year. These existing requirements have already been challenging for issuers, particularly those in technical or specialised fields, especially common in manufacturing sectors, to recruit INEDs, where qualified and independent experts with the skills are scarce.

21. Also, according to Section 5.05 of the Listing Rules, at least one INED is required to possess suitable professional qualifications or expertise in accounting or related financial management. While Hong Kong, as an international financial centre, has developed many financial professionals, there are a total of 2,300 listed issuers on HKEX. The competition to secure “independent” financial talent is fierce, making it challenging to find a suitable candidate. Imposing additional restrictions on overboarding would only worsen this difficulty.

22. FHKI believes that the contribution of INEDs to the board cannot be solely determined by the number of board positions they hold. It is essential to evaluate their overall dedication, engagement and commitment to the board. Although we support evaluating the performance of INEDs to ensure that they are dedicated, engaged and competent and, also, to assess and disclose their assessment of each director's time commitment and contribution to the board, we do not support a mandatory approach, an annual review, in particular, we find it highly inappropriate to set a hard cap on overboarding. We should allow for flexibility in sourcing the most suitable INED candidates that are difficult to recruit. Also, we are doubtful whether nomination committee is the most appropriate committee within a listed company to conduct such an assessment.

### **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.**

Same as Question 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.**

Added to the new CG mandatory requirements on INEDs are the numerous reviews and disclosures requirements, including:

- Conducting regular board performance reviews at every two years, and make relevant disclosures;
- Maintaining a board skills matrix and make relevant disclosures;



- Requiring nomination committee to annually assess and disclose its assessment of each directors' time commitment and contribution to the board;
- Conducting mandatory annual reviews of the effectiveness of the issuer's risk management and internal control systems and requiring the relevant disclosures;
- Conducting the annual review of the implementation of an issuer's board diversity policy;
- Codifying arrangements during temporary deviations from the requirement for issuers to have different genders on the board;
- Requiring disclosure of the issuer's diversity policy and the gender ratio of senior management and workforce;
- Requiring specific disclosure of the issuer's policy on payment of dividends and the board's dividend decisions.

However, all these regulatory reviews and disclosures come at a cost, which can put small to medium-sized issuers at a disadvantage. Such regulations are not suitable for Hong Kong's diverse market, as blue-chip companies and SMEs have different needs and capabilities. Blue-chip companies, often characterized by their large market capitalization and established track record, typically have the resources to comply with stringent regulations, while SMEs may have limited resources and less mature systems and processes. Flexible regulations that take into account the unique needs and capacities of SMEs can promote their development while still ensuring necessary safeguards, such as, basic disclosure requirements and protection of minority shareholders.

FHKI believes that, in particular, the contribution of INEDs to the board cannot be solely determined by the number of board positions they hold. It is essential to evaluate their overall dedication, engagement and commitment to the board. Although we support evaluating the performance of INEDs to ensure that they are dedicated, engaged and competent and, also, to assess and disclose their assessment of each director's time commitment and contribution to the board, we do not support a mandatory approach, an annual review, in particular, we find it highly inappropriate to set a hard cap on overboarding. We should allow for flexibility in sourcing the most suitable INED candidates that are difficult to recruit. Also, we are doubtful whether nomination committee is the most appropriate committee within a listed company to conduct such an assessment.

**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.**

The tenure of INEDs is essential for them to develop a deep understanding of the company's history, values, and operations. INEDs require sufficient time to navigate the intricate complexities of both internal and external environments to effectively fulfill their INED duties. Constant turnover of INEDs can undermine board stability. Additionally, building rapport among board members can be a time-intensive process. There is no evidence that INEDs with long tenures are not independent in nature but rather they are better positioned to collaborate effectively with other board members, leading to the formulation of stronger and more strategic company policies. Imposing strict term limits on INEDs may disrupt this rapport, adversely affecting the overall efficiency of the board.

Implementing a cap on the tenure of long-serving INEDs has a similar impact to restrictions on overboarding, especially in industries that require highly specialized expertise, as commonly found in the manufacturing sector. The intricate knowledge and skills necessary for effective service as an INED in these sectors further complicate the task of identifying qualified individuals.

Notably, directors of banks and certain authorised institutions must obtain prior consent from the Hong Kong Monetary Authority (HKMA) and Insurance Authority, a process that can take up to a year to complete background checks and evaluate an application for a proposed INED. During this rather long waiting period, some potential INEDs may explore other opportunities and eventually choose not to accept the directorship. Consequently, replacing these experienced individuals becomes a costly and burdensome task for issuers, potentially resulting in a loss of valuable expertise and experience.

We strongly believe that preserving simplicity in corporate governance requirements is crucial for maintaining Hong Kong's competitiveness as a leading international financial centre. While some relatively younger markets like Mainland China, Singapore, and Malaysia have implemented strict caps on the tenure of INEDs, major stock exchanges

in key financial centres, such as, London, New York, Tokyo, and Sydney do not impose rigid tenure limits on INEDs; we, being, a key IFC should also not bind ourselves unnecessarily.

Companies listed on NASDAQ and NYSE do not strictly limit the number of terms a director can serve. Instead, they suggest tenure lengths based on the average tenure of all independent directors collectively. For instance, Microsoft recommends a 10-year average tenure for all independent directors as a group. Additionally, Credit Suisse's Proxy Voting Guidelines advocate assessing the overall tenure of the board, rather than enforcing individual director caps. If Hong Kong were to enforce such limitations, it could potentially weaken our competitive edge in the global market, leading to the migration of talented INEDs to other markets with more flexible regulations.

It is important to recognise that the effectiveness of such a cap can vary due to several factors. These factors include the personal integrity of the INED, the company's organisational culture, and the robustness of internal controls. Therefore, while tenure might serve as a helpful reference point, it should not be the sole determinant of an INED's independence.

FHKI believes that the existing requirements for the further appointment of a Long Serving INED, including, issuing a separate shareholders' resolution and disclosing the tenure length in circulars or explanatory statements accompanying the AGM notice, have been sufficient for shareholders and investors to assess the potential impact on the issuer's corporate governance.

### **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.**

Same as Question 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.**

Same as Question 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?**

No

**Please provide reasons for your views.**

FHKI believes that the existing requirements for the further appointment of a Long Serving INED, including, issuing a separate shareholders' resolution and disclosing the tenure length in circulars or explanatory statements accompanying the AGM notice, have been sufficient for shareholders and investors to assess the potential impact on the issuer's corporate governance.

**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.**

While FHKI supports the current requirement in the Corporate Governance Code to disclose issuers' gender diversity policies as part of broader efforts to enhance corporate governance standards, we have reservations about making it a Mandatory Disclosure Requirement under the Corporate Governance Code. More importantly, we must also acknowledge the potential operational challenges that may arise from mandating a gender-diverse nomination committee.

According to section 3.27A of the Main Board Listing Rules, a nomination committee should be chaired by the board chairman or an INED, with a majority of INEDs. Hong Kong issuers are working towards achieving gender diversity on their boards to comply with the new rules effective from January 2022 with a three-year transition period. As of December 31, 2023, the percentage of female directors on listed issuers' boards was 17%, and about 19% of issuers still had single-gender boards. While there is a gradual increase in female directors in Hong Kong-listed companies, these figures indicate that certain issuers, particularly in industries, including, building and construction, may face challenges in appointing qualified female INEDs. It is foreseeable that similar challenges may arise if a gender-diverse nomination committee is made mandatory.

There is a genuine concern about the availability of a sufficient pool of qualified female candidates for INED positions. In the manufacturing sector, specifically within engineering-related industries, there may be a scarcity of qualified female candidates who possess the required experience and skills to serve as INEDs. This poses additional challenges when it comes to appointing one to the nomination committee.

In fact, issuers have been facing intense competition in recruiting qualified female independent directors since the implementation of the gender diversity rule in 2022. Small and medium-sized listed issuers may struggle to remain competitive or may end up appointing inadequate INEDs to meet gender quotas, leading to tokenism and potentially harming shareholders' interests.

We believe that meritocracy is a fundamental principle of corporate governance. Nomination committee members should be appointed based on their individual skills, qualifications, and experience, ensuring the selection of the most competent individuals for effective decision-making and company success.

FHKI acknowledges the potential advantages of diversity in mitigating blind spots and improving corporate governance. However, given the existing shortage of female INEDs, it may not be the ideal time to enforce the mandatory inclusion of female INEDs on nomination committees. Instead, we strongly advocate that issuers offer comprehensive and transparent information regarding their diversity policies to investors, thus enabling the market to make informed investment decisions. It is imperative to allow the market to determine whether an issuer's board and workforce diversity have

truly added value to their portfolio and positively contributed to good governance, thereby rewarding them with investment accordingly.

As advocates for market-driven principles, we emphasise that additional disclosure requirements related to gender diversity, including, the diversity policy and gender ratio for issuers' workforce and board, should be voluntary rather than mandatory. Imposing further regulatory obligations on issuers in this regard may lead to excessive burdens and hinder their ability to align diversity policies with their specific needs and circumstances. By allowing the market to determine the demand and value for additional diversity-related disclosure, we ensure that issuers have the flexibility to showcase their commitment to diversity without undue regulatory pressure. This approach encourages issuers to go above and beyond the existing reporting requirements, highlighting their sincere dedication to fostering diversity and equality.

#### **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.**

Same as Question 11

#### **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?**

No

**Please provide reasons for your views.**

Same as Question 11

#### **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.**

Same as 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?**

No

**Please provide reasons for your views.**

Same as question 11.

**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.**

Added to the new CG mandatory requirements on INEDs are the numerous reviews and disclosures requirements, including:

- Conducting regular board performance reviews at every two years, and make relevant disclosures,
- Maintaining a board skills matrix and make relevant disclosures,
- Requiring nomination committee to annually assess and disclose its assessment of each directors' time commitment and contribution to the board;
- Conducting mandatory annual reviews of the effectiveness of the issuer's risk management and internal control systems and requiring the relevant disclosures;
- Conducting the annual review of the implementation of an issuer's board diversity policy;
- Codifying arrangements during temporary deviations from the requirement for issuers to have different genders on the board;

- Requiring disclosure of the issuer's diversity policy and the gender ratio of senior management and workforce;
- Requiring specific disclosure of the issuer's policy on payment of dividends and the board's dividend decisions.

However, all these regulatory reviews and disclosures come at a cost, which can put small to medium-sized issuers at a disadvantage. Such regulations are not suitable for Hong Kong's diverse market, as blue-chip companies and SMEs have different needs and capabilities. Blue-chip companies, often characterized by their large market capitalization and established track record, typically have the resources to comply with stringent regulations, while SMEs may have limited resources and less mature systems and processes. Flexible regulations that take into account the unique needs and capacities of SMEs can promote their development while still ensuring necessary safeguards, such as, basic disclosure requirements and protection of minority shareholders.

#### **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.**

Same as Question 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?**

No

**Please provide reasons for your views.**

Same as Question 15(a)

#### **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?**

No

**Please provide reasons for your views.**

Same as Question 15.

**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.**

We do not have a specific position on this matter.

**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.**

We do not have a specific position on this matter.

**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?**

**Please provide reasons for your views.**

We do not have a specific position on this matter.

**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.**

We do not have a specific position on this matter.

**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?**

No

**Please provide reasons for your views.**

The majority of the proposed items has the potential to complicate the existing regulatory framework and increase compliance costs for both issuers and INEDs. Collectively, these factors may negatively impact the vibrancy of Hong Kong's financial market. Therefore, HKEX should delay the implementation date until consensus between HKEX and the business community is reached.