

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below on the proposed change discussed in the Consultation Paper downloadable from the HKEx website at: <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201209q.doc>.

Where there is insufficient space provided for your comments, please attach additional pages.

1. Do you agree that the Exchange should promote board diversity?

Yes

No

Please give reasons for your views.

We consider that a diverse board can bring a range of perspectives to the board which has the potential to include and make good use of differences in skills, regional and industry experience, background and other qualities of directors.

2. If your answer to Q.1 is "yes", do you agree that our Corporate Governance Code and Corporate Governance Report is the appropriate place for the new measures on board diversity?

Yes

No

Please give reasons for your views.

We agree that the Corporate Governance Code and Corporate Governance Report is the appropriate place for any new measures on board diversity as the Corporate Governance Code currently includes the principle around board composition under CP A.3 and board diversity should be one of the factors that the nomination committee or the board should consider in relation to board composition.

3. Do you agree with our proposal to introduce CP A.5.6 (*the nomination committee or the board should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report*)? Please give reasons for your views.

Yes

No

Please give reasons for your views.

We note and support the principle that increased board diversity may serve to enhance corporate governance and improve decision-making.

However, we do not consider it necessary to establish a standalone policy on diversity of board members given the fact that it is already an established duty of the nomination committee to review the board composition in order to maintain an appropriate range and balance of skills, experience and background on the board and make recommendations to the board on the selection of individuals nominated for directorships. The approach under consultation can be embedded in the terms of reference of the nomination committee to reflect any new initiatives around diversity.

We therefore do not think it is necessary to disclose the policy concerning board diversity in the Corporate Governance Report.

4. Do you agree (i) with our proposal to introduce a note under CP A.5.6 to clarify what we mean by diversity; and (ii) with the content of the note? Please give reasons for your views.

(i)

Yes

No

(ii)

Yes

No

Please give reasons for your views.

We agree with the inclusion of the proposed note and its contents as listed issuers would have greater clarity on the definition and requirements around diversity.

5. Do you agree with our proposal to introduce a new mandatory disclosure provision in the Code stating that if the issuer has a policy concerning diversity, it should disclose details of the board's policy or a summary of the policy on board diversity, including any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives? Please give reasons for your views.

Yes

No

Please give reasons for your views.

As stated in our answer to Question 3, we do not think it is necessary to disclose the policy concerning board diversity in the Corporate Governance Report and we do not consider the establishment of measurable objectives necessary.

The nomination committee may consider various factors in the selection process of board members, such as a candidate's character, knowledge, skills and integrity as well as the board diversity. All these factors shall be considered as a whole so as to satisfy an issuer's need at the relevant time. Merely achieving the quantitative targets regarding board diversity would not be in the best interest of an issuer and its shareholders as it may lead to selection of a less suitable candidate as a director.

6. Which of the following would you prefer as the implementation date of the amendments set out in this paper?

1 January 2013

1 April 2013

1 June 2013

1 September 2013

Other, please specify and give reasons.

The proposal requires issuers to, among others, establish a policy concerning diversity of board members as well as measurable objectives, which would take considerable time. We consider that a period of half year from the publication of the consultation conclusion is a good balance for issuers to get prepared for complying with the new code provisions.

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