

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 agree that board diversity can promote better corporate governance by introducing different views to the board room. With a mix of competencies and capabilities of the Board, it facilitates critical thinking and consideration of alternative views. Wider diversity in board member characteristics would improve organizational performance by providing the board with new insights and perspectives and varied skill sets.

However, we should bear in mind that board diversity should not be achieved at the expense of board competence. Board diversity does not mean simply to recruit female or ethnic minorities as board members. Having a broader focus than just gender equity is more appropriate. An issuer should consider the overall ability of an individual but not choose someone mainly for their demographic characteristics at the expense of their general suitability. Whilst diversity is desirable, the board harmony and chemistry is also important. We believe diversity in skills, expertise, business / professional experience or qualification will be more beneficial to the board performance.

We agree that the issuers should design their own model of board diversity and determine the criteria to be applied in view of their own circumstances.

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 believe that board diversity should be promoted under the Corporate Governance Code. The listed issuers should be given the flexibility to comply with the board diversity, or if not, they should explain and give reason for the deviation.

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 agree with the proposal to establish a policy concerning board diversity, and the summary of which to be disclosed in the corporate governance report.

A publicly listed company is encouraged to be transparent and accountability. By disclosing the policy, corporate governance could be enhanced as shareholders and stakeholders can access to the information disclosed.

Moreover, this is in line with the practices in other jurisdiction such as U.K. and Australia.

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 proposal as this will be easier for listed issuers to follow.

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.

We agree with the proposal.

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.

1 January 2014.

Majority of the issuers have financial year end date on 31 December. If the commencement date would be set on 1 January, it will be earlier and clear cut for the issuers to report on policy of board diversity and the progress on achieving the objectives. Moreover, it allows sufficient time for the listed issuers to establish a meaningful policy and to adjust the board composition, if necessary.

- End -