



Rosedale

Hotel Holdings Limited
 珀麗酒店控股有限公司
 (Incorporated in Bermuda with limited liability)

18 March 2011

Corporate Communications Department
 Hong Kong Exchanges and Clearing Limited
 12th Floor, One International Finance Centre
 1 Harbour View Street
 Central, Hong Kong

BY FAX NO. 2524 0149

Re: **Consultation Paper on
 Review of the Code on Corporate Governance
 Practices and Associated Listing Rules**

Dear Sirs

We refer to your Consultation Paper on Review of the Code on Corporate Governance Practices and Associated Listing Rules, issued December 2010 ("Consultation Paper"). Terms used in this letter shall have the same meanings as those defined in the Consultation Paper.

First, we praised your continual efforts in promoting corporate governance among listed companies. As an international financial centre, Hong Kong must earnestly maintain its market quality and integrity.

We are in full agreement that INEDs must take an active interest in the issuer's affairs, obtain a general understanding of its business and follow up anything untoward that comes to their attention (paragraph 49, Consultation Paper). We also agree that an INED must devote to the issuer sufficient time and attention, using his skills, judgment and experience. As such it is important that an INED keep the issuer informed of his other professional commitments and acknowledge to the issuer that he will have sufficient time to meet his obligations to the issuer (paragraph 55, Consultation Paper). We have some concern, however, about the statement in paragraph 55 that an INED should limit his other professional commitments. Naturally, if an INED is to devote sufficient time and attention to the issuer, it goes without saying that he should critically assess the demands of his commitments and satisfy himself that he is able to devote to each of those commitments the time and attention that they require. If not, we believe that he would revise his commitment portfolio accordingly. We do not think there is an urgent need to make this as a CP.

We also fully support your recommendation that the nomination committee has the responsibility of regularly reviewing the time required from a director to perform his responsibilities to the issuer and whether, as per an INED's annual confirmation that he has spent sufficient time on the issuer's business, he has indeed done so (paragraph 53, Consultation Paper, and Questions 5 and 6). This would make clear the responsibility and accountability of both the INEDs and the nomination committees.

.../2



Rosedale

Hotel Holdings Limited
珀麗酒店控股有限公司
(Incorporated in Bermuda with limited liability)

Page 2

You have already set out clear standards expected of INEDs and nomination committees. Directors are required to make sure that they have sufficient time to meet their obligations (paragraph 40, Consultation Paper). You have also proposed requiring the letters of appointment to set out the time commitment expected of directors (paragraph 41, Consultation Paper), and that a director disclose to the board his other significant commitments at the time of his appointment and any subsequent changes to these commitments after his appointment (paragraph 41, 42, Consultation Paper). Why should these not be sufficient as guiding principles for the market? In assessing an INED's ability to devote sufficient time and attention to the issuer's business, the nomination committee must have regard to the skills and expertise of the individual INED, the skill mix and composition of the board and the general and specific needs of the issuer. This is a dynamic assessment which can only be made upon taking into account different variables. The imposition of a simplistic formula that assumes that if a director held more than a certain number of appointments then he could not be devoting sufficient time and attention would not help this assessment. To the contrary, it would limit the nomination committee's freedom in selecting the best and most suitable INED candidates. The assessment, at the end of the day, is qualitative, not quantitative.

If the concern is whether the INED has discharged his duties properly, or whether the nomination committee has properly performed its selection and assessment functions, then the solution should be put in place a framework whereby the INED and the Nomination Committee could be held to account for their performance. We believe your recommendation that an INED should confirm annually to the nomination committee that he has spent sufficient time on the issuer's business (paragraph 55, Consultation Paper), and that the nomination committee should disclose in the issuer's corporate governance report that it has received and reviewed the INED's annual confirmations (paragraph 54, Consultation Paper), would provide the necessary accountability measures.

For the above reasons, we would urge the HKEx not to set a limit on the number of INED positions an individual may hold nor limit his other professional commitments. Our pool of able and willing independent directors is already very tight. That could end up hurting issuers and their shareholders.

Yours faithfully
For and on behalf
Rosedale Hotel Holdings Limited