

## 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.

In general, diversity is a good idea and should be definitely promoted in order to avoid what the paper refers to as "groupthink". It should in theory allow the board to make more balanced decisions. However, we do not think it should be made compulsory as it may not be easy for the board to find the right candidate(s) that can satisfy the diversity in age, race or sex and at the same time have the necessary skill set and experience to provide useful inputs to the board.

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.

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.

In general, diversity is a good idea and should be definitely promoted in order to avoid what the paper refers to as "groupthink". It should in theory allow the board to make more balanced decisions. However, we do not think it should be made compulsory as it may not be easy for the board to find the right candidate(s) that can satisfy the diversity in age, race or sex and at the same time have the necessary skill set and experience to provide useful inputs to the board.

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.

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 do not think that it should be made compulsory as it may not be easy for the board to find the right candidate(s) that can satisfy the diversity in age, race or sex and at the same time have the necessary skill set and experience to provide inputs to the board. We would not support any kind of quotas : those are too dangerous. There could be a temptation to hire "diverse" directors just for the sake of complying with a new norm and could struggle to find directors with the required skills set. As investors we must be wary of board members' professionalism and competence.

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*

- End -