



08 November 2012

Our Ref: [REDACTED]

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

Dear Sirs,

Re: Consultation Paper on Board Diversity

SHINEWING Risk Services Limited ("SHINEWING") is pleased to respond to your consultation paper on board diversity and our detailed comments on it are set out in the questionnaire attached to this letter.

SHINEWING is a leading proponent of good governance both for our clients and the firm. Drawing on the wide range of our services, such as risk management, internal control review and corporate governance review services, and practical experiences, SHINEWING has maintained its leadership in the markets of China and Hong Kong over the years.

General comments

SHINEWING supports any initiative that promotes the highest professional and ethical standard and takes the view that board effectiveness is an integral part of market integrity. Therefore, we fully support greater diversity on board as a way of enhancing the effectiveness of the board and corporate governance. Diversity is an essential contributor to board effectiveness as it allows different perspectives and avoids similar attitudes prevailing.

We understand that board cohesion is important, however, to draw up the strongest conclusion about how an organisation should respond to risks it explores, there needs to be strict consideration as a whole, with as much diversity of knowledge and experience as possible. The business will suffer if every member in the board thinks the same. Clearly, diversity of board composition has the potential for contributing to diversity of thinking.

Comments of the proposed amendments on the Corporate Governance Code and Corporate Governance Report ("Code")

We agree that the Stock Exchange of Hong Kong Limited should promote board diversity through enhancing certain Code Provision ("CP") in the Code. We also support the proposal to introduce CP A.5.6, which requires nomination committee or the board to have a policy concerning diversity of board member, and the note under it. However, in order to strengthen the role and responsibility of nomination committee, such considerations of board diversity should be included in the terms of reference of nomination committee. In addition, we strongly support the mandatory disclosure provision in the Code. In particular, board should report on what steps they are taking to achieve the diversity necessary to maximise the effectiveness of the board and as part of that what consideration they have given to the balance.

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Last but not least, we believe that any changes should be brought into effect as early as possible to build on the current momentum in this area. Therefore, we prefer the implementation date of the amendments should be on 1 January 2013.

We trust that these comments are useful and would be pleased to discuss any of the points above with you in more detail. Please do not hesitate to contact [REDACTED]

[REDACTED] We wish you every success with the rest of the consultation process, and for the avoidance of any doubt this is not a confidential reply.

Yours faithfully, [REDACTED]

SHINEWING Risk Services Limited ✓

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 fully support greater diversity on board as a way of enhancing the effectiveness of the board and corporate governance. Diversity is an essential contributor to board effectiveness as it allows different perspectives and avoids similar attitudes prevailing.

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.

Corporate Governance Code and Corporate Governance Report (“Code”) set out the principles of good corporate governance. It is an appropriate place to include the new measures on board diversity.

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 to introduce the aforesaid CP A.5.6. In addition, we propose to include the considerations of board diversity in the terms of reference of nomination committee (say, in CP A.5.2) to strengthen the roles and responsibilities of the nomination committee.

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 to use a note to clarify the meaning of diversity and state the relevant factors which may need to be considered by nomination committee (or the board). The content of the note is appropriate and sufficient for readers to deliberate about its specific needs.

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 fully support the proposal in order to enhance the transparency of the listing issuers. In particular, the board should report on what steps they are taking to achieve the diversity necessary to maximise the effectiveness of the board and as part of that what consideration they have given to the balance.

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.

We believe that any changes should be brought into effect as early as possible to build on the current momentum in this area.

- End -