

## 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 the Exchange should promote board diversity towards enhanced effectiveness of the board and corporate governance.**

**In particular, we agree that diversity of board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. On gender, we note that Hong Kong has the highest percentage of female executive directors among 7 Asia-Pacific countries according to a recent research study, detailed in paragraph 22 of the consultation paper.**

**Given the above, we agree that it is not appropriate for the Exchange to restrict the definition of diversity or set a quota. Instead, we believe that the Exchange should promote board diversity as recommended best practice, thereby allowing discretion to individual issuers to set appropriate strategies or policies according to their own perspectives, taking into account any industry-specific guidelines (for example, Supervisory Policy Manual module CG-1 Corporate Governance of Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority), their own business model and specific needs.**

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.

**The new measures could be included in the Corporate Governance Code and Corporate Governance Report as recommended best practices.**

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 are of the view that issuers should have discretion in disclosure of board diversity having regard to their own perspectives. The format could include a policy and/or approaches and practices adopted during the reporting period.**

**We also suggest, every listed corporation should be recommended to disclose on its own corporate website a statement setting out the board diversity objectives for its own business and industry which the listed corporation operates and how the listed corporation is going to achieve them.**

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.

**The additional note would give issuers a general guidance on the meaning of 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.

**We do not support mandatory disclosure for the reasons given in Question 1. Moreover, certain criteria for considering diversity may not be easily measured and quantified. Each issuer should be afforded the opportunity to ensure the best fit for all board positions and that a meritocracy based approach should prevail. Continuing disclosure in this respect does not help achieve such board diversity objective.**

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 suggest to implement the proposals as recommended best practice after 2013 in order to allow sufficient time for listed issuers which have diverse business models and scale of operation to get prepared.**

- End -