

Signature (with Company Chop if the response represents company view)

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.

Board diversity can be seen as an extension to equal opportunity of employment. Therefore, the same reasons to enforce equal opportunity in the work place should also applicable 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.

Using “rules” to enforce board diversity is inappropriate as board diversity itself does not serve for the main purpose of Listing Rules which are to promote fair trading and protect investor interest. Using “comply or explain” allows listed companies to practice board diversity at their own pace and situation, and at the same time permit companies to disclose rationale behind their position 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.

Shareholder communication policy or its summary is currently not required to disclose in the corporate governance report. Board diversity policy should not be weighted as a more important matter than shareholder communication by way of mandatory disclosure. Nonetheless, nomination committee or the board should confirm whether or not it has a policy on board diversity so shareholders can be informed.√

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.

Providing a clarification may seem to restrict the scope of board diversity. Nonetheless, such clarification is necessary for the same reasons of defining what constitute “equal opportunity” in the work place. If the concern for not providing a clarification is mainly due to the difficulties to include all possible attributes of “diversity”, it can be resolved by including a “not limited to” phrase.

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.

The consideration is similar on why listed companies should or should not disclose measurable objectives on matters such as “implementation of business plan” or “effectiveness of internal control”. While board diversity may enhance corporate governance, enforcing disclosure in great detail may not necessary enhance fair trading or protecting minority shareholders.

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.

The last round of addition to listing rules and corporate governance matter together with the new disclosure of inside information requires listed companies to add or adjust resource to ensure compliance. While we support board diversity, we believes listed companies will likely face some difficulties in practice (such as recruiting qualified women directors) and therefore should allow companies with more time to comply.

- End -