

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 understand board diversity has become an international trend and we would agree to the notion of promoting it so long as it would not compromise the competency and integrity of the board as a whole. Having said that, it is of our view that the notion of diversity must be broad and non-restrictive and should not attempt to impose any onus on listed issuers to appoint certain type of persons. Directors must be appointed by virtue of their own merit. The qualification, experience and value they bring to the board should take precedence to other attributes. Directors owe their duties to the company and fiduciary duties to shareholders and such duties are binding regardless of gender, race or nationality.

It follows that we agree to the Exchange's approach of adopting a broader view of diversity, similar to that of the U.S., but not fixated on a particular attribute, such as those mentioned above.

We would disagree with setting any quota or ratio for any types of persons in the future. To arbitrarily set a number or percentage as such would be too prescriptive and interfering in the listed issuers' business.

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.

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 the proposed CP A.5.6

We agree to the note under CP A.5.6 to a large extent especially where it says board diversity differs according to the circumstances of each issuer. But when it comes to listing out the factors: gender, age, cultural and educational background, or professional experience in the note itself, we think that gender and age should not get mentioned before other factors, for this gives an undue impression that these are more important than the other factors, such as professional experience. It is our view that among these factors, professional experience and educational background are probably more relevant to a company's success than gender and age. We therefore caution that such impression should be avoided.

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 agree to the mandatory disclosure provision in the Code as proposed; what we have issue with is the concept of measurable objectives. What this phrase refers to is not exactly clear to us. As stated above, we disagree to the setting of any quota or ratio. Including the notion of measurable objectives here might be construed as requiring companies to set a number or percentage for any particular type of persons. We think this should be discouraged and therefore the phrase measurable objectives should not be included.

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.

This is so that disclosure of any diversity policy would appear in annual reports that are published from January 2014.

- End -