



9 November 2012

Corporate Communications Department

Hong Kong Exchanges and Clearing Limited

12th Floor, One International Finance Centre

1 Harbour View Street

Hong Kong

Dear Sir / Madam

I strongly support the amendments proposed by Hong Kong Exchanges and Clearing Limited (HKEx) to the Corporate Governance Code and Corporate Governance Report regarding board diversity.

Board is the most important decision body in corporate context. The benefits of a diverse board are well demonstrated by academic research and well presented in HKEx's consultation paper on board diversity. There is no doubt about the need to promote board diversity.

I am glad that the consultation has not focused on board gender diversity but to allow issuers to define board diversity based on their business model and specific need. However, "diversity of perspectives" can be too broad a concept. Given that such measurable dimensions as gender, age and race are some of the important dimensions for board diversity, the HKEx should consider requesting compulsory disclosure of these targets. Nevertheless, for the cost of compliance, this demand should be applied only to large-sized companies.

As documented in the consultation paper, regulation bodies around the world, particularly in the West, have initiated reforms to improve board diversity. Even Singapore and Malaysia in Asia have acted to promote board diversity. Hong Kong is obviously lagging behind. There is urgency to implement the proposed amendments. However, to allow the issuers some time to prepare for the changes, it is suggested that 1 June 2013 be the implementation date.

Please also find below my response to the questionnaire.

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.

Empirical evidence points to the fact that board diversity enhances corporate performance and ensures better decision making.

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 introduction of a code provision subject to “comply or explain” is appropriate for the Hong Kong context.

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.

I agree that it should be left to issuers to determine their board diversity policy.

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.

This leaves room for issuers to address board diversity based on their 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.

But only for large-cap companies due to cost of compliance for small to medium sized companies.

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 would strike a balance between addressing the urgency of board diversity while allowing issuers some time to prepare for the changes.

- End -