

From: [REDACTED]
Sent: Friday, November 02, 2012 9:22 PM
To: [REDACTED]
Subject: Consultation Paper on Board Diversity [Personal]

Re: Consultation Paper on Board Diversity

Q.1 Do you agree that the Exchange should promote board diversity?

A.1 Absolutely.

Q.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?

A. 2 Yes

Q.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.

A. 3 Agree

Unfortunately without an appropriate framework and guidelines in place, Hong Kong companies will continue to operate without the necessary diversity, be it of age, gender or qualifications, required to ensure that matters discussed at board level are subject to wide ranging points of view and assessed under diverse criteria. With regard to the current paucity of females on boards, there is a lack of common sense and sensitivity towards certain issues that would be addressed if boards were to reflect the actual gender balance in the community. Women tend to be more cautious and have higher ethical standards in general.

Q.4 Do you agree with our proposal to introduce a note under CP A.5.6 to clarify what we mean by diversity and do you agree with the content of the note? Please give reasons for your views.

A. 4 Agree

Every company offers particular services or products geared in some cases towards the general market and in others to niche markets. The board should therefore include members who have an understanding of the dynamics that govern its market. For example a company involved in the grocery business is very foolish not to have a number of women on its board as they generally make the bulk of decisions at the supermarket. Hi-tech companies would benefit from the input from more youthful directors who understand and embrace new technologies. Manufacturing companies relying on large numbers of blue collar workers could do with feedback from a director who has experience of what happens on the factory floor and the consequences of engaging in repetitive routines for long periods. Many companies would benefit from exposure to the view point of a consumer or 'man in the street' who could quickly identify features that are not apparent to somebody from a more exalted background, for example a person who uses public transport every day.

Q.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

A. 5 Agree

Investors and their agents, pension funds and such, are taking an increasing interest in the operations of the companies they invest in and questioning the ethics of these firms and their stance with regard to issues such as environmental protection, exploitation of workforce, the origins of raw materials used, etc. This change has been brought about to a great extent by the advances in technology. Years ago one had to rely on year end and media reports and indepth information on corporations was difficult to source and time consuming. However all one has to do now is to enter a few key words in a search engine and click onto the many links. Listed companies have to move with the times, they can no longer hide behind the 'we know best mentality' that was so pervasive. The influence of social networking is enormous and negative news can spread like wildfire and sometimes engulf what appeared to be an impregnable giant. In many ways the world has become more judgemental and expects very high moral standards. Diversity on the board would ensure that proposals are examined from many angles and possible pitfalls or misjudgements could be avoided through enlarging the gene pool of the board.

HKEX must move with the times and drag our listed companies into the realities of the advanced information age.

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