

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 to ensure Hong Kong as a global financial centre with the highest standard of corporate governance. European countries are the most advanced in the introduction of formal approaches to board diversity. We understand that Australia, Singapore and the U.S. have also introduced regulatory measures on this same issue.

One could refer to well documented benefits of board diversity from publications/studies by the Financial Reporting Council, UK on “Gender Diversity on Boards” and Credit Suisse’s “Gender Diversity and Corporate Performance”. Furthermore, Hong Kong possesses a sophisticated and educated labor force. Women accounted for almost half of the labor force⁽ⁱ⁾ and 33% of senior management positions⁽ⁱⁱ⁾. Hong Kong has ample opportunity to support diversity and address the issue of under-representative of women on boards.

We firmly believe that diversity practice would reinforce Hong Kong’s competitiveness and attractiveness as a world-class financial hub.

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.

We agree that the Corporate Governance Code and Corporate Governance Report is the appropriate place for the new measures on board diversity. We understand that both UK and Australia have adopted similar approaches. This approach would be consistent with international 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 agree to this approach. The inclusion would not only promote transparency but ensure boards give adequate consideration to promoting board diversity by specifying in their policies.

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.

(i) We agree to the proposal to clarify diversity as there would be no misunderstanding. Furthermore, this would encourage consistent practice in the Hong Kong business community.
(ii) We agree with the content of the note which explains that diversity incorporates a number of factors including, but not limited to, gender, age, cultural and educational background, and professional experience.

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.

DHR International agrees with the proposed introduction of a mandatory disclosure provision. This approach reinforces transparency and accountability to shareholders and the community.

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 hope the suggested date would ensure there is a sense of urgency on the issue.

i Census and Statistics Department, *Women and Men in Hong Kong: Key Statistics*, 2012

<http://www.statistics.gov.hk/pub/B11303032012AN12B0100.pdf>

ii Grant Thornton, *Women in senior management: Still not enough*, www.internationalbusinessreport.com/files/ibr2012%20-%20women%20in%20senior%20management%20master.pdf

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