

2nd November, 2012

Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central,
Hong Kong

Re: Consultation Paper on Board Diversity

Dear Sir/Madam,

**Re: Consultation Paper on the Board Diversity
– September 2012 (“the Consultation Paper”)**

Whilst we support the overall objectives of the Consultation Paper, our major concerns and views over the proposal are stated below.

Question 1

Do you agree that the Exchange should promote board diversity?

Yes. As revealed in the Report “Increasing Gender Diversity on Boards: Current Index of Formal Approaches” by Catalyst in April 2012, many Governments and businesses across the globe recognise the importance of board diversity and to ensure its implementation, legislations and regulations have been enacted in some countries. To avoid lagging far behind from these countries, the Exchange should also promote board diversity.

The potential benefits of board diversity as listed in Chapter 2 of the Consultation Paper are much appreciated.

Question 2

Do you agree that our Corporate Governance Code and Corporate Governance Report is the appropriate place for the new measures on board diversity?

Guardian

Yes. Clear provision in the Corporate Governance Code (the "Code") and Corporate Governance Report (the "Report") can ensure smooth implementation of the policy and its effectiveness.

Question 3

Do you agree that our proposal to introduce CP A.5.6?

Yes, it gives the board a clear direction as to how to set up the policy.

Question 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?

Yes, we think the note gives clear guidance for listed companies as to how to achieve the target. Similar to the US's SEC, "diversity" has not been defined because issuers may consider diversity in different ways. This also allows flexibility where issuers can exercise their discretion in view of their circumstances.

Question 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?

No. Introducing a mandatory disclosure provision may have similar impacts as imposing quotas. Issuers may appoint family members or some "trophy directors" so as to achieve the "measurable objectives". To avoid this problem, the disclosure provision could be made optional, instead.

Question 6

When would you prefer as the implementation date of the amendments set out in this paper?

Guardian

We suggest that the implementation date could be 1 year from the date when the Exchange will have made the final amendment to the relevant provisions, in order to give the listed companies adequate time to work out their own approach.

Should you have any questions pertinent to the foregoing, please feel free to contact the undersigned at [REDACTED] or [REDACTED]. Thank you very much.

Yours faithfully
For and on behalf of

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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