

***SHEK LAI HIM, ABRAHAM
TONG WUI TUNG***

15 March 2011

BY EMAIL: response@hkex.com.hk
AND BY POST

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

Dear Sirs,

Re: Consultation Paper ("CP") on Review of the Code on Corporate Governance
Practices and Associated Listing Rules December 2010

We write to express our views on Question 11 of Consultation Questions listed out on page 12 of the Consultation Paper. We do not consider that there should be a limit on the number of INED positions an individual may hold. Our reasonings are as follows:-

1. The basic and fundamental attribute of an INED is that he will be able to exercise independent judgement if and when required. To this end, he must be able to "give sufficient time and attention to the issuer's affairs".
2. Whether an individual INED is able to give sufficient time and attention to the issuer's affairs will best be judged by the individual himself as well as the Issuer concerned.

3. If either the individual or the Issuer is not satisfied that the individual is able to devote the necessary amount of time and attention to the affairs of the Issuer, then the individual should not be appointed in the first place or should resign when he discovers he cannot discharge his duties properly due to time constraint.
4. No individual will put his reputation or wealth at risk lightly, given the position of INED does carry potential liabilities, legal or otherwise.
5. Similarly, no Issuer will make an appointment lightly if the board is not wholly satisfied with the suitability of a candidate. Not only will all confidential information of the Issuer be passed onto an INED, the INED's competence to discharge his duties will also have great impact on the Issuer.
6. Further, it is difficult, if not impossible, to assess the suitability of an individual simply by taking into account the number of directorship as an INED in other Issuers. Some people may be endowed with the ability to grasp fundamentals very quickly, whilst some may prefer a slower pace and hence a more time-consuming approach. Some Issuers will be well endowed with professional staff to give full briefing and support to their INEDs concerned while other Issuers will be less endowed.
7. There are so many other relevant factors, such as education level, health or experience, which may affect the suitability of a candidate. It is therefore obvious that a rigid number of directorships held should not and cannot be the determining consideration.
8. In fact, it is rightly pointed out in paragraph 39 of the CP that to put a limit on the number of INED positions a person can hold may unfairly penalise competent, diligent INEDs. Further such limit may unfairly penalise well run and well endowed Issuers (and their shareholders) from having the best calibre INED to help in their rare but conceptually difficult cases. Indeed, it should be up to the Issuers to decide on the right mix of INED attributes that suit them best.
9. Further, the same paragraph goes on to say that as at 31 August 2110, only 1.4% of all INEDs hold more than 5 INED positions and 0.8% hold more than 5 directorship positions.
10. So far, it is not known, or at least not demonstrated in the CP, that there have been cases of derelict INED by reason of their holding too many INED positions.

11. The concerns over the number of Independent Non-Executive directorships held by an individual in some quarters may simply be misconceived.
12. Lastly, the International Covenant on Economic, Social and Cultural Rights is applicable to Hong Kong under the Basic Law and the right to work as recognised thereunder should not be undermined without good justification.

Thank you for your attention.

Yours faithfully,