

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.

A Board should represent the diversity of its stakeholders, including its staff, customers, shareholders and investors.

A growing body of research proves that diversity of background, experience and views creates better decision making and enhances business performance.

An increasing number of governments and companies recognise that a diversified board improves corporate governance which is a key element for financial stability.

As the Exchange has noted in this Consultation Paper, many markets have made significant stride in advancing corporate governance standards. Investors are factoring in corporate governance in their valuation of companies.

As an international market, it is imperative for Hong Kong to move in line with the global market developments on corporate governance, endorsed by supranational organizations, such as OECD.

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.

This phase approach is appropriate as this provides options and flexibility for a company to work out what will be appropriate for it; and is consistent with the “comply or explain” regime in HK.

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 support the introduction of CP A 5.6 because accountability and transparency are key to good corporate governance.

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) The proposed note under CP A 5.6 strikes a good balance in providing some criteria but not overly prescriptive. This permits the board to tailor make the right policy and framework that suit the company's profile and corporate governance needs.

(ii) Board diversity will differ according to the circumstances of each issuer. Board diversity is about board members bringing diverse perspective to the board. Diversity of board members can be achieved through appointment of board members from different backgrounds and can be achieved through consideration of a number of factors including but not limited to gender, age, culture, race and ethnicity, nationality, disability, sexual orientation, gender identity, religion, educational background or professional experience. Each issuer should take into account its own business model, sustainability of its business and specific needs and disclose the factors it uses and the rationale for using such factors in selecting board members.

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.

It is important for the market and regulators for the policy and progress to be transparent.

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.

- End -