

6th November 2012

Sent by Email and by Mail

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

Dear Sir or Madam,

Re: Consultation Paper on Board Diversity

The Hong Kong Society of Financial Analysts (HKSF) is grateful for the opportunity to comment on the Hong Kong Exchanges' consultation paper on board diversity.

The HKSF supports initiatives that promote the highest professional and ethical standards and advocates greater transparency and accountability.

To that end The HKSF believes that the board should strive for a diversity of backgrounds, expertise, and perspectives. The effectiveness of the board will be determined by having the appropriate diversity of skill sets through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. After taking into account the company's own business model and specific needs, if the resulting appropriate mix of skill sets results in higher representation of certain sectors of society that are currently under-represented on boards, then this is a welcome potential benefit.

Based on our positions, we state our comments to the specific questions set out in the Consultation Paper as follows :

Q1. Do you agree that the Exchange should promote board diversity?

Yes, we agree that the Exchange should promote board diversity with an aim of improving the quality and functioning of corporate boards.

Q2. 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, we agree that your Corporate Governance Code and Corporate Governance Report is the appropriate place for the new measures on board diversity.

Q3. Yes, we agree that your Corporate Governance Code and Corporate Governance Report is the appropriate place for the new measures on board diversity.

Yes, we agree with your proposal to introduce CP A.5.6. As mentioned, with more investor focused, it is important to increase transparency at the board level. It is appropriate to give the issuer the option to either comply with the provision or to explain non-compliance in its corporate governance report.

Q4. Yes, we agree with your proposal to introduce CP A.5.6. As mentioned, with more investor focused, it is important to increase transparency at the board level. It is appropriate to give the issuer the option to either comply with the provision or to explain non-compliance in its corporate governance report.

Yes, we agree with your proposal to introduce a note to clarify the general meaning of diversity. A loose definition is preferred as diversity should be considered in various ways to reflect different perspectives in a broader sense based on the issuer's specific needs.

Q5. 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.

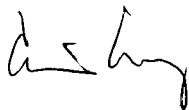
Yes, we agree with your proposal to introduce a new mandatory disclosure provision in the Code stating that if the issuer has a policy concerning diversity, it should disclose details of the board's policy or a summary of the policy on board diversity. This is in line with our view under Q.3.

Q6. Which of the following would you prefer as the implementation date of the amendments set out in this paper?

- (i) 1 January 2013
- (ii) 1 April 2013
- (iii) 1 June 2013
- (iv) 1 September 2013
- (v) other (please specify)

We believe that a 6-month period for the implementation of the amendments should be sufficient.

Yours Sincerely,
For and on behalf of
The Board of The Hong Kong Society of Financial Analysts



Cheri Wong, CFA
Chief Executive Officer