

IoD Conference 9. 4. 2008

Speaking Notes of Eric Li

I. Happy Board a trick questions?

Happiness carries many shades of meanings:

- Jovial, High Spirit, Harmony
- Content, Blissful, Comfortable, Satisfied
- At ease, Trouble free, Effortless, Undemanding, Straight forward and Uncomplicated.

- Wonders how many in audience would associate "happiness" with attending a Board Meeting or Audit Committee Meeting. When I am usually "armed with questions (not funny jokes)" and I am "poised to challenge (not deferral) to the Executive decisions" with alternative thinking and other possible solutions. In short, I have every intention to pick holes from their decisions, if needed be.

II. Queue from the IoD that INED should be more obedient and less difficult? Marketing Material provides clearer clues. Meeting would hear about "The essential attributes of an effective and constructive INED". Quick Answer to that: Are then Both sides "Executive & INED" would have to walk hard to create happiness. It takes two to Tango.

III. Successful Structure and INED Role

1. Same team in competitive environment, more common goals than differences, remember that the true foe is out there and not inside the Boardroom. Clearly understand common goals and early agreement on a strategic plan;
2. Know clients business makes efforts to appreciate and not fall too far behind the expertise of the business that the executive is trying to run;
3. Not to assert own solutions and management views, not try to replace management but advice and add value broaden their perspectives and increase the depth of their decisions; Ultimately, judge only the honesty, reasonableness and integrity of the management and not to impose our own judgment on every judgment call of the Executives.
4. Different roles of each other must be understood and respected and maintain good lines of communication; (Do not think necessarily best to become too cozy and comfortable- other directors not happy with long meetings of due diligence); Good Corporate Governance Structure provides the minimum environment conducive to such kind of effective exchange;
5. Reasonable assertion of duties and rights; Helps to explain your questions and the objective trying to achieve;
6. INEDs help to know each other and share experience. Enjoy learning from other INEDs.

Management Role

1. Pack the agenda with interesting agenda; High Energy and Spirited contribution, must do more than just going through with formalities and following compliance procedures; need thinking out of this box.
2. Encourage others to contribute. Load the paper with questions for advice;
3. Share challenges with INED friendship/comradeship are best fostered during hard times and sharing common goals; not just over cocktails, dinners and a game of golf;
4. Do not hesitate to call on INED, phone call and cup of coffee are welcome; Happy Board is much more than happy Board Meetings;
5. Very much in the hands of major shareholders to enforce discipline and impose values on the management team: clear and undisputed leadership, transparency and integrity
6. 5. Conflicts within the Executives or fundamental differences in philosophy and views, Good Corporate Governance helps to resolve conflict but will not in itself foster team spirit and a spirit of enterprise, INED needed skills to mediate.

Different Models

1. International- Clear rules and roles of INED respected as part of the professional team;
2. Family control-need to truly believe in the positive influences and professional advice from INEDs especially on succession plans and professional management and discipline;
3. H shares- still a culture gap as still very much executive led. Greater skill demanded both diplomacy and saying no in a firm and reasonable manner;