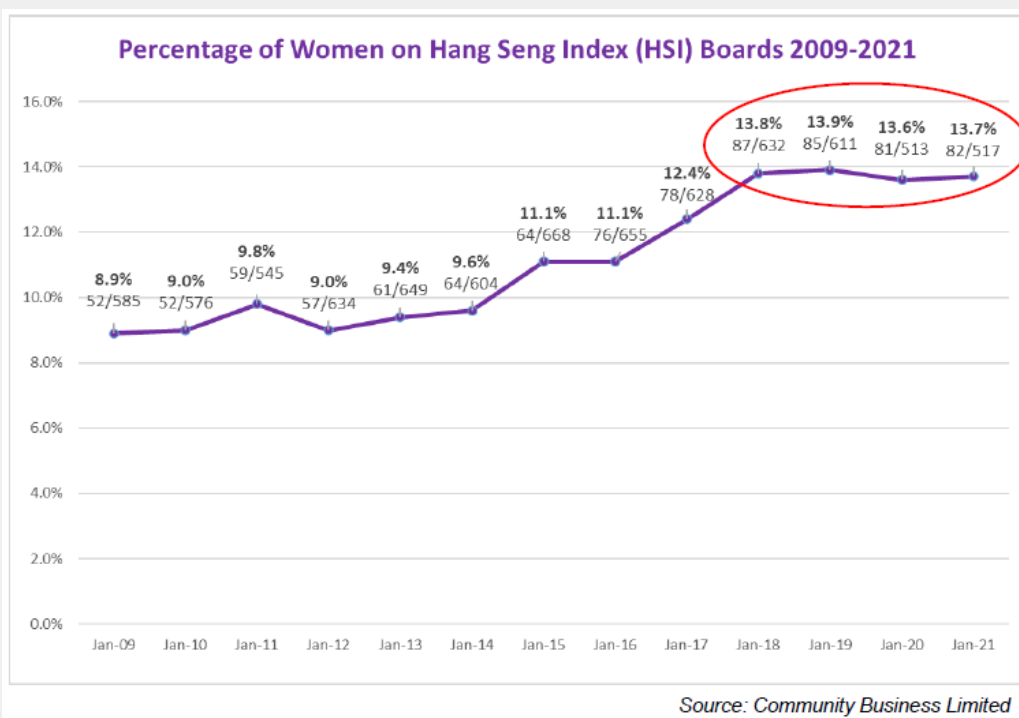


Board Diversity Hong Kong - HKEx consultation

Dear Signatories and Supporters,

It was nice to reconnect with you at our last Board Diversity Investors Initiative meeting on Monday May 17th, 2021.

We reviewed the most recent data on gender diversity on public company boards in Hong Kong, which show that female representation on Hong Kong boards has remained stagnant, while other countries, especially in the region, are progressing. As of January 2021, there are only **13.7%** women on the boards of Hang Seng Index companies. This number has only increased by 4.3% since 2013. Approximately one-third of all issuers are still without a single woman on their boards. It should be a matter of deep concern that for too long Hong Kong has lagged far behind other global financial centres and increasingly behind our neighbors in Asia, too.



Diverse boards are also a proxy for, and a visible indicator of, high quality corporate governance. In times of increased volatility due to Covid-19 and geopolitical factors, it is even more important that Hong Kong embraces a strong corporate governance regime and rises to international best practice to maintain Hong Kong's position and reputation as a leading global financial centre.

The time for action is now. We welcome Hong Kong Exchanges and Clearing's (HKEx) Consultation Paper on the Review of the Corporate Governance Code, covering a range of important corporate governance issues, including board gender diversity, and addressing a number of our long term advocacy areas. Single gender boards will no longer be acceptable (with a 3-year transition period) and companies are asked to set targets and timelines for gender diversity at board level and across the workforce. Signatories are strongly encouraged to [submit both organization's and individual responses before June 18th](#). We discussed the HXEx Consultation and signatories' views during our meeting, with some recommendations emerging when replying to the [questionnaire](#):

- Support the proposals by answering "yes" to questions 6a, 6b, 6c and 6d regarding:
 - Ending single gender boards,
 - Targets and timelines for gender diversity,
 - Annual reviews of board diversity.
- Responses to the consultation ("give your reasons for your views" section of questions 6a, 6b, 6c and 6d) should highlight the sense of urgency and challenge on the speed and scale of the change: preference for specific diversity targets, and accountability;
- Responses can extend the diversity targets to senior management, from the board to the company's management;
- Consultation submissions to the exchange need to vary somewhat or they will all be counted as one.

Consultation Questions

- Question 6(a)** Do you agree with our proposal to highlight that diversity is not considered to be achieved by a single gender board in the note of the Rule?
- Question 6(b)** Do you agree with our proposal to introduce a MDR requiring all listed issuers to set and disclose numerical targets and timelines for achieving gender diversity at both: (a) board level; and (b) across the workforce (including senior management)?
- Question 6(c)** Do you agree with our proposal to introduce a CP requiring the board to review the implementation and effectiveness of its board diversity policy annually?
- Question 6(d)** Do you agree with our proposal to amend the relevant forms to include directors' gender information?

"CG Code"	Corporate Governance Code under the Code
"CP(s)"	Code Provisions under the CG Code
"MDR(s)"	Mandatory Disclosure Requirements

Source: HKEx

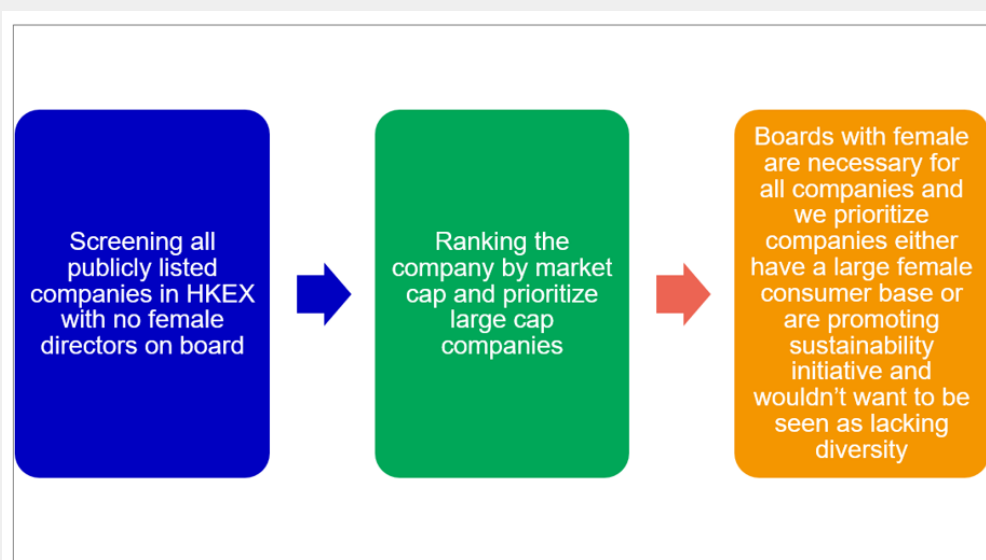
We had the pleasure to have [30% Club HK](#) several steering committee members and The Women's Foundation ([TWF](#)) members attend our last meeting. We encourage you all to review the [30% Club and TWF guidance](#) on the HKEx consultation submission on the Review of the Corporate Governance Code, which includes detailed guidance for each question and a summary of the main points on which TWF and 30% Club HK are aligned.

Our common goal is to help drive momentum for as **many submissions as possible** by releasing this guidance to a wide group of stakeholders. Please use any of this material if useful and do carefully respond to all the questions in the questionnaire for your submission to carry its full weight. Even if you fully agree with our recommendations, we suggest to edit your answers slightly, to ensure that the wording is different enough to be accepted by HKEx. Otherwise it will be treated as one submission and have less impact with the regulator.

Change is only achieved through collective efforts, so we hope you will join us to help Hong Kong achieve greater gender diversity at all levels and in all companies. **Do feel free to forward this on to other interested parties, organisations and networks.**

If you would like to participate in a discussion on the Consultation or have any queries please contact us (info@boarddiversityhk.org) or the 30% Club (30percentclub@twfhk.org). The 30% Club would be happy to bring a small group or groups together to discuss these issues and members of the 30% Club regulatory working group are standing by to advise on any issues you have.

Finally, as part of our ongoing effort to engage with investee companies regarding diversity, Manulife Investment Management suggested an engagement target list of Hong Kong companies with zero women on the board, using the following filtering:



Highlighting the following 20 companies:

Name	Sector	Ticker	ISIN	Market cap	No of directors	INE	INE ratio	Mean age in 2021	Comments	
Meituan	Consumer Discretionary	3690 HK Equity	KYG598691041	1,738,581	8	3	0.375	49	Large female and young consumer base in China	
China Mobile Limited (HK)	Communication Services	941 HK Equity	HK0941009539	1,097,488	8	4	0.5	62	Large telecom with female consumer base	
Kuaishou Technology	Communication Services	1024 HK Equity	KYG532631028	1,078,198	9	3	0.333	46	Large social platforms with female consumer base	
Xiaomi Corporation	Information Technology	1810 HK Equity	KYG9830T1067	537,316	7	3	0.429	55	Large phone and IT producer with female end users	
ANTA Sports Products Limited	Consumer Discretionary	2020 HK Equity	KYG040111059	339,288	9	3	0.333	56	One of the largest Chinese sports producers and wider female consumer base	
CHINA RESOURCES LAND LIMITED	Real Estate	1109 HK Equity	KYG2108Y1052	277,750	15	5	0.333	56	Growing Chinese female property buyers and increasing impacts on property buying decision making	
BYD COMPANY LIMITED	Consumer Discretionary	1211 HK Equity	CNE100000296	201,216	6	3	0.5	56	Growing driver numbers in China especially female drivers. Literature shows female tend to favor EV	
CHINA MENGNIU DAIRY COMPANY LIMITED	Consumer Staples	2319 HK Equity	KYG210981051	182,406	10	4	0.4	58	Growing housewives consumer base	
Sunac China Holdings Limited	Real Estate	1918 HK Equity	KYG8589A1087	158,092	12	4	0.333	52	Growing Chinese female property buyers and increasing impacts on property buying decision making	
Zhongsheng Group Holdings Limited	Consumer Discretionary	881 HK Equity	KYG9894K1085	128,089	12	4	0.333	56	Zhongsheng imports and retails primarily luxury and mid- to high-end automobile brands. Large and growing female consumer base	
XINYI SOLAR HOLDINGS LIMITED	Information Technology	968 HK Equity	KYG9829N1025	125,444	9	3	0.333	59	Supports sustainability initiatives	
CSPC PHARMACEUTICAL GROUP LIMITED	Health Care	1093 HK Equity	HK1093012172	114,828	14	5	0.367	55	Health Care	
WH Group Limited (KY)	Consumer Staples	288 HK Equity	KYG980071028	105,873	9	3	0.333	59	Provide meat products to both China and America. Large female consumer base	
Power Assets Holdings Limited	Utilities	6 HK Equity	HK0008000050	95,935	11	4	0.364	68	Complements CA100+ engagement	
China Conch Venture Holdings Limited	Industrials	588 HK Equity	KYG2116J1085	65,964	8	3	0.375	59	Supports sustainability initiatives	
CIFI Holdings (Group) Co. Ltd.	Real Estate	884 HK Equity	KYG2140A1076	62,888	9	3	0.333	57	Real estate	
KWG Group Holdings Limited	Real Estate	1813 HK Equity	KYG532241042	43,192	7	3	0.429	58	Real estate	
Far East Horizon Limited	Financials	3380 HK Equity	HK0000077488	36,561	11	4	0.364	60	Financial leasing with equipment base for healthcare, education, infra, shipping, and industrials	
China Longyuan Power Group Corporation Limited	Utilities	916 HK Equity	CNE100000HD	4	32,031	8	3	0.375	59	Supports sustainability initiatives
Zhenro Properties Group Limited	Real Estate	6158 HK Equity	KYG9897E1098	22,625	7	3	0.429	47	Real estate	

You can find the full list of companies with no female directors [here](#), as shared by to [Eric Nietch](#) and [Yijin Guo](#) from Manulife Asset Management. Please reach out directly Eric and Yijin if you would like to share direct engagement efforts with those companies.

Finally, here is the full set of [slides](#) we used during the meeting. Stay safe and looking forward to hear from you!

Warm regards,

Nasrine

<https://www.boarddiversityhk.org/>

CONTACT

Email: info@boarddiversityhk.org
www.boarddiversityhk.org