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September 2014

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The journal of The Hong Kong
Institute of Chartered Secretaries

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Managing board egos

Preparing the annual report



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An organisation's culture is defined by the sum of its behaviours. Trade-offs are often made – for example, what takes priority – profit or customer? Having confidence that your people are making the right decision at key moments is fundamental to the success of your business. As such conversations about the impact of culture, conduct and behaviours need to be taking place at board level.

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About The Hong Kong Institute of Chartered Secretaries

The Hong Kong Institute of Chartered Secretaries (HKICS) is an independent professional body dedicated to the promotion of its members' role in the formulation and effective implementation of good governance policies in Hong Kong and throughout China, as well as the development of the profession of the Chartered Secretary. The HKICS was first established in 1949 as an association of Hong Kong members of the Institute of Chartered Secretaries and Administrators (ICSA) of London. It became a branch of ICSA in 1990 before gaining local status in 1994, and today has over 5,800 members and 3,200 students.

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September 2014

CSj, the journal of The Hong Kong Institute of Chartered Secretaries, is published 12 times a year by Ninehills Media and is sent to members and students of The Hong Kong Institute of Chartered Secretaries and to certain senior executives in the public and private sectors.

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Circulation: 9,100
 Annual subscription: HK\$2600 (US\$340)
 To subscribe call: (852) 3796 3060 or
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 ISSN 1023-4128

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Guardians of governance

Later this month, delegates will be gathering at the JW Marriott Hotel for the Institute's ninth biennial Corporate Governance Conference (CGC). Our CGCs have gone from strength to strength over the last 15 years, and the event this year is shaping up to be the highest-profile event we have ever organised. We are fortunate to have on board a very distinguished cast of speakers and panellists from a wide range of professional and geographical backgrounds, including: Anna Wu, Chairperson of the Competition Commission and of the Mandatory Provident Fund Schemes Authority; Gilles Hilary, the Mubadala Chaired Professor in Corporate Governance and Strategy at INSEAD; Anthony Rogers, former Vice-President of the Court of Appeal; Mark Dickens, Chief Executive Officer of the Financial Reporting Council; and Anthony Neoh, Senior Counsel at the Hong Kong Bar.

In addition, we have the benefit of the insights and experience of the top representatives of our regulatory bodies in Hong Kong, including: Ada Chung, Hong Kong's Registrar of Companies; Carlson Tong, Chairman, Ashley Alder, Chief Executive Officer and Michael Duignan, Senior Director, Corporate Finance, of the Securities and Futures Commission; and David Graham, Chief Regulatory Officer and Head of Listing, and Stephen Brown, Deputy Chairman, Listing Committee, at Hong Kong Exchanges and Clearing Ltd.

This year's CGC comes at a very interesting time for our Institute and

our profession. In the current business environment, the bar is rising for everyone involved in corporate governance – directors, regulators and professional practitioners included. This is reflected in our conference theme – 'Changing rules, changing roles, managing it all'.

The first two parts of this formula, 'changing rules, changing roles', were covered in detail in last month's journal, but in this special conference edition of CSj, I would like to address the final part – 'managing it all'. The meaning of this phrase might be less apparent than the 'changing rules' and 'changing roles' components of our conference theme, but it offers a vital synthesis to the formula and reminds us of the need for someone in the organisation to take the overall responsibility for managing the governance agenda. Someone needs to be responsible for 'managing it all' and that someone has increasingly become the company secretary.

This does not mean that company secretaries bear the ultimate responsibility for companies' corporate governance standards. Directors have the ultimate responsibility for ensuring good governance, but, given this hefty responsibility, directors are increasingly looking to professionals to provide specialist skills and technical knowledge in this area. There are a number of different professionals with specific expertise to share – legal advisers, auditors, and compliance and ethics professionals for example – but the company secretary has emerged as the company officer best placed to act as the chief governance officer.

Two recent reports confirm the importance of this role for the company

secretary – *The Company Secretary as Polymath*, published by the International Finance Corporation (available on the IFC website, www.ifc.org), and *The Company Secretary: Building trust through governance*, published by the Institute of Chartered Secretaries and Administrators (available on the ICSA website, www.icsa.org.uk). Both reports argue the need to restore trust in the system of governance after the global financial crisis and look at the roles of company secretaries as 'guardians of governance'.

'The changing world order for corporations is clear on what shareholders and other stakeholders expect from boards,' argues the author of the IFC report, Loren Wulfsohn. 'It is this need that has led to the rise in importance of the company secretary. Out of the ashes of the preglobal financial crisis corporate landscape has risen a new professional, tasked with responsibility for being the governance watchdog.'

In the fast-moving business environment today, we need to stay particularly vigilant to the 'changing world order for corporations', as Loren Wulfsohn puts it, and one way of so doing of course is to participate in events like our corporate governance conference. I look forward to debating these issues with you at our CGC 2014 in the company of the best line-up of thought leaders in corporate governance we have ever assembled.

A handwritten signature in black ink, appearing to read 'Edith Shih', with a long horizontal line extending to the right.

Edith Shih FCIS FCS(PE)

企业管治的监护人

各位代表将于本月稍后时间在JW万豪酒店聚首，出席公会举办的第九届「企业管治会议」。这个每两年一度的「企业管治会议」，过去15年来不断精益求精，今年势将成为历来最瞩目的盛事。我们有幸邀请到来自不同专业及地区的杰出演讲嘉宾与专题讲者莅临发表演说，包括：竞争事务委员会及强制性公积金计划管理局主席胡红玉；欧洲工商管理学院企业管治与策略穆巴达拉讲座教授Gilles Hilary；前高等法院上诉法庭副庭长罗杰志；财务汇报局行政总裁狄勤思；及香港资深大律师梁定邦。

此外，我们亦很荣幸获得在香港相关监管机构的高层代表莅临分享其心得和经验，包括：香港公司注册处处长鍾丽玲；证券及期货事务监察委员会主席唐家成、行政总裁欧达礼、企业融资部高级总监戴霖；香港交易及结算所监管事务总监兼上市科主管戴林瀚及上市委员会副主席鹏诚峰。

今年的「企业管治会议」举行时间，对公会及特许秘书专业来说是别具意义。在现行商业环境中，对所有参与企业管治工作的人员（包括董事、监管者及专业从业人员）来说，所面对的难度比以往更大，而此等情况正好从会议的主题「法规及角色变化—掌握自如」（‘Changing rules, changing roles, managing it all’）中反映出来。

该主题的前两部分—「法规及角色变化」，本刊上期已有详述，但我希望在今期CSj的会议特刊中论及后一

部分—「掌握自如」。这句说话的含义，与「法规变化」及「角色变化」这会议主题的前两部分比较，也许没有那么清晰，但它为整个主题提供了一个重要接合点，并提醒我们，在机构中需要有人对管治议程的监督负全责。换言之，有人需要负责掌握一切，而此方面的工作益发落在公司秘书身上。

这并非意味着公司秘书须为公司的企业管治标准承担最终责任。确保良好企业管治的最终责任，须由董事来承担，但由于责任沉重，董事越来越倚重专业人士提供相关专业技能和技术知识。尽管他们获得各个专业的人员提供专门知识（例如法律顾问、核数师、合规与职业操守专业人员），但公司秘书却是担任企业管治总监的最合适高层人员。

有两份于近期发表的报告，均确认公司秘书在这一角色的重要性。这两份报告为：国际金融公司出版的The Company Secretary as Polymath（可透过IFC的网站www.ifc.org阅览）；以及英国特许秘书及行政人员公会出版的The Company Secretary: Building trust through governance（可透过ICSA的网站www.icsa.org.uk阅览）。它们都提倡必须在环球金融危机后，恢复人们对管治制度的信心之迫切性，并视公司秘书为「管治监护人」。

「企业的世界秩序变化，清楚反映了股东及其他利益相关者对董事会所抱的期望。」国际金融公司报告的撰写

人Loren Wulfsohn称。「正是基于这种需求，促使公司秘书的重要性提升。在环球金融危机前的企业形势中冒起新的专业人员，肩负起管治监督者的责任。」

在现今瞬息万变的商业环境中，我们需要对「企业的世界秩序变化」（套用Loren Wulfsohn的说话）份外警觉，而其中一个做法，当然是参加诸如企业管治会议这方面的活动。我期待在「2014年企业管治会议」中与大家共同探讨此等议题，而届时与我们一起的，还会有应邀出席，阵容鼎盛的杰出企业管治思想领袖。



施熙德

Comply or explain

A guide to compliance with Hong Kong's Corporate Governance Code

David Graham, Chief Regulatory Officer and Head of Listing, Hong Kong Exchanges and Clearing Ltd, outlines the meaning of 'compliance' in a principles-based regulatory regime.

The purpose of corporate governance regulation is to facilitate effective and prudent management that can deliver the sustainable success of a company over the long-term. Regardless of the size of a company, good corporate governance is a key component of a positive corporate culture and can give a company a competitive edge over its peers. A strong corporate governance framework helps promote good management, integrity and better internal control, which can, in turn, improve a company's performance, enhance its reputation and ultimately render it more attractive to both customers and investors.

Studies have shown that there is a positive correlation between a company's stock returns and the quality of its corporate governance practices (See 'Corporate governance and equity prices', *The Quarterly Journal of Economics*, 118(1), 2003; and 'Do investors really value corporate governance? Evidence from the Hong Kong Market', *Hong Kong Institute of Monetary Research Working Paper No 22*, 2005). Investors value and reward companies with strong corporate governance cultures.

Good corporate governance not only benefits companies, but also contributes significantly to financial market stability,

investment and economic growth. It is one of the primary factors determining where investment money flows. Investors have far more confidence in markets that respect the core principles of corporate governance, including fairness, openness and transparency, accountability, board oversight, and respect for the rights

of shareholders and the role of key stakeholders.

For the Hong Kong market in particular, good corporate governance is critical to maintaining its long-term relevance, viability and competitiveness. Hong Kong's corporate governance standards have been commonly cited as one of the main attractions for Mainland Chinese companies to list here. A Hong Kong listing helps Mainland Chinese companies build their brand internationally and signals a vote of confidence to their investors.

Role of the Exchange

Developing a strong corporate governance culture and continuing to improve the standards of corporate governance in Hong Kong takes the commitment of numerous stakeholders, including

regulators, practitioners and investors in addition to the companies themselves.

The Securities and Futures Commission, Financial Services and the Treasury Bureau and other governmental bodies all play a part in upholding high standards of corporate governance. Key corporate governance requirements are codified in Hong Kong law, such as fundamental shareholder rights and directors' duties under the Companies Ordinance, and the prohibition of insider dealing under the Securities and Futures Ordinance.

Whilst Hong Kong's corporate governance regime for listed companies contains some mandatory requirements, the Stock Exchange of Hong Kong (the Exchange) mostly adopts a principles-based approach. This non-prescriptive method aims to improve corporate governance standards without micromanaging companies' affairs and stifling their business activities and recognises the diversity and individuality of listed companies.

The Exchange's Corporate Governance Code (Appendix 14 of the Main Board listing rules and Appendix 15 of the

Growth Enterprise Market listing rules) sets out principles of good corporate governance and two levels of recommendations for achieving those principles – Code Provisions, with which a company must 'comply or explain', and Recommended Best Practices. The aim of this framework is to give companies

Highlights

- non-compliance with any part of a Code Provision without giving considered reasons for that departure constitutes a breach of the listing rules
- explanations for departures from Code Provisions should illustrate how the company's actual practices are both consistent with the relevant Code Principle and contribute to good governance
- listed companies should aim to achieve the *substance* of good corporate governance, not just the *form*

“ dictating a corporate governance solution may prevent companies from determining the best one for their own circumstances ”

the room to find their own ways to fulfil the 'spirit' of the Code. This recognises, by design, that companies may be able to adopt different measures to those set out in the Code and achieve equally good results.

Companies often prefer clearly prescribed rules and to be told exactly what they have to do to avoid breaching those rules. Prescriptive rules also make the regulator's job easier as determining compliance is more straightforward. However, it is recognised globally that dictating a corporate governance solution may prevent companies from determining the best one for their own circumstances. While the Exchange can provide tools for companies to develop strong corporate governance practices, monitor companies' compliance, and give guidance or make recommendations for improvement, the quality of corporate governance ultimately depends on the commitment and voluntary conduct of companies and their boards.

The purpose of a 'comply or explain' approach

The 'comply or explain' approach is a framework that allows companies to put together the best possible corporate governance regime for their own circumstances. Companies can adhere to the Code's Principles by choosing between complying with Code Provisions or adopting alternative measures so long

as they disclose clearly and thoroughly their reasons for choosing the latter. To this end, the Corporate Governance Code encourages companies to consider their own individual circumstances, the size and complexity of their operations, and the nature of the risks and challenges they face to determine the most suitable and appropriate solution.

What does compliance with a Code Provision mean?

It is common practice amongst listed companies to make blanket statements in their corporate governance reports to the effect that they have complied with all the Code Provisions except for 'A, B and C'. However, it is important for companies to ensure that they have carefully considered whether they have complied with each and every part of a Code Provision before making such a statement. Issuers are reminded that non-compliance with any part of a Code Provision, without giving considered reasons, constitutes a breach of the listing rules.

The Exchange spot-checks compliance

The Exchange conducts spot-checks of companies' compliance with the Corporate Governance Code from time to time as part of its ongoing monitoring activities. It came to our attention recently that, in some cases, companies had confirmed compliance with a Code Provision, but upon closer inspection of

their corporate governance reports, this turned out not to be the case.

For example, Code Provision A.5.6 states that the nomination committee (or the board) should have a policy concerning the diversity of its board members, and should disclose the policy, or a summary of it, in its corporate governance report. A number of companies failed to comply with both limbs of this Code Provision. Whilst nearly all companies whose corporate governance reports we examined stated that they had complied, a number of them neither made the required disclosure, nor gave reasons for this departure from the Code Provision. To bring this to the attention of listed issuers, the Exchange has reminded all issuers that only compliance with all aspects of a Code Provision amounts to compliance (see the Exchange's letter to listed issuers 'Re: Guidance on Compliance with the Corporate Governance Code', 2 July 2014 available online at: www.hkex.com.hk/eng/rulesreg/listrules/listletter/Documents/20140702.pdf).

Not 'box ticking'

Corporate governance compliance is not a 'box-ticking' exercise. The aim of the Corporate Governance Code is to achieve the substance of good corporate governance, not just the form. Again we can take Code Provision A.5.6 as an example, the Note to which states: 'Board diversity will differ according to the circumstances of each issuer. Diversity of board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. Each issuer should take into account its own business model and specific needs, and disclose the rationale for the factors it uses for this purpose.'

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Trends in ESG reporting

Companies increasingly realise that reporting on ESG helps ensure their long-term competitiveness, as investors now incorporate ESG criteria into their valuations and investment strategies, and consumers consider with greater scrutiny the environmental and social impact of the products and services they purchase and consume. Further, ESG reporting helps to strengthen companies' risk management and control, enhance their reputation and brand, reduce costs and foster ESG best practice in suppliers.

Moving from voluntary to mandatory

Another important driver of the ESG reporting trend is the evolution of regulatory requirements in this area. Many regulators in the world are now imposing requirements for mandatory ESG disclosure. A 2013 study of global developments in policy and regulation for sustainability reporting found that, from 2006 to 2013, the percentage of mandatory ESG reporting policies in the countries reviewed increased from 58% to 72% (see *Carrots and Sticks: sustainability reporting policies worldwide – today's best practice, tomorrow's trends*, UN Environment Programme, the Global Reporting Initiative, KPMG and the Centre for Corporate Governance in Africa, 2013 Edition). Some recent

examples of these mandatory measures are set below.

- In the European Union (EU)**, the EU Parliament adopted on 15 April 2014 the Directive on disclosure of non-financial and diversity information by large companies and groups. Once the Directive comes into force (that is, once it is adopted by the EU Member States in Council and published in the EU Official Journal), large listed companies (with more than 500 employees) will be required to disclose in their management reports information on their policies, risks and results in respect of environmental matters, social and employee-related aspects, respect for human rights, anti-corruption and bribery issues, and diversity on boards of directors.
- In the United Kingdom (UK)**, as a result of the Climate Change Act 2008, all UK quoted companies (that is, those that are (a) incorporated in the UK, and (b) whose equity share capital is (i) officially listed on the Main Market of the London Stock Exchange; or (ii) officially listed in an European Economic Area State; or (iii) admitted for dealing on either the New York Stock Exchange or NASDAQ) have been required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to report on their greenhouse gas emissions as part of their annual directors' reports since 1 October 2013.
- In Singapore**, with effect from 22 April 2013, qualifying companies (that is, energy intensive companies in the industry sector that meet a certain energy use threshold amongst other criteria) are required under the Energy Conservation Act to report on energy consumption, greenhouse gas emissions, energy management strategies and conservation plans. The Act details a variety of indicators that must be disclosed.
- In Mainland China**, the government approved on 24 April 2014 broad changes to its Environmental Protection Law for the first time in 25 years. The revised law imposes stricter obligations on companies in respect of pollution prevention and control, and provides for more severe penalties. For example, all companies must apply for a licence for discharging pollutants, and companies that discharge certain key pollutants must make publicly available a wide scope of information on their pollutants and emissions, as well as on the construction

and operation of pollution prevention and control facilities. Companies caught polluting the environment outside the bounds of the law will be subject to higher fines and company executives deemed responsible for such pollution may be detained for up to 15 days. The revised law is due to come into force on 1 January 2015.

Another interesting trend noted in the *Carrots and Sticks* study is that an increasing amount of ESG reporting policy around the world is inspired by, or based on, a 'comply or explain' approach. The advantage of this approach, similar to the philosophy underlying our Corporate Governance Code, is that companies are afforded space to develop their practice, decide on the scope of their reporting, focus on areas with material impacts both on their own businesses and on stakeholders, and decide on the best ESG reporting frameworks that best fit their own circumstances. Further, the flexibility of this approach enables companies relatively inexperienced with ESG reporting to develop their competency and practice, with a view to developing their quality and expertise over time.

Integrated reporting

A further trend developing in this space is integrated reporting. Though the concept of integrated

reporting is still taking shape, it seems to be gaining traction as a way for companies to disclose their financial and sustainability information in a single report, with the ultimate objective of providing a more holistic, comprehensive picture to investors and other stakeholders of how they create and maintain value over the short, medium and long term. The International Integrated Reporting Council in December 2013 published the International Integrated Reporting Framework in an effort to push this trend forward. We will continue to monitor developments in this area with interest.

Developments in Hong Kong

The Exchange's *Environmental, Social and Governance Reporting Guide* (ESG Guide) came into effect for issuers with financial years ending after 31 December 2012. The decision to develop this *ESG Guide* was largely driven by our recognition that ESG reporting is a growing – and accelerating – global trend. This trend has already begun to have a significant impact on the way companies all over the world do business and disclose information, on the way investors value companies and make investment decisions, and on the choices consumers make. This impact will only continue to grow with time.

The new Companies Ordinance requires that Hong Kong-incorporated companies, for the first

financial reporting year beginning on or after 3 March 2014 (when the Companies Ordinance came into effect), must include in their directors' reports a discussion of their environmental policies and performance, and an account of their key relationships with stakeholders.

Further, the Hong Kong government is preparing for the imminent launch of a dedicated website to provide a Carbon Footprint Repository for Hong Kong listed companies to disclose their carbon audit findings. Although this disclosure will be voluntary initially, the level of obligation may increase in future.

Next steps

ESG reporting is fast becoming a standard practice and the Exchange has an important role to play in urging companies to adopt this practice in order to stay ahead of the curve and maintain their long-term competitiveness. In view of this, we are considering raising the obligation level of some recommended disclosures in the *ESG Guide* to 'comply or explain'. To this end, we aim to publish a consultation paper on the proposed upgrades by early 2015, and implement changes to the *ESG Guide* by late 2015 or early 2016. Any changes to the *ESG Guide* will only be adopted with the support of the market, and implemented with substantial lead time and additional training to ensure that issuers are fully prepared.

“ a principles-based approach aims to improve corporate governance standards without micromanaging companies’ affairs and stifling their business activities ”

During our spot-checks, we found many companies disclosing their board diversity policies in identical language to the Note of the Code Provision. While this may constitute compliance in form, it may not necessarily constitute compliance in substance if the company has in fact never considered the issue seriously. The Note is there to serve as a prompt for companies to carefully consider the substance of their board diversity policy.

Disclosure on how companies have complied with Code Provisions

Companies in full compliance with the Code Provisions should nonetheless fully disclose how they have complied with the Code Provisions in practice. The Exchange found in its *Analysis of Corporate Governance Practice Disclosure in 2012 Annual Reports* (published in November 2013) that many companies offer little by way of explanation on their method of compliance.

Is explaining an inferior solution to complying with a Code Provision?

The underlying philosophy of the Corporate Governance Code is that ‘one size does not fit all’, which recognises the reality that all companies are different, and accordingly, their corporate governance solutions may also differ.

Companies should look at their own circumstances when contemplating whether to adopt a particular Code

Provision or to opt for a more suitable alternative. The Corporate Governance Code reminds shareholders that these alternative solutions are not breaches. This is as long as the company’s explanation gives clear and considered reasons for adopting an alternative solution and illustrates how its actual practices are consistent with the relevant Principle and contribute to good corporate governance.

Adopting a boilerplate approach and merely quoting commonly used reasons for deviations from the Code Provisions is not helpful to shareholders. Companies should bear in mind when preparing corporate governance reports that their explanations should be as full as is necessary to meet the Exchange’s expectations and those of their shareholders.

Conclusion

Hong Kong’s financial market has enjoyed tremendous success over the years, due in no small part to the transparency and fairness of its regulatory and legal system. Hong Kong has been recognised for its strong corporate governance in various international surveys. For example, the World Bank’s *Doing Business 2014* ranked Hong Kong third in the world for investor protection (see *Doing Business 2014 – Hong Kong SAR, China*, the World Bank and International Finance Corporation, page 58). The Asian Corporate Governance Association’s *CG Watch 2012* awarded Hong Kong the

top spot in Asia for enforcement, and ranked Hong Kong second for corporate governance rules and practices as well as overall corporate governance culture (*CG Watch 2012: Market Rankings*, Asian Corporate Governance Association, September 2012).

To strengthen Hong Kong’s corporate governance regime even further will take commitment and determination. Many of our listed companies already have strong corporate governance procedures and practices in place. However, we wish to emphasise the importance of ‘substance over form’. This applies to all listed companies, regardless of their individual circumstances and characteristics. To collectively achieve a higher level of corporate governance, it will be essential for each company to focus on the quality and comprehensiveness of its disclosures and explanations relating to corporate governance.

David Graham

Chief Regulatory Officer and Head of Listing, Hong Kong Exchanges and Clearing Ltd

David Graham will be speaking in session four of the Corporate Governance Conference 2014 on ‘Trends in ESG reporting’. His biography is available in the Conference Guide section of this month’s journal (see page 29).

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A close-up photograph of a hand holding a grey folder tab. The tab is labeled 'LEGAL' in bold, black, sans-serif capital letters. The background is blurred, showing other tabs with labels like 'REVENUE' and 'FINANCIALS'.

LEGAL

The new Companies Ordinance: issues relating to directors

Hong Kong's compliance landscape changed dramatically in March this year with the implementation of the new Companies Ordinance. Ada Chung, Registrar of Companies, highlights the major changes brought in by the new law in an area of particular relevance to company secretaries – the new requirements relating to directors.

The new Companies Ordinance, Chapter 622 of the Laws of Hong Kong, commenced operation on 3 March 2014 to provide a modernised legal framework for the incorporation and operation of companies in Hong Kong. The main objectives of the new Ordinance are to enhance corporate governance, facilitate business, ensure better regulation and modernise Hong Kong's company law.

Specifically, the new Ordinance enhances the standard of corporate governance in Hong Kong. The operation of companies becomes more transparent and the accountability of directors is strengthened. This article aims to highlight some of the major issues relating to directors.

Strengthening the accountability of directors

Restricting corporate directorship

There were provisions in the old Companies Ordinance prohibiting all public companies, as well as private companies which are members of a group of companies of which a listed company is a member, from appointing a body corporate as their director. There was no restriction for other private companies. The new Ordinance requires, on top of these restrictions, that private companies must have at least one director who is a natural person (Section 457).

Clarifying directors' duty of care, skill and diligence

There were no provisions on directors'

duty of care, skill and diligence in the old Companies Ordinance and the standard of the duty in the case law of Hong Kong, which focuses on the knowledge and experience which the relevant director possesses (the subjective test), is considered too lenient nowadays. To provide clear guidance to directors, the new Ordinance stipulates that a director has a duty to exercise reasonable care, skill and diligence, and sets out a mixed objective and subjective test in the determination of the standard. The objective test looks at the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions of the director in question (Section 465).

Lowering the prosecution threshold by introducing a new definition of 'responsible person'

The threshold for breach of any provision of the new Ordinance by an officer of the company has been lowered through the introduction of a new definition of 'responsible person', which targets intentional or reckless conduct rather than willful conduct as under the old law (Section 3).

Enhancing the rules to deal with directors' conflicts of interests

Expanding prohibitions on loans and similar transactions

To avoid potential conflict of interests, the old law prohibited a company from

entering into loans or other similar transactions with a director. For a listed company and a company that is within the same group as a listed company, the reference to 'director' was extended to cover persons or corporations closely associated with a director. The new Ordinance expands the prohibition to cover a wider category of entities connected with a director. In the case of a 'specified company', namely, a public company, or a private company or company limited by guarantee that is a subsidiary of a public company, the prohibition also covers, among others, an adult child, a parent, a cohabitee, a minor child of the cohabitee and an associated body corporate (Sections 486 to 488, 491(1), 502 and 503).

Highlights

The new Companies Ordinance introduces:

- a mixed objective and subjective test regarding directors' duty of care, skill and diligence
- more effective rules to deal with directors' conflicts of interests
- a requirement for directors' reports to include an analytical and forward-looking 'business review'






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Imposing a new requirement on directors' employment contracts exceeding three years

The new Ordinance introduces a requirement for members' approval of any long-term employment of a director, so as to minimise the risk that a director may entrench himself in office. It provides that the approval of members must be obtained for a company's agreement to any provision under which the guaranteed term of employment of a director with the company exceeds, or may exceed, three years (Sections 531 and 534).

The long-term service contract should be approved pursuant to Section 532 of the new Ordinance, either by resolution of members passed at a meeting or by written resolution. If the company is a public company, the resolution should be passed after disregarding the votes in favour of the resolution by the director with whom the service contract is proposed to be entered into and any member who holds any shares in the company in trust for that director.

Extending prohibitions on loss of office payments

To plug any potential loophole whereby loss of office payments to directors may be made indirectly through other parties, the prohibitions on loss of office payments are extended to include:

- payment to an entity connected with the director, and
- payment to a person made at the direction of, or for the benefit of, the director or a connected entity (Section 516(3)).

The prohibition is also extended to cover payments made by a company to a

director or former director of its holding company (Section 521(2)).

Requiring approval of disinterested members for prohibited transactions

Except for some specified transactions (most of which relate to the purchase or redemption of a company's own shares), there were no provisions in the old Companies Ordinance restricting members' rights to vote, or requiring members to abstain from voting, on transactions in which they have an interest. In the new Ordinance there is a new requirement, primarily for public companies, for disinterested members' approval for connected transactions, namely, in considering if the relevant resolution is passed, every vote in favour of the resolution cast by interested members would be disregarded (Sections 496(2)(b)(ii) and (5), 515(1)(b)(ii) and (4), 518(2)(b)(ii), (4) and (5) and 532(2)(b)(ii) and (4)).

Widening the ambit of disclosure of material interests of directors

Under the new Ordinance, the ambit of disclosure of material interests of a director is widened to cover 'transactions' and 'arrangements' instead of just 'contracts' (Sections 536(1) and (2)). For a public company, the ambit of disclosure is widened to include disclosure by a director of any material interest of entities connected with the director, except that a director is not required to declare an interest if he is not aware of the interest or the transaction in question (Sections 536(2) and (4)(a)). A director is required to disclose the 'nature and extent' of the interest instead of just disclosing the 'nature' of the interest (Sections 536(1) and (2)). In addition, the disclosure requirements are extended to shadow directors (Section 540).

Requiring ratification of conduct of directors by disinterested members' approval

The new Ordinance requires the conduct of directors to be ratified by disinterested member's approval to prevent conflicts of interest and possible abuse of power by interested parties (especially majority shareholders) in ratifying the unauthorised conduct of directors.

Section 473 of the new Ordinance provides that any ratification by a company of the conduct of a director which amounts to negligence, default, breach of duty or breach of trust in relation to the company must be approved by resolution of the members of the company disregarding the votes in favour of the resolution by the director, any entity connected with the director and any person holding shares of the company in trust for the director or for the connected entity.

Improving the disclosure of corporate information

Requiring directors' reports to include an analytical and forward-looking 'business review'

The new Ordinance introduces a requirement for directors' reports prepared by public companies and those companies which are not qualified for simplified reporting to include an analytical and forward-looking 'business review' whilst allowing private companies to opt out from the requirement by a special resolution. The review should contain, for example, information relating to environmental and employee matters that have a significant impact on the company. The new requirement is in line with the international trend on integrated reporting (Section 388 and Schedule 5).

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“ the commencement of the new Companies Ordinance marks a new chapter in Hong Kong’s corporate regulation ”

Disclosure of information on equity-linked agreements

The Companies (Directors’ Report) Regulation (Cap 622D) (the Regulation) introduces a new requirement for a directors’ report to contain information on equity-linked agreements. Under Section 6 of the Regulation, a company is required to disclose in the directors’ report for a financial year all equity-linked agreements entered into by the company in that financial year, and all equity-linked agreements entered into by the company in the past which still subsisted at the end of that financial year. As it is common nowadays for companies to enter into agreements that will or may result in companies issuing shares, and as the issuance of new shares may dilute existing shareholders’ interests, the disclosure of such information will enhance transparency and the protection of shareholders’ interests.

Disclosure of reasons for resignation or refusal to stand for re-election of a director

Another new requirement introduced in the Regulation is in relation to the disclosure of the reasons for resignation or refusal to stand for re-election of a director. Section 8 of the Regulation provides that if:

- a director of a company has in a financial year resigned from the office or refused to stand for re-election to the office, and

- the company has received a notice in writing from the director specifying that the resignation or refusal is due to reasons relating to the affairs of the company (whether or not other reasons are specified),

a directors’ report for the financial year must contain a summary of the reasons relating to the affairs of the company.

The requirement, which does not apply to companies falling within the reporting exemption, seeks to enhance transparency without unnecessarily increasing the burden or compliance costs for companies.

‘Safe harbour’ to encourage meaningful reporting

To encourage meaningful reporting, Section 448 of the new Ordinance provides a ‘safe harbour’ so that directors are liable to the company only in respect of loss suffered by it as a result of any untrue or misleading statement if the directors knew, or was reckless as to whether, the statement was untrue or misleading, and in the case of omissions, the director knew the omission to be a dishonest concealment of a material fact.

Clarifying the rules on indemnification of directors

To clarify the scope of the right of directors to be indemnified against liabilities to third parties, the relevant rules on indemnification are provided for under the

new Ordinance. With the exception of certain liabilities and costs, such as:

- criminal fines
- penalties imposed by regulatory bodies
- defence costs of criminal proceedings where the director is found guilty
- defence costs of civil proceedings brought against the director by the company or an associated company in which judgment is given against the director, and
- costs of unsuccessful applications to court by the director for relief

a company is permitted to indemnify a director against liabilities to a third party if the specified conditions are met (Sections 467 and 469).

Conclusion

The commencement of the new Ordinance marks a new chapter in Hong Kong’s corporate regulation. The new Ordinance clarifies the legal provisions concerning the duties of directors in various aspects and introduces more effective rules to deal with directors’ conflicts of interests. It strengthens Hong Kong’s status as a major international business and financial centre and reinforces Hong Kong’s competitiveness as a place to do business.

Ada Chung

Registrar of Companies

Ada Chung will be speaking in session three of the Corporate Governance Conference 2014 on ‘Directors’ duties’. Her biography is available in the Conference Guide section of this month’s journal (see page 28).



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A portrait of Carlson Tong, Chairman of the Securities and Futures Commission (SFC). He is a middle-aged man with short black hair, wearing glasses, a dark suit, a white shirt, and a gold patterned tie. He is smiling and sitting on a dark brown leather chair. The background is a light-colored wall with a dark vertical panel on the right.

Market mentor

Regulation is not only about enforcement, argues Securities and Futures Commission (SFC) Chairman Carlson Tong. In an interview with *CSj*, he talks about the SFC's new emphasis on guiding, as well as policing, the market.

How would you describe the general corporate governance level of listed companies in Hong Kong? How is Hong Kong benchmarked against other major markets?

'Every major market has issues of concern that fall within the umbrella of corporate governance. What people regard as good corporate governance is a constantly evolving concept. It changes in the light of market developments and perceived failures of corporate governance. Hong Kong has its own individual challenges but could never be regarded as having poor corporate governance standards. The corporate governance regime in Hong Kong has been consistently regarded as one of the best in the region.'

Credit Lyonnais Securities Asia in collaboration with the Asian Corporate Governance Association produces a biennial corporate governance report covering the Asia-Pacific region. Hong Kong has consistently occupied first or second place in the rankings set out in these reports.

However, we should not be complacent as Hong Kong should compare itself with the best in the world and also people remember when something goes wrong.'

The SFC has recently stepped up its oversight of corporate behaviour – do you see this trend continuing?

'As an international financial centre, Hong Kong cannot afford to fall behind global corporate governance standards and best practices. We will continue to take as proactive approach as possible for a regulator of corporate behaviour.'

The setup of our dedicated Corporate Regulation team is the first step in our renewed emphasis on corporate behaviour. This new team monitors disclosures and conducts periodic in-depth reviews of listed companies selected against risk-based criteria such as transaction anomalies or disclosure irregularities. The team also carries out thematic reviews which look at a specific activity across a range of companies. This is an ongoing process and hopefully we will improve our process over time.'

Does this new approach mean a drastic change in the regulatory role of the SFC?

'Our new approach does not require a radical departure from what we have been doing. Rather, it is an extension of our existing work under the Securities and Futures Ordinance, with the aim of taking a more holistic approach to influencing corporate conduct.'

“
I believe that ‘tone at the top’ is the key because it drives the behaviour of the whole organisation all the way through from the chairman, the board and down to the front line

”

For example, our focus on corporate behaviour also reinforces the statutory disclosure regime for inside information which promotes more meaningful and timely dissemination of important information for investors. While the frequency and content of disclosures are improving, companies can still do more to provide the market with more meaningful information on a timely basis to allow investors to properly price their securities.'

There have been concerns about the overlapping of work between the SFC and the Stock Exchange in overseeing corporate activities of listed companies. Do you think the division of duties between the Exchange and the SFC works well for Hong Kong?

'Such concerns are understandable given both the SFC and the Exchange are looking at corporate behaviour of listed issuers. That

Highlights

- the SFC's new Corporate Regulation team, created in December 2013, represents a renewed emphasis on corporate behaviour
- Hong Kong's inside information regime, implemented in January 2013, requires the SFC to play both an enforcement and guidance role for the market
- the company secretary should act as the conscience of the company

is also why we work very closely with the Exchange to reduce any unnecessary duplication between our corporate regulation work and their ongoing monitoring duties.

In short, the Exchange's monitoring activities aim to ensure compliance with the listing rules and to maintain a fair and orderly market. In contrast, the SFC reviews announcements made by companies and raises appropriate enquiries at an early stage with a view to facilitate timely and better-quality disclosure, and to detect possible corporate misconduct for potential enforcement action hopefully before too much damage is done.'

Corporate governance codes started life as guidance to directors on best practice but today many areas of corporate governance are subject to mandatory regulation – is this the right approach?

'Listed companies come in many shapes and sizes. The advantage of using codes and best practices to promote good corporate governance is that these are a more flexible regulatory tool and can be amended and adapted more quickly in the light of experience. What is appropriate for a very large prudentially regulated company may not be appropriate for a small manufacturing company. However, as a general consensus is reached on minimum standards that should apply to all listed companies, when the opportunity arises these standards can be more hard coded into rules or even legislation. The best approach is therefore an appropriate combination of legislation, rules, codes and guidance.'

Do you think the role of directors has become more complex in today's regulatory environment – particularly in terms of directors being expected to make complex judgements rather than simply following the rules?

'Although there are generally accepted elements of good corporate governance, such as a sound control function and processes and high transparency and accountability, we do not believe a box-ticking approach to compliance is of much value.

Sound and effective corporate governance cannot rely solely on the legislative framework, but rather requires self-discipline and the proper execution of duties by directors, checks and balances and the promotion of a clean corporate culture. I believe that 'tone at the top' is the key because it drives the behaviour of the whole organisation all the way through from the chairman, the board and down to the front line. Good market conduct is as much driven by good behaviour as by rules and regulations.'

Regulators often stress the checks and balances function of independent directors, but does this system actually work in Hong Kong where most listed companies have a controlling shareholder?

'All markets have their own domestic challenges. Where the shareholding in a company is held very widely there are agency problems which may make it quite difficult for shareholders to hold directors to account in a coherent way. Where there is a controlling shareholder one needs different tools to address the legitimate corporate governance concerns that can arise in such circumstances. The presence of a controlling shareholder does not mean that the company will have poor corporate governance.

Many such companies are run well, have good succession planning and can be less short term in outlook. Nevertheless the presence of independent directors is an important part of the internal challenge process that needs to exist in any well run and successful company. To function well, this means that the independent directors need to have the necessary skills and be truly independent. A company where the management surround themselves with likeminded yes-men is unlikely to be successful in the long term.'

In the context of the increasing focus on good governance, is the role of the company secretary becoming more important? What advice would you give to company secretaries in carrying out their duties?

'Company secretaries play a vital role in ensuring that listed companies have the systems and controls necessary to meet their regulatory obligations, whether these relate to the Companies Ordinance, the listing rules or the Securities and Futures Ordinance. They should act as the conscience of the company and be prepared, for example, to keep the director's feet to the fire regarding whether there is something that should be announced to the market.'

Carlson Tong is the keynote speaker of the Institute's Corporate Governance Conference 2014. His biography is available in the Conference Guide section of this month's journal (see page 32).

The Credit Lyonnais Securities Asia (CLSA)/ Asian Corporate Governance Association (ACGA) corporate governance reports 'CG Watch' can be found on the CLSA and ACGA websites (www.clsa.com and www.acga-asia.org).

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The new Companies Ordinance

This month we launch a new column dedicated to answering your questions on key regulatory and governance issues. In this first Q&A in the series, Wendy Yung, Executive Director and Company Secretary of Hysan Development Company, and a panellist in session three of the Corporate Governance Conference 2014, answers questions raised by attendees at her seminar 'The new Companies Ordinance: priorities for the next six months'.



Q: Does a company with a 'bilingual' name have to disclose both names under the new Companies Ordinance?

A: The Companies Registry clarified this matter in its circular on 24 July 2014 (www.cr.gov.hk/en/publications/docs/ec13-2014-e.pdf). For the purposes of compliance in ensuring that a company is properly identified, in respect of a company registered by bilingual names, the Companies Registry considers that it is sufficient for the company to display or state either its English or its Chinese name in the manner described in the relevant new Companies Ordinance provisions. The provisions will also be complied with if a company with bilingual names displays or states both the English name and the Chinese name. The Companies Registry will enforce the provisions accordingly.'

Q: Does the new Companies Ordinance court-free procedure for the reduction of capital apply to listed companies?

A: Hong Kong-incorporated companies, whether listed or not, can use the new Companies Ordinance court-free procedure for the reduction of capital, but listed companies need to check

whether the proposed reduction will have implications under the listing rules.

Q: What's the difference between capital reduction and share buy-back out of capital?

A: 'Capital reduction' and 'share buy-back out of capital' may serve different purposes. One important difference is that, for the reduction of capital, the amount does not have to be returned to shareholders immediately. It can be treated as 'realised profit' which can be distributed later. This enhances the ability to make distributions in the future.

Q: Regarding the court-free capital reduction: (i) after the capital has been reduced, does the number of shares remain unchanged as it only reduces the nominal value of the shares; and (ii) if the company has two classes of shares (say, HKD and USD) how should the reduction be allocated across these two classes – for example, can we just cancel the USD shares by the whole reduced amount?

A: Under a reduction of capital: (i) the number of shares can remain unchanged

but the amount of share capital is reduced (the concept of 'nominal value' of the shares has been abolished under new Companies Ordinance in any event); and (ii) if the company has more than one class of shares, you have to check whether they have the same rights. If so, you may not return capital to one class of shares only.

Q: Regarding horizontal amalgamations, must the parent company of the amalgamating subsidiaries be a Hong Kong-incorporated company?

A: A strict reading of new Companies Ordinance suggests that the parent company has to be a Hong Kong company – Section 681 refers to the wholly-owned subsidiaries of a 'company' amalgamating, and a 'company' is, in turn, defined as a company formed and registered under the new Companies Ordinance or an existing company. However, if the parent company is not a Hong Kong company, there is an option to do a simple share re-structuring (for example a share swap) with a Hong Kong company.



Q: To redeem shares with the proceeds of new shares, must the amount of the new proceeds be exactly the same as the redemption amount?

A: If the redemption of shares is financed solely by the issuance of new shares, the proceeds must be sufficient to finance this but it does not have to be 'exactly the same'. For example, you can have a buffer for expenses.

Q: Does the requirement for a business review under the new Companies Ordinance apply to non-Hong Kong companies that are listed in Hong Kong?

A: No. The relevant new Companies Ordinance provisions only apply to Hong Kong-incorporated companies. However, listed companies have to comply with Appendix 16 of the listing rules and there are requirements regarding disclosures in the 'management's discussion and analysis' sections of corporate reports that are very similar.

Q: The new Companies Ordinance allows companies to dispense with an AGM. If the articles of the company

contain provisions about convening an AGM, is the company still required to convene AGM unless it amends the articles to remove such provisions, or by passing a shareholders' resolution to dispense with the AGM?

A: Yes. If the Articles provide for the convening of an AGM the company must comply with this unless the Articles are amended. Of course, the AGM can be conducted by way of written resolutions. Moreover, a simple way to amend the Articles is to add the qualifying words 'subject to law'. This allows flexibility for future changes in the law as well.

Q: The new Companies Ordinance requires certain rules to be followed for the circulation and passing of shareholders' written resolutions. Do these rules apply to resolutions proposed and passed by a sole member?

A: If there is only one shareholder it is not necessary to circulate written resolutions as there are no other shareholders involved.

Q: For an existing company that has a maximum share capital condition

in its Memorandum, does the stated maximum capital (expressed as share capital divided into a number of shares of a nominal value) automatically become the maximum share capital under new Companies Ordinance?

A: No. Section 98(4)(b) of the new Companies Ordinance expressly refers to such a situation. If a condition in the Memorandum refers to the amount of capital, or the division of the share capital into shares of a nominal value, that condition is deemed to be deleted. If you still want to have a maximum share capital (which is optional), you need to pass a resolution to insert a new provision in the Articles.

Wendy Yung is a panellist in session three of the Corporate Governance Conference 2014. Her biography is available in the Conference Guide section of this month's journal (see page 32). In the next Q&A in this series, to be published in next month's CSj, the SFC answers questions relating to Hong Kong's inside information regime.

Day 1 Conference programme

Friday 19 September 2014

Time	Rundown and topics	Speakers/ panellists
8.15 am	Registration	
8.45 am	Opening address	Edith Shih FCIS FCS(PE) <i>President, The Hong Kong Institute of Chartered Secretaries</i>
8.55 am	Keynote address	Carlson Tong JP <i>Chairman, Securities and Futures Commission</i>
Session one: long arm of the law		
9.10 am	An overregulated world?	Professor Gilles Hilary <i>The Mubadala Chaired Professor, INSEAD</i>
9.40 am	Dampers on business?	Anthony Neoh FCIS FCS QC SC JP <i>Senior Counsel & Former Chief Adviser to China Securities Regulatory Commission</i>
9.50 am	Session one – panel discussion and Q&A Event Chair: Peter Greenwood FCIS FCS	Professor Gilles Hilary Anthony Neoh FCIS FCS QC SC JP Anthony Rogers FCIS FCS GBS QC JP <i>Former Vice-President, Court of Appeal & Former Chairman, Standing Committee on Company Law Reform</i> Stephen Brown <i>Deputy Chairman, Listing Committee, The Stock Exchange of Hong Kong & Director, Corporate Affairs, Noble Group</i>
10.30 am	Networking break	
Session two: competing to win		
10.50 am	Levelling the playing field?	Anna Wu Hung-yuk GBS JP <i>Chairperson, Competition Commission</i>
11.10 am	EU and China experiences	Clara Ingen-Housz LL.M. <i>Partner, Linklaters</i>
11:30 am	Session two – panel discussion and Q&A Panel Chair: Professor Mark Williams Founder, Asian Competition Forum, Professor of Law, University of Melbourne Law School	Anna Wu Hung-yuk GBS JP Clara Ingen-Housz LL.M. Kala Anandarajah LLB MBA <i>Partner, Rajah and Tann, Singapore</i> Stephen Crosswell <i>Partner, Baker & McKenzie</i>
12.10 pm	Financial Times Interview & HKICS Corporate Governance Competition Award Presentation & lunch	
Session three: board shoulders, broad shoulders		
1.10 pm	Hong Kong's corporate landscape: regulatory issues	Ashley Ian Alder <i>Chief Executive Officer, Securities and Futures Commission</i>
1.30 pm	More directors' duties?	Ada Chung FCIS FCS FCPA LLB JP <i>Registrar of Companies, Companies Registry</i>
1.50 pm	Session three – panel discussion and Q&A Event Chair: Peter Greenwood FCIS FCS	Ada Chung FCIS FCS FCPA LLB JP Dr Kelvin Wong <i>Executive Director & Deputy Managing Director, COSCO Pacific Ltd</i> Michael Duignan <i>Senior Director, Corporate Finance, Securities and Futures Commission</i> Teresa Ma <i>Partner, Linklaters</i> Wendy Yung FCIS FCS <i>Executive Director and Company Secretary, Hysan Development Company Ltd</i>
2.30 pm	Networking break	

Time	Rundown and topics	Speakers/ panellists
Session four: winds of reporting changes		
2.50 pm	Trends in ESG reporting	David Graham Chief Regulatory Officer and Head of Listing, The Hong Kong Exchanges and Clearing Ltd
3.10 pm	ESG reporting: shaping your future business?	John Barnes Partner, Risk Assurance, PricewaterhouseCoopers
3.30 pm	Session four – panel discussion and Q&A Panel Chair: Professor CK Low FCIS FCS, Associate Professor in Corporate Law, CUHK Business School	David Graham John Barnes Dr Jeanne Ng <i>Director, Group Sustainability, CLP Power Hong Kong Ltd</i> Mark Dickens <i>Chief Executive Officer, Financial Reporting Council</i>
Closing remarks		
4.10 pm	Event Chair's closing colloquy	
4.40 pm - 6.30 pm	Cocktail reception	<i>The Lounge, Lobby Level JW Marriott</i>
ECPD = 7 Points		

Optional site visit

Day 2 ESG in action

Saturday 20 September 2014

9.00 am	Assembly (Central Post Office)	
10.15 am - 12.15 pm	Facilities visit: discussions and site visit (In alphabetical order)	
	Group 1 – ElectriCity (Castle Peak Power Station)/ Bus Tour Black Point Power Station	CLP Holdings Ltd
	Group 2 – Hongkong International Terminals	Hutchison Whampoa Ltd
	Group 3 – Hong Kong International Airport	Airport Authority
Group discussions		
1.00 pm	Return (Central Post Office)/ programme ends	
ECPD = 3 Points		

Who should attend

- Company directors, INEDs
- Senior officers
- Company secretaries
- Governance, legal and accounting professionals
- Academics

Terms and conditions apply: see conference registration form

Remarks: All tours are attended at attendee's own risk and without recourse to HKICS and its employees whatsoever and howsoever arising including by reasons of any negligence and breach of duties. Please arrange your own insurance to cover your risk, as appropriate.

The Hong Kong Institute of Chartered Secretaries is the China division of ICSA and a founder member of CSIA.



Speakers' corner

This section introduces you to the speakers and panellists at the Institute's Corporate Governance Conference 2014. They are listed in alphabetical order.



Ashley Alder

Speaker, session three

Mr Alder is Chief Executive Officer of the Securities and Futures Commission (SFC). He came to Hong Kong in 1989 with the international law firm Herbert Smith,

practising corporate and business law. He was Executive Director of Corporate Finance at the SFC from 2001 to 2004, before returning to Herbert Smith, later as head of the firm's Asia region. He rejoined the SFC in 2011.



Kala Anandarajah

Panellist, session two

Ms Anandarajah is a member of the Executive Committee at Rajah & Tann LLP and heads its Competition & Antitrust, Trade Practice.

A pioneer in this area in Singapore and the region, Kala has been involved in major cartel/ abuse investigations, cross-border mergers/ other notifications and leniency applications. She has been cited as being amongst the 'Best of the Best' by Euromoney Leading Lawyers and as among the 'Top 100 Women in Antitrust in the World' by the Global Competition Review 2013.



John Barnes

Speaker, session four

Mr Barnes is a partner with PricewaterhouseCoopers (PwC), based in Hong Kong where he leads the firm's sustainability and climate change services across Hong

Kong and China. He moved to Hong Kong in 1998 with one of the Big Four firms in London. He joined PwC in Beijing in 2008 and moved back to Hong Kong in 2012. Mr Barnes has worked in treasury, management audit, fraud investigation and financial accounting, and now assists companies to integrate their financial and non-financial reporting.



Stephen Brown

Panellist, session one

Mr Brown is Director, Corporate Affairs, Noble Group; Director of the Civic Exchange, a Hong Kong-based not-for-profit public policy think tank; Deputy Chairman of the

Listing Committee of the Main Board and Growth Enterprise Market of the Stock Exchange of Hong Kong; and a member of the Securities and Futures Commission's Dual Filing Advisory Group. He brings nearly three decades of experience in the Asian equity markets, having advised and acted on behalf of global institutional investment clients at senior levels.



Ada Chung

Speaker, session three

Ms Chung is Hong Kong's Registrar of Companies, an FCPA and barrister. She was appointed to her current position in August 2007 and has since been heavily involved in the

rewrite and implementation of the Companies Ordinance. She is a Council member of the Hong Kong Institute of Certified Public Accountants, a Fellow of the Hong Kong Institute of Chartered Secretaries and a member of the Financial Reporting Council.



Stephen Crosswell

Panellist, session two

Mr Crosswell is a partner with Baker & McKenzie and has over 18 years of experience, advising on antitrust strategy, compliance and disputes. He is also instrumental in policy

formulation, advising on antitrust policy negotiations with governments to implement general and sector specific antitrust regulatory frameworks, including market liberalisation strategies. He has published widely on antitrust and competition law issues, and is also a regular speaker at regional forums on policy, enforcement and capacity building.



Mark Dickens

Panellist, session four

Mr Dickens is the Chief Executive Officer of the Financial Reporting Council (FRC). He is a lawyer by training with over 30 years of experience as a financial regulator in Hong Kong and Australia.

He was the Head of the Listing Division of Hong Kong Exchanges and Clearing from 2009 to 2013, during which time he oversaw significant policy developments. He also held various senior positions in the Securities and Futures Commission for 14 years, including serving as an Executive Director from 1997 to 2005.



Peter Greenwood

Event chair

Mr Greenwood was the Group Executive Director – Strategy of CLP Holdings from 2007 to 2013. Prior to that he was the Company Secretary and Corporate Counsel of CLP

Holdings. He retired in May 2013. He is a Fellow of the Institute of Chartered Secretaries in England and a Fellow of the Hong Kong Institute of Chartered Secretaries. He is a solicitor in England and Wales and in Hong Kong, as well as being qualified as an avocat in France.



Michael Duignan

Panellist, session three

Mr Duignan is Senior Director, Corporate Finance at the Securities and Futures Commission, where he is responsible for the newly created Corporate Regulation team. Mr Duignan has extensive

experience as a regulator, including as Head of Market Supervision at the Irish Stock Exchange; Primary Markets Policy Manager for the UK Financial Services Authority (FSA); Chair of the CESR (now known as the European Securities and Markets Authority) advising the European Commission; and Director at the Malta FSA.



Professor Gilles Hilary

Speaker, session one

Professor Hilary is the Mubadala Chaired Professor in Corporate Governance and Strategy at international graduate business school INSEAD. Before joining INSEAD, he

worked in Asia, Europe and the US. He is a founding member of Cercle-K2, a think-tank on risk management. His research has been published in academic journals and the media, and he regularly presents at places such as Harvard University, Cambridge University and Beijing University.



David Graham

Speaker, session four

Mr Graham is Executive Vice-President, Chief Regulatory Officer, and Head of Listing at the Hong Kong Exchanges and Clearing. He has been a member of a number of committees of the

Hong Kong Securities and Futures Commission, including serving as a member, and then a Deputy Chairman, of the Hong Kong Takeovers Panel from 2001 to 2012. He is currently a member of the Code Committee of the UK Takeover Panel. He has over 30 years of experience in legal and financial services and prior to taking up his current role, he was Global Head of Legal and General Counsel of the Wholesale Division at Nomura.



Clara Ingen-Housz

Speaker, session two

Ms Ingen-Housz is a partner at Linklaters in Hong Kong where she leads Linklaters' Asia competition and antitrust law practice. She advises multinational companies on Asian

competition law issues, and Asian companies on global antitrust matters. She has 15 years of experience spanning three continents. In Europe, she was a member of the Competition Department of the Legal Service at the European Commission. In the US, she practised for close to 10 years at top-tier New York firms. In Asia, she has developed a strong regional competition practice with specific expertise in China and Hong Kong.



Professor Low Chee Keong

Panel chair, session four

Professor Low is Associate Professor in Corporate Law at the Chinese University Hong Kong Business School, with research interests in issues in corporate governance and the

regulatory framework of capital markets. He has published widely in journals in Australasia, Europe and the US, supported by grants from Ernst & Young, Eversheds LLP, Noble Group, Sino Group and Tricor Services. An Advocate and Solicitor of the High Court of Malaya, he is a member of the Securities and Futures Appeals Tribunal in Hong Kong. He was a member of the Listing Committee of the Stock Exchange of Hong Kong; the Financial Reporting Review Panel and served as a Director of the Asian Institute of Finance in Malaysia.



Teresa Ma

Panellist, session three

Ms Ma is a Partner of Linklaters with experience in public and private cross-border mergers and acquisitions and international equity issues. She is noted for her involvement

in innovative transactions, including the first privatisation of a H-share company; the first privatisation of a company listed in both Hong Kong and New York; and the first concurrent A-share and H-share rights issue. She has worked in Hong Kong, Shanghai and London, and currently serves on the Hong Kong Takeovers Panel and the Financial Reporting Council.



Anthony Neoh

Speaker, session one

Mr Neoh is Senior Counsel at the Hong Kong Bar. He was away from the Bar from 1995 to 2004, when he served as chair of the Hong Kong Securities and Futures Commission

and later as Chief Advisor of the China Securities Regulatory Commission. He is visiting professor of a number of universities in China and overseas. His research interests are in legal and financial history and current issues of financial regulation. Mr Neoh is a Fellow of the Hong Kong Institute of Chartered Secretaries.



Dr Jeanne Ng

Panellist, session four

Dr Ng is responsible for CLP Group's sustainability matters, including sustainability-related strategy, reporting and communications. She joined CLP upon the

establishment of the Group Environmental Affairs department in 2003 and was previously Director – Group Environmental Affairs, responsible for the development and roll-out of corporate environmental policy and strategy across the CLP Group. Dr Ng is currently a member of the Working Group of the International Integrated Reporting Council, as well as the Advisory Council of the Sustainability Accounting Standards Board.



Anthony Rogers

Panellist, session one

Mr Rogers was formerly the Vice-President of the Court of Appeal of Hong Kong, Chairman of the Standing Committee on Company Law and a member of the Basic Law Consultative

Committee. He was called to the English Bar in 1969 and appointed Queen's Counsel in 1984 prior to joining Hong Kong's Judiciary in 1993. He is also a CEDR Accredited Mediator and member of Chartered Institute of Arbitrators. He is also a Fellow of the Hong Kong Institute of Chartered Secretaries.



Edith Shih

Speaker, opening address

Ms Shih is the Head Group General Counsel and Company Secretary of Hutchison Whampoa Ltd, overseeing all legal, regulatory, compliance and corporate secretarial affairs

of the Hutchison Group. She has been the President of the Hong Kong Institute of Chartered Secretaries since 2011 and was elected Vice-President of Institute of Chartered Secretaries and Administrators in June this year. A lawyer by training, Ms Shih is currently also a member and convener of one of the Financial Reporting Review Panels of the Financial Reporting Council and a member of the Audit Professional Reform Advisory Group, the Corporate Governance Committee and the Remuneration Committee of the Hong Kong Institute of Certified Public Accountants.

*HKICS presents:
9th Biennial
Corporate Governance
Conference 2014*

**Changing Rules,
Changing Roles –
Managing It All**

19–20 September 2014
Ballroom, JW Marriott Hong Kong



Day 1 (Friday, 19 September 2014)

Keynote Address

Mr Carlson Tong JP, Chairman, SFC

Long Arm of the Law

Professor Gilles Hilary, The Mubadala Chaired Professor, INSEAD
Anthony Neoh FCIS FCS QC SC JP, Senior Counsel & Former
Chief Adviser to China Securities Regulatory Commission

Competing to Win

Honourable Anna Wu Hung-yuk GBS JP, Chairperson,
Competition Commission

Board Shoulders, Broad Shoulders

Mr Ashley Ian Alder CEO, SFC
Ms Ada Chung FCIS FCS JP, Registrar of Companies, CR
Mr Michael Duignan, Senior Director, Corporate Finance, SFC

Winds of Reporting Changes

Mr David Graham, CRO & Head of Listing, HKEx
Mr Mark Dickens, CEO, Financial Reporting Council

and many others

ECPD: 7 points

**Day 2 (Saturday, 20 September 2014)
Limited Places & Optional**

ESG In Action

Site Visit: 9 am – 1 pm

ElectriCity/Black Point Power Station, or
Hongkong International Terminals, or
Hong Kong International Airport

ECPD: 3 points

Total 10 ECPD points

For enquiries:

Ms Sammi Fung at (852) 2233 9321 or
event@hkics.org.hk

Fees*

HKICS Members:	Day 1 at HK\$3,000
	Days 1 + 2 at HK\$3,500
Regular:	Day 1 at HK\$3,500
	Days 1 + 2 at HK\$4,000

* Conference fee includes lunch, two coffee breaks with refreshments and cocktail after event.

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Carlson Tong

Keynote speaker

Mr Tong is the Chairman of the Securities and Futures Commission (SFC). An accountant by training, Mr Tong was the Chairman of KPMG in China and Hong Kong in 2007 and became

Asia Pacific Chairman and a member of the global board in 2009. He is a member of the HKSAR Exchange Fund Advisory Committee, the Chairman of the English Schools Foundation and the Chairman of the Hong Kong Sports Institute Ltd. Prior to joining the SFC, Mr Tong was chairman of the Main Board and GEM Listing Committee of the Stock Exchange of Hong Kong; a member of the Takeovers and Mergers Panel and a member of the Dual Filing Advisory Group of the SFC. He has also served as Vice-President of the Hong Kong Institute of Certified Public Accountants.



Professor Mark Williams

Panel chair, session two

Professor Williams is currently a Professor of Law at the University of Melbourne Law School and teaches competition law, company and commercial law, corporate governance,

corporate social responsibility and PRC economic law. A lawyer by training, Professor Williams has been actively involved in the promotion of competition policy and law in Hong Kong, China and the wider Asian region. He was the founder of the Asian Competition Forum, a non-profit organisation with a membership of over 300 that seeks to bring together academics, government officials, lawyers, business and consumer leaders to discuss competition-related issues and to promote research into competition law and policy issues.



Dr Kelvin Wong

Panellist, session three

Dr Wong is an Executive Director and Deputy Managing Director of COSCO Pacific Ltd, and an independent non-executive director of four listed companies in Hong Kong. He

is Chairman of the Hong Kong Institute of Directors, a non-executive director of the Securities and Futures Commission, a former member of the Main Board and GEM Listing Committee of the Stock Exchange of Hong Kong and a member of the Standing Committee on Company Law Reform.



Anna Wu

Speaker, session two

Ms Wu is the Chairperson of the Competition Commission and the Mandatory Provident Fund Schemes Authority, and a non-official member of the Executive Council of the HKSAR

government. She is also a member of the International Advisory Board of the Hong Kong International Arbitration Centre. She was formerly a member of the Legislative Council and the Chairperson of the Equal Opportunities Commission and the Consumer Council.



Wendy Yung

Panellist, session three

Ms Yung is currently Executive Director and Company Secretary of Hysan Development Company. She has assumed a wide range of roles, spanning legal, human resources,

corporate communications and commercial operations. Ms Yung is a solicitor and a Certified Public Accountant in Hong Kong, and is a Fellow of the Hong Kong Institute of Chartered Secretaries. Her public services include serving as a member of the Securities and Futures Appeal Panel, the Standing Committee on Company Law Reform and as a co-opted member of the Audit and Risk Committee of the Hospital Authority.

UPCOMING EVENTS in 2014/15

Comprehensive Series for Empowering Listco Directors' Skills & Knowledge

Inside Information – Challenges and Opportunities

Speaker(s) : **Professionals from PwC Hong Kong**
Date : 03 Sep 2014

Common Application Issues on HKFRS

Speaker(s) : **Mr. Joel Chan,**
Quality Assurance Partner, ZHONGHUI ANDA CPA Limited
Date : 24 Sep 2014

How to have effective Investor Relation

Speaker(s) : **Ms. Eva Chan,**
Chairman of Hong Kong Investor Relations Association
Date : 07 Oct 2014

Duties and Responsibilities of Directors of Listed Companies

Speaker(s) : **Professionals from Baker & McKenzie**
Date : 15 Oct 2014

Highlight of the Director's Risk in Commercial Contracts

Speaker(s) : **Mr. Dominic Wai, Partner, Baker & McKenzie**
Date : 22 Oct 2014

Recap on Corporate Governance and Risk Control / Internal Control

Speaker(s) : **Professionals from Deloitte Touche Tohmatsu**
Date : 29 Oct 2014

Illustrative Examples on Financial Instruments

Speaker(s) : **Mr. Joel Chan,**
Quality Assurance Partner, ZHONGHUI ANDA CPA Limited
Date : 12 Nov 2014

Valuation for Impairment Testing and latest updates

Speaker(s) : **Professionals from KPMG**
Date : 26 Nov 2014

Financial Reporting Standard updates 2014/15

Speaker(s) : **Mr. Nelson Lam, Nelson and Company**
Date : 3 Dec 2014

Connected Transaction – Practical sharing and Latest update on Listing Rules

Speaker(s) : **Ms. Beatrice Lung, Managing Director, Optima Capital Limited**
Date : 14 Jan 2015

Please contact us for details & enrollment:

 **3628 5722**

ListcoPRO is a services provider of professional services to listed companies' in Hong Kong. We are a leader in the area of professional CPD Training and development. Our group companies also provide a number of corporate services including Executive Recruitment, Corporate Governance and Compliance, Business and Transaction Advisory Services.

We Promote
PROFESSIONAL
LISTCO Practices

Specialized CPD training programme for Listed Companies

Seminars: July to August 2014

10 July

Trusts and their uses



Chair: Grace Wong FCIS FCS, Company Secretary and Deputy General Manager, Investor Relations Department, China Mobile Ltd

Speaker: Richard Grasby, Partner, Maples and Calder

14 July

The impact of new regulation on new listing applications



Chair: Edmond Chiu ACIS ACS, Director of Corporate Services, VISTRA Hong Kong

Speakers: Roy Lo, Managing Partner, Shinewing (HK) CPA Ltd; and Billy Lau, Audit Principal, Shinewing (HK) CPA Ltd

16 July

Five completely ignored differences between Hong Kong and PRC company law



Chair: Dr Davy Lee FCIS FCS(PE), Group Company Secretary, Lippo Group

Speaker: Dr KL Alex Lau, PhD, Associate Professor of Law, Hong Kong Baptist University

23 July

Chaos at the co-op: corporate governance failures are not restricted to greedy capitalists



Chair: Susie Cheung FCIS FCS(PE), General Counsel and Company Secretary, The Hong Kong Mortgage Corporation Ltd

Speaker: Professor Mark Williams, Executive Director, Asian Competition Forum

New Graduates

Congratulations to the new Graduates listed below.

Au Hei Ki	Cheuk Wing Shan	Hon Yuet Yee	Lee Pui Yan	Leung Yuet Kwan
Au Yee Tak, Francis	Cheung Wah Lung, Warren	Hui Sze Wai, Sylvie	Lee Wai Yin	Li Chun Kit
Chan Pui Wai	Chin Fung Yee	Ip Kwai Chun	Lee Ying Chi, Liza	Li Jin
Chan Lung Ming	Chiu Oi Tai, Betty	Kong Ling	Leung Lok Fan	Li Yuk Chun
Chan Nga Sze	Chow Chun Yue	Kwok Ho Kwan	Leung Pui Man	Liu Ka Man
Chen Ching Tim	Chu Hiu Laam	Lai Tin Yun, Janette	Leung Wing Nga	Nakano, Yumiko
Cheng Ka Wing	Ho Choi Ting	Lai Wai Lan	Leung Yi Ngai	Ng, Sherafin Juan
Cheng Yue Ting	Ho Ka Sze	Law Ka Man	Leung Yuen Kam	Ng Wai Li

24 July

AML & CFT workshop series (2): compliance standards for AML and CTF



Chair: Mohan Datwani FCIS FCS, Solicitor and Accredited Mediator, and Director, Technical and Research, HKICS
Speakers: Patrick Rozario, Director and Head of Risk Advisory Services, BDO Ltd; and Jennifer Colegate, Registered Foreign Lawyer (England and Wales), Mayer Brown JSM

29 July

IT security and data protection – what does it mean to corporate responsibility and liability



Chair: Dr Davy Lee FCIS FCS(PE), Group Company Secretary, Lippo Group
Speakers: Chester Soong, Managing Director, Security Consulting Services Ltd; and Young Wo Sang, Consultant, SecuriTech Solutions (HK) Ltd

5 August

Board performance evaluation



Chair: April Chan FCIS FCS(PE), Past President, HKICS, and Company Secretary, CLP Holdings Ltd
Speaker: Paul Stafford FCIS FCS, Corporation Secretary and Regional Company Secretary Asia-Pacific, The Hongkong and Shanghai Banking Corporation

7 August

Shareholders' disputes involving listed companies



Chair: Ernest Lee FCIS FCS, Partner, Professional Practice Department, Ernst & Young
Speaker: Sherman Yan, Managing Partner, Head of Litigation & Dispute Resolution, ONC Lawyers

Ng Yi Ting	Tang Sin Yu	Wong Yik Huen
Nie Hui Feng	Tsang Man Ying	Wong Yiu Hung
Sare Wai Yin	Tse Kit Yee	Yiu Hang Ching
Shen Yang	Wan Ka Man	Yu Yin Yan
Song Dan	Wat Ka Wai	
Sze Pik Wah, Emma	Wong Man Ki	
Tam Wai Keung	Wong Tung Mui	
Tang Kan Tai	Wong Wing Man	

HKICS Prize 2014 – call for nominations

The Hong Kong Institute of Chartered Secretaries Prize will be awarded to a member or members who have made significant contributions to the Institute and the Chartered Secretarial profession over a substantial period. Awardees are bestowed with the highest honour – recognition by their professional peers. You are invited to submit your nominations before the deadline of Tuesday 30 September 2014.

Please visit: www.hkics.org.hk; or contact Cherry Chan at: 2830 6005; or email: member@hkics.org.hk for details.

Membership activities

YCPG Youth Forum 2014

More than 200 young members from 11 professional bodies attended the 'Youth Forum – Hong Kong 2030: an ideal city?' organised by the Youth Coalition Professional Group (YCPG) of The Hong Kong Coalition of Professional Services on Saturday 26 July 2014. The forum focused on Hong Kong's future development in different sectors – construction, financial, legal and medical. Our Membership Committee member, Edmond Chiu ACIS ACS, as an HKICS representative at YCPG, acted as a moderator in the financial sector panel discussion session. Many young professionals exchanged their views with the speakers, making the panel discussions extremely interactive.



(First row on the left) Ivan Tam FCIS FCS, HKICS Vice-President, and Edmond Chiu (Back row 4th from the left) and representatives from 11 professional bodies



Dialogue with HKSAR's Chief Executive CY Leung



(First on the right) Edmond Chiu ACIS ACS, Membership Committee member and HKICS representative at YCPG

Appointment

Mohan Datwani FCIS FCS, Solicitor and Accredited Mediator, Director, Technical and Research, HKICS, has been appointed as a member of the Radio Television Hong Kong Board of Advisors. The incumbent chairman of the board, Lester Huang Garson, has been reappointed, and six new members – namely: Walter Chan, Robert Chua, Mohan Datwani, Anna Hung, Carol Ma and Jimmy Ng have been appointed for a term of two years from 1 September 2014.

Farewell

This August marked the end of a ten-year tenure of office of Ivy Chow, Professional Development Manager, with the Institute. The Institute and colleagues at the secretariat would like to give the heartiest appreciation for her valuable contribution and hard work over the past decade. We are sure to miss her and send our best wishes for her future endeavours.



From left, Chief Executive Samantha Suen FCIS FCS, Ivy Chow and Professional Development Director Lydia Kan ACIS ACS

Anti-Money Laundering and Counter Financing to Terrorist (AML/CFT) Workshop Series:

“AML Compliance Policies/ Programme within a company”



- Date:** Monday, 6 October 2014
- Speakers:** Mr Patrick Rozario, Director, Head of Risk Advisory Services, BDO
Mrs Natalia Seng, Chief Executive Officer - China & Hong Kong, Tricor Group/ Tricor Services Limited
- Time/ CPD:** 6.30 p.m. – 9.15 p.m. (2.5 ECPD points)
- Fee:** HK\$250 (HKICS or HKICPA member/ target participant)
- Target participants:** Company Secretaries, Accountants and Business Consultants
- Venue:** Admiralty Conference Centre, 1804A, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong
- For enquiries:** Ms Lisa Lee at 2830 6069 or email to ECPD@hkics.org.hk

Funding Organisation:



THE GOVERNMENT OF THE HONG KONG
SPECIAL ADMINISTRATIVE REGION

Disclaimer

Any opinions, findings, conclusions or recommendations expressed in this material / any event organized under this Project do not reflect the views of the Government of the Hong Kong Special Administrative Region or the Vetting Committee for the Professional Services Development Assistance Scheme.

ECPD and MCPD

What you should know about the MCPD requirements

All members who qualified between 1 January 2000 and 31 July 2014 are required to fulfill at least three enhanced continuing professional development (ECPD) points out of the 15 CPD points for members subject to mandatory CPD requirements. Members are reminded to maintain their training records for at least five years for random audit checking of compliance. The respective submission deadlines are set out below.

CPD year	Members who qualified between	MCPD or ECPD points required	Point accumulation deadline	Submission deadline
2014/ 2015	1 January 2000 - 31 July 2014	15 (at least 3 ECPD points)	31 July 2015	15 August 2015
2015/ 2016	1 January 1995 - 31 July 2015	15 (at least 3 ECPD points)	31 July 2016	15 August 2016

Revised mandatory CPD policy (effective 1 August 2014)

	Current MCPD policy	Revised MCPD policy (for 2014/ 2015)
Minimum CPD requirements	At least 3 ECPD points out of 15 CPD points for members working in corporate secretarial (CS) sector/ trust and company service providers (TCSPs)	At least 3 ECPD points out of 15 CPD points for members subject to mandatory CPD requirements in <i>all</i> disciplines
Practitioner's Endorsement	Accumulate at least 15 ECPD points in last CPD year; and Fulfillment of at least 30 ECPD points in last two consecutive CPD years	Accumulate at least 15 ECPD points in last CPD year

Abolition of Practitioner's Endorsement fee

The application fee and the annual renewal fee for new applicants for the Practitioner's Endorsement (PE) and existing PE holders respectively have been waived for the financial year 2014/ 2015. Please refer to the new forms at the ECPD section on the Institute's website: www.hkics.org.hk for the 2014/ 2015 application/ renewal.

New policy on seminar enrolment (effective 1 August 2014)

Effective from 1 August 2014, no cancellation is allowed once a seminar enrolment has been confirmed. Substitution of enrollee is eligible with a HK\$100 administration fee together with the 'Transfer of Enrolment Form' received by the Institute at least two clear working days prior to the event date.

Please note that a confirmed spot by a member can only be replaced by a member; if a confirmed spot by a non-member is replaced with a member, the remaining enrolment fee shall not be refunded.

Substitution of enrollee is not applicable to an ECPD Programme Package (Individual) holder.

New ECPD programme package for individuals (effective 1 August 2014)

	Practitioner's Endorsement holder	Individual without Practitioner's Endorsement
Discounted price	HK\$2,800	HK\$3,300
Package benefits	Participants are entitled to attend 10 HKICS ECPD seminars (1.5 or 2 hours each) held within a CPD year. The final decision is subject to the discretion of the Institute.	
Discount to be enjoyed	Up to 30%	Up to 17.5%
Remarks	This package is offered to Institute members and students only.	

Change in ECPD programme package for corporates (effective 1 August 2014)

The validity period for ECPD programme corporate packages has been changed. The corporate package must be used to pay for HKICS ECPD seminars that are held within a CPD year.

Forthcoming seminars

Date	Time	Topic	ECPD points
12 Sept 2014	6.45 pm – 8.45 pm	中国公司法调整对外资企业的影响	2
23 Sept 2014	6.45 pm – 8.15 pm	Preventing, detecting and reacting to fraud	1.5
25 Sept 2014	6.45 pm – 8.45 pm	Corporate governance update and business review reporting requirement under new Companies Ordinance	2
9 Oct 2014	8.30 am – 9.30 am	HKICS breakfast seminar for directors – rethinking independent directorships in Hong Kong	1
21 Oct 2014	6.45 pm – 8.15 pm	What registered agents of BVI companies should do	1.5
29 Oct 2014	3.00 pm – 5.40 pm	New connected transaction rules	2.5

For details of the forthcoming seminars, please visit the ECPD section on the Institute's website: www.hkics.org.hk.

ECPD seminar enrolment

Thanks to members' support for the Institute's ECPD activities, the demand for seats at ECPD seminars has significantly increased. In order to achieve a fair enrolment procedure, the Institute's first-come first-served policy and the practice of allowing seat reservation only upon receipt of payment have to be strictly applied.

Mainland update

CFO Frontier Issues Conference

HKICS Treasurer Bernard Wu FCIS FCS, attended the 'CFO Frontier Issues Conference' held in Shenzhen on 24 July 2014. The event was jointly organised by the China Capital Market Institute (CCMI) and the Association of Chartered Certified Accountants (ACCA), and was supported by the Institute, Shanghai Stock Exchange (SSE) and Shenzhen Stock Exchange (SZSE). A number of topics were covered by nine speakers such as RMB internationalisation, and financial management of overseas merger and acquisition activities.

2014 Ningbo – Hong Kong Economic Co-operation Forum

HKICS Treasurer Bernard Wu attended the annual 2014 Ningbo-Hong Kong Economic Co-operation Forum on 31 July and 1 August 2014 in Ningbo, which was co-organised by the Ningbo Municipal People's Government and the Hong Kong Trade Development Council.

Lu Yongxiang, Vice-Chairman of the 11th Standing Committee of National People's Congress presented at the opening ceremony, and Liu Qi, Secretary of Municipal Party Committee, member of the Province Standing Committee and Mayor Lu Zhiyue addressed the ceremony.

China Investment Conference

Kenneth Jiang FCIS FCS, Chief Representative, Beijing Representative Office of HKICS, attended the China Investment Conference jointly organised by CFA China and China Business News in Shanghai on 2 August 2014. The Institute was one of the supporting organisations of this event. At the conference, Nobel Laureate Myron Scholes (proponent of the Black-Scholes option pricing model) and other distinguished speakers offered insights on the turbulent global economy and imparted their knowledge on forward-looking investment strategies and the latest developments in the practice of investment management.

Membership application deadlines

Members and Graduates are encouraged to advance their membership status once they have obtained sufficient relevant working experience. Fellowship and Associateship applications will be approved by the Membership Committee on a regular basis. If you plan to apply, please note the following submission deadlines and the respective approval dates (subject to receipt of application and supporting documentation).

Submission deadlines	Scheduled approval dates
Saturday 20 September 2014	Tuesday 21 October 2014
Saturday 12 November 2014	Thursday 11 December 2014

For enquiries, please contact Ken Lai at: 2830 6016, or Jonathan Chow at: 2830 6088, or email: member@hkics.org.hk.

Fellows-only benefits

Fellows are leaders of the Chartered Secretarial profession. These highly qualified and respected role models are crucial in maintaining the growth of the Institute and the profession. Act now and enjoy a special rate for the Fellowship election fee of HK\$1,000 and the following exclusive Fellowship benefits:

- complimentary attendance at two Institute events – the annual convocation and annual dinner following your Fellowship election
- eligibility to attend Fellows-only events
- priority enrolment for Institute events with seat guarantee (registration at least 10 working days prior to the event required), and
- speaker or chairperson invitations at ECPD seminars (extra CPD points are awarded for these roles).

Application requirements:

- at least one year of Associateship
- at least eight years' relevant work experience, and
- engagement in company secretary, assistant company secretary or senior executive positions for at least three of the past 10 years.

For enquiries, please contact Jaymee Pernet at: 2830 6018, or Cherry Chan at: 2830 6005, or email: member@hkics.org.hk.

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The Hong Kong Institute of Chartered Secretaries Prize 2014

Call for Nominations

The Hong Kong Institute of Chartered Secretaries Prize will be awarded to a member or members who have made significant contributions to the Institute and the Chartered Secretarial profession over a substantial period.

Awardees are bestowed with the highest honour – recognition by their professional peers. We urge you to submit your nominations now!

The nomination deadline is Tuesday, 30 September 2014.
Please visit www.hkics.org.hk or contact Cherry Chan at 2830 6005 or email to member@hkics.org.hk for details.

Please
act now!

International Qualifying Scheme examination

Pass rates (June 2014)

Pass rate

Subject	Pass rate
Part One	
Strategic and Operations Management	31%
Hong Kong Corporate Law	28%
Hong Kong Taxation	39%
Hong Kong Financial Accounting	19%
Part Two	
Corporate Governance	22%
Corporate Administration	29%
Corporate Secretaryship	25%
Corporate Financial Management	52%

Subject Prize winners and Merit Certificate awardees

The Institute is pleased to announce the following winners of Subject Prizes and Merit Certificates for the IQS June 2014 examination diet. Congratulations to all awardees!

Subject Prize winners

Subject	Candidate
Corporate Financial Management	Lam Yuen Yee
	Leung Yuen Kam
Hong Kong Corporate Law	Chan Wai Yu
	Hui Sze Wai, Sylvie
	Lam Wai Yi
	Lo Hong Ting, Josephine
	Tsang Pui Man, Janet
	Wan Sau Kwan

Subject prize winners will share their study experience in the next issue of CSj.

Merit Certificate awardees

Subject	Candidate
Corporate Financial Management	Au Yee Tak, Francis
	Chan Kin Man
	Chan Yuk Ting
	Liu Ka Man
	Wu Guokan
Hong Kong Corporate Law	Chan Kong Yan
	Chen Ching Tim
	Cheng Ka Ying
	Ping Siu Wai
	Wong Lik Yi
	Ying Sui Wa
	Yuen Lok Lam, Lorraine
Hong Kong Taxation	Mak Pui Ki
	Pang Kwan Wai

December 2014 examination diet timetable

	Tuesday 2 December 2014	Wednesday 3 December 2014	Thursday 4 December 2014	Friday 5 December 2014
9.30 am – 12.30 pm	Hong Kong Financial Accounting	Hong Kong Corporate Law	Strategic and Operations Management	Corporate Financial Management
2 pm – 5 pm	Hong Kong Taxation	Corporate Governance	Corporate Administration	Corporate Secretaryship

行政人員文憑/證書《中國企業管理》 Executive Diploma / Executive Certificate in PRC Corporate Administration

*學生亦可報讀個別學科單元

行政人員文憑《中國企業管理》有四個單元，學員只要成功完成單元一至單元四，並在持續評估中的個案分析取得合格成績，將獲發行政人員文憑《中國企業管理》。學生如成功完成單元一（中國公司行政）及其他任何一個單元，並在持續評估中的個案分析取得合格成績，將獲發行政人員證書《中國企業管理》。具體如下：

單元一 中國公司行政 Corporate Administration in PRC

單元二 中國公司治理 Corporate Governance in PRC

單元三 中國稅務 Taxation in PRC

單元四 中國公司法律 Corporate Law in PRC

行政人員文憑《中國公司治理》 Executive Diploma in PRC Corporate Governance

*學生亦可報讀個別學科單元

學生如成功完成核心單元一至三及任何一個非核心單元(即四或五)，並在持續評估中的個案分析取得合格成績，將獲發行政人員文憑《中國公司治理》。具體如下：

核心單元：(必須全部修讀)

單元一 中國董事會秘書實務 Corporate Secretaryship in PRC

單元二 中國公司治理 Corporate Governance in PRC

單元三 中國公司行政 Corporate Administration in PRC

非核心單元：(可選單元四或五)

單元四 中國稅務 Taxation in PRC

單元五 中國公司法律 Corporate Law in PRC

最新
單元

中國董事會秘書實務

講者簡介

端木梓榕先生

- 廣州市產權交易所專家委員會委員
- 總裁助理，廣州立白企業集團有限公司
- 董事會秘書，廣州珠江啤酒股份有限公司 (2002-2007)

上課時間及地點

每單元課程為期一個月

授課時間：4堂，每堂6小時，共24小時

上課時間：逢週六上堂，下午 (2:00-5:00) 及晚上 (6:00-9:00)

授課地點：港島區其中一所教學中心

授課日期

2014年 (逢週六) 10月11日、10月18日、10月25日、11月1日

每單元課程學費

港幣3,850元

* 學生如報讀個別單元，成功完成該學科單元，並在持續評估中的個案分析取得合格成績，出席率達75%或以上，可獲發修讀證明書。

課程查詢

電話：2867 8317 (蘇小姐) / 2867 8481 (黃小姐) 電郵：prcprogramme@hkuspace.hku.hk

每個單元課程出席率達75%或以上之香港特許秘書公會會員，可以獲得18個ECPD學分，但有關實際可帶往下一年之ECPD學分詳情，請個別與公會聯絡。

電話：28816177 電郵：ecpd@hkics.org.hk

香港大學專業進修學院乃非牟利機構。

International Qualifying Scheme examination (continued)

December 2014 examination diet enrolment

Students are reminded to enrol for the December 2014 examination diet between 1 and 30 September 2014. The Examination Entry Form can be downloaded from the 'Studentship' section of the Institute's website: www.hkics.org.hk. All entries must be received by the secretariat by 6 pm on 30 September 2014, and, if by post, with a post-mark on or before 30 September 2014. Late applications are not accepted under any circumstances. To avoid postal errors or delays, students are recommended to submit their applications in person or by registered mail. No change can be made to the subject(s) and examination centre selected after the examination application has been submitted.

Examination on new Companies Ordinance

Following the enactment of the new Companies Ordinance (Cap 622), students are required to observe the following arrangements:

1. The December 2014 examination diet will include at least one question in Section B covering the new Companies Ordinance.
2. From the June 2015 examination diet onwards, the IQS examinations will be based on the new Companies Ordinance.

3. Students may refer to the Institute's website which is hyperlinked to the Companies Registry website for the latest Companies Ordinance updates.

Seminar on new Companies Ordinance – for registered students only

In order to help HKICS-registered students become familiar with the new Companies Ordinance, the Institute will hold two half-day seminars on Saturdays, 11 and 18 October 2014. The combined seminar fee is HK\$940. Priority will be given to those sitting for December 2014 examination. The enrolment form can be downloaded from the Institute's website: www.hkics.org.hk

Examination technique workshops

The Institute will organise a series of three-hour examination technique workshops on the IQS examination. From 20 October to early November 2014, these workshops aim to help students improve their examination techniques. Each workshop costs HK\$470. The enrolment form can be downloaded from the 'Studentship' section of the Institute's website: www.hkics.org.hk.

Hong Kong Corporate Law Study Pack

The Hong Kong Corporate Law Study Pack is mandatory for students sitting for the Hong Kong Corporate Law examination. Students who have not yet purchased this study pack should place an order with the Education and Examinations section at: 2881 6177, or email to: student@hkics.org.hk.

New Students Orientation

Students who have registered since March 2014 are invited to attend the 'New Students Orientation' to be held on Monday 22 September 2014. This event aims to provide new students with up-to-date information on the Institute and serves as a platform for them to meet with other students. The IQS examination Subject Prize winners will also share their examination preparation tips at the event.

The enrolment form can be downloaded from the Studentship section on the Institute website: www.hkics.org.hk.

Date	Monday 22 September 2014
Time	7 pm – 8.30 pm
Venue	Joint Professional Centre, Unit 1, G/F, The Center, 99 Queen's Road, Central, Hong Kong

For enquiries, please contact Carmen Wong, Assistant Manager, Education and Examinations, at: 2830 6019.

'Senior Management/Board Readiness' series

Launched in April 2014, 'Senior Management/Board Readiness' series targets our Fellows, leaders of the Chartered Secretarial profession. Are you ready or aspire to take up senior management or board positions? This second workshop provides practical advice from three distinguished and successful leaders who are role models in their respective discipline on how to get well prepared in taking up board/senior management positions. Don't miss this great opportunity and join us to learn from their experience and wisdom in how they can make to the top!



ECPD points: 2

Content

Mr Anthony Neoh FCIS FCS QC SC JP
Senior Counsel & Former Chief Advisor to China Securities Regulatory Commission

- The attitude a person should bring to the position
- The need to work with other directors as a team
- Getting to know the company
- Getting to know changes in regulation and law governing companies and activities of the company
- Getting accounting knowledge
- Risk and crisis management
- How to be proactive

Ms Su-Mei Thompson, CEO, The Women's Foundation and Founder, the 30% Club Hong Kong

- The 30% Club, a group of leading chairmen and CEOs who are championing more women on boards
- New research by The Women's Foundation and Linklaters on nominating committee best practices
- Advice for aspiring women director candidates

Mr Robert Knight, Partner, Global CEO & Board of Directors Practice, Heidrick & Struggles, Hong Kong

- Highlights on remuneration, board structuring, succession planning, onboarding and expertise in Corporate Governance

Event details

Date	: 29 September 2014 (Monday)
Time	: 12.15 pm – 12.30 pm (Registration) 12.30 pm – 2.30 pm (Speakers' presentations and panel discussion session with light lunch served)
Venue	: 24/F, Club Lusitano, 16 Ice House Street Central, Hong Kong
Fees	: HK\$250 for member HK\$300 for non-member
Language	: English
Fellows' benefit:	Priority enrolment with seat guarantee if registered on or before 5 September 2014

For enquiries, please contact Ken Lai at 2830 6016 or Jonathan Chow at 2830 6088.



Scan to share with other HKICS members!

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Corporate Governance Paper Competition and Presentation Award 2014

The Institute will hold the HKICS Corporate Governance Paper Competition, which has been held every year since 2006, this September. The six finalist teams of the Paper Competition will present their papers and compete for the Best Presentation Award. Event details are as follows:

Date:	Saturday 13 September 2014
Time:	10 am – 1 pm
Venue:	United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty
Fee:	Free of charge

Members and students who would like to sign up can send their names and members/students numbers to: student@hkics.org.hk.

Payment reminders

Studentship renewal

Students whose studentship expired in July 2014 are reminded to settle the renewal payment by Monday 22 September 2014.

Exemption fees

Students whose exemption was approved via confirmation letter on 30 June 2014 are reminded to settle the exemption fee by Tuesday 30 September 2014.



CSj is the **only publication** dedicated to corporate governance in Hong Kong.

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To advertise your vacancy in the Careers section, please contact Paul Davis: paul@ninehillsmedia.com

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Proposed listing rule changes

Hong Kong Exchanges and Clearing Ltd (HKEx) has published a consultation paper seeking the market's view on proposed changes to the listing rules relating to the disclosure of financial information and consequential to the enactment of the new Companies Ordinance. The consultation paper also sets out proposed rule amendments relating to minor policy issues and a number of housekeeping rule amendments that involve no change in policy direction.

The 'Consultation Paper on Review of Listing Rules on Disclosure of Financial Information with Reference to New Companies Ordinance and Hong Kong Financial Reporting Standards and Proposed Minor Housekeeping Rule Amendments' can be downloaded from the HKEx website: www.hkex.com.hk. The deadline for submissions is 24 October 2014.

SFC update

The Securities and Futures Commission (SFC) has released two sets of consultation conclusions. The *Consultation Conclusions on Proposed Amendments to the Guidelines for the Exemption of Listed Corporations from Part XV of the Securities and Futures Ordinance (Disclosure of Interests)* outline two additional categories for exemption under the Guidelines to cover participants of the Stock Exchange of Hong Kong Ltd, as well as clearing participants of a recognised clearing house that are themselves clearing houses. 'The amendments that we are making to the Guidelines will provide a level playing field for market participants that perform similar functions to facilitate the implementation of Shanghai-Hong Kong Stock Connect,' said Ashley Alder, the SFC's Chief Executive Officer.

The second consultation conclusions (*Supplemental Consultation Conclusions on the Regulation of IPO Sponsors – Prospectus Liability*) reaffirm that IPO sponsors are subject to existing statutory civil and criminal liability for defective prospectuses. After the publication of initial consultation conclusions in December 2012, the SFC held further discussions with industry participants and other interested parties regarding possible legislative amendments to clarify sponsors' prospectus liability. The SFC also took the opportunity to carefully re-examine in more depth the scope and applicability of the existing statutory provisions to sponsors and concluded that sponsors authorise the issue of the prospectus and are covered under the existing law. Accordingly, legislative amendments are unnecessary.

Both sets of consultation conclusions are available on the SFC website: www.sfc.hk.

New report on the company secretary role

A new report published by the Institute of Chartered Secretaries and Administrators (ICSA) in the UK looks at the evolving role of company secretaries and highlights their contribution to board performance. The report – *The Company Secretary: Building Trust through Governance* – was led by Professors Andrew and Nada Kakabadse of Henley Business School, who engaged with over 200 company secretaries, chairmen, NEDs and CEOs from FTSE, SME and private, not-for-profit and public sector boards in the UK, the Republic of Ireland, and internationally-based organisations. The report identifies the importance of a good working relationship between the chairman, CEO and company secretary and argues that the company secretary role is intrinsic to organisational success.

'The Company Secretary: Building Trust through Governance' can be downloaded from the Institute of Chartered Secretaries and Administrators website: www.icsa.org.uk.



Postgraduate Diploma in Enterprise Risk Management

Coming modules for application

Module 2 : Corporate Governance

Module 5 : Enterprise Risk Management Framework

Module 9 : Forensic Accounting




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Valid From
1/9/2008

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Application Closing Date: September 25, 2014 (Thursday)

Enquiry: Ms Kena Choi  2867 8322

 kena.choi@hkuspace.hku.hk



Website: <http://hkuspace.hku.hk/prog/pgdip-in-enterprise-risk-management>

Postgraduate Diploma in Corporate Compliance

Coming modules for application

Module 4 : Corporate Governance

Module 6 : Securities and Futures Regulations and Practices

Module 7 : Compliance in Banking Sector





資歷架構
Qualifications
Framework

Level 6
Registration Number
14/001330/L6
Valid From
1/10/2014

Unique postgraduate programme which focuses on *practical applications* and *an all-round training in corporate compliance*; it is positioned to be the pioneer in the market.

Application Closing Date: September 25, 2014 (Thursday)

Enquiry: Ms Daisy Yuen  2867 8475

 daisy.yuen@hkuspace.hku.hk



Website: <http://hkuspace.hku.hk/prog/postgrad-dip-in-corporate-compliance>

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- Executive Search & Human Resources Consulting
- Management Consulting
- Fund Administration Services

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